



**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'OKELE

**JOHN C. (JACK) LEWIN, MD**  
ADMINISTRATOR

February 24, 2026

TO: HOUSE COMMITTEE ON HEALTH  
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 2501-HD1 -- RELATING TO HEALTH CARE**

HEARING: Friday, February 27, 2026 @ 10:00 am; Conference Room 308

POSITION: SUPPORT with COMMENTS

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Testimony:

SHPDA strongly supports HB 2501-HD1 with comments.

This bill is intended to bring transparency and fairness to how Hawai'i's hospitals cover the cost of caring for high-need high-cost Medicare patients and for uninsured patients who cannot pay. The bill recognizes that these high costs are currently borne unevenly, which can threaten the long-term sustainability of essential health care services. This bill requires hospitals and hospital systems that receive state financial assistance to submit annual auditor-certified reports on these high-cost patients, and directs the Department of Health (working with HHSC and SHPDA) to verify the data, set uniform reporting standards, and use the information to design state financial assistance in a way that more equitably distributes this financial burden across the system, with periodic audits to ensure accountability.

Hospitals are likely to object to more data reporting requirements, but the data gathered from these high-cost and underfunded patients will help the state justify needed increases in federal Medicare and Medicaid programs adversely affecting our statewide healthcare financial viability.

This bill strengthens accountability and supports smarter funding decisions by requiring consistent, auditor-certified reporting on the most expensive Medicare and uninsured cases. With standardized, comparable data statewide, policymakers can better understand where uncompensated and high-cost care is concentrated, target

limited state resources more effectively, and reduce the risk of hidden cost-shifting that can drive up charges elsewhere. The bill also builds in oversight through verification and periodic audits, helping ensure that any state financial assistance is based on reliable information and administered transparently.

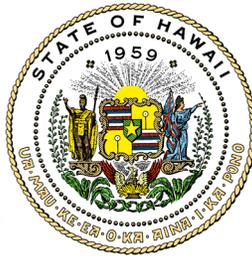
We believe this is a practical step toward a more sustainable health care system that relies on clear information, consistent standards, and responsible oversight. By grounding state support in verified reporting and regular review, the bill helps ensure public funds are used wisely and aligned with real-world patient needs.

And very importantly, it will also add credibility and background data for advocating for sorely needed increased per capita federal Medicare and Medicaid reimbursement to at least the national average in light of our extremely high cost of living and housing and growing financial viability stresses on insurers, hospitals, and all providers.

Thank you for hearing HB 2501-HD1.

Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA



HOUSE COMMITTEE ON FINANCE  
The Honorable Chris Todd, Chair  
The Honorable Jenna Takenouchi, Vice Chair

**H.B. NO. 2501, H.D. 1, RELATING TO HEATH CARE**

Hearing: Friday, February 27, 2026, 10:00 a.m.

The Office of the Auditor offers comments on H.B. No. 2501 H.D. 1, which requires the Office of the Auditor to conduct periodic audits of hospitals and hospital systems receiving any general fund appropriation, capital improvement funding, or other state financial assistance associated with Medicare and uninsured patients. See H.B. No. 2501 H.D. 1, subsection 2 (d).

**We have reservations about this bill.**

First, neither the State Constitution nor Chapter 23, Hawai'i Revised Statutes, authorizes the Auditor to conduct audits of private entities such as private hospitals or hospital systems. The Auditor is responsible for post-audits of the financial transactions and performance of departments, offices, and agencies of the State and counties.

Second, it is unclear what the audits would assess. The bill requires “periodic audits of the funds distributed to hospitals and hospital systems . . . to ensure compliance with this section.” However, the bill does not include any criteria or other information about the use of funds distributed to hospitals and hospital systems. Without that type of information, it is unclear what “compliance” refers to and what we would assess.

Lastly, in addition, subsection 2 (a), page 2, lines 17-18 requires hospitals and hospital systems receiving state funding relating to Medicare and uninsured patients to submit an annual report “certified by the auditor.” It is unclear whether “the auditor” refers to the Office of the Auditor. It is also unclear what “certified” means.

If the committee believes periodic audits of the hospitals and hospital systems receiving state funds relating to Medicare and uninsured patients are important, **the Office of the Auditor recommends the Committee consider requiring the hospitals and hospital systems’ independent (external) auditors to conduct those assessments.**



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Chris Todd, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
Members, House Committee on Finance

From: Jace Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 27, 2026

Re: Comments on HB2501 HD1 - Relating to Health Care.

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The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Thank you for the opportunity to submit comments on HB2501 HD1, which requires hospitals and hospital systems to submit annual certified reports on their net losses associated with care for Medicare and uninsured patients to the Department of Health, Hawai'i Health Systems Corporation, and State Health Planning and Development Agency and requires the review of the reports, establish standards and procedures, and adopt rules. Queen's appreciates the Committees' interest in making sure valuable state funds are appropriately and equitably distributed across our health systems thus helping to ensure our patients are provided the healthcare they expect and deserve.

Queen's serves the majority of Medicaid and Medicare covered patients across the state of Hawai'i; in 2025 alone, Medicare volume at The Queen's Health Systems totaled over 400,000 patient experiences. Uncompensated medical care in Hawai'i represents the cost of services provided by hospitals and providers that go unreimbursed - including charity care and medical debt. Due to rising insurance premiums and reduced ACA subsidies, many Hawai'i residents are facing higher premium/insurance costs; a corresponding spike in uncompensated care significantly strains healthcare providers and hospitals, particularly in rural areas of our state and is likely to become more pronounced in the future.

Medicare shortfalls for providers and costs associated w/ uninsured care continue to be a critical issue for Hawai'i's healthcare systems, particularly in emergency and trauma care where Queen's operates as a major provider (the Queen's Manamana emergency department is the busiest in the state). Recent estimates suggested greater rise in uncompensated care costs due to insurance coverage losses related, in part, to policies set by the current federal administration and Congress.

*The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

We would underscore the comments made by the Healthcare Association of Hawai'i noting challenges in accounting for total costs of care when an individual receives care across various settings and at different facilities. Queen's appreciates the Legislature's interest and commitment to addressing the ongoing financial challenges facing our healthcare system and stands ready to assist in its effort to address cost disparities that threaten long-term viability of healthcare in our state.

Thank for allowing us to provide testimony on HB2501 HD1.



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Quality Healthcare For All"*

**COMMITTEE ON FINANCE**

Rep. Chris Todd, Chair  
Rep. Jenna Takenouchi, Vice Chair

February 27, 2026  
10:00 AM  
State Capitol  
Room 308 & Via Videoconference

**Testimony Providing Comments on HB 2501, HD1  
RELATING TO HEALTH CARE**

Requires hospitals and hospital systems to submit annual certified reports regarding costs associated with Medicare and uninsured patients to the Department of Health, Hawaii Health Systems Corporation, and State Health Planning and Development Agency. Requires the Department of Health, Hawaii Health Systems Corporation, and State Health Planning and Development Agency to review the reports, establish standards and procedures, and adopt rules. Requires the Department of Health to consider the reports when determining the department's budget request and designate financial assistance requests in an equitable way.

Requires the Office of the Auditor to conduct periodic audits of the financial assistance distributed to hospitals and hospital systems.

Edward N. Chu  
President & Chief Executive Officer  
Hawai'i Health Systems Corporation

On behalf of the Hawai'i Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **providing comments on HB 2501, HD1**.

HHSC appreciates the intent of this bill to fairly distribute state funds to improve access to healthcare for Hawai'i's most vulnerable populations. This intent is certainly in line with HHSC's mission of providing accessible, high quality, cost-effective services that address the healthcare needs of Hawai'i's unique island communities. However, requiring HHSC to review cost reports, establish standards and procedures, and adopt rules to effectuate the intent of this bill would require significant resources that HHSC does not currently have. HHSC's hospital cost reports are currently being prepared by professional services firms that specialize in that function, and HHSC does not currently have in-house resources that perform the cost-reporting function. Each Medicare cost report for a large acute care hospital can be well over 100 pages, so it could require significant resources to have the staff capable of understanding the report, extracting the appropriate data, and formulating policy as a result of that analysis. Further, HHSC understands that the allocation of state funds to hospitals is a very complex analysis, as cost is only one factor in determining the amount of funds that a hospital needs to operate. Each island community is unique in its geography, resident demographics, healthcare infrastructure other than hospitals, payor mix, physician base, and healthcare needs. All of those unique areas should be considered in how state funds are allocated to various hospitals. HHSC would be happy to participate in discussions with legislative and community stakeholders

in how best to get the data that would contribute to a meaningful discussion on how to ensure an equitable distribution of state funding to hospitals within the State.

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



**February 27, 2026 at 10:00 am**  
**Conference Room 308**

**House Committee on Finance**

To: Chair Chris Todd  
Vice Chair Jenna Takenouchi

From: Paige Heckathorn Choy  
Vice President, Government Affairs  
Healthcare Association of Hawaii

Re: **Submitting Comments**  
**HB 2501 HD 1, Relating to Health Care**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to submit **comments** on this measure. We share the goal of ensuring that patients with significant medical needs receive appropriate care, regardless of insurance status or ability to pay. We appreciate that this measure is intended to ensure that public resources are adequately and appropriately disbursed through data reporting.

The reporting concept in this measure could present some practical challenges because hospitals generally do not have access to a patient's total cost of care. Hospitals see patients episodically—often for a single admission, procedure, or emergency encounter—and do not have visibility into services provided by other hospitals, physicians, pharmacies, post-acute providers, or community-based settings. As a result, hospitals could produce only a partial picture of a patient's overall health care costs.

We appreciate that the previous committees did include language regarding the reporting of uncompensated care costs, which accounts for unpaid care or care provided to individuals whose insurance does not cover the total cost of care.

It is incredibly important that the legislature continues its interest in addressing the financial pressures hospitals and other providers are experiencing, especially in the wake of Medicaid cuts and the expiration of enhanced premium tax credits at the federal level. We welcome discussion on how to improve equity and enhance patient care given scarce resources. Thank you for the opportunity to provide comments on this important measure.