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## A BILL FOR AN ACT

RELATING TO AMENDING SECTION 323D-54, HAWAII REVISED STATUTES,  
TO EXEMPT THE DEPARTMENT OF HEALTH FROM CERTIFICATE OF NEED  
REQUIREMENTS.

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

1           SECTION 1. Section 323D-54, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "§323D-54 Exemptions from certificate of need  
4 requirements. Nothing in this part or rules with respect to the  
5 requirement for certificates of need applies to:

6           (1) Offices of physicians, dentists, or other  
7 practitioners of the healing arts in private practice  
8 as distinguished from organized ambulatory health care  
9 facilities, except in any case of purchase or  
10 acquisition of equipment attendant to the delivery of  
11 health care service and the instruction or supervision  
12 for any private office or clinic involving a total  
13 expenditure in excess of the expenditure minimum;

14           (2) Laboratories, as defined in section 321-11(12), except  
15 in any case of purchase or acquisition of equipment  
16 attendant to the delivery of health care service and  
17 the instruction or supervision for any laboratory

H.B. NO. 1104

- 1           involving a total expenditure in excess of the  
2           expenditure minimum;
- 3           (3)   Dispensaries and first aid stations located within  
4           business or industrial establishments and maintained  
5           solely for the use of employees; provided [~~such~~] those  
6           facilities do not regularly provide inpatient or  
7           resident beds for patients or employees on a daily  
8           twenty-four-hour basis;
- 9           (4)   Dispensaries or infirmaries in correctional or  
10          educational facilities;
- 11          (5)   Dwelling establishments, such as hotels, motels, and  
12          rooming or boarding houses that do not regularly  
13          provide health care facilities or health care  
14          services;
- 15          (6)   Any home or institution conducted only for those who,  
16          pursuant to the teachings, faith, or belief of any  
17          group, depend for healing upon prayer or other  
18          spiritual means;
- 19          (7)   Dental clinics;
- 20          (8)   Nonpatient areas of care facilities such as parking  
21          garages and administrative offices;

H.B. NO. 1104

- 1           (9) Bed changes that involve ten per cent or ten beds of  
2           existing licensed bed types, whichever is less, of a  
3           facility's total existing licensed beds within a two-  
4           year period;
- 5           (10) Projects that are wholly dedicated to meeting the  
6           State's obligations under court orders, including  
7           consent decrees, that have already determined that  
8           need for the projects exists;
- 9           (11) Replacement of existing equipment with its modern-day  
10          equivalent;
- 11          (12) Primary care clinics under the expenditure thresholds  
12          referenced in section 323D-2;
- 13          (13) Equipment and services related to that equipment, that  
14          are primarily invented and used for research purposes  
15          as opposed to usual and customary diagnostic and  
16          therapeutic care;
- 17          (14) Capital expenditures that are required:
- 18                (A) To eliminate or prevent imminent safety hazards  
19                as defined by federal, state, or county fire,  
20                building, or life safety codes or regulations;
- 21                (B) To comply with state licensure standards;

H.B. NO. 1104

1 (C) To comply with accreditation standards,  
2 compliance with which is required to receive  
3 reimbursements under Title XVIII of the Social  
4 Security Act or payments under a state plan for  
5 medical assistance approved under Title XIX of  
6 ~~[such]~~ that Act;

7 (15) Extended care adult residential care homes and  
8 assisted living facilities; ~~[or]~~

9 (16) Other facilities or services that the agency through  
10 the statewide council chooses to exempt, by rules  
11 pursuant to section 323D-62 ~~[-]~~; or

12 (17) Health care facilities operated or services provided  
13 by the department of health."

14 SECTION 2. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 3. This Act shall take effect upon its approval.

17  
18 INTRODUCED BY: Marie K. Parker

19 BY REQUEST  
JAN 21 2025

H.B. NO. 1104

**Report Title:**

DOH; SHPDA; Certificate of Need; Exemption

**Description:**

Amends section 323D-54, HRS, to exempt the Department of Health from the State Health Planning and Development Agency's certificate of need requirements.

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

# HB NO. 1104

## JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO AMENDING SECTION 323D-54, HAWAII REVISED STATUTES, TO EXEMPT THE DEPARTMENT OF HEALTH FROM CERTIFICATE OF NEED REQUIREMENTS.

PURPOSE: To exempt health care facilities and services operated by the Department from certificate of need requirements pursuant to chapter 323D, Hawaii Revised Statutes (HRS).

MEANS: Amend section 323D-54, HRS.

JUSTIFICATION: Exempting the Department from certificate of need requirements will improve the Department's response to pressing public health needs.

Prior approval from the State Health Planning and Development Agency is required to construct, expand, alter, convert, develop, initiate, or modify a health care facility or health care services in the State. Criteria for approval may include need, cost, quality, accessibility, availability, and acceptability. The Department, as a governmental entity, addresses health care needs not otherwise met by the private sector, and which require funding from the Legislature. The amendment in this bill is needed to improve the Department's capacity efficiency and timeliness in responding to healthcare needs, including mental health and substance use.

Impact on the public: Potential increased and more timely access to healthcare facilities and services, particularly for vulnerable populations.

Impact on the department and other agencies: Reduced administrative burden on the

HB. NO. 1104

Department and the State Health Planning and  
Development Agency.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: HTH 907.

OTHER AFFECTED  
AGENCIES: State Health Planning and Development  
Agency.

EFFECTIVE DATE: Upon approval.