

**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

JOHN C. (JACK) LEWIN, M.D.
ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

February 10, 2025

To: Senate Committee on Health and Human Services
Senator Joy San Buenaventura, Chair;
Senator Henry J.C. Aquino, Vice Chair; and
Honorable Members

From: John C (Jack) Lewin MD, Administrator, SHPDA

Re: **SB 829 –RELATING TO HEALTH CARE**

Hearing: 02-12-25

Position: SUPPORT, with COMMENTS

Testimony:

SHPDA supports this bill, but with comments.

SB 829 authorizes a physician to practice at an organized ambulatory health care facility, like an ambulatory surgical center, even if the physician does not have hospital privileges at a licensed acute care hospital in the same geographic location as the ambulatory facility. It also provides that a written transfer agreement is not required to transfer a patient from an organized ambulatory health care facility to a licensed hospital.

HRS Section 323 requires that SHPDA require and issue a certificate of need (CON) to new freestanding ambulatory surgery centers (with less than a 24-hour stay for patients), and the CON rules have required that a collaborative arrangement be made with an existing acute care hospital in the county for emergency transfers when necessary.

A policy consideration in the past, and in certain situations today, would desire to prevent an exodus of specialists needed for acute care and surgical purposes from abandoning hospital privileges to practice exclusively in an ASC setting, thereby disrupting necessary staffing of specialty services in acute hospitals. However, on Maui today, a shortage of specialists has required recruiting temporary visiting surgeons and specialists from the mainland to provide a backlog of elective surgical procedures that can safely be performed in an ASC ambulatory setting. ASC services are considerably less expensive than acute care services for the same elective procedures because there is no hospital admission and overnight stay and far fewer ancillary services needed.

Emergency procedures, complex procedures, and high-risk patients require acute hospital surgical procedures, and are not suitable for an ASC setting. When unexpected complications rarely occur in an ASC setting, emergency transfer to an acute hospital is required. In some mainland circumstances, private hospitals may not accept such a transfer, necessitating a “transfer agreement.” The transfer agreement is unnecessary here, however, since all Hawaii acute care hospitals must accept emergencies.

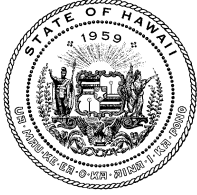
Finally, the workforce shortage in the aftermath of the wildfires, and the shortage of surgical and other specialists needed to effectively operate ASC services on Maui has required the recruiting of visiting, short-term specialists. This prevents having citizens of Maui County travel to O`ahu or the mainland for elective procedures. If such visiting temporary specialist physicians were required to go through the time-consuming process of acquiring staff privileges at Maui Memorial Medical Center before coming to work in an ASC setting, they would likely not come.

There is also a hope that some of the visiting specialists may decide to relocate here, and then apply for staff privileges at Maui Memorial Medical Center. The ideal circumstance might be when an acute care hospital or system has the resources to create its own ASC facility, to lower costs of elective procedures that can safely be performed in an ASC, and allow its physician staff with hospital privileges to work in both facilities.

SHPDA therefore recommends that the provisions of this bill be limited at this time only to Maui County, which to our knowledge is the only area of the state where this concern has arisen.

Thank you for the opportunity to testify.

---Jack Lewin MD, SHPDA Administrator, and Sr. Advisor to Governor Green on Health Care



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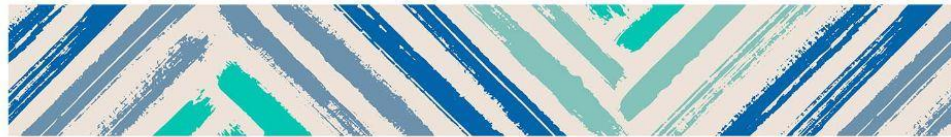
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Thank you for the opportunity to testify.

---Jack Lewin MD, SHPDA Administrator, and Sr. Advisor to Governor Green on Health Care



February 12, 2025

To: Chair San Buenaventura, Vice Chair Aquino and Members of the Senate Committee on Health and Human Services (HHS)

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: February 12, 2025; 1:00 pm/Conference Room 225 & Videoconference

Re: Comments on SB 829 – Relating to Health Care

The Hawaii Association of Health Plans (HAHP) offers comments on SB 829. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP supports the intent of this measure to increase access and support our healthcare workforce. Hawaii is currently facing a shortage of healthcare providers, a challenge that is particularly acute in rural areas of the state especially on the neighbor islands.

HAHP supports all initiatives aimed at improving healthcare accessibility, including efforts to enhance access to physician specialists. By addressing these shortages, we can ensure that all residents receive the timely and comprehensive care they deserve.

Thank you for the opportunity to testify on SB829.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



February 12, 2025 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Henry J.C. Aquino

From: Paige Heckathorn Choy
AVP, Government Affairs
Healthcare Association of Hawaii

Re: Submitting Comments
SB 829, Relating to Health Care

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to provide **comments** regarding this measure, which seeks to remove the requirement for physicians practicing at organized ambulatory health care facilities to keep hospital privileges in the same geographic area. The measure further seeks to eliminate the need for written transfer agreements between ambulatory health care facilities and hospitals.

These changes would align state rules around ambulatory health care facilities with those recently changed by the Centers for Medicare and Medicaid Services (CMS). Recent updates to federal regulations removed the requirement for ambulatory surgical centers (ASCs) to maintain written transfer agreements with hospitals. These updates acknowledged that ASCs can provide safe care without formalized agreements, provided they have clear protocols in place for handling emergencies and patient transfers.

Requiring hospital privileges can be challenging for physicians, particularly those in rural or underserved areas. There are additional administrative and time commitments—including on-call obligations—that are associated with hospital privileges. Easing this requirement could help attract more providers to areas facing workforce shortages by reducing these administrative and logistical burdens.

We would note, however, that some members have concerns over the potential consequences of removing these requirements. Hospitals rely on physician participation for on-call rotations to ensure adequate emergency and specialty care coverage. Removing the hospital privilege requirement could reduce the pool of available on-call physicians, particularly in rural areas where staffing is already a challenge. This may inadvertently place additional strain on hospital resources and impact the availability of emergency care.

Balancing the benefits of reducing regulatory benefits with the need to maintain strong systems for care is important especially when considering care in rural areas. We appreciate the committee considering this measure and our comments on the matter.



February 12, 2025

The Honorable Joy A. San Buenaventura, Chair
The Honorable Henry J.C. Aquino, Vice Chair
Senate Committee on Health and Human Services

Re: SB 829 – RELATING TO HEALTH CARE

Dear Chair San Buenaventura, Vice Chair Aquino, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to support SB 829, which authorizes physicians to practice at organized ambulatory health care facilities even if the physician does not have hospital privileges at a licensed hospital in the same geographic location as the ambulatory facility.

HMSA strongly supports efforts to increase access and support our healthcare workforce, particularly on the Neighbor Islands and in our state's rural communities. Hawaii is currently facing a shortage of healthcare providers, a challenge that is particularly acute on Maui. The devastating Lahaina wildfires of 2023 exacerbated this crisis, necessitating intervention from federal, state, and county agencies to ensure that residents received adequate health services.

HMSA has received feedback from numerous Oahu-based physician specialists who are eager to travel to Maui to provide care in outpatient facilities. However, they face significant barriers due to a 1986 mandate that physicians must have local hospital privileges to practice in outpatient facilities. Because of our state's unique geography, the conditions needed to get hospital privileges are nearly impossible to fulfill for providers who do not reside on the island where care is needed. Ultimately, this is denying vital care to Maui residents in need.

HB 799 would resolve the situation by aligning state law to current CMS regulations. It would remove what the federal government has described as "unnecessary, obsolete, or excessively burdensome" compliance requirements for healthcare providers and suppliers. The Burden Reduction Rule, which was published by CMS on September 30, 2019, deleted the Conditions for Coverage, which required an ambulatory surgery center to (1) have a written transfer agreement with a hospital, and (2) ensure that all physicians performing surgery in the ambulatory surgery center have admitting privileges at a local hospital.

For these reasons, we strongly urge you to consider SB 829, which will allow physicians willing to fly to Neighbor Islands to provide much-needed care at outpatient facilities. Mahalo for your consideration of our testimony.

Sincerely,

Jennifer Diesman
Senior Vice President
Government Policy & Advocacy

SB-829

Submitted on: 2/11/2025 7:28:58 AM

Testimony for HHS on 2/12/2025 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Randy Kurohara	Testifying for Community First Hawaii	Support	Written Testimony Only

Comments:

Community First Hawaii supports increasing access to healthcare, especially on neighbor islands where we have a severe physician workforce shortage and geography are barriers to our communities receiving care. Many of our neighbor island residents are having to fly to Oahu to receive care that could be afforded them if some of these barriers are removed.

HB799 addresses one of these barriers where physicians wanting to fly in and perform services in outpatient settings are prevented because of a 1986 requirement to have privileges at a nearby licensed hospital.

We support the intent of the bill to provide more access to care by physicians willing to fly to our neighbor islands to bring additional healthcare services to our communities.

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Senator Joy San Buenaventura, Chair of the Senate Committee on Health and Human Services

From: Hawai'i Association of Professional Nurses (HAPN)

Subject: SB829 – Relating to Health Care

Hearing: February 12, 2025, 1:00 p.m.

Aloha Senator San Buenaventura, Chair; Senator Aquino, Vice Chair; and Members of the Committee,

On behalf of the Hawai'i Association of Professional Nurses (HAPN), we appreciate the opportunity to submit testimony in **strong support with amendments** for SB829, which seeks to address the ongoing health care provider shortage in rural and neighbor island communities.

Hawaii has long struggled with health care access, particularly for residents outside of Oahu. The shortage of health care providers, especially specialists, forces many neighbor island residents to travel long distances for necessary care. This challenge has been further exacerbated by the 2023 wildfires on Maui, which displaced many medical professionals and significantly disrupted health care services. A strong, integrated health care system is essential to ensure equitable access to care for all Hawaii residents.

SB829 is a critical step in improving access to care by reducing administrative barriers for organized ambulatory health care facilities. These facilities provide essential health services in medically underserved areas and help bridge gaps in specialty care.

Proposed Amendments

To ensure this bill fully supports Hawaii's diverse provider workforce, we respectfully request **provider-neutral language** in all applicable sections. Specifically, we recommend replacing “physician” with “**physician, advanced practice registered nurse, physician assistant, or other qualified licensed health care provider.**”

With these amendments, SB829 will:

- Expand access to care by ensuring that all qualified licensed health care providers can serve patients in organized ambulatory health care facilities and hospitals.
- Eliminate unnecessary administrative burdens that hinder health care professionals from delivering essential services in rural and neighbor island communities.
- Strengthen Hawaii's health care system by supporting multidisciplinary, team-based care models that maximize provider capacity and improve patient outcomes.

HAPN remains committed to advocating for policies that ensure timely, high-quality, and accessible health care for all residents of Hawaii. We urge the committee to support SB829 with our recommended amendments to create a more inclusive and efficient health care system.

Mahalo for the opportunity to provide testimony.

Respectfully,

Dr. Jeremy Creekmore, APRN
HAPN President



February 12, 2025

To: Chair San Buenaventura, Vice Chair Aquino and Members of the Senate Committee on Health and Human Services (HHS)

From: Aloha Surgical Center

Date/Location: February 12, 2025; 1:00 pm/Conference Room 225

Re: Support for SB829 – Relating to Health Care

Aloha Surgical Center on Maui, which partners with physicians to provide surgical procedures that can be performed in an outpatient setting, writes **in support** of SB829.

The measure seeks to increase health care access to residents in rural areas of Hawaii by addressing the workforce shortage of medical specialists, particularly on Maui. By addressing these shortages, Hawaii can ensure its residents receive comprehensive care close to home, without the added time and expense of traveling to Oahu.

Thank you for the consideration.

