

S.B. NO. 3139

JAN 28 2026

A BILL FOR AN ACT

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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1 health care costs including inflation. The state
2 agency may contract for services to implement this
3 paragraph. The certificate of need program mandated
4 under part V shall serve this function. The state
5 agency shall promote the sharing of facilities or
6 services by health care providers whenever possible to
7 achieve economies and shall restrict unusual or
8 unusually costly services to individual facilities or
9 providers where appropriate,] universal access to
10 high-quality, equitable, and affordable health care
11 for all the people of the State and a shared vision of
12 Hawaii's health care future;
13 (2) Serve as staff to and provide technical assistance
14 and advice to the statewide council and the subarea
15 councils in the preparation, review, and revision of
16 the state health services and facilities plan;
17 (3) Conduct the health planning activities of the State in
18 coordination with the subarea councils, implement the
19 state health services and facilities plan, and
20 determine the statewide health needs of the State
21 after consulting with the statewide council, and]

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 (15) Extended care adult residential care homes and
2 assisted living facilities; [or]
3 (16) Health care facilities or services operated by the
4 department of health; or
5 [+16] (17) Other facilities or services that the agency
6 through the statewide council chooses to exempt, by
7 rules pursuant to section 323D-62."

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 Statutory material to be repealed is bracketed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

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

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INTRODUCED BY:



14 BY REQUEST

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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.

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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.