

JAN 30 2026

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# A BILL FOR AN ACT

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RELATING TO HEALTH CARE.

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

PART I

SECTION 1. The legislature finds that the delivery of health care services in the State has approached crisis levels. Many physicians and other health care providers are leaving Hawaii, and the level of health care services on the neighbor islands in particular is seriously deficient.

The legislature further finds that, even with the 1974 Hawaii Prepaid Health Care Act that mandates employers provide health insurance for employees working at least nineteen hours per week, and even with the extensions of medicaid to larger populations in the State and the increase of commercial health insurance coverage created by the federal Patient Protection and Affordable Care Act (PPACA), there remain a substantial number of uninsured or underinsured individuals. Additionally, the linkage of health insurance to employment status, which many years ago was an employment benefit, has now become a serious impediment to employee mobility. A substantial number of people



1 feel financially compelled to remain in unsatisfactory  
2 employment situations to protect their access to health  
3 insurance and therefore to health care.

4       The legislature also finds that it is in the best interest  
5 of the State for each and every resident of the State to have  
6 publicly provided, high quality, affordable health care. Health  
7 care is more than just medical insurance payouts. It includes  
8 cost-saving, preventive, and early intervention measures to  
9 prevent medical conditions from becoming chronic, permanently  
10 disabling, or fatal and includes proven secondary and tertiary  
11 prevention strategies and interventions to maintain the health  
12 and quality of life of those who are burdened with serious  
13 chronic diseases.

14       The legislature additionally finds that Hawaii's current  
15 health care insurance system is a disjointed, costly,  
16 inefficient, and unnecessarily complicated, multi-payer, private  
17 medical insurance model that is largely profit-driven,  
18 adversarial, beset with constant cost-shifting and reluctant  
19 health care delivery, onerously bureaucratic, and economically  
20 irrational. Additionally, health care costs are skyrocketing,  
21 creating an affordability and accessibility crisis for Hawaii's



1 residents. The three largest cost-drivers of health care in the  
2 United States in general, and in Hawaii in particular, are:

3 (1) The administrative cost of a profit-driven complex of  
4 payment-reluctant, multi-payer health insurance  
5 bureaucracies competing to insure the healthy, while  
6 leaving those who need health care the most to the  
7 taxpayers, or competing to siphon money out of the  
8 state medicaid budget while beneficiary access to care  
9 deteriorates and costs rise;

10 (2) Lack of access to cost-effective primary care for  
11 large segments of the population; and

12 (3) The high cost of prescription drugs.

13 The legislature further finds that for more than a quarter  
14 of a century, Hawaii was far ahead of most other states and  
15 often called itself "the health state" because of the 1974  
16 Hawaii Prepaid Health Care Act. Hawaii was once known for  
17 having a low uninsured population of between two and five per  
18 cent in 1994. Hawaii had the lowest per-capita medicare  
19 spending in the country in 2008-2009, before the enactment of  
20 the PPACA when almost all health care providers in the State  
21 were paid on a fee-for-service basis. Approximately ten years



1 later, Hawaii per-capita medicare spending had risen relative to  
2 other states, ranking at ninth lowest.

3       The crisis in health care in the United States has also  
4 reached Hawaii. Today, thousands of Hawaii residents lack  
5 health care coverage, many of whom are children. Many other  
6 Hawaii residents are underinsured or unable to use or access  
7 their covered benefits because of increasingly high deductibles  
8 and out-of-pocket co-payments for outpatient care, diagnostic  
9 services, and prescription drugs, among other factors. Even  
10 well-insured individuals experience problems with their insurers  
11 denying, or very reluctantly dispensing, expensive medication  
12 and treatments. About half of all bankruptcies are due to  
13 extremely expensive, catastrophic illnesses that are not covered  
14 after a certain cap is reached. Other persons are near  
15 bankruptcy with their quality of life seriously impacted. And  
16 even with health insurance, Hawaii residents, especially on the  
17 neighbor islands, are experiencing increasing difficulty  
18 obtaining timely access to doctors.

19       The legislature therefore concludes that a universal,  
20 publicly administered, health care-for-all insurance model with  
21 a single payment agency for caregivers and health care



1 providers, adapted to meet the unique conditions in Hawaii,  
2 would benefit all sectors in the State. A single payer system  
3 would remove health care from labor negotiations; reduce overall  
4 costs and generate savings for patients; streamline  
5 administrative processes for health care providers; reduce  
6 overhead expenses for businesses; create a single, centralized  
7 health information database to support more informed  
8 decision-making regarding health crises in the State; promote  
9 equitable allocation of public health resources and enable  
10 needs-based expansion of health care facilities; reduce billing  
11 and collection costs for hospitals and independent health care  
12 providers; and eliminate profit-based decision-making in the  
13 provision of health care services.

14 Accordingly, the legislature concludes that the State  
15 should take substantial steps toward the establishment of  
16 universal health care for its residents and to encourage, to the  
17 greatest extent practical, the reduction of administrative  
18 complexity in the compensation of the State's hospitals and  
19 other institutional providers of health care, and of physicians  
20 and other health care workers. This should be accomplished by  
21 the creation of a publicly financed health care program, to be



known as "Hawaii care", for all Hawaii residents and which shall replace all existing health care plans in the State upon the receipt of necessary federal waivers, including waivers related to medicare, medicaid, and the prepaid health care act.

The purpose of this Act is to initiate the implementation of Hawaii care by:

(1) Establishing Hawaii care in statute;

(2) Designating the Hawaii health authority as the responsible agency for the comprehensive planning, implementation, and administration of Hawaii care; and

(3) Requiring the Hawaii health authority to develop and submit a comprehensive plan for the implementation and administration of Hawaii care by .

## PART II

SECTION 2. Chapter 322H, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

### **"PART . HAWAII CARE; COMPREHENSIVE PLAN**

**§322H-A Definitions.** As used in this part:

"Authority" means the Hawaii health authority established pursuant to section 322H-1.



1 "Hawaii care" means the universal, single payer health care  
2 system established under chapter .

3 "Resident" means an individual who is or intends to be  
4 domiciled in the State.

5 **§322H-B Hawaii care; comprehensive plan.** (a) The  
6 authority shall develop a comprehensive plan for the  
7 implementation and administration of Hawaii care. The  
8 comprehensive plan shall include:

9 (1) Eligibility criteria for Hawaii care;

10 (2) Sequencing and financing requirements for Hawaii care;

11 (3) Cost of providing a benefits package to all state  
12 residents, including all mandatory health care  
13 benefits set forth in section -4;

14 (4) Recommendation as to whether a benefits package  
15 established pursuant to paragraph (3) should include  
16 rehabilitation services and long-term care provided in  
17 a skilled nursing facility;

18 (5) Projected health care outcomes and cost effectiveness  
19 of Hawaii care;

20 (6) Budget for Hawaii care;



(7) Budget for all hospitals operating under Hawaii care in the State;

(8) Fiscal projections of revenues and expenses over a five-year period for Hawaii care, with an actuarial value of ninety-five per cent when fully implemented; and

(9) Funding mechanisms for Hawaii care, including any proposed income tax or surcharge.

(b) The authority shall submit the comprehensive plan to the legislature no later than .

**§322H-C Goals; values.** The authority shall ensure that any plan established pursuant to this part shall be based on the following principles:

(1) Health care, as a fundamental right for all residents of the State, is to be secured for all individuals on an equitable basis by public means, similar to public education, public safety, and other public infrastructure;

(2) Access to health care services shall be based on each individual's need and shall not be restricted based on race, sex, sexual orientation, gender identity or





1 expression, religion, national origin, citizenship  
2 status, age, pregnancy and related medical conditions,  
3 disability, wealth, income, genetic conditions,  
4 primary language use, or previous or existing medical  
5 conditions; and

6 (3) The components of the health care system shall be  
7 accountable and fully transparent to the public with  
8 regards to information, decision making, and  
9 management to ensure meaningful public participation  
10 in decisions affecting the public's health care.

11 **§322H-D Research.** The authority shall conduct research on  
12 the following to prepare for adoption of Hawaii care:

13 (1) The causes, consequences, and means to mitigate health  
14 care provider burn-out in the State;

15 (2) Current compensation practices adopted by health  
16 insurers, mutual benefit societies, and health  
17 maintenance organizations operating in the State; and

18 (3) Any other current financial practices relating to  
19 health care."



SECTION 3. Chapter 322H, Hawaii Revised Statutes, is amended by designating sections 322H-1 to 322H-2, as part I and inserting a title before section 322H-1, to read as follows:

**"PART I. GENERAL PROVISIONS"**

SECTION 4. Chapter 322H, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

**"§322H- Reports.** The authority shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session. The report shall include:

- (1) Summary of the authority's activities during the preceding year;
- (2) Actions taken to address issues, unmet needs, and challenges relating to the provision of health care services to residents of the State;
- (3) Any findings and recommendations based on research conducted pursuant to section 322H-D; and
- (4) Any other findings, and recommendations, including proposed legislation."

SECTION 5. Section 322H-2, Hawaii Revised Statutes, is amended to read as follows:



1       "**§322H-2 Hawaii health authority; duties and**  
2 **responsibilities.** (a) The authority shall be responsible for  
3 overall health planning for the State and [~~shall be responsible~~  
4 ~~for~~] determining future capacity needs for health providers,  
5 facilities, equipment, and support services providers[~~-~~] in the  
6 State.

7       (b) The authority shall [~~develop a comprehensive health~~  
8 ~~plan that includes:~~

9       ~~(1) Establishment of eligibility for inclusion in a health~~  
10       ~~plan for all individuals;~~

11       ~~(2) Determination of all reimbursable services to be paid~~  
12       ~~by the authority;~~

13       ~~(3) Determination of all approved providers of services in~~  
14       ~~a health plan for all individuals;~~

15       ~~(4) Evaluation of health care and cost effectiveness of~~  
16       ~~all aspects of a health plan for all individuals; and~~

17       ~~(5) Establishment of a budget for a health plan for all~~  
18       ~~individuals in the State.]~~

19 be responsible for the comprehensive planning, implementation,  
20 and administration of Hawaii care, established pursuant to  
21 chapter \_\_\_\_\_.



1 (c) The authority shall determine the waivers that are  
2 necessary and available by federal law, rule, or regulation  
3 necessary to implement and maintain this chapter.

4 (d) The authority may establish subcommittees necessary to  
5 carry out its duties and responsibilities.

6 ~~[(d)]~~ (e) The authority shall adopt rules pursuant to  
7 chapter 91 necessary for the purposes of this chapter.

8 ~~[(e) The authority shall submit a comprehensive health~~  
9 ~~plan for all individuals in the State, including its findings~~  
10 ~~and recommendations, to the legislature no later than twenty~~  
11 ~~days prior to the convening of the regular session of 2012.]"~~

12 PART III

13 SECTION 6. The Hawaii Revised Statutes is amended by  
14 adding a new chapter to be appropriately designated and to read  
15 as follows:

16 "CHAPTER

17 HAWAII CARE

18 § -1 **Definitions.** As used in this chapter:

19 "Authority" means the Hawaii health authority established  
20 pursuant to section 322H-1.



1 "Cost sharing" means copayment, coinsurance, or deductible  
2 provisions applicable to coverage for medications and treatment.

3 "Health care facility" means an institution providing  
4 health care services or a health care setting, including but not  
5 limited to hospitals and other licensed inpatient centers;  
6 ambulatory surgical or treatment centers; skilled nursing  
7 centers; residential treatment centers; diagnostic, laboratory,  
8 and imaging centers; and rehabilitation and other therapeutic  
9 health settings.

10 "Health care provider" means an individual licensed,  
11 accredited, or certified to provide or perform specified health  
12 care services in the ordinary course of business or practice of  
13 a profession consistent with state law.

14 "Hospital" means a facility licensed under section  
15 321-14.5.

16 "Resident" means an individual who is or intends to be  
17 permanently domiciled in the State.

18 "Supplemental health insurance" means insurance provided by  
19 a health insurer regulated under article 10A of chapter 431; a  
20 mutual benefit society regulated under article 1 of chapter 432;



1 a health maintenance organization regulated under chapter 432D;  
2 or provided through the TRICARE program.

3       §   -2 **Hawaii care; established; administration;**  
4 **solicitation of bids.** (a) There is established a universal,  
5 single payer health care system, to be known and cited to as  
6 Hawaii care and to be administered by the Hawaii health  
7 authority. The purpose of Hawaii care is to provide  
8 comprehensive health care benefits to all residents of the  
9 State, and replace all existing health care plans in the State.

10       (b) The authority may, subject to the requirements of  
11 chapters 103D and 103F, as applicable, solicit bids from and  
12 award contracts to public or private entities for the  
13 administration of Hawaii care, including but not limited to:

- 14       (1) Claims administration;  
15       (2) Quality assurance;  
16       (3) Credentialing;  
17       (4) Provider relations; and  
18       (5) Customer service.

19       (c) The authority shall ensure than any entity awarded a  
20 contract pursuant to this section does not have a financial  
21 incentive to restrict individuals' access to health care.



1 (d) The authority may establish performance measures and  
2 provide incentives for contractors to provide timely, accurate,  
3 and transparent services to enrollees and health care providers.

4 § -3 **Hawaii care special fund.** (a) There is  
5 established in the state treasury a Hawaii care special fund, to  
6 be administered and expended by the authority.

7 (b) The following shall be deposited into the special  
8 fund:

9 (1) Appropriations by the legislature;

10 (2) Gifts, donations, and grants from any private  
11 individuals or organizations; and

12 (3) Federal funds granted for the purpose of this chapter.

13 (c) The Hawaii care special fund shall be used solely for  
14 expenses incurred in the operations of Hawaii care, including  
15 but not limited to:

16 (1) Salaries and overhead;

17 (2) Payments to third party contractors contracted to  
18 administer portions of Hawaii care;

19 (3) Reimbursements to health care providers, health care  
20 facilities, and hospitals for health care services



1 rendered to residents of the State that are covered by  
2 Hawaii care; and

3 (4) Capital improvement projects.

4 (d) The authority shall establish a subaccount within the  
5 Hawaii care special fund for community-based specialized  
6 services for patients with complex or highly specialized care  
7 needs. The authority may establish additional subaccounts  
8 within the fund as necessary.

9 (e) All unencumbered and unexpended moneys in excess of  
10 \$ remaining on balance in the Hawaii care special fund  
11 at the close of June 30 of each year shall lapse to the credit  
12 of the general fund.

13 (f) The authority shall submit a report to the  
14 legislature, no later than twenty days prior to the convening of  
15 each regular session, providing an accounting of the receipts  
16 and expenditures of the fund.

17 § -4 **Mandatory health care benefits; electronic**

18 **insurance card.** (a) Without limiting the development of  
19 medically more desirable combinations and the inclusion of new  
20 types of benefits, Hawaii care shall cover at least the  
21 following benefits:





- 1           (1) Hospital benefits;
- 2           (2) Surgical benefits;
- 3           (3) Medical benefits, including:
  - 4               (A) Primary care;
  - 5               (B) Preventive care;
  - 6               (C) Acute episodic care; and
  - 7               (D) Chronic disease care;
- 8           (4) Diagnostic laboratory services, x-ray films, and
- 9               radio-therapeutic services, necessary for diagnosis or
- 10           treatment of injuries or diseases;
- 11           (5) Prenatal, maternal, and neonatal care;
- 12           (6) Substance abuse benefits;
- 13           (7) Psychiatric and mental health benefits;
- 14           (8) Emergency services, including ambulance coverage;
- 15           (9) Durable medical equipment and prostheses;
- 16           (10) Dental benefits, including:
  - 17               (A) Prophylactic dental care, including no less than
  - 18               two cleaning visits and two dental examinations
  - 19               per year;



- 1 (B) Filling of cavities, provision of root canals,  
2 and tooth extractions, as medically necessary;  
3 and  
4 (C) Dental x-rays;
- 5 (11) Vision benefits, including:  
6 (A) No less than an examination per year;  
7 (B) Screening for glaucoma and macular disease;  
8 (C) Provision of a basic pair of corrective glasses  
9 at least once every two years; and  
10 (D) Any medically necessary surgeries to address  
11 ocular diseases;
- 12 (12) Hearing benefits, including:  
13 (A) An examination no less than once per year; and  
14 (B) Hearing aids, if medically necessary;
- 15 (13) Physical therapy;
- 16 (14) Pharmacy benefits, including prescription drug  
17 coverage;
- 18 (15) Standard diagnostic screenings, including mammography,  
19 colonoscopy, blood glucose, blood cholesterol, bone  
20 density, and hearing testing; and



(16) Vaccines recommended by the Centers for Disease  
Control and Prevention.

(b) The authority shall issue each resident of the State  
an electronic insurance card, that shall serve as proof that the  
cardholder is covered by Hawaii care.

(c) Pharmacy benefits shall be provided in accordance with  
a comprehensive formulary to be determined by the authority;  
provided that prescription drug coverage shall be consistent  
with pharmacy best practices for standards and procedures and  
cost controls.

(d) Except as otherwise provided, the benefits required by  
this chapter shall be provided without cost sharing to persons  
covered by Hawaii care, including benefits provided by out-of-  
state health care providers to residents who are temporarily out  
of State.

(e) Nothing in this chapter shall be construed to require  
Hawaii care to cover any benefit in excess of those required by  
this section that is not deemed medically necessary.

**§ -5 Network adequacy.** The authority shall maintain a  
robust and adequate network of health care providers located in  
the State or regularly serving residents.



1           §    -6   Hospitals; budgets; payments; operations.   (a)

2   Each hospital operating in the State shall be funded by a global  
3   budget, to be determined for each hospital by the authority and  
4   to be based on the cost of operations for services provided by  
5   each individual hospital. Hospital operating budgets shall not  
6   be based on fee-for-service billings and collections or payment  
7   through capitation.

8           (b)   Any funds from a hospital's operating budget that are  
9   unexpended or unencumbered by July 30 of each year shall be  
10   applied to the hospital's budget for the following fiscal year.

11          (c)   Each hospital may elect to include an associated group  
12   practice, including physicians and other licensed health care  
13   providers, under the hospital's global operating budget;  
14   provided that:

15          (1)   The hospital's global operating budget shall be  
16                  expanded to include the cost of salaries for the  
17                  health care providers and support staff who are part  
18                  of the group practice;

19          (2)   The group practice shall not have defined members or a  
20                  separate risk pool; and



1           (3) The services of members of the group practice shall be  
2           available to all persons enrolled in Hawaii care.

3           (d) Nothing in this section shall be construed to prohibit  
4 a hospital from accepting a patient with supplemental health  
5 insurance; provided that the hospital shall not bill a patient  
6 with supplemental health insurance for any services covered  
7 under Hawaii care.

8           §   -7   **Payments to health care providers and health care**  
9 **facilities; fee-for-service.** (a) Health care providers and  
10 health care facilities operating independently of a hospital  
11 shall be paid on a fee-for-service basis.

12           (b) The authority shall establish a standardized schedule  
13 for fee-for-service payments based on the professional training  
14 and time required for each covered service. The authority shall  
15 negotiate the fee-for-service schedule with organized groups  
16 representing health care providers on an annual basis. The  
17 fee-for-service schedule shall not be based on capitation.

18           (c) The authority shall make available the necessary  
19 information, forms, access to eligibility on enrollment systems,  
20 and billing procedures to health care professionals operating in



1 the State to ensure immediate enrollment for individuals  
2 enrolled in Hawaii care at the point of service or treatment.

3 (d) Nothing in this section shall be construed to prohibit  
4 a health care provider or health care facility from accepting a  
5 patient with supplemental health insurance; provided that the  
6 health care provider or health care facility shall not bill a  
7 patient with supplemental health insurance for any services  
8 covered under Hawaii care.

9 § -8 **Supplemental health insurance.** Nothing in this  
10 chapter shall be construed to prohibit a resident from  
11 maintaining supplemental health insurance; provided that the  
12 resident shall be responsible for any premiums, copayments,  
13 deductibles, or coinsurance requirements under a supplemental  
14 health insurance's policy, contract, plan, or agreement.

15 § -9 **Office of the patient advocate; established.** There  
16 is established an office of the patient advocate, that shall  
17 operate independently of the authority and that shall serve to  
18 investigate complaints of adverse decisions by the authority or  
19 any hospital, health care provider, or health care facility  
20 participating in Hawaii care.



1           §    **-10 Community-based programs.** (a) The authority  
2 shall establish global operating budgets for community-based  
3 programs, that shall be based on operating costs, including cost  
4 of salaries and overhead.

5           (b) Community-based programs shall serve residents with  
6 complex or highly specialized care needs and shall include, at a  
7 minimum:

8           (1) Treatment programs for mental health and substance  
9               abuse;

10          (2) Home care; and

11          (3) Collaborative support for patients requiring  
12               specialized care within primary care practices.

13          §    **-11 Rules.** The authority shall adopt rules pursuant  
14 to chapter 91 necessary to carry out the purposes of this  
15 chapter, including but not limited to rules for:

16          (1) Payment of cost sharing by residents; provided that  
17               the cost sharing requirement shall be not more than  
18               \$30; and

19          (2) Provision of care for residents in the State receiving  
20               health care coverage from federal and state medicare  
21               or medicaid programs.



§ -12 **Annual Report.** The authority shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session, including:

(1) Status of the implementation and operation of Hawaii  
care; and

(2) Any findings and recommendations, including any proposed legislation that the authority deems relevant for the implementation and effective operation of Hawaii care, including the repeal of the Hawaii Prepaid Health Care Act and the Hawaii Health Systems Corporation.

## PART IV

SECTION 7. The governor shall, no later than December 31, 2026, appoint members to the Hawaii health authority pursuant to section 332H-1, Hawaii Revised Statutes, with advice and consent of the senate as soon as practical thereafter.

SECTION 8. (a) No later than \_\_\_\_\_, the department of human services shall apply to the centers for Medicare and Medicaid Services for any amendment to the state medicaid plan or for any medicaid waiver necessary to implement part III of this Act.





(b) The State shall submit a state innovation waiver proposal to the United States Secretaries of Health and Human Services and United States Secretaries of Treasury to waive certain provisions of the federal Patient Protection and Affordable Care Act of 2010, Public Law No. 111-148, as amended, as provided under section 1332 of the federal act, and upon approval by the Secretaries to implement the waiver on .

SECTION 9. There is appropriated out of the general revenues of the State of Hawaii the sum of \$350,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the general administration of the Hawaii health authority, including the hiring of any staff necessary for the purposes of this Act.

The sum appropriated shall be expended by the department of budget and finance for the purposes of this Act.

SECTION 10. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 11. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.



# S.B. NO. 3305

1       SECTION 12. This Act shall take effect on July 1, 2026;  
2 provided that part III shall take effect one hundred eighty days  
3 after the later of the approval of the Hawaii medicaid state  
4 plan and applicable waivers by the Centers for Medicare and  
5 Medicaid Services or the implementation date of the state  
6 innovation waiver approved by the United States Secretary of  
7 Health and Human Services and United State Secretary of the  
8 Treasury.

9  
INTRODUCED BY: 



# S.B. NO. 3305

**Report Title:**

Hawaii Health Authority; Hawaii Care; Universal Health Care;  
Single Payer Health Care System; Hawaii Care Special Fund;  
Rules; Reports; Governor; Department of Human Services;  
Medicare; Medicaid; Appropriation

**Description:**

Establishes a universal, single payer health care system to be known as "Hawaii Care", to provide comprehensive health care benefits to all state residents and eventually replace all existing health care plans in the State. Designates the Hawaii Health Authority as the responsible agency for the comprehensive planning, implementation, and administration of Hawaii Care. Requires the Hawaii Health Authority to develop and submit a comprehensive implementation and administration plan to the legislature by a certain date. Establishes the Hawaii Care special fund. Requires the Hawaii Health Authority to adopt rules and submit reports to the Legislature. Requires the Governor to appoint members to the Hawaii Health Authority by 12/31/2026. Requires the Department of Human Services to apply for necessary federal waivers. Takes effect 180 days after the approval of the Hawaii Medicaid State Plan and necessary federal waivers. 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.*

