

# HB 710 HD 1

**Measure  
Title:**

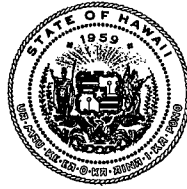
**RELATING TO HEALTH.**

**Report  
Title:**

**Certificate of Need; Long-Term Care  
Facilities**

**Description:**

**Exempts long-term care facilities  
from the certificate of need process.**



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**Written Testimony**

**Senate Committee on Health**

**HB 710, HD1, Relating to Health**

**Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health**

**March 16, 2009**

1 **Department's Position:** The Department of Health supports HB 710, HD 1, but suggest amending  
2 the bill to exempt other services in addition to long term care.

3 **Fiscal Implications:** No additional expenses will be incurred by the Department of Health or the State  
4 Health Planning and Development Agency. The proposed bill may result in reduced special fund  
5 revenue for the State Health Planning and Development Agency due to decreased certificate of need  
6 application fees.

7 **Purpose and Justification:** While the Department of Health supports and appreciates the intent of HB  
8 710, HD 1, the Department respectfully suggests amending the bill to exempt other services in addition  
9 to long term care – as was proposed in the Administration bill on revamping the Certificate of Need  
10 (CON) process. HB 710, HD 1, only removes long-term care facilities from the CON process, and the  
11 Department of Health believes that additional services should be exempted. The goal of the amendment  
12 is to offer a more comprehensive approach to streamlining the certificate of need process by exempting  
13 services from the certificate of need process where obvious need exists in our communities. By  
14 removing these services from the certificate of need process, the CON focuses on the most crucial  
15 elements of the health care delivery system. The department suggests exempting the following

1 additional services: acute psychiatric beds and acute or long-term swing beds; long-term psychiatric  
2 beds, long-term tuberculosis beds, long-term mental retardation beds, long-term Hansen's disease beds,  
3 long-term children's orthopedics beds, long-term rehabilitation beds, mental retardation facilities,  
4 special treatment facilities, and care homes; outpatient clinics, ultrasound services, clinical laboratories,  
5 pharmacies, social services, home health agencies, drug rehabilitation centers, alcohol rehabilitation  
6 centers, recompression centers, mental health centers, family planning clinics, prenatal clinics, abortion  
7 clinics, fixed-wing ambulances, helicopter ambulances, comprehensive outpatient rehabilitative  
8 facilities, chronic renal dialysis centers, and hospices.

9 Thank you for the opportunity to testify regarding HB 710, HD 1.



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SENATE COMMITTEE ON HEALTH  
Senator David Ige, Chair

Conference Room 016  
March 16, 2009 at 3:00 p.m.

**Testimony in opposition to HB 710 HD 1.**

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in opposition to HB 710 HD1, which exempts long term care facilities from the certificate of need (CON) process.

CON requires certain health care providers to obtain state approval before offering certain new or expanded services. It is designed to help ensure that new services proposed by health care providers are needed for quality patient care within a particular region or community. CON prevents unnecessary duplication of services by selecting the best proposal among competing applicants who wish to provide a particular health service.

The Healthcare Association recognizes that CON is not perfect, but any changes should be initiated from within SHPDA or the Statewide Health Coordinating Council.

For the foregoing reasons, the Healthcare Association opposes HB 710 HD 1.



**HAWAII  
LONG  
TERM  
CARE  
ASSOCIATION**

March 16, 2009

To: Chair David Ige  
Members of the Senate Committee on Health  
From: Bob Ogawa, President  
Hawaii Long Term Care Association  
Re: HB 710, HD1, Exempting long term care facilities from the  
Certificate of Need process

The Hawaii Long Term Care Association (HLTCA) opposes HB 710, HD1.

We understand and thoroughly appreciate the intent of this measure: to ensure that Hawaii has an adequate long term care infrastructure, to reduce perceived obstacles to achieving that end and to help address the hospital waitlist situation. However, in all candor, what the bill proposes does nothing to assist in accomplishing any of those goals.

1. Of all the major facets of the long term care spectrum, only nursing facilities fall under the CON requirement. Type I and II Adult Residential Care Homes (ARCHs), Type I and II Expanded Care ARCHs, community care foster family homes and assisted living facilities all do not.

2. HLTCA's skilled nursing facility members account for nearly 1,700 such beds. Some facilities have been in operation for more than a half-century, some just a few years, one is yet to be built. Whether going through ground-up construction or expansion, no one has ever found the CON process to be a superfluous barrier. Having to show necessity, appropriateness, financial soundness and the ability to provide quality care to our kupuna and disabled are requirements with which our members have never had a problem. In fact, they believe it is only proper and prudent -- both from the perspective of preserving the integrity of Hawaii's care standards and from the standpoint of good public health policy..

3. What we need to focus upon, instead, are *targeted* incentives to encourage growth in specific areas of care, like addressing the very special needs of patients on our hospital waitlists -- which we are currently doing, in partnership with DHS and HAH, in working to establish a medicaid reimbursement tier that correlates to the most prevalent conditions of waitlisted patients.

For these reasons, while appreciative of its intent, we must respectfully oppose this measure. Thank you.

TESTIMONY TO THE  
SENATE COMMITTEE ON HEALTH

March 16, 2009 (Monday)  
3:00 pm  
Conference Room 016

HB710, HD1 Relating to Health

TO: The Honorable David Ige, Chairperson, and Members of the  
Senate Committee on Health

FR: Marilyn A. Matsunaga

RE: **STRONGLY OPPOSING** HB710, HD1 "Relating to Health"

Thank you for this opportunity to voice my opposition to this bill.

Long term care facilities are an important part of our healthcare system. In order for a "system of care" to work effectively, all of its components must be included in planning and development analysis and certainly long term care facilities are a major part of Hawaii's healthcare system. These facilities complement, balance and work synergistically with the availability of acute care services, community-based services, outpatient services and home health services throughout our state. To exclude them from healthcare planning is to open the door to breaks in service delivery for the people of Hawaii that will lead to unreasonable costs, inaccessible care and questionable care quality.

The Certificate of Need process is all about planning and data-driven analysis of health care development and its developers in the public eye where there can be transparency and accountability.

Please maintain and retain the certificate of need program for long term care facilities as it allows the community to participate in healthcare development and ensures that the healthcare facilities and services -- that we (individuals and businesses alike) all pay for via our health premiums and taxes -- are provided at reasonable cost, with good quality standards while maintaining accessibility for all regardless of their ability to pay.

Thank you for your kind attention.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 14, 2009 6:44 AM  
**To:** HTHTestimony  
**Cc:** Tlenzer@hawaii.rr.com  
**Subject:** Testimony for HB710 on 3/16/2009 3:00:00 PM

**Categories:** Green Category, Blue Category

Testimony for HTH 3/16/2009 3:00:00 PM HB710

Conference room: 016  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Anthony Lenzer  
Organization: Individual  
Address: 222 Kuukama St. Kailua, HI  
Phone: 261-2095  
E-mail: [Tlenzer@hawaii.rr.com](mailto:Tlenzer@hawaii.rr.com)  
Submitted on: 3/14/2009

**Comments:**

My name is Anthony Lenzer. I am a Professor Emeritus of Public Health and former Director of the Center on Aging at the University of Hawaii. In the interests of full disclosure, I am also a former member of the SHPDA Windward Sub-Area Council. I wish to express some concern over the testimony of the Administration, speaking through its Department, urging elimination of a large number of CON requirements, including the requirement for long-term care facilities. The Department offers no clear rationale for this position, which therefore seems more philosophical, i.e. along the lines of "government regulation is inherently burdensome on business, and therefore bad." The implication is that meeting the CON requirement is a major reason why more LTC facilities have not been built in Hawaii. On the other hand, there has been testimony from an industry organization that the CON requirement has not been burdensome.

It is my hope that the Committee will consider this Bill carefully before agreeing to its provisions. In particular, I hope that you will have the opportunity to review the rationale for having this requirement for LTC facilities, to see if it is still appropriate under current conditions.

Thank you for the opportunity to comment on this Bill.