

JAN 24 2024

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# A BILL FOR AN ACT

RELATING TO MEDICAL DEBT.

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

1           SECTION 1. The legislature finds that approximately four  
2 out of every ten Americans, including those with health  
3 insurance, have some form of medical debt, which has become a  
4 widespread issue across the nation. Further, many Americans  
5 have insufficient funds to buffer the shocks of unanticipated  
6 medical debt. According to a 2022 report from the Peterson-KFF  
7 Health System Tracker, approximately three million Americans  
8 have medical debt in amounts exceeding \$10,000. Although Hawaii  
9 residents generally have less medical debt than residents in  
10 other states, approximately one in ten Hawaii residents have  
11 outstanding medical debt on their credit reports.

12           The legislature also finds that medical debt is a social  
13 determinant of health because patients with burdensome medical  
14 debt often delay the care they need, may experience problems  
15 obtaining employment and housing, have difficulty escaping  
16 poverty, and experience mental stress. The legislature  
17 recognizes that due to the massive amounts of outstanding debt



1 owed to hospitals and service providers, a secondary market has  
2 emerged whereby commercial debt buyers purchase outstanding and  
3 dormant debt owed to healthcare providers and take aggressive  
4 action to collect from Americans who find themselves unable to  
5 pay, further exacerbating the severity of this medical debt  
6 crisis.

7       The legislature notes that in other parts of the country,  
8 nonprofit organizations have successfully purchased millions of  
9 dollars in medical debt from hardworking families and abolished  
10 their debt altogether. The number of organizations emerging in  
11 this secondary mark are growing following a 2020 legal opinion  
12 by the Office of Inspector General for the United States  
13 Department of Health and Human Services, which has provided  
14 legal clarity regarding the right for hospitals and similar  
15 nonprofits to work together in donating or selling medical debt.

16       The legislature finds that healthcare providers that donate  
17 or sell medical debt accounts to third parties for abolishment  
18 are able to address a social determinant of health and enhance  
19 community wellbeing while receiving revenue for dormant patient  
20 accounts.



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

5           SECTION 2. (a) The office of wellness and resilience  
 6 shall design and implement a three-year pilot program in  
 7 collaboration with healthcare providers to acquire and forgive  
 8 outstanding medical debt.

9           (b) The office of wellness and resilience shall submit a  
 10 report of its findings and recommendations, including any  
 11 proposed legislation, to the legislature no later than twenty  
 12 days prior to the convening of the regular session of 2028.

13           SECTION 3. In accordance with section 9 of article VII, of  
 14 the Constitution of the State of Hawaii and sections 37-91 and  
 15 37-93, Hawaii Revised Statutes, the legislature has determined  
 16 that the appropriation contained in this Act will cause the  
 17 state general fund expenditure ceiling for fiscal year 2024-2025  
 18 to be exceeded by \$                   , or                   per cent. The reasons  
 19 for exceeding the general fund expenditure ceiling are that the  
 20 appropriation made in this Act is necessary to serve the public  
 21 interest and to meet the need provided for by this Act.



1 SECTION 4. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so  
3 much thereof as may be necessary for fiscal year 2024-2025 for  
4 the pilot program established pursuant to this Act.

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

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

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INTRODUCED BY:

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# S.B. NO. 3239

**Report Title:**

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

**Description:**

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. Requires a report to the Legislature. Appropriates moneys. Declares that the appropriation exceeds the state general fund expenditure ceiling for fiscal year 2024-2025.

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

