
A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

1 SECTION 1. The legislature finds that access to preventive
2 services, telehealth, and urgent care improves health outcomes
3 and helps in reducing long-term health care costs. Portable
4 coverage options, including those that allow for employer
5 contributions, support workforce stability without imposing
6 additional regulatory burdens for employers. Recent changes to
7 Medicaid eligibility and redetermination processes made at the
8 federal level will cause a significant number of residents of
9 the State to lose their Medicaid health insurance coverage. The
10 legislature further finds that many of those who will lose
11 Medicaid coverage lack access to employer-sponsored health
12 insurance or other health insurance options during periods of
13 transition between health insurance plans. Furthermore,
14 commercial health insurance plans are often cost-prohibitive for
15 individuals who experience temporary or intermittent gaps in
16 health insurance coverage.



1 The legislature also finds that, due to federal rule
2 changes effective on January 1, 2026, low-premium bronze and
3 catastrophic health insurance plans, when paired with health
4 savings accounts, may offer an affordable and flexible coverage
5 option for individuals who no longer qualify for Medicaid but
6 cannot afford comprehensive health plans. The legislature
7 additionally finds that targeted, time-limited interventions can
8 help to prevent disruptions in care while preserving the
9 protections of the Prepaid Health Care Act for full-time
10 workers.

11 Accordingly, the purpose of this Act is to:

- 12 (1) Establish a three-year health coverage continuity
13 pilot program within the department of human services,
14 in consultation with the department of commerce and
15 consumer affairs, to assist individuals who have lost
16 Medicaid health insurance coverage and lack access to
17 other health insurance options;
- 18 (2) Authorize the department of human services to contract
19 with a nonprofit health insurer or community-based
20 organization to operate the pilot program, under
21 certain circumstances; and



1 (3) Authorize the department of human services to:

2 (A) Issue premium subsidies or vouchers; and

3 (B) Accept employer contributions, under certain
4 circumstances.

5 SECTION 2. (a) There shall be established a three-year
6 health coverage continuity pilot program to be administered by
7 the department of human services in consultation with the
8 department of commerce and consumer affairs. The purpose of the
9 pilot program shall be to provide health insurance coverage to
10 individuals who have lost medicaid coverage and do not qualify
11 for employer-sponsored insurance or federal premium subsidies
12 under the Affordable Care Act or any successor federal program
13 to mirror 2026 federal rules allowing health savings accounts to
14 pair with bronze level or catastrophic health insurance plans.

15 (b) The department shall:

16 (1) Target individuals who have lost medicaid coverage and
17 do not qualify for employer-sponsored health insurance
18 or federal premium subsidies under the Affordable Care
19 Act or any successor federal program, including but
20 not limited to:

21 (A) Seasonal or agricultural workers;



- 1 (B) Independent contractors and freelancers;
- 2 (C) Underemployed adults; and
- 3 (D) Community college or university students without
- 4 other health insurance coverage;
- 5 (2) Establish eligibility criteria and an application
- 6 process for enrollment in the pilot program; and
- 7 (3) Provide low premium bronze level or catastrophic
- 8 health insurance plans approved by the insurance
- 9 commissioner; provided that the health plans:
- 10 (A) Qualify as high deductible health plans under
- 11 federal law;
- 12 (B) Allow an individual to make tax-deductible
- 13 contributions to a health savings account in
- 14 accordance with federal law; and
- 15 (C) Provide coverage for preventive care health
- 16 visits, urgent care services, telehealth
- 17 services, and generic prescription drugs,
- 18 including essential health benefits as defined
- 19 under federal or state law.
- 20 (c) Direct payment agreements for routine primary care
- 21 services between a patient and a licensed provider:



(1) Shall not be considered insurance; and

(2) May be used in combination with coverage offered under this program, to the extent permitted under federal health savings account rules.

(d) The department may contract with a nonprofit health insurer or community-based organization to administer or operate the pilot program; provided that the department shall allow the operator to access state-backed reinsurance or risk stabilization support during the pilot program. The department shall promote collaboration between the operator of the pilot program and local health systems, federally qualified health centers, and safety-net providers in the State to implement the pilot program.

(e) The department may:

(1) Issue premium subsidies or vouchers to eligible individuals enrolled in the pilot program; and

(2) Accept employer contributions for eligible individuals enrolled in the pilot program;

provided that any subsidy, voucher, or contribution shall be portable and shall follow the individual without imposing



1 compliance or administrative obligations on the State or an
2 employer.

3 (f) The department shall use funding from general
4 appropriations for the implementation of the pilot program. The
5 department shall apply for any federal subsidies, matching
6 funds, or waivers, including but not limited to waivers under
7 section 1332 of the Affordable Care Act, and section 1115 of the
8 Social Security Act of 1935, as applicable, to carry out the
9 pilot program.

10 (g) The department shall adopt rules pursuant to
11 chapter 91 necessary for the purposes of the pilot program.

12 (h) The department shall submit a report to the
13 legislature no later than twenty days prior to the convening of
14 the 2027, 2028, and 2029 regular sessions that includes the
15 following:

- 16 (1) Enrollment data;
- 17 (2) Health outcomes;
- 18 (3) Fiscal impact;
- 19 (4) Program sustainability; and
- 20 (5) Proposed legislation.



(i) The pilot program shall cease to exist on June 30, 2029.

(j) For the purpose of this Act:

"Affordable Care Act" means the federal Patient Protection and Affordable Care Act, public law 111-148, as amended.

"Department" means the department of human services.

SECTION 3. This Act shall take effect upon its approval and shall be repealed on June 30, 2029.

INTRODUCED BY:


JAN 15 2026



H.B. NO. 1546

Report Title:

DHS; DCCA; Health Coverage Continuity Pilot Program; Bronze Level; Catastrophic Plan; Subsidies; Waivers; Vouchers; Employer Contributions; Portability; Reports

Description:

Establishes a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options. Authorizes the Department of Human Services to contract with a nonprofit health insurer or community-based organization to operate the Pilot Program; provided that the Department shall allow the operator to access state-backed reinsurance or risk stabilization support for the operator of the Pilot Program. Authorizes the Department of Human Services to: (1) Issue premium subsidies or vouchers; and (2) Accept employer contributions; provided that the benefit shall be portable and follow the individual without imposing compliance or administrative obligations on the State or an employer. Requires reports to the Legislature. Repeals 6/30/2029.

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