

JAN 22 2026

A BILL FOR AN ACT

RELATING TO HEALTH SAVINGS ACCOUNTS.

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

1 SECTION 1. The legislature finds that access to preventive
2 care, telehealth, and urgent care improves health outcomes and
3 helps to control long-term health costs. Recent changes at the
4 federal level will result in the loss of Medicaid coverage for
5 many residents of the State, causing many policyholders to
6 transition between public, employer-sponsored, and individual
7 insurance plans. The legislature further finds that during
8 periods in which a great number of policyholders transition
9 between insurance plans, commercial health insurance prices
10 spike and often become unaffordable.

11 The legislature recognizes that these reforms are intended
12 to preserve the protections of the Prepaid Health Care Act for
13 full-time workers while modernizing coverage options for others,
14 and that direct payment agreements for routine primary care
15 services are not insurance and may be used in combination with
16 coverage offered under this Act, to the extent permitted under
17 federal law.



1 The legislature also finds that, due to federal rule
2 changes effective January 1, 2026, federally qualified health
3 savings-account eligible high deductible health plans, including
4 low-premium bronze and catastrophic plans, when paired with
5 health saving accounts, may offer an affordable, flexible, and
6 portable coverage option. The legislature additionally finds
7 that rural and medically underserved areas face ongoing access
8 and market participation challenges, and that targeted
9 incentives may encourage insurers to offer coverage options to
10 individuals in these communities.

11 Accordingly, the purpose of this Act is to expand
12 affordable coverage options and promote continuity of care by:

- 13 (1) Establishing a tiered, nonrefundable tax credit for
14 qualified insurers offering federally qualified health
15 savings account-eligible high deductible health plans
16 in the State, with enhanced incentives for plans
17 written in rural and medically underserved areas; and
18 (2) Requiring qualified insurers to match up to a certain
19 amount of a policyholder's first-time contribution
20 into a health savings account.



S.B. NO. 2431

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§235- Health savings account-eligible high deductible health plan tax credit; first-time contribution match. (a)

There shall be allowed to each qualified taxpayer subject to the tax imposed under this chapter, a health savings account-eligible high deductible health plan tax credit that shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

(b) The tax credit shall be:

- (1) \$ for each federally qualified health savings account-eligible high deductible health plan that is written by a qualified taxpayer in an area of the State that is not medically underserved area;
- (2) \$ for each federally qualified health savings account-eligible high deductible health plan that is written by a qualified taxpayer in a non-rural medically underserved area of the State;



(3) \$ _____ for each federally qualified health savings account-eligible high deductible health plan that is written by a qualified taxpayer in a partially rural medically underserved area of the State; and

(4) \$ _____ for each federally qualified health savings account-eligible high deductible health plan that is written by a qualified taxpayer in a rural medically underserved area of the State;

provided that the tax credit shall only apply to each federally qualified health savings account-eligible high deductible health plan written in the State by a qualified taxpayer on or after January 1, 2026; provided further that the total amount of tax credits claimed by a qualified taxpayer shall not exceed \$ _____ for the taxable year.

(c) To be eligible for the tax credit under this section, a qualified taxpayer shall match an amount of up to \$ _____ for a policyholder's first-time contribution into a health savings account.

(d) The total amount of tax credits allowed under this section shall not exceed \$ _____ for all qualified taxpayers in any taxable year; provided that any qualified taxpayer who is



1 ineligible to claim the credit in a taxable year due to the
2 \$ cap having been exceeded for that taxable year shall
3 be eligible to claim the credit in the subsequent taxable year.

4 (e) The director of taxation:

5 (1) Shall prepare any forms that may be necessary to claim
6 a tax credit under this section;

7 (2) May require a qualified taxpayer to furnish reasonable
8 information to verify the claim for the tax credit
9 made under this section; and

10 (3) May adopt rules pursuant to chapter 91 necessary to
11 carry out the purposes of this section.

12 (f) The credit allowed under this section shall be claimed
13 against the net income tax liability for the taxable year. If
14 the tax credit under this section exceeds the taxpayer's net
15 income liability, the excess of credit over liability may be
16 used as a tax credit against the taxpayer's net income tax
17 liability in subsequent years until exhausted. All claims for
18 tax credits under this section, including any amended claims,
19 shall be filed on or before the end of the twelfth month
20 following the close of the taxable year for which the credit may



1 be claimed. Failure to comply with the foregoing provision
2 shall constitute a waiver of the right to claim the credit.

3 (g) For the purposes of this section:

4 "Health savings account" has the same meaning as defined
5 under section 223(d)(1) of the Internal Revenue Code of 1986, as
6 amended.

7 "High deductible health plan" means a plan that is:

8 (1) Available as individual coverage through an exchange
9 under section 1311 or 1321 of the Patient Protection
10 and Affordable Care Act; and

11 (2) A bronze plan, as described in section 1302(d)(1)(A)
12 of the Patient Protection and Affordable Care Act, or
13 a catastrophic plan, as described in section 1302(e)
14 of the Patient Protection and Affordable Care Act.

15 "Medically underserved area" or "population" means a
16 geographic area or population group designated by the United
17 States Department of Health and Human Services as an area with a
18 shortage of primary care health services or a population group
19 experiencing a shortage of primary care health services and
20 facing economic, cultural, or linguistic barriers to access
21 health care.



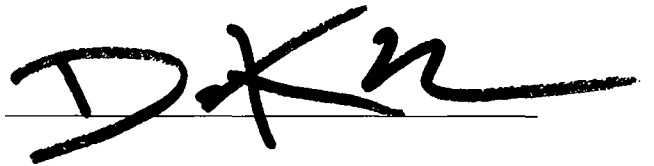
1 "Qualified taxpayer" means a taxpayer that:

2 (1) Offers one or more health savings account-eligible
3 high deductible health plans that are in compliance
4 with section 223 of the Internal Revenue Code of 1986,
5 as amended, for residents of the State, including
6 those in rural and medically underserved areas; and
7 (2) Enrolls at least policyholders in one or more
8 federally qualified health savings account-eligible
9 high deductible health plans."

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act, upon its approval, shall apply to
12 taxable years beginning after December 31, 2025, and shall be
13 repealed on December 31, 2030.

14 INTRODUCED BY:



S.B. NO. 2431

Report Title:

Department of Taxation; Health Insurance; Health Savings Account-Eligible High Deductible Health Plan; Bronze Plan; Catastrophic Plan; Tax Credit; Medically Underserved Areas

Description:

For taxable years beginning 1/1/2026, establishes a tiered nonrefundable tax credit for qualified taxpayer insurers that offer one or more federally qualified health savings account-eligible high deductible health plans in the State, under certain conditions, and increasing the tax credit to incentivize more plans being written in rural medically underserved areas of the State. Requires qualified taxpayer insurers to match up to a certain amount of a policyholder's first-time contribution into a health savings account. Sunsets 12/31/2030.

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

