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# A BILL FOR AN ACT

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RELATING TO HEALTH CARE.

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

1       SECTION 1. The legislature finds that Hawaii continues to  
2 face a significant health care provider shortage, especially in  
3 rural areas and on the neighbor islands. In the past decade,  
4 workforce demands have continued to climb as the State struggles  
5 to meet the demand for physicians. This demand is particularly  
6 acute when it comes to the need for medical specialists on the  
7 neighbor islands. The federal government has designated the  
8 neighbor islands as medically underserved areas, and many  
9 residents are forced to fly to the island of Oahu to obtain  
10 appropriate health care.

11       The legislature recognizes that while there is a need for  
12 health care providers on all islands, the level of demand in  
13 rural areas and neighbor island communities may sometimes  
14 challenge a provider's ability to establish and sustain  
15 full-time practices. Due to the shortage of full-time  
16 specialists on the neighbor islands, some Oahu-based providers  
17 schedule rotations to the neighbor islands to coordinate care,



1 address gaps in needed services, and reduce the need for  
2 neighbor island residents to travel to receive care.

3       The legislature also recognizes that the impacts of the  
4 2023 wildfires on the island of Maui deeply exacerbated the  
5 island's physician shortage. Many medical practices were forced  
6 to relocate or close, and medical facilities were damaged.  
7 These closures place added stress on Maui's health care system  
8 and on the State's health care system as a whole. A recent  
9 physician workforce report speculated that the physician  
10 shortage on the island of Maui is likely worse than the State's  
11 latest estimate. The legislature understands that it is  
12 critical to maintain a robust and integrated health care system  
13 across the State that allows ease of access for all residents.

14       The legislature believes that organized ambulatory health  
15 care facilities are one way to ensure access to care for  
16 residents in rural areas, neighbor islands, and communities in  
17 the State that are still rebuilding. These facilities allow  
18 providers from other areas, and across multiple specialties, to  
19 provide health care services to medically underserved residents.

20       Accordingly, the purpose of this Act is to support the  
21 provision of care by reducing the administrative burden for



1 organized ambulatory health care facilities located in counties  
2 with populations of less than five hundred thousand.

3 SECTION 2. Chapter 323, Hawaii Revised Statutes, is  
4 amended by adding a new section to part I to be appropriately  
5 designated and to read as follows:

6 **"§323- Organized ambulatory health care facilities.**

7 (a) A physician practicing at an organized ambulatory health  
8 care facility shall not be required to have hospital privileges  
9 at a licensed hospital in the same geographical location as the  
10 organized ambulatory health care facility.

11 (b) This section shall apply to counties with populations  
12 of less than five hundred thousand.

13 (c) For purposes of this section, "organized ambulatory  
14 health care facility" has the same meaning as defined in section  
15 323D-2."

16 SECTION 3. (a) The department of health shall conduct an  
17 evaluation of the benefits and impacts of section 323- ,  
18 Hawaii Revised Statutes, established by section 2 of this Act,  
19 on local health care systems, surgical access, and financial  
20 stability. The evaluation shall include but not be limited to  
21 assessing access to health care, quality of care, and costs.



1 The department shall submit a report of its findings and  
2 recommendations, including any proposed legislation, to the  
3 legislature no later than twenty days prior to the convening of  
4 the regular session of 2027.

5 (b) All health care providers, health care systems, and  
6 providers of health care insurance shall comply with the  
7 department's request for relevant data pursuant to this section.

8 SECTION 4. This Act does not affect rights and duties that  
9 matured, penalties that were incurred, and proceedings that were  
10 begun before its effective date.

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2025, and  
13 shall be repealed on June 30, 2028.



**Report Title:**

DOH; Health Care; Organized Ambulatory Health Care Facility;  
Physicians; Report

**Description:**

Clarifies that a physician may practice at an organized ambulatory health care facility even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility. Applies to counties with populations of less than five hundred thousand. Requires the Department of Health to report to the Legislature. Sunsets 6/30/2028. (CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

