



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 1-844-808-DCCA (3222)
Fax Number: (808) 586-2856
cca.hawaii.gov

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

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

Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committees on Commerce and Consumer Protection
and
Ways and Means
Tuesday, March 3, 2026
10:16 a.m.**

State Capitol, Conference Room 211 and via videoconference

**On the following measure:
S.B. 2087, S.D. 1, RELATING TO HEALTH INSURANCE**

WRITTEN TESTIMONY ONLY

Chair Keohokalole, Chair Dela Cruz, and Members of the Committees:

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

The purpose of this bill is to (1) establish a 3-year Health Coverage Continuity Pilot Program to be administered by the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to subsidize the cost of certain health insurance deductibles for eligible individuals; (2) authorize the Department to contract with a nonprofit health insurer or community-based organization to operate the Pilot Program; provided that the Department shall allow the operator to access state-backed reinsurance or risk stabilization support for the operation of the

Pilot Program; (3) require reports to the Legislature; (4) appropriate funds; and (5) repeals 6/30/2029.

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

The Department notes that the purpose of the pilot program is designed for individuals who (1) have lost Medicaid coverage; (2) do not qualify for employer-sponsored insurance under the Prepaid Health Care Act or federal premium subsidies under the Patient Protection and Affordable Care Act (ACA); and (3) are enrolled in a bronze level or catastrophic health insurance plan. While Bronze and Catastrophic plans do offer the benefit of lower monthly premiums, they are characterized by high annual deductibles that may present a financial hurdle for participants. For the 2026 plan year, Bronze plans in Hawaii have an average deductible of approximately \$6,700. Catastrophic plans are required to have a deductible equal to the annual out-of-pocket maximum, which for 2026 is \$10,600 for an individual. The overall financial design of Bronze and Catastrophic tiers means that enrollees would likely face significant out-of-pocket expenses for any major medical events before insurance coverage fully applies.

Section 2(b)(3) of the measure provides a \$1,000 annual state subsidy for the cost of health insurance deductibles to eligible individuals enrolled in the pilot program; provided that the subsidies shall be for “preventative health care services”¹. The Department notes the scope of “preventative health care services” that are to be covered by \$1,000 annual subsidy is undefined. Under the ACA, non-grandfathered health plans, including Bronze and Catastrophic plans, provide certain preventive services with no cost-sharing to the enrollee. Consequently, without a definition of “preventative health care services” in the bill, it is unclear what services the state subsidy may be targeting.

¹ The Department also notes that ACA uses the term “preventive” health care services rather than “preventative”.

The Department also notes that for individuals in the group that this measure aims to benefit – individuals who have lost Medicaid coverage and do not qualify for employer-sponsored health insurance or federal premium subsidies under the Affordable Care Act – the plan year 2026 monthly premium for a Catastrophic plan, as an example, may range from \$233.22 for a 25 year old to \$630.44 for a 60 year old individual.

Finally, the measure provides the Department of Human Services the option to “contract with a nonprofit health insurer or community-based organization to administer or operate the pilot program; provided that the department shall allow the operator to access state-backed reinsurance or risk stabilization support during the pilot program”. The Department requests clarification as to the state-backed reinsurance or risk stabilization support the measure wishes to make available.

Thank you for the opportunity to testify on this bill.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Commerce and Consumer Protection
and
Senate Committee on Ways and Means
March 3, 2026 at 10:16 a.m.

By
Debora Halbert
Vice President for Academic Strategy
University of Hawai'i System

SB 2087 SD1 – RELATING TO HEALTH INSURANCE.

Chairs Keohokalole and Dela Cruz, Vice Chairs Fukunaga and Moriwaki, and Members of the Committees:

The University of Hawai'i supports SB 2087 SD1 – Relating to Health Insurance. While subsidizing the cost of certain health insurance deductibles, rather than providing health insurance coverage as originally proposed, is not as comprehensive, this measure still provides needed support for University of Hawai'i (UH) students. The UH serves a diverse student population across ten campuses, many of whom are part-time students, unemployed or underemployed, and individuals with varying insurance coverage. Findings from the UH Landscape Assessment of Student Basic Needs Insecurity published in 2025 suggest that health insecurity is a significant barrier to student persistence, academic success, and timely degree completion. Students who are unable to afford health insurance are more likely to delay preventive care, forego needed treatment, and disengage from their studies due to unanticipated and unmanaged health concerns.

Of particular importance to UH is the bill's recognition of community college and university students as an eligible population, provided they meet the established criteria. For students who have qualifying coverage but face high deductibles, assistance with preventive care costs may help reduce delays in accessing services that support both physical and mental health.

The bill's emphasis on preventive services aligns with evidence-based approaches identified in the UH Landscape Assessment, which highlight the need for accessible, low-barrier health services to support student well-being and educational continuity. By reducing disruptions in care, the proposed pilot program may contribute to reduced disruptions in care and improved student stability.

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



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

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

CAROLINE CADIRAO
DIRECTOR
Executive Office on Aging

Telephone
(808) 586-0100

Fax
(808) 586-0185

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831

**Testimony in SUPPORT of SB2087 SD1
RELATING TO HEALTH INSURANCE**

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

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

Hearing: Tuesday, March 3, 2026, 10:16 A.M. Conference Room: 211

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

4 **Purpose:** To establish a three-year health coverage continuity pilot program within the
5 Department of Human Services (DHS), in consultation with the Department of Commerce and
6 Consumer Affairs (DCCA), to subsidize the costs of certain health insurance deductibles for
7 eligible individuals and to authorize DHS to contract for the operation of the pilot program.

8 With the recent federal changes to Medicaid eligibility and redetermination processes,
9 many residents are losing health coverage, leaving them without access to affordable insurance

1 during periods of transition. The need for an alternative health insurance vehicle is driven by the
2 expiration of the enhanced premium tax credits on the federally facilitated marketplace, which
3 has made insurance for nearly twenty-four thousand Hawaii residents far less affordable, and in
4 some cases, unaffordable.

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

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

14 Thank you for the opportunity to provide testimony.



OFFICE OF HAWAIIAN AFFAIRS

‘Ōlelo Hō‘ike ‘Aha Kau Kānāwai

TESTIMONY IN SUPPORT OF SENATE BILL 2087 SD1
RELATING TO HEALTH INSURANCE

Ke Kōmike ‘Aha Kenekoa o ka ‘Oihana Kālepa a me ka Ho‘omalū Mea Kemu
(Senate Committee on Commerce and Consumer Protection)

Ke Kōmike ‘Aha Kenekoa o ke Ki‘ina Hana a me nā Kumuwaiwai
(Senate Committee on Ways and Means)

Ke Kapitala ‘o Hawai‘i
(Hawai‘i State Capitol)

Malaki 3, 2026

10:16 AM

Lumi 211

Aloha e Chair Keohokolole, Chair Dela Cruz, Vice Chair Fukunaga, Vice Chair Moriwaki, Members of Ke Kōmike ‘Aha Kenekoa o ka ‘Oihana Kālepa a me ka Ho‘omalū Mea Kemu a me Members of Ke Kōmike ‘Aha Kenekoa o ke Ki‘ina Hana a me nā Kumuwaiwai:

The Office of Hawaiian Affairs (OHA) **SUPPORTS SB2087 SD1**, which establishes a three-year Health Coverage Continuity Pilot Program to assist individuals who have lost Medicaid coverage and lack access to employer-sponsored or federally subsidized insurance.

Recent federal eligibility changes have resulted in coverage losses for many Hawai‘i residents, including OHA beneficiaries. Individuals transitioning off Medicaid often face limited affordable options, particularly seasonal workers, independent contractors, underemployed adults, and students. Gaps in coverage can disrupt preventive care, delay treatment, and lead to more serious and costly health outcomes over time.

This measure creates a targeted, time-limited intervention to stabilize coverage during these transitions. By subsidizing deductibles for individuals enrolled in bronze-level or catastrophic plans, the pilot program helps make lower-premium plans more functional and usable, especially preventive services. The measure also preserves the protection of the Prepaid Health Care Act for full-time workers while offering portable support that does not impose new compliance burdens on employers.

Native Hawaiians experience disproportionately high rates of chronic health conditions and economic vulnerability.¹ Even short-term lapses in coverage can have immediate and long-term consequences for health stability and family well-being. Ensuring continuity of care is particularly important for communities already facing health disparities. OHA also supports the bill's requirement that the Department of Human Services pursue available federal waivers and matching funds, as well as its reporting provisions to evaluate enrollment, health outcomes, and fiscal impact. The pilot structure allows the State to assess effectiveness before considering long-term adoption.

This bill represents a pragmatic approach to addressing coverage disruptions caused by federal policy changes while maintaining Hawai'i's existing employer-based health coverage framework. For these reasons, the Office of Hawaiian Affairs respectfully urges this Committee to **PASS SB2087 SD1**.

Mahalo nui for the opportunity to provide testimony on this important measure.

¹ Papa Ola Lōkahi, *E Ola Mau: An Update on the Health and Well-Being of Native Hawaiians* (December 2023) at p. 23, <https://www.papaolalokahi.org/wp-content/uploads/E-OLA-MAU-2023-Update-of-all-Workgroups.pdf>

inJOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

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

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

March 2, 2026

TO: The Honorable Senator Jarrett Keohokalole, Chair
Senate Committee on Commerce and Consumer Protection

The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 2087 SD1 – RELATING TO HEALTH INSURANCE.**

Hearing: March 3, 2026, Time 10:16 a.m.
Conference Room 211 & Via Videoconference, State Capitol

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

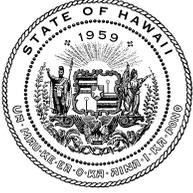
DHS appreciates that this bill seeks to develop financial support for individuals who receive their health insurance through the Federally Facilitated Marketplace (FFM) and who have enrolled in a high-deductible Catastrophic or Bronze level health plan. Nationwide, there is evidence that individuals have been driven by the expiration of the Enhanced Premium Tax Credits on the FFM to enroll in lower-tier plans because their premiums are typically lower, despite deductibles ranging from \$6,500 to over \$10,000.

DHS also notes that the Affordable Care Act (ACA) already mandates access to a certain set of [preventative care benefits \(https://www.healthcare.gov/coverage/preventive-care-benefits/\)](https://www.healthcare.gov/coverage/preventive-care-benefits/) and that these benefits must be available without meeting the deductible and without charging a copay. Hence, individuals on a Catastrophic or Bronze plan already have access to these services right away.

DHS defers to the Department of Commerce and Consumer Affairs (DCCA) on requirements for access to state-backed reinsurance or risk-stabilization support for the operator of the Pilot Program.

DHS notes that it would need an appropriation for both administrative and operational support to implement the program. DHS would also need to establish new rules to define eligibility and procure the services as described, and DHS respectfully requests an extended effective date.

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



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

LATE

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

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

JOHN C. (JACK) LEWIN, MD
ADMINISTRATOR

March 2, 2026

TO: SENATE COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Honorable Members

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

RE: **SB 2087-SD1 -- RELATING TO HEALTH INSURANCE**

HEARING: Tuesday, March 3, 2026 @ 10:16 am; Conference Room 211

POSITION: SUPPORT with COMMENTS

Testimony:

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

SB 2087-SD1 establishes a 3-year Health Coverage Continuity Program within DHS in consultation with DCCA to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options. DHS will additionally offer the non-profit or community-based organization "Pilot operator" access to their state-backed reinsurance and risk stabilization support. DHS can also offer premium subsidies or vouchers to the Pilot operator to facilitate coverage.

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

SB 2087-SD1: testimony of SHPDA (2026), continued.

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

Thank you for hearing SB 2087-SD1.

Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA



CATHOLIC CHARITIES HAWAI'I

SUPPORT FOR SB 2087 SD1: RELATING TO HEALTH INSURANCE

TO: Committees on Ways and Means; and Commerce and Consumer Protection
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: Tuesday, 3/3/26; 10:16 AM; CR 211 and via Videoconference

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members, Committee on Way and Means, Chair Keohokalole, Vice Chair Fukunaga, and Members, Committee on Commerce and Consumer Protection:

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

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

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

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

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

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





Hawai'i Psychological Association

For a Healthy Hawai'i

P.O. Box 833
Honolulu, HI 96808

www.hawaiiopsychology.org

Phone: (808) 521 -8995

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan Dela Cruz, Chair
Senator Sharon M. Moriwaki, Vice Chair

Tuesday, March 3, 2026, 10:16 AM
Conference Room 211 & Videoconference

SUPPORT FOR SB 20871546, RELATING TO HEALTH INSURANCE

On behalf of the Hawaii Psychological Association (HPA), I am writing in strong support of Senate Bill 2087, which would establish a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals in Hawaii who have lost Medicaid health insurance coverage and lack access to affordable alternative options.

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

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

SB 2087 offers a practical and compassionate solution by creating a temporary bridge for individuals transitioning off Medicaid who do not yet have access to affordable alternatives. By supporting subsidized or low-cost coverage options, the pilot program would:

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

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

HPA respectfully urges the Hawaii State Legislature to pass SB 2087. This measure represents a thoughtful investment in the well-being of our communities and aligns with Hawai'i's longstanding commitment to health equity and access to care.

Sincerely,

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

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



www.AlohaILHawaii.org

Mar 1, 2026

MISSION

Aloha Independent Living Hawaii (AILH) dedicated to providing independent living programs and services for persons with disabilities in Hawaii.

We work together with the community and consumers to improve the quality of life through individual choices and access to services.

EXECUTIVE DIRECTOR

Roxanne U. Bolden

BOARD OF DIRECTORS

Chair / Sec

Valerie Yamada

Vice Chair

Zora Shove

Treasurer

Jonathan Yap

Member

Scott Suzuki
Sheila Castaneda
Jennifer Hartssock

The Honorable Senator Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means
The Thirty-Third Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

The Honorable Senator Jarrett Keohokaloe, Chair
Senate Committee on Commerce and Consumer Protection
The Thirty-Third Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

SUBJECT: SB 2087 SD1, Relating to Health Insurance

Chair and Members of the Committees:

Aloha Independent Living Hawaii (AILH) respectfully submits testimony in **support of SB2087 SD1 with recommendations.**

SB2087 SD1 establishes a three-year Health Coverage Continuity Pilot Program administered by the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to subsidize certain health insurance deductibles for individuals who have lost Medicaid coverage and do not qualify for employer-sponsored or federally subsidized insurance options. The bill authorizes subsidies of up to \$1,000 per individual per year for preventative services and includes reporting requirements and a sunset provision in 2029.

For individuals with disabilities, interruptions in health coverage can result in delayed treatment, medication gaps, and preventable medical deterioration. Medicaid redeterminations have created instability for many residents whose eligibility fluctuates due to income volatility or administrative processes. Targeted, time-limited interventions that promote continuity of coverage may help prevent more costly downstream health crises.



www.AlohaILHawaii.org

MISSION

Aloha Independent Living Hawaii (AILH) dedicated to providing independent living programs and services for persons with disabilities in Hawaii.

We work together with the community and consumers to improve the quality of life through individual choices and access to services.

EXECUTIVE DIRECTOR

Roxanne U. Bolden

BOARD OF DIRECTORS

Chair / Sec

Valerie Yamada

Vice Chair

Zora Shove

Treasurer

Jonathan Yap

Member

Scott Suzuki
Sheila Castaneda
Jennifer Hartsock

From a fiscal perspective, preventive service access and early intervention reduce emergency room utilization, avoidable hospitalization, and long-term institutional care costs. The pilot structure, reporting requirements, and sunset clause provide appropriate legislative oversight and cost containment mechanisms.

AILH respectfully offers the following recommendations:

First, while the subsidy is limited to preventive services and capped at \$1,000 per year, the Legislature may wish to examine whether individuals with chronic conditions or disabilities face deductible barriers that extend beyond preventive care. Ongoing therapies, prescription medications, and durable medical equipment may not fall within traditional preventive categories yet are essential to maintaining functional independence. Clear guidance should ensure that eligible enrollees understand the scope and limitations of coverage.

Second, consumer education and transparent communication are critical. Bronze and catastrophic plans carry high deductibles and varying cost-sharing structures. Participants should receive clear explanations regarding out-of-pocket exposure, coverage limits, and interaction with health savings accounts to prevent inadvertent financial hardship.

Third, eligibility criteria and application processes should be designed to minimize administrative complexity, particularly for individuals transitioning off Medicaid who may already be navigating significant documentation and verification requirements.

Fourth, in implementing the authority to contract with nonprofit insurers or community-based organizations, the department should prioritize collaboration with safety-net providers, federally qualified health centers, and organizations experienced in serving individuals with disabilities to ensure effective outreach and enrollment.

SB2087 SD1 represents a targeted approach to addressing coverage gaps during periods of transition. With careful implementation and attention to the unique needs of individuals with disabilities, it can help stabilize access to care while maintaining fiscal safeguards.



www.AlohaILHawaii.org

MISSION

Aloha Independent Living Hawaii (AILH) dedicated to providing independent living programs and services for persons with disabilities in Hawaii.

We work together with the community and consumers to improve the quality of life through individual choices and access to services.

EXECUTIVE DIRECTOR

Roxanne U. Bolden

BOARD OF DIRECTORS

Chair / Sec

Valerie Yamada

Vice Chair

Zora Shove

Treasurer

Jonathan Yap

Member

Scott Suzuki

Sheila Castaneda

Jennifer Hartssock

AILH respectfully urges passage with the above recommendations.

Thank you for the opportunity to testify.

Aloha,

Roxanne Bolden

Executive Director



**Testimony to the Senate Joint Committee on Commerce and Consumer Protection and
Ways and Means
Tuesday, March 3, 2026; 10:16 a.m.
State Capitol, Conference Room 211
Via Videoconference**

RE: SENATE BILL NO. 2087, SENATE DRAFT 1, RELATING TO HEALTH INSURANCE.

Chair Keohokalole, Chair Dela Cruz, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS THE INTENT** of Senate Bill No. 2088, Senate Draft 1, RELATING TO HEALTH INSURANCE.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This measure, as received by your Committee, would:

- (1) Establish a three-year Health Coverage Continuity Pilot Program (Program) within the Department of Human Services (DHS), in consultation with the Department of Commerce and Consumer Affairs, to subsidize the costs of certain health insurance deductibles for eligible individuals; and
- (2) Authorize DHS to contract with a nonprofit health insurer or community-based organization to operate the Program.

To facilitate this, the bill would appropriate an unspecified amount of general funds for fiscal year 2026-2027, take effect upon its approval, and be repealed on June 30, 2029.

I. The Problem

During the interim following the Adjournment Sine Die of the 2025 Regular Session, three events took place that have enormous ramifications on Hawaii's social safety net. These were: the enactment of House Resolution No. 1 (H.R. 1), the "One Big Beautiful Bill" Act, which was signed into law on July 4, 2026; the reversal of interpretation of "federal public benefit" under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or "PRWORA", by the United States Department of Health and Human Services; and the announcement that the Center for Medicare and Medicaid Services will share personal data of Medicaid enrollees to Immigration and Customs Enforcement officials.

In tandem, these three developments will fundamentally alter Hawaii's Medicaid Program by shifting current Medicaid recipients to the uninsured population. Among other things, H.R. 1 will:

- (1) Prohibit the use of federal matching funds for health care services to immigrants not lawfully present under federal law, effective October 1, 2026;
- (2) Establish work or volunteer requirements for all Medicaid recipients of at least 80 hours per month (or 20 hours per week), effective December 31, 2026; and
- (3) Require redeterminations for every Medicaid recipient every six-months, also effective December 31, 2026.

Currently, Hawaii's uninsured population is estimated to be 38,400 or 2.8% of the total population. Based on research provided by the Kaiser Family Foundation as well as our review of Medicaid enrollment historically in Hawaii, we believe the uninsured population will at least double within two to three years if nothing is done.

Without health insurance coverage, citizens will no longer be able to manage chronic disease such as diabetes, high blood pressure, and other maladies. When they become ill, they will not get treated until the situation becomes so bad that they will need to go to a provider for emergency treatment. By then, the illness has become much more severe and costly to remedy. Also, by law, the emergency provider will have to provide stabilizing treatment to the patient regardless of the patient's ability to pay. These costs will subsequently be borne by the provider, creating additional stress to the safety net that is already facing reduced funding and reimbursement.

In the worst-case scenario, hospitals and FQHCs will not be able to treat the increase in indigent patients. While federal law requires FQHCs to provide services to all patients who are not eligible for Medicaid or private insurance on a sliding fee scale based on their ability to pay, federal grant funding to offset these costs were not adjusted to address the increase that will occur. As such, should Hawaii

experience the largest projected increase in uninsured (and assuming that the level of services currently provided remains the same), FQHCs will run out of funds within two to three months.

II. A Possible Solution

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

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

Despite this, the Green Administration did not submit a bill as part of his Legislative Package that would reestablishment of the "gap group" coverage under the Department of Health. However, there are measures pending further action that could conceivably address this problem:

- House Bill No. 1546, House Draft 1, which would establish a three-year Health Coverage Continuity Pilot Program to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options;
- House Bill No. 2280, which would appropriate an unspecified amount of Emergency and Budget Reserve Funds for essential programs and services, which is currently pending further action by the House Committee on Finance; and

- Senate Bill No. 2088, which would establish a voluntary portable health plan pilot program to offer high deductible health plans or catastrophic health plans to workers not covered by the Hawaii Employer-union Health Benefits Trust Fund or the Prepaid Health Care Act, which is also scheduled for action by this Joint Committee on this agenda.

These measures would could conceivably facilitate the infusion of a significant amount of State funds to either capitalize a new insurance program, or subsidize thousands of Medicaid enrollees who will shortly be disenrolled and become uninsured.

III. High Stakes

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

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

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

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

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

Testimony on Senate Bill No. 2088, Senate Draft 1
Tuesday, March 3, 2026; 10:16 p.m.
Page 5

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

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiiipca.net.

attachment



HPCA
HAWAII PRIMARY CARE ASSOCIATION

Impacts of Recent Federal Policy Changes to Hawaii's FQHCs

Erik Abe, Public Affairs and Policy Director
Tuesday, October 14, 2025; 2:30 p.m.

Thank you for this opportunity to present HPCA's analysis of recent federal policy changes to Hawaii's FQHCs and our Medicaid System.

If I do this right, I should be able to get through this presentation in 15 minutes.



I. CHANGES TO FEDERAL LAW AND POLICY

Part I is entitled changes to federal law and policy.

Overview

- ▶ On July 4, 2025, President Trump signed H.R. 1, the “Big Beautiful Act” (OBBBA) into law. This new law fundamentally changes health care policy and reverses the direction the federal government had taken over the previous decade.
- ▶ On July 10, 2025, Health and Human Services (HHS) Secretary Robert Kennedy, Jr., published notice of the Department’s reversal of interpretation of the term “Federal public benefit” under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
- ▶ On July 17, 2025, the Center for Medicare and Medicaid Services announced it will be providing Immigration and Customs Enforcement officials access to the personal data of 79 million Medicaid enrollees to help them track down immigrants who may not be living legally in the country.
- ▶ In tandem, these three developments will have enormous impacts on Hawaii’s Medicaid Program and federally qualified health centers.

There were three events that took place that change things -- the enactment of the "Big Beautiful Act"; the reversal of interpretation of "federal public benefit" under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or "PRWORA"; and the announcement that the Center for Medicare and Medicaid Services will share personal data of Medicaid enrollees to Immigration and Customs Enforcement Officials.

In tandem, these three developments have enormous impact on Hawaii's Medicaid Program and federally qualified health centers.

§71109 (OBBBA) and Medicaid Enrollment

- ▶ **Prohibition for Undocumented Immigrants:** §71109 [p. 590] - Prohibits federal match for services to immigrants not lawfully present under federal law.
- ▶ The FMAP for this cohort is currently 90%
- ▶ Of Hawaii's 405,742 Medicaid enrollees (as of March 4, 2025), approximately 100,000 are immigrants, of which 35,000 are undocumented (according to the Kaiser Family Foundation).
- ▶ When this provision takes effect on October 1, 2026, these 35,000 undocumented immigrants will be categorically disenrolled from Medicaid.
- ▶ Hawaii's uninsured population is estimated at 38,400 or 2.8% of the total population.
- ▶ On October 1, 2026, Hawaii's uninsured population will effectively DOUBLE overnight.

Prior to the enactment of the Big Beautiful Act, the federal government paid 90% of the costs incurred by immigrant Medicaid enrollees. However, Section 71109 of the Big Beautiful Act creates a categorical exclusion for service providers to receive federal reimbursement for undocumented immigrants.

According to the Kaiser Family Foundation, of the 400,000 Medicaid enrollees in Hawaii, one-fourth or 100,000 are believed to be immigrants, of which 35,000 are thought to be undocumented. When this provision takes effect on October 1, 2026, these 35,000 undocumented immigrants will be shifted from Medicaid enrollees to the uninsured.

Currently, the uninsured rate is 2.8 percent of the population or approximately 38,400. On October 1, 2026, this rate will effectively DOUBLE overnight.

PRWORA Baseline Clarification and OBBBA Enforcement

- ▶ According to MedQUEST, undocumented immigrants are already prohibited from receiving Medicaid benefits under PRWORA.
- ▶ Less than 3,000 current Medicaid enrollees are identified as undocumented enrollees.
- ▶ States may have enrolled individuals whose status was unresolved or whose documentation was incomplete, particularly in the context of continuous eligibility policies during the public health emergency and difficulties with redeterminations.
- ▶ PRWORA creates eligibility limitations, but OBBBA creates federal financial participation limitations.
- ▶ Even if someone is ineligible under PRWORA, enforcement of the reimbursement prohibition under OBBBA may still represent a material fiscal change for the State and FQHCs.
- ▶ Even if a state were to enroll undocumented immigrants using state-only funds, federal Medicaid matching is now barred for undocumented immigrants.

When we shared this information with our partner safety net organizations, MedQUEST responded that currently, less than 3,000 were logged in their system as "undocumented enrollees". We believe there are many more immigrants who are receiving benefits because while PRWORA establishes eligibility limitations at the time of application, these limitations do not preclude the states from paying for these benefits through general funds, as is the case with California, and Illinois, most notably. Because of this, we believe there are many more undocumented immigrants already enrolled in Medicaid.

The Big Beautiful Act changes things by establishing a federal reimbursement prohibition and enforcement mechanisms that will place greater responsibility on the States and providers to verify the eligibility of all Medicaid recipients.

§71107 (OBBBA) and 6-Month Redeterminations

- ▶ During the post-COVID unwind, states saw steep drops in the first 6-12 months, but then enrollment flattened as they reached stable caseload.
- ▶ Based on Hawaii's variance reports, after initial 5-6% drop, later cycles showed closer to 2-3% attrition, pointing toward equilibrium effect already starting.
- ▶ Nationally, pre-COVID Medicaid programs averaged annual churn of 10-12%.
- ▶ Initial 6-12 months (mid-2025 to mid 2026) steeper disenrollment, about 5-6% per cycle at first. This reflects clearing the backlog of people who lost eligibility during the PHE or didn't complete paperwork.
- ▶ Following 12-18 months (late 2026 through 2027) attrition slows to 2-3% per cycle as the remaining population stabilizes. This is the diminishing returns phase.
- ▶ Equilibrium by 24-30 months (late 2027 into early 2028), enrollment should level out. At this point, churn reflects only normal eligibility turnover rather than systemic procedural disenrollment.
- ▶ Over a three-year period, between 30,000 to 40,000 enrollees will be disenrolled.

The Big Beautiful Act also shortens the redetermination period for Medicaid enrollees from annually to every six months. Based on the Hawaii experience after the COVID flexibilities were removed prior to President Trump taking office, we believe that Hawaii will see a similar sharp decline in enrollment in the first twelve months and then a flattening over the following 24 months to an equilibrium point of 2-3% attrition every redetermination cycle.

Over the next three years, we believe between 30,000 and 40,000 Medicaid enrollees will be disenrolled.

§71119 (OBBBA) and Work Requirements

- ▶ Effective October 1, 2025, unless delayed by waiver (Hawaii may seek a 2-year delay to October 2027), Medicaid enrollees must document 80-hours/month of employment or volunteering.
- ▶ National research shows work requirements will cause 5-10% disenrollment, mostly from procedural burdens rather than actual non-compliance.
- ▶ If applied to Hawaii, that might translate to 20,000-30,000 enrollees at risk
- ▶ If Hawaii wins a delay, this effect won't hit until FY 2028, after the immigrant disenrollment.

The Big Beautiful Act also establishes a requirement that all enrollees must work or volunteer at least 80 hours per month to remain eligible for Medicaid. National research indicates that work requirements will cause between 5 to 10% disenrollment, mostly from procedural burdens rather than actual non-compliance.

If applied to Hawaii, that might translate to 20,000 to 30,000 enrollees at-risk.

Hawaii might be able to delay this by two years if MedQUEST is successful in obtaining a two-year waiver from HHS.

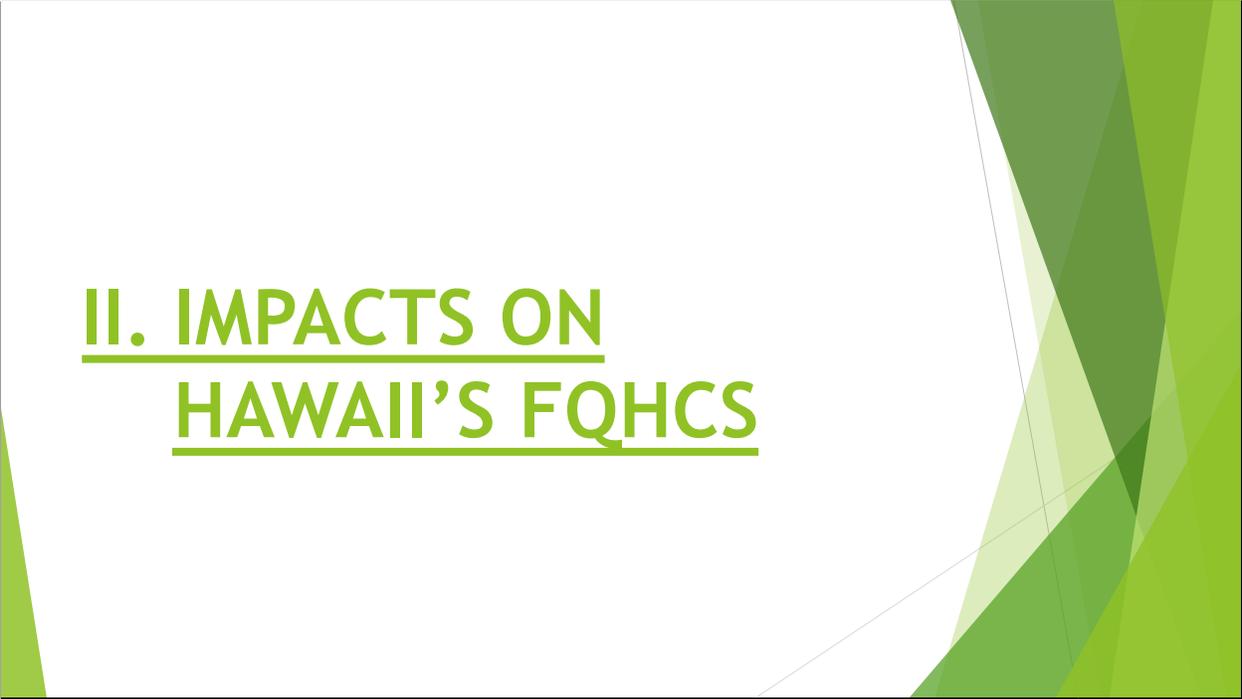
OBBBA Impact on Hawaii's Medicaid Population

- ▶ Starting with Baseline (405,000 enrollees, March 2025)
- ▶ Apply Redetermination Churn (minus 30,000 to 40,000 enrollees)
- ▶ Apply Undocumented Immigrant Disenrollment (but recognizing some may already fall off via churn) (minus 20,000 to 25,000 enrollees)
- ▶ Apply Work Requirements (but recognizing overlap with prior churn) (minus 15,000 to 20,000 enrollees)
- ▶ TOTAL DISENROLLMENT-- 65,000 to 85,000 enrollees over the next three years
- ▶ The Average Hawaii Medicaid expenditures per actual enrollee is \$6,762.47, based on a survey of variance reports published by the Hawaii State Department of Budget and Finance over the past decade.
- ▶ GENERAL FUND IMPACT -- \$439.5 to \$574.8 MILLION over the next three years

When you look at the entire picture taking into account duplication from persons who might be disenrolled for more than one reason, the HPCA used various models to get an idea of the scale of the impacts. A lot of assumptions were made in analyzing the worst-case scenario to get an idea of the fiscal impact.

We believe that between 65,000 to 85,000 enrollees will be disenrolled over the next three years if Hawaii is not able to obtain a two-year waiver for work requirements. If we get the waiver, this might be stretched over five years.

We looked at the total expenditures from HMS401, Hawaii's Medicaid Program, over the past 10 fiscal years as reported in the variance reports. Using the number of enrollees listed in those reports, we found the average expenditure per enrollee to be \$6,762.47. Applying that average to the projected number of persons disenrolled, we believe the fiscal impact to be between \$439.5 to \$574.8 million over the next three to five years.



II. IMPACTS ON HAWAII'S FQHCS

Keeping all of this in mind, I'd like to now share how we think this will impact FQHCs and the Social Safety Net.

Main Points

- ▶ Medicaid and most HHS funds can no longer be used for care to undocumented immigrants, except for emergency care, immunizations, and communicable disease services.
- ▶ FQHCs must still serve all patients regardless of immigration status, per Section 330.
- ▶ Federal funding (Medicaid, possibly 330) restricted for primary care to undocumented patients.
- ▶ Result - Cost shift to state/local governments, FQHC sliding fee programs, and private donations.
- ▶ Urgent need for state funding and policy action to preserve access and mitigate impact to safety net.

In a nutshell, Medicaid and most HHS funds cannot be used for undocumented immigrants. Yet, FQHCs must still serve all patients regardless of immigration status. This will result in a cost shift to state and local governments, our sliding fee program, and donations. Because of this, there is a need for new funding mechanisms and policy action to protect and preserve the safety net.

During our preliminary research, if FQHCs continue to provide the same level of services to undocumented immigrants without Medicaid reimbursement, FQHCs would have to rely on our 330 grant funds to cover this shortfall. Based on current grant funds available, those funds will be exhausted within two to three months.

Liability Exposure if FQHCs PROVIDE Services

- ▶ **Federal Liability** -- Providing services to undocumented immigrants in federally funded facilities could constitute unlawful provision of federal public benefits. This exposes FQHCs to potential loss of \$330 grant funding and possible False Claims Act (31 U.S.C. §§3729-3733) liability if reimbursement is sought.
- ▶ **State Liability** - Hawaii's Medicaid Program (Med-QUEST) could face FMAP penalties for violations of PRWORA or the Big Beautiful Act. FQHCs may also face state-level audits regarding misuse of blended funding streams.

FQHCs are in a no-win situation. If an FQHCs PROVIDES service to an undocumented immigrant at their respective campuses, that FQHC could be subject to federal liability for the unlawful provision of federal public benefits, and be exposed to the potential loss of \$330 grant funding and possible False Claims Act liability if reimbursement is sought.

MedQUEST could face FMAP penalties for violations of PRWORA and the Big Beautiful Act, and the FQHC might also face state-level audits regarding misuse of blended funding streams.

Liability Exposure if FQHCs DENY Services

- ▶ **Federal Law** - The Emergency Medical Treatment and Active Labor Act (EMTALA -- 42 U.S.C. § 1395dd) obligates hospitals with emergency departments to provide emergency stabilization regardless of immigration status. While EMTALA does not apply directly to FQHCs, denial of emergency care may conflict with PRWORA's emergency exception. **[NOTE:** Both Waianae Coast Comprehensive Health Center and Hana Health operate 24-hour urgent/emergent care at their campuses.]
- ▶ **Civil Rights and Discrimination** -- Denying care based solely on immigration status may trigger claims under Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d), which prohibits national origin discrimination in federally funded programs. Courts have recognized that immigration status may intersect with national origin. In addition, Section 1557 of the Affordable Care Act (42 U.S.C. § 18116) similarly prohibits discrimination in federally funded health programs. FQHCs risk HHS Office for Civil Rights enforcement and civil litigation.
- ▶ **Hawaii State Law** -- Hawaii Constitution, Article I, § 5, guarantees equal protection and due process. Courts in Hawaii have interpreted these protections broadly. Denial of care could be challenged as unconstitutional discrimination. Additionally, FQHCs may face state tort claims for negligence or medical malpractice if denial of care leads to harm, as well as violations of public accommodation statutes.

If FQHCs DENY services to undocumented immigrants, denial might violate the Emergency Medical Treatment and Active Labor Act, or EMTALA, which requires emergency stabilization regardless of immigration status. While this law applies directly to hospitals with emergency departments, both Waianae Coast Comprehensive Health Center and Hana Health provide 24-hour urgent/emergent care at their campuses.

Denial of service based solely on immigration status may trigger claims under Title VI of the Civil Rights Act of 1964, which prohibits national origin discrimination in federally funded programs. Denial might also violate provisions of the Affordable Care Act, which prohibits discrimination in health programs.

Denial of service could trigger state action if the denial is construed as unconstitutional discrimination. Further, the FQHC could be in violation of Hawaii's public accommodations statutes.

Possible Best and Worst Case Scenarios

- ▶ **BEST CASE** - HHS allows Hawaii FQHCs to service undocumented immigrants at their facilities but without any Medicaid funds for reimbursement. This would allow FQHCs to continue to serve in the safety net in rural and underprivileged communities with reimbursements paid by non-federal funds.
- ▶ **WORST CASE** - HHS prohibits Hawaii FQHCs from servicing undocumented immigrants and further does not waive PRWORA requirements for FQHCs providing emergency services. **Hawaii's FQHCs would either need to stop providing 24-hour urgent/emergent care or discontinue serving as an FQHC.**
- ▶ Under the **WORST CASE** scenario, FQHCs will see an immediate and sharp decline in usage from immigrants (1/4 of Medicaid enrollment) due to lack of trust within each FQHCs' respective communities until such time as a final determination is made by HHS. . .
- ▶ **. . . and at that point, the uninsured population would need to be addressed by the State solely through a general-funded program without participation from FQHCs.**

Based on the information available, best-case and worst-case scenarios could be imagined. In the best-case scenario, HHS allows FQHCs to provide services to immigrants but not allow federal funds for reimbursement. Under this scenario, FQHCs would remain in the safety net, but would need to find non-federal funds to provide services to this cohort.

Under the worst-case scenario, HHS prohibits FQHCs from even using their facilities to provide services to undocumented immigrants. This scenario would effectively dislodge FQHCs from the safety net and leave it to the State to determine how the health care needs of this population will be served.

Additional Logistical Concerns

- ▶ FQHCs cannot operationalize the Medicaid prohibition on undocumented immigrants without real-time, legally-authorized method to determine a patient's arrest and court record status.
- ▶ FQHCs are not authorized under federal law to query DHS or DOJ databases to determine a patient's arrest history, court orders, or immigration status.
- ▶ If an FQHC bills Medicaid for a service later determined to be provided to an undocumented immigrant, it may be seen as a false claim under federal law (31 U.S.C. §3729 et seq).
- ▶ There is no federal system currently available to FQHCs to verify immigration status at the point of service, nor any integration with court or DHS arrest/release databases.
- ▶ Regarding work requirements, because Hawaii's unemployment rate for August 2025 is 2.7%, are there sufficient part-time job opportunities for 15,000 to 20,000 disenrolled Medicaid enrollees over the next three years?
- ▶ Are health care and social safety net organizations able to absorb those disenrolled citizens as volunteers?

Lastly, FQHCs will need to be able to determine a patient's Medicaid eligibility before services can be provided. Because a person's immigration status can change from the time documentation is verified at application, without the means of determining eligibility before service is provided, there would be no way for the FQHC to ensure that a subsequent request for reimbursement is legitimate. It should be noted that a person's immigrant status can change based on a person's arrest and court record status prior to conviction. Currently as a public accommodation, FQHCs are prohibited from denying medical services to a person based on their arrest and court record status under State Law.

Also, given Hawaii's low unemployment rate, are there sufficient job opportunities available in rural, isolated communities to keep Hawaii's unemployed Medicaid enrollees with coverage?

The HPCA has had preliminary discussions with various nonprofit organizations to determine their capacity to recruit and engage volunteers in rural communities. Because many of these organizations have focused their grassroots activities in urban areas, it will likely take time for nonprofits to establish sufficient volunteer opportunities for Medicaid enrollees unable to gain part-time employment.



HPCA
HAWAII PRIMARY CARE ASSOCIATION

Impacts of Recent Federal Policy Changes to Hawaii's FQHCs

Erik Abe, Public Affairs and Policy Director
Tuesday, October 14, 2025; 2:30 p.m.

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

March 3, 2026

To: Chair Dela Cruz, Chair Keohokalole, Vice Chair Moriwaki, Vice Chair Fukunaga, and Members of the House Committees on Ways and Means & Commerce and Consumer Protection

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: Mar. 3, 2026; 10:16 a.m./Conference Room 211 & Videoconference

Re: Comments on SB 2087 SD1 – Relating to Health Insurance

The Hawaii Association of Health Plans (HAHP) respectfully offers comments on SB 2087 HD1, which establishes a three-year Health Coverage Continuity Pilot Program administered by the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs. HAHP is a statewide partnership that unifies Hawaii's health plans to improve the health of Hawaii's communities together. A majority of Hawaii residents receive their health coverage through a plan associated with one of our organizations.

HAHP is grateful for the continued efforts of state lawmakers to safeguard Hawaii residents' access to health insurance coverage, especially as forthcoming federal changes are expected to make it more difficult to maintain Medicaid eligibility. We also appreciate that SB2087 SD1 focuses on strengthening access within the existing individual market rather than creating a separate coverage product, which helps avoid additional fragmentation or consumer confusion.

However, we offer the following comments for consideration:

- For individuals who do not qualify for APTCs and have acquired a high-deductible health plan, the bill proposes up to a \$1000 state subsidy for "preventive care." Since ACA-compliant preventive services are already covered at zero cost-share for enrollees, we respectfully request clarification on what specific expenses may qualify under this subsidy.
- Further, even with a \$1000 subsidy, these plans still leave enrollees exposed to potentially high out-of-pocket costs. We respectfully encourage the legislature to support the state's exploration of other ways to provide targeted financial assistance to this population.



We also note that preventing inadvertent Medicaid coverage losses remains critically important. While SB2087 SD1 focuses on post-Medicaid transition supports, HAHP remains committed to working with the State to minimize administrative barriers in the Medicaid program and keep eligible individuals covered.

Mahalo for the opportunity to provide comments on SB2087 SD1. We look forward to continued partnership with the Legislature to maintain access to affordable, high-quality health care coverage for Hawaii's residents.

Sincerely,

HAHP Public Policy Committee
cc: HAHP Board Members

TO: SENATE COMMITTEE ON WAYS & MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair, and
Members of the Committee

SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair, and
Members of the Committee

FROM: Terry George, CEO & President

RE: Testimony in Support for SB 2087 SD 1, Relating to Health Insurance

DATE: Tuesday, March 3, 2026 at 10:16 am

LOCATION: Hearing Room 211

The Hawai'i Community Foundation (HCF) **supports SB 2087 SD 1**, Relating to Health Insurance. SB 2087 SD 1 would create a 3-year Health Coverage Continuity Pilot Program to assist people who have lost, or will lose, their Medicaid coverage and lack other options for affordable health insurance.

Thousands of Hawai'i residents could be impacted by the federal changes to Medicaid eligibility, putting their access to health care at risk. According to the Kaiser Family Foundation, over 440,000 children and adults were receiving Medicaid coverage in Hawai'i in 2025.¹ SB 2087 SD 1 offers a way to help families, keiki, and kupuna to continue to access critical health care, especially those from disproportionately impacted communities.

HCF believes in a Hawai'i where health and wellness are accessible to all, which is why it is a priority under our CHANGE Framework and how HCF invests philanthropic funds. This bill will help strengthen the overall ecosystem of health in places where people live, connect, work, and play. **We respectfully urge the legislature to advance SB 2087 SD 1.**

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



LATE

Hawaii Medical Association

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

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

Date: March 3, 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 SB 2087 SD1 RELATING TO HEALTH INSURANCE: DHS; DCCA; Health Coverage Continuity Pilot Program; Bronze Level; Catastrophic Plan; Deductibles; Subsidies; Waivers; Portability; Reports; Appropriation

Position: Support

This measure would establish a 3-year Health Coverage Continuity Pilot Program to be administered by the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to subsidize the cost of certain health insurance deductibles for eligible individuals, authorize the Department to contract with a nonprofit health insurer or community-based organization to operate the Pilot Program; provided that the Department shall allow the operator to access state-backed reinsurance or risk stabilization support for the operation of the Pilot Program, require reports to the Legislature, and appropriate funds. Repeals 6/30/2029. (SD1)

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

HMA supports this measure and the amendments from the Senate Committee on Health. This program can support those losing Medicaid who have limited or no access to employer-sponsored or federal subsidized insurance including our native Hawaiian and Pacific Islander communities, kapuna, individuals with disabilities and residents of the neighbor islands where provider shortages are already limiting access. This coverage continuity solution is a thoughtful approach, and the subsidies may support the individual through periods of employment transition or intermittent coverage eligibility.

HMA strongly supports this careful and targeted proposal. By enabling more residents to access preventative health care services during vulnerable transitions, this program can help reduce avoidable emergency care reliance, support preventive health utilization, and contribute to a more resilient and equitable health care system for all of Hawaii.

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

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

REFERENCES

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

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

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

2024 Hawaii Medical Association Officers

Elizabeth Ann Ignacio, MD, President • Nadine Tenn-Salle, MD, President Elect • Angela Pratt, MD, Immediate Past President
Jerris Hedges, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

2024 Hawaii Medical Association Public Policy Coordination Team

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

SB-2087-SD-1

Submitted on: 2/27/2026 8:31:53 PM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

I strongly support SB2087 SD1.

I believe we as a community should take care of all our children and people in need of healthcare who maybe cannot afford such healthcare.

Early intervention can forestall the development of more chronic, serious, and expensive health issues. Furthermore, if people cannot get health insurance coverage and cannot afford out-of-pocket payment for healthcare, they may end up in emergency rooms, thereby overutilizing a valuable resource.

Thank you for this opportunity to testify.

SB-2087-SD-1

Submitted on: 2/28/2026 6:18:43 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Dickson	Individual	Support	Written Testimony Only

Comments:

To: COMMITTEE ON HEALTH AND HUMAN SERVICES

Date/Time: Monday, Feb 2, 2026 at 1:05

PM

Capitol, Room 225

Testimony in STRONG SUPPORT/SUPPORT of SB2087

Hearing

Place: Hawaii State

Re:

Dear Senator Joy A. San Buenaventura, Chair, Senator Angus L.K. McKelvey, Vice Chair and the Members of Committee,

Thank you for this opportunity to testify in strong support of SB 2087.

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

It would establish a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options.

Medicaid and the ACA are good for everyone in Hawaii. We are one small state system, one ‘ohana, one risk pool, and the more residents who have health insurance coverage, the more health care costs remain lower for all of us. I strongly support this bill.

Sincerely,

Kathleen Dickson

Waikiki

SB-2087-SD-1

Submitted on: 3/1/2026 6:46:55 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

Thank you. I am a member of Indivisible Windward.

SB-2087-SD-1

Submitted on: 3/1/2026 9:08:35 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

Thank you for this opportunity to support SB2087. My husband's health insurance premium has doubled this year without ACA subsidy. I cannot imagine how hard this must be for those who would lose Medicaid coverage.

Younghee Overly, a member of Indivisible Hawaii

SB-2087-SD-1

Submitted on: 3/1/2026 11:03:31 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

Submitted By	Organization	Testifier Position	Testify
Lily Troy MD	Individual	Support	Written Testimony Only

Comments:

I support SB2087 SD1

SB-2087-SD-1

Submitted on: 3/1/2026 1:31:26 PM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

Aloha, I am writing in support of SB2087 SD1. I believe that this health coverage program is vitally needed at this time to enhance the well-being of our 'ohana here in Hawai'i. Mahalo for this bill and for taking the time to take my views into consideration.

Eileen Cain
720 Mahi'ai St., Apt. E
Honolulu, Hawai'i 96826-5635
eileencaïn808@gmail.com
March 1, 2026

Senator Donovan M. Dela Cruz, Chair, Committee on Ways and Means
Senator Sharon Y. Moriwaki, Vice Chair,
Members of the Committee on Ways and Means

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice-Chair
Members of the Committee on Commerce and Consumer Protection

Aloha, Senators,

I am submitting this testimony in Favor of SB2087, HD1, "Relating to Health Insurance"

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

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

Uninsured people put a strain on the health care system.

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

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

Please vote yes on SB2087, HD1.

Mahalo,

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

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

HEARING:

Tuesday, March 3, 2026 at 10:16 am
Conference Room 211 & Videoconference

TESTIMONY IN STRONG SUPPORT OF SB 2087, SD1 - RELATING TO HEALTH INSURANCE.

Aloha Chair Dela Cruz, Chair Keohokalole, Vice Chair Moriwaki, Vice Chair Fukunaga, Senator Hashimoto for my Maui district, Senator DeCoite of Maui, Senator McKelvey of Maui, and Members of the Committee,

My name is Christine Andrews and I am a long-term resident of Wailuku, Maui and an attorney licensed for over 25 years in Hawai'i. I write to you today in **strong support of SB 2087, SD1**, Relating to Health Insurance which establishes a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options.

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

This is the crisis of health care coverage for our most vulnerable Medicaid recipients that this bill is intended to address. Ensuring health care coverage is known to reduce costs in the long-run, helping people get treated for preventative or chronic health care issues by the primary care system, before the issues worsen and treatment is sought at most-costly and overly burdened hospitals. I ask for your **support of SB 2087, SD1** as a cost-effective mechanism to try to ensure that Hawai'i communities have access to the health care they need.

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

Christine L. Andrews, J.D.
Wailuku, Maui

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

SB-2087-SD-1

Submitted on: 3/2/2026 6:21:10 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

Submitted By	Organization	Testifier Position	Testify
Leilani Kailiawa	Individual	Support	Written Testimony Only

Comments:

Aloha, Chair, Vice Chair and Committee Members

My name is Leilani Kailiawa. I am a parent and community leader.

I am in strong support of this bill.

I urge you to please pass it

Mahalo nui loa for allowing me to share in support of this bill

With gratitude

Leilani Kailiawa

SB-2087-SD-1

Submitted on: 3/2/2026 9:09:19 AM

Testimony for CPN on 3/3/2026 10:16:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Bellamy	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill.

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

It would establish a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options.

Medicaid and the ACA are good for everyone in Hawaii. We are one small state system, one ‘ohana, one risk pool, and the more residents who have health insurance coverage, the more health care costs remain lower for all.

Thank you for this opportunity to testify in strong support of SB 2087.

LATE

SB-2087-SD-1

Submitted on: 3/2/2026 2:39:38 PM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

Chair, Vice Chair, and Members of the Committee:

My name is Dr. T. Scott McMurry. I am a family medicine physician practicing in Kailua-Kona, Hawai'i. I respectfully submit testimony in strong support of S.B. 2087, S.D. 1.

In clinical practice, I regularly care for patients who fall into coverage gaps, particularly individuals who lose Medicaid eligibility but do not qualify for employer-sponsored coverage under the Prepaid Health Care Act and cannot afford comprehensive commercial plans. These patients are often seasonal workers, independent contractors, underemployed adults, and students, precisely the populations this bill seeks to assist.

S.B. 2087 establishes a three-year Health Coverage Continuity Pilot Program to subsidize deductible costs for individuals enrolled in bronze-level or catastrophic plans. By targeting preventive services and capping subsidies at \$1,000 per year, the program is fiscally responsible while still meaningfully improving access to care. Preventive services and early intervention reduce downstream emergency room utilization and uncompensated care, ultimately lowering long-term system costs.

This measure represents a pragmatic, time-limited intervention to prevent disruptions in care during insurance transitions. It protects workers, supports small businesses, and strengthens health system stability without imposing new regulatory burdens.

For these reasons, I respectfully urge your support of S.B. 2087, S.D. 1.

Mahalo for the opportunity to testify.

Respectfully,
T. Scott McMurry, DO
Kailua-Kona, Hawai'i

LATE

SB-2087-SD-1

Submitted on: 3/2/2026 4:33:53 PM

Testimony for CPN on 3/3/2026 10:16:00 AM

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

Comments:

To: COMMITTEE ON HEALTH AND HUMAN SERVICES

Date/Time: Monday, Feb 2, 2026 at 1:05

PM

Capitol, Room 225

Testimony in STRONG SUPPORT/SUPPORT of SB2087

Hearing

Place: Hawaii State

Re:

Dear Senator Joy A. San Buenaventura, Chair, Senator Angus L.K. McKelvey, Vice Chair and the Members of Committee,

Thank you for this opportunity to testify in strong support of SB 2087.

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

It would establish a three-year Health Coverage Continuity Pilot Program within the Department of Human Services, in consultation with the Department of Commerce and Consumer Affairs, to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options.

Thank you, Jane Aquino, Indivisible Hawaii