

JAN 23 2026

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 in the State. According to a 2022
3 report from the Peterson-KFF Health System Tracker, more than
4 one in twenty adults in the State have outstanding medical debt
5 on their credit report. In states and cities that have acquired
6 and forgiven unpaid medical debt, most of the forgiven debt was
7 owed by those with health insurance, further suggesting that
8 despite many families in the State having health insurance
9 coverage, inability to pay medical debt is a serious problem.

10 The legislature further finds that medical debt is a social
11 determinant of health as patients with burdensome medical debt
12 often delay the care they need, may experience issues obtaining
13 employment and housing, have difficulty escaping poverty, and
14 experience increased mental stress. Due to a rising cost of
15 living and a health care system built on a for-profit model,
16 many families are never able to repay medical debt.



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

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

18 Currently, a medical debt consolidation and cancellation
19 non-profit organization has already acquired the unpaid medical
20 debt of 50,016 State residents, totaling \$91,310,664 dollars.
21 This includes 39,401 individuals on Oahu, 6,654 individuals on



1 Hawaii Island, 3,597 individuals on Maui, Molokai, and Lanai,
2 and 316 individuals on Kauai.

3 Accordingly, the purpose of this Act is to require and
4 appropriate funds for the office of wellness and resilience to
5 develop, implement, and administer a medical debt acquisition
6 and forgiveness program to acquire and forgive outstanding
7 medical debt for certain individuals in the State, beginning
8 with the medical debt of the 50,016 Hawaii residents that has
9 already been acquired by the medical debt collection and
10 cancellation organization.

11 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
12 amended by adding a new section to part XXI to be appropriately
13 designated and to read as follows:

14 **"§346- Medical debt acquisition and forgiveness program.**
15 (a) The office shall develop, implement, and administer a
16 medical debt acquisition and forgiveness program to acquire and
17 forgive outstanding medical debt for individuals in the State
18 pursuant to this section.

19 (b) The program shall:
20 (1) Acquire and satisfy or discharge the medical debt of
21 individuals with a household income less than or equal



1 to four hundred per cent of the federal poverty level
2 for the State, or individuals having a medical debt
3 balance greater than or equal to five per cent of
4 their household income; and
5 (2) Ensure that any specific personally identifiable
6 information or protected health information is
7 collected in compliance with applicable state and
8 federal laws and regulations, and is used only for the
9 purposes of acquiring and satisfying or discharging
10 medical debt, or providing financial education,
11 insurance enrollment assistance, preventive measures,
12 or similar support services.
13 (c) The office shall, without regard to chapter 103D, or
14 103F, as applicable, contract with an entity currently holding
15 medical debt of State residents and has demonstrated experience
16 and success partnering with hospitals and health systems in
17 acquiring and satisfying or discharging outstanding medical debt
18 on behalf of state and municipal governments.
19 (d) The office may receive appropriations from the
20 legislature, private funds, or federal funds for the purpose of



1 acquiring and satisfying or discharging outstanding medical debt
2 pursuant to this section.

3 (e) The office shall submit a report of its findings and
4 recommendations, including any proposed legislation, for the
5 medical debt acquisition and forgiveness program, to the
6 legislature no later than twenty days prior to the convening of
7 each regular session. The report shall include:

8 (1) The office's progress in developing, implementing, and
9 administering the medical debt acquisition and
10 forgiveness program; and
11 (2) An analysis of actions taken by other states in the
12 preceding year that are reasonably related to the
13 cancellation of medical debt, including prohibiting
14 medical debt from appearing on credit reports."

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$500,000 or so much
17 thereof as may be necessary for fiscal year 2026-2027 for the
18 office of wellness and resilience to develop, implement, and
19 administer the medical debt acquisition and forgiveness program
20 established pursuant to section 2 of this Act to acquire and
21 satisfy or discharge outstanding medical debt for certain



1 individuals in the State, beginning with the debt that has been
2 acquired by medical debt collection and cancellation
3 organizations.

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

6 SECTION 4. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: 



S.B. NO. 3025

Report Title:

OWR; Medical Debt Acquisition and Forgiveness Program; Reports; Appropriation

Description:

Requires the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for certain individuals in the State beginning with the medical debt of the 50,016 Hawaii residents that has already been acquired by medical debt and consolidation organizations. Requires reports to the Legislature. Appropriates funds.

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

