STAND. COM. REP. NO. 1282-26

Honolulu, Hawaii

MAR 20, 2026

RE: S.B. No. 2425
S.D. 2
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Health, to which was referred S.B. No. 2425, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to require health insurance carriers to honor a patient's written assignment of benefits to substance use disorder treatment providers.

Your Committee received testimony in support of this measure from The Ohana Addiction Treatment Center. Your Committee received testimony in opposition to this measure from the Hawaii Association of Health Plans and Hawaii Medical Service Association. Your Committee received comments on this measure from the Department of the Attorney General and Department of Commerce and Consumer Affairs.

Your Committee finds that insurance payment practices for the treatment of substance use disorders, insurers in the State send large reimbursement checks directly to patients after treatment, rather than paying the provider, even if the patient has executed a valid assignment of benefits. Your Committee further finds that this practice often puts newly sober persons at risk of relapsing by providing the patient with a large sum of money and creates a

major barrier to care as many programs require payments up front if the health insurance carrier refuses to directly pay the provider, which delays the patient from receiving the appropriate care. This measure is intended to improve health outcomes for persons suffering from substance use disorders by requiring health insurance carriers to honor a validly executed assignment of benefits and ensuring payments for substance use treatment go directly to the provider.

Your Committee notes the concerns raised in testimony by the Insurance Commissioner, that this measure does not define when an assignment of benefits is validly executed. Your Committee respectfully requests your Committee on Consumer Protection & Commerce, if it chooses to deliberate on this measure, to consider specifying what a validly executed written assignment of benefits should entail.

Your Committee has amended this measure by:

(1) Inserting language clarifying that this measure does not impair any contract existing as of the effective date of this measure; and

(2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2425, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2425, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Health,

GREGG TAKAYAMA, Chair

State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 1282-26

Record of Votes of the Committee on Health

Bill/Resolution No.:	Committee Referral:	Date:
SB2425, SD2	HLT, CPC, JHA	3/19/2024

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is) ☒ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAYAMA, Gregg (C)	X			
2. KEOHOKAPU-LEE LOY, Sue L. (VC)	X			
3. AMATO, Terez	X			
4. HARTSFIELD, Daisy				X
5. MARTEN, Lisa	X			
6. OLDS, Ikaika	X			
7. TAKENOUCHI, Jenna	X			
8. ALCOS III, David		X		
9. GARCIA, Diamond			X	
TOTAL (9)	6	1	1	1

The recommendation is: ☒ Adopted ☐ Not Adopted

If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _____

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