
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 evidence-based preventive services,
- 13 screenings, diagnostic tests, counseling, and
- 14 risk-reduction interventions intended to detect
- 15 disease early and prevent the onset of or reduce
- 16 the progression of illness; and
- 17 (B) Not exceed \$1,000 per individual per year;
- 18 provided further that any subsidy issued pursuant to
- 19 this section shall be portable and shall follow the
- 20 individual without imposing compliance or



1 administrative obligations on the State or an
2 employer.

3 (c) Direct payment agreements for routine primary care
4 services between a patient and a licensed provider:

- 5 (1) Shall not be considered insurance; and
- 6 (2) May be used in combination with coverage offered under
7 the pilot program, to the extent permitted under
8 federal health savings account rules.

9 (d) The department may contract with a nonprofit health
10 insurer or community-based organization to administer or operate
11 the pilot program; provided that the department shall allow the
12 operator to access state-backed reinsurance or risk
13 stabilization support during the pilot program; provided further
14 that the department shall provide excess loss protection up to
15 an annual capped amount only after an operator's costs exceed a
16 threshold as determined by the department. The department shall
17 promote collaboration between the operator of the pilot program
18 and local health systems, federally qualified health centers,
19 and safety-net providers in the State to implement the pilot
20 program.



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

6 (f) The department shall adopt rules pursuant to chapter
7 91, Hawaii Revised Statutes, necessary for the purposes of the
8 pilot program.

9 (g) The department shall submit a report to the
10 legislature no later than twenty days prior to the convening of
11 the regular sessions of 2027, 2028, and 2029, that includes the
12 following:

- 13 (1) Enrollment data;
- 14 (2) Health outcomes;
- 15 (3) Fiscal impact;
- 16 (4) Program sustainability; and
- 17 (5) Proposed legislation.

18 (h) The pilot program shall cease to exist on June 30,
19 2029.

20 (i) For the purposes of this Act:



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

3 "Department" means the department of human services.

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2026-2027 for
7 the implementation and operation of the health coverage
8 continuity pilot program established pursuant to this Act.

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

11 SECTION 4. This Act shall take effect on July 1, 2050, and
12 shall be repealed on June 30, 2029.



Report Title:

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

Description:

Establishes a three-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. Effective 7/1/2050. (SD2)

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