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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 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 are expected to cause a significant number of  
9 residents of the State to lose their medicaid health insurance  
10 coverage. The legislature further finds that many of those who  
11 will lose medicaid coverage lack access to employer-sponsored  
12 health insurance or other health insurance options during  
13 periods of transition between health insurance plans.  
14 Furthermore, commercial health insurance plans are often cost-  
15 prohibitive for individuals who experience temporary or  
16 intermittent gaps in 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 to be administered by the department of  
14 human services in consultation with the department of  
15 commerce and consumer affairs, to subsidize the costs  
16 of certain health insurance deductibles for eligible  
17 individuals; and
- 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.



1 SECTION 2. (a) There shall be established a three-year  
2 health coverage continuity pilot program to be administered by  
3 the department of human services in consultation with the  
4 department of commerce and consumer affairs. The purpose of the  
5 pilot program shall be to subsidize the costs of health  
6 insurance deductibles for eligible individuals who:

- 7 (1) Have lost medicaid coverage;
- 8 (2) Do not qualify for employer-sponsored insurance under  
9 the Prepaid Health Care Act or federal premium  
10 subsidies under the Affordable Care Act; and
- 11 (3) Are enrolled in a bronze level or catastrophic health  
12 insurance plan.

13 (b) The department shall:

- 14 (1) Target individuals who have lost medicaid coverage and  
15 do not qualify for employer-sponsored health insurance  
16 under the Prepaid Health Care Act or federal premium  
17 subsidies under the Affordable Care Act or any  
18 successor federal program, including but not limited  
19 to:
- 20 (A) Seasonal or agricultural workers;
- 21 (B) Independent contractors and freelancers;



- 1 (C) Underemployed adults; and
- 2 (D) Community college or university students without
- 3 other health insurance coverage;
- 4 provided that individuals shall be enrolled in a
- 5 bronze level or catastrophic health insurance plan
- 6 approved by the insurance commissioner;
- 7 (2) Establish eligibility criteria and an application
- 8 process for enrollment in the pilot program; and
- 9 (3) Issue subsidies for the cost of health insurance
- 10 deductibles to eligible individuals enrolled in the
- 11 pilot program; provided that the subsidies shall:
- 12 (A) Be for preventative health care services; and
- 13 (B) Not exceed \$1,000 per individual per year;
- 14 provided further that any subsidy issued pursuant to
- 15 this section shall be portable and shall follow the
- 16 individual without imposing compliance or
- 17 administrative obligations on the State or an
- 18 employer.
- 19 (c) Direct payment agreements for routine primary care
- 20 services between a patient and a licensed provider:
- 21 (1) Shall not be considered insurance; and



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

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

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

18           (f) The department shall adopt rules pursuant to  
19 chapter 91, Hawaii Revised Statutes, necessary for the purposes  
20 of the pilot program.



1 (g) The department shall submit a report to the  
2 legislature no later than twenty days prior to the convening of  
3 the regular sessions of 2027, 2028, and 2029, that includes the  
4 following:

- 5 (1) Enrollment data;
- 6 (2) Health outcomes;
- 7 (3) Fiscal impact;
- 8 (4) Program sustainability; and
- 9 (5) Proposed legislation.

10 (h) The pilot program shall cease to exist on June 30,  
11 2029.

12 (i) For the purpose of this Act:

13 "Affordable Care Act" means the federal Patient Protection  
14 and Affordable Care Act, Public Law 111-148, as amended.

15 "Department" means the department of human services.

16 SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$ \_\_\_\_\_ or so  
18 much thereof as may be necessary for fiscal year 2026-2027 for  
19 the implementation and operation of the health coverage  
20 continuity pilot program established pursuant to this Act.



1           The sum appropriated shall be expended by the department of  
2 human services for the purposes of this Act.

3           SECTION 4. This Act shall take effect upon its approval  
4 and shall be repealed on June 30, 2029.

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**Report Title:**

DHS; DCCA; Health Coverage Continuity Pilot Program; Bronze Level; Catastrophic Plan; Deductibles; Subsidies; Waivers; Portability; Reports; Appropriation

**Description:**

Establishes a 3-year Health Coverage Continuity Pilot Program to be administered by the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to subsidize the cost of certain health insurance deductibles for eligible individuals. Authorizes the Department 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 operation of the Pilot Program. Requires reports to the Legislature. Appropriates funds. Repeals 6/30/2029. (SD1)

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