

ACT 92

H.B. NO. 799

A Bill for an Act Relating to Health Care.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Hawaii continues to face a significant health care provider shortage, especially in rural areas and on the neighbor islands. In the past decade, workforce demands have continued to

climb as the State struggles to meet the demand for physicians. This demand is particularly acute when it comes to the need for medical specialists on the neighbor islands. The federal government has designated the neighbor islands as medically underserved areas, and many residents are forced to fly to the island of Oahu to obtain appropriate health care.

The legislature recognizes that while there is a need for health care providers on all islands, the level of demand in rural areas and neighbor island communities may sometimes challenge a provider's ability to establish and sustain full-time practices. Due to the shortage of full-time specialists on the neighbor islands, some Oahu-based providers schedule rotations to the neighbor islands to coordinate care, address gaps in needed services, and reduce the need for neighbor island residents to travel to receive care.

The legislature also recognizes that the impacts of the 2023 wildfires on the island of Maui deeply exacerbated the island's physician shortage. Many medical practices were forced to relocate or close, and medical facilities were damaged. These closures place added stress on Maui's health care system and on the State's health care system as a whole. A recent physician workforce report speculated that the physician shortage on the island of Maui is likely worse than the State's latest estimate. The legislature understands that it is critical to maintain a robust and integrated health care system across the State that allows ease of access for all residents.

The legislature believes that organized ambulatory health care facilities are one way to ensure access to care for residents in rural areas, neighbor islands, and communities in the State that are still rebuilding. These facilities allow providers from other areas, and across multiple specialties, to provide health care services to medically underserved residents.

Accordingly, the purpose of this Act is to support the provision of care by reducing the administrative burden for organized ambulatory health care facilities located in counties with populations of less than five hundred thousand.

SECTION 2. Chapter 323, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

“§323- Organized ambulatory health care facilities. (a) A physician practicing at an organized ambulatory health care facility shall not be required to have hospital privileges at a licensed hospital in the same geographical location as the organized ambulatory health care facility.

(b) This section shall apply to counties with populations of less than five hundred thousand.

(c) For purposes of this section, “organized ambulatory health care facility” has the same meaning as defined in section 323D-2.”

SECTION 3. (a) The department of health shall conduct an evaluation of the benefits and impacts of section 323- , Hawaii Revised Statutes, established by section 2 of this Act, on local health care systems, surgical access, and financial stability. The evaluation shall include but not be limited to assessing access to health care, quality of care, and costs. The department shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2027.

(b) All health care providers, health care systems, and providers of health care insurance shall comply with the department's request for relevant data pursuant to this section.

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SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 5. New statutory material is underscored.¹

SECTION 6. This Act shall take effect on July 1, 2025, and shall be repealed on June 30, 2028.

(Approved May 27, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.