



STATE OF HAWAII
OFFICE OF WELLNESS AND RESILIENCE
KE KE'ENA KŪPA'A MAULI OLA
OFFICE OF THE GOVERNOR
415 S.BERETANIA ST. #415
HONOLULU, HAWAII 96813

**Testimony in SUPPORT of S.B. 3239 SD1
RELATING TO MEDICAL DEBT**

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Senate Ways and Means Committee

February 28, 2024, at 10:00 a.m. Room Number: 211

The Office of Wellness and Resilience (OWR), housed in the Office of the Governor, **SUPPORTS** S.B. 3239 SD1, Relating to Medical Debt, and humbly offers amendments to the measure for the committees consideration.

Established through Act 291 (Session Laws of Hawai'i 2022) the overall aim of the OWR is to make Hawai'i a trauma-informed state. OWR is focused on is breaking down barriers that impact the physical, social and emotional well-being of Hawai'i's people. The OWR explores avenues to increase access and availability to mental, behavioral, social, and emotional health services and support.

Medical debt can take a serious toll on mental and physical well-being. Individuals with debt are three times more likely to have mental health conditions such as anxiety, stress, or depression.¹ According to the Consumer Finance Protection Bureau, medical debt is the top reason consumers are contacted by debt collectors.² In fact, many physicians and public health researches consider medical debt as an important social determinant of health.³ Although Hawai'i opted in to join Medicaid expansion under the Affordable Care Act, numbers of households remain uninsured, incur medical debt from out of pocket costs for treatments that are not covered by insurance plans, and are financially burdened by increased cost-sharing.

The OWR offers the following amendments for the committee's consideration. The attached document reflects these proposed amendments

1. Amend S.B. 3239 SD1 to provide authorization to the OWR to develop and execute a program to acquire and forgive outstanding medical debt
2. Authorize the OWR to contract with an entity with demonstrated experience partnering with hospitals and health systems to acquire and forgive outstanding medical debt
3. Include requirements that limit the scope of those whose debt may be acquired and forgiven
4. Include requirements that ensure privacy protections for health and financial data
5. Authorize the OWR to receive private and federal funds for the purpose of this program

¹ Wiltshire et al. "Problems paying medical bills and mental health symptoms post-Affordable Care Act." AIMS Public Health. May 6, 2020. <http://www.aimspress.com/article/10.3934/publichealth.2020023>.

² *Consumer Experiences with Debt Collection. Findings from the CFPS's Survey of Consumer Views on Debt*, Consumer Finance Protection Bureau, 2017, https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Debt-Collection-Survey-Report.pdf

³ Mendes de Leon, Carlos and Jennifer Griggs. "Medical Debt as a Social Determinant of Health." *Journal of the American Medical Association*. July 20, 2021. <https://jamanetwork.com/journals/jama/article-abstract/2782205>.

6. Require an annual report to the legislature

Trauma-informed care (TIC) is an approach to understanding and responding to the widespread impact of trauma. By passing this bill, the State would be upholding the TIC principles of Safety, Peer Support, Empowerment, and Voice and Choice, which strengthens our pathway toward a trauma-informed state. As such, the OWR **SUPPORTS** S.B. 3239 SD1.

Thank you for the opportunity to provide testimony on this bill.

Mahalo,

A handwritten signature in black ink, appearing to read 'Tia L.R. Hartsock', with a long, sweeping horizontal line extending to the right.

Tia L.R. Hartsock, MSW, MSCJA
Director, Office of Wellness & Resilience
Office of the Governor

RELATING TO MEDICAL DEBT.

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

SECTION 1. The legislature finds that approximately four out of every ten Americans, including those with health insurance, have some form of medical debt, which has become a widespread issue across the nation. ~~— Further, many Americans have insufficient funds to buffer the shocks of unanticipated medical debt.~~ According to a 2022 report from the Peterson-KFF Health System Tracker, approximately three million Americans have medical debt in amounts exceeding \$10,000. Although Hawaii residents generally have less medical debt than residents in other states, approximately one in ten Hawaii residents have outstanding medical debt on their credit reports. In other states and cities that have acquired and forgiven unpaid medical debt, a majority of forgiven debt was owed by those with health insurance, making it likely that even in Hawaii a significant number of families with health insurance still have unpaid medical debt.

The legislature also finds that medical debt is a social determinant of health because patients with burdensome medical debt often delay the care they need, may experience problems obtaining employment and housing, have difficulty escaping poverty, and experience mental stress. The legislature recognizes that due to the massive amounts of outstanding debt owed to hospitals and service providers, a secondary market has emerged whereby commercial debt buyers purchase outstanding and dormant debt owed to healthcare providers and take aggressive action to collect from

~~Americans families~~ who find themselves unable to pay, further exacerbating the severity of this medical debt crisis.

The legislature notes that in other parts of the country, nonprofit organizations have successfully purchased ~~b~~millions of dollars in medical debt from ~~hardworking families~~healthcare providers and collections agencies and abolished their debt altogether. ~~The number of organizations emerging in this secondary market are growing following a 2020 legal opinion by the Office of Inspector General for the United States Department of Health and Human Services, which has provided legal clarity regarding the right for hospitals and similar nonprofits to work together in donating or selling medical debt.~~

The legislature finds that healthcare providers ~~that donate or sell medical whose owed~~ debt ~~accounts is sold~~ to third parties for abolishment can equally benefit and are able to address a social determinant of health and enhance community wellbeing while receiving revenue for dormant patient accounts.

The purpose of this Act is to ~~require~~authorize the office of wellness and resilience to design, ~~and implement, and execute~~ a ~~three-year pilot~~ program ~~in collaboration with healthcare providers~~ to acquire and forgive outstanding medical debt.

SECTION 2. (a) The office of wellness and resilience ~~shall design and is~~ authorized to develop and implement a ~~three-year pilot~~ program ~~in collaboration with healthcare providers~~ to acquire and forgive outstanding medical debt.

(b) The office of wellness and resilience may contract with an entity with demonstrated experience partnering with hospitals and health systems to acquire and forgive outstanding medical debt.

(c) When designing and executing a program to acquire and forgive outstanding medical debt, the office of wellness and resilience shall:

(1) Develop the program to acquire and forgive the medical debt of households at no more than 400 percent of the federal poverty level, or, households with a medical debt balance of 5 percent of more of household income.

(2) Ensure that any specific personal information or health data collected is done in compliance with the health insurance portability act and is used for no purpose other than the acquisition and forgiveness of medical debt, provision of financial education, insurance, preventative measures, or similar assistance.

(d) The office of wellness and resilience may receive private funds, federal funds, and any funds appropriated by the legislature for the purpose of acquiring and forgiving outstanding medical debt.

~~(e)~~ The office of wellness and resilience shall submit a report of its ~~findings and recommendations, including any proposed legislation, progress~~ to the legislature no later than twenty days prior to the convening of ~~the regular session of 2028~~each regular session.

SECTION 3. ~~In accordance with section 9 of article VII, of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 2024-2025 to be exceeded by \$ _____, or _____ per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.~~

~~SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be~~

~~necessary for fiscal year 2024-2025 for the pilot program established pursuant to this Act.~~

~~—The sum appropriated shall be expended by the office of wellness and resilience for the purposes of this Act.~~

~~—SECTION 5.—~~This Act shall take effect on July 1, 2024.

INTRODUCED BY: _____

Report Title:

Healthcare; Medical Debt; ~~Pilot~~ Program; ~~Appropriation~~; ~~General Fund Expenditure Ceiling Exceeded~~

Description:

~~Requires~~ Authorizes the Office of Wellness and Resilience to design and implement a ~~3-year pilot~~ program ~~in collaboration with healthcare providers~~ to acquire and forgive outstanding medical debt. ~~Requires a report to the Legislature.~~ ~~Appropriates moneys.~~ ~~Declares that the appropriation exceeds the state general fund expenditure ceiling for fiscal year 2024-2025.~~



Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Hearing Date: Wednesday, February 28, 2024

ACS CAN SUPPORTS SB 3239 SD1: RELATING TO MEDICAL DEBT.

Cynthia Au, Government Relations Director – Hawai'i Guam
American Cancer Society Cancer Action Network

Thank you for the opportunity to **SUPPORT** SB 3239 SD1: RELATING TO MEDICAL DEBT which requires the Office of Wellness and Resilience to design and implement a 3-year pilot program in collaboration with healthcare providers to acquire and forgive outstanding medical debt. The American Cancer Society Cancer Action Network (ACS CAN) is the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society. We support fact-based policy and legislative solutions designed to eliminate cancer as a major health problem.

It's estimated that 8,670 people will be diagnosed with cancer in Hawai'i this year. Unanticipated medical costs contribute to the worry about affording cancer care.¹ Medical debt impacts many people with cancer, their caregivers and their families. ACS CAN has long fought for public policies – like access to comprehensive and affordable health insurance coverage – that reduce the likelihood or severity of that debt. People with cancer often bear significant health care costs because they can have substantial health care needs, are high utilizers of health care services, use many different providers, and sometimes require more expensive treatments. They also must pay many indirect costs, like transportation and lodging as well as losing wages due to unpaid time off or job loss, that add to their already heavy cost burden. In Hawai'i, patients located on the neighbor islands may have to travel to O'ahu to receive their cancer treatments.

Other research documents the negative effect medical debt has on people with cancer including housing concerns, strained relationships,ⁱⁱ and bankruptcy.ⁱⁱⁱ Delaying or forgoing care because of cost, which is more common among people with medical debt, is associated with increased mortality risk among cancer survivors.^{iv} U.S. counties with higher levels of medical debt are also more likely to have significantly higher rates of cancer mortality.^v

Thank you for the opportunity to support this important bill. We urge the committee to pass SB 3239 SD1. Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at Cynthia.Au@Cancer.org or 808.460.6109.

ⁱ American Cancer Society Cancer Facts & Figures 2024 <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2024/2024-cancer-facts-and-figures-acf.pdf>

ⁱⁱ Banegas MP, Schneider JL, Firemark AJ, et al. The social and economic toll of cancer survivorship: a complex web of financial sacrifice. *J Cancer Surviv.* 2019;13(3):406-417. doi:10.1007/s11764-019-00761-1

ⁱⁱⁱ Ramsey SD, Blough DK, Kirchoff AC, et al. Washington Cancer Patients Found To Be At Greater Risk For Bankruptcy Than People Without A Cancer Diagnosis. *Health Aff (Millwood).* 2013;32(6):1143-1152. doi:10.1377/hlthaff.2012.1263

^{iv} Yabroff KR, Han X, Song W, Zhao J, Nogueira L, Pollack CE, Jemal A, Zheng Z. Association of Medical Financial Hardship and Mortality Among Cancer Survivors in the United States. *J Natl Cancer Inst.* 2022 Jun 13;114(6):863 -870.

^v Xin Hu, Zhiyuan Zheng, Kewei Sylvia Shi, Robin Yabroff, and Xuesong Han. Association of medical debt and cancer mortality in the US. *Journal of Clinical Oncology* 2023 41:16_suppl, 6505-6505



THE QUEEN'S HEALTH SYSTEM

To: The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Moriwaki, Vice Chair
Members, Senate Committee on Ways and Means

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

Date: February 28, 2024

Re: Support of SB3239 SD1 – Relating to Medical Debt

The Queen's Health System (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 comments in support of SB3239 SD1, which requires the Office of Wellness and Resilience (OWR) to design and implement a 3-year pilot program in collaboration with healthcare providers to acquire and forgive outstanding medical debt. Roughly one in three people in this country are currently struggling with unpaid medical bills – over 100 million people. This debt can in-turn have a profound and cascading adverse influence over decisions to seek future medical services and critical medications. The proposed pilot program in SB3239 SD1 is similar to successful programs currently being deployed in states like New Jersey and Connecticut.

For Queen's, we see this model of addressing medical debt as a promising and worthy endeavor and one that we are currently employing. Through our work with RIP, a national non-profit focused on eliminating medical debt, we are on the threshold of piloting our first effort to remove medical debt going back nearly three years. We see this as a benefit to both our patients and to our overall healthcare system. Should this legislation ultimately pass, we urge the OWR to collaborate and learn from our experience to help ensure the pilot program broadly helps our community.

Thank you for allowing us to provide testimony in support of SB3239 SD1.

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.



Wednesday, February 28, 2024 at 10:01 am
Conference Room 211

Senate Committee on Ways and Means

To: Chair Donovan M. Dela Cruz
Vice Chair Sharon Y. Moriwaki

From: Paige Choy
AVP, Government Affairs
Healthcare Association of Hawaii

Re: **Testimony in Support**
SB 3239 SD 1 Relating to Medical Debt

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 **support** this measure, which would seek to implement a pilot program in collaboration with medical providers to acquire and forgive medical debt. We are appreciative that the legislature is interested in encouraging broader discussion on the extent of medical indebtedness, and believe that efforts to relieve debt will have positive effects for providers and patients alike. Our organization is actively engaged with our hospital members and a national organization with expertise in this type of program and believe that we can carry out the intent of this measure to alleviate burdens on residents in the state.

The Hawaii State Legislature has been a leader in ensuring that residents have access to quality, affordable care. As we celebrate the 50th anniversary of the Prepaid Act, we look forward to working with stakeholders to continue to advocate for expanded access to care, and support efforts to ensure that no one forgoes needed services over concerns about affordability.



Ways and Means Committee

SB3239 SD1
POSITION: SUPPORT

Hearing Date: February 28, 2024, 10am, Room CR211

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

Aloha United Way supports SB3239 SD1, relating to a pilot to eliminate medical debt.

Hawaii has the highest cost of living in the nation and one of the largest sources of unmanageable debt, eviction and housing instability is unexpected or long-term medical debt. We urge you to pass this bill and help Hawaii's ALICE households who are facing decades of debt after incredibly large bills to have an avenue for relief, and a chance for a new start.

ALICE stands for Asset Limited, Income Constrained, Employed, and refers to households who are employed but whose incomes are not sufficient to meet their basic costs. According to our 2022 report an estimated **44% of Hawaii's households are ALICE households**, with an increasing number falling into poverty. At least 1/3 of ALICE households are facing unmanageable debt, and a main driver of that debt is medical bills.

A pilot program to review and reduce or eliminate unmanageable debt for families struggling under its burden would help to bring families back to the chance for financial stability and reduce the risk they will end up without basic needs and resources to maintain housing, transportation and their credit.

This is an important and impactful program to pilot and we urge you to pass SB3239 SD1. Thank you for the opportunity to testify and for your action to support ALICE families.

Sincerely,

A handwritten signature in blue ink that reads "Suzanne Skjold".

Suzanne Skjold
Chief Operating Officer
Aloha United Way

SB-3239-SD-1

Submitted on: 2/26/2024 5:06:28 PM

Testimony for WAM on 2/28/2024 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

No one should go into debt in order to keep themselves healthy or to seek medical help. The fact that we in the U.S. allow the commodification of basic human rights like healthcare is a complete disgrace. We must achieve universal healthcare soon. In the meantime, we should use the state to acquire and erase medical debt using the Office of Wellness and Resilience.

Chair Donovan Dela Cruz
Vice Chair Sharon Moriwaki

Senate Committee on Ways & Means

Wednesday, February 28, 2024
10:01 AM

TESTIMONY IN STRONG SUPPORT OF SB3239 SD1 RELATING TO MEDICAL DEBT

Aloha Chair Dela Cruz, Vice Chair Moriwaki, Members of the Senate Committee Ways & Means,

My name is Jun Shin. I am a union service worker as well as a labor and social justice activist, testifying as an individual in **STRONG SUPPORT** of **SB3239 SD1**, Relating to Medical Debt.

Important reforms passed by labor-led (specifically ILWU) forces in the past like the Prepaid Healthcare Act have helped bring healthcare coverage to many local working class families, while lowering their healthcare costs. Unfortunately people are still in debt or going into bankruptcy, all for the crime of trying to take care of themselves and their loved ones. While I'm sure preventive education can be helpful, if you're already just making it or struggling to survive (which is much of Hawai'i), there are very few options for you in the first place when you or someone in your family gets sick. I really think we should prioritize lifting people's burdens and making their lives tangibly better here and now.

Universal, single-payer healthcare is ultimately how we right the wrongs of this for-profit system. However, in the short-term, I am for the state government using its power and resources to free as many working people as possible from unpayable medical debt and the fear that debt profiteers bring to their daily lives. Just imagine what can be done when you free people from debt, the breathing room and hope you can give to them and their families. This is something that the government can do directly without people having to navigate some form of bureaucracy.

I am for reforms that will actually improve the lives of working class families, while challenging the hegemony of the for-profit healthcare system.

Please **PASS Senate Bill 3239 Senate Draft 1** out of your committee.

Mahalo for the opportunity to testify,

Jun Shin,
State House District 23 | State Senate District 12
Cell: 808-255-6663
Email: junshinbusiness729@gmail.com

SB-3239-SD-1

Submitted on: 2/27/2024 9:54:13 AM

Testimony for WAM on 2/28/2024 10:01:00 AM

Submitted By	Organization	Testifier Position	Testify
Jackie Keefe	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means,

My name is Jackie Keefe and I am a resident of Lahaina. I am writing today in strong support of SB3239 SD1.

I am immensely grateful that this bill got another hearing as I believe it is a critical step towards a more equitable Hawai'i. Medical debt is a crippling thing, and it affects us all. Most of these costs are not equated to the actual cost of care but rather the profits being raked in by insurance companies.

Even with healthcare coverage, certain medical procedures can cost hundreds or thousands of dollars if they are deemed "out of network" or "elective," simply because that's how the system classifies them. There are many people who suffer from illnesses that are difficult to diagnose, and they have to go through endless testing that may be deemed "elective" to figure out what is wrong. These costs go against the supposed purpose of healthcare: to look out for our health. Things are often designated as "out of network," especially if you need to see a specialist. Many doctors choose not to even work with insurance companies because it hurts their bottom line and/or it causes them to spend excessive time on paperwork rather than seeing patients.

Healthcare coverage only goes so far... Both you and your employer pay for insurance, then you have a deductible that you have to pay out of pocket. (Then, of course, the issues that I addressed above.) But not everyone has health coverage. Some people who work part time have to work for months before they qualify.

Take this example: you started a new job February 9, 2024. You're offered 20 hours/week. (Great, you'll qualify for healthcare!) Your first week with 20 hours of work is 2/11/24. This means that you were unable to work 4 weeks in the same month averaging 20+ hours/week in February. Now it's March and you work 20 hours for 3 weeks, then you only get to work 19 hours the following week... Now it's April, and your average resets because you didn't qualify for insurance last month. You have no control over the hours that your employer allows you to work. This could keep going on for months; you have no way of knowing! What else can you do - find a different job? You've already been trying to get your insurance and working consistently!

Healthcare coverage is fickle. Not everyone has it. No one deserves to feel like they cannot seek medical care because they cannot afford it. Many people do feel this way. Thankfully, we have medical clinics, but appointments can take a very long time (with or without healthcare). People can get very sick in a short time. I hope we can take this step towards exploring what it can do for people's economic situation to forgive medical debt.

I hope you'll also amend the effective date to 7/1/2024.

Thank you for your consideration.

Jackie Keefe