



March 16, 2021

3:00 p.m.

VIA VIDEOCONFERENCE

Conference Room 016

To: Senate Committee on Government Operations

Senator Sharon Y. Moriwaki, Chair

Senator Donovan M. Dela Cruz, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: SCR4 & SR4 — REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY OF THE NECESSITY FOR THE CERTIFICATE OF NEED PROCESS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SCR4 and SR4, which would request a reevaluation of the state’s “certificate of need” process, with specific attention to whether certain facilities and services should be exempt from the CON process and what modifications to the CON process would be beneficial to implement in Hawaii.

This resolution represents an important step toward addressing Hawaii’s ongoing difficulties with health care affordability and access. As noted in the text of the resolution, recent studies suggest that CON laws have the counterproductive effect of limiting health care quality and access in our state. It is time that Hawaii joined those states that have improved health care in their states by reforming the CON process.

According to a 2020 [study](#) from the Mercatus Center, Hawaii has the highest number of certificate-of-need restrictions in the country. The result of those restrictions is to make health care more expensive, limit access to care and lower the overall quality of care.

By [comparing costs and outcomes](#) in states with restrictive certificate-of-need laws and those without, the Mercatus Center determined that CON laws increase annual per capita health care

spending in Hawaii by \$219 and reduce the number of health care facilities in the state by about 14.

The center also estimates that without certificate-of-need laws, deaths from post-surgery complications would decrease by about 5% and the proportion of patients who would rate their hospital highly (at least 9 out of 10) would increase by 4.7%.

A further consideration is that by imposing limitations on the construction of health care facilities, certificates of need have the effect of limiting treatment options for Hawaii residents. The lack of alternatives and options has an effect on everything from care for the homeless to an effective criminal justice response for victims of drug abuse.

Due to certificate-of-need laws, many of Hawaii's problems with health care access and affordability are self-inflicted. By removing these restrictions, we could go a long way toward improving health care in Hawaii.

Thank you for the opportunity to submit our comments.

Sincerely,

Joe Kent
Executive Vice President,
Grassroot Institute of Hawaii