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## HOUSE RESOLUTION

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY  
OF THE NECESSITY FOR HAWAII'S CERTIFICATE OF NEED PROGRAM  
UNDER CHAPTER 323D, HAWAII REVISED STATUTES.

1 WHEREAS, Certificate of Need programs are state-level  
2 regulatory programs that require approval from a state health  
3 planning agency for construction, expansion, and major capital  
4 expenditures by health care facilities and services; and  
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6 WHEREAS, Hawaii's Certificate of Need law, codified as part  
7 V of chapter 323D, Hawaii Revised Statutes, was established in  
8 1975 in response to the National Health Planning and Resources  
9 Development Act of 1974 (NHPRDA), which conditioned the award of  
10 federal public health service grants upon a state's adoption of  
11 such regulatory measures; and  
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13 WHEREAS, in 1987, the federal mandate and funding  
14 provisions of NHPRDA were repealed; and  
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16 WHEREAS, since the repeal of NHPRDA, twelve states have  
17 fully repealed their Certificate of Need programs or allowed  
18 their programs to expire, while several other states have  
19 narrowed the application of their Certificate of Need laws to  
20 only certain types of facilities; and  
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22 WHEREAS, Hawaii's law requires the State Health Planning  
23 and Development Agency to approve a Certificate of Need for the  
24 construction, expansion, alteration, conversion, development,  
25 initiation, or modification of all health care facilities or  
26 health care services in the State; and  
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28 WHEREAS, like many other states' Certificate of Need laws,  
29 Hawaii's Certificate of Need law is intended to provide a  
30 coordinated system that links statewide planning for health  
31 services with facilities development; and  
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1           WHEREAS, Hawaii's Certificate of Need program, like other  
2 programs nationwide, has faced criticism in several areas,  
3 including that the program:  
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- 5           (1) Hampers the efficient performance of health care  
6 markets by creating barriers to entry and expansion,  
7 restricting free and open competition, and limiting  
8 consumer choice, resulting in higher prices;  
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- 10           (2) Hampers innovation and improvements in the delivery of  
11 better health care by limiting competition;  
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- 13           (3) Is inconsistently administered;  
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- 15           (4) Fails to meet its objective of controlling health care  
16 costs; and  
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- 18           (5) Specifically limits rural hospitals and alternatives  
19 for neighbor island residents; and  
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21           WHEREAS, national health care reform and other changes  
22 taking place in the health care marketplace make it appropriate  
23 to examine the relevancy of Hawaii's Certificate of Need program  
24 and its effects on health care access, quality, and costs; now,  
25 therefore,  
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27           BE IT RESOLVED by the House of Representatives of the  
28 Thirty-first Legislature of the State of Hawaii, Regular Session  
29 of 2022, that the Legislative Reference Bureau is requested to  
30 conduct a study of the necessity for Hawaii's Certificate of  
31 Need program under chapter 323D, Hawaii Revised Statutes; and  
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33           BE IT FURTHER RESOLVED that the study is requested to  
34 examine:  
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- 36           (1) The role of the Certificate of Need program in Hawaii;  
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- 38           (2) Whether certain facilities, types of facilities, or  
39 services should be exempt from the Certificate of Need  
40 program;  
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1 (3) Whether modifications made to the Certificate of Need  
2 program in other states may be beneficial to implement  
3 in Hawaii; and  
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5 (4) Whether reducing or eliminating Certificate of Need  
6 requirements may improve health care access on  
7 neighbor island and for vulnerable populations; and  
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9 BE IT FURTHER RESOLVED that the Legislative Reference  
10 Bureau is requested to submit a report of its findings and  
11 recommendations regarding the Certificate of Need program,  
12 including appropriate recommendations to eliminate or modify the  
13 existing Certificate of Need program and any proposed  
14 legislation, to the Legislature no later than twenty days prior  
15 to the convening of the Regular Session of 2023; and  
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17 BE IT FURTHER RESOLVED that certified copies of this  
18 Resolution be transmitted to Director of Health, Administrator  
19 of the State Health Planning and Development Agency, and  
20 Director of the Legislative Reference Bureau.  
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OFFERED BY:

MAR 11 2022

