

STAND. COM. REP. NO.

648

Honolulu, Hawaii

FEB 14 2025

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Health and Human Services and Commerce and Consumer Protection, to which was referred S.B. No. 1040 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to, beginning July 1, 2026:

- (1) 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 owed by certain households in the State;
- (2) Require annual reports to the Legislature; and
- (3) Appropriate funds.

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



Your Committees find that medical debt is a social determinant of health as patients with burdensome medical debt often delay the care they need, may experience issues obtaining employment and housing, have difficulty escaping poverty, and experience increased mental stress. Your Committees further find that due to the significant amount of outstanding debt owed to hospitals and service providers, a secondary market has emerged in which commercial debt buyers purchase outstanding and dormant debt owed to health care providers and take aggressive action to collect from families who find themselves unable to pay, further exacerbating the severity of the medical debt crisis. This measure's establishment of a medical debt relief program provides direct financial relief to individuals while also generating positive ripple effects throughout the State's economy, ultimately contributing to economic growth and stability.

Your Committees have amended this measure by inserting an effective date of December 31, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1040, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1040, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Health and Human
Services and Commerce and
Consumer Protection,



JARETT LEHOKALOLE, Chair



JOY A. SAN BUENAVENTURA, Chair



