JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKUʻĀINA ʻO HAWAIʻI
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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committees on Health and Human Services & Homelessness
Wednesday, February 4, 2026
9:00 a.m.
State Capitol, Conference Room 329 and via Videoconference

On the following measure:
H.B. 1965, RELATING TO PRIMARY CARE

Chair Takayama, Chair Marten, and Members of the Committees:

My name is Scott K. Saiki and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to: (1) require all health carriers to allocate, initially, not less than 6% of the carrier's total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12%; (2) require health carriers to pay primary care providers directly, rather than through administrative mechanisms; (3) place restrictions on downcoding and claim modifications; (3) require health carriers to ensure access to primary care in rural areas, including access to Primary Care Access Visits and Community Access Primary Care Sites; (4) require the Insurance Commissioner (Commissioner) to administer requirements established in bill; (5) require the Department of Human Services Med-QUEST Division to apply the Act, to the extent permitted by federal law and subject to any federal approvals, to Medicaid managed

care organizations; (6) require reports; (7) require the Auditor to evaluate the impact of the Act on various metrics 3 years after the measure's effective date; and (8) establish the primary care stabilization special fund.

While the Department appreciates the bill's goal of stabilizing Hawaii's primary care workforce, the Department would like to comment on a few significant regulatory, financial, and administrative challenges presented by the measure

Section 431: -C mandates that no health carrier shall raise premiums to meet the increased primary care expenditure requirements. This directive is at odds with the insurance code, Hawaii Revised Statutes Section 431:14-103, which requires that insurance rates shall not be "excessive, inadequate, or unfairly discriminatory." The Insurance Division must ensure that premiums are actuarily sound, meaning that they are sufficient to cover anticipated claims and administrative costs without being excessive or inadequate. Limiting rate adjustments may cause premiums to become actuarially unsound, creating a risk to the stability of the insurance market.

Section 431: -C states that the payments made to each health carrier's total medical expenditures shall "not be counted as an administrative expense for medical loss ratio purposes". This requirement could conflict with federal regulations which define how medical loss ratios are calculated. Specifically, 45 CFR Part 158 defines what payments constitute clinical services or administrative costs.

Section 431: -D creates new rules regarding downcoding and claim modifications, prohibiting carriers from reclassifying claims unless they can provide documented clinical evidence within five days. Subsection (d) provides that each "downcoded claim shall be subject to expedited external review and a final determination shall be issued within fifteen calendar days." The Department notes that no external review process for downcoding claims currently exists and it is unclear whether the Department is to administer or adjudicate the external review process. The Insurance Division currently does not have the staff or expertise to enforce these guidelines and would require additional staff with specialized expertise in medical billing and coding or to contract this expertise with a third party.

Sections 431: -E, 431: -J, 431: -K. and 431: -Q, create new sections regarding prompt payments, the Commissioner's audit authority, the Commissioner's enforcement authority, and telehealth parity, respectively. The Department notes that these sections would be duplicative of existing statutes in the insurance code – HRS 431:13-108 (reimbursement for accident and health or sickness insurance benefits), 431, article 2, part III (Investigations, examinations, hearings, and appeals), 431:2-203 (enforcement), and 431:10A-116.3, 432:1-601.5, and 432D-23.5 (coverage for telehealth).

Section 431: -I requires the Commissioner to establish a public reporting format and maintain a website summarizing among other things, each health carrier's primary care spending, downcoding activities, prior authorization performance, and prompt payment performance. However, health carriers are not required to provide their primary care spending to the Commissioner and it is unclear what is meant by "downcoding activities", "prior authorization performance", and "prompt payment performance".

Section 431: -R requires carriers to "cover medically necessary inter-island transportation." The Department notes that it is unclear whether this section would trigger the defrayal requirements under 45 Code of Federal Regulations (CFR) § 155.170. Under the Affordable Care Act (ACA), if a state mandates benefits that are "in addition to" the essential health benefits (EHB) defined in the state's benchmark plan, the State is required to defray the cost of those additional benefits. This means the State would be responsible for paying the additional premium costs for those benefits for all individuals enrolled in qualified health plans on the exchange.

Additionally, the Department notes the requirements set forth in Hawaii Revised Statutes (HRS) section 23-51. This statute mandates that "[b]efore any legislative measure that mandates health insurance coverage for specific health services... can be considered, there shall be concurrent resolutions passed requesting the auditor to prepare and submit to the legislature a report that assesses both the social and financial effects of the proposed mandated coverage."

The purpose of the auditor's report is twofold. First, the report determines the actual public demand for the service and whether its lack of coverage results in financial

hardship or restricted access to care. Second, the report evaluates the potential financial impact of the new mandated benefit, including potential impacts to premiums, total cost of health care, and state defrayal. The completion of the report before the bill is enacted provides the Legislature with the objective data necessary to balance the benefits of the proposed coverage against its potential economic impact.

Finally, the measure contains undefined terms that could create difficulties in enforcement by the Department and compliance by insurers. Page 16, line 20 and page 18, line 3 use the undefined term “standard primary care services”. Additionally, page 18, line 6 contains the undefined term “provisionally attributed”. Without definitions, it would be difficult for the Department to enforce these requirements.

Thank you for the opportunity to testify.

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
DEPARTMENT OF HEALTH - *KA ʻOIHANA OLAKINO*

JOSH GREEN, MD
GOVERNOR OF HAWAIʻI
KE KIAʻĀINA O KA MOKUʻĀINA ʻO HAWAIʻI

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HOʻOKELE

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

February 2, 2026

TO: HOUSE COMMITTEE ON HEALTH
Representative Gregg Takayama, Chair
Representative Sue L. Keohokapu-Lee Loy, Vice Chair

HOUSE COMMITTEE ON HUMAN SERVICES & HOMELESSNESS
Presentative Lisa Marten, Chair
Representative Ikaika Olds, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to Governor Josh Green, MD on Healthcare Innovation

RE: **HB 1965 -- RELATING TO PRIMARY CARE**

HEARING: Wednesday, February 4, 2026 @ 09:00 am; Conference Room 329

POSITION: SUPPORT with COMMENTS

Testimony:

The State Health Planning and Development Agency (SHPDA) strongly supports HB1965. This measure addresses one of the most persistent structural failures in our healthcare system: chronic underinvestment in primary care. Expanding and stabilizing primary care reimbursement is among the most evidence-based actions available to improve access, quality, and equity while reducing downstream costs. This bill is consistent with national best practices and recommendations from the National Academy of Medicine, which has repeatedly emphasized that increasing primary care investment is foundational to a high-performing health system.

HB1965 directly advances Hawaiʻi's AHEAD goals by accelerating reforms that were originally envisioned to unfold over nearly a decade. While we recognize this is a significant policy step, it is also a necessary one. Strengthening primary care capacity across FQHCs, independent practices, and integrated systems, will improve access to care, reduce avoidable emergency department visits, and mitigate preventable costly long-term hospitalizations. These outcomes are especially critical for our rural communities, Native Hawaiian and Pacific Islander populations, and others in our community that experience disproportionate barriers to care.

From an economic standpoint, it is clear that primary care prevents expensive failures elsewhere in healthcare sector. When primary care is underfunded, patients defer care, conditions worsen, and the system backfills with urgent care, emergency departments, and inpatient admissions. These are cost centers that are far more expensive. By stabilizing primary care practice revenue and capacity, HB1965 supports earlier intervention, better chronic disease management, and reduced "avoidable utilization," which is the primary driver of unsustainable total cost growth.

Regarding the outlaw insurer "downcoding" practices, we acknowledge that some insurers may raise concerns about provider potential upcoding. However, SHPDA believes this framing overlooks the fact that routine insurance downcoding and denial of legitimate physician services exists nationally, and according to our providers here, is becoming rampant for legitimate and fair charges. This undermines practice sustainability and disincentivizes comprehensive care. Addressing appropriate reimbursement corrects misaligned incentives and administrative friction that currently push care into higher-cost settings and erode access over time.

SHPDA respectfully defers to the Hawai'i Department of Human Services Med-QUEST Division on the detailed fiscal impacts to Medicaid programs and implementation considerations. That said, from a system-level planning perspective, HB1965 represents one of the most consequential and prudent investments the State can make to improve access, promote equity, and modernize care delivery in alignment with AHEAD. For these reasons, SHPDA strongly supports HB1965 and urges its passage.

Thank you for hearing HB 1965

Mahalo for the opportunity to testify.

- -- Jack Lewin MD, Administrator, SHPDA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 3, 2026

TO: The Honorable Representative Gregg Takayama, Chair
House Committee on Health

The Honorable Representative Lisa Marten, Chair
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 1965 – RELATING TO PRIMARY CARE.**

Hearing: February 4, 2026, Time 9:00 a.m.
Conference Room 329 & via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this measure and offers comments. DHS suggests that a broader definition of primary care investments extending beyond payments made to primary care providers to additionally consider investments in beneficial primary care services and primary care supports and reductions in low-value primary care services.

Continued investment in high-quality primary care has been shown to reduce unnecessary hospital visits, leading to overall savings in health care spending. DHS strongly supports increased investment in primary care and encourages such investment through its QUEST Integration contracts.

In Calendar Year (CY) 2024, the five managed care organizations (MCOs) in the QUEST Integration program invested at least 9% of their total medical expenditures on primary care, with 7% of payments supporting primary care visits; 1% supporting quality bonus payments; and 1% supporting beneficial primary care services such as screenings, immunizations and

other preventive health interventions. Additionally, the QUEST Integration program spent an additional 3% on primary care supports, defined as supportive services needed to prevent readmissions and poor health outcomes, such as care management, mental health and substance use treatment, and supportive housing; and identified 1% of payments in low-value primary care services.

In CY 2025, with legislative support, the Med-QUEST Division (MQD) increased its investment in primary care by increasing the Medicaid fee schedule to 100% of the Medicare fee schedule for primary care providers. Additionally, DHS remains strongly supportive of continuing to increase beneficial primary care spending by leveraging the Achieving Healthcare Efficiency through Accountable Design (AHEAD) Grant funds to design and implement alternative payment models for primary care that incentivize and promote better health outcomes while reducing wasteful spending on low-value services.

Thank you for the opportunity to provide testimony on this measure.

Jennifer Kagiwada
Council Member District 2 South Hilo

Office:(808) 961-8272
jennifer.kagiwada@hawaiicounty.gov

HAWAIʻI COUNTY COUNCIL - DISTRICT 2

25 Aupuni Street · Hilo, Hawaiʻi 96720

DATE: February 2, 2026
TO: House Committee on Health and Human Services & Homelessness
FROM: Jennifer Kagiwada, Council Member
Council District 2
SUBJECT: HB 1965

Aloha Chairs Takayama and Marten, Vice Chair Keohokapu-Lee Loy and Olds, and Committee Members,

I write in support of HB 1965, which would significantly help on our island with our physician shortage. Hawaiʻi Island alone has a significant shortage of nearly 800 full-time physicians, which also plays a part in the limited clinics available across the island, particularly in rural areas where access to care is already very limited and many must travel to receive care.

Reliable primary care is essential for a healthy community. When people can see a provider without long delays, problems are treated early, chronic conditions stay under control, and many ER visits can be prevented. In many areas, especially rural areas, residents still struggle to find a provider or wait weeks to months for an appointment, even if they have insurance.

HB 1965 aims to strengthen primary care by helping clinics remain open, directing more health care funding to frontline services, ensuring faster payments, and cutting unnecessary administrative hurdles. The bill doesn't raise premiums or add new benefits; it simply uses current resources more efficiently.

Strong primary care keeps our communities healthier, reduces pressure on hospitals, and supports a more resilient health system. This bill will help protect and improve access to care in Hawaiʻi Island and across the State.

Thank you for the opportunity to testify in support of HB 1965

Mahalo,

Jenn Kagiwada

Support isles' primary care providers

By Drs. Scott Grosskreutz, Ka'ohimanu Dang Akiona and Esther Yu Smith

Hawaii's access to health care crisis is nothing new. The University of Hawaii has reported doctor shortages exceeding 40% on Maui and Hawaii counties for years. The lack of care is especially severe on Molokai and in our rural areas. Losing even one clinic on Molokai means losing half of the island's medical capacity, and without immediate funding that is exactly what will happen. On the Big Island, many communities simply cannot get the basic primary care they need.

Patients in Puna, Ka'u, Hamakua and parts of Kona wait months for appointments or travel long distances for routine care.

The cause is straightforward. The cost of providing medical and dental services in Hawaii is often higher than what the federal government and our local insurance companies reimburse. Clinics lose money every time they see patients. Recruiting new providers becomes nearly impossible and keeping the providers we have becomes harder each year.

Federal health care dollars are also not reaching the exam room. About $50 million intended for Medicaid patients is spent by insurers on contractors who are mostly out of state.

When Medicare and other programs are included, more than $100 million a year may be going to administrative services instead of patient care. Some of these expenses are even categorized as medical services so insurers can stay within the federal 15% cap on administrative costs.

Shortages outside of Honolulu are shortages in Honolulu. For example, people in Puna, Kaunakakai, Hanapepe, Lahaina and even Waianae cannot get timely care close to home and so travel to the city. Honolulu's hospitals, specialists and emergency rooms then absorb the burden of shortages across the rest of the state. This leads to longer waits, crowded clinics, higher burnout and reduced access

for Honolulu's own residents.

Primary care is where the damage is greatest.

Although primary care providers handle close to 80% of patient visits, only 3.6% of total health care spending in Hawaii goes to primary care.

Many states are moving toward a requirement that 12% of health care dollars go to primary care. Other countries already invest 12% to 14%.

Strengthening primary care saves money because early diagnosis and steady care prevent unnecessary ER visits and hospitalizations.

The data is clear. When people have their own primary care provider, survival improves by 10% to 20%. Overall health care costs drop by as much as 13%. Avoidable hospitalizations fall by 20% to 50%. The chance of late stage cancer decreases by 10% to 30%. But on the Big Island, we are seeing the opposite trend because we no longer have enough primary care.

In recent years, our insurance industry has added to the confusion by hiring unsolicited mainland agents who call Hawaii patients to diagnose or manage their conditions over the phone or by video. These contractors usually do not have access to full medical records and often do not notify the patient's local provider. This undermines the doctor-patient relationship and increases the risk of inappropriate care. The insurance industry will say that increasing resources for clinics will require raising premiums. It makes this claim whenever investment in primary care is proposed.

But every commercial it runs should remind our legislators and the public that appearances have been prioritized over access. Every commercial on the air underscores what is not there: access, adequacy and the care Hawaii families need. An insurer's first priority should always be providing care. Until that access exists, every other spend is a diversion away from health care.

The state Legislature can fix this.

Hawaii should require that 12% of all funds intended for patient care be spent on local primary care. These dollars should reach the providers who care for our communities, not mainland contractors and administrative vendors.

ISLAND VOICES

This is the clearest path to preserving local clinics, improving access statewide and easing the pressure on Honolulu.

Please contact your lawmakers and ask them to support this policy. It is the most effective step we can take to ensure that Hawaii families can keep a primary care provider in their own community.



Scott Grosskreutz, M.D., from left, is a breast cancer specialist in Hilo and president of the Hawaii Healthcare Task Force; Ka'ohimanu Dang Akiona, M.D., is a family medicine physician and advocate for access to rural health care; Esther Yu Smith, M.D., vice president of the task force, is medical director of Ka'u Hospital.

HB-1965
Submitted on: 2/1/2026 2:37:54 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lauran Chapple	Oceanic Wellness LLC	Support	Written Testimony Only

Comments:

Access to primary care is essential for healthy communities. When people can see a primary care provider in a timely way, health problems are addressed early, chronic conditions are better managed, and costly emergency room visits can often be avoided. When access is limited, people delay care and end up sicker, which is harder on families and more expensive for the

In many parts of Hawaii, especially on neighbor islands and in rural communities, residents struggle to find a primary care provider or face long wait times, even when they have health insurance. Clinics are closing, providers are leaving, and access continues to worsen. This is not sustainable.

HB1965 addresses this problem by strengthening primary care and ensuring that health care dollars are used to support frontline care where it makes the greatest difference. The bill helps tabilize clinics, supports timely payment to providers, and improves access without raisin remiums or mandating new benefit:

Strong primary care keeps people healthier, reduces strain on emergency departments and hospitals, and helps control health care costs over time. Supporting primary care is one of the most effective ways to protect access and affordability for Hawaii residents.

Mahalo!

Hawai'i Association of Professional Nurses (HAPN)

To: The Honorable Representative Takayama, Chair, and Members of the House Committee on Health (HLT); and the Honorable Representative Marten, Chair, and Members of the House Committee on Human Services & Homelessness (HSH)
From: Hawai'i Association of Professional Nurses (HAPN)
RE: HB1965 — Relating to Primary Care
Position: Strong Support
Hearing: Wednesday, February 4, 2026, 9:00 AM

Aloha Chairs, Vice Chairs, and Members of the Committees:

On behalf of the Hawai'i Association of Professional Nurses (HAPN), we submit this testimony in **strong support** of HB1965. This measure advances a core principle that nurses and APRNs see every day in real time: when primary care is adequately supported and protected, patients get care earlier, chronic conditions are managed more effectively, preventable complications decrease, and the entire health system functions better.

HAPN supports HB1965 because it takes direct aim at structural barriers that have weakened primary care in Hawai'i, especially payment practices that create instability, add administrative friction, and undermine access in rural and neighbor island communities. By establishing clear expectations for health carriers related to investment in primary care, requiring transparent payment practices that support front-line primary care delivery, and curbing harmful claim practices such as downcoding and inappropriate claim modifications, HB1965 helps ensure that primary care practices can remain viable and focused on patient care.

From HAPN's perspective, the benefits are practical and immediate:

1. **Stabilizing primary care strengthens the workforce Hawai'i already relies on.**
   Primary care in Hawai'i is delivered by a team that includes physicians, APRNs, RNs, and other clinicians. When payment is predictable and fair—and when administrative "games" like downcoding are limited—clinics can recruit and retain providers, keep panels open, and invest in staffing models that reduce burnout.

2. **Better primary care access improves equity—especially for rural and neighbor island communities.**
   HB1965's focus on ensuring access to primary care in rural areas aligns with what communities have been saying for years: the "access problem" is not theoretical; it's lived experience. This bill helps address the root system conditions that lead to gaps in appointment availability, clinic closures, and long waits.

3. **Protecting primary care spending is a cost-smart strategy.**
   When primary care is underfunded, patients often end up accessing care later and in higher-cost settings. Strengthening primary care is one of the most effective ways to reduce avoidable utilization while improving outcomes—especially for patients with complex needs and chronic illness.

4. **Applying these standards to Med-QUEST managed care matters.**
   Medicaid patients deserve the same seriousness of commitment to primary care access and stability as anyone else. Including Med-QUEST, to the extent permitted

by federal law and approvals, helps ensure that reforms reach communities with the greatest need and highest barriers to access.

Conclusion
HB1965 is a meaningful, systems-level step toward protecting primary care capacity in Hawai‘i. HAPN respectfully urges the Committees to PASS HB1965.

Mahalo for the opportunity to provide testimony.

Respectfully submitted,
Hawai‘i Association of Professional Nurses (HAPN)

HB-1965
Submitted on: 2/2/2026 10:52:37 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Robert Thomas Carlisle, MD, MPH	Hawaii Academy of Family Physicians (HAFP)	Comments	Written Testimony Only

Comments:

HOUSE COMMITTEE ON HEALTH

Representative Gregg Takayama, Chair

Representative Sue Keohokapu-Lee Loy, Vice Chair

Date: 2 FEB 2026

From: Hawaii Academy of Family Physicians, Legislative Committee (HAFP)

Robert Carlisle, MD, MPH – Chair

RE HB 1965 RELATING TO PRIMARY CARE: DHS; Health Carriers; Primary Care Providers; Primary Care Access Visits; Community Access Primary Care Sites; Downcoding; MED-QUEST; Prohibitions; Reports; Special Fund.

Position: Significant comments

This measure proposes to have all health carriers in Hawai‘i allocate 6% of the carriers’ total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12%.

With a mission to optimize the health of the people of Hawai‘i and the ability of its family medicine physicians to provide effective health care, HAFP Legislative Committee supports the intent to enhance access to primary care services by increasing investment in primary care by shifting our financial values to a reasonable share of medical expenditures. Further, the measure would mitigate insurance practices such as blanket downcoding, proven ineffective prior authorization, and expand transparency.

We note that the definition of “Community Access Primary Care Site” is a novel creation in this bill and may not be necessary to accomplish the above. Any investment in primary care should explicitly reinforce preventative care, care coordination, and continuity of patient care, which is foundational to high-quality primary care. Access and making specialty referrals alone do not accomplish the full objectives of primary care and are insufficient if care is fragmented without longitudinal responsibility. Clarifying this definition would help ensure that investments support comprehensive, coordinated care rather than isolated, episodic services.

All healthcare professionals should deliver care within the scope of their training, education, and demonstrated competencies, supported by appropriate supervision and collaboration. In Hawaii, Physicians Assistants (PA’s) provide high quality services under the supervision of a physician. Consistency in this language is vital.

HAFP respectfully requests these comments for consideration.

Thank you for allowing the HAFP to submit comments on this measure.

Robert Thomas Carlisle, MD, MPH

Chair, Legislative Committee

Hawai‘i Academy of Family Physicians (HAFP)

advocacy@hafp.info

HB-1965
Submitted on: 2/2/2026 12:51:22 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
David Isei	Hawaii Healthcare Task Force	Support	In Person

Comments:

Aloha Chair, Vice Chair, and Members of the Senate,

Thank you for the opportunity to testify and for your ongoing leadership, especially your commitment to primary care, which is essential to a strong healthcare system.

My name is David Isei, Founder of Mohala Health and Executive Director of the Hawai‘i Healthcare Task Force. I am here today to express strong support for SB2690.

Allow me to be clear:
Hawai‘i does not have a training problem. Hawai‘i has a financing problem.

According to the University of Hawai‘i John A. Burns School of Medicine, our state is short more than 760 full-time equivalent physicians, with primary care being the single largest area of shortage. On neighbor islands, shortages exceed 35 to 40 percent in some regions.

These challenges are not theoretical; they have real consequences:

- Independent family clinics closing
- Rural practices cannot hire nurses, medical assistants, or front-office staff
- Diagnostic and radiology services are disappearing
- Providers are leaving insurance networks or relocating out of Hawai‘i

Primary care clinics are not closing because there is no demand. They are closing because reimbursement rates have not kept pace with actual costs..

Nationally, the United States spends only 5–7% of healthcare dollars on primary care, despite overwhelming peer-reviewed evidence that strong primary care systems lower total healthcare costs. Countries and states that invest 10–14% consistently outperform us on cost, outcomes, and access.

Hawai‘i is experiencing the consequences of underinvestment:

- Higher emergency room utilization for primary-care-treatable conditions
- Preventable hospital admissions
- Rising Medicaid and commercial costs

- A workforce trained in Hawai‘i is being hired by other states

SB2690 addresses this challenge in a critical way:
It moves existing dollars to where they actually save money.

By requiring health carriers to invest 6%, then 9%, and ultimately 12% directly into primary care, this bill will stabilize clinics, prevent closures, and enable practices, especially rural and independent ones, to hire and retain. This hiring impact is significant:matters.

- More healthcare jobs
- Less workforce leakage
- Reduced pressure on unemployment and social services
- Increased circulation of funds within Hawai‘i’s economy

This bill does not expand bureaucracy.
It corrects a structural imbalance that has cost Hawai‘i billions over time.

If enacted, SB2690 gives Hawai‘i a rare opportunity:
Lead the nation by proving that investing in primary care is not a cost—it is a savings straOn behalf of frontline providers, rural communities, and the Hawai‘i Healthcare Task Force, and with gratitude to the organizations that contributed data and expertise, I urge your support for SB2690.SB2690.

Mahalo for your leadership and for the opportunity to testify.

HB-1965
Submitted on: 2/2/2026 2:54:57 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu L K Dang Akiona MD	Kohala Coast Urgent Care/Moloka`i Family & Urgent Care	Support	Written Testimony Only

Comments:

TESTIMONY IN SUPPORT OF HB1965 Primary Care Protection Act

HOUSE HEALTH COMMITTEE

Chair Representative Gregg Takayama, Vice Chair Representative Sue Keohokapu-Lee Loy

HOUSE HEALTH SERVICES & HOUSELESSNESS COMMITTEE

Chair Representative Lisa Marten, Vice Chair Representative Ikaika Olds

Aloha Chairs, Vice Chairs, and Esteemed Members of the Committees,

My name is Ka`ohimanu Dang Akiona, MD, and I am a rural, family medicine, primary care provider practicing in Kohala on Hawai`i Island and with a clinic in Kaunakakai on Moloka`i.

I submit this testimony in **strong support of HB1965**, the Primary Care Protection Act.

Primary care is the front door of the health care system. When it is accessible and stable, patients receive care earlier, chronic disease is better controlled, and costly emergencies are avoided. When primary care erodes, the entire system pays the price. In Hawai‘i, especially on neighbor islands and in rural communities, we are already seeing the consequences of prolonged underinvestment in primary care.

In my practice, I routinely manage complex medical issues that would otherwise escalate into emergency department visits or hospitalizations if timely primary care were not available. The gaps in care have worsened, particularly on Moloka`i, and patients, their families and the communities they are a part of are suffering as a result- higher rates of complications and lower quality of life, shorter life expectancy.

Treating infections early, adjusting medications before decompensation, coordinating care locally, and following patients after hospital or inter-island specialty care are core parts of

primary care. This work prevents harm and saves money, but it requires time, staff, and reliable payment.

Despite this role, primary care remains underpaid relative to its value. Reimbursement has not kept pace with rising costs, administrative burden continues to grow, and payment instability makes it increasingly difficult to retain staff or keep clinics open. Many colleagues have reduced insurance participation, closed practices, or left Hawai‘i entirely. These are not isolated decisions. They are systemic signals of instability.

HB1965 addresses these realities directly. The bill establishes a minimum investment floor for primary care and ensures that primary care dollars reach frontline clinicians rather than being absorbed by administrative overhead or intermediary programs. It strengthens prompt-pay protections, limits inappropriate downcoding, and reduces administrative practices that undermine clinical care without improving outcomes.

As a primary care provider, I am particularly supportive of the bill’s focus on access models that reflect Hawai‘i’s realities. Same-day and walk-in primary care are not conveniences in many communities. They are essential. Protecting these services helps keep patients out of emergency departments and preserves access where options are limited.

The evidence supporting this approach is strong. Research synthesized by the Harvard Medical

School Center for Primary Care shows that direct investment in primary care reduces emergency department use, preventable hospitalizations, and total health care costs, with measurable improvements seen within a relatively short time frame. Strengthening primary care is one of the most effective cost-control strategies available.

HB1965 does not raise premiums, mandate new benefits, or interfere with clinical decision-making. It simply ensures that existing health care dollars are used in a way that supports access, stabilizes the workforce, and keeps care local.

As a primary care provider committed to caring for our family and friends in the Kohala and Moloka`i communities, **I respectfully urge the Committee to support HB1965** and take an evidence-based step toward protecting health care access across Hawai‘i.

Mahalo for the opportunity to testify and share my mana`o.

Respectfully,

Ka`ohimanu L K Dang Akiona, MD

Kohala Coast Urgent Care & Mobile Health/Moloka`i Family & Urgent Care

Kohala, Hawai`i Island/ Kaunakakai, Moloka`i

HPCA
HAWAI'I PRIMARY CARE ASSOCIATION

Testimony to the House Joint Committee on Health, and Human Services and Homelessness
Wednesday, February 4, 2026; 9:00 a.m.
State Capitol, Conference Room 329
Via Videoconference

RE: HOUSE BILL NO. 1965, RELATING TO PRIMARY CARE.

Chair Takayama, Chair Marten and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA respectfully **COMMENTS** on House Bill No. 1965, RELATING TO PRIMARY CARE.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The bill, as received by your Committee, would require private insurers offering accident and sickness policies under Chapter 431, Hawaii Revised Statutes (HRS), to allocate on an incremental basis a percentage of total medical expenditures directly to primary care providers.

The bill would take effect on July 1, 2026.

The HPCA is currently reviewing this measure to determine the extent this measure will impact FQHC operations and benefits for our patients. Based on our cursory examination of the bill, as presently drafted, we offer the following observations:

- While the purpose section suggests the Legislature's intention of requiring mandated primary care expenditures for all insurers, because this bill would establish the statutory language in Chapter 431, HRS, only, it is questionable whether this requirement would apply to mutual benefit societies, health maintenance organizations, and Medicaid.

- It is unclear how this bill, as presently drafted, would interact with the Affordable Care Act and the Employee Retirement Income Security Act of 1974, especially regarding the provision of benefits to insureds.

- It is unclear how this bill would be implemented since expenditures are based on claims filed. While the intent may be for plans to provide a greater amount of expenditures on primary care, because expenditures are based on claims filed, unless a larger percentage of loss costs are attributed through claims for primary care, the plans would need to find some other way of distributing expenditures for primary care services -- either through grants or some other mechanisms. However, this is not explained in the bill, as presently drafted.

Because our focus to patients is on the provision of primary care services, the HPCA wholeheartedly agrees that more resources must be dedicated for primary care. Yet, we recognize the enormous challenges lawmakers face in establishing a statutory regime that takes into account the complexity and unique nature of Hawaii's health care system. As such, the HPCA greatly appreciates the opportunity to participate in the discussion and wishes to assist in pursuing the goal proposed in this bill.

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiipca.net.

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The State Legislature
House Committee on Health
House Committee on Human Services and Homelessness
Wednesday, February 4, 2026
Conference Room 329, 9:00 a.m.

TO: The Honorable Gregg Takayama, Chair
The Honorable Lisa Marten, Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1965 Relating to Primary Care

Aloha Co-Chairs Takayama and Marten, and Members of the Committees:
My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP Hawai'i is in support of House Bill 1965 Relating to Primary Care. Hawai'i's older adults rely heavily on a robust and accessible primary care system. Primary care is essential for managing chronic conditions, preventing avoidable hospitalizations and improving health outcomes. Yet Hawai'i faces a severe shortage of primary care providers, driven by rising operating costs, stagnant reimbursement, and administrative burdens that are pushing providers out of practice.

HB 1965 takes meaningful steps to stabilize and strengthen the primary care workforce by requiring insurers to increase the share of medical spending directed to primary care providers, prohibiting downcoding and abusive utilization review to ensure fair reimbursement, improving access to care in rural and underserved communities through primary care access visits and community access primary care sites, and enhancing prompt payment and transparency to help keep smaller and independent practices financially stable.

These reforms will benefit patients statewide, particularly kūpuna, who depend on reliable primary care to maintain independence and quality of life. For these reasons, AARP Hawai'i supports HB 1965 and urges the committees to pass this important measure.

Thank you for the opportunity to testify in support.

Hawaii Medical Association
1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814
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HOUSE COMMITTEE ON HEALTH
Representative Gregg Takayama, Chair
Representative Sue Keohokapu-Lee Loy, Vice Chair

HOUSE COMMITTEE ON HUMAN SERVICES AND HOMELESSNESS
Representative Lisa Marten, Chair
Representative Ikaika Olds, Vice Chair

Date: February 4, 2026
From: Hawaii Medical Association (HMA)
Elizabeth Ann Ignacio MD - Chair, HMA Public Policy Committee
Christina Marzo MD and Robert Carlisle MD, Vice Chairs, HMA Public Policy Committee

RE HB 1965 RELATING TO PRIMARY CARE: DHS; Health Carriers; Primary Care Providers; Primary Care Access Visits; Community Access Primary Care Sites; Downcoding; MED-QUEST; Prohibitions; Reports; Special Fund.
Position: Support with amendments

This measure would require all health carriers to allocate, initially, not less than 6% of the carrier's total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12%; require health carriers to pay primary care providers directly, rather than through administrative mechanisms. Places restrictions on downcoding and claim modifications, require health carriers to ensure access to primary care in rural areas, including access to Primary Care Access Visits and Community Access Primary Care Sites; require Insurance Commissioner to administer requirements established in bill; require the Department of Human Services Med-QUEST Division to apply the Act, to the extent permitted by federal law and subject to any federal approvals, to Medicaid managed care organizations; require reports; requires the Auditor to evaluate the impact of the Act on various metrics 3 years after the measure's effective date; establish the primary care stabilization special fund.

HMA supports the intent of this measure to enhance access to primary care services in Hawaii, by Improving investment in primary care — including ensuring a fair share of medical expenditures that flows directly to providers. Further, the measure would prohibit abusive insurance practices such as blanket downcoding and restrictive utilization review as well as expand transparency, reporting, and enforcement mechanisms to protect access, particularly in rural areas.

HMA notes that a definition of “Community Access Primary Care Site” should explicitly reinforce continuity of patient care and preventive medicine, which are foundational to high-quality primary care. Access alone is insufficient if care is fragmented or lacks longitudinal responsibility for patient outcomes. Clarifying this definition would help ensure that investments support comprehensive, coordinated care rather than isolated, episodic services.

Additionally, all healthcare professionals should deliver care within the scope of their training, education, and demonstrated competencies, supported by appropriate supervision and collaboration. In Hawaii,

Physicians Assistants provide high quality services under the supervision of a physician, consistent with (statute §453-5.3).

HMA respectfully requests these additions/amendments for consideration:

1)

"Community access primary care site" means a ~~clinic~~ **practice** that offers same-day or episodic primary care services~~, maintains referral capability, and ensures documented follow-up care.~~ **by a qualified licensed healthcare provider with appropriate referral capabilities when necessary, and reasonable patient support/navigation resources for preventative care and future comprehensive continuity of care.**

2)

"Primary care provider" or "provider" means a physician, advanced practice registered nurse, or physician's assistant **under the supervision of a physician** who**:**

HMA supports this measure with provisions to improve patient access to essential healthcare and thoughtful guardrails so that investments translate into durable patient-provider relationships and measurable improvements in health outcomes.

Thank you for allowing the Hawaii Medical Association to submit testimony in support of this measure.

REFERENCES AND QUICK LINKS

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Maarsingh, O. R. (2024). *The wall of evidence for continuity of care: How many more bricks do we need?* Annals of Family Medicine, 22(3), 184–186. https://doi.org/10.1370/afm.3116

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HB-1965
Submitted on: 2/2/2026 11:14:34 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Esther Yu Smith, MD	Mohala Health	Support	Remotely Via Zoom

Comments:

Why Investing in Primary Care Saves Both Dollars and Lives

The Primary Care Protection Act is grounded in a simple reality: **when people can access primary care early, they live longer, suffer fewer permanent disabilities, and cost the health care system less**.

Primary care is where disease is prevented, detected early, and managed before it becomes dangerous. When access to primary care breaks down, people do not disappear from the system. They show up later, sicker, and in far more expensive settings. That delay leads directly to preventable deaths, lifelong disability, and avoidable public spending.

From a budget perspective, primary care is the lowest-cost part of the health care system. Emergency departments, inpatient hospital care, dialysis, advanced heart failure treatment, and late-stage cancer care are among the most expensive. When patients cannot see a primary care clinician in time, spending shifts toward these high-cost settings, increasing total health care expenditures while outcomes worsen.

The policy goal is straightforward: **spend more earlier on prevention and timely treatment so the system spends far less later on emergencies and advanced disease**.

Why existing insurance regulation is not enough

Hawai‘i already regulates insurance spending through federal Medical Loss Ratio (MLR) rules, which require insurers to spend 80–85 percent of premium dollars on “medical care and quality improvement.” However, MLR does not ensure that money reaches frontline clinicians or improves access to care.

Insurers can meet MLR requirements through high-cost hospital services, outsourced vendor contracts, and administratively complex programs that do not stabilize primary care. Critically, when total health care spending increases, insurers are not financially harmed. Because administrative revenue is calculated as a percentage of total premiums, higher overall spending can actually increase insurer revenue in absolute dollars.

In short, insurers are **not structurally incentivized to reduce total health care costs**. The state, employers, and families bear the financial consequences of rising costs, while insurers can remain compliant and profitable.

The Primary Care Protection Act addresses this gap by directing a defined share of medical spending to frontline primary care, ensuring that dollars support access, continuity, and real clinical capacity rather than being absorbed elsewhere in the system.

Why waiting makes the problem more expensive

Hawai‘i’s health care workforce shortages are worsening, particularly in primary care and rural communities. Recruiting clinicians is already difficult and costly. As shortages deepen, recruitment will become even more expensive, requiring higher incentives, greater reliance on temporary staffing, and increased use of emergency and hospital services to compensate for inadequate outpatient care.

At the same time, Hawai‘i’s population is aging. Older adults require more frequent care and are more vulnerable to poor outcomes when access is delayed. Without strong primary care capacity, costs will increasingly concentrate in hospitals and institutional care, the most expensive parts of the system.

Delaying investment does not save money. It allows problems to compound. Clinics close, experienced clinicians leave, and preventable conditions progress to irreversible disease. Once that happens, the system pays more forever.

The human impact and the fiscal outcome

Access to primary care determines whether a condition is treated when it is manageable or when it is already dangerous. It determines whether someone recovers fully or lives with preventable disability. In human terms, **better primary care access means fewer family members dying prematurely and fewer people living with avoidable disability**.

Financially, this is a reallocation strategy, not a spending expansion. Preventing even a small number of avoidable hospitalizations can offset the cost of comprehensive primary care for many patients. Over time, this approach reduces emergency department use, hospital admissions, and long-term complications, lowering total health care spending.

Conclusion

The Primary Care Protection Act aligns fiscal responsibility with human outcomes. It corrects insurer incentives that tolerate rising costs, stabilizes a shrinking workforce before shortages become irreversible, and moves care earlier where it is cheaper and more effective.

By investing now in primary care access, Hawai‘i can save money, save lives, and avoid a future where both the human and financial costs are far higher.

An Independent Licensee of the Blue Cross and Blue Shield Association

February 3, 2026

The Honorable Gregg Takayama, Chair
The Honorable Sue Keohokapu-Lee Loy, Vice Chair
The Honorable Lisa Marren, Chair
The Honorable Ikaika Olds, Vice Chair

House Committee on Health and Committee on Human Services and Homelessness

Re: HB 1965 – RELATING TO PRIMARY CARE

Dear Chair Takayama, Vice Chair Sue Keohokapu-Lee Loy, Chair Marten, Vice Chair Olds and Members of the Committees:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on HB 1965, which looks to require health carriers to allocate at least six per cent of the carrier's total medical expenditure directly to primary care providers, with the percentage increasing incrementally to twelve per cent.

HMSA deeply values the essential role that primary care physicians play in Hawai'i's health care system. Primary care is the front line of prevention, early diagnosis, chronic disease management, and whole-person care. We agree that continued investment in primary care is vital to improving access, strengthening care coordination, and maintaining a robust provider network across the state. Our provider network is a crucial part of this system and HMSA strives to find compensation models that address the needs of providers while also keeping healthcare affordable for Hawaii's small businesses and the residents of our state.

However, while HMSA supports the intent of HB 1965, we have concerns with the bill as currently written:

- Appropriate medical spending must take several factors into account, including age, risk profile, disease burden, and local utilization patterns. Mandating a fixed percentage of total medical spend for one category of services limits actuarial flexibility and may result in misalignment between spending requirements and the actual needs of a covered population.
- Mandating an increase in required primary care spending without clearly defined, reductions elsewhere create upward pressure on total medical expenses. Those costs are typically borne by employers and consumers through higher premiums or increased cost sharing.
- The current language restricts downcoding, utilization review, and claim modification practices that are necessary to ensure medical necessity, prevent overutilization or upcoding, and reduce inappropriate or duplicative services. Overly broad limitations risk eliminating legitimate clinical and payment integrity tools that protect affordability for all members and that are necessary for legitimate coding compliance, and Fraud Waste and Abuse prevention.

We would also note that several of the components of this measure are under the direct purview of the Insurance Commissioner and could have significant fiscal impacts on our State's Medicaid program. Particularly in light of the current uncertainty at the federal level and its potential impact on Hawaii's healthcare landscape, we respectfully ask that the committees consider forming a working group of

healthcare stakeholders. This group could better assess ways of strengthening primary care in a manner that is financially sustainable and prioritizes high quality healthcare for our residents.

Thank you for the opportunity to testify on this measure.

Sincerely,

Walden Au
Director of Government Relations

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

WAIANAE COAST COMPREHENSIVE HEALTH CENTER

Wednesday, 02-04-26 9:00AM
State Capitol, Conference room 329

House Committee on Health
House Committee on Human Services & Homelessness

To: Chairs Kyle Yamashita & Lisa Marten
Vice Chairs Sue L. Keohokapu-Lee Loy & Ikaika Olds

From: Ian Ross
Public Affairs Director
ianross@wcchc.com | (808)652-3380

RE: COMMENTS ON HOUSE BILL 1965 - RELATING TO PRIMARY CARE.

Aloha and mahalo for the opportunity to provide **comments** on House Bill No. 1965.

Waianae Coast Comprehensive Health Center (WCCHC) is a Federally Qualified Health Center dedicated to improving the health and well-being of the West Oʻahu community through accessible and affordable medical and traditional healing services, including outreach to people experiencing homelessness, crucial for our community's wellbeing. With 53 years of service, WCCHC is committed to providing comprehensive healthcare by addressing social determinants of health.

WCCHC supports the intent of this measure. Addressing the long-standing underinvestment in primary care is laudable and necessary. Primary care is the foundation of a functional health system, and decades of disproportionate spending away from prevention, continuity, and community-based care have contributed to higher costs and poorer outcomes.

At the same time, WCCHC has concerns about how this bill would be implemented as written. The impact of this measure will depend heavily on how primary care is defined, what services are included, and whether the State and health plans have reliable baseline data on current expenditures. Without clarity in these areas, there is risk that the bill could be difficult to operationalize or could produce results that do not reflect actual investment in comprehensive primary care, particularly in community health centers.

WCCHC encourages careful consideration of these issues to ensure that any policy adopted meaningfully strengthens primary care rather than creating unintended administrative or reporting burdens that do not advance patient care.

LATE

AHARO
HAWAII

Wednesday, February 4, 2026 9:00AM
State Capitol, Conference room 329

House Committee on Health
House Committee on Human Services & Homelessness

To: Representatives Kyle Yamashita & Lisa Marten, Chairs
Representatives Sue L. Keohokapu-Lee Loy & Ikaika Olds, Vice Chairs

From: Richard P. Bettini, MPH MS
Board Chair

RE: COMMENTS ON HOUSE BILL 1965 - RELATING TO PRIMARY CARE.

Aloha and mahalo for the opportunity to provide comments on House Bill No. 1965.

AHARO is a network of five Federally Qualified Health Centers: Waimānalo Health Center, Hāna Health, Hāmākua-Kohala Health, Waianae Coast Comprehensive Health Center, and Molokai Community Health Center. Our members participate in value-based care innovation, workforce development, and patient engagement efforts, with a shared focus on improving access, quality, and affordability of care in underserved areas.

AHARO supports the intent of this measure and provide the following comments. Addressing the long-standing underinvestment in primary care is an important step in the right direction. Primary and preventive services are key factors in reducing avoidable healthcare costs and improving the overall health of Hawai'i's residents, particularly in underserved communities.

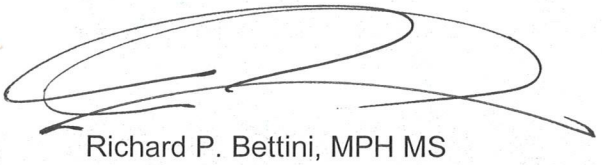
AHARO commends Governor Green's administration for setting a goal of increased proportionate investment in primary care through the federally supported AHEAD program. We also recognize Med-QUEST leadership for seeking greater investment from Medicaid managed care organizations in social services and nutrition supports that directly affect health outcomes.

We urge the Legislature to continue supporting efforts to strengthen primary care. To achieve this goal, we suggest that the House Committee on Health and the House Committee on Human Services & Homelessness consider amending this measure, or advancing a complementary measure, to:

1. Clearly define the scope of primary care to include patient care, care-enabling services, preventive services, education, and care coordination;
2. Define the baseline proportionate allocation of these services in relation to hospital inpatient care, hospital emergency room services, pharmacy, specialty care, and ancillary services;

3. Establish data transparency requirements in cooperation with Medicaid managed care organizations to ensure accurate and meaningful reporting; and
4. Support pilot projects and research that evaluate the impact and value of increased investment in primary care.

Mahalo for revisiting Hawai'i's investment in primary care and prevention.



Richard P. Bettini, MPH MS
Board Chair

CC: AHARO Member Health Centers and Hawaii Primary Care Association

WAIANAE COAST COMPREHENSIVE HEALTH CENTER

LATE

Wednesday, 02-04-26 9:00AM
State Capitol, Conference room 329

House Committee on Health
House Committee on Human Services & Homelessness

To: Chairs Gregg Takayama & Lisa Marten
Vice Chairs Sue L. Keohokapu-Lee Loy & Ikaika Olds

From: Ian Ross
Public Affairs Director
ianross@wcchc.com | (808)652-3380

RE: COMMENTS ON HOUSE BILL 1965 - RELATING TO PRIMARY CARE.

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At the same time, WCCHC has concerns about how this bill would be implemented as written. The impact of this measure will depend heavily on how primary care is defined, what services are included, and whether the State and health plans have reliable baseline data on current expenditures. Without clarity in these areas, there is risk that the bill could be difficult to operationalize or could produce results that do not reflect actual investment in comprehensive primary care, particularly in community health centers.

WCCHC encourages careful consideration of these issues to ensure that any policy adopted meaningfully strengthens primary care rather than creating unintended administrative or reporting burdens that do not advance patient care.

HB-1965
Submitted on: 1/31/2026 11:45:30 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Allen Novak	Individual	Support	Written Testimony Only

Comments:

To: The Honorable Representative Greg Takayama, Chair of the House Committee on Health

From: Allen Novak, APRN in solo private practice serving chronic and severely mentally Ill individuals in East Hawai'i Island.

Subject: HB1965 – Relating to primary care

Hearing: February 4, 2026 9:00 am

Aloha Representative Greg Takayama, Chair; Representative Sue Keohokapu-Lee Loy, Vice Chair; and Committee Members,

I appreciate this opportunity to express support for HB1965, which seeks to require not less than 6% of total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12% and other measures which will help to preserve and address the shortage of healthcare providers.

In Hawai'i there is a critical shortage of primary healthcare providers. This is particularly the case on neighbor islands and in rural underserved areas. My Hawai'i Island has a 40% shortage of practicing physicians. Advanced Practice Registered Nurses in East Hawai'i Island have in the past year chosen to close their practices due to inadequate carrier reimbursement and administrative burden.

This bill will afford a measure of relief to primary care and all healthcare providers who are experiencing distress in their practices due to the insufficient financial reimbursement and high administrative demand of providing care to their patients.

Please pass HB1965 without amendment.

HB-1965
Submitted on: 2/1/2026 5:15:02 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Eric Murray	Individual	Support	Written Testimony Only

Comments:

I respectfully submit testimony in strong support of HB 1965

Hawai‘i is facing a primary care access failure that is structural. As documented in the bill itself, Hawai‘i has a large and persistent workforce gap, with the greatest shortage in primary care, and reimbursement levels that have not kept pace with the cost of operating a clinic in Hawai‘i. The result has been accelerating clinic closures, early retirements, and physicians leaving the state, particularly in rural and neighbor-island communities.

Our ongoing analysis of Hawai‘i's insurance and MedQUEST programs shows that inadequate access is not primarily driven by a lack of public spending, but by how dollars are distributed and controlled. Network adequacy reports massively overstate available primary care capacity, while frontline practices experience delayed payment, down-coding, and opaque utilization and prior authorization processes. These practices directly undermine clinic solvency and patient access.

An especially important strength of HB 1965 is its strong public reporting and transparency framework. By requiring standardized, public, island-level reporting on primary care spending, prior authorization performance, payment timeliness, network participation, and provider entry and exit, the bill makes it possible for the Legislature, providers, and the public to directly evaluate both health carrier behavior and the effectiveness of regulatory oversight. This transparency is critically important given how difficult it has been in practice to obtain basic enforcement and investigation information from the Insurance Division and the MedQUEST program. HB 1965 meaningfully improves accountability by making oversight activities and outcomes visible, and by enabling the Legislature and the public to assess whether regulators and health plans are meeting their responsibilities to protect access to care.

HB 1965 directly targets the operational and contracting practices that are driving Hawai‘i’s primary care collapse. It is a necessary and proportionate response to a crisis that is already limiting access for patients and accelerating the loss of the State’s primary care workforce.

Sincerely,

Eric Murray MD

HB-1965
Submitted on: 2/2/2026 10:23:57 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelley Withy	Individual	Support	Written Testimony Only

Comments:

Aloha and thank you so much for working to help keep Hawaii's health infrastructure strong and accessible. I wish I could testify in person, but I'll be at Radford High School this morning recruiting our next generation of healthcare workers.

I'm sure you already know, but Hawaii has a shortage of 5,000 healthcare workers! Of these, I do the physician research, and primary care is always the greatest area of shortage. It also composes the lowest paid group of healthcare professionals. We have heard that nurse practitioners and physician assistants will bridge the gap. But they tend to go into specialties in urban areas, as do many physicians. So our primary care shortage is not getting better, especially in rural areas.

The Hawaii State Legislature has been very wise to support a primary care residency in Hilo and that has helped. But the current bill is the best way to support building our primary care infrastructure statewide. This infrastructure includes offices with healthcare providers of all levels and brings money into rural areas.

I offer my full support as a physician whose goal is to make sure everyone in Hawaii has access to the care they need, when they need it, where they need it, and physician workforce researcher. The data below is from the 2025 Physician Workforce Report for the 2026 Hawaii State Legislature: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://ahec.hawaii.edu/_docs/annual-physician-workforce-report-2025.pdf

Kelley Withy, MD, PhD

Table 3: Primary Care Physician Shortage by County (Prior year numbers in blue)

	Hawai‘i County	**Honolulu County**	**Kauai County**	**Maui County**	**Statewide**
Shortage	**21 (20)**	**109 (86)**	**4 (6)**	**45 (41)**	**178 (152)**
Percent	**14% (13%)**	**13% (11)**	**8% (12)**	**35% (32)**	**16% (13)**

HB-1965
Submitted on: 2/2/2026 10:42:28 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shelly Ogata	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Takayama, Vice Chair Keohokapu-Lee Loy, Chair Marten, Vice Chair Olds and Members of the Committee on Health and Committee on Human Services & Homelessness,
My name is Shelly Ogata, and I am a patient, caregiver, and community member living in Hilo. I am writing in support of HB1965, the Primary Care Protection Act.
Access to primary care is one of the most important parts of a functioning health care system. When people can see a primary care provider in a timely way, health problems are addressed early, chronic conditions are managed, and emergency room visits can often be avoided. When access is limited, people delay care, conditions worsen, and families are forced to rely on emergency departments for issues that should have been treated earlier.
In my community, many people struggle to find a primary care provider or face long waits for appointments, even if they have health insurance. This is especially true in rural and neighbor island areas, where there may be very few clinics and limited transportation options. Having insurance does not always mean having access to care.
HB1965 focuses on strengthening primary care so clinics can stay open and providers can continue serving their communities. The bill ensures health care dollars are used to support frontline care, rather than being absorbed by administrative costs. It also supports timely payment to clinics and helps reduce unnecessary barriers that make it harder for providers to offer care.
This bill does not raise premiums or require new benefits. Instead, it focuses on making sure existing resources are used in a way that improves access, keeps care local, and helps prevent avoidable emergencies.
Strong primary care benefits everyone. It keeps people healthier, reduces strain on hospitals and emergency departments, and helps communities remain resilient. HB1965 is an important step toward protecting access to care across Hawai‘i.
I respectfully urge you to support HB1965.
Mahalo for the opportunity to share my perspective.
Sincerely,

Shelly Ogata, Hawai‘i Island

HB-1965
Submitted on: 2/2/2026 4:30:37 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

I strongly support efforts to stabilize and improve access to primary care in Hawaii.

HB-1965
Submitted on: 2/2/2026 4:56:07 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephanie Dodge	Individual	Support	Written Testimony Only

Comments:

Thank you for allowing me to submit testimony for HB1965. I am a resident of Hilo, and also a psychologist with a private practice in Hilo.

The state of primary care on our island is "broken." So many physicians have had to close their practices (or not start a private practice) because the level of reimbursement is so low that they cannot make ends meet. Many have tried to meet the primary care need by combining primary care with another service (urgent care, OB/GYN, aesthetic services), but eventually, even these have to shut down the primary care side of their practice (too much of a drain on the practice as a whole).

It has gotten to the point where the only entities taking new patients are Community Health Centers (CHC's), and at least on our side of the Big Island, the waitlists for people with certain insurance coverage is 18 months or more for the CHC's.

Although it may look "on the books" like there are a lot of providers, once you remove the providers that are still listed by insurance companies, but who have died or moved away, are no longer doing primary care, or are not taking certain insurance plans (or just a very small number of patients for those plans), there really aren't many providers left.

I have patients with serious mental health issues that have had to wait over 2 years to reach a psychiatrist (18 months for primary care, then 6 months to get in to see the psychiatrist after the referral is made). This is unacceptable, and heart rending.

Please carefully consider HB1965, as it is crucial for our rural areas' health care.

Stephanie Dodge PhD

HB-1965
Submitted on: 2/2/2026 5:28:59 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Chris Carley	Individual	Support	Written Testimony Only

Comments:

After moving here 15 years ago, I could not find any Drs that were taking new patients. They are all full and overworked. I had to use urgent care for years and I have private, expensive insurance. Just recently, Dr Ester Smith helped me out and became my primary care Dr. and made room for me even though she is so busy. This is a very important bill to keep the good doctors here and get more doctors that want to come and practice here in Hawaii. It is already at a critical stage.

My friends that have the money leave the island because they can't get into any Drs or procedures. They fly to the mainland just to get health care, which I am having to do just to get an endoscopy and a colonoscopy at the same time. The shortage of primary Drs here in Hawaii is insane! The backlog is frightening to get seen if something did go wrong. Plus Dts aren't getting paid on time and are closing their doors! This is a much needed bill!

Alistair W Bairos, MD, CWSP, FACCWS

General Surgery, Wound Care Specialist

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2/1/2026

Aloha Representative Lee Loy:

I write in Strong Support of HB1965: Primary Care Protection Act

In the 40 ½ years I have practiced on the Kona coast (the only place I've ever practiced) the primary care access crisis has never been
as severe as it is now. The reason is stupefyingly simple – in Hawai'i's high-cost environment the insurance payors simply do not reimburse sufficiently to allow physician offices to stay afloat.

There's nothing at all complicated about this – if Foodland's prices were decreed by others, and those prices weren't enough to pay for supplies, staffing, real estate, etc., Foodland would be out of business. Ditto doctor's offices.

The details of HB1965 are well-documented in other testimony. I'll draw your attention to but one item: National HRSA-based analysis ranked Hawai'i County 3rd worst in the nation for
primary care shortages – that is, out of some 4200 counties in the entire United States, Hawai'I County – my home – has the third worst primary care shortage in the entire country – and the 1st and 2nd worst are in ready driving distance (~70 miles) of Atlanta Georgia, so folks can hop I their car and receive care a short drive from home – not so here, where racing to O'ahu for care costs time and plenty kala.

Please, support HB 1965. Healthcare for YOU, and your loved ones, is at stake.

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Ali Bairos, MD

Alistair W Bairos, MD, CWSP, FACCWS
Immediate Past-President
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Electronically signed 02/01/2026, 7:37:20 PM HST

HB-1965
Submitted on: 2/3/2026 8:29:56 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephen B Kemble	Individual	Support	Written Testimony Only

Comments:

Adequate primary care lowers cost by reducing use of emergency rooms and preventable hospitalizations, but we can't achieve adequate primary care without a viable practice environment. We need improved pirmary care pay, but we also need to reduce unnecessary administrative burdens that add to required administrative overhead, squeezing take-home pay for primary care physicians and other professionasl.

Passing this bill is essential, but the committees should also schedule hearings for HB2371/HB2144 to remove managed care middle-men from Hawaii Medicaid. Thiis would reduce administrative overhead substantially for both Medicaid and for primary care, freeing up the money to improve primary care pay and other improvements to the practice envvironment.

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Chair, Vice Chair, and Members
House Committee on Health
Hawaii State Legislature
Honolulu, Hawaii

Re: **Strong Support for HB 1965 - Relating to Primary Care**

Dear Chair, Vice Chair, and Committee Members:

As a way of introduction, my name is Dr. Matthew Dykema, and I am a family medicine physician practicing in Hilo. I moved to Hawaii in 2012 to work at Bay Clinic, a Federally Qualified Health Center, where I served as a family physician for four years. In May 2017, I had the privilege of taking over a well-established private practice from a retiring physician, allowing me to continue caring for the community I had come to call home.

My goal and vision as a healthcare provider in Hilo is to offer compassionate, high-quality care to all patients, provide education and support that fosters healing, and equip individuals and families to live their best life possible. I have the honor of caring for diverse families across generations, including mothers, fathers, children, grandchildren, grandparents, and great-grandparents. These individuals are your constituents, and it is a privilege to care for them during some of their most vulnerable moments. I recognize that you likewise carry the responsibility of serving these same individuals and ensuring that our healthcare system remains sustainable for generations to come.

I write in strong support of House Bill 1965, which represents a critical and timely effort to stabilize, protect, and strengthen Hawaii's primary care system.

Primary care is the foundation of an effective, high-quality, and cost-efficient healthcare system. It is where prevention, chronic disease management, early diagnosis, and care coordination occur. Yet despite this central role, primary care in Hawaii has been chronically under-reimbursed for decades, even as patient complexity, administrative burden, and operating costs continue to rise.

Nationally, only 4 to 5 percent of total healthcare spending is directed toward primary care, a figure widely recognized as insufficient. In Hawaii, this challenge is compounded by some of the highest costs of living and practice expenses in the country, while reimbursement remains below national and regional benchmarks. As a result, many primary care practices operate on unsustainable margins, limiting their ability to expand access, hire staff, or invest in quality improvement.

This underinvestment has real consequences. Physicians, nurse practitioners, and physician assistants are increasingly choosing to leave Hawaii or avoid practicing here altogether, opting instead for states that offer more competitive reimbursement and sustainable practice environments. Without meaningful reform, Hawaii risks worsening access delays, increased emergency department utilization, and growing health disparities, particularly in rural and neighbor island communities.

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Recognizing these challenges, multiple U.S. states have enacted legislation to deliberately increase the share of healthcare spending devoted to primary care, not as an experiment, but as evidence-based policy.

States with explicit targets include:

- Connecticut, which codified a requirement that 10 percent of total healthcare spending be allocated to primary care by 2025.
- Delaware, which mandated a 1.5 percent annual increase in primary care spending, reaching 11.5 percent by 2025, with enforcement through rate filings.
- Oregon, which requires both Medicaid and commercial insurers to allocate at least 12 percent of healthcare spending to primary care, exceeding national averages.
- Rhode Island, an early leader, which established a 10.7 percent target and has since demonstrated slower overall healthcare cost growth while improving access.
- Virginia, which adopted a phased approach rising from 5 percent to 10 percent by 2025, alongside increased Medicaid investment.
- Additional states including California, Colorado, Oklahoma, and New York have enacted or proposed policies to increase primary care investment through reporting requirements, spending benchmarks, and phased targets. These states understand that investing in primary care is one of the most effective strategies to improve outcomes while controlling long-term healthcare costs.

HB 1965 appropriately positions Hawaii alongside these national best practices. By requiring health carriers to allocate a meaningful and increasing percentage of healthcare dollars directly to primary care, the bill helps correct longstanding payment imbalances that favor downstream, higher-cost care while underfunding prevention and longitudinal patient relationships.

Equally important, HB 1965 recognizes that Hawaii must be competitive with other regions to retain and attract primary care providers. Aligning reimbursement more closely with national standards is not excessive; it is essential for workforce stability and patient access.

Additional provisions of HB 1965 further strengthen its impact by:

- Ensuring funds are paid directly to primary care providers rather than absorbed by administrative intermediaries
- Reducing harmful insurance practices such as downcoding and excessive utilization management
- Improving access to primary care visits, particularly in underserved and rural communities
- Promoting transparency, accountability, and long-term sustainability of the healthcare workforce

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For these reasons, I respectfully urge your strong support of HB 1965. This legislation represents an investment in access, prevention, workforce stability, and the long-term health of Hawaii's communities.

Thank you for your leadership and thoughtful consideration.

Respectfully,

Dr. Matthew Dykema
Family Medicine
Hilo, Hawaii

HB-1965
Submitted on: 2/3/2026 8:08:16 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Laeton J Pang	Individual	Support	Written Testimony Only

Comments:

I'm writing in support of HB1965 legislation supporting measures to increase reimbursements to Hawaii's primary care physicians. As a practicing physician for over 31 years in Hawaii, I've become increasingly concerned that the network of physicians in Hawaii is in danger of collapse, particularly on our Neighbor Islands and on rural Oahu. In addition, the shortage of primary care providers often leads to delays in diagnosis and worsened patient outcomes. Thank you for your consideration of this matter.

Laeton J Pang MD MPH FACR FACRO FACCC FASTRO

LATE

HB-1965
Submitted on: 2/3/2026 8:51:41 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Kearns	Individual	Support	Written Testimony Only

Comments:

I am a primary care physician on Maui. Primary care is vitally important to prevent and manage chronic diseases. It is very difficult, complex and time consuming. Please support this bill to assure adequate investment in primary care.

LATE

HB-1965
Submitted on: 2/3/2026 11:18:15 PM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Quattlebaum	Individual	Support	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

My name is Thomas Quattlebaum, MD, and I am a primary care provider practicing in Aiea. I also serve as the Program Director of the University of Hawaii Family Medicine Residency Program which has trained family physicians to serve our community for over 30 years. I submit this testimony in strong support of HB1965, the Primary Care Protection Act.

Primary care is the front door of the health care system. When it is accessible and stable, patients receive care earlier, chronic disease is better controlled, and costly emergencies are avoided. As a physician who also works in the hospital setting, I see the other side of the system and worse outcomes when patients have no or poor access to high quality primary care. We know from the literature that simply by having primary care physicians in a community that the entire community has improved health metrics and lives longer.

Despite this role, primary care remains underpaid relative to its value. Reimbursement has not kept pace with rising costs, administrative burden continues to grow, and payment instability makes it increasingly difficult to retain staff or keep clinics open.

HB1965 addresses these realities directly. The bill establishes a minimum investment floor for primary care and ensures that primary care dollars reach frontline clinicians rather than being absorbed by administrative overhead or intermediary programs. This bill is a tangible step toward making a career in primary care more attractive for medical students.

As a primary care provider, I am particularly supportive of the bill's focus on access models that reflect Hawai‘i's realities. Same-day and walk-in primary care are not conveniences in many communities. They are essential. Protecting these services helps keep patients out of emergency departments and preserves access where options are limited.

The evidence supporting this approach is strong. Research synthesized by the Harvard Medical School Center for Primary Care shows that direct investment in primary care reduces emergency department use, preventable hospitalizations, and total health care costs, with measurable improvements seen within a relatively short time frame. Strengthening primary care is one of the most effective cost-control strategies available.

HB1965 does not raise premiums, mandate new benefits, or interfere with clinical decision-making. It simply ensures that existing health care dollars are used in a way that supports access, stabilizes the workforce, and keeps care local.

As a primary care provider committed to caring for my community, I respectfully urge the Committee to support HB1965 and take an evidence-based step toward protecting health care access across Hawai‘i.

Mahalo for your consideration.

Respectfully,

Thomas Quattlebaum, MD

University of Hawaii Family Medicine Residency Program

LATE

HB-1965
Submitted on: 2/4/2026 6:58:08 AM
Testimony for HLT on 2/4/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tumaini Coker, MD, MBA	Individual	Comments	Written Testimony Only

Comments:

My name is Tumaini Coker, MD, MBA, and I am a practicing general pediatrician. I am providing my comments as an individual.

For more than 20 years, I have conducted primary care research, practiced primary care, and advocated for primary care at the national level. I served on the National Academies of Sciences, Engineering, and Medicine (NASEM) committee that developed the report *Implementing High-Quality Primary Care*, and I currently serve on the NASEM Standing Committee on Primary Care. I also recently completed a term on the United States Preventive Services Task Force.

Primary care is the foundation of health and wellness across the lifespan. I have practiced in California, Illinois, Washington State, and now here in Hawai‘i. Everywhere I have worked, one truth remains constant: when families have a trusting relationship with a primary care provider for their child, they receive preventive care and guidance that promote healthy development, help identify concerns early, and reduce the risk of chronic disease later in life. That trusting relationship is even more essential today, as parents navigate an overwhelming landscape of misinformation online and on social media.

Yet our healthcare system has not adequately invested in primary care. As a result, we miss opportunities to support children and families early—waiting instead until problems become more serious, more complex, and more costly. Strengthening and stabilizing primary care is one of the most effective ways to refocus our system on prevention, which is critical for the well-being of communities across our state.

As our NASEM committee summarized, “increased primary care financing and payment are needed to expand the primary care workforce, build interprofessional teams, and ensure adequate infrastructure to support primary care.” Increasing primary care spend will position Hawai‘i to do just that. With meaningful, sustained investment, we can begin to solve the primary care shortage—especially on the neighbor islands and in all of our communities with the greatest need.

One of the key recommendations in Implementing High Quality Primary Care was that “States should implement primary care payment reform by facilitating multi-payer collaboration and by increasing the overall portion of health care spending in their state going to primary care”.

As a primary care pediatrician, a primary care researcher, and a national expert in primary care, I support efforts to increase our state's primary care spend. Every resident of Hawai‘i deserves access to high-quality, effective primary care that supports health and wellness from childhood through adulthood.

Mahalo for the opportunity to provide these comments.