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STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHAHA
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February 4, 2026

To: The Honorable Jackson D. Sayama, Chair, and
Members of the House Committee on Labor

Date: Thursday, February 5, 2026

Time: 9:30 a.m.

Place: Conference Room 309, State Capitol

From: Rey Domingo, Executive Director
Office of Community Services
Department of Labor and Industrial Relations

A handwritten signature in black ink that reads "Rey Domingo".

Re: HB2116 RELATING TO GRANTS

The **Office of Community Services** supports the intent of **HB2116** which will assist individuals to meet modified federal eligibility requirements of programs such as the Supplemental Nutrition Assistance Program or SNAP, Medicaid, and housing. Such individuals, who are between the ages of eighteen and fifty-four, able to work, and do not have dependents, must now document community engagement to qualify for these programs, which can consist of a combination of work, training, school, or volunteer efforts for a certain minimum number of hours per month.

HB2116 appropriates \$3,000,000 to award as grants to nonprofit organizations and one temporary full-time position to the Office of Community Services of the Department of Labor and Industrial Relations for FY27. These grants will be used to create opportunities to meet federal community engagement requirements.

The bill proposes to make appropriations for one fiscal year only, even though there is no indication in the federal legislation we are aware of that the modified requirement is only a one-year requirement. Furthermore, there is no assurance the work requirement will be repealed anytime soon. We believe this is a critical factor in HB2116 the Committee might consider and revise the timeline to two years.

OCS very much appreciates the bill's sponsors' confidence in our well-established work as the leading expending agency of Chapter 42F grants. We have successfully managed well over \$50 million in CIP and operating grants in recent years, and our OCS Grants Unit is prepared to handle more. However, the bill as currently written

would have OCS hire one person for only one year to administer this program for able-bodied beneficiaries of federal programs. We believe it would be difficult for OCS to hire a well-qualified person on such a short-term basis. This is primarily due to the tight labor market. This difficulty is exacerbated by the temporary nature of the prospective appointment. Moreover, by the time the position is established and filled through the human resources system, and training concludes, the individual's time will be just a few months away from the expiration date of the position on June 30, 2027.

Similarly, the non-profit organizations that will need to hire individuals under this bill may be less willing to do hiring of their own staff, if those individuals are going to be hired for less than one year. A one-year vs. two-year appropriation would affect hiring by both OCS and the non-profits.

It is unclear what chapter 42F standards apply. Clarification of the standards may be required in the bill. We will work with the Department of the Attorney General on this matter. We suggest that the Committee consider alternatives to the basic chapter 42F approach. One possible alternative would be to appropriate the funds to OCS for a longer term, with authority to contract out the funds through RFPs under HRS Chapter 103F to non-profits that would hire the "able-bodied" beneficiaries of federal programs as required by the new federal law.

Thank you very much for the opportunity to comment on this legislation. We would be honored to respond to your questions.



The Hawai‘i True Cost Coalition

February 5, 2026

Hawai‘i State Legislature
House Committee on Labor

Re: Testimony in STRONG SUPPORT of HB 2116, Relating to Grants

Aloha Chair Sayama, Vice Chair Lee, and esteemed members of the committee,

The Hawai‘i True Cost Coalition is writing in **strong support** of HB 2116, Relating to Grants. This measure appropriates funds to the Office of Community Services of the Department of Labor and Industrial Relations for fiscal year 2026–2027 to award grants under Chapter 42F, HRS to nonprofit organizations that expand or create new opportunities for residents who need to meet community engagement requirements in order to qualify for federal programs such as SNAP, Medicaid, and federally funded public housing.

HB 2116 recognizes that recent changes in federal eligibility rules require individuals who are able-bodied adults without dependents to document community engagement hours — through a combination of work, training, school, or volunteer efforts — to remain eligible for essential benefits. This bill ensures that nonprofit partners have the resources necessary to expand or create programs that provide volunteer and training opportunities that generate those documented community engagement hours, helping residents stay connected to critical supports, build skills, and contribute to their communities.

The Coalition also appreciates that HB 2116 establishes an evaluation and selection committee to ensure transparent and effective award decisions, provides appropriations for necessary staff to administer the grants, and includes funding for the Department of the Attorney General to assist in contract review and cost monitoring, strengthening oversight of public funds.

Achieve Zero | Adult Friends for Youth | Aloha Care | Aloha Harvest | Arc of Kona | Aloha United Way | Big Brothers Big Sisters | Blueprint for Change | Boys and Girls Clubs of Hawaii | Catholic Charities | Child and Family Service | Coalition for a Drug-Free Hawaii | Community Alliance on Prisons | Community First Hawaii | Connecting Community LLC | DVAC | Easter Seals | Epic Ohana | Family Programs Hawaii | Full Life | Going Home Hawaii | Goodwill Hawaii | Hale Kipa | Hale Na‘au Pono | Hale Opio Kauai, Inc. | HANO | Hawaii Afterschool Alliance | Hawaii Children’s Action Network | Hawaii Community Benefit Consultants | Hawaii Community Foundation | Hawaii Data Collaborative | Hawaii Foodbank | Hawaii Housing Affordability Coalition | Hawaii Appleseed | Hawaii Public Health Institute | Healthy Mothers Healthy Babies | Helping Hands Hawaii | Hawaii State Coalition for Domestic Violence | Ho‘ola Na Pua | Honolulu Habitat for Humanity | Honolulu International Film Festival | IHS | Imua Family Services | Cameron Center | Ka Po‘e o Kaka‘ako | Kamehameha Schools | Kinai ‘Eha | Kui‘kahi Mediation Center | Kumukahi Health and Wellness | Lanakila Pacific | Maui Economic Opportunity | Maui Family Support Services, Inc. | Maui United Way | Mediation Center of the Pacific | Mental Health Kokua | Metro YMCA | Mindful Living Group | Na Hale O Maui | Na Maka Haloa O Waipio | Nurturing Wahine | Olelo Community Media | PACT | Care | People Attentive to Children | PIC | PID Foundation | Responsive Caregivers of Hawaii | RYSE | Samaritan Counseling Center | Starting Over in Recovery | Susannah Wesley | The Spirit Horse Ranch Inc. | Transform Hawaii Government | U.S. Vets | Volunteer Legal Services of Hawaii | Women Helping Women | YMCA Honolulu | YWCA of Kauai | YWCA of Oahu

Community-based nonprofits are uniquely positioned to carry out the activities contemplated in HB 2116, including providing structured volunteer placements, workforce readiness programs, skills training, and case management that allow individuals to document required community-engagement hours and remain eligible for federal assistance. However, many of these organizations currently operate with limited administrative capacity and constrained program funding, making it difficult to expand services or implement new initiatives quickly. The grant funding authorized in this measure would help close that gap, enabling nonprofits to scale programs that connect hard-to-employ individuals with meaningful opportunities while supporting the State's goal of maintaining access to federal benefits.

The Hawai'i True Cost Coalition represents more than 70 community-based nonprofit organizations serving over 500,000 residents statewide, many of which could be well suited to participate in or partner on programs funded under HB 2116. The Coalition has worked since 2020 to strengthen collaboration between nonprofits and the State so that public investments translate into effective service delivery and measurable outcomes for residents. We appreciate the Legislature's attention to building nonprofit capacity through this bill and respectfully urge your support.

Mahalo for the opportunity to testify on this important measure.

Achieve Zero | Adult Friends for Youth | Aloha Care | Aloha Harvest | Arc of Kona | Aloha United Way | Big Brothers Big Sisters | Blueprint for Change | Boys and Girls Clubs of Hawaii | Catholic Charities | Child and Family Service | Coalition for a Drug-Free Hawaii | Community Alliance on Prisons | Community First Hawaii | Connecting Community LLC | DVAC | Easter Seals | Epic Ohana | Family Programs Hawaii | Full Life | Going Home Hawaii | Goodwill Hawaii | Hale Kipa | Hale Na'au Pono | Hale Opio Kauai, Inc. | HANO | Hawaii Afterschool Alliance | Hawaii Children's Action Network | Hawaii Community Benefit Consultants | Hawaii Community Foundation | Hawaii Data Collaborative | Hawaii Foodbank | Hawaii Housing Affordability Coalition | Hawaii Appleseed | Hawaii Public Health Institute | Healthy Mothers Healthy Babies | Helping Hands Hawaii | Hawaii State Coalition for Domestic Violence | Ho'ola Na Pua | Honolulu Habitat for Humanity | Honolulu International Film Festival | IHS | Imua Family Services | Cameron Center | Ka Po'e o Kaka'ako | Kamehameha Schools | Kinai 'Eha | Kui'kahi Mediation Center | Kumukahi Health and Wellness | Lanakila Pacific | Maui Economic Opportunity | Maui Family Support Services, Inc. | Maui United Way | Mediation Center of the Pacific | Mental Health Kokua | Metro YMCA | Mindful Living Group | Na Hale O Maui | Na Maka Haloa O Waipio | Nurturing Wahine | Olelo Community Media | PACT | Care | People Attentive to Children | PIC | PID Foundation | Responsive Caregivers of Hawaii | RYSE | Samaritan Counseling Center | Starting Over in Recovery | Susannah Wesley | The Spirit Horse Ranch Inc. | Transform Hawaii Government | U.S. Vets | Volunteer Legal Services of Hawaii | Women Helping Women | YMCA Honolulu | YWCA of Kauai | YWCA of Oahu



House Committee on Labor
February 5, 2026 at 9:30 AM
Room 309

Testimony in SUPPORT of HB2116

Aloha Chair Sayama, Vice Chair Lee, and members of the Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of HB2116**, which would appropriate funds to the Office of Community Services to award grants to nonprofit organizations that help community members meet new federal work, training, and volunteer engagement requirements tied to eligibility for public assistance programs.

The Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits that works to strengthen and unite the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Since 2006, HANO has been a leading voice for the nonprofit sector, leveraging resources, educating and advocating for policies and practices that promote the professionalism, sustainability, and effectiveness of nonprofits and the communities they serve.

HANO represents nonprofit organizations statewide that serve individuals and families who rely on programs such as SNAP, Medicaid, and housing assistance to meet basic needs. Recent federal policy changes have expanded work and community engagement requirements for certain adults, requiring individuals to document participation in employment, job training, education, or qualifying volunteer service in order to maintain benefits. While these requirements are intended to encourage workforce participation, they may be difficult to navigate for program recipients.

Nonprofit organizations play a critical role in bridging this gap. Across Hawai'i, nonprofits already operate food distribution sites, community health programs, environmental stewardship projects, keiki and kūpuna services, and workforce training initiatives that can qualify as community engagement activities under federal guidelines. They also provide the trusted, community-based support needed to help participants identify qualifying opportunities, enroll in programs, track hours, and complete required documentation. However, many nonprofits lack the staffing and infrastructure to absorb increased demand or to formalize volunteer and training opportunities specifically aligned with federal eligibility rules.

HB2116 would allow nonprofits to expand and adapt these programs by supporting staff time for coordination and supervision, developing structured volunteer and training placements that meet federal standards, and assisting participants with compliance and reporting. Importantly, this approach helps ensure that individuals do not lose access to essential benefits simply because they lack access to qualifying opportunities or the administrative capacity to document their participation.

By investing in nonprofit partners, the State can respond to federal requirements in a way that protects vulnerable residents, strengthens local organizations, and channels community engagement toward meaningful public benefit. HANO believes HB2116 represents both a practical and responsible strategy that recognizes nonprofits as essential partners in helping Hawai'i residents remain stable, supported, and connected to their communities.

Mahalo for the opportunity to submit testimony.



February 3, 2026

The Honorable Representative Jackson D. Sayama, Chair
The Honorable Representative Mike Lee, Vice Chair
House Committee on Labor
State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: Hearing on Thursday, February 5, 2026 at 9:30 a.m.,
Via VideoConference, Conference Room #309
Regarding HB No. 2116, “Relating to Grants”

Dear Chair Sayama and Vice Chair Lee and Members of the House Committee on Labor,

We ask that you **strongly support HB 2116** to appropriate funds to the Office of Community Services to nonprofit organizations that expand or create new opportunities for residents needing to meet new community engagement requirements to qualify for federal programs.

Partners in Development Foundation is a 501(c)(3) nonprofit that inspires and equips families and communities for success and service, using timeless Native Hawaiian values and traditions. Since 1997, PIDF has served more than 171,000 people in over 75 communities across the state (www.pidf.org). PIDF has a strong record of managing complex, multi-year federal and state grants with measurable results in early childhood education, family engagement, and youth justice. PIDF continues to step to the frontline to meet the ever-changing needs of our low-income, remote, and rural families and communities, including operating a COVID quarantine hotel to keep families safe and healthy during the pandemic, to supporting families displaced by the Maui wildfires to heal and rebuild, to continuing to support and strengthen our most vulnerable children, youth and families as they navigate increasing living costs, unemployment, and loss of federal resources.

It is vital that this critical work provided by not only Partners in Development Foundation but the many other nonprofit organizations in our state continue to be supported through sufficient resources to sustainably operate and HB 2095 will accomplish this by increasing the level of funding available to these nonprofit organizations who are stepping in the gap to meet the needs that government entities cannot fully address. **We ask that you support HB 2116 to equip nonprofit organizations to meet our rising expenses to enable us to continue serving the people of Hawai'i.**

On behalf of Partners in Development Foundation and our many nonprofit partners serving tirelessly in our state, mahalo nui loa for your consideration of this request.

Shawn M. Kana'iaupuni, PhD
President and Chief Executive Officer



To: The Honorable Jackson Sayama, Chair
The Honorable Mike Lee, Vice Chair
House Committee on Labor

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Director of Public Policy
Maria Rallojay, Public Policy Specialist

Hearing: Thursday, February 5, 2026, 9:30am, Conference Room 309

RE: **HB2116 Relating to Grants**

AlohaCare appreciates the opportunity to provide testimony in **support** of **HB2116**. This measure would (1) appropriate funds to the Office of Community Services (OCS) of the Department of Labor and Industrial Relations to award grants for FY26-27 to nonprofit organizations that expand or create new opportunities for residents needing to meet new community engagement requirements to qualify for federal programs; (2) establishes an evaluation and selection committee to oversee the awarding of grants; (3) requires an applicant for a grant to provide certain documentation on activities that qualify for community engagement hours to qualify for the grants; and (4) appropriates funds for positions in OCS and for the Department of the Attorney General to assist OCS in reviewing contracts and monitoring costs.

AlohaCare is a community-rooted, non-profit health plan founded by Hawai'i's Community Health Centers and the Queen Emma Clinics. We serve over 66,000 Medicaid and Medicaid-Medicare dual-eligible residents on all islands. Since 1994, AlohaCare has partnered with providers, government entities, and community-based organizations to meet the evolving needs of our safety net community as Hawai'i's only health plan focused solely on Medicaid-eligible individuals. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for equitable access to quality, whole-person care for all.

AlohaCare is committed in ensuring continuity and access to care for the communities we serve. Medicaid coverage continuity is essential for accessing primary care, behavioral health services, medications, and preventive care. When individuals lose their coverage due to documentation barriers, they often postpone seeking care until their conditions worsen. This delay can lead to increased avoidable emergency department visits and hospitalizations, creating instability for families and communities.



One of the immediate risks associated with new federal requirements, such as community engagement mandates, is that individuals who struggle to meet or document them on time may not be ineligible in substance¹. Instead, they often face barriers such as unstable work hours, limited internet access, language difficulties, lack of transportation, caregiving responsibilities, or homelessness.

The bill explicitly links community engagement opportunities to skill development and active participation in the local community. Nonprofits are especially well-suited to reach those facing barriers such as limited English proficiency, inadequate transportation, rural isolation, gaps in digital access, or unpredictable work schedules. These obstacles can hinder an individual's ability to document and participate, even when they are motivated to do so. As such, we support this measure to address these challenges by leveraging trusted community-based organizations to help individuals meet compliance requirements and facilitate their participation in qualifying activities.

Mahalo for this opportunity to testify in **support** of **HB2116**.

¹ Based on the Kaiser Family Foundation's review of Medicaid unwinding reports submitted by states to CMS, 72% of the individuals who lost Medicaid coverage nationwide were disenrolled for procedural reasons. In Hawai'i, this figure was 87%.

Tolbert, Rudowitz, Drake. (2023, Sep 7). *Understanding Medicaid Procedural Disenrollment Rates*. KFF.



February 3, 2026

**Testimony in Support of H.B.2116
Relating to Grants**

Aloha Chair Sayama, Vice Chair Lee and members of the Committee,

Aloha United Way strongly supports H.B. 2116. In Hawai'i, approximately 40% of households are below the ALICE (Asset Limited, Income Constrained, Employed) threshold. These are working families who earn above the federal poverty level but still cannot afford basic necessities. For ALICE households, SNAP, Medicaid, and housing assistance are essential economic infrastructure that keep families housed, working, and healthy while strengthening our community.

New federal “community engagement” requirements create additional barriers to accessing these supports. Without accessible, documented volunteer or training hours, eligible residents may lose benefits simply because they cannot find qualifying opportunities.

This bill provides a smart, local solution by funding nonprofits to expand structured volunteer and training placements that both meet federal rules and build employability. It helps residents maintain benefits, gain skills, and contribute to their communities, while strengthening Hawai'i's nonprofit safety net.

Investing \$3 million now will prevent far costlier downstream impacts in homelessness, food insecurity, and emergency care. We urge you to support H.B.2116.

Mahalo,

Michelle Bartell
President & CEO
Aloha United Way



HPCA

HAWAII PRIMARY CARE ASSOCIATION

**Testimony to the House Committee on Labor
Thursday, February 5, 2026; 9:30 a.m.
State Capitol, Conference Room 309
Via Videoconference**

RE: HOUSE BILL NO. 2116, RELATING TO GRANTS.

Chair Sayama, Vice Chair Lee, and Members of the 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 **SUPPORTS** House Bill No. 2116, RELATING TO GRANTS.

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 appropriate general funds for fiscal year 2026-2027, to award grants in accordance with Chapter 42F, Hawaii Revised Statutes, to nonprofit organizations that expend or create new opportunities for residents needing to meet community engagement requirements to qualify for federal programs.

This bill would take effect on July 1, 2026.

Structurally, this bill is similar to Act 310, Session Laws of Hawaii 2025, which appropriated \$50,000,000 for fiscal year 2025-2026, for grants and administrative expenses incurred for FQHCs and programs that provide child care, social services, subsidized housing, and homeless services impacted by federal funding cuts.

During the interim following the Adjournment Sine Die of the 2025 Regular Session, three events took place that have enormous ramifications on Hawaii's social safety net. These were: the enactment of House Resolution No. 1 (H.R. 1), the "One Big Beautiful Bill" Act, which was signed into law on July 4, 2026; the reversal of interpretation of "federal public benefit" under the Personal Responsibility and

Testimony on Senate Bill No. 2624

Thursday, February 10, 2022; 9:30 a.m.

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Work Opportunity Reconciliation Act of 1996, or "PRWORA", by the United States Department of Health and Human Services; and the announcement that the Center for Medicare and Medicaid Services will share personal data of Medicaid enrollees to Immigration and Customs Enforcement officials.

In tandem, these three developments will fundamentally alter Hawaii's Medicaid Program by shifting current Medicaid recipients to the uninsured population. Among other things, H.R. 1 will:

- (1) Prohibit the use of federal matching funds for health care services to immigrants not lawfully present under federal law, effective October 1, 2026;
- (2) Establish work or volunteer requirements for all Medicaid recipients of at least 80 hours per month (or 20 hours per week), effective December 31, 2026; and
- (3) Require redeterminations for every Medicaid recipient every six-months, also effective December 31, 2026.

Currently, Hawaii's uninsured population is estimated to be 38,400 or 2.8% of the total population. Based on research provided by the Kaiser Family Foundation as well as our review of Medicaid enrollment historically in Hawaii, we believe the uninsured population will at least double within two to three years if nothing is done.

Without health insurance coverage, citizens will no longer be able to manage chronic disease such as diabetes, high blood pressure, and other maladies. When they become ill, they will not get treated until the situation becomes so bad that they will need to go to a provider for emergency treatment. By then, the illness has become much more severe and costly to remedy. Also, by law, the emergency provider will have to provide stabilizing treatment to the patient regardless of the patient's ability to pay. These costs will subsequently be borne by the provider, creating additional stress to the safety net that is already facing reduced funding and reimbursement.

In the worst-case scenario, hospitals and FQHCs will not be able to treat the increase in indigent patients. While federal law requires FQHCs to provide services to all patients who are not eligible for Medicaid or private insurance on a sliding fee scale based on their ability to pay, federal grant funding to offset these costs were not adjusted to address the increase that will occur. As such, should Hawaii experience the largest projected increase in uninsured (and assuming that the level of services currently provided remains the same), FQHCs will run out of funds within two to three months.

It will be vital for the State to keep as many Medicaid recipients enrolled in the Program. As such, it will be essential for enrollees to meet the new work and volunteer requirements mandated by the federal government.

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Thursday, February 10, 2022; 9:30 a.m.
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Hawaii has historically experienced one of the lowest unemployment rates in the nation. However, this figure does not adequately show whether Hawaii's citizens are "underemployed" since persons who are working on a part-time (less than 20 hours per week) basis would still be counted as "employed". Further, because of Hawaii's high cost of living and stagnant salary growth, a large proportion of the population works multiple jobs to get by. As such, for persons looking for a job, finding suitable opportunities is daunting. This is even more difficult in rural, isolated communities where fewer businesses are situated.

H.R. 1 attempts to address this situation by allowing applicants for Medicaid to meet the 20 hours per week requirement by substituting work with an equal amount of time spent volunteering with a charitable organizations. However, in preliminary discussions with various nonprofit organizations to determine their capacity to recruit and engage volunteers in rural communities, because many have focused their grassroots activities in urban areas, it will likely take time for nonprofits to establish sufficient volunteer opportunities for Medicaid enrollees unable to gain part-time employment. This will also require resources for many nonprofits to establish footholds in rural, isolated communities (i.e., office space, the hiring of staff, etc.). As such, the \$3,000,000 proposed in this measure will likely not be enough to adequately address this need.

In light of this, the HPCA strongly supports this measure and urges the Legislature to provide sufficient resources to address this enormous need.

For your information and files, attached please find the slides of a presentation by the HPCA to the Office of the Governor on October 14, 2025, on the impacts of recent federal policy changes to Hawaii's FQHCs.

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.

attachment



HPCA

HAWAII' PRIMARY CARE ASSOCIATION

Impacts of Recent Federal Policy Changes to Hawaii's FQHCs

Erik Abe, Public Affairs and Policy Director

Tuesday, October 14, 2025; 2:30 p.m.

Thank you for this opportunity to present HPCA's analysis of recent federal policy changes to Hawaii's FQHCs and our Medicaid System.

If I do this right, I should be able to get through this presentation in 15 minutes.



I. CHANGES TO FEDERAL LAW AND POLICY

Part I is entitled changes to federal law and policy.

Overview

- ▶ On July 4, 2025, President Trump signed H.R. 1, the “Big Beautiful Act” (OBBBA) into law. This new law fundamentally changes health care policy and reverses the direction the federal government had taken over the previous decade.
- ▶ On July 10, 2025, Health and Human Services (HHS) Secretary Robert Kennedy, Jr., published notice of the Department’s reversal of interpretation of the term “Federal public benefit” under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
- ▶ On July 17, 2025, the Center for Medicare and Medicaid Services announced it will be providing Immigration and Customs Enforcement officials access to the personal data of 79 million Medicaid enrollees to help them track down immigrants who may not be living legally in the country.
- ▶ In tandem, these three developments will have enormous impacts on Hawaii’s Medicaid Program and federally qualified health centers.

There were three events that took place that change things -- the enactment of the "Big Beautiful Act"; the reversal of interpretation of "federal public benefit" under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or "PRWORA"; and the announcement that the Center for Medicare and Medicaid Services will share personal data of Medicaid enrollees to Immigration and Customs Enforcement Officials.

In tandem, these three developments have enormous impact on Hawaii's Medicaid Program and federally qualified health centers.

§71109 (OBBBA) and Medicaid Enrollment

- ▶ Prohibition for Undocumented Immigrants: §71109 [p. 590] - Prohibits federal match for services to immigrants not lawfully present under federal law.
- ▶ The FMAP for this cohort is currently 90%
- ▶ Of Hawaii's 405,742 Medicaid enrollees (as of March 4, 2025), approximately 100,000 are immigrants, of which 35,000 are undocumented (according to the Kaiser Family Foundation).
- ▶ When this provision takes effect on October 1, 2026, these 35,000 undocumented immigrants will be categorically disenrolled from Medicaid.
- ▶ Hawaii's uninsured population is estimated at 38,400 or 2.8% of the total population.
- ▶ On October 1, 2026, Hawaii's uninsured population will effectively DOUBLE overnight.

Prior to the enactment of the Big Beautiful Act, the federal government paid 90% of the costs incurred by immigrant Medicaid enrollees. However, Section 71109 of the Big Beautiful Act creates a categorical exclusion for service providers to receive federal reimbursement for undocumented immigrants.

According to the Kaiser Family Foundation, of the 400,000 Medicaid enrollees in Hawaii, one-fourth or 100,000 are believed to be immigrants, of which 35,000 are thought to be undocumented. When this provision takes effect on October 1, 2026, these 35,000 undocumented immigrants will be shifted from Medicaid enrollees to the uninsured.

Currently, the uninsured rate is 2.8 percent of the population or approximately 38,400. On October 1, 2026, this rate will effectively DOUBLE overnight.

PRWORA Baseline Clarification and OBBBA Enforcement

- ▶ According to MedQUEST, undocumented immigrants are already prohibited from receiving Medicaid benefits under PRWORA.
- ▶ Less than 3,000 current Medicaid enrollees are identified as undocumented enrollees.
- ▶ States may have enrolled individuals whose status was unresolved or whose documentation was incomplete, particularly in the context of continuous eligibility policies during the public health emergency and difficulties with redeterminations.
- ▶ PRWORA creates eligibility limitations, but OBBBA creates federal financial participation limitations.
- ▶ Even if someone is ineligible under PRWORA, enforcement of the reimbursement prohibition under OBBBA may still represent a material fiscal change for the State and FQHCs.
- ▶ Even if a state were to enroll undocumented immigrants using state-only funds, federal Medicaid matching is now barred for undocumented immigrants.

When we shared this information with our partner safety net organizations, MedQUEST responded that currently, less than 3,000 were logged in their system as "undocumented enrollees". We believe there are many more immigrants who are receiving benefits because while PRWORA establishes eligibility limitations at the time of application, these limitations do not preclude the states from paying for these benefits through general funds, as is the case with California, and Illinois, most notably. Because of this, we believe there are many more undocumented immigrants already enrolled in Medicaid.

The Big Beautiful Act changes things by establishing a federal reimbursement prohibition and enforcement mechanisms that will place greater responsibility on the States and providers to verify the eligibility of all Medicaid recipients.

§71107 (OBBBA) and 6-Month Redeterminations

- ▶ During the post-COVID unwind, states saw steep drops in the first 6-12 months, but then enrollment flattened as they reached stable caseload.
- ▶ Based on Hawaii's variance reports, after initial 5-6% drop, later cycles showed closer to 2-3% attrition, pointing toward equilibrium effect already starting.
- ▶ Nationally, pre-COVID Medicaid programs averaged annual churn of 10-12%.
- ▶ Initial 6-12 months (mid-2025 to mid 2026) steeper disenrollment, about 5-6% per cycle at first. This reflects clearing the backlog of people who lost eligibility during the PHE or didn't complete paperwork.
- ▶ Following 12-18 months (late 2026 through 2027) attrition slows to 2-3% per cycle as the remaining population stabilizes. This is the diminishing returns phase.
- ▶ Equilibrium by 24-30 months (late 2027 into early 2028), enrollment should level out. At this point, churn reflects only normal eligibility turnover rather than systemic procedural disenrollment.
- ▶ Over a three-year period, between 30,000 to 40,000 enrollees will be disenrolled.

The Big Beautiful Act also shortens the redetermination period for Medicaid enrollees from annually to every six months. Based on the Hawaii experience after the COVID flexibilities were removed prior to President Trump taking office, we believe that Hawaii will see a similar sharp decline in enrollment in the first twelve months and then a flattening over the following 24 months to an equilibrium point of 2-3% attrition every redetermination cycle.

Over the next three years, we believe between 30,000 and 40,000 Medicaid enrollees will be disenrolled.

§71119 (OBBA) and Work Requirements

- ▶ Effective October 1, 2025, unless delayed by waiver (Hawaii may seek a 2-year delay to October 2027), Medicaid enrollees must document 80-hours/month of employment or volunteering.
- ▶ National research shows work requirements will cause 5-10% disenrollment, mostly from procedural burdens rather than actual non-compliance.
- ▶ If applied to Hawaii, that might translate to 20,000-30,000 enrollees at risk
- ▶ If Hawaii wins a delay, this effect won't hit until FY 2028, after the immigrant disenrollment.

The Big Beautiful Act also establishes a requirement that all enrollees must work or volunteer at least 80 hours per month to remain eligible for Medicaid. National research indicates that work requirements will cause between 5 to 10% disenrollment, mostly from procedural burdens rather than actual non-compliance.

If applied to Hawaii, that might translate to 20,000 to 30,000 enrollees at-risk.

Hawaii might be able to delay this by two years if MedQUEST is successful in obtaining a two-year waiver from HHS.

OBBA Impact on Hawaii's Medicaid Population

- ▶ Starting with Baseline (405,000 enrollees, March 2025)
- ▶ Apply Redetermination Churn (minus 30,000 to 40,000 enrollees)
- ▶ Apply Undocumented Immigrant Disenrollment (but recognizing some may already fall off via churn) (minus 20,000 to 25,000 enrollees)
- ▶ Apply Work Requirements (but recognizing overlap with prior churn) (minus 15,000 to 20,000 enrollees)
- ▶ **TOTAL DISENROLLMENT-- 65,000 to 85,000 enrollees over the next three years**
- ▶ The Average Hawaii Medicaid expenditures per actual enrollee is \$6,762.47, based on a survey of variance reports published by the Hawaii State Department of Budget and Finance over the past decade.
- ▶ **GENERAL FUND IMPACT -- \$439.5 to \$574.8 MILLION over the next three years**

When you look at the entire picture taking into account duplication from persons who might be disenrolled for more than one reason, the HPCA used various models to get an idea of the scale of the impacts. A lot of assumptions were made in analyzing the worst-case scenario to get an idea of the fiscal impact.

We believe that between 65,000 to 85,000 enrollees will be disenrolled over the next three years if Hawaii is not able to obtain a two-year waiver for work requirements. If we get the waiver, this might be stretched over five years.

We looked at the total expenditures from HMS401, Hawaii's Medicaid Program, over the past 10 fiscal years as reported in the variance reports. Using the number of enrollees listed in those reports, we found the average expenditure per enrollee to be \$6,762.47. Applying that average to the projected number of persons disenrolled, we believe the fiscal impact to be between \$439.5 to \$574.8 million over the next three to five years.



II. IMPACTS ON HAWAII'S FQHCS

Keeping all of this in mind, I'd like to now share how we think this will impact FQHCs and the Social Safety Net.

Main Points

- ▶ Medicaid and most HHS funds can no longer be used for care to undocumented immigrants, except for emergency care, immunizations, and communicable disease services.
- ▶ FQHCs must still serve all patients regardless of immigration status, per Section 330.
- ▶ Federal funding (Medicaid, possibly 330) restricted for primary care to undocumented patients.
- ▶ Result - Cost shift to state/local governments, FQHC sliding fee programs, and private donations.
- ▶ Urgent need for state funding and policy action to preserve access and mitigate impact to safety net.

In a nutshell, Medicaid and most HHS funds cannot be used for undocumented immigrants. Yet, FQHCs must still serve all patients regardless of immigration status. This will result in a cost shift to state and local governments, our sliding fee program, and donations. Because of this, there is a need for new funding mechanisms and policy action to protect and preserve the safety net.

During our preliminary research, if FQHCs continue to provide the same level of services to undocumented immigrants without Medicaid reimbursement, FQHCs would have to rely on our 330 grant funds to cover this shortfall. Based on current grant funds available, those funds will be exhausted within two to three months.

Liability Exposure if FQHCs PROVIDE Services

- ▶ **Federal Liability** -- Providing services to undocumented immigrants in federally funded facilities could constitute unlawful provision of federal public benefits. This exposes FQHCs to potential loss of §330 grant funding and possible False Claims Act (31 U.S.C. §§3729-3733) liability if reimbursement is sought.
- ▶ **State Liability** - Hawaii's Medicaid Program (Med-QUEST) could face FMAP penalties for violations of PRWORA or the Big Beautiful Act. FQHCs may also face state-level audits regarding misuse of blended funding streams.

FQHCs are in a no-win situation. If an FQHCs PROVIDES service to an undocumented immigrant at their respective campuses, that FQHC could be subject to federal liability for the unlawful provision of federal public benefits, and be exposed to the potential loss of §330 grant funding and possible False Claims Act liability if reimbursement is sought.

MedQUEST could face FMAP penalties for violations of PRWORA and the Big Beautiful Act, and the FQHC might also face state-level audits regarding misuse of blended funding streams.

Liability Exposure if FQHCs DENY Services

- ▶ **Federal Law** - The Emergency Medical Treatment and Active Labor Act (EMTALA -- 42 U.S.C. § 1395dd) obligates hospitals with emergency departments to provide emergency stabilization regardless of immigration status. While EMTALA does not apply directly to FQHCs, denial of emergency care may conflict with PRWORA's emergency exception. **[NOTE:** Both Waianae Coast Comprehensive Health Center and Hana Health operate 24-hour urgent/emergent care at their campuses.]
- ▶ **Civil Rights and Discrimination** -- Denying care based solely on immigration status may trigger claims under Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d), which prohibits national origin discrimination in federally funded programs. Courts have recognized that immigration status may intersect with national origin. In addition, Section 1557 of the Affordable Care Act (42 U.S.C. § 18116) similarly prohibits discrimination in federally funded health programs. FQHCs risk HHS Office for Civil Rights enforcement and civil litigation.
- ▶ **Hawaii State Law** -- Hawaii Constitution, Article I, § 5, guarantees equal protection and due process. Courts in Hawaii have interpreted these protections broadly. Denial of care could be challenged as unconstitutional discrimination. Additionally, FQHCs may face state tort claims for negligence or medical malpractice if denial of care leads to harm, as well as violations of public accommodation statutes.

If FQHCs DENY services to undocumented immigrants, denial might violate the Emergency Medical Treatment and Active Labor Act, or EMTALA, which requires emergency stabilization regardless of immigration status. While this law applies directly to hospitals with emergency departments, both Waianae Coast Comprehensive Health Center and Hana Health provide 24-hour urgent/emergent care at their campuses.

Denial of service based solely on immigration status may trigger claims under Title VI of the Civil Rights Act of 1964, which prohibits national origin discrimination in federally funded programs. Denial might also violate provisions of the Affordable Care Act, which prohibits discrimination in health programs.

Denial of service could trigger state action if the denial is construed as unconstitutional discrimination. Further, the FQHC could be in violation of Hawaii's public accommodations statutes.

Possible Best and Worst Case Scenarios

- ▶ **BEST CASE** - HHS allows Hawaii FQHCs to service undocumented immigrants at their facilities but without any Medicaid funds for reimbursement. This would allow FQHCs to continue to serve in the safety net in rural and underprivileged communities with reimbursements paid by non-federal funds.
- ▶ **WORST CASE** - HHS prohibits Hawaii FQHCs from servicing undocumented immigrants and further does not waive PRWORA requirements for FQHCs providing emergency services. Hawaii's FQHCs would either need to stop providing 24-hour urgent/emergent care or discontinue serving as an FQHC.
- ▶ Under the **WORST CASE** scenario, FQHCs will see an immediate and sharp decline in usage from immigrants (1/4 of Medicaid enrollment) due to lack of trust within each FQHCs' respective communities until such time as a final determination is made by HHS. . .
- ▶ ... and at that point, the uninsured population would need to be addressed by the State solely through a general-funded program without participation from FQHCs.

Based on the information available, best-case and worst-case scenarios could be imagined. In the best-case scenario, HHS allows FQHCs to provide services to immigrants but not allow federal funds for reimbursement. Under this scenario, FQHCs would remain in the safety net, but would need to find non-federal funds to provide services to this cohort.

Under the worst-case scenario, HHS prohibits FQHCs from even using their facilities to provide services to undocumented immigrants. This scenario would effectively dislodge FQHCs from the safety net and leave it to the State to determine how the health care needs of this population will be served.

Additional Logistical Concerns

- ▶ FQHCs cannot operationalize the Medicaid prohibition on undocumented immigrants without real-time, legally-authorized method to determine a patient's arrest and court record status.
- ▶ FQHCs are not authorized under federal law to query DHS or DOJ databases to determine a patient's arrest history, court orders, or immigration status.
- ▶ If an FQHC bills Medicaid for a service later determined to be provided to an undocumented immigrant, it may be seen as a false claim under federal law (31 U.S.C. §3729 et seq.).
- ▶ There is no federal system currently available to FQHCs to verify immigration status at the point of service, nor any integration with court or DHS arrest/release databases.
- ▶ Regarding work requirements, because Hawaii's unemployment rate for August 2025 is 2.7%, are there sufficient part-time job opportunities for 15,000 to 20,000 disenrolled Medicaid enrollees over the next three years?
- ▶ Are health care and social safety net organizations able to absorb those disenrolled citizens as volunteers?

Lastly, FQHCs will need to be able to determine a patient's Medicaid eligibility before services can be provided. Because a person's immigration status can change from the time documentation is verified at application, without the means of determining eligibility before service is provided, there would be no way for the FQHC to ensure that a subsequent request for reimbursement is legitimate. It should be noted that a person's immigrant status can change based on a person's arrest and court record status prior to conviction. Currently as a public accommodation, FQHCs are prohibited from denying medical services to a person based on their arrest and court record status under State Law.

Also, given Hawaii's low unemployment rate, are there sufficient job opportunities available in rural, isolated communities to keep Hawaii's unemployed Medicaid enrollees with coverage?

The HPCA has had preliminary discussions with various nonprofit organizations to determine their capacity to recruit and engage volunteers in rural communities. Because many of these organizations have focused their grassroots activities in urban areas, it will likely take time for nonprofits to establish sufficient volunteer opportunities for Medicaid enrollees unable to gain part-time employment.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Impacts of Recent Federal Policy Changes to Hawaii's FQHCs

Erik Abe, Public Affairs and Policy Director

Tuesday, October 14, 2025; 2:30 p.m.

This concludes the presentation. I'd be happy to answer any questions.



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TO: HOUSE COMMITTEE ON LABOR
The Honorable Jackson D. Sayama, Chair
The Honorable Mike Lee, Vice Chair, and
Members of the Committee

FROM: Terry George, Chief Executive Officer & President

RE: Testimony in Support for HB 2116, Relating to Grants

DATE: Thursday, February 5, 2026 at 9:30 am

LOCATION: Hearing Room 309

The Hawai'i Community Foundation (HCF) **supports** HB 2116, Relating to Grants. HB 2116 appropriates funds to the Office of Community Services (OCS) within the Department of Labor and Industrial Relations for grants to nonprofits that help residents meet new community engagement requirements for eligibility in federal programs by creating opportunities to work, volunteer, or learn new skills. HCF believes that critical basic needs are delivered by nonprofit organizations that can sustain operations and cover the cost of delivering those services in Hawai'i. Human services are a priority under HCF's CHANGE Framework within the Community Centered Economy and Health and Wellness sectors.

Given the updated eligibility requirements for crucial federal programs—such as Supplemental Nutrition Assistance Program (SNAP) and federally funded public housing—adequate funding is required to support nonprofit organizations who can expand or create work, volunteer, or training opportunities for Hawai'i residents who must fulfill these new requirements. According to UHERO, 164,000 of Hawai'i's residents are SNAP beneficiaries.¹, Additionally, approximately 5,200 local families rely on federally funded public housing.²

Adequate funding is essential to support the nonprofit organizations who are not only providing important services for our community, but also new opportunities to maintain residents' qualifications for federal programs. HCF grantee partners share with us the rising demand for these services while funding lags behind true costs, including paying for insurance and staff expenses. Operating volunteer, work, and training programs will create additional program expenses, making it imperative that nonprofit organizations have the funds necessary to continue carrying out their services. Supporting this bill has the potential

¹ [UHERO Economic Forecast Dec. 2025](#) – page 9.

² [Hawai'i Public Housing Authority](#).

to protect access for residents who rely on crucial federal programs, as well as invest in the longevity of Hawai'i's social safety net. We urge the legislature to advance HB 2116.



CATHOLIC CHARITIES HAWAII

SUPPORT FOR HB 2116: RELATING TO GRANTS

TO: House Committee on Labor
FROM: Tina Andrade, President and CEO, Catholic Charities Hawai'i
Hearing: Thursday, 2/5/26; 9:30 am; Via Videoconference for Cr 309

Aloha Chair Sayama, Vice Chair Lee, and Members, Committee on Labor:

Thank you for the opportunity to testify in **support of HB 2116**, which appropriates funds to the Office of Community Services (OCS) to award grants to non-profit organizations that expand or create opportunities for residents needing to meet new community engagement requirements to qualify for federal programs.

Catholic Charities Hawai'i (CCH) is a tax-exempt, Community-Based Organization that has provided social services in Hawai'i for more than 78 years, now serving over 40,000 individuals statewide each year. CCH offers a wide range of programs supporting children, families, older adults, immigrants, and individuals experiencing homelessness. Our mission is to provide services and advocacy for Hawai'i's most vulnerable residents.

New federal community engagement requirements are being tied to vital programs. These will become barriers for individuals who are already facing significant challenges.

Nonprofits are uniquely positioned to open up new opportunities and help residents to maintain essential federal services. They have the trust of the communities they serve, the cultural competence to engage hard-to-reach populations, and the experience to deliver meaningful volunteer, training, and civic engagement activities. With grant support, these organizations can quickly scale up capacity, develop new pathways for participation, and ensure that residents have fair, realistic, and accessible opportunities to meet federal expectations.

Without this investment, many residents risk losing access to essential benefits not because they are unwilling to engage, but because opportunities are limited, transportation is difficult, or programs simply do not exist in their community. Funding these grants is a proactive and cost-effective way to prevent avoidable disruptions in families' stability, support local nonprofits, and strengthen civic involvement across the state.

Catholic Charities Hawai'i respectfully urges the committee to pass this bill and fund this grant program. It is a practical solution that will support both residents and the nonprofit partners who serve them every day.

If you have any questions, please contact our Legislative Liaison, Betty Lou Larson, at (808) 527-4813.