

March 3, 2026

To: Chair Matayoshi, Vice Chair Grandinetti, and Members of the House Committee on Consumer Protection & Commerce (CPC)

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: Mar. 3, 2026; 2:00 p.m./Conference Room 329 & Videoconference

Re: Comments on HB 2319 HD1 – Relating to the State Health Planning and Development Agency.

The Hawaii Association of Health Plans (HAHP) offers comments on HB 2319 HD1. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP appreciates the efforts of lawmakers to make it easier for Hawaii's health system to adapt to capacity needs in health care facilities. However, we have concerns with Section 2 of the bill, which assigns new responsibilities to the State Health Planning and Development Agency (SHPDA).

HB2319 HD1 proposes that SHPDA take on complex regulatory and policy functions that already fall within the jurisdiction of multiple specialized agencies, including the Insurance Division, the Department of Commerce and Consumer Affairs, and the Department of Labor. Adding these responsibilities to SHPDA risks duplicating efforts and creating overlapping authority, which may ultimately slow decision-making and reduce transparency.

For these reasons, we respectfully oppose Section 2 of HB 2319 HD1 and respectfully recommend removing this language to avoid unintended consequences and maintain SHPDA's current mission.

Thank you for the opportunity to offer **comments** on HB 2319 HD1.

Sincerely,

HAHP Public Policy Committee
cc: HAHP Board Members



March 3, 2026

The Honorable Scot Matayoshi, Chair
The Honorable Tina Nakada Grandinetti, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 2319, HD1 – RELATING TO THE STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Dear Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on HB 2319 HD1, which amends the functions and responsibilities of the State Health Planning and Development Agency, adds a new definition of "health care," and amends the exemption threshold for bed changes to up to thirty per cent of existing licensed bed types.

HMSA supports the committee's efforts to remove barriers to expanding health care capacity in Hawai'i. We are, however, concerned that certain language in the bill could be interpreted to expand the authority of the State Health Planning and Development Agency beyond its traditional health planning and facilities-based role, into areas such as health insurance coverage and rates, benefit design, reimbursement, and related matters that are governed under separate statutory and regulatory frameworks. While we recognize that it is not the intent of this measure to grant SHPDA new regulatory authority, particularly as it applies to health insurance regulation, we believe the language as currently drafted could be subject to misinterpretation if enacted.

To ensure clarity, HMSA respectfully requests that this bill be amended to reflect the companion Senate bill 3139 SD1 by removing language found in section 2 (2) (page 3; lines 7-10):

*health insurance coverage and rates; health insurance benefits and affordability;
workforce development and reimbursement*

Thank you for the opportunity to offer comments on HB 2319 HD1.

Sincerely,

Walden Au
Director of Government Relations

March 3, 2026, 2 p.m.
Hawaii State Capitol
Conference Room 329 and Videoconference

To: House Committee on Consumer Protection & Commerce
Rep. Scot Z. Matayoshi, Chair
Rep. Tina Nakada Grandinetti, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

TESTIMONY IN SUPPORT OF HB2319 HD1 — RELATING TO STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii would like to offer its **support** for [HB2319 HD1](#), which would increase the certificate of need exemption threshold for bed changes to 30% of a facility's total existing licensed beds within a two-year period, up from 10%. The bill would also exempt facilities operated by and services provided by the Hawaii Department of Health.

As Grassroot explained in a recent [white paper](#), Hawaii's restrictive certificate of need program has become a barrier to affordable and accessible healthcare in our state, especially in rural areas and for vulnerable populations.¹

Required in Hawaii since the mid-1970s, medical certificates of need allegedly prove to state officials that proposed healthcare facilities, services or equipment updates are "needed" in the community. Even the state Department of Health must comply with CON requirements, which seems highly redundant and bureaucratic.

Nationwide, recent studies suggest that CON laws have the counterproductive effect of limiting healthcare quality and access, especially for rural areas and vulnerable populations. For example, consider that:

¹ Malia Hill, "[Improve healthcare access in Hawaii by reforming medical certificates of need](#)," Grassroot Institute of Hawaii, December 2025.

>> States with certificate-of-need laws have fewer hospitals, substance treatment facilities, psychiatric hospitals, ambulatory surgical centers, dialysis clinics, nursing home beds, open heart surgery programs and hospice care facilities.²

>> CON regulations tend to result in fewer hospital beds, decreased access to medical imaging technology and longer wait times.³

>> CON regulations are linked to fewer rural hospitals and alternatives, and residents of CON states have to travel farther for care and are more likely to leave their states for care.⁴

This bill deserves praise for liberalizing CON regulations for bed changes, as such CONs contribute to healthcare shortages.

During the COVID-19 crisis, states that required CONs for hospital bed changes were more than twice as likely to experience intensive care unit bed shortages. The average COVID-era ICU bed shortage in states with CON laws was approximately nine beds per 10,000 residents. In states that did not have a CON requirement for hospital bed changes, the ICU bed shortage during the pandemic was significantly smaller at only one bed per 10,000 residents. Moreover, these shortages could not be addressed through the temporary lifting of CON requirements, suggesting that long-term reform is necessary to make an impact in this area.⁵

Defenders of CON laws claim they are needed to constrain high healthcare costs and guarantee access to higher-quality care. However, research demonstrates that such laws are associated with higher per-person healthcare costs and higher death rates from treatable complications following surgery.⁶

There are numerous benefits to CON reform, which is why it has been gaining in popularity across the country. More than a dozen states have fully repealed their CON programs, and even more have been partially rolling them back.

Hawaii's certificate-of-need program is badly in need of reform. Amending bed-change requirements and exempting the Department of Health would be a good first step, but the discussion should not end there. A

² Matthew D. Mitchell, [“West Virginia’s Certificate of Need Program: Lessons from Research.”](#) Mercatus Center at George Mason University, Sept. 22, 2021, p. 5.

³ [Ibid.](#)

⁴ [Ibid.](#)

⁵ Matthew Mitchell, Thomas Stratmann and James Bailey, [“Raising the Bar: ICU Beds and Certificates of Need.”](#) Mercatus Center at George Mason University, April 29, 2020, p. 3.

⁶ Matthew D. Mitchell, [“West Virginia’s Certificate of Need Program: Lessons from Research.”](#) Mercatus Center at George Mason University, Sept. 22, 2021, p. 5.

more comprehensive strategy would encompass broader CON exemptions aimed at helping vulnerable populations.

We hope the Committee will consider other ways to loosen CON regulations, with the goal of improving healthcare access and treatment quality in our state.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii