
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 certificate of need
2 laws are state regulatory mechanisms for approving major capital
3 expenditures and projects for certain health care facilities.
4 In a state with a certificate of need program, a health planning
5 agency or other entity must approve the creation of new health
6 care facilities or the expansion of an existing facility's
7 services in a specified area. The primary aim of certificate of
8 need programs is to control health care costs by restricting
9 duplicative services and determining whether new capital
10 expenditures meet a community need.

11 The legislature finds, however, that at times, these
12 programs fail to achieve their intended goals and instead,
13 stifle competition by protecting incumbent providers and
14 creating a burdensome approval process for establishing new
15 facilities and services. Therefore, the provision of certain
16 critical health care services, such as psychiatric services and
17 chronic renal dialysis services, should be made available



1 regardless of whether the certificate of need requirements are
2 met, especially in rural or remote communities.

3 Accordingly, the purpose of this Act is to exempt
4 psychiatric services and chronic renal dialysis services from
5 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~~] the
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 per cent or ten beds of
4 existing licensed bed types, whichever is less, of a
5 facility's total existing licensed beds within a two-
6 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) Psychiatric services; provided that for purposes of
- 14 this paragraph, "psychiatric services" means services
- 15 for the diagnosis and treatment of mental illness or
- 16 mental disorders in persons;
- 17 (17) Chronic renal dialysis services; provided that for
- 18 purposes of this paragraph, "chronic renal dialysis
- 19 services" means services for the treatment of
- 20 irreversible kidney failure involving the removal of



1 waste substance from a patient's blood by hemodialysis
2 or peritoneal dialysis; or
3 [~~(16)~~] (18) Other facilities or services that the agency
4 through the statewide council chooses to exempt, by
5 rules pursuant to section 323D-62."

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

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



Report Title:

Health; Certificate of Need Program; Psychiatric Services;
Chronic Renal Dialysis; Exemption

Description:

Exempts psychiatric services and chronic renal dialysis services
from certificate of need requirements. (SD1)

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

