

STAND. COM. REP. NO.

1254

Honolulu, Hawaii

MAR 14 , 2025

RE: S.B. No. 1040
S.D. 2
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Health, to which was referred S.B. No. 1040, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MEDICAL DEBT,"

begs leave to report as follows:

The purpose of this measure is to require the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive medical debt owned by certain households in the State and appropriate funds for this purpose.

Your Committee received testimony in support of this measure from the Office of Wellness and Resilience; State Health Planning and Development Agency; Healthcare Association of Hawaii; The Queen's Health Systems; Democratic Party of Hawai'i; Holomua Collaborative; Hawai'i Community Foundation; Title Guaranty of Hawai'i; Hawai'i Gas; Mana Up; Tori Richard, Ltd.; Leukemia & Lymphoma Society; American Cancer Society Cancer Action Network; Hawai'i Health & Harm Reduction Center; Democratic Party of Hawai'i Education Caucus; Hawai'i Public Health Institute; and one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

2025-2593 SB1040 HD1 HSCR HMSO



Your Committee finds that approximately four out of ten Americans and one out of ten Hawaii residents have some form of medical debt, which can take a serious toll on individuals' and families' mental and physical well-being. The medical debt crisis is further exacerbated by commercial debt buyers who purchase outstanding and dormant medical debts for pennies on the dollar and then take aggressive action to collect from individuals and families who find themselves unable to pay. Your Committee further finds that other states and cities in the United States have partnered with a nonprofit organization that has successfully purchased billions of dollars in medical debt and then abolished the debt owed by patients. However, your Committee agrees with the concerns raised in testimony by the Department of Budget and Finance regarding the uncertain fiscal requirements of such a program and believes that a study to determine the costs and feasibility of a medical debt acquisition and forgiveness program before proceeding to establish the program in statute is warranted.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the substantive contents of this measure and inserting language requiring the Office of Wellness and Resilience to conduct a study on the feasibility of establishing a medical debt acquisition and forgiveness program for certain households in the State and submit a report to the Legislature before the Regular Session of 2026; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1040, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1040, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Health,



GREGG TAKAYAMA, Chair



