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## A BILL FOR AN ACT

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RELATING TO THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY.

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

1       SECTION 1. Section 323D-2, Hawaii Revised Statutes, is  
2       amended by adding a new definition to be appropriately inserted  
3       and to read as follows:

4       "Health care" means the improvement of a person's health  
5       through the prevention, diagnosis, treatment, and amelioration  
6       or cure of disease, illness, injury, or other physical and  
7       mental impairment, regardless of the setting in which those  
8       services are delivered. Health care includes oral health,  
9       behavioral health, and long-term care."

10       SECTION 2. Section 323D-12, Hawaii Revised Statutes, is  
11       amended to read as follows:

12       **"§323D-12 Health planning and development functions; state**  
13       **agency.** (a) The state agency shall:

14       (1) Have as a principal function the responsibility for  
15       promoting ~~[accessibility for all the people of the~~  
16       ~~State to quality health care services at reasonable~~  
17       ~~cost. The state agency shall conduct such studies and~~  
18       ~~investigations as may be necessary as to the causes of~~

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~~health care costs including inflation. The state agency may contract for services to implement this paragraph. The certificate of need program mandated under part V shall serve this function. The state agency shall promote the sharing of facilities or services by health care providers whenever possible to achieve economies and shall restrict unusual or unusually costly services to individual facilities or providers where appropriate;~~ universal access to high-quality, equitable, and affordable health care for all the people of the State and a shared vision of Hawaii's health care future;

~~[(2) Serve as staff to and provide technical assistance and advice to the statewide council and the subarea councils in the preparation, review, and revision of the state health services and facilities plan;~~

~~-(3) Conduct the health planning activities of the State in coordination with the subarea councils, implement the state health services and facilities plan, and determine the statewide health needs of the State after consulting with the statewide council; and]~~

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1        (2) Conduct the health planning activities of the State in  
2        collaboration with state agencies and with private  
3        health care sector participants to assess and address  
4        gaps or concerns affecting access, quality, and cost  
5        including, but not limited to, health insurance  
6        coverage and rates, health insurance benefits and  
7        affordability, workforce development and  
8        reimbursement, administrative simplification, and  
9        health information technology including artificial  
10       intelligence;

11       ~~[(4)]~~ (3) Administer the state certificate of need program  
12       pursuant to part V[-], and serve as staff to and  
13       provide technical assistance and advice to the  
14       statewide council and subarea councils; and

15       (4) Establish a state health services, workforce, and  
16       facilities plan and update that plan at least every  
17       four years following consultation with the statewide  
18       council.

19       (b) The state agency may:

20       (1) Prepare ~~[such]~~ reports and recommendations on Hawaii's  
21       health care costs and public or private efforts to  
22       reduce or control costs and health care quality as it

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1           deems necessary. The ~~[report]~~ reports may include~~[,~~  
2           ~~but not be limited to,~~ a review of health insurance  
3           plans, the availability of various kinds of health  
4           insurance and malpractice insurance to consumers,  
5           data-supported analysis and evaluation of the status  
6           of statewide and county health care services adequacy,  
7           accessibility, quality, equity, efficiency, and  
8           affordability, including comparisons to national and  
9           other state jurisdictions, and strategies for  
10          increasing competition in the health insurance  
11          field~~[,~~ and across the health care delivery system;  
12          ~~[(2) Prepare and revise as necessary the state health~~  
13          ~~services and facilities plan.~~  
14          ~~[(3) Prepare, review, and revise the annual implementation~~  
15          ~~plan.~~  
16          ~~[(4)]~~ (2) Assist the statewide council in the performance  
17          of its functions~~[,~~];  
18          ~~[(5)]~~ (3) Determine the need for new health services  
19          proposed to be offered within the State~~[,~~];  
20          ~~[(6)]~~ (4) Assess existing health care services and  
21          facilities to determine whether there are redundant,  
22          excessive, or inappropriate services or facilities and

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1 make public findings of any that are found to be  
2 so. The state agency shall weigh the costs of the  
3 health care services or facilities against the  
4 benefits the services or facilities provide and there  
5 shall be a negative presumption against marginal  
6 services~~[-]~~;

7 ~~[(7)]~~ (5) Provide technical assistance to persons, public  
8 or private, in obtaining and filling out the necessary  
9 forms for the development of projects and programs~~[-]~~;

10 ~~[(8)]~~ (6) Prepare reports, studies, and recommendations on  
11 emerging health issues, such as medical ethics, health  
12 care rationing, involuntary care, care for the  
13 indigent, and standards for research and development  
14 of biotechnology ~~[and]~~ genetic engineering~~[-]~~,  
15 telehealth, artificial intelligence, and workforce  
16 development; and

17 ~~[(9)]~~ (7) Conduct ~~[such]~~ other activities as are necessary  
18 to meet the purposes of this chapter."

19 SECTION 3. Section 323D-54, Hawaii Revised Statutes, is  
20 amended to read as follows:

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1       **"§323D-54 Exemptions from certificate of need**  
2 **requirements.** Nothing in this part or rules with respect to the  
3 requirement for certificates of need applies to:

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

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

18       (3) Dispensaries and first aid stations located within  
19            business or industrial establishments and maintained  
20            solely for the use of employees; provided such  
21            facilities do not regularly provide inpatient or

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- 1           resident beds for patients or employees on a daily  
2           twenty-four-hour basis;
- 3           (4)   Dispensaries or infirmaries in correctional or  
4           educational facilities;
- 5           (5)   Dwelling establishments, such as hotels, motels, and  
6           rooming or boarding houses that do not regularly  
7           provide health care facilities or health care  
8           services;
- 9           (6)   Any home or institution conducted only for those who,  
10          pursuant to the teachings, faith, or belief of any  
11          group, depend for healing upon prayer or other  
12          spiritual means;
- 13          (7)   Dental clinics;
- 14          (8)   Nonpatient areas of care facilities such as parking  
15          garages and administrative offices;
- 16          (9)   Bed changes that involve [~~ten~~] up to thirty per cent  
17          ~~[or ten beds of existing licensed bed types, whichever~~  
18          ~~is less,]~~ of a facility's total existing licensed beds  
19          within a two-year period;
- 20          (10)   Projects that are wholly dedicated to meeting the  
21          State's obligations under court orders, including

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- 1 consent decrees, that have already determined that  
2 need for the projects exists;
- 3 (11) Replacement of existing equipment with its modern-day  
4 equivalent;
- 5 (12) Primary care clinics under the expenditure thresholds  
6 referenced in section 323D-2;
- 7 (13) Equipment and services related to that equipment, that  
8 are primarily invented and used for research purposes  
9 as opposed to usual and customary diagnostic and  
10 therapeutic care;
- 11 (14) Capital expenditures that are required:
- 12 (A) To eliminate or prevent imminent safety hazards  
13 as defined by federal, state, or county fire,  
14 building, or life safety codes or regulations;
- 15 (B) To comply with state licensure standards;
- 16 (C) To comply with accreditation standards,  
17 compliance with which is required to receive  
18 reimbursements under Title XVIII of the Social  
19 Security Act or payments under a state plan for  
20 medical assistance approved under Title XIX of  
21 such Act;

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(15) Extended care adult residential care homes and

assisted living facilities; ~~[or]~~

(16) Health care facilities or services operated by the

department of health; or

~~[(16)]~~ (17) Other facilities or services that the agency  
through the statewide council chooses to exempt, by  
rules pursuant to section 323D-62."

SECTION 4. Statutory material to be repealed is bracketed  
and stricken. New statutory material is underscored.

SECTION 5. This Act, upon its approval, shall take effect  
on July 1, 2026.

INTRODUCED BY:

Nadine K. Nubrun

BY REQUEST  
JAN 26 2026

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**Report Title:**

DOH; SHPDA; Function and Responsibilities; Certificate of Need Exemption

**Description:**

Amends the functions and responsibilities of the State Health Planning and Development Agency. Adds a new definition of "health care." Amends the exemption threshold for bed changes to up to thirty per cent of existing licensed bed types. Exempts the Department of Health from certificate of need requirements. Effective 7/1/2026.

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

JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY.

PURPOSE: To amend the functions and responsibilities of the State Health Planning and Development Agency (SHPDA) to identify and coordinate activities and resources that affect health care access, cost, and quality across the State. This includes preparing reports, studies, and recommendations on emerging health issues such as telehealth, artificial intelligence, and workforce development.

The bill also amends the certificate of need (CON) exemptions by changing the exemption threshold for bed changes to up to thirty percent of a facility's total existing licensed beds and exempting the Department from CON requirements.

MEANS: Amend sections 323D-2, 323D-12, and 323D-54, Hawaii Revised Statutes.

JUSTIFICATION: Due to the significant technological, medical, financial, political, and cultural developments in the intervening thirty years, SHPDA seeks to update its statutory functions and responsibilities. In addition, the State lacks a comprehensive plan for assuring health care access, affordability, and quality. The last state health services and facilities plan was published in 1989. An updated plan is warranted to address health care advancements and include workforce development in Hawaii.

Prior approval from SHPDA is required to construct, expand, alter, convert, develop, initiate, or modify a health care facility or health care services in the State. The Department, as a governmental entity, addresses health care needs not otherwise

met by the private sector, and requires funding from the Legislature. As such, the Department seeks to be exempted from CON requirements to improve efficiency and timeliness in responding to health care needs.

Impact on the public: Potential for improved access to health care services and facilities across the State, as well as reduced cost of care and higher quality health care.

Impact on the department and other agencies: Overall health care system efficacy will benefit from improved coordination, prioritization, and communication, facilitated by SHPDA, among entities that influence Hawaii's health care system, such as the Department of Commerce and Consumer Affairs for insurance regulation and professional licensing; the Department of Human Services for Medicaid plans; the Department of Accounting and General Services, for the Employer-Union Health Benefits Trust Fund, the Hawaii Health Systems Corporation, for publicly funded health care services, and the University of Hawaii, for academic research into health care and related issues.

GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	HTH 906.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	July 1, 2026.