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# 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 recent changes to  
2    medicaid eligibility and redetermination processes made at the  
3    federal level will cause a significant number of residents of  
4    the State to lose their medicaid health insurance coverage. An  
5    estimated thirty-five thousand undocumented immigrants who  
6    reside in Hawaii will lose medicaid coverage on October 1, 2026.  
7    Additionally, after that date, around thirty thousand enrollees  
8    will be subject to a new community engagement requirement where  
9    residents would need to show eighty hours a month of work,  
10   community service, or other eligibility activities at the time  
11   their benefit eligibility is redetermined or their benefits will  
12   be revoked. Federal changes are now also mandating that  
13   redetermination for medicaid be every six months instead of  
14   annually, potentially resulting in some eligible residents  
15   failing to re-enroll due to a lack of complete paperwork or loss  
16   of eligibility.



1           The legislature also finds that it is important to provide  
2 insurance coverage to those who lose medicaid coverage to ensure  
3 these individuals can still access health care and to reduce the  
4 financial strain on health care providers who might otherwise  
5 provide unpaid emergency services. Providing this coverage  
6 while also maximizing the health services available to Hawaii  
7 residents and minimizing state expenditures will require a  
8 multi-pronged approach. The legislature notes that any programs  
9 offered must be unrelated to the existing Hawaii Prepaid Health  
10 Care Act in order to maintain its existing federal preemption  
11 under the Employee Retirement Income Security Act of 1974.

12           First, barriers to maintaining enrollment in medicaid  
13 should be reduced by simplifying the application and  
14 reenrollment process, including documentation of eligibility.  
15 In addition, residents who are otherwise eligible for medicaid  
16 should be connected with opportunities that will enable them to  
17 meet work and community engagement requirements.

18           The second approach is to leverage available federal  
19 subsidies in the form of advance premium tax credits in the  
20 federally facilitated marketplace to assist individuals who  
21 qualify. These tax credits are only available to people whose



1 household income is less than four hundred per cent of the  
2 federal poverty level and for plans that are not categorized as  
3 catastrophic plans. Advance premium tax credits are not  
4 available to undocumented immigrants or to those who lose  
5 medicaid coverage due to failure to document sufficient work or  
6 community engagement hours. The legislature notes that while  
7 the federally facilitated marketplace enrollment period is  
8 limited to November 1 to January 15 each year, losing medicaid  
9 or employer-sponsored health insurance is considered a household  
10 change, which qualifies the resident for a special enrollment  
11 period for marketplace coverage.

12 The legislature further finds that the advance premium tax  
13 credits are still unaffordable to low-income residents. As  
14 such, the department of human services and med-QUEST can expand  
15 the existing state-funded premium assistance program, which  
16 currently serves immigrants. The existing subsidies are about  
17 \$1,328 annually per person and enable beneficiaries to enroll in  
18 the federally facilitated marketplace silver level plans, which  
19 provide robust health services.

20 Finally, those who do not qualify for the advance premium  
21 tax credits may enroll in a less expensive high-deductible plan



1 that disincentivizes them from seeking health care services. A  
2 state-funded subsidy for preventive services paired with a high-  
3 deductible plan may offer an affordable and flexible coverage  
4 option.

5 Accordingly, the purpose of this Act is to establish a  
6 three-year health coverage continuity pilot program within the  
7 department of human services, in consultation with the  
8 department of commerce and consumer affairs, to provide two  
9 options for individuals in the State who lose their medicaid  
10 insurance coverage and do not qualify for employer-sponsored  
11 insurance under the Hawaii Prepaid Health Care Act:

12 (1) The option to enroll in federally facilitated  
13 marketplace silver level plans for persons who qualify  
14 for federal advance premium tax credits; and

15 (2) An annual subsidy for persons who do not qualify for  
16 federal advance premium tax credits and have acquired  
17 a high-deductible health plan to be used to cover the  
18 cost of preventive care.

19 SECTION 2. (a) There is established a three-year health  
20 coverage continuity pilot program to be administered by the  
21 department of human services in consultation with the department



1 of commerce and consumer affairs. The purpose of the pilot  
2 program shall be to assist individuals who have lost their  
3 medicaid insurance coverage, and do not qualify for employer-  
4 sponsored insurance under the Hawaii Prepaid Health Care Act,  
5 through the following two avenues:

6 (1) For persons who have lost their medicaid coverage but  
7 qualify for federal advance premium tax credits: the  
8 ability to enroll in federally facilitated marketplace  
9 silver level plans. The assistance shall be in an  
10 amount that covers the difference between the cost of  
11 the silver level plans and what the individuals are  
12 able to afford; and

13 (2) For persons who have lost their medicaid coverage, do  
14 not qualify for federal advance premium tax credits,  
15 and have acquired a high-deductible health plan: an  
16 annual state subsidy of \$1,000 for evidence-based  
17 preventive services, screenings, diagnostic tests,  
18 counseling, and risk-reduction interventions intended  
19 to detect disease early and prevent the onset of or  
20 reduce the progression of illness.

21 (b) The department shall:



- 1 (1) Target individuals who have lost medicaid coverage and  
2 do not qualify for coverage under the Hawaii Prepaid  
3 Health Care Act, including but not limited to:
- 4 (A) Seasonal or agricultural workers;
  - 5 (B) Independent contractors and freelancers;
  - 6 (C) Underemployed adults; and
  - 7 (D) Community college or university students without  
8 other health insurance coverage; and
- 9 (2) Establish eligibility criteria and an application  
10 process for enrollment in the pilot program.
- 11 (c) Direct payment agreements for routine primary care  
12 services between a patient and a licensed provider:
- 13 (1) Shall not be considered insurance; and
  - 14 (2) May be used in combination with coverage offered under  
15 the pilot program, to the extent permitted under  
16 federal health savings account rules.
  - 17 (d) The department may contract with a nonprofit health  
18 insurer or community-based organization to administer or operate  
19 the pilot program; provided that the department shall allow the  
20 operator to access state-backed reinsurance or risk  
21 stabilization support during the pilot program. The department



1 shall promote collaboration between the operator of the pilot  
2 program and local health systems, federally qualified health  
3 centers, and safety-net providers in the State to implement the  
4 pilot program.

5 (e) The department may issue premium subsidies or vouchers  
6 to eligible individuals enrolled in the pilot program; provided  
7 that any subsidy, voucher, or contribution shall be portable and  
8 shall follow the individual without imposing compliance or  
9 administrative obligations on the State or an employer.

10 (f) The department shall apply for any federal subsidies,  
11 matching funds, or waivers, including but not limited to waivers  
12 under section 1332 of the Affordable Care Act, and section 1115  
13 of the Social Security Act of 1935, as applicable, to carry out  
14 the pilot program.

15 (g) The department shall adopt rules pursuant to chapter  
16 91 necessary for the purposes of the pilot program.

17 (h) The department shall submit a report to the  
18 legislature no later than twenty days prior to the convening of  
19 the 2027, 2028, and 2029 regular sessions. Each report shall  
20 include the following:

21 (1) Enrollment data;



1 (2) Health outcomes;

2 (3) Fiscal impact;

3 (4) Program sustainability; and

4 (5) Proposed legislation.

5 (i) The pilot program shall cease to exist on June 30,  
6 2029.

7 (j) For the purposes of this Act:

8 "Affordable Care Act" means the federal Patient Protection  
9 and Affordable Care Act of 2010, public law 111-148, as amended.

10 "Department" means the department of human services.

11 SECTION 3. This Act shall take effect on July 1, 3000, and  
12 shall be repealed on June 30, 2029.



**Report Title:**

DHS; DCCA; Health Coverage Continuity Pilot Program; Medicaid; Subsidies; Waivers; Vouchers; 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 under certain circumstances. Authorizes the Department of Human Services to issue premium subsidies in certain circumstances. Requires reports to the Legislature. Repeals 6/30/2029. Effective 7/1/3000. (SD1)

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