
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 medical debt has
2 become a widespread issue across the United States.
3 Approximately four out of every ten Americans, including
4 individuals with health insurance, have some form of medical
5 debt. According to a 2022 report from the Peterson-KFF Health
6 System Tracker, approximately three million Americans have
7 medical debt in amounts exceeding \$10,000. Although Hawaii
8 residents generally have less medical debt than residents in
9 other states, approximately one in ten residents have
10 outstanding medical debt on their credit report. In other
11 states and cities that have acquired and forgiven unpaid medical
12 debt, most of the forgiven debt was owed by those with health
13 insurance, indicating that many families in the State may also
14 have medical debt, despite having health insurance coverage.

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



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

9 The legislature further finds that other states and cities
10 in the United States have partnered with a nonprofit
11 organization that has successfully purchased billions of dollars
12 in medical debt from health care providers and collection
13 agencies for about 0.01 per cent of the overall cost and
14 abolished the respective patients' debts altogether. Health
15 care providers whose owed debt is sold to third parties for
16 abolishment can equally benefit by receiving revenue for dormant
17 patient accounts, while mitigating the effects of social
18 determinants of health and enhancing community well-being.

19 The purpose of this Act is to require the office of
20 wellness and resilience to conduct a study on the feasibility of



1 establishing a medical debt acquisition and forgiveness program
2 in the State.

3 SECTION 2. (a) The office of wellness and resilience
4 shall conduct a study on the cost and feasibility of
5 establishing a program to acquire and forgive the medical debt
6 of Hawaii residents who:

- 7 (1) Have a household income less than or equal to four
8 hundred per cent of the federal poverty level for the
9 State; or
10 (2) Have a medical debt balance greater than or equal to
11 five per cent of their household income.

12 (b) In conducting the study, the office of wellness and
13 resilience shall:

- 14 (1) Consider the experience of other states who have
15 adopted medical debt acquisition and forgiveness
16 program; and
17 (2) Consult with nonprofit health care systems or other
18 organizations that have engaged with national
19 nonprofits focused on eliminating medical debt.

20 (c) The office of wellness and resilience shall submit a
21 report of its findings and recommendations, including any



1 proposed legislation, to the legislature no later than twenty
2 days prior to the convening of the regular session of 2026.

3 SECTION 3. This Act shall take effect on December 31,
4 2050.



Report Title:

OWR; Medical Debt Acquisition and Forgiveness; Study; Report

Description:

Requires the Office of Wellness and Resilience to conduct a study on the cost and feasibility of establishing a program to acquire and forgive medical debt owed by certain households in the State. Requires a report to the Legislature. Effective 12/31/2050. (HD1)

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

