

JAN 19 2007

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## A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to abolish the law  
2 relating to health care cost control by repealing the  
3 certificate of need process.

4           SECTION 2. Section 323D-2, Hawaii Revised Statutes, is  
5 amended as follows:

6           1. By amending the definition of "capital expenditure" to  
7 read:

8           ""Capital expenditure" means any purchase or transfer of  
9 money or anything of value or enforceable promise or agreement  
10 to purchase or transfer money or anything of value incurred by  
11 or in behalf of any person for construction, expansion,  
12 alteration, conversion, development, initiation, or modification  
13 as defined in this section. The term includes the:

14           (1) Cost of studies, surveys, designs, plans, working  
15 drawings, specifications, and other preliminaries  
16 necessary for construction, expansion, alteration,  
17 conversion, development, initiation, or modification;



1           (2) Fair market values of facilities and equipment  
2           obtained by donation or lease or comparable  
3           arrangements as though the items had been acquired by  
4           purchase; and

5           (3) Fair market values of facilities and equipment  
6           transferred for less than fair market value [~~, if a~~  
7           ~~transfer of the facilities or equipment at fair market~~  
8           ~~value would be subject to review under section 323D-~~  
9           ~~43]."~~

10          2. By repealing the definition of "applicant".

11          [~~"Applicant" means any person who applies for a~~  
12 ~~certificate of need under part V."~~]

13          3. By repealing the definition of "certificate of need".

14          [~~"Certificate of need" means an authorization, when~~  
15 ~~required pursuant to section 323D 43, to construct, expand,~~  
16 ~~alter, or convert a health care facility or to initiate, expand,~~  
17 ~~develop, or modify a health care service."~~]

18          4. By repealing the definition of "review panel".

19          [~~"Review panel" means the panel established pursuant to~~  
20 ~~section 323D 42."~~]

21          SECTION 3. Section 323D-12, Hawaii Revised Statutes, is  
22 amended by amending subsection (a) to read as follows:



1           "(a) The state agency shall:

2           (1) Have as a principal function the responsibility for  
3           promoting accessibility for all the people of the  
4           State to quality health care services at reasonable  
5           cost. The state agency shall conduct such studies and  
6           investigations as may be necessary as to the causes of  
7           health care costs including inflation. The state  
8           agency may contract for services to implement this  
9           paragraph. ~~[The certificate of need program mandated~~  
10          ~~under part V shall serve this function.]~~ The state  
11          agency shall promote the sharing of facilities or  
12          services by health care providers whenever possible to  
13          achieve economies ~~[and shall restrict unusual or~~  
14          ~~unusually costly services to individual facilities or~~  
15          ~~providers where appropriate];~~

16          (2) Serve as staff to and provide technical assistance and  
17          advice to the statewide council and the subarea  
18          councils in the preparation, review, and revision of  
19          the state health services and facilities plan; and

20          (3) Conduct the health planning activities of the State in  
21          coordination with the subarea councils, implement the  
22          state health services and facilities plan, and



1           determine the statewide health needs of the State  
2           after consulting with the statewide council [~~and~~  
3       ~~(4) Administer the state certificate of need program~~  
4           ~~pursuant to part V]."~~

5           SECTION 4. Section 323D-13, Hawaii Revised Statutes, is  
6 amended by amending subsection (e) to read as follows:

7           "(e) No member of the statewide council shall, in the  
8 exercise of any function of the statewide council described in  
9 section [~~323D-14(3),~~] 323D-14, vote on any matter before the  
10 statewide council respecting any individual or entity with which  
11 the member has or, within the twelve months preceding the vote,  
12 had any substantial ownership, employment, medical staff,  
13 fiduciary, contractual, creditor, or consultative relationship.  
14 The statewide council shall require each of its members who has  
15 or has had such a relationship with an individual or entity  
16 involved in any matter before the statewide council to make a  
17 written disclosure of the relationship before any action is  
18 taken by the statewide council with respect to the matter in the  
19 exercise of any function described in section 323D-14 and to  
20 make the relationship public in any meeting in which the action  
21 is to be taken."



1 SECTION 5. Section 323D-14, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§323D-14 Functions; statewide health coordinating  
4 council. The statewide council shall:

- 5 (1) Prepare and revise as necessary the state health  
6 services and facilities plan;
- 7 (2) Advise the state agency on actions under section 323D-  
8 12;
- 9 ~~[(3) Appoint the review panel pursuant to section 323D-42;]~~  
10 and
- 11 ~~[(4)]~~ (3) Review and comment upon ~~[the following actions by~~  
12 ~~the state agency before such actions are made final:~~
- 13 ~~(A) The making of findings as to applications for~~  
14 ~~certificate of need; and~~
- 15 ~~(B) The making of findings as to]~~ the appropriateness  
16 of ~~[these]~~ institutional and noninstitutional  
17 health services offered in the State."

18 SECTION 6. Section 323D-18, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "§323D-18 Information required of providers. Providers of  
21 health care doing business in the State shall submit such  
22 statistical and other reports of information related to health



1 and health care as the state agency finds necessary to the  
2 performance of its functions. The information deemed necessary  
3 includes but is not limited to:

- 4 (1) Information regarding changes in the class of usage of  
5 the bed complement of a health care facility [~~under~~  
6 ~~section 323D-54(9)~~];
- 7 (2) Implementation of services [~~under section 323D-54~~];
- 8 (3) Projects that are wholly dedicated to meeting the  
9 State's obligations under court orders, including  
10 consent decrees [~~under section 323D-54(10)~~];
- 11 (4) Replacement of existing equipment with an updated  
12 equivalent [~~under section 323D-54(11)~~];
- 13 (5) Primary care clinics under the expenditure [~~thresholds~~  
14 ~~under section 323D-54(12)~~]; minimums referenced in  
15 section 323D-2; and
- 16 (6) Equipment and services related to that equipment, that  
17 are primarily intended for research purposes as  
18 opposed to usual and customary diagnostic and  
19 therapeutic care."

20 SECTION 7. Section 323D-22, Hawaii Revised Statutes, is  
21 amended by amending subsection (a) to read as follows:



1           "(a) Each subarea health planning council shall review,  
2 seek public input, and make recommendations relating to health  
3 planning for the geographical subarea it serves. In addition,  
4 the subarea health planning councils shall:

5           (1) Identify and recommend to the state agency and the  
6 council the data needs and special concerns of the  
7 respective subareas with respect to the preparation of  
8 the state plan[-];i

9           (2) Provide specific recommendations to the state agency  
10 and the council regarding the highest priorities for  
11 health services and resources development[-];i

12           (3) Review the state health services and facilities plan  
13 as it relates to the respective subareas and make  
14 recommendations to the state agency and the  
15 council[-];i

16           ~~[(4) Advise the state agency in the administration of the~~  
17 ~~certificate of need program for their respective~~  
18 ~~subareas.]~~

19           ~~[(5)]~~ (4) Advise the state agency on the cost of  
20 reimbursable expenses incurred in the performance of  
21 their functions for inclusion in the state agency  
22 budget [-];i



1       ~~[(6)]~~ (5) Advise the state agency in the performance of its  
2                   specific functions~~[-]~~;  
3       ~~[(7)]~~ (6) Perform other such functions as agreed upon by  
4                   the state agency and the respective subarea  
5                   councils~~[-]~~; and  
6       ~~[(8)]~~ (7) Each subarea health planning council shall  
7                   recommend for gubernatorial appointment at least one  
8                   person from its membership to be on the statewide  
9                   council."

10       SECTION 8. Chapter 323D, Part V, Hawaii Revised Statutes,  
11 is repealed.

12       SECTION 9. Chapter 323D, Part VII, Hawaii Revised  
13 Statutes, is repealed.

14       SECTION 10. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16       SECTION 11. This Act shall take effect on January 1, 2008.

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INTRODUCED BY:





**Report Title:**

Certificate of Need; Hospital Acquisition; SHPDA

**Description:**

Repeals the certificate of need process and the law relating to hospital acquisition.

