
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. According to a 2022 report
5 from the Peterson-KFF Health System Tracker, approximately three
6 million Americans have medical debt in amounts exceeding
7 \$10,000. Although Hawaii residents generally have less medical
8 debt than residents in other states, approximately one in ten
9 Hawaii residents have outstanding medical debt on their credit
10 reports. In other states and cities that have acquired and
11 forgiven unpaid medical debt, a majority of forgiven debt was
12 owed by those with health insurance, making it likely that even
13 in Hawaii a significant number of families with health insurance
14 still have unpaid medical debt.

15 The legislature also finds that medical debt is a social
16 determinant of health because patients with burdensome medical
17 debt often delay the care they need, may experience problems



1 obtaining employment and housing, have difficulty escaping
2 poverty, and experience mental stress. The legislature
3 recognizes that due to the massive amounts of outstanding debt
4 owed to hospitals and service providers, a secondary market has
5 emerged whereby commercial debt buyers purchase outstanding and
6 dormant debt owed to health care providers and take aggressive
7 action to collect from families who find themselves unable to
8 pay, further exacerbating the severity of this medical debt
9 crisis.

10 The legislature additionally finds that health care
11 providers whose debt is sold to third parties for abolishment
12 can equally benefit and are able to address a social determinant
13 of health and enhance community well-being while receiving
14 revenue for dormant patient accounts. The legislature notes
15 that in other parts of the country, nonprofit organizations have
16 successfully purchased billions of dollars in medical debt from
17 health care providers and collection agencies and abolished the
18 respective patients' debts altogether.

19 The purpose of this Act is to require the office of
20 wellness and resilience convene a working group to study the
21 feasibility of developing, implementing, and executing a program



1 for the State to acquire and forgive outstanding medical debt of
2 Hawaii residents.

3 SECTION 2. (a) There is established a medical debt
4 forgiveness working group within office of wellness and
5 resilience to study the feasibility of developing, implementing,
6 and executing a program for the State to acquire and forgive
7 outstanding medical debt of Hawaii residents.

8 (b) The office of wellness and resilience shall invite
9 relevant stakeholders to participate in the working group,
10 including but not limited to:

11 (1) Representatives from insurance companies operating in
12 the State;

13 (2) Representatives from public and private hospitals
14 operating in the State; and

15 (3) Any other person deemed necessary by the office of
16 wellness and resilience.

17 (c) The working group shall consider:

18 (1) Program eligibility requirements; and

19 (2) Best practices to ensure that any specific personal
20 information or health data is collected in compliance
21 with the Health Insurance Portability Act of 1996 and



1 is used for no purpose other than the acquisition and
2 forgiveness of medical debt, provision of financial
3 education, insurance, preventive measures, or similar
4 assistance.

5 (d) The office of wellness and resilience shall submit a
6 report of the working group's findings and recommendations,
7 including any proposed legislation, to the legislature no later
8 than twenty days prior to the convening of the regular session
9 of 2025.

10 (e) The working group shall cease to exist on June 30,
11 2025.

12 SECTION 3. This Act shall take effect on July 1, 3000.



Report Title:

Office of Wellness and Resilience; Medical Debt Forgiveness;
Working Group; Report to Legislature

Description:

Requires the Office of Wellness and Resilience to establish a Medical Debt Forgiveness Working Group to study the feasibility of developing, implementing, and executing a program for the State to acquire and forgive outstanding medical debt of Hawaii residents. Requires a report to the Legislature. Effective 7/1/3000. (HD1)

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

