



**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, MD
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
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KA LUNA HO'ŌKELE

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February 5, 2026

TO: SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Angus L.K. McKelvey, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to
Governor Josh Green, MD on Healthcare Innovation

RE: **SB 2289 – RELATING TO CERTIFICATES OF NEED**

HEARING: Friday, February 6, 2026 @ 1:00 pm; Conference Room 225

POSITION: SUPPORT INTENT with COMMENTS

Testimony:

SHPDA supports the intent of SB 2289 which would further streamline the certificate of need program by exempting certain health care services from certificate of need requirements, however, it opposes the following of the proposed listed exemptions in the bill.

SHPDA opposes exempting *organized ambulatory health care facilities that operate as surgical centers*. Non-profit hospitals in the State of Hawaii heavily rely on revenue from surgical procedures to offset losses they incur from providing crucial but non-profitable services and providing millions of dollars in uncompensated care. Exempting surgical centers from certificate of need would allow for-profit providers to enter the market and divert significant revenue away from the hospitals. This significant loss of revenue would be devastating to the hospitals in Hawaii which are already struggling to remain viable and would have a significant negative impact on the health care system.

SHPDA opposes exempting *facilities and services offered at facilities located in federally designated medically underserved rural areas*. This exemption would have the effect of enabling any for-profit provider, such as an outpatient imaging or surgical center provider, to establish a service without obtaining a certificate of need to the detriment of the neighboring rural hospital. As previously stated, these hospitals rely on these revenues to offset losses they incur from providing crucial but non-profitable services and providing millions of dollars in uncompensated care. This exemption has the potential to divert significant revenues away from rural hospitals. The significant loss

of revenues would be devastating to the safety net rural hospitals in Hawaii which are already struggling to remain viable and would have a significant negative impact on the health care system.

The third exemption that SHPDA opposes is the exemption for *facilities offering substance abuse treatment programs that employ health care providers or certified substance abuse counselors*. Under existing administrative rules, outpatient substance abuse treatment programs do not require a certificate of need (CON). Therefore, no exemption is required for outpatient programs. However, inpatient substance abuse programs that are licensed as Special Treatment Facilities require a certificate of need. For inpatient facilities of this type we have incidentally experienced enormous community concerns in the past regarding the appropriateness of locating these facilities in residential neighborhoods without community notice and discussion. The CON process does require notice; however, land use and zoning considerations are not among the six CON criteria upon which our determinations are made.

The CON program has six criteria categories which must be met before an application is approved: 1) relationship to the state health services and facilities plan, 2) need and accessibility, 3) quality of service/care, 4) cost and finances, 5) relationship to the existing health care system, and 6) availability of resources. The proposed exemption requirement that a facility must employ health care providers or certified substance abuse counselors addresses only one of the six CON criteria, namely, quality of service/care. Exempting a new provider on the basis of this one criterion alone, would not allow for a complete assessment of all of the six important CON criteria. The exempted facility would be established without being fully evaluated. Therefore, SHPDA opposes this exemption.

Finally, SHPDA opposes exempting neonatal intensive care unit and pediatric beds and services. These services are essential services for newborns, infants and children, and require highly specialized care, expertise, and equipment. Certificate of Need provides a vital regulatory framework to ensure that all the necessary criteria are met by providers prior to establishing these specialized health care services.

SHPDA does not oppose the remaining proposed exemptions listed in the bill.

Mahalo for the opportunity to testify.

- -- Jack Lewin, MD, Administrator, SHPDA

Feb. 6, 2026, 1 p.m.
Hawaii State Capitol
Conference Room 225 and Videoconference

To: Senate Committee on Health and Human Services
Sen. Joy A. San Buenaventura, Chair
Sen. Angus L.K. McKelvey, Vice Chair

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

TESTIMONY IN SUPPORT OF SB2289 — RELATING TO CERTIFICATES OF NEED

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii would like to offer its **support** for [SB2289](#), which would exempt from certificate of need requirements certain health care facilities and services that address maternal and pediatric health, assist certain vulnerable populations, serve federally-designated medically underserved rural areas, lower patient costs or are unlikely to be overprescribed.

We commend the Legislature for taking up this bill, which has the potential to greatly improve healthcare access and affordability for vulnerable patients across the state.

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. Unfortunately, research indicates that CON regulations throttle the delivery of healthcare services.

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

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:

>> 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 lead to fewer hospital beds, decreased access to medical imaging technology and longer wait times.³

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

The effect of CON laws on vulnerable populations is especially concerning. Consider, for example, that mothers and infants in states with CON laws have an 8% higher rate of inadequate prenatal care compared to those without.⁵ In effect, strict CON laws that regulate maternal and pediatric care create scarcity in an area where more facilities, services and innovations are desperately needed.

There is no reason to make a facility jump through regulatory hoops in order to increase its number of neonatal or pediatric beds, but that's exactly what Hawaii law requires. Given the healthcare shortages experienced throughout the state — especially in rural areas — the best thing legislators could do would be to carve out CON exemptions for facilities and services that help vulnerable populations, reduce costs or are unlikely to be used unnecessarily.

Defenders of CON laws claim they are needed to constrain high healthcare costs and guarantee access to higher-quality care. However, that is not supported by the research, which demonstrates that such laws are associated with higher per-person healthcare costs and higher death rates from treatable complications following surgery.⁶

That is why CON reform is becoming widely implemented. More than a dozen states have fully repealed their CON programs, and even more have been partially rolling them back.

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 McKenzie Richards, [“Ensnared Care: How Restrictive Health Care Laws Impact Mothers,”](#) Pepperdine University School of Public Policy, April 2024.

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.

Hawaii's certificate-of-need program is badly in need of reform. This bill would be an important step toward modernizing Hawaii's CON laws to improve healthcare access and affordability throughout the state.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii



February 6, 2026 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Angus L.K. McKelvey

From: Paige Heckathorn Choy
Vice President, Government Affairs
Healthcare Association of Hawaii

Re: **Submitting Comments**
SB 2289, Relating to Certificates of Need

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to provide **comments with concerns** on this measure. While we understand the interest in improving access and reducing barriers to care, this measure would significantly weaken Hawaii's Certificate of Need (CON) framework, potentially increasing costs and introducing a lower quality level of care for patients.

Healthcare does not operate like a typical market, largely because reimbursement is set by government sources of funding such as Medicaid and Medicare. Further, many services must be available at all times, even in low-volume and rural areas. These services are very costly and, in a small state like Hawaii, should not be duplicative in order to ensure efficiency, which results in cost-savings. The CON framework remains one of the few tools available to ensure that limited healthcare resources are developed in alignment with demonstrated community need rather than financial opportunity alone. Further, CONs help to keep out fraudulent actors who put patients at risk with low-quality care.

While we appreciate that some services or settings may no longer need a CON, we are concerned about the breadth of exemptions in this proposed measure. In particular, we are concerned that hospice homes, pediatric and neonatal hospital care, and any proposal in a medically underserved or rural area would be exempted from the CON requirements. Rather than improving access, such exemptions likely risk duplicative services, workforce dilution, and

erosion of quality in services, specifically for hospice patients. This is because hospice is an area where federal regulators have documented widespread fraud, inappropriate enrollment, and misuse—particularly when services are rapidly expanded without adequate oversight. Removing hospice homes from CON eliminates an important safeguard that helps ensure hospice capacity is developed based on legitimate community needs, appropriate clinical standards, and accountability.

Our members believe that the CON framework provides a transparent, public process for evaluating healthcare proposals, incorporating input from providers, policymakers, and the community. This process helps balance access, quality, workforce constraints, and financial sustainability across the entire healthcare system. While we remain open to targeted reforms that improve efficiency or reduce unnecessary administrative burden, we are concerned that this measure is overly broad in its exemptions.

Thank you for the opportunity to provide testimony on this important matter.

Wednesday, February 6, 2026; 1:00p.m.
Conference Room 225 & Video Conference

Senate Committee on Health and Human Services

To: Senator Joy San Buenaventura, Chair
Senator Angus McKelvey, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

Re: **SB 2289 – Comments expressing concerns
Relating to Certificates of Need**

My name is Michael Robinson, Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health, a not-for-profit health care system that includes Kapi'olani, Pali Momi, Straub, and Wilcox medical centers, along with more than 70 locations statewide.

HPH respectfully submits comments expressing concern regarding SB 2289, which would exempt certain health care facilities and services from the State's Certificate of Need (CON) requirements related to maternal and pediatric care, medically underserved rural areas, patient cost reduction, and care for vulnerable populations.

Our primary concern is that removing specialized services from CON oversight could inadvertently diminish care quality, undermine patient safety, and misalign service expansion with demonstrated community need.

Hawai'i's Certificate of Need program, administered by the State Health Planning and Development Agency (SHPDA), is a foundational component of our health care quality infrastructure. Among the twelve statutory criteria evaluated in a CON application, "Quality/Service of Care" is central. Applicants must show compliance with state and federal licensure requirements and demonstrate their capacity to provide services that meet accepted clinical quality standards. For existing providers, the CON process further ensures ongoing accountability for past performance before expansion of services is permitted.

While we appreciate the intent to improve access to care, we are concerned that broad exemptions for highly specialized services could compromise patient safety and care quality. Many of the services identified in this bill - such as Neonatal Intensive Care Unit (NICU) services, Pediatric Intensive Care Unit (PICU) services and Burn Center Services —require significant clinical expertise, specialized equipment, and robust quality

oversight. Allowing such services to operate without the established CON review may lead to the entry of providers who have not demonstrated the necessary readiness to safely deliver safely high-acuity care.

Thank you for the opportunity to provide comments on this measure. We remain committed to working collaboratively with the Committee to advance policies that support access to high-quality, patient-centered care throughout our state.



February 6, 2026

Senate Committee on Health and Human Services
Sen. Joy San Buenaventura, Chair
Sen. Angus McKelvey, Vice Chair

RE: SB2289, Relating to Certificates of Need

Chair San Buenaventura, Vice Chair McKelvey, and members of the committee –

Navian Hawaii is a nonprofit organization supporting the needs of Hawai'i's aging population, including through hospice, palliative care, and integrated support services. We appreciate the opportunity to provide testimony **with comments** on SB2289, Relating to Certificates of Need. This bill would exempt from Certificate of Need (CON) requirements certain facilities, including Hospice Homes as defined in Hawaii Revised Statutes Section 321-15.1.

Navian Hawaii currently operates a Hospice Home in Kailua that serves over 100 high-acuity patients every year. Roughly half of Kailua Home patients were without a care alternative, due in large part to cost constraints for room and board. This facility will be undergoing improvements to allow Navian to bill Medicare for general inpatient and/or respite care, bringing in more federal dollars for these critical services.

While this bill would lower the barriers to that construction (it would allow the facility to remodel on a shorter timeline and begin serving high-acuity patients faster) we would like to draw the committee's attention to the greater implications of CON reform, particularly as it relates to hospice.

In 2022, ProPublica published an article [Endgame: How the Visionary Hospice Movement Became a For-Profit Hustle](#) that indicated concerning trends in the hospice industry. In particular, the article unveiled growing fraud and abuse among bad actors who have taken advantage of a robust federal benefit with limited regulations - by both the Centers for Medicare & Medicaid Services and certain states. It found:

For-profit providers made up 30% of the field at the start of this century. Today, they represent more than 70%, and between 2011 and 2019, [research](#) shows, the number of hospices owned by [private-equity firms](#) tripled.

This has led to poor healthcare outcomes. A [Los Angeles Times article](#) in 2020 asserted that, in Southern California, where hospice companies have grown rapidly due to limited State regulation, "mismanaged pain medications, neglected infections, missed nursing visits,



incompetent or dishonest home health aides - all were cited among hundreds of violations." The findings led to a [moratorium](#) on new hospices in the State of California.

This is in contrast to States like New York, who have strong CON requirements for hospices. Whereas in California the number of hospices grew in a 10-year period from 100 to 618 (multiple times the national average), New York has less than 50 in total, the vast majority of which are nonprofit providers that statistically offer a higher quality of care.

Our state has had a similar experience to New York. Fraud and abuse have been limited and the quality of care is high. This is largely due to our CON, which seeks to limit bad actors that make hospice about profits, not healthcare. We want to make sure it continues to do so.

As the committee considers SB2289, we urge you to keep this context in mind.

Navian Hawaii is a nonprofit organization supporting the needs of Hawai'i's aging population, including through hospice, palliative care, and integrated support services. The name "Navian" blends "Navigator" and "Guardian," reflecting our mission to guide individuals and their families through the physical and emotional challenges that often accompany aging and serious illness.

Thank you for the opportunity to submit testimony.



February 6, 2026

The Hon. Joy San Buenaventura, Chair, Senate Committee on Health & Human Services
The Hon. Jarrett Keohokalole, Vice Chair, Senate Committee on Health & Human Services
Members of the Committee

Re: SB 2289, Relating to Certificates of Need

Mahalo for the opportunity to **comment** on SB 2289, Relating to Certificates of Need. This bill would significantly alter the state's Certificate of Need Program. We respectfully ask that you **amend this bill to remove renal care facilities from the exemption of the Certificate of Need program.**

Due to the very diverse needs of rural as compared to Hawaii's urban communities and remote versus accessible locations we believe that the Certificate of Need process is essential to ensuring appropriate and adequate establishment of facilities when and where needed. Maintaining the Certificate of Need requirements would ensure the continuation of a process which, while not perfect, reliably serves the state and the needs of all residents.

U.S. Renal Care serves more 2,000 patients on four islands in Hawaii and more than 26,000 patients across 32 states in more than 400 facilities providing in-center and home dialysis. Our mission is to change the lives of people living with kidney disease. We spend each and every day dedicated to promoting awareness about kidney health.

The Maui wildfires underscored the importance of having adequate healthcare services across islands and in different regions so that the healthcare service providers can address and prevent gaps in service. We were able to serve patients who would have otherwise had to seek care off island following the disaster and it is only because of the Certificate of Need process that we have been able to optimally serve Hawaii communities. The Certificate of Need process is designed to and does strike a balance ensuring service-provider competition to promote quality care and ensuring that there is adequate need and justification so that healthcare operations are viable and sustainable.

Please amend this measure to ensure that the Certificate of Need program is continued for renal care facilities if it moves forward.

February 5, 2026
Senate Committee on Health and Human Services
Re: Testimony on SB 2289

Chair San Buenaventura, Vice Chair McKelvey and all distinguished members of the Senate Committee on Health and Human Services:

My name is Liam Sigaud. I am a research analyst at the Knee Regulatory Research Center, a not-for-profit institute based at West Virginia University. I appreciate this opportunity to comment on SB 2289. This comment is not submitted on behalf of any party or interest group.

This bill would broaden the existing exemptions to Hawaii's certificate-of-need law. The proposed exemptions include substance abuse treatment facilities, ambulatory surgical centers, dialysis clinics, primary care offices beyond the current expenditure threshold, and other critical health care infrastructure. Importantly, an exemption would also be granted to facilities and services located in communities that are medically underserved, helping to spur investment in these areas. There is good evidence that these measures would improve Hawaii's health care system and benefit patients.

Certificate-of-need laws were originally intended to decrease health care costs by preventing the unnecessary duplication of medical services. Since their inception in the mid-20th century, scholars have extensively studied the effects of certificate-of-need laws on a variety of outcomes. Overwhelmingly, research finds that these laws have not achieved their goals.¹ In 2016, the Federal Trade Commission and the Antitrust Division of the US Department of Justice released a joint statement on the impact of certificate-of-need laws on the health care system. The agencies wrote:

“...after considerable experience, it is now apparent that [certificate-of-need] laws can prevent the efficient functioning of health care markets in several ways that may undermine those goals. First, [certificate-of-need] laws create barriers to entry and expansion, limit consumer choice, and stifle innovation. Second, incumbent firms seeking to thwart or delay entry or expansion by new or existing competitors may use [certificate-of-need] laws to achieve that end. Third, ...[certificate-of-need] laws can deny consumers the benefit of an effective remedy following the consummation of an anticompetitive merger. Finally, the evidence to date does not suggest that [certificate-of-need] laws have generally succeeded in controlling costs or improving quality.”²

In a recent academic paper, my co-authors and I found that states that repealed certificate-of-need regulations experienced a substantial increase in the number of hospitals per capita, including in rural areas that often lack adequate health care infrastructure.³ Other recent studies have found that certificate-of-need laws worsened the

¹ For an extensive overview of this research, see:

Conover, C. J., & Bailey, J. (2020). Certificate of need laws: a systematic review and cost-effectiveness analysis. *BMC Health Services Research*, 20, 1-29.

Mitchell, M. D. (2024). Certificate of Need Laws in Health Care: Past, Present, and Future. *INQUIRY: The Journal of Health Care Organization, Provision, and Financing*, 61, 00469580241251937.

² Federal Trade Commission and U.S. Department of Justice. “Joint Statement of the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice on Certificate-of-Need Laws and South Carolina House Bill 3250,” January 11, 2016. Available at: https://www.ftc.gov/system/files/documents/advocacy_documents/joint-statement-federal-trade-commission-antitrust-division-u.s.department-justice-certificate-need-laws-south-carolina-house-bill-3250/160111ftc-doj-sclaw.pdf

³ Melo, V., Sigaud, L., Neilson, E., & Bjoerkheim, M. (2024). Rural healthcare access and supply constraints: A causal analysis. *Southern Economic Journal*, 1-19.



COVID-19 pandemic,⁴ undermined access to psychiatric and mental health treatment,⁵ and contributed to the opioid crisis.⁶

Informed by decades of research and practical experience, many states have rolled back their certificate-of-need statutes, and more than a dozen states have implemented full repeals. As of 2020, Hawaii had the strictest certificate-of-need requirements of all 50 states.⁷ This discourages healthcare entrepreneurship and diverts investment to more business-friendly jurisdictions. This bill would bring Hawaii's regulatory framework more in line with the rest of the country, helping to make high-quality care more accessible for Hawaiians.

Thank you for your kind consideration.

Liam Sigaud

⁴ Mitchell, M., & Stratmann, T. (2021). The economics of a bed shortage: certificate-of-need regulation and hospital bed utilization during the COVID-19 pandemic. *Journal of Risk and Financial Management*, 15(1), 10.

⁵ Bailey, J., & Lewin, E. (2021). Certificate of Need and Inpatient Psychiatric Services. *The Journal of Mental Health Policy and Economics*, 24(4), 117-124.

⁶ Plemmons, A., Deyo, D., & Drain, S. (2024). The effect of Certificate-of-Need laws on substance use disorder care for vulnerable populations. *Southern Economic Journal*.

⁷ "Hawaii and Certificate-of-Need Programs 2020." (2021). Mercatus Center at George Mason University. <https://www.mercatus.org/publication/hawaii-and-certificate-need-programs-2020>



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Joy San Buenaventura, Chair
The Honorable Angus McKelvey, Vice Chair
Members, Senate Committee on Health & Human Services

From: Jace Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 6, 2026

Re: Concerns with SB 2289 – Relating to Certificates of Need

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide testimony noting our serious concerns with SB2289, which exempts from the certificate of need (CON) requirements certain health care facilities and services. We appreciate, and share, the interest in addressing hurdles facing healthcare access and affordability in our state, however, we question amendments proposed in this measure and note that the CON process benefits Hawai'i's healthcare system by helping to control costs, reduce unnecessary duplication of services, and ensure adequate access to care. This is particularly so in rural or underserved areas. By requiring approval for new facilities or major equipment, etc. these regulations help prevent overinvestment and ensure services align with unique community needs.

We urge the Committee to consider the current federal healthcare landscape which is prioritizing less regulation of our health systems and what the erosion of the CON process could mean in this context for the health and safety of Hawai'i's communities. Queen's is open to targeted reform of the CON process through meaningful stakeholder engagement, however, we believe this measure is overly broad and poses too much risk in its current form.

Thank you for the opportunity to provide testimony expressing our concerns with this measure.

The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



Community hospitals affiliated with KAISER PERMANENTE.

February 6, 2025

Senator Joy A. San Buenaventura, chair

Angus L.K. McKelvey, Vice Chair

Members of the Senate Committee on Health and Human Services

RE: SB 2289, Relating to Certificates of Need
Hearing Date – February 6, 2026, at 1:00 p.m.

Aloha Chair San Buenaventura, Vice McKelvey, and Members of the Committee,

Maui Health is a not-for-profit organization that provides quality healthcare for all residents and visitors on Maui and Lanai, regardless of their health insurance coverage or ability to pay. Maui Health is comprised of several facilities, including Maui Memorial Medical Center, the only acute care hospital within Maui County, Kula Hospital and Lanai Community Hospital.

Thank you for allowing me the opportunity to submit testimony in **OPPOSITION** of Senate Bill 2289, relating to Certificates of Need. While we understand and support the need to improve access and reduce barriers to care, this measure would adversely impact Maui Health and many other facilities by significantly weakening Hawaii's Certificate of Need (CON) framework, potentially increasing costs, and introducing a lower quality level of care for Hawaii residents.

While the intent of expanding access to care is important, the blanket exemption of ambulatory surgical centers poses significant risks to Hawaii's already fragile healthcare system, particularly in rural and neighbor island communities.

Hospitals operate under stringent state and federal quality requirements, licensure standards, and accreditation expectations. These requirements ensure that patients receive comprehensive, coordinated, and safe care across the health care continuum.

Ambulatory surgical centers (ASC), while valuable partners in the healthcare landscape, do not carry the same obligations for comprehensive quality oversight, emergency preparedness, or post-operative continuity of care. Exempting ASCs from the CON process removes an important mechanism for ensuring that new facilities meet community needs without compromising quality or fragmenting services.

Hawaii is already experiencing severe shortages of nurses, allied health professionals, and specialty physicians. Allowing new surgical centers to proliferate without CON oversight risks deepening these shortages by pulling critical staff away from existing hospitals, which are responsible for 24/7 emergency, obstetric, intensive care, and inpatient services.

Hospitals cannot reduce staffing in essential departments based on fluctuating volumes; they must maintain readiness around the clock. The diversion of skilled staff to lower-acuity settings

will weaken the workforce available for emergency and inpatient care, while also driving up costs when hospitals must rely on travel staff and locum physicians.

The CON framework remains one of the few tools available to ensure that limited healthcare resources are developed in alignment with demonstrated community need rather than financial opportunity. While we remain open to targeted reforms that improve efficiency or reduce unnecessary administrative burden, we are concerned that this measure is overly broad in its exemptions.

For the reasons outlined above, and with a strong commitment to ensuring quality healthcare for our residents, Maui Health System humbly asks the committee to defer this measure.

In kindness and appreciation,

A handwritten signature in black ink, appearing to read "Lynn Fulton". The signature is fluid and cursive, with the first name "Lynn" and last name "Fulton" clearly distinguishable.

Lynn Fulton

Chief Executive Officer



Hawai'i State Senate Committee on Health and Human Services

Friday, February 6, 2026, at 1:00 pm
Conference Room 225 & Videoconference
Hawai'i State Capitol

SB2289 RELATING TO CERTIFICATES OF NEED

Good afternoon, Chair San Buenaventura, Vice Chair McKelvey, and Members of the Senate Committee on Health and Human Services.

My name is Palani Smith, and I serve as the Regional Vice President for Hawai'i and Guam of Liberty Dialysis. We are an affiliate of Fresenius Kidney Care. The Sisters of St. Francis pioneered dialysis care in Hawai'i and entrusted us with the honor of continuing their legacy of care.

Below is my testimony in **opposition to SB2289 as it applies to kidney disease treatment centers, including freestanding hemodialysis units.**

Exempting hemodialysis services from Certificate of Need review would remove them from the only mandatory process in which proposed vital healthcare facilities are evaluated in a public forum before they are developed. CON review is the primary way communities, regulators, and patients learn about proposed dialysis projects and assess whether providers are prepared to operate responsibly and sustainably in serving Hawai'i's people.

For dialysis services, CON review serves as a critical community function. It is the State's sole required mechanism to evaluate whether a proposed facility is operationally ready, financially viable, and capable of sustaining uninterrupted care over time. The review requires disclosure of capital financing, operating assumptions, staffing capacity, payer mix, and system impacts. These factors matter because dialysis is not episodic care. It is a life-sustaining treatment delivered multiple times per week, with no margin for disruption.

Facilities that are undercapitalized or financially unstable place patients at risk. Staffing shortfalls, reduced hours, or closures can lead to missed treatments, forced transfers, or other changes that impact their quality of life. For dialysis patients, these are not inconveniences. They are serious clinical risks.

CON review also evaluates broader system impacts, including effects on the health care workforce, service stability, and consistency with the State Health Services and Facilities Plan, which guides the orderly development of health care services in Hawai'i. Licensure alone does not assess these issues, and no other process requires this level of transparency or public accountability before a facility opens its doors.

For these reasons, kidney disease treatment centers and freestanding hemodialysis units should not be exempted from Certificate of Need review. I respectfully urge you to **amend this bill by removing kidney disease treatment centers and freestanding hemodialysis units from the list of proposed exemptions.**

Thank you for the opportunity to submit this testimony.

SB-2289

Submitted on: 2/4/2026 2:22:12 PM

Testimony for HHS on 2/6/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

I strongly support this measure.

SB-2289

Submitted on: 2/5/2026 10:48:45 AM

Testimony for HHS on 2/6/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Corinne Solomon	Individual	Support	Written Testimony Only

Comments:

I support SB2289

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COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Angus L.K. McKelvey, Vice Chair

RE: Testimony in Opposition to SB 2289 Relating to Certificates of Need

Hearing: Friday, February 6, 2026, at 1:00 p.m.

Dear Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee:

Thank you for the opportunity to submit this written testimony. My name is Brenda S. Ho, and I serve as the CEO of Hawai'i Care Choices, a nonprofit palliative and hospice care provider serving the Big Island community for over 40 years. Our mission is to improve the lives of those we touch by offering support, guidance, and compassionate care of body, mind, and spirit.

Hawai'i's Certificate of Need (CON) program was established to prevent unnecessary duplication of healthcare services, ensure efficient resource use, and protect the stability of our healthcare system. It exists to safeguard against oversaturation in the healthcare market, which can lead to reduced quality of care, workforce shortages, and financial instability among providers.

Our CON regulations allow all stakeholders, from citizens to existing healthcare systems, to provide input on the need for an additional service provider. If certain services and health care facilities are exempt from CON requirements, there will be no protection for patients and families against fraudulent actors, and for Hospice Programs that have established deep roots, made substantial investments, and improved care delivery in their communities. Furthermore, introducing another hospice program will create confusion, greater apprehension of accessing services, and subject patients and their families to the typical ebb and flow of a free market.

Hawai'i is already experiencing a significant shortage of nurses, aides, and other healthcare professionals. Adding another hospice provider will only intensify competition for these essential workers, making it more difficult for existing hospices to maintain the high standards of care that our communities rely on. Rather than adding another provider, we should focus on strengthening existing programs and ensuring that every patient receives the highest quality of care.

Hawai'i's priority should be strengthening the existing hospice network, not creating competition that could weaken the services patients and families rely on. We must support a system that prioritizes quality, collaboration, and the well-being of our community.

Thank you for your time and consideration.

Respectfully,

Brenda S. Ho, MS, RN
Chief Executive Officer

LATE

February 6, 2026

The Honorable Joy San Buenaventura, Chair
The Honorable Angus McKelvey, Vice Chair
Senate Committee on Health & Human Services
State of Hawai'i

Re: SB 2289, Relating to Certificates of Need

Aloha Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee:

Thank you for the opportunity to provide testimony on SB 2289. Bristol Hospice respectfully submits this testimony in opposition to the measure as currently drafted.

SB 2289 proposes broad exemptions from Hawai'i's Certificate of Need (CON) program that would fundamentally change how essential healthcare services are planned and sustained across the state. While the intent of increasing access to care is commendable, removing hospice and pediatric services from CON oversight risks undermining the long-term viability of these programs—particularly in rural and neighbor island communities.

Hawai'i's CON process plays a critical role in ensuring that new healthcare services are developed thoughtfully, based on demonstrated community need and the capacity to deliver consistent, high-quality care. This is especially important for hospice and pediatric programs, which rely on specialized interdisciplinary teams, stable referral networks, and financial sustainability to serve patients and families at their most vulnerable moments. Without CON review, there is a real risk of market saturation in urban areas while rural communities continue to struggle with limited or disrupted access to care. Hospice care, by its nature, must be reliable and continuously available. Fragmentation of services or the establishment of programs without sufficient infrastructure can jeopardize continuity of care, workforce stability, and patient safety. The CON process helps prevent these outcomes by ensuring that providers entering a community are prepared to meet ongoing needs and operate sustainably over time.

The importance of coordinated and resilient healthcare systems has been made clear during recent emergencies and natural disasters across the islands. Programs that are thoughtfully planned and well-integrated into their communities are better positioned to respond to crises and prevent gaps in care. The CON framework supports this resilience by balancing responsible growth with community-wide access.

For these reasons, Bristol Hospice urges the Legislature to reconsider the proposed exemptions in SB 2289. Hospice and pediatric programs should remain subject to the Certificate of Need approval process to preserve access, stability, and quality of care for patients throughout Hawai'i. Mahalo for your consideration and for your continued commitment to protecting the health and well-being of Hawai'i's communities.