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## A BILL FOR AN ACT

RELATING TO HEALTH.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. (a) The legislature finds that, in response to  
2 the accelerating growth rate of the State's elderly population,  
3 the legislature enacted Act 92, Session Laws of Hawaii 2012.  
4 Act 92 transferred the administration and oversight of home and  
5 community-based case management agencies, community care foster  
6 family homes, and adult day care centers, that were previously  
7 under the jurisdiction of the department of human services, to  
8 the department of health's office of health care assurance. In  
9 2012, the legislature found that consolidating the authority,  
10 duties, responsibilities, and jurisdictions of these programs  
11 would improve government efficiency and capacity, which would  
12 ultimately improve the quality of the State's health care  
13 services.

14           Although the consolidation of these services within the  
15 department of health has been successful in achieving its goals,  
16 the legislature finds that there is still a need to improve the  
17 efficiency and capacity of health care oversight in the State,



1 particularly in the area of licensing and certification. For  
2 example, due in part to a shortage of funds and lack of  
3 departmental personnel, dialysis centers face a nearly three-  
4 year wait to receive certification, far longer than the typical  
5 wait of nine to twelve months in other states.

6         Meanwhile, there is a growing demand for dialysis services.  
7 Every year, seven hundred more individuals in the State require  
8 dialysis treatment than in the previous year. The State's two  
9 dialysis operators, Liberty Dialysis and U.S. Renal Care, have  
10 opened and plan to open additional dialysis centers to meet this  
11 increased demand. However, without certification from the  
12 department of health, the new dialysis centers cannot be  
13 reimbursed for treating medicare and medicaid patients, who make  
14 up eighty-five per cent of Hawaii's dialysis population. This  
15 has created an artificial shortage in the number of available  
16 dialysis centers, and has forced certified dialysis centers to  
17 operate beyond their capacity by scheduling patients after  
18 normal hours.

19         Similarly, a shortage of departmental personnel has also  
20 delayed the opening of the State's medical cannabis  
21 dispensaries. The delays have hindered access to medical



1 cannabis for many of the nearly twenty thousand medical cannabis  
2 patients in the State.

3       The legislature finds that centralizing as many of the  
4 department of health's licensing and certification processes as  
5 possible into a single office will increase government  
6 efficiency, decrease costs, reduce duplication of service, and  
7 help the department focus on standardization across its  
8 programs. Most importantly, the centralization of the processes  
9 will help the State approve medical facilities more  
10 expeditiously and improve patients' quality of care and  
11 experience as they utilize health care services.

12       (b) The purpose of this Act is to continue to increase  
13 government efficiency by transferring and consolidating  
14 inspection, licensing, and certification activities pertaining  
15 to the following state-licensed or state-certified facilities  
16 into a single office within the department of health:

- 17       (1) Adult day health centers;  
18       (2) Adult day care centers;  
19       (3) Community care foster family homes;



- 1 (4) Developmental disabilities domiciliary homes;
- 2 (5) Adult foster homes;
- 3 (6) Developmentally disabled adult foster homes;
- 4 (7) Long-term care facilities;
- 5 (8) Medical cannabis dispensaries;
- 6 (9) Special treatment facilities; and
- 7 (10) Dialysis facilities.

8 The legislature intends that the same surveyors and  
9 inspectors be responsible for all of these facilities, thus  
10 allowing the department to reduce its current facility  
11 certification backlog by maximizing the department's use of  
12 personnel. This arrangement will also provide the department  
13 flexibility to meet future changes in health care demand.

14 SECTION 2. Chapter 321, Hawaii Revised Statutes, is  
15 amended by adding a new section to part I to be appropriately  
16 designated and to read as follows:

17 "§321- Inspections; licenses; central office. (a) The  
18 department of health shall consolidate all inspection and  
19 licensing activities pertaining to the following state-licensed  
20 or state-certified facilities into a single office:

- 21 (1) Adult day health centers;



- 1        (2) Adult day care centers;
- 2        (3) Community care foster family homes;
- 3        (4) Developmental disabilities domiciliary homes;
- 4        (5) Adult foster homes;
- 5        (6) Developmentally disabled adult foster homes;
- 6        (7) Long-term care facilities, including but not limited
- 7            to:
- 8            (A) Adult residential care homes;
- 9            (B) Expanded adult residential care homes;
- 10          (C) Assisted living facilities;
- 11          (D) Intermediate care facilities;
- 12          (E) Nursing facilities; and
- 13          (F) Skilled nursing facilities;
- 14          (8) Medical cannabis dispensaries;
- 15          (9) Special treatment facilities; and
- 16          (10) Dialysis facilities.
- 17          (b) Employees performing surveys or inspections pertaining
- 18 to licensing, certification, relicensing, or recertification
- 19 shall be trained and accredited to inspect and certify all types
- 20 of facilities listed in subsection (a)."



1           SECTION 3. The department of health shall submit a report  
2 to the legislature not later than twenty days prior to the  
3 regular sessions of 2019, 2020, 2021, and 2022 on the  
4 consolidation of services required pursuant to this Act and the  
5 licensing and certification services or duties required pursuant  
6 to section 321- , Hawaii Revised Statutes, for the preceding  
7 calendar year. The report shall include:

- 8           (1) The number of inspections, by each type of state-  
9           licensed or state certified facility, completed by the  
10           office;
- 11           (2) The number of certifications or licenses, by type of  
12           facility, issued by the office;
- 13           (3) The number of facilities, by type, that have applied  
14           for but have not yet received a certification or  
15           license; and
- 16           (4) Any recommendations or proposed legislation that may  
17           be necessary to carry out the purposes of this Act.

18           SECTION 4. New statutory material is underscored.



# H.B. NO. 1769

1 SECTION 5. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

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JAN 16 2018



# H.B. NO. 1764

**Report Title:**

DOH; Licensing; Certification; Consolidation

**Description:**

Requires the Department of Health to consolidate all inspection and licensing activities for certain state-licensed or state-certified facilities into a single office. Requires employees performing surveys or inspections for licensing or certification to be trained and accredited to inspect and certify all facilities within the office's jurisdiction.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

