



HCR-137

Submitted on: 4/7/2026 7:21:28 AM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Hawaii Healthcare Task Force	Support	Written Testimony Only

Comments:

Dear Representatives,

Pleass pass this resolution to show your support for addressing Hawaii's severe and worsening access to care crisis. Many medical practices in Hawai'i are gravely understaffed and underfunded. To make things worse insurance companies frequently delay "clean claims" reimbursements for months in Hawai'i, making difficult fo clinics to meet payroll or pay their costs and mortgages.

As an example, a busy medical practice in Kona almost had to close in 2026 because the insurance company failed to pay them since the fall of 2025. Several thousand Big Island patients nearly lost their access to care. It will be extremely difficult to replace further losses of medical clinics on our Neighbor Islands.

Aloha,

Scott Grosskreutz, M.D.

President Hawai'i Healthcare Task Force



Hawaii Medical Association

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HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Representative Scot Z. Matayoshi, Chair
Representative Tina Nakada Grandinetti, Vice Chair

LATE

Date: April 7, 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 HR 129 HCR 137 SR 170 REQUESTING HEALTH MAINTENANCE ORGANIZATIONS IN THE STATE TO ADHERE TO AND BE HELD ACCOUNTABLE FOR ISSUING TIMELY REIMBURSEMENTS OF HEALTH CARE CLAIMS PURSUANT TO THE STATE'S CLEAN CLAIMS STATUTE. Health Maintenance Organizations; Reimbursement; Health Care Claims; Clean Claims

Position: Support

Delayed reimbursement for health care claims continues to place significant financial and administrative strain on physician practices, particularly in Hawaii's resource-constrained and neighbor island settings. Even with existing clean claims requirements, variability in claim determinations and limited enforcement contribute to ongoing delays that can disrupt patient care delivery and patient access.

HMA supports advancing consistent implementation of clean claims standards and enhancing compliance through data reporting and system-level improvements. Continued efforts are needed to standardize claim processes and improve accountability mechanisms. HMA appreciates the legislators ongoing commitment to supporting the sustainability of medical services for our patients throughout the islands.

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

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
Laeton Pang, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

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REFERENCES AND QUICK LINKS

University of Hawai'i at Mānoa John A. Burns School of Medicine Area Health Education Center. Annual Report on Findings from the Hawai'i Physician Workforce Assessment Project. Dec. 2025. University of Hawai'i Government Relations. https://www.hawaii.edu/govrel/docs/reports/2026/act18-sslh2009_2026_physician-workforce_annual-report_508.pdf Accessed Jan 25, 2026.

Hay, Jeremy. "Need A Doctor? Hawai'i's Physician Shortage Keeps Getting Worse." *Honolulu Civil Beat*, 8 Jan. 2026, www.civilbeat.org/2026/01/hawaii-physician-shortage-getting-worse/. Accessed Jan 25, 2026.

Yip C. Hawaii faces shortage of 800 physicians, with neighbor islands hit hardest. KITV.com. [May 20 2024](#).

Lu A. Factors Exacerbating the Physician Shortage in Hawaii: What is Hawaii Doing to Stem the Tide? [Brown University School of Public Health](#). [April 3 2024](#).

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HCR-137

Submitted on: 4/6/2026 9:06:58 PM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Stephanie Yan, MD	Individual	Support	Written Testimony Only

Comments:

**TESTIMONY IN STRONG SUPPORT OF HR129
RELATING TO PROMPT REIMBURSEMENT FOR MEDICAL PRACTITIONERS**

Aloha Chair and Members of the Committee,

My name is Dr. Stephanie Yan, a board-certified general surgeon practicing in Hawai‘i. I am writing in strong support of HR129.

At its core, this resolution addresses a fundamental issue destabilizing healthcare across our islands: the failure of insurers to comply with existing prompt payment laws under HRS §431:13-108.

While the statute clearly mandates timely reimbursement, the reality on the ground is very different. Delayed, denied, and underpaid claims and automatic clawbacks with very little resources to appeal back are not rare exceptions—they are routine and systemic barriers that directly threaten the survival of independent medical practices.

For small and private practices, reimbursement is not an abstract financial metric—it is the lifeline that allows us to keep our doors open, pay our staff, maintain supplies and services, and continue caring for our patients.

I would like to share a real example. In 2024, following the cyberattack on the UnitedHealth Group clearinghouse, payments across the system slowed dramatically. Many physicians were forced to take out loans just to sustain operations. Some practices were ultimately acquired after being unable to recover financially.

Despite using a different clearinghouse, my own practice was significantly affected by widespread payment delays. I was forced to withdraw funds from my child’s college savings to cover operating expenses. Eventually, I had to lay off my entire office staff after months of being unable to meet overhead. To continue supporting my family and patients, I sought locum tenens work outside of Hawai‘i.

This is not an isolated experience—it is happening to physicians across our state.

When payments are delayed for weeks to months, practices are placed in an untenable position: continuing to provide care without predictable compensation.

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Unlike large healthcare systems, small practices do not have the financial reserves or negotiating leverage to absorb prolonged disruptions.

The consequences are already visible across Hawai'i:

Physicians are closing practices or leaving the islands

Access to care is worsening, particularly in rural and neighbor island communities

Remaining providers are stretched beyond sustainable limits

This is not just a physician issue—it is a patient access crisis.

The intent behind prior legislation, including HB2536, was clear: to ensure accountability and enforcement of laws that already exist. HR129 is a necessary and pragmatic step forward, calling attention to enforcement gaps and urging appropriate oversight.

Without enforcement, laws become symbolic rather than functional.

Physicians are not seeking conflict—we are seeking basic operational fairness. We are asking that:

Claims be processed within legally required timelines

Reimbursements be predictable and transparent

Existing laws be consistently enforced

These are not new demands. They are the minimum conditions required for a functioning healthcare system.

If Hawai'i is committed to preserving independent medical practices—and with them, patient choice, access, and community-based care—then ensuring timely reimbursement must be treated as essential infrastructure.

HR129 represents an important acknowledgment of this issue and a meaningful step toward accountability.

For these reasons, I respectfully urge this committee to support HR129.

Mahalo for your consideration and for your continued commitment to the health of our communities.

Respectfully,
Dr. Stephanie Yan
General, Trauma and Critical Care Surgeon

Island Family Surgical Care Center LLC
Maui, Hawai'i



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HCR-137

Submitted on: 4/6/2026 11:16:22 PM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Matthew Dykema	Individual	Support	Written Testimony Only

Comments:

Testimony in Strong Support of HR129

Requesting Health Maintenance Organizations in the State to Adhere to and Be Held Accountable for Issuing Timely Reimbursements of Health Care Claims Pursuant to the State's Clean Claims Statute

Dear Chair and Members of the Committee,

I write in strong support of HR129.

This resolution is straightforward and reasonable. It asks health maintenance organizations in Hawaii to follow and be held accountable to the State's existing Clean Claims Statute, which already requires payment of uncontested claims within 30 days, or within 15 days for electronically submitted claims. HR129 does not create an unreasonable new burden. Rather, it reinforces compliance with laws that are already on the books and are meant to protect both healthcare providers and the patients they serve.

In any fair system, healthcare providers should not have to struggle to obtain timely reimbursement for services already rendered. When payment delays become routine, the result is financial strain on medical practices, disruption of operations, and reduced access to care for patients. HR129 correctly recognizes that delayed reimbursement can contribute to financial distress for healthcare businesses and can ultimately harm consumers.

It is unfortunate that an additional resolution is needed to restate what should already be standard practice. If existing law were being consistently honored, this measure would be unnecessary.

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But when timely reimbursement requirements are not followed, legislative reaffirmation becomes appropriate and necessary. Accountability matters. A law without meaningful adherence is not enough.

This issue should not be controversial. It is a matter of basic fairness, legal compliance, and preserving access to medical care in Hawaii. Providers should be able to focus on caring for patients, not on chasing payments that are already required by law.

For those reasons, I respectfully urge passage of HR129.

Thank you for the opportunity to testify.

Sincerely,

Dr. Matthew Dykema

Joyful Living - Family Medicine

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HCR-137

Submitted on: 4/7/2026 6:49:28 AM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lauren Farasati	Individual	Support	Written Testimony Only

Comments:

Aloha, Committee Members,

Most medical practices in Hawaii are small businesses. Not being paid on a timely basis by insurance companies endangers their very existence. We have few enough doctors in this state! We don't need to give them any reason to move to the Mainland. Please support HR129.

Mahalo,

Lauren Farasati

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HCR-137

Submitted on: 4/7/2026 9:31:35 AM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Esther Yu Smith, IMD	Individual	Support	Remotely Via Zoom

Comments:

Chair, Vice Chair, and Members of the Committee:

My name is Esther Yu Smith, MD, and I am the vice president of the Hawaii Healthcare Task Force, founder and physician at Mohala Health, and Medical Director at Ka'u Hospital. I respectfully submit this testimony in strong support of HCR 137, which requests that health maintenance organizations in Hawai'i adhere to and be held accountable for issuing timely reimbursements of health care claims under the State's Clean Claims Statute. As the resolution states, delayed reimbursement harms medical practices, threatens patient access, and falls especially hard on rural and underserved communities.

Current Hawai'i law already requires state-regulated entities, including health maintenance organizations operating under chapter 432D, to reimburse uncontested claims within 30 calendar days if filed in writing and within 15 calendar days if filed electronically. If a claim is contested or denied, the entity must notify the provider within 15 calendar days for paper claims or 7 calendar days for electronic claims. If payment is late, interest accrues at 15 percent per year, and interest of at least \$2 must be automatically added to the unpaid claim. The statute also directs the commissioner to consider the economic impact on the health care facility or provider when determining penalties.

In my own business, these delays are not abstract. I have nearly been driven out of business repeatedly by delayed payment. When reimbursement that should arrive within 15 or 30 days does not arrive, I still have to meet payroll and operating expenses while continuing to care for patients. Hawai'i's own resolution recognizes that late reimbursement forces providers to carry payroll and operating costs while waiting for payment and that delayed reimbursement can contribute to practice failure.

This resolution is also properly targeted. Hawai'i's Clean Claims Statute expressly excludes claims for self-insured employer groups and Medicare, Medicaid, Medigap, and other federally financed plans, so HCR 137 is focused on claims that are within the State's regulatory reach.

Hawai'i is not asking for anything radical. Other states already pair prompt-pay deadlines with stronger accountability. In California, beginning January 1, 2026, DMHC-regulated health plans must reimburse complete claims within 30 calendar days, overdue claims accrue 15 percent annual interest, failure to include required interest triggers an additional payment of either \$15 or 10 percent of the accrued interest, provider disputes generally must be resolved within 45

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working days, and the state publishes quarterly claims settlement reports when plans fail to reimburse at least 95 percent of complete claims with correct payment including interest and penalties due.

Texas likewise does more than simply state a deadline. The Texas Department of Insurance describes prompt-pay requirements for HMOs and certain insured PPO plans, applies a 30-day timeframe for electronic clean claims, requires claims data reporting and prompt-pay penalty reporting, and notes that improper denials can result in prompt-pay penalties and administrative action.

New Jersey also provides a useful comparison. Its prompt-pay framework applies standards for health benefit plan claims, requires carriers to pay clean claims within 30 days if submitted electronically and 40 days if submitted otherwise, adds late interest, gives providers prompt-payment appeal rights and external ADR, and allows DOBI review when a disproportionate number of clean claims are not paid within the 30-40 day timeframes or when carriers fail to respond to written payment appeals within 10 business days.

Hawai'i already has the basic statutory framework, and the DCCA Insurance Division already oversees the insurance industry, reviews rate and policy filings, and investigates insurance-related complaints. The issue identified by HCR 137 is therefore not the absence of a rule, but the need for consistent accountability and meaningful enforcement when the rule is violated.

For these reasons, I respectfully urge passage of HCR 137. Providers cannot continue serving patients if they are forced to finance insurers' delays. Timely reimbursement is not a courtesy. It is already required by law, and that law should be enforced.

Thank you for the opportunity to testify.

Esther Yu Smith, MD

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HCR-137

Submitted on: 4/7/2026 10:11:33 AM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joseph P mayer jr	Individual	Support	Written Testimony Only

Comments:

Access to primary healthcare is negatively impacted by staffing shortages, overhead expenses, insurance pre authorization requirements and appeals of denials. Cash flow addresses only one of these issues as the others are beyond the control of the healthcare provider. Delaying delivery of approved payment only increases the difficulty in delivering care to patients.

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HCR-137

Submitted on: 4/7/2026 11:05:43 AM

Testimony for CPC on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelley Withy	Individual	Support	Written Testimony Only

Comments:

Aloha hard working Committee members,

thank you for considering this important resolution! Cliical practices across rural Hawaii are so essentail to provide healthcare and are closing their doors due to low payment as well as slow payment. We already have a shortage of 844 physicians compared to similar communities on the Continent, and without timely payment, it will get much worse and we will have healthcare deserts. Please support this resolution!