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# 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~~



1 ~~investigations as may be necessary as to the causes of~~  
2 ~~health care costs including inflation. The state~~  
3 ~~agency may contract for services to implement this~~  
4 ~~paragraph. The certificate of need program mandated~~  
5 ~~under part V shall serve this function. The state~~  
6 ~~agency shall promote the sharing of facilities or~~  
7 ~~services by health care providers whenever possible to~~  
8 ~~achieve economies and shall restrict unusual or~~  
9 ~~unusually costly services to individual facilities or~~  
10 ~~providers where appropriate;~~

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

15 ~~(3) Conduct the health planning activities of the State in~~  
16 ~~coordination with the subarea councils, implement the~~  
17 ~~state health services and facilities plan, and~~  
18 ~~determine the statewide health needs of the State~~  
19 ~~after consulting with the statewide council; and]~~  
20 universal access to high-quality, equitable, and



- 1           affordable health care for all the people of the State  
2           and a shared vision of the State's health care future;
- 3           (2) Conduct the health planning activities of the State in  
4           collaboration with state agencies and with private  
5           health care sector participants to assess and address  
6           gaps or concerns affecting access, quality, and cost,  
7           including but not limited to administrative  
8           simplification and health information technology,  
9           including artificial intelligence;
- 10          [-(4)] (3) Administer the state certificate of need program  
11           pursuant to part V[-], and serve as staff and provide  
12           technical assistance and advice to the statewide  
13           council and subarea councils; and
- 14          (4) Establish a state health services and facilities plan  
15           and update that plan at least every four years  
16           following consultation with the statewide council.
- 17          (b) The state agency may:
- 18           (1) Prepare [~~such~~] reports and recommendations on  
19            [~~Hawaii's~~] the State's health care costs and public or  
20           private efforts to reduce or control costs and health  
21           care quality as it deems necessary. The [~~report~~]



1           reports may include~~[, but not be limited to,]~~ a review  
2           of health insurance plans~~[,]~~; the availability of  
3           various kinds of health insurance and malpractice  
4           insurance to consumers~~[,]~~; data-supported analysis and  
5           evaluation of the status of statewide and county  
6           health care services accessibility, adequacy,  
7           affordability, efficiency, equity, and quality,  
8           including comparisons to national and other state  
9           jurisdictions; and strategies for increasing  
10          competition in the health insurance field~~[,]~~ and  
11          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,



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



- 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~~] regulated pursuant to  
13 section 321-11(12), except in any case of purchase or  
14 acquisition of equipment attendant to the delivery of  
15 health care service and the instruction or supervision  
16 for any laboratory involving a total expenditure in  
17 excess of the 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



- 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



- 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;



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 shall take effect on July 1, 2026.



**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" for the purposes of health planning and resource development and health care cost control. Increase the certificate of need exemption threshold for bed changes to up to thirty per cent of existing licensed beds. Exempts health care facilities or services operated by the Department of Health from certificate of need requirements. (CD1)

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