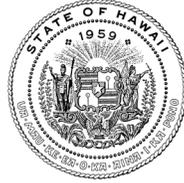


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KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 25, 2026

To: The Honorable Chris Todd, Chair, and
Members of the House Committee on Finance

Date: Thursday, February 26, 2026

Time: 10:00 a.m.

Place: Conference Room 308, State Capitol

From: Rey Domingo, Executive Director
Office of Community Services
Department of Labor and Industrial Relations

Re: HB2116 HD2 RELATING TO GRANTS

I. OVERVIEW OF PROPOSED LEGISLATION

The Office of Community Services (OCS) **supports** this measure as long as it does not impact the priorities identified in the Governor's Executive Supplemental Budget request.

This measure would assist a population impacted by federal community engagement requirements to continue receiving benefits from programs such as Medicaid, the federal Supplemental Nutrition Assistance Program, and federally funded public housing. Community engagement is a combination of work, training, school, or volunteer efforts.

This measure proposes supporting nonprofit organizations that will provide community engagement, and appropriate funding to the Office of Community Services (OCS) which will be the expending agency, and to the Department of the Attorney General for assisting OCS.

II. CURRENT LAW

Current law does not provide such funding.

III. COMMENTS ON THE HOUSE BILL

As in our testimonies to the House Committee on Labor and House Committee on Human Services and Homelessness, OCS also urges the House Committee on Finance to support this measure.



HB2116 HD2 OCS Grants to Non-Profits for Federal Benefits Eligibility FIN

COMMITTEE ON FINANCE

Rep. Chris Todd, Chair

Rep. Jenna Takenouchi, Vice Chair

Thursday, Feb 26, 2026: 10:00: Room 308 Videoconference

Hawaii Substance Abuse Coalition Supports HB2116 HD1:

ALOHA CHAIR, VICE CHAIR, AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the ad hoc leader of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder prevention and treatment agencies and recovery-oriented services.

Many of the individuals we serve are working hard to rebuild their lives. In addition to maintaining sobriety, they must navigate employment barriers, housing instability, and federal program requirements that often include community engagement or work participation hours. Expanding access to structured training and volunteer opportunities will help residents meet these requirements in a meaningful and supportive way.

These funds will allow community-based organizations to expand or create programs that provide supervised training, skill-building opportunities, and community service placements.

Substance Abuse and Mental Health treatment agencies are expanding into housing so this funding would substantially help to improve outcomes.

For individuals in recovery, structured training environments are critical. They provide accountability, build confidence, strengthen job readiness skills, and foster a sense of purpose and belonging. At the same time, participants contribute positively to their communities through volunteer service.

By supporting this measure, the Legislature will help remove barriers to federal program eligibility while promoting long-term recovery, workforce participation, and community reintegration.

We appreciate the opportunity to provide testimony and are available to answer questions.



CATHOLIC CHARITIES HAWAI'I

SUPPORT FOR HB 2116 HD2: RELATING TO GRANTS

TO: House Committee on Human Services and Homelessness
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: Tuesday, February 17, 2026; **9:30 AM**; CR 329 or 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 **support of HB 2116 HD2**, which appropriates funds to the Office of Community Services (OCS) to award grants to nonprofit organizations to expand or create opportunities for residents needing to meet new community engagement requirements to qualify for federal programs.

Catholic Charities Hawai'i (CCH) is a tax-exempt, Community-Based Organization that has provided social services in Hawai'i for more than 78 years, now serving over 40,000 individuals statewide each year. Our programs serve some of the most vulnerable members of our communities, including children, families, kupuna, veterans, individuals experiencing homelessness, and immigrants. Because of our mission to support those most in need, we are deeply concerned about the dire impact of new federal program rules especially for food and medical care.

New federal community engagement requirements are being tied to vital programs. These will become barriers for individuals who are already facing significant challenges.

Nonprofits are uniquely positioned to open up new opportunities and help residents to maintain essential federal services. They have the trust of the communities they serve, the cultural competence to engage hard-to-reach populations, and the experience to deliver meaningful volunteer, training, and civic engagement activities. With grant support, these organizations can quickly scale up capacity, develop new pathways for participation, and ensure that residents have fair, realistic, and accessible opportunities to meet federal expectations.

Without this investment, many residents risk losing access to essential benefits not because they are unwilling to engage, but because opportunities are limited, transportation is difficult, or programs simply do not exist in their community. Funding these grants is a proactive and cost-effective way to prevent avoidable disruptions in families' stability, support local nonprofits, and strengthen civic involvement across the state.

Catholic Charities Hawai'i respectfully urges the committee to pass this bill and fund this grant program. It is a practical solution that would assist residents to qualify for federal benefits which are critical to their health, safety and family stability.

If you have any questions, please contact Betty Lou Larson, at (808) 527-4813.





**Testimony to the House Committee on Finance
Thursday, February 26, 2026; 10:00 a.m.
State Capitol, Conference Room 308
Via Videoconference**

RE: HOUSE BILL NO. 2116, HOUSE DRAFT 2, RELATING TO GRANTS.

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** House Bill No. 2116, House Draft 2, RELATING TO GRANTS.

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.

The bill, as received by your Committee, would appropriate general funds for fiscal year 2026-2027, to award grants in accordance with Chapter 42F, Hawaii Revised Statutes, to nonprofit organizations that expend or create new opportunities for residents needing to meet community engagement requirements to qualify for federal programs. In addition, the bill clarifies that the appropriations not lapse at the end of the fiscal year for which it was made.

This bill would take effect on July 1, 3000.

Structurally, this bill is similar to Act 310, Session Laws of Hawaii 2025, which appropriated \$50,000,000 for fiscal year 2025-2026, for grants and administrative expenses incurred for FQHCs and programs that provide child care, social services, subsidized housing, and homeless services impacted by federal funding cuts.

Testimony on House Bill No. 2116, House Draft 2
Thursday, February 26, 2026; 10:00 a.m.
Page 2

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.

It will be vital for the State to keep as many Medicaid recipients enrolled in the Program. As such, it will be essential for enrollees to meet the new work and volunteer requirements mandated by the federal government.

Hawaii has historically experienced one of the lowest unemployment rates in the nation. However, this figure does not adequately show whether Hawaii's citizens are "underemployed" since persons who are working on a part-time (less than 20 hours per week) basis would still be counted as "employed". Further, because of Hawaii's high cost of living and stagnant salary growth, a large proportion of the population works multiple jobs to get by. As such, for persons looking for a job, finding suitable opportunities is daunting. This is even more difficult in rural, isolated communities where fewer businesses are situated.

H.R. 1 attempts to address this situation by allowing applicants for Medicaid to meet the 20 hours per week requirement by substituting work with an equal amount of time spent volunteering with a charitable organizations. However, in preliminary discussions with various nonprofit organizations to determine their capacity to recruit and engage volunteers in rural communities, because many 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. This will also require resources for many nonprofits to establish footholds in rural, isolated communities (i.e., office space, the hiring of staff, etc.). As such, the \$3,000,000 proposed in this measure will likely not be enough to adequately address this need.

In light of this, the HPCA strongly supports this measure and urges the Legislature to provide sufficient resources to address this enormous need.

For your information and files, attached please find the slides of a presentation by the HPCA to the Office of the Governor on October 14, 2025, on the impacts of recent federal policy changes to Hawaii's FQHCs.

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@hawaiipca.net.

attachment



**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.

HPCA

HAWAII PRIMARY CARE ASSOCIATION

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.

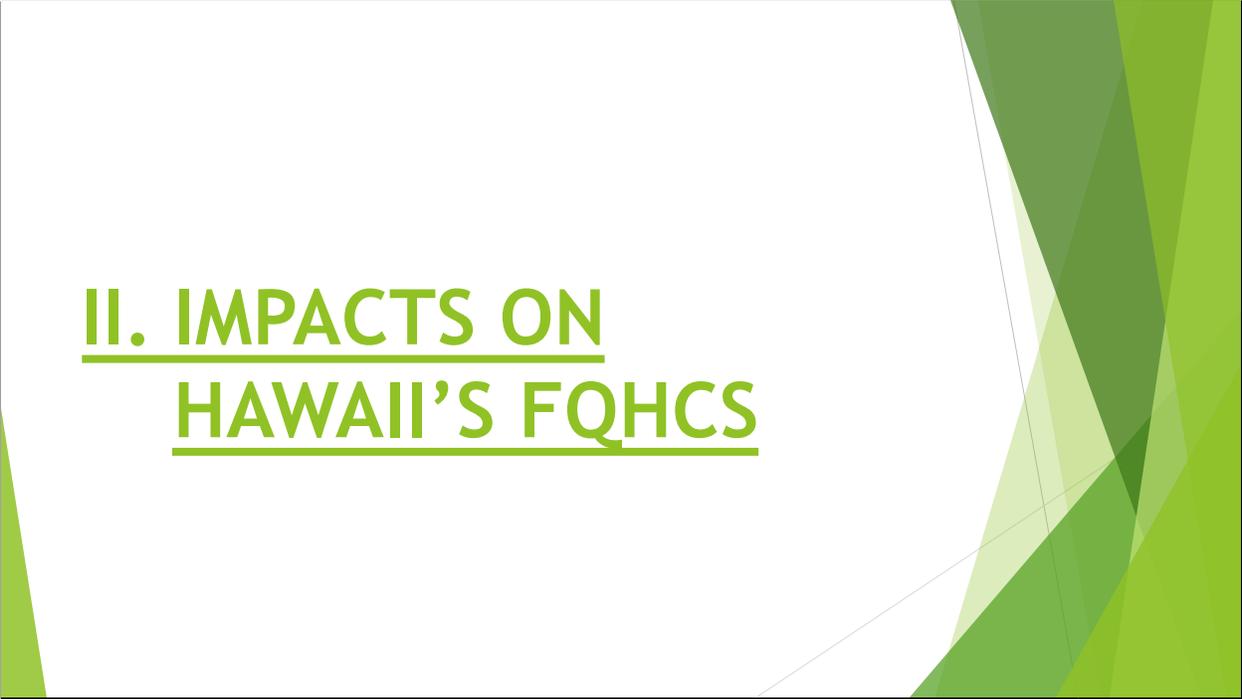
OBBBA Impact on Hawaii's Medicaid Population

- ▶ 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.

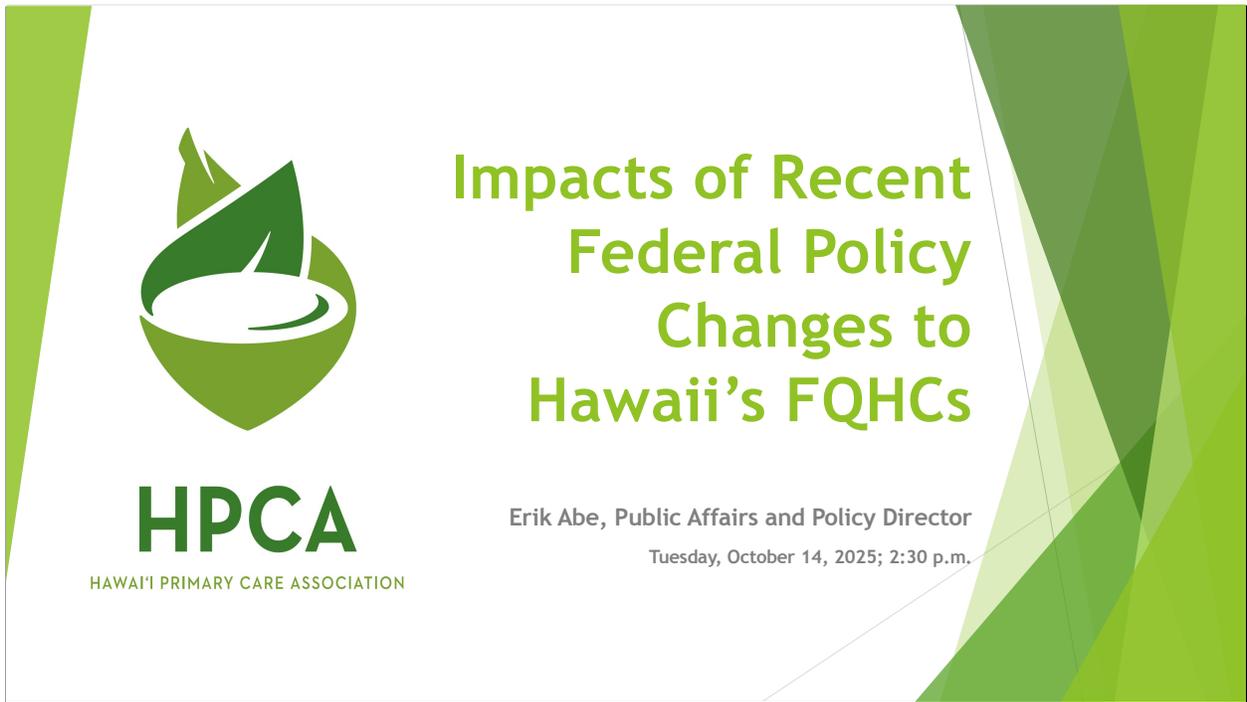
Additional Logistical Concerns

- ▶ 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.



This concludes the presentation. I'd be happy to answer any questions.

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

FROM: Terry George, Chief Executive Officer & President

RE: Testimony in Support for HB 2116 HD 2, Relating to Grants

DATE: Thursday, February 26, 2026 at 10:00 am

LOCATION: Hearing Room 308

The Hawai'i Community Foundation (HCF) **supports** HB 2116 HD 2, Relating to Grants. HB 2116 HD 2 appropriates funds to the Office of Community Services (OCS) within the Department of Labor and Industrial Relations for grants to nonprofits that help residents meet new community engagement requirements for eligibility in federal programs by creating opportunities to work, volunteer, or learn new skills. HCF believes that critical basic needs are delivered by nonprofit organizations that can sustain operations and cover the cost of delivering those services in Hawai'i. Human services are a priority under HCF's CHANGE Framework within the Community Centered Economy and Health and Wellness sectors.

Given the updated eligibility requirements for crucial federal programs—such as Supplemental Nutrition Assistance Program (SNAP) and federally funded public housing—adequate funding is required to support nonprofit organizations who can expand or create work, volunteer, or training opportunities for Hawai'i residents who must fulfill these new requirements. According to UHERO, 164,000 of Hawai'i's residents are SNAP beneficiaries.¹ Additionally, approximately 5,200 local families rely on federally funded public housing.²

Adequate funding is essential to support the nonprofit organizations who are not only providing important services for our community, but also new opportunities to maintain residents' qualifications for federal programs. HCF grantee partners share with us the rising demand for these services while funding lags behind true costs, including paying for insurance and staff expenses. This \$3 million investment will save long-term costs on emergency care, homelessness, or hunger for residents who are cut-off from assistance due to the new community engagement requirements.

¹ [UHERO Economic Forecast Dec. 2025](#) – page 9.

² [Hawai'i Public Housing Authority](#).

Operating volunteer, work, and training programs will create additional program expenses, making it imperative that nonprofit organizations have the funds necessary to continue carrying out their services. Supporting this bill has the potential to protect access for residents who rely on crucial federal programs, as well as invest in the longevity of Hawai'i's social safety net. For these reasons, **HCF supports HB 2116 HD 2 and urges its passing.**



**House Committee on Finance
February 26, 2026 at 10:00 AM
Room 308**

Testimony in SUPPORT of HB2116 HD2

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 HB2116 HD2**, which would appropriate funds to the Office of Community Services to award grants to nonprofit organizations that help community members meet new federal work, training, and volunteer engagement requirements tied to eligibility for public assistance programs.

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.

HANO represents nonprofit organizations statewide that serve individuals and families who rely on programs such as SNAP, Medicaid, and housing assistance to meet basic needs. Recent federal policy changes have expanded work and community engagement requirements for certain adults, requiring individuals to document participation in employment, job training, education, or qualifying volunteer service in order to maintain benefits. While these requirements are intended to encourage workforce participation, they may be difficult to navigate for program recipients.

Nonprofit organizations play a critical role in bridging the gap between government and community members. Across Hawai'i, nonprofits already operate food distribution sites, health programs, environmental stewardship projects, keiki and kūpuna services, and workforce training initiatives that can qualify as community engagement activities under federal guidelines. They also provide the trusted, community-based support needed to help participants identify qualifying opportunities, enroll in programs, track hours, and complete required documentation. However, many nonprofits lack the staffing and infrastructure to absorb increased demand or to formalize volunteer and training opportunities specifically aligned with federal eligibility rules.

HB2116 would allow nonprofits to expand and adapt these programs by supporting staff time for coordination and supervision, developing structured volunteer and training placements that meet federal standards, and assisting participants with compliance and reporting. Importantly, this approach helps ensure that individuals do not lose access to essential benefits simply because they lack access to qualifying opportunities or the administrative capacity to document their participation.

By investing in nonprofit partners, the State can respond to federal requirements in a way that protects vulnerable residents, strengthens local organizations, and channels community engagement toward meaningful public benefit. HANO believes HB2116 represents both a practical and responsible strategy that recognizes nonprofits as essential partners in helping Hawai'i residents remain stable, supported, and connected to their communities.

Mahalo for the opportunity to submit testimony.

To: House Committee on Finance
Re: **HB2116 HD2 – Relating to Grants**
Hawaii State Capitol & Via Videoconference
February 26, 2026, 10:00 AM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network (HCAN) Speaks!, I am writing in **SUPPORT of HB2116 HD2**, which appropriates funds to the Office of Community Services to award grants to nonprofit organizations, establishes an evaluation and selection committee to oversee the awarding of grants, requires an applicant for a grant to provide certain documentation, and appropriates funds.

This bill responds to recent federal eligibility changes requiring able-bodied adults without dependents to document community engagement hours—through work, training, education, or volunteering—to maintain essential benefits. It provides grants to nonprofit partners to expand volunteer and training programs that help residents meet these requirements, build skills, and remain connected to critical supports.

We also appreciate the bill's strong oversight provisions, including an evaluation and selection committee, funding for grant administration staff, and support from the Department of the Attorney General for contract review and cost monitoring to ensure accountability.

Community-based nonprofits are well-positioned to provide volunteer placements, workforce readiness, skills training, and case management. However, many lack the capacity to expand quickly. The grant funding in this bill would help nonprofits scale effective programs, connect hard-to-employ individuals with meaningful opportunities, and support continued access to federal benefits.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Thank you,

Nicole Woo
Director of Research and Economic Policy



HIPHI Board

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HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community-Based Research &
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Community Health
Worker Initiatives

Environmental Health

Hawai'i Climate Change and Health
Working Group

Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Immunization Coalition

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: February 25, 2026

To: Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

RE: Support for HB 2116 HD2, Relating To Grants

Hrg: February 26, 2026, at 10:00 AM, Conference Room 308

Hawai'i Public Health Institute (HIPHI)¹ and the Healthy Eating, Active Living² (HEAL) Coalition **supports HB 2116 HD2**, which establishes grants to support nonprofit organizations in providing opportunities for volunteer and training hours so that residents may more easily meet federal program eligibility requirements for benefit eligibility.

An Essential Benefit

With over 140,000 Hawai'i residents participating in the Supplemental Nutrition Assistance Program (SNAP), receiving on average \$370 per month, this program is vital to the livelihoods of not just those enrolled in SNAP, but also our state as a whole. \$600 million annually flows into our state via federal SNAP benefits, helping families eat and circulating throughout our economy.

Adverse Impact Of H.R. 1

When federal SNAP benefits were paused during the government shutdown in 2025, Hawai'i provided \$250 per person to safeguard food security. This essential support was a lifeline to those who would otherwise have gone hungry. Yet, the recently enacted federal budget law, H.R. 1, introduces sweeping new eligibility requirements and funding changes for core safety net programs, including SNAP and Medicaid, that will significantly affect Hawai'i residents.

For the first time in history, eligibility will now be conditioned on documenting at least 80 hours per month of work, education, training, or community service for many adults, with coverage at risk for those who cannot meet or document those hours. The law also raises the age threshold for mandatory work participation to 64, reduces or eliminates exemptions for vulnerable populations, such as people

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people and islands of Hawai'i. We do this through expanding our understanding of what creates health of people and place, fostering partnerships, and cultivating programs to improve policies, systems, and the environments where people live, learn, work, age, and play.

² The Healthy Eating + Active Living (HEAL) Coalition, formerly known as the Obesity Prevention Task Force, was created by the legislature in 2012 and is comprised of over 60 statewide organizations. The HEAL Coalition works to make recommendations to reshape Hawai'i's school, work, community, and health care environments, making healthier lifestyles obtainable for all Hawai'i residents.



who are experiencing homelessness and immigrants, and shifts new administrative burdens to states.³

Together, these changes are expected to make it more difficult for low-income individuals and families to maintain access to basic health coverage and nutrition assistance. According to the Department of Human Services, with regard to our state's SNAP enrollees, 16,000 individuals aged 55-64 and 10,000 households with a dependent child aged 14 or older will be impacted by the changes," along with numerous individuals experiencing homelessness, veterans, and youth aged 18-24 transitioning from foster care.⁴

Supporting Community Stability

This measure empowers nonprofit organizations to provide benefit recipients with pathways for community engagement, such as volunteer service, that meet new federal work requirements for SNAP and Medicaid. Without the funding to strengthen access to these opportunities, many residents risk losing essential food assistance and healthcare support.

We urge you to pass this measure to allow nonprofits to fill a critical gap in helping residents meet new federal work requirements, ensuring that essential benefits remain available to all in need.

Mahalo,

A handwritten signature in blue ink that reads 'Kris Coffield'.

Kris Coffield
Policy and Advocacy Associate

³ [A Guide to Reducing Coverage Losses Through Effective Implementation of Medicaid's New Work Requirement](#), Center on Budget and Policy Priorities, November 2025.

⁴ [Changes to Able-Bodied Work Requirements for SNAP - FAQs](#), Department of Human Services, October 2025.



HAWAII APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice
Support for HB 2116 – Relating to Grants
House Committee on Finance
Thursday, February 26, 2026, at 10:00 AM

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

Hawai‘i Appleseed advocates for policies that make our state more affordable and equitable for working families. As federal policy shifts under Public Law No. 119-21, many low-income residents are now facing new community engagement requirements to maintain access to critical supports like Medicaid and SNAP. These requirements apply to certain adults between ages 18 and 54 who do not have dependents and are deemed able to work.

These mandates are now a reality for thousands of Hawai‘i residents. Without sufficient opportunities to complete qualifying work, training, education, or volunteer hours, individuals risk losing access to health care, food assistance, and housing stability. In a state with one of the highest costs of living in the nation, the consequences of losing these benefits are severe.

By appropriating \$3 million to the Office of Community Services to award grants to nonprofit organizations, this bill ensures that residents have meaningful, accessible opportunities to meet federal community engagement requirements. It recognizes that if the state is going to hold individuals accountable to new standards, we must also invest in the infrastructure that allows them to succeed.

Nonprofit organizations across Hawai‘i are already deeply embedded in our communities. They provide job training, food distribution, environmental stewardship, cultural programming, and support services that strengthen our islands. With additional resources, these organizations can expand or create structured volunteer and training programs that help participants maintain eligibility for essential benefits while also delivering tangible benefits to our communities.

This investment is modest when compared to the potential cost of inaction. If residents lose access to SNAP, Medicaid, or housing assistance due to administrative or structural barriers to meeting engagement requirements, the downstream impacts will be felt statewide: increased uncompensated care, greater food insecurity, and heightened strain on emergency services and charitable providers.

At its core, this bill acknowledges that people cannot comply with requirements if meaningful opportunities do not exist. By funding nonprofits to create pathways for community engagement, the Legislature affirms that low-income residents deserve support, not bureaucratic traps.

HB 2116 protects access to critical safety net programs while investing in community-based solutions. Hawai‘i Appleseed respectfully urges your support. Thank you for the opportunity to testify.



ALOHA CARE

To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Human Services and Homelessness

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Director of Public Policy
Maria Rallojey, Public Policy Specialist

Hearing: Thursday, February 26, 2026, 10:00am, Conference Room 308

RE: **HB2116 HD2 Relating to Grants**

AlohaCare appreciates the opportunity to provide testimony in **support of HB2116 HD2**. This measure would (1) appropriate funds to the Office of Community Services (OCS) of the Department of Labor and Industrial Relations to award grants for FY26-27 to nonprofit organizations that expand or create new opportunities for residents needing to meet new community engagement requirements to qualify for federal programs; (2) establishes an evaluation and selection committee to oversee the awarding of grants; (3) requires an applicant for a grant to provide certain documentation on activities that qualify for community engagement hours to qualify for the grants; and (4) appropriates funds for positions in OCS and for the Department of the Attorney General to assist OCS in reviewing contracts and monitoring costs.

AlohaCare is a community-rooted, non-profit health plan founded by Hawai'i's Community Health Centers and the Queen Emma Clinics. We serve over 66,000 Medicaid and Medicaid-Medicare dual-eligible residents on all islands. Since 1994, AlohaCare has partnered with providers, government entities, and community-based organizations to meet the evolving needs of our safety net community as Hawai'i's only health plan focused solely on Medicaid-eligible individuals. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for equitable access to quality, whole-person care for all.

AlohaCare is committed to ensuring continuity and access to care for the communities we serve. Medicaid coverage continuity is essential for accessing primary care, behavioral health services, medications, and preventive care. When individuals lose their coverage due to documentation barriers, they often postpone seeking care until their conditions worsen. This delay can lead to increased avoidable emergency department visits and hospitalizations, creating instability for families and communities.



One of the immediate risks associated with new federal requirements, such as community engagement mandates, is that individuals who struggle to meet or document them on time may not be ineligible in substance¹. Instead, they often face barriers such as unstable work hours, limited internet access, language difficulties, lack of transportation, caregiving responsibilities, or homelessness.

The bill explicitly links community engagement opportunities to skill development and active participation in the local community. Nonprofits are especially well-suited to reach those facing barriers such as limited English proficiency, inadequate transportation, rural isolation, gaps in digital access, or unpredictable work schedules. These obstacles can hinder an individual's ability to document and participate, even when they are motivated to do so. As such, we support this measure to address these challenges by leveraging trusted community-based organizations to help individuals meet compliance requirements and facilitate their participation in qualifying activities.

Mahalo for this opportunity to testify in **support of HB2116 HD2**.

¹ Based on the Kaiser Family Foundation's review of Medicaid unwinding reports submitted by states to CMS, 72% of the individuals who lost Medicaid coverage nationwide were disenrolled for procedural reasons. In Hawai'i, this figure was 87%.
Tolbert, Rudowitz, Drake. (2023, Sep 7). *Understanding Medicaid Procedural Disenrollment Rates*. KFF.



House Committee on Finance

Thursday, February 26, 2026, 10 AM Hearing in Conference Room 308 on
HB 2116, HD2 Relating to Grants

COMMENTS

Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Todd, Vice Chair Takenouchi, and Committee Members:

The League of Women Voters of Hawaii has concerns with HB 2116, HD2. The League requests amendment of this bill to designate either an agency or a public board subject to the Sunshine Law to evaluate grant applications and determine grant awards. It is inappropriate and we do not believe that the State Constitution authorizes a committee of 4 legislators to administer legislative appropriations.

Thank you for the opportunity to submit testimony.