

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 25, 2026

TO: The Honorable Representative Chris Todd, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 1546 HD1 – RELATING TO HEALTH INSURANCE.**

Hearing: February 26, 2026, Time 2:00 p.m.
Conference Room 308 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure and offers comments. DHS respectfully requests that this program and appropriation not conflict with, reduce, or replace priorities identified in the executive budget. Furthermore, DHS requests that any increases be appropriated through the executive budget, rather than through a bill so that the increases can be incorporated into and recur in the DHS base budget.

DHS appreciates that this bill seeks to develop additional health insurance options for Hawaii residents. The need for an alternate health insurance vehicle is driven by the expiration of the Enhanced Premium Tax Credits on the Federally Facilitated Marketplace (FFM), which has made insurance for the nearly 24,000 Hawaii residents far less affordable. In some cases, unaffordable, forcing a yet-to-be-determined number of residents to forego coverage and become uninsured in 2026.

The uninsured pool is almost certain to grow in 2027 as the provisions in the One Big Beautiful Bill Act, Public Law 119-21 (OBBBA), eliminate access to Medicaid coverage for certain

immigrants (effective 10/1/2027) and adults between 19-64 who do not meet the work and community engagement requirements (effective 1/1/2027).

While the DHS Med-QUEST Division (MQD) has already begun developing new system modifications, notices, communications, partnerships, and operational modifications to maximize continued coverage for eligible members, we estimate that between 19,000 – 38,000 currently enrolled adults could lose their Medicaid coverage beginning in 2027. Based on current MQD costs, covering the same number of people would cost approximately \$134,064,000 to \$268,128,000 per year with 100% state-only funding.

DHS defers to the Department of Commerce and Consumer Affairs (DCCA) on requirements for access to state-backed reinsurance or risk-stabilization support for the operator of the Pilot Program. DHS also seeks clarification from the Legislature regarding the issuance of premium coverage for silver-level plan enrollees and the annual subsidy for individuals with high-deductible health plans for the cost of preventive care.

DHS notes that MQD currently operates a premium assistance program in coordination with Hawaii issuers on the Federal Facilitated Marketplace (FFM) for a select set of immigrants who are ineligible for Medicaid coverage because they have not yet met the 5-years of lawful presence required by federal law, but whose income is at a Medicaid-eligible level. There is potential for DHS to leverage or expand this program to a broader group of enrollees on the FFM who select silver level plans and are awarded both Advance Premium Tax Credits (APTC) and Cost Share Reductions (CSR). To do so, MQD would need to establish new rules to define coverage groups and program eligibility. To accomplish this, additional funding would need to be appropriated.

DHS has no existing program that approximates the second option in this bill and would require time and appropriation in order to establish such a program.

Thank you for the opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Finance
February 26, 2026 at 2:00 p.m.

By

Debora Halbert

Vice President for Academic Strategy
University of Hawai'i System

HB 1546 HD1 – RELATING TO HEALTH INSURANCE.

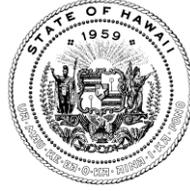
Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The University of Hawai'i supports HB 1546 HD1 - Relating to Health Insurance. The University of Hawai'i (UH) serves a diverse student population across ten campuses, many of whom are part-time students, unemployed or underemployed, or individuals transitioning between insurance coverage. Findings from the UH Landscape Assessment of Student Basic Needs Insecurity published in 2025 demonstrate that health insecurity is closely intertwined with food and housing insecurity and is a significant barrier to student persistence, academic success, and timely degree completion. Students who experience lapses in health coverage are more likely to delay preventive care, forgo needed treatment, and disengage from their studies due to unanticipated and unmanaged physical or mental health concerns.

HB 1546 HD1 responds directly to these challenges by creating a targeted, time-limited pilot program that provides affordable, portable health coverage options for individuals who fall into coverage gaps as a result of recent Medicaid redeterminations and federal eligibility changes. Of particular importance to UH is the bill's recognition of post-secondary students as an eligible population, including community college and university students who meet certain qualifications.

The bill's emphasis on preventive services, telehealth, urgent care, and essential prescription coverage aligns with evidence-based approaches identified in the UH Landscape Assessment, which highlight the need for accessible, low-barrier health services to support student well-being and educational continuity. By reducing disruptions in care, the proposed pilot program has the potential to mitigate downstream academic and financial impacts on students and institutions alike.

UH offers its support for the goals and framework of this measure and remains committed to collaborating with the Department of Human Services and community partners to promote student awareness of available resources and support student success. Thank you for the opportunity to provide testimony.



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DEAN I. HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Thursday, February 26, 2026
2:00 p.m.
State Capitol, Conference Room 308 and via Videoconference**

**On the following measure:
H.B. 1546, H.D. 1, RELATING TO HEALTH INSURANCE**

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Scott K. Saiki, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to (1) establish 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; (2) authorize the Department of Human Services to contract with a nonprofit health insurer or community-based organization to operate the Pilot Program under certain circumstances; (3) authorize the Department of Human Services to issue premium subsidies in certain circumstances; (4) require reports to the Legislature; and (5) repeal on 6/30/2029.

The Department appreciates the intent of this measure as a bridge to affordable, continuous health insurance for residents who are most vulnerable to losing Medicaid coverage and is ready to work with the Department of Human Services to implement the pilot program.

The measure is to assist persons who have lost Medicaid coverage but qualify for federal advance premium tax credits: the ability to enroll in federally facilitated marketplace silver level plans (page 5, lines 6 to 9). The Department notes eligibility factors and the ability to enroll in the federally facilitated marketplace through HealthCare.gov is determined by the U.S. Centers for Medicare and Medicaid Services (CMS). Therefore, it is possible that the individuals in option 1 may not have the “ability” to enroll in marketplace silver plans due to CMS eligibility factors. In addition, the federal tax credit in the measure is referred to as the “advanced” premium tax credit (Page 5, lines 7 and 14), however the federal tax credit available on the federally facilitated marketplace is the Advance Premium Tax Credit or APTC.

Section 2(a)(2) of the measure provides a \$1,000 annual state subsidy for “preventive care” for those individuals who have (1) lost their Medicaid coverage, (2) do not qualify for federal advanced premium tax credits, and (3) have acquired a high-deductible health plan. Due to recent federal changes, all Bronze and Catastrophic level health insurance plans meet the definition of a high-deductible health plan. While these plans do offer the benefit of lower monthly premiums, they are characterized by high annual deductibles that may present a financial hurdle for participants. For the 2026 plan year, Bronze plans in Hawaii have an average deductible of approximately \$6,700. Catastrophic plans are required to have a deductible equal to the annual out-of-pocket maximum, which for 2026 is \$10,600 for an individual. The overall financial design of Bronze and Catastrophic tiers means that enrollees would likely face significant out-of-pocket expenses for any major medical events before insurance coverage fully applies.

Additionally, the Department notes the scope of “preventive care” that are to be covered by \$1,000 annual subsidy is undefined. Under the Patient Protection and Affordable Care Act (ACA), non-grandfathered health plans, including Bronze and

Catastrophic plans, provide certain preventive services with no cost-sharing to the enrollee. Consequently, without a definition of “preventive services” in the bill, it is unclear what services the state subsidy may be targeting.

Finally, the measure provides the Department of Human Services the option to “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 requests clarification as to the state-backed reinsurance or risk stabilization support the measure wishes to make available.

Thank you for the opportunity to testify on this bill.



JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

**STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING**
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CAROLINE CADIRAO
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**Testimony in SUPPORT of HB1546 HD1
RELATING TO HEALTH INSURANCE**

COMMITTEE ON FINANCE
REP. CHRIS TODD, CHAIR
REP. JENNA TAKENOUCI, VICE CHAIR

Testimony of Caroline Cadirao
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing: Thursday, February 26, 2026, 2:00 P.M. Conference Room: 308

1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of
2 Health (DOH), supports the intent of this measure to protect the health outcomes of Hawai'i
3 residents and offers comments.

4 **Purpose:** To establish a three-year health coverage continuity pilot program within the
5 Department of Human Services, in consultation with the Department of Commerce and
6 Consumer Affairs, to provide two options for individuals in the State who lose their Medicaid
7 insurance coverage and do not qualify for employer-sponsored insurance under the Hawai'i
8 Prepaid Health Care Act.

9 With the recent federal changes to Medicaid eligibility and redetermination processes,
10 many residents are losing health coverage, leaving them without access to affordable insurance
11 during periods of transition. The need for an alternative health insurance vehicle is driven by the

1 expiration of the enhanced premium tax credits on the federally facilitated marketplace, which
2 has made insurance for nearly twenty-four thousand Hawaii residents far less affordable, and in
3 some cases, unaffordable.

4 The most vulnerable group includes adults, ages 50-64, who are too young for Medicare
5 but are more likely to have chronic health conditions. Without affordable coverage options,
6 many residents will become uninsured thus delaying or forgoing necessary medical care, leading
7 to poorer health outcomes and higher costs. Providing affordable alternatives ensures access to
8 preventive care, reduces the risk of unmanaged chronic conditions, and promotes better overall
9 health outcomes for Hawai'i residents. This measure helps maintain care and protects those most
10 at risk.

11 **Recommendation:** EOA supports the intent of this measure and defers to the Department of
12 Human Services and the Department of Commerce and Consumer Affairs on implementation.

13 Thank you for the opportunity to provide testimony.



**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, MD
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH S. FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'ŌKELE

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

February 24, 2026

TO: HOUSE COMMITTEE ON FINANCE
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to Governor
Josh Green, MD on Healthcare Innovation

RE: **HB 1546-HD1 -- RELATING TO HEALTH INSURANCE**

HEARING: Thursday, February 26, 2026 @ 2:00 pm; Conference Room 308

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA strongly supports HB 1546-HD1, with comments.

SHPDA emphatically supports this bill as key to our primary responsibility to assuring universal access to high-quality, equitable, affordable health care for ALL.

HB 1546-HD1 establishes a 3-year Health Coverage Continuity Program within DHS in consultation with DCCA to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options. DHS will additionally offer the non-profit or community-based organization "Pilot operator" access to their state-backed reinsurance and risk stabilization support. DHS can also offer premium subsidies or vouchers to the Pilot operator to facilitate coverage.

SHPDA strongly supports providing health insurance coverage to all uninsured people in the state and believes in preparing for rising numbers of uninsured people due to the HR1 provision affecting Medicaid and the ACA Exchange beneficiaries. This measure describes a novel idea. We defer to DHS and DCCA on their policy positions here in terms of cost and implementation strategies; but we firmly believe this kind of preparation is essential.

We also believe there may be other approaches to be considered to achieve this purpose, which is central to our mission, and we look forward to working with the Legislature and state agencies who may want to collaborate and contribute to the success of such an effort.

Thank you for hearing HB 1546-HD1; and mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA

TO: HOUSE COMMITTEE ON FINANCE
The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair, and
Members of the Committee

FROM: Terry George, CEO & President

RE: Testimony in Support for HB 1546 HD 1, Relating to Health Insurance

DATE: Thursday, February 26, 2026 at 2:00 pm

LOCATION: Hearing Room 308

The Hawai'i Community Foundation (HCF) **supports** HB 1546 HD 1, Relating to Health Insurance. HB 1546 HD 1 would create a 3-year Health Coverage Continuity Pilot Program to assist people who have lost, or will lose, their Medicaid coverage and lack other options for affordable health insurance.

Thousands of Hawai'i residents could be impacted by the federal changes to Medicaid eligibility, putting their access to health care at risk. According to the Kaiser Family Foundation, over 440,000 children and adults were receiving Medicaid coverage in Hawai'i in 2025.¹ HB 1546 HD 1 offers a way to help families, keiki, and kupuna to continue to access critical health care, especially those from disproportionately impacted communities.

HCF believes in a Hawai'i where health and wellness are accessible to all, which is why it is a priority under our CHANGE Framework and how HCF invests philanthropic funds. This bill will help strengthen the overall ecosystem of health in places where people live, connect, work, and play. **We urge the legislature to advance HB 1546 HD 1.**

¹ Kaiser Family Foundation – [2025 Hawai'i Medicaid Fact Sheet](#).



CATHOLIC CHARITIES HAWAI'I

SUPPORT FOR HB 1546 HD1: RELATING TO HEALTH INSURANCE

TO: House Committee on Finance
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: Thursday, 2/26/26; 2:00 pm; CR 308 or via Videoconference

Aloha Chair Todd, Vice Chair Takenouch, and Members, Committee on Finance:

I am Betty Lou Larson from Catholic Charities Hawai'i. Thank you for the opportunity to testify in **strong support of HB 1546 HD1**, which establishes a pilot program to assist Hawai'i residents who have lost Medicaid coverage and lack access to affordable insurance options.

Catholic Charities Hawai'i is a tax-exempt, community-based organization that has served individuals and families across Hawai'i for more than 78 years, providing essential services to those experiencing poverty, housing instability, trauma, and crisis.

With federal cuts looming for Medicaid, we are now at a critical juncture. Hawai'i has always prioritized access to health care but **now it is estimated that the uninsured population in the State will at least double in the next 2-3 years if no action is taken!** Thousands of individuals—including kupuna, working families, and young adults—are at risk of falling through the cracks. Losing Medicaid coverage interrupts access to medications, preventive services, behavioral health care, and necessary treatment for chronic conditions. For many, there is no affordable pathway to secure replacement coverage. Many of the clients that we serve are at high risk with chronic conditions and immediate needs for stable healthcare services.

We deeply appreciate the Legislature's focus on this issue and how best to address this imminent threat to the health of thousands of our residents. According to the State of Hawai'i's Med-QUEST enrollment data, **approximately 429,451 residents are currently enrolled in Medicaid managed care programs.** Each disenrollment—whether due to paperwork issues, income changes, or eligibility changes—represents a real person who may suddenly face medical and financial hardship. These changes do not only affect the Medicare recipients. They also increase the financial strain on health care providers who might have to provide unpaid emergency services. A structured, targeted pilot program would help minimize gaps in coverage and reduce costs associated with delayed or foregone care. [medquest.hawaii.gov]

This pilot program would provide a vital safety net for those losing Medicaid. Furthermore, by supporting residents who are losing Medicaid coverage, the Legislature can prevent avoidable medical crises, reduce uncompensated care burdens on hospitals, and uphold Hawai'i's long-standing commitment to access to health care.

Catholic Charities Hawai'i respectfully urges your Committee to pass this measure. If you have any questions, please contact our Legislative Liaison, Betty Lou Larson, at (808) 527-4813.



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Phone (808) 527-4813 •



Aloha United Way



Hawai'i Psychological Association

For a Healthy Hawai'i

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Phone: (808) 521-8995

HOUSE COMMITTEE ON FINANCE
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Thursday, February 26, 2026, 2:00 PM
Conference Room 308 & Videoconference

SUPPORT FOR HB 1546, RELATING TO HEALTH INSURANCE

On behalf of the Hawaii Psychological Association (HPA), I am writing in strong support of House Bill 1546, which would establish 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 in Hawaii who have lost Medicaid health insurance coverage and lack access to affordable alternative options.

Access to continuous health coverage is essential to maintaining both physical and behavioral health. Interruptions in insurance coverage frequently result in disruptions in mental health treatment, including psychotherapy, psychological assessment, and medication management. Even short gaps in care can lead to worsening symptoms of depression, anxiety, trauma-related disorders, substance use disorders, and serious mental illness. For vulnerable individuals these disruptions can have long-term and sometimes irreversible consequences.

As Medicaid eligibility redeterminations proceed, many Hawai'i residents are at risk of losing coverage despite still experiencing significant financial and clinical need. Patients who suddenly lose coverage often discontinue treatment not because care is no longer needed, but because it becomes unaffordable. This increases the likelihood of psychiatric crises, emergency room visits, hospitalizations, and involvement with the criminal justice system, which are outcomes that are far more costly to the State than preventive and ongoing outpatient care.

HB1546 offers a practical and compassionate solution by creating a temporary bridge for individuals transitioning off Medicaid who do not yet have access to affordable alternatives. By supporting subsidized or low-cost coverage options, the pilot program would:

1. Reduce interruptions in behavioral health treatment
2. Prevent avoidable psychiatric emergencies and hospitalizations
3. Support workforce stability by helping working families maintain coverage
4. Decrease long-term public expenditures tied to untreated mental illness

From a public health perspective, continuity of coverage is critical. Stable insurance coverage allows individuals to remain connected to their providers, maintain therapeutic progress, and avoid destabilization during already stressful transitions.

HPA respectfully urges the Hawaii State Legislature to pass HB1546. This measure represents a thoughtful investment in the well-being of our communities and aligns with Hawai'i's longstanding commitment to health equity and access to care.

Sincerely,

A handwritten signature in cursive script that reads "Alex Lichton, Ph.D." The signature is written in black ink on a light-colored background.

Alex Lichton, Ph.D.
Chair, HPA Legislative Action Committee



**Testimony to the House Committee on Finance
Thursday, February 26, 2026; 2:00 p.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: HOUSE BILL NO. 1546, HOUSE BILL NO. 1, RELATING TO HEALTH INSURANCE.

Chair Todd, Vice Chair Takenouchi, 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 THE INTENT** of House Bill No. 1546, House Draft 1, RELATING TO HEALTH INSURANCE.

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.

This measure, as received by your Committee, would:

- (1) Establish a three-year Health Coverage Continuity Pilot Program (Program) within the Department of Human Services (DHS), in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage but qualify for federal advanced premium tax credits, the ability to enroll in Federally Facilitated Marketplace silver level plans, with assistance to cover the difference between the cost of the plans and what the individuals are able to afford; and
- (2) Authorize DHS to issue an annual State subsidy of up to \$1,000 for preventative care for individuals who have lost their Medicaid coverage, do not qualify for federal advanced premium tax credits, are not eligible for coverage under the Hawaii Prepaid Health Care Act, and have acquired a high-deductible health plan.

The bill would take effect upon approval and be repealed on July 1, 3000.

At the outset, we note that this bill is substantively similar to Senate Bill No. 2087, which is pending further action by the Senate Joint Commerce and Consumer Protection and Ways and Means.

I. The Problem

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 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.

II. A Possible Solution

On December 19, 2025, the Senate Joint Committee on Health and Human Services and Consumer Protection was briefed by MedQUEST and the State Health Planning and Development Agency (SHPDA) on the impacts of these federal policy changes. During that briefing, SHPDA Administrator Jack Lewin stated that during the Waihee Administration, the Department of Health ran a very successful program that provided coverage for persons who could not obtain employer-sponsored health insurance under the Prepaid Health Care Act, but were not eligible for Medicaid because of income restrictions. This coverage offered a significantly reduced package of benefits (i.e., up to 6 doctor visits and some prescription drugs) and was provided by Medicaid managed care plans under an agreement with the State. According to Dr. Lewin, the State agreed to cover loss costs that go beyond a certain level. However, Lewin stated that loss costs never reached that point and that the expenditure of additional general funds were not necessary.

When the State established the MedQUEST Program, the "gap group" coverage was transferred from the Department of Health to the Department of Human Services. However, according to Meredith Nichols, acting MedQUEST Administrator, when the Center for Medicare and Medicaid Services reviewed the coverage for the "gap group", they disallowed MedQUEST from offering it citing the need for coverages offered under the State's Medicaid Program to meet certain baseline benefit standards.

Despite this, the Green Administration did not submit a bill as part of his Legislative Package that would reestablishment of the "gap group" coverage under the Department of Health. However, the Program offered under this bill would appear to reflect much of what the SHPDA Administrator described in his presentation.

III. High Stakes

The establishment of a high deductible or catastrophic health plan could result in unintended consequences. Hawaii is the only state that requires employers to offer health insurance to employees who work more than 20 hours per week. Hawaii is able to do this because the Prepaid Health Care Act is exempted from federal preemption under the Employee Retirement Income Security Act of 1974. Hawaii retains this exemption so long as the substantive terms of the Prepaid Health Care Act are not materially changed.

It will be vital that the provision of a high deductible or catastrophic health plan not be construed by federal regulators as materially altering the Prepaid Health Care Act. Conceivably, this could happen if the implementation of such a program shifts the manner in which the Prepaid Health Care Act is enforced. Should that happen, such action could invalidate the preemption exemption that is necessary for the Prepaid Health Care Act to operate.

In addition, H.R. 1, includes provisions that require any program intended to replicate Medicaid benefits to a prohibited population be solely general funded. Violations of this could lead to the loss of more federal funding and the imposition of penalties to Hawaii's Medicaid Program.

Because of this, it will be vital for the Program proposed under this bill to be coordinated jointly by the Departments of Labor and Industrial Relations (Prepaid Health), Health (SHPDA), and Human Services (Medicaid).

In light of this, the HPCA respectfully urges your favorable consideration of this bill to facilitate further discussion.

For your information and files, attached please find the slides from a presentation given to the Office of the Governor in October 2025.

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@hawaiiipca.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 (OBBBA) 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.

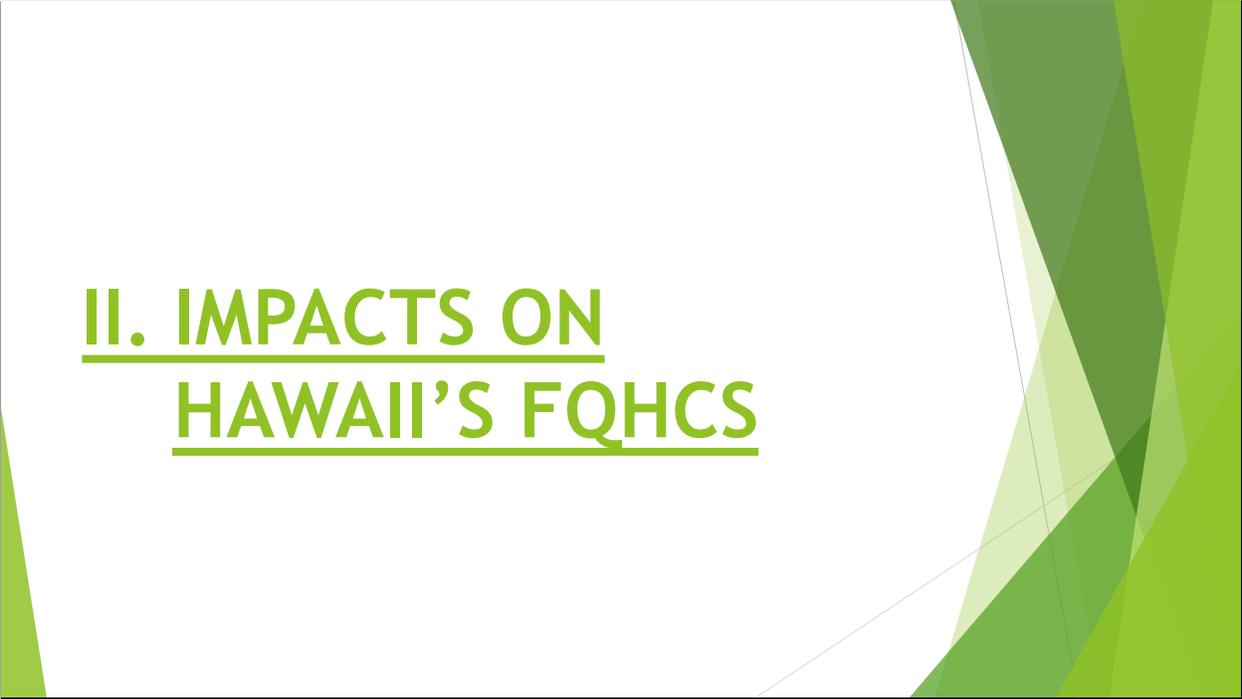
OBBBA Impact on Hawaii's Medicaid Population

- ▶ 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.



**House Committee on Finance
February 26, 2026 at 2:00 PM
Room 308**

Testimony in SUPPORT for HB1546 HD1

Aloha Chair Todd, Vice Chair Takenouchi, 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 HB1546 HD1**, which would establish a three-year Health Coverage Continuity Pilot Program, to assist individuals who have lost Medicaid coverage and lack access to other affordable health insurance options.

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.

HB1546 recognizes the challenges many Hawai'i residents will face as a result of federal changes to Medicaid eligibility and redetermination processes, and it offers an innovative approach to helping individuals maintain continuity of care while improving health outcomes for populations that may otherwise fall into coverage gaps. By authorizing the Department to contract with a nonprofit health insurer or community-based organization to operate the pilot program, the bill encourages collaboration and appropriately leverages trusted community-based networks that already serve residents in need.

HANO respectfully supports HB1546 and urges the Legislature to advance this measure with thoughtful consideration of equity, partnership, and sustainability in expanding access to affordable health coverage in Hawai'i.

Mahalo for the opportunity to submit testimony.

To: COMMITTEE ON FINANCE

Hearing Date/Time: Thursday, February 26, 2026 at 2 PM

Place: Hawaii State Capitol, Room 308

Re: Testimony in **SUPPORT of HB 1546 HD1**

Dear Rep Chris Todd, Chair, Rep Jenna Takenouchi, Vice Chair, and Members of Committee:

Members of Indivisible Hawai'i thank you for this opportunity to testify in strong support of HB 1546 HD1.

This bill, introduced at the request of a Kona physician, is intended to address the expected surge in the number of uninsured Hawaii residents with the expiration of ACA subsidies and changes in federal law and rules for Medicaid eligibility.

Medicaid and the ACA are good for everyone in Hawai'i. We are one small state system, one 'ohana, one risk pool; and the more residents who have decent health insurance coverage, the more health care costs remain lower for all of us. The reverse is also true. A higher number of uninsured in Hawai'i = a jump in premiums paid by all, incl. by public and private employers.

This bill is an investment to prevent state health care costs from skyrocketing. It would establish a three-year Health Coverage Continuity Pilot Program to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options. The program would provide two options for individuals in the State who lose their Medicaid insurance coverage and do not qualify for employer-sponsored insurance under the Hawaii Prepaid Health Care Act (1) The option to enroll in federally facilitated marketplace silver level plans for persons who qualify for federal advanced premium tax credits; and (2) An annual subsidy for persons who do not qualify for federal advanced premium tax credits and have acquired a high-deductible health plan to be used to cover the cost of preventive care. We strongly support this bill.

Sincerely,

Indivisible Hawai'i Healthcare Team

February 26, 2026

To: Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance.

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: Feb. 26, 2026; 2:00 p.m./Conference Room 308 & Videoconference

Re: Comments on HB 1546 HD1 – Relating to Health Insurance

The Hawaii Association of Health Plans (HAHP) respectfully offers comments on HB 1546 HD1. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP is grateful for the continued efforts of state lawmakers to safeguard Hawaii residents' access to health insurance coverage. Especially as forthcoming federal changes are expected to make it more difficult to maintain Medicaid eligibility. However, we're concerned that accurately identifying individuals who are losing Medicaid coverage may be difficult given the volume of redeterminations occurring. Additionally, since all ACA-compliant plans are required to cover federally approved preventive services at zero cost-share to the enrollee, as written, it's unclear how the \$1000 subsidy is intended to be used.

Thank you for the opportunity to share our **comments** on HB 1546 HD1.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



**WAIANAЕ COAST
COMPREHENSIVE
HEALTH CENTER**

Thursday, 02-26-26 2:00 PM
State Capitol, Conference Room 308

House Committee on Finance

To: Representative Chris Todd, Chair,
Representative Jenna Takenouchi, Vice Chair

From: Ian Ross
Public Affairs Director
ianross@wcchc.com | (808) 697-3457

RE: SUPPORT FOR HOUSE BILL 1546 - RELATING TO HEALTH INSURANCE

Aloha and mahalo for the opportunity to provide testimony in **support** of House Bill No. 1546 HD1, which would establish a three-year Health Coverage Continuity Pilot Program within the Department of Human Services.

Waianae Coast Comprehensive Health Center (WCCHC) is a Federally Qualified Health Center dedicated to improving the health and well-being of the West O'ahu community by providing accessible and affordable medical care. With 53 years of service, WCCHC is committed to providing comprehensive healthcare that supports the whole person and the improves long-term health outcomes for the communities we serve.

The Health Coverage Continuity Pilot Program proposed in this bill directly addresses a critical gap that many of our patients are facing. With changes to Medicaid coverage coming at the end of 2026, many are at risk of becoming uninsured.

The pilot program's approach to supporting individuals losing Medicaid coverage provides a sensible bridge to maintain health insurance during this period of transition for Medicaid. For many in our service area, even a temporary lapse in coverage can lead to delays in care, increased emergency room utilization, and poorer health outcomes. By supporting continuity, this bill helps mitigate those risks and supports the overall health of our community.

WCCHC respectfully recommends that the Committee on Finance of pass this bill.



Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON FINANCE

Representative Chris Todd, Chair

Representative Jenna Takenouchi, Vice Chair

Date: February 26, 2026

From: Hawaii Medical Association (HMA)

Elizabeth Ann Ignacio MD - Chair, HMA Public Policy Committee

Christina Marzo MD and Robert Carlisle MD, Vice Chairs, HMA Public Policy Committee

RE HB1546HD1 RELATING TO HEALTH INSURANCE: DHS; DCCA; Health Coverage Continuity Pilot Program; Bronze Level; Catastrophic Plan; Subsidies; Waivers; Vouchers; Employer Contributions; Portability; Reports

Position: Support

This measure would establish 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.

Continuous access to health care coverage is critical for early detection, disease management, preventive care, and maintaining overall population health. Gaps in coverage — particularly following Medicaid redetermination and eligibility changes — are linked with delayed care, increased uncompensated care costs, and poorer long-term health outcomes.

This program can support those losing Medicaid who have limited or no access to employer-sponsored or federal subsidized insurance including our native Hawaiian and Pacific Islander communities, kapuna, individuals with disabilities and residents of the neighbor islands where provider shortages are already limiting access. Allowing the Department of Human Services and Department of Commerce and Consumer Affairs to leverage partnerships with nonprofit insurers or community-based organizations to implement coverage continuity solutions is a thoughtful approach, and the focus on portable coverage may support the individual through periods of employment transition or intermittent coverage eligibility.

Like other states exploring coverage-continuity strategies, Hawaii must carefully manage administrative complexity, affordability alignment with federal subsidies, and beneficiary understanding. The risks are recognized nationally, and HMA defers to DHS and DCCA to explore solutions, so that there are clear eligibility criteria, time-limited pilot design, coordination with marketplace coverage, and robust reporting requirements. Importantly, the risks of inaction — coverage gaps, delayed care, and increased emergency utilization — are well documented and carry significant human and fiscal costs.

continued

2026 Hawaii Medical Association Public Policy Coordination Team

Elizabeth A Ignacio, MD, Chair • Robert Carlisle, MD, Vice Chair • Christina Marzo, MD, Vice Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

2026 Hawaii Medical Association Officers

Nadine Tenn-Salle, MD, President • Jerald Garcia, MD, President Elect • Elizabeth Ann Ignacio, MD, • Immediate Past President
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HMA supports this targeted proposal. By enabling more residents to maintain coverage during vulnerable transitions, this program can help reduce avoidable emergency care reliance, support preventive health utilization, and contribute to a more resilient and equitable health care system for all of Hawaii.

Thank you for allowing Hawaii Medical Association to testify in support of this measure.

REFERENCES

Nguyen NMP, Borah BJ, Barr M, Harris-Roxas B, Sharma A. Continuity of Primary Care and Preventable Hospitalization for Acute Conditions: A Machine Learning-Based Record Linkage Study. *Ann Fam Med*. 2025 Nov 24;23(6):515-523. doi: 10.1370/afm.240569. PMID: 41285609; PMCID: PMC12751318.

Musumeci, MaryBeth, et al. "Reducing Medicaid Churn: Policies to Promote Stable Health Coverage and Access to Care." *The Commonwealth Fund*, 11 June 2025, www.commonwealthfund.org/publications/issue-briefs/2025/jun/reducing-medicaid-churn-policies-promote-stable-health-coverage

McIntyre A, Sommers BD, Aboulaflia G, et al. Coverage and Access Changes During Medicaid Unwinding. *JAMA Health Forum*. 2024;5(6):e242193. doi:10.1001/jamahealthforum.2024.2193

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2024 Hawaii Medical Association Public Policy Coordination Team

Beth England, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director



HAWAI'I APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB 1546 – Relating to Health Insurance
House Committee on Finance
Thursday, February 26, 2026, at 2:00PM

Dear Chair Todd, Vice Chair Takenouchi, and members of the Committee:

Thank you for the opportunity to testify on behalf of Hawai'i Appleseed Center for Law & Economic Justice in **support of HB 1546 HD1**. This measure is a necessary solution to the growing coverage gaps for low-income residents who are at risk of losing Medicaid.

Hawai'i Appleseed advocates for policies that advance economic justice and make Hawai'i more affordable for low- and moderate-income residents. Health coverage is foundational to that mission. When residents lose coverage, the consequences are not only health-related—they are economic. Families face medical debt, lost wages, and financial instability that can reverberate for years.

As outlined in the bill, recent federal changes to Medicaid eligibility, redetermination timelines, and new community engagement requirements are expected to cause significant coverage losses in Hawai'i. More frequent redeterminations and additional documentation requirements will inevitably increase administrative churn—where eligible individuals lose coverage due to paperwork barriers rather than true ineligibility. In addition, thousands of undocumented immigrants who currently rely on state-funded Medicaid coverage are expected to lose access altogether.

Without proactive intervention, these changes will shift costs onto families, safety-net providers, and ultimately the State.

HB 1546 HD1 takes an important step toward mitigating that harm. The Health Coverage Continuity Pilot Program proposed in the bill will support individuals who lose Medicaid and do not qualify for employer-sponsored insurance under the Hawaii Prepaid Health Care Act. The bill appropriately recognizes that the federally facilitated marketplace does not fully solve the affordability gap for many low-income residents, even with advanced premium tax credits under the Patient Protection and Affordable Care Act.

We appreciate several elements of the measure:

- **Affordability focus.** Covering the gap between what individuals can afford and the cost of silver-level marketplace plans acknowledges that even subsidized coverage can remain out of reach.
- **Equity considerations.** Targeting residents who lack employer coverage and may be excluded from federal subsidies helps address disparities affecting immigrants, seasonal workers, independent contractors, underemployed adults, and students.
- **Preventive care support.** Providing a subsidy for preventive services for individuals enrolled in high-deductible plans recognizes the risk of underinsurance and the importance of maintaining access to primary care.

HB 1546 HD1 recognizes that health coverage gaps are an affordability issue and an economic justice issue. It offers a solution to protect Hawai'i residents from losing access to affordable healthcare during a time of major change within Medicaid. By bridging the gap between Medicaid and other coverage options, this bill supports healthier families and a more equitable health system for our state. Thank you for your consideration.

HB-1546-HD-1

Submitted on: 2/24/2026 7:23:32 PM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Julie Rivers	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill which is intended to address the expected surge of uninsured hawaii residents due to the expiration of ACA subsidies and changes in Medicaid eligibility. Medicaid and the ACA are good for everyone in HI. This bill is an investment to prevent state health care costs from skyrocketing due to uniformed decisions in Washington DC. Mahalo for the opportunity to submit testimony in support of this bill

HB-1546-HD-1

Submitted on: 2/25/2026 1:06:26 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Roger Hamada	Individual	Support	Written Testimony Only

Comments:

Thank you

HB-1546-HD-1

Submitted on: 2/25/2026 9:29:36 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Younghee Overly	Individual	Support	Written Testimony Only

Comments:

Thank you for this opportunity to support HB1546.

I'm a member of Indivisible Hawaii.

HB-1546-HD-1

Submitted on: 2/25/2026 6:59:53 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jane Aquino	Individual	Support	Written Testimony Only

Comments:

Dear Rep. Scot Z. Matayoshi, Chair, Rep. Tina Nakada Grandinetti, Vice Chair, and Members of Committee,

Members of Indivisible Hawai'i thank you for this opportunity to testify in strong support of HB 1546 HD1.

This bill, introduced at the request of a Kona physician, is intended to address the expected surge in the number of uninsured Hawaii residents with the expiration of ACA subsidies and changes in federal law and rules for Medicaid eligibility.

Medicaid and the ACA are good for everyone in Hawai'i. We are one small state system, one 'ohana, one risk pool, and the more residents who have decent health insurance coverage, the more health care costs remain lower for all of us. The reverse is also true. A higher # of uninsured in Hawai'i = a jump in premiums paid by all, incl. by public and private employers. Mahalo, Jane Aquino

HB-1546-HD-1

Submitted on: 2/24/2026 9:07:02 PM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tim Huycke	Individual	Support	Written Testimony Only

Comments:

I support HB1546.

Eileen Cain
720 Mahi'ai St., Apt. E
Honolulu, Hawai'i 96826-5635
eileencaïn808@gmail.com
February 24, 2026

Representative Chris Todd, Chair, Committee on **Finance**
Representative Jenna Takenouchi, Vice Chair,
and Members of the Committee on **Finance**

I am submitting this testimony in Favor of HB1546, HD1, "Relating to Health Insurance"

I urge you to vote for this bill so that Hawai'i residents will not need to go without health care coverage.

Since laws have been changing at the federal level, there is a danger that some who need Medicaid will lose their benefits. Others who have fared well under the Affordable Care Act may also suffer the loss of coverage. If health insurance is lost, health and well-being will also suffer.

Uninsured people put a strain on the health care system.

On the other hand, the more people who have health care coverage, the better off we all are.

The three-year Health Coverage Continuity Pilot Program proposed in this bill will benefit all employees, employees, and people who are not able to work.

Please vote yes on HB1546, HD1.

Mahalo,

Eileen Cain
Mō'ili'ili, Honolulu, Hawai'i

HB-1546-HD-1

Submitted on: 2/25/2026 6:58:04 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
James E Raymond	Individual	Support	Written Testimony Only

Comments:

Thank you -- I am a member of Indivisible Windward.

HB-1546-HD-1

Submitted on: 2/25/2026 9:06:32 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Mala Wingerd	Individual	Support	Written Testimony Only

Comments:

I support any bill that will help people stay healthy and out of poverty! HB1546 HDI is to compensate for the reduction of healthcare options due to changes in the ACA. The ACA had flaws, primarily due to the changes created by the House GOP, not due to the bill itself.

In one of the wealthiest countries on Earth - we should be providing HC for ALL our citizens, especially those who live on limited resources. I would much rather see my tax dollars support Universal HC (hopefully coming) than CBP & ICE who are killing our citizens.

COMMITTEE ON FINANCE

Rep. Chris Todd, Chair

Rep. Jenna Takenouchi, Vice Chair

HEARING:

Wednesday, February 25, 2026 at 2:00 pm

Conference Room 308 and Via Videoconference

State Capitol

TESTIMONY IN SUPPORT : HB 1546, HD1 - RELATING TO HEALTH INSURANCE.

Aloha Chair Todd, Vice Chair Takenouchi, my Rep. Miyake for Wailuku, Rep. Yamashita of Maui, and Members of the Committee,

My name is Christine Andrews and I am a long-term resident of Wailuku, Maui. I write to you today in **strong support of HB, HD1 1546**, relating to health insurance. HB 1546, HD1 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.

The federal Medicaid program provides health care coverage to just over 400,000 Hawai'i residents with low incomes and limited resources. The One Big Beautiful Bill Act, which became law on July 4, 2025, aims to reduce federal Medicaid spending by \$1 trillion over a decade. Federal funds make up about three quarters of the \$3 billion Hawai'i spends on Medicaid each year.¹ The changes of the Act are what HB 1546, HD1 is designed, in part, to mitigate. A July 15, 2025, Civil Beat article quoted Emmanuel Kintu, CEO and executive director of Kalihi-Pālana Health Center, who indicated that, "Maybe 40,000 to 60,000 people will lose their Medicaid in Hawai'i." Another expert, Ruben Juarez, a University of Hawai'i health economics professor, was quoted as saying, "This is a major crisis in the making. Probably the top priority for the state to address after the Maui wildfires...This is among the largest single reductions in federal health support the state has ever faced." Civil Beat noted that an analysis by the health policy research organization KFF concluded the Act's provisions would slash Hawai'i's federal Medicaid funding by up to \$5 billion over a decade.

This is the crisis of health care coverage for our most vulnerable Medicaid recipients that this bill is intended to address. Ensuring health care coverage is known to reduce costs in the long-run, helping people get treated for preventative or chronic health care issues by the primary care system, before the issues worsen and treatment is sought at most-costly and overly burdened hospitals. I ask for your **support of HB 1546, HD1** as a cost-effective mechanism to try to ensure that Hawai'i communities have access to the health care they need.

Mahalo nui for acting today to protect the wellbeing of our low-income neighbors,

Christine L. Andrews, J.D.

Wailuku, Maui

¹ Honolulu Civil Beat, "Hawai'i Braces for Cuts that Could Strip Medicaid from Tens of Thousands", July 15, 2025.

HB-1546-HD-1

Submitted on: 2/25/2026 11:55:05 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jessica Kuzmier	Individual	Support	Written Testimony Only

Comments:

Aloha, I am writing in support of HB1546 HD1. I believe that this health coverage program is vitally needed at this time to enhance the well-being of our 'ohana here in Hawai'i. Mahalo for this bill and for taking the time to take my views into consideration.

HB-1546-HD-1

Submitted on: 2/25/2026 1:49:11 PM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David Cuthbert	Individual	Support	Written Testimony Only

Comments:

Thank you for considering this important bill that mitigates some of the harm of federal budget cuts while helping to keep all Hawai'i residents healthy. I consider access to good healthcare to be an investment that saves misery and higher costs down the line.

David Cuthbert, Pahoa, Hawai'i

HB-1546-HD-1

Submitted on: 2/25/2026 6:03:56 PM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jesse Hutchison	Individual	Support	Written Testimony Only

Comments:

Thank you!

HB-1546-HD-1

Submitted on: 2/26/2026 4:21:49 AM

Testimony for FIN on 2/26/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tyler McMurry	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Dr. T. Scott McMurry, DO. I am a board-certified Family Medicine physician practicing in Kailua-Kona on Hawai'i Island.

I am submitting testimony in opposition to HB1546, HD1 — unless amended.

HB1546 identifies a real and urgent problem

HB1546 correctly recognizes that federal Medicaid eligibility and redetermination changes are expected to cause a significant number of Hawai'i residents to lose Medicaid coverage, and that the State must respond to prevent major gaps in access to care.

As a practicing physician, I strongly agree that loss of coverage leads to delayed care, worsening chronic disease, and avoidable emergency department use.

However, the bill's subsidy structure is not plan-neutral

HB1546 creates two main options for people who lose Medicaid coverage and do not qualify for employer-sponsored coverage under the Hawai'i Prepaid Health Care Act:

1. Individuals who qualify for federal advanced premium tax credits are directed toward federally facilitated marketplace silver plans, with assistance intended to cover the difference between the cost of the plan and what the individual can afford.
2. Individuals who do not qualify for federal advanced premium tax credits and obtain a high-deductible plan are offered a limited \$1,000 annual subsidy for preventive care.

This structure provides meaningful premium affordability support for one category of plans, while offering only limited preventive support for the other.

Premium assistance should apply to all plan tiers, starting with catastrophic

If the State is going to provide premium affordability assistance, that assistance should be plan-neutral.

In other words, the program should allow eligible individuals to apply affordability subsidies toward the most affordable coverage tier first, including:

- catastrophic plans, and
- low-premium bronze plans,

with the option to scale up to higher-cost bronze or silver plans when necessary.

This approach would better match real-world affordability for working adults and would reduce the number of residents who remain uninsured simply because the program's assistance is tied to a higher-cost plan category.

Why this matters in Hawai'i

Many of the individuals targeted by this pilot program are:

- seasonal or agricultural workers,
- independent contractors and freelancers,
- underemployed adults, and
- students without other health insurance coverage.

For many of these residents, the practical choice is not “silver plan versus bronze plan.”

The practical choice is:

- catastrophic coverage, or
- no coverage at all.

A program that prioritizes silver plan enrollment as the primary premium-supported pathway will predictably leave many working adults uninsured.

Conclusion

HB1546 addresses an urgent Medicaid continuity issue. However, I respectfully oppose the bill unless amended to ensure that affordability subsidies are plan-neutral and structured to start with the lowest-cost options, including catastrophic coverage, while still allowing higher-tier plans when appropriate.

For these reasons, I respectfully submit testimony in opposition unless amended.

Mahalo nui loa,

T. Scott McMurry, DO

Board Certified Family Medicine

Kailua-Kona, Hawai'i