
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY OF THE RELEVANCY OF
THE CERTIFICATE OF NEED PROCESS UNDER CHAPTER 323D, HAWAII
REVISED STATUTES.

1 WHEREAS, Certificate of Need (CON) programs are state-level
2 regulatory programs that require approval from a state health
3 planning agency for construction, expansion, and major capital
4 expenditures by health care facilities and services; and
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6 WHEREAS, Hawaii's CON law, codified in part V of chapter
7 323D, Hawaii Revised Statutes, was established in 1975 in
8 response to the National Health Planning and Resources
9 Development Act of 1974 (NHPRDA), which conditioned the award of
10 federal public health service grants upon a state's adoption of
11 such regulatory measures; and
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13 WHEREAS, in 1987, the federal mandate and funding
14 provisions were repealed; and
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16 WHEREAS, since the repeal of NHPRDA, 14 states have dropped
17 their CON programs while several other states have narrowed the
18 application of their CON laws to only certain types of
19 facilities; and
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21 WHEREAS, Hawaii's law requires the State Health Planning
22 and Development Agency to approve a certificate of need for the
23 construction, expansion, alteration, conversion, development,
24 initiation, or modification of all health care facilities or
25 health care services in the State; and
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27 WHEREAS, like many other states' CON laws, Hawaii's CON law
28 is intended to provide a coordinated system that links statewide
29 planning for health services with facilities development; and



H.C.R. NO. 3

1 WHEREAS, Hawaii's CON program, like other programs
2 nationwide, has been criticized on several bases, including:

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4 (1) It hampers the efficient performance of healthcare
5 markets by creating barriers to entry and expansion,
6 restricting free and open competition, and limiting
7 consumer choice, resulting in higher prices;

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9 (2) It hampers innovation and improvements in the delivery
10 of better healthcare by limiting competition;

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12 (3) It is not consistently administered; and

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14 (4) It does not achieve its objective of controlling
15 healthcare costs; and

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17 WHEREAS, national health care reform and other changes
18 taking place in the health care marketplace make it appropriate
19 to examine the relevancy of Hawaii's CON program and its effects
20 on health care access, quality, and costs; now, therefore,

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22 BE IT RESOLVED by the House of Representatives of the
23 Twenty-ninth Legislature of the State of Hawaii, Regular Session
24 of 2018, the Senate concurring, that the Auditor is requested to
25 conduct a study of the relevancy of the CON process under
26 Chapter 323D, Hawaii Revised Statutes, with respect to:

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28 (1) The role of the CON Program;

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30 (2) The effects of the CON law on:

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32 (A) Improving the health of residents within a health
33 service area;

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35 (B) Increasing the accessibility and quality of
36 health services;

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38 (C) Containing health care costs; and

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40 (D) Preventing unnecessary duplication of health
41 services; and



