



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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**Testimony COMMENTING on HB2501  
RELATING TO HEALTH CARE.**

REP. GREGG TAKAYAMA, CHAIR  
HOUSE COMMITTEE ON HEALTH

Hearing Date: February 11, 2026

Room Number: 225

1 **Department Testimony:** The Department of Health appreciates the intent to support  
2 uncompensated care provided by acute care hospitals. DOH also recognizes the community  
3 benefit required and provided by nonprofit hospitals. DOH acknowledges efforts underway for  
4 Hawaii to receive increased reimbursement from Medicare and has concerns about the pending  
5 Medicaid work requirement that could increase the number of uninsured.

6 While DOH does have a mechanism and provides funding to support hospitals as part of the  
7 statewide trauma system, DOH does not have a current mechanism to subsidize hospitals for  
8 uncompensated care. The Hawaii Health Systems Corporation is a quasi-governmental entity  
9 that operates independently from DOH and seeks its own appropriations from the Legislature.

10 DOH does not contract with health plans or otherwise have experience or expertise with acute  
11 care hospital billing, payment, or accounting. DOH would require an appropriation for outside  
12 consultants and actuaries for the fiscal analysis required by this measure. The department  
13 suggests consideration for instead beginning by having the office of the auditor conduct an audit  
14 to establish a baseline.

15 Thank you for the opportunity to testify.

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STATE OF HAWAII  
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HOUSE COMMITTEE ON HEALTH  
The Honorable Gregg Takayama, Chair  
The Honorable Sue L. Keohokapu-Loy, Vice Chair

**LATE**

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
The Honorable Scot Z. Matayoshi, Chair  
The Honorable Tina Nakada Grandinetti, Vice Chair

**H.B. NO. 2501, RELATING TO HEALTH CARE**

Hearing: Wednesday, February 11, 2026, 2:00 p.m.

The Office of the Auditor offers comments on H.B. No. 2501, 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, subsection (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 that the bill requires the hospitals and hospital systems' independent (external) auditors to conduct those assessments.



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

*"Quality Healthcare For All"*

**COMMITTEE ON HEALTH**

Rep. Gregg Takayama, Chair  
Rep. Sue L. Keohokapu-Loy, Vice Chair

**COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

Rep. Scot Z. Matayoshi, Chair  
Rep. Tina Nakada Grandinetti, Vice Chair

February 11, 2026

2:00 PM

State Capitol

Room 329 & Via Videoconference

**Testimony Providing Comments on HB 2501  
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**.

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 11, 2026 at 2:00 pm**  
**Conference Room 329**

**House Committee on Health**

To: Chair Gregg Takayama  
Vice Chair Sue L. Keohokapu Lee-Loy

**House Committee on Consumer Protection and Commerce**

To: Chair Scot Z. Matayoshi  
Vice Chair Tina Nakada Grandinetti

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

**Re: Submitting Comments**  
**HB 2501, 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 would suggest that hospitals could provide more details on their uncompensated care, which accounts for unpaid care or care provided to individuals whose insurance does not cover the total cost of care.

We appreciate that the legislature continues to be interested in addressing the financial pressures hospitals face 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.



To: The Honorable Greg Takayama, Chair  
The Honorable Sue L. Keohokapu-Lee Loy, Vice Chair  
Members, House Committee on Health

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

Date: February 11, 2026

Re: Comments on HB2501 - 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, which requires hospitals and hospital systems to submit annual certified reports regarding costs associated with 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 Medicare covered patients across the state of Hawai'i – in 2025 alone, Medicaid volume at The Queen's Health Systems totaled over 400,000 individuals. 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

*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.*

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.

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 is more than willing to work with the Department on how to best account for these variables and provide an accurate view of costs for these populations within our systems. 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.