
A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that, pursuant to chapter
2 323D, Hawaii Revised Statutes, the development, modification, or
3 alteration of any new major health care facility or health care
4 service first requires a certificate of need to be issued by the
5 state health planning and development agency, referred to in
6 chapter 323D, Hawaii Revised Statutes, as the "state agency".
7 Upon the filing of an application for a certificate of need, the
8 state agency forwards the application to a subarea health
9 planning council, of which at least one shall be established for
10 each county, for review, to take public input, and make a
11 recommendation on the application to the state agency. The
12 application is then forwarded to the statewide review panel,
13 comprised of members from each county and the majority of who
14 shall be health care consumers, for its review and
15 recommendation. Following the review by the statewide review
16 panel, the application of the certificate of need is then
17 forwarded to the statewide health coordinating council, a body
18 appointed by the governor and that includes both health care



1 providers and health care consumers, for its review and
2 recommendation.

3 Following this review process, the administrator of the
4 state agency, a sole individual, makes a decision whether to
5 approve or deny the application for the certificate of need.

6 The legislature further finds that this process was
7 undertaken in the application for the proposed Malulani hospital
8 on the island of Maui. That application proposed the
9 development of a \$212,000,000, one hundred bed acute care full
10 service hospital, including a state-of-the-art cardiac care
11 facility that is presently lacking on Maui. The application was
12 recommended for approval by the Maui subarea health planning
13 council; however, the application received recommendations for
14 denial by the statewide review panel and the statewide health
15 coordinating council. The administrator of the state agency
16 subsequently denied the application of the certificate of need.

17 The legislature finds that this process for a review of any
18 major new health care facility or health care service is
19 cumbersome, repetitive, time-consuming, and expensive. The
20 legislature further finds that it is illogical to permit one
21 individual to make a decision that may have major implications
22 for the residents of the area where the proposed health care



1 facility or health care service is to be provided. Further, the
2 financial impacts that such a proposed health care facility or
3 health care service may have on the entire State warrants a
4 procedure that is not dependent on the judgment of a single
5 individual.

6 The purpose of this Act is to direct the auditor to conduct
7 a management audit of the certificate of need program being
8 administered by the state agency and to make appropriate
9 recommendations to eliminate, modify, or amend the certificate
10 of need program.

11 SECTION 2. The auditor shall conduct a management audit of
12 the certificate of need program, presently being administered by
13 the state health planning and development agency, for the
14 proposal of any new major health care facilities or health care
15 services.

16 The auditor shall submit a report to the legislature no
17 later than twenty days prior to convening of the Regular Session
18 2008, containing its findings and recommendations, including any
19 necessary proposed legislation, concerning the elimination,
20 modification, or amendment of the certificate of need program.

21 SECTION 3. There is appropriated out of the general
22 revenues of the State of Hawaii the sum of \$, or so



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1 much thereof as may be necessary for fiscal year 2007-2008, for
 2 a management audit of the certificate of need program now being
 3 administered by the state health planning and development
 4 agency.

5 The sum appropriated shall be expended by the auditor for
 6 the purposes of this Act.

7 SECTION 4. This Act shall take effect on July 1, 2007.
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INTRODUCED BY: _____

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Mel Carroll

[Signature]
Ben Ward

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Report Title:

State Health Planning and Development Agency; Audit

Description:

Directs the Auditor to do a management audit of the State Health Planning and Development Agency certificate of need program; makes an appropriation.

