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# A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1           SECTION 1. The legislature finds that certificate of need  
2 regulations have become an increasing burden on health care  
3 access in Hawaii. According to multiple national studies,  
4 certificate of need requirements are associated with higher  
5 health care costs and fewer facilities, especially in rural  
6 areas.

7           Under existing state law, twenty-eight health care services  
8 require a certificate of need, making Hawaii's certificate of  
9 need regime the most restrictive in the country.

10          The legislature further finds that health care shortages  
11 caused by the coronavirus disease 2019 pandemic have been  
12 exacerbated by the State's onerous certificate of need  
13 requirements. Reforming the State's certificate of need laws  
14 will help improve access and remove barriers to the expansion  
15 and construction of certain much-needed facilities, especially  
16 those concerned with mental health, substance abuse, and  
17 dialysis.



1           Therefore, the purpose of this Act is to remove unnecessary  
2 restrictions that hamper health care access in the State by  
3 exempting dialysis centers, substance abuse facilities,  
4 psychiatric facilities, and certain bed change services from  
5 statutory certificate of need requirements.

6           SECTION 2. Section 323D-54, Hawaii Revised Statutes, is  
7 amended to read as follows:

8           "**§323D-54 Exemptions from certificate of need**  
9 **requirements.** Nothing in this part or rules with respect to the  
10 requirement for certificates of need applies to:

11           (1) Offices of physicians, dentists, or other  
12 practitioners of the healing arts in private practice  
13 as distinguished from organized ambulatory health care  
14 facilities, except in any case of purchase or  
15 acquisition of equipment attendant to the delivery of  
16 health care service and the instruction or supervision  
17 for any private office or clinic involving a total  
18 expenditure in excess of the expenditure minimum;

19           (2) Laboratories, as defined in section 321-11(12), except  
20 in any case of purchase or acquisition of equipment  
21 attendant to the delivery of health care service and



- 1           the instruction or supervision for any laboratory  
2           involving a total expenditure in excess of the  
3           expenditure minimum;
- 4           (3)   Dispensaries and first aid stations located within  
5           business or industrial establishments and maintained  
6           solely for the use of employees; provided such  
7           facilities do not regularly provide inpatient or  
8           resident beds for patients or employees on a daily  
9           twenty-four-hour basis;
- 10          (4)   Dispensaries or infirmaries in correctional or  
11          educational facilities;
- 12          (5)   Dwelling establishments, such as hotels, motels, and  
13          rooming or boarding houses that do not regularly  
14          provide health care facilities or health care  
15          services;
- 16          (6)   Any home or institution conducted only for those who,  
17          pursuant to the teachings, faith, or belief of any  
18          group, depend for healing upon prayer or other  
19          spiritual means;
- 20          (7)   Dental clinics;



- 1 (8) Nonpatient areas of care facilities such as parking  
2 garages and administrative offices;
- 3 (9) Bed changes that involve [~~ten~~] up to thirty per cent  
4 [~~or ten beds of existing licensed bed types, whichever~~  
5 ~~is less,~~] of a facility's total existing licensed beds  
6 within a two-year period;
- 7 (10) Projects that are wholly dedicated to meeting the  
8 State's obligations under court orders, including  
9 consent decrees, that have already determined that  
10 need for the projects exists;
- 11 (11) Replacement of existing equipment with its modern-day  
12 equivalent;
- 13 (12) Primary care clinics under the expenditure thresholds  
14 referenced in section 323D-2;
- 15 (13) Equipment and services related to that equipment, that  
16 are primarily invented and used for research purposes  
17 as opposed to usual and customary diagnostic and  
18 therapeutic care;
- 19 (14) Capital expenditures that are required:



- 1 (A) To eliminate or prevent imminent safety hazards
- 2 as defined by federal, state, or county fire,
- 3 building, or life safety codes or regulations;
- 4 (B) To comply with state licensure standards;
- 5 (C) To comply with accreditation standards,
- 6 compliance with which is required to receive
- 7 reimbursements under Title XVIII of the Social
- 8 Security Act or payments under a state plan for
- 9 medical assistance approved under Title XIX of
- 10 such Act;

11 (15) Extended care adult residential care homes and  
12 assisted living facilities; ~~[or]~~

13 (16) Hospice homes and other hospice facilities;

14 (17) Psychiatric facilities;

15 (18) Substance abuse facilities;

16 (19) Dialysis centers; or

17 ~~[(16)]~~ (20) Other facilities or services that the agency  
18 through the statewide council chooses to exempt, by  
19 rules pursuant to section 323D-62."

20 SECTION 3. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



# H.B. NO. 1963

1 SECTION 4. This Act shall take effect upon its approval.

2

INTRODUCED BY:

*James S. Key*

JAN 19 2024



# H.B. NO. 1963

**Report Title:**

Certificate of Need; Exemptions; Hospice Facilities; Psychiatric Facilities; Substance Abuse Facilities; Dialysis Centers; Bed Change Services

**Description:**

Expands the facilities or services that are exempt from certificate of need requirements.

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