

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

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

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

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

February 17, 2026

**TO:** SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES  
Senator Joy A. San Buenaventura, Chair  
Senator Angus L.K. McKelvey, 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: SB2690 -- RELATING TO PRIMARY CARE**

**HEARING:** Tuesday, February 17, 2026 @ 09:45 am; Conference Room 229

**POSITION:** SUPPORT with COMMENTS

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Testimony:

SHPDA strongly supports SB2690 which aims to incrementally increase primary care spending as a percent of total health care spending. Total healthcare spending, when administrative costs are factored out, is commonly referred to as the percent of "medical loss ratio" or MLR. The MLR is typically regulated by states or the federal government to be no less than 85% of premium, with administrative costs typically to be no more than 15% of premium.

SB2690 aspires to increase primary spending initially over the next year to a minimum 6% of MLR (actual healthcare services spending, not including administrative costs) and incrementally to at least 12% over the next several years. California has required that primary care spending be no less than 15% of MLR. California is among a growing number of states who recognize that we must significantly increase primary care spending to achieve health care economic viability and improve population health. This is also recognized by virtually all other developed nations. Of the 38 high-income, market-based nations of Organization of Economic Co-operation and Development

(OECD) all but the United States have realized this and implemented primary care spending goals of 12% or more. Other OECD nations ALL have achieved greater longevity of their citizens than the U.S., and ALL have consistently better health outcomes. The U.S. spends over 17% of our GDP on health care, while the other OECD nations spend on average 7.4%. Why are there no sirens going off to recognize this? There should be! SHPDA will be happy to share sources of these frustrating statistics.

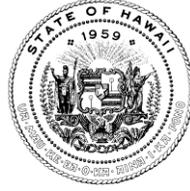
The ambitious federal AHEAD grant, awarded to only 6 states by the Centers for Medicare and Medicaid Services Innovation Center (CMS/CMMI) in 2024, mandates increased primary spending to achieve its goals as part of achieving statewide health system reform. The grant aims to lower health care cost inflation and improve population health. SHPDA and Med-QUEST authored Hawaii's successful proposal and are managing its implementation.

There is not clear consensus nationally on what is included as primary care spending, although this bill attempts to better define this. Generally urgent care lacks continuity and, as such, is not typically included as primary care, but since primary care can be offered in urgent care centers, this needs to be considered. If urgent care is included, policy recommendations in other states and among professional societies representing, family practice, internal medicine, pediatrics, and gerontology recommend increasing the mandated portion of MLR spending on primary care to increase to 15%, as California and several other states and OECD countries have suggested.

SHPDA also believes that this single legislative action, if approved, could have significant and huge positive impacts on access to care, population health improvement, chronic disease management, and reductions in total costs of care within only a few years of its implementation. The impacts will be enormous and are really needed.

Finally, and very importantly, SHPDA further strongly believes this bill, as proposed, is too complex. We believe the sections related to downcoding, prior authorization, and special funds should be removed to make the focus entirely on advancing primary care funding, access, viability, including necessary auditing and enforcement. We defer to DCCA and DHS on their related responsibilities. BUT: the bill must be focused entirely on increasing primary investment to at least 12% of MLR (total healthcare spending absent administrative spending) over the next 3-5 years to achieve the absolutely needed, beneficial effects on healthcare access, quality, and costs.

Thank you for hearing SB 2690; and for the opportunity to testify. --Jack Lewin MD



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 Health and Human Services  
and  
Commerce and Consumer Protection  
Tuesday, February 17, 2026  
9:45 a.m.**

**State Capitol, Conference Room 229 and via Videoconference**

**On the following measure:  
S.B. 2690, RELATING TO PRIMARY CARE**

Chair San Buenaventura, Chair Keohokalole, 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) require all health carriers to allocate, initially, not less than 6% of the carrier's total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12%; (2) require health carriers to pay primary care providers directly, rather than through administrative mechanisms; (3) place restrictions on downcoding and claim modifications; (3) require health carriers to ensure access to primary care in rural areas, including access to Primary Care Access Visits and Community Access Primary Care Sites; (4) require the Insurance Commissioner (Commissioner) to administer requirements established in bill; (5) require the Department of Human Services Med-QUEST Division to apply the Act, to the extent

permitted by federal law and subject to any federal approvals, to Medicaid managed care organizations; (6) require reports; (7) require the Auditor to evaluate the impact of the Act on various metrics 3 years after the measure's effective date; and (8) establish the primary care stabilization special fund.

While the Department appreciates the bill's goal of stabilizing Hawaii's primary care workforce, the Department would like to comment on a few significant regulatory, financial, and administrative challenges presented by the measure

Section 431: -C mandates that no health carrier shall raise premiums to meet the increased primary care expenditure requirements. This directive is at odds with the insurance code, Hawaii Revised Statutes Section 431:14-103, which requires that insurance rates shall not be "excessive, inadequate, or unfairly discriminatory." The Insurance Division must ensure that premiums are actuarially sound, meaning that they are sufficient to cover anticipated claims and administrative costs without being excessive or inadequate. Limiting rate adjustments may cause premiums to become actuarially unsound, creating a risk to the stability of the insurance market.

Section 431: -C states that the payments made to each health carrier's total medical expenditures shall "not be counted as an administrative expense for medical loss ratio purposes". This requirement could conflict with federal regulations which define how medical loss ratios are calculated. Specifically, 45 CFR Part 158 defines what payments constitute clinical services or administrative costs.

Section 431: -D creates new rules regarding downcoding and claim modifications, prohibiting carriers from reclassifying claims unless they can provide documented clinical evidence within five days. Subsection (d) provides that each "downcoded claim shall be subject to expedited external review and a final determination shall be issued within fifteen calendar days." The Department notes that no external review process for downcoding claims currently exists and it is unclear whether the Department is to administer or adjudicate the external review process. The Insurance Division currently does not have the staff or expertise to enforce these guidelines and would require additional staff with specialized expertise in medical billing and coding or to contract this expertise with a third party.

Sections 431: -E, 431: -J, 431: -K. and 431: -Q, create new sections regarding prompt payments, the Commissioner's audit authority, the Commissioner's enforcement authority, and telehealth parity, respectively. The Department notes that these sections would be duplicative of existing statutes in the insurance code – HRS 431:13-108 (reimbursement for accident and health or sickness insurance benefits), 431, article 2, part III (Investigations, examinations, hearings, and appeals), 431:2-203 (enforcement), and 431:10A-116.3, 432:1-601.5, and 432D-23.5 (coverage for telehealth).

Section 431: -I requires the Commissioner to establish a public reporting format and maintain a website summarizing among other things, each health carrier's primary care spending, downcoding activities, prior authorization performance, and prompt payment performance. However, health carriers are not required to provide their primary care spending to the Commissioner and it is unclear what is meant by "downcoding activities", "prior authorization performance", and "prompt payment performance".

Section 431: -R requires carriers to "cover medically necessary inter-island transportation." The Department notes that it is unclear whether this section would trigger the defrayal requirements under 45 Code of Federal Regulations (CFR) § 155.170. Under the Affordable Care Act (ACA), if a state mandates benefits that are "in addition to" the essential health benefits (EHB) defined in the state's benchmark plan, the State is required to defray the cost of those additional benefits. This means the State would be responsible for paying the additional premium costs for those benefits for all individuals enrolled in qualified health plans on the exchange.

Additionally, the Department notes the requirements set forth in Hawaii Revised Statutes (HRS) section 23-51. This statute mandates that "[b]efore any legislative measure that mandates health insurance coverage for specific health services... can be considered, there shall be concurrent resolutions passed requesting the auditor to prepare and submit to the legislature a report that assesses both the social and financial effects of the proposed mandated coverage."

The purpose of the auditor's report is twofold. First, the report determines the actual public demand for the service and whether its lack of coverage results in financial

hardship or restricted access to care. Second, the report evaluates the potential financial impact of the new mandated benefit, including potential impacts to premiums, total cost of health care, and state defrayal. The completion of the report before the bill is enacted provides the Legislature with the objective data necessary to balance the benefits of the proposed coverage against its potential economic impact.

Finally, the measure contains undefined terms that could create difficulties in enforcement by the Department and compliance by insurers. Page 16, line 20 and page 18, line 3 use the undefined term “standard primary care services”. Additionally, page 18, line 6 contains the undefined term “provisionally attributed”. Without definitions, it would be difficult for the Department to enforce these requirements.

Thank you for the opportunity to testify.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830  
1-866-295-7282 | Fax: 808-536-2882  
aarp.org/hi | [aarphi@aarp.org](mailto:aarphi@aarp.org) | [twitter.com/AARPHawaii](https://twitter.com/AARPHawaii)  
[facebook.com/AARPHawaii](https://facebook.com/AARPHawaii)

**The State Legislature**  
**Senate Committee on Health and Human Services**  
**Senate Committee on Commerce and Consumer Protection**  
**Tuesday, February 17, 2026**  
**Conference Room 229, 9:45 a.m.**

TO: The Honorable Joy San Buenaventura, Chair  
The Honorable Jarrett Keohokalole, Chair  
FROM: Keali'i S. López, State Director  
RE: Support for S.B. 2690 Relating to Primary Care

Aloha Chairs San Buenaventura and Keohokalole, and Members of the Committees:  
My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

**AARP Hawai'i is in support of Senate Bill 2690 Relating to Primary Care.** Hawai'i's older adults rely heavily on a robust and accessible primary care system. Primary care is essential for managing chronic conditions, preventing avoidable hospitalizations and improving health outcomes. Yet Hawai'i faces a severe shortage of primary care providers, driven by rising operating costs, stagnant reimbursement, and administrative burdens that are pushing providers out of practice.

S.B. 2690 takes meaningful steps to stabilize and strengthen the primary care workforce by requiring insurers to increase the share of medical spending directed to primary care providers, prohibiting downcoding and abusive utilization review to ensure fair reimbursement, improving access to care in rural and underserved communities through primary care access visits and community access primary care sites, and enhancing prompt payment and transparency to help keep smaller and independent practices financially stable.

These reforms will benefit patients statewide, particularly kūpuna, who depend on reliable primary care to maintain independence and quality of life. For these reasons, AARP Hawai'i supports S.B.2690 and urges the committees to pass this important measure.

Thank you for the opportunity to testify in support.

**SB-2690**

Submitted on: 2/14/2026 11:10:24 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Grosskreutz, M.D.	Testifying for Hawaii Healthcare Task Force	Support	In Person

Comments:

Mahalo to the Chairs and Committee members for hearing SB2690.

**Our healthcare professionals strongly believe that patients in rural Hawai'i should have access to healthcare.** Rural communities in our state do not have currently have adequate access to healthcare.

As we recently discussed with the Chief CMS Medical Officer for the Western U.S., Hawaii's reports to CMS are misinformation and state that our Neighbor Islands have "network adequacy". **Network adequacy is required by both state and federal regulations.** Our Task Force research was requested by CMS for their analysis, and conclusively confirms that network adequacy does not exist for most of our Neighbor Island and rural population.

Congresswoman Jill Tokuda states that our Neighbor Islands are "healthcare deserts" and AHEC reports that Maui and the Big Island have a chronic doctor shortage over 40%. The failure to ensure network adequacy could jeopardize federal funding.

As a result of the shortages of doctors and other healthcare professionals, many patients do not have a primary care provider. **This means that patients have no advocate when their medically indicated care is denied by insurance companies by their prior authorization requirements. Many insurance companies also insist that patients will not be covered for care by a specialist without a primary care referral.**

The establishment of a working group to assess increasing funding of primary care clinics in Hawai'i, would only confirm the cost effectiveness and better medical outcomes from adequately funding primary care providers (similar to numerous similar studies in the U.S. and Europe ).

However, it will add additional years before primary care is adequately funded in Hawai'i , and many more providers will either be forced to close their clinics or shift away from accepting insurance into direct payment practices.

As noted in this article: <https://www.civilbeat.org/2026/02/hawaii-doctor-shortage-has-patients-paying-fees-for-fast-car>

doctors in direct care usually care for several hundred patients, rather than several thousand. This will drastically reduce the availability of providers for commercial insurance plans, Medicare and Medicaid patients. Additionally 25% of our physicians statewide are over age 65 and the percentage of doctors on the Big Island over retirement age is closer to a third. As senior doctors retire and many remaining doctors shift to direct care, the doctor shortage in Hawai'i could grow into the thousands.

Hawai'i's pioneering Pre Paid Healthcare Act helped ensure that our population has healthcare insurance coverage. Unfortunately, the nonviability of our current insurance system means that having insurance often does not mean access to healthcare.

Immediate and urgent action is needed to at a minimum increase the percentage of funding to primary care to 6% as of Jan, 2017. Deferring any meaningful action for additional years by studies and audits will likely push our Neighbor Islands beyond the tipping point, by collapsing our primary care network. This would result in much higher overall healthcare costs in Hawai'i and worse patient outcomes.

Scott Grosskreutz, M.D.

President Hawai'i Healthcare Task Force



## 'Ahahui o nā Kauka

677 Ala Moana Blvd., Suite 1015

Honolulu HI 96813

Phone 808.548.0270

E-mail [huikauka@gmail.com](mailto:huikauka@gmail.com)

### 2025-2026 Advocacy Committee

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February 13, 2026

#### COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

#### COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair

Senator Angus L.K. McKelvey, Vice Chair

### Group Testimony in Support of SB2690 PRIMARY CARE PROTECTION ACT.

Aloha Chair and Members of the Committees,

'Ahahui o nā Kauka (the Association of Native Hawaiian Physicians) wishes to express our support of SB2690 PRIMARY CARE PROTECTION ACT and its focused efforts to strengthen primary care access to all of our communities.

Access to primary care is one of the most important parts of a functioning health care system. When people can see a primary care provider in a timely way, health problems are addressed early, chronic conditions are managed, and emergency room visits can often be avoided. When access is limited, people delay care, conditions worsen, and families are forced to rely on emergency departments for issues that should have been treated earlier.

In our communities, many people struggle to find a primary care provider or face long waits for appointments, even if they have health insurance. This is especially true in rural and neighbor island areas, where there may be very few clinics and limited transportation options- Having insurance does not always mean having access to care.

SB2690 focuses on strengthening primary care so that clinics can stay open and our healthcare providers can continue serving their communities. The bill ensures that health care dollars are used to support frontline care, rather than being absorbed by administrative costs. It also supports timely payment to clinics and helps reduce unnecessary barriers that make it harder for providers to offer care.

This bill does not raise premiums or require new benefits. Instead, it focuses on making sure existing resources are used in a way that improves access, keeps care local, and helps prevent avoidable emergencies.

Strong primary care benefits everyone. It keeps people healthier, reduces strain on hospitals and emergency departments, and helps communities remain resilient. HB1965 is an important step toward protecting access to care across Hawai'i.

We respectfully urge you to support SB2690.

Mahalo for the opportunity to share our collective mana`o.

**SB-2690**

Submitted on: 2/15/2026 5:40:52 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Ching	Testifying for American Academy of Pediatrics, Hawaii Chapter	Support	Written Testimony Only

Comments:

SB2690 Primary Care Payments

February 15, 2026

The Honorable Joy San Buenaventura, Chair

The Honorable Angus L.K. McKelvey, Vice Chair

Senate Committee on Health and Human Services

The Honorable Jarrett Keohokalole, Chair

The Honorable Carol Fukunaga, Vice Chair

Senate Committee on Commerce and Consumer Protection

RE: SB 2690 – RELATING TO PRIMARY CARE

Dear Chairs San Buenaventura and Keohokalole, Vice Chairs McKelvey and Fukunaga, and Members of the Committees:

The American Academy of Pediatrics, Hawaii Chapter (HAAP), representing over 200 pediatricians across the islands, supports SB 2690, which seeks to strengthen Hawaii’s primary care infrastructure by establishing minimum expenditure targets, prohibiting harmful administrative practices like downcoding, and ensuring direct payment to providers.

As pediatricians, we know that primary care is the bedrock of a healthy society. Robust primary care investment is directly linked to better health outcomes, increased life expectancy, and significant long-term cost savings by reducing emergency department visits and hospitalizations. Despite this, primary care investment in Hawaii has remained disproportionately low compared to the value it provides.

HAAP supports SB 2690 for the following critical reasons:

- **Sustainable Funding (Investment Targets):** By requiring health carriers to allocate an initial 6% of total medical expenditures to primary care, increasing to 12% by 2029, this bill ensures that resources are directed where they can do the most good: keeping Hawaii's children healthy and managing chronic conditions before they become crises.
- **Protection Against Downcoding:** Arbitrary claim modifications and "downcoding" without clinical justification create immense administrative burdens and financial instability for small pediatric practices. This bill's restrictions on these practices, and the requirement for clinician oversight, will help ensure that pediatricians are fairly compensated for the complex care they provide.
- **Direct Payment to Providers:** Ensuring that funds reach the treating provider directly, rather than being diverted through administrative intermediaries, is essential for the survival of independent practices, particularly in our rural and underserved communities.
- **Access in Rural Areas:** The focus on Primary Care Access Visits and Community Access Primary Care Sites is vital for families in neighbor island and rural O'ahu communities who often face the greatest barriers to consistent care.

The pediatric workforce in Hawaii is currently facing significant challenges, including high overhead costs and a physician shortage. SB 2690 provides the necessary structural reforms to stabilize the primary care environment, allowing us to focus on what matters most: the health and well-being of Hawaii's keiki.

For these reasons, the American Academy of Pediatrics, Hawaii Chapter, respectfully requests that your committees pass SB 2690.

Thank you for the opportunity to provide testimony in strong support of this important measure.

Sincerely,

The American Academy of Pediatrics, Hawaii Chapter

**SB-2690**

Submitted on: 2/16/2026 12:28:18 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Esther Smith	Testifying for Hawaii Healthcare Task Force	Support	Written Testimony Only

Comments:

**For more than a decade, Hawai'i has systematically examined its physician workforce, with particular attention to primary care, and the findings have remained consistent. We continue to lack sufficient providers to meet demand, distribution across islands remains uneven, and access in rural communities is persistently fragile, as demonstrated by measurable and well-documented data. The University of Hawai'i Area Health Education Center has consistently reported shortages by specialty and geography, and these reports have been methodical, data-driven, and non-alarmist. They project worsening deficits unless the structural conditions affecting reimbursement and retention are addressed.**

**A brief informational presentation summarizing the case for stabilizing primary care at six percent, with movement toward twelve percent, accompanies this statement and may be accessed here: <https://www.youtube.com/@HawaiiHealthcareTaskForce>**

**Concurrently, national literature has advanced regarding healthcare financing. The National Academy of Medicine, the Milbank Memorial Fund, the Commonwealth Fund, and numerous peer-reviewed studies have consistently demonstrated that increased investment in primary care yields positive outcomes. Adequate support for primary care is associated with decreased mortality, improved chronic disease outcomes, reduced emergency department utilization, fewer hospitalizations, and moderated total healthcare costs over time. Evaluations of enhanced primary care models in several states indicate that sustained investment leads to measurable cost reductions within approximately one year, primarily by preventing high-cost complications rather than treating them after onset.**

**In summary, both the workforce challenges and the financing solutions have been thoroughly studied, and both lines of evidence indicate the same course of action.**

**In Hawai'i, Medicare allocates approximately 3.6 percent of total expenditures to primary care. Despite this limited funding, primary care physicians and teams manage the majority of patient visits and coordinate most chronic illness care. This segment of the healthcare system is responsible for preventing strokes, stabilizing diabetes, detecting cancer at earlier stages, managing mental health, and coordinating complex referrals, yet operates with less than four percent of overall spending. When this foundational support is inadequate, the consequences are tangible: patients present at later stages, diseases are more advanced,**

**care becomes more expensive, and the burden shifts to emergency departments and hospital wards, impacting the entire healthcare system.**

**It is important to recognize that the distinction between rural Hawai'i and Oahu is largely artificial in healthcare terms. When clinics close on neighbor islands, patients seek care in Honolulu. As access diminishes in one region, specialty services and hospital capacity in other areas absorb the resulting strain. Workforce instability is not confined to specific locations; it propagates through referral networks and hospital systems, ultimately affecting the entire state.**

**National projections suggest that shortages of physicians and other providers will intensify over the next decade. As these shortages worsen, recruitment costs increase, retention becomes more challenging, and corrective measures become more complex. Delaying structural adjustments in reimbursement does not preserve flexibility; rather, it limits future options. Prolonged underfunding of primary care leads to depleted clinic reserves, reduced provider participation, and higher costs for eventual stabilization.**

**For these reasons, the provision in SB2690 that increases primary care investment to six percent, with a trajectory toward twelve percent, should be implemented without delay. Allocating six percent serves as a stabilization measure, enabling clinics operating at the margin to retain staff and maintain insurance participation, thereby preventing sudden loss of patient access. Progressing toward twelve percent initiates restoration, allowing providers who have limited their insurance panels due to financial constraints to expand access and rebuild care teams focused on proactive chronic disease management rather than reactive crisis intervention.**

**The additional reforms proposed in the broader bill, such as administrative simplification and structural changes to insurer practices, are important and merit continued discussion. However, these considerations should not delay the immediate action required to stabilize primary care financing. Investment in the foundational aspects of primary care can proceed while parallel issues are addressed through a deliberate process.**

**Hawai'i has already devoted considerable effort to understanding this issue. Comprehensive workforce analyses and robust financing evidence are available. The effects of underinvestment are evident throughout our communities. The remaining task is not additional study, but decisive action to protect patient access now and to minimize future correction costs.**



**Testimony to the Senate Joint Committee on Health and Human Services and  
Commerce and Consumer Protection  
Tuesday, February 17, 2026; 9:45 a.m.  
State Capitol, Conference Room 229  
Via Videoconference**

**RE: SENATE BILL NO. 2690, RELATING TO PRIMARY CARE.**

Chair San Buenaventura, Chair Keohokalole 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 respectfully **COMMENTS** on Senate Bill No. 2690, RELATING TO PRIMARY CARE.

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

The bill, as received by your Committee, would require private insurers offering accident and sickness policies under Chapter 431, Hawaii Revised Statutes (HRS), to allocate on an incremental basis a percentage of total medical expenditures directly to primary care providers.

The bill would take effect on July 1, 2026.

The HPCA is currently reviewing this measure to determine the extent this measure will impact FQHC operations and benefits for our patients. Based on our cursory examination of the bill, as presently drafted, we offer the following observations:

- While the purpose section suggests the Legislature's intention of requiring mandated primary care expenditures for all insurers, because this bill would establish the statutory language in Chapter 431, HRS, only, it is questionable whether this requirement would apply to mutual benefit societies, health maintenance organizations, and Medicaid.

**Testimony on Senate Bill No. 2690**

**Tuesday, February 17, 2026; 9:45 a.m.**

**Page 2**

- It is unclear how this bill, as presently drafted, would interact with the Affordable Care Act and the Employee Retirement Income Security Act of 1974, especially regarding the provision of benefits to insureds.
- It is unclear how this bill would be implemented since expenditures are based on claims filed. While the intent may be for plans to provide a greater amount of expenditures on primary care, because expenditures are based on claims filed, unless a larger percentage of loss costs are attributed through claims for primary care, the plans would need to find some other way of distributing expenditures for primary care services -- either through grants or some other mechanisms. However, this is not explained in the bill, as presently drafted.

Because our focus to patients is on the provision of primary care services, the HPCA wholeheartedly agrees that more resources must be dedicated for primary care. Yet, we recognize the enormous challenges lawmakers face in establishing a statutory regime that takes into account the complexity and unique nature of Hawaii's health care system. As such, the HPCA greatly appreciates the opportunity to participate in the discussion and wishes to assist in pursuing the goal proposed in this bill.

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](mailto:eabe@hawaiiipca.net).



## 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 HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair  
Senator Angus L.K. McKelvey, Vice Chair

### SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole Chair  
Senator Carol Fukunaga, Vice Chair

Date: February 17, 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 2690 RELATING TO PRIMARY CARE:** DHS; Health Carriers; Primary Care Providers; Primary Care Access Visits; Community Access Primary Care Sites; Downcoding; MED-QUEST; Prohibitions; Reports; Special Fund.

**Position: Support with amendments**

This measure would require all health carriers to allocate, initially, not less than 6% of the carrier's total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12%; require health carriers to pay primary care providers directly, rather than through administrative mechanisms, place restrictions on downcoding and claim modifications, require health carriers to ensure access to primary care in rural areas, including access to Primary Care Access Visits and Community Access Primary Care Sites; require Insurance Commissioner to administer requirements established in bill; require the Department of Human Services Med-QUEST Division to apply the Act, to the extent permitted by federal law and subject to any federal approvals, to Medicaid managed care organizations; require reports; requires the Auditor to evaluate the impact of the Act on various metrics 3 years after the measure's effective date; establish the primary care stabilization special fund.

HMA supports the intent of this measure to enhance access to primary care services in Hawaii, by Improving investment in primary care — including ensuring a fair share of medical expenditures that flows directly to providers. Further, the measure would prohibit abusive insurance practices such as blanket downcoding and restrictive utilization review as well as expand transparency, reporting, and enforcement mechanisms to protect access, particularly in rural areas.

HMA notes that a definition of “Community Access Primary Care Site” should explicitly reinforce continuity of patient care and preventive medicine, which are foundational to high-quality primary care. Access alone is insufficient if care is fragmented or lacks longitudinal responsibility for patient outcomes. Clarifying this definition would help ensure that investments support comprehensive, coordinated care rather than isolated, episodic services.

Additionally, all healthcare professionals should deliver care within the scope of their training, education, and demonstrated competencies, supported by appropriate supervision and collaboration. In Hawaii,

**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

Physicians Assistants provide high quality services under the supervision of a physician, consistent with (statute §453-5.3).

HMA respectfully requests these additions/amendments for consideration:

1)

"Community access primary care site" means a ~~clinic~~**practice** that offers same-day or episodic primary care services, ~~maintains referral capability, and ensures documented follow-up care.~~ **by a qualified licensed healthcare provider with appropriate referral capabilities when necessary, and reasonable patient support/navigation resources for preventative care and future comprehensive continuity of care.**

2)

"Primary care provider" or "provider" means a physician, advanced practice registered nurse, or physician's assistant **under the supervision of a physician** who :

HMA supports this measure with provisions to improve patient access to essential healthcare and thoughtful guardrails so that investments translate into durable patient-provider relationships and measurable improvements in health outcomes.

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

## REFERENCES AND QUICK LINKS

### **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

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#### **2024 Hawaii Medical Association Public Policy Coordination Team**

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



February 17, 2026

The Honorable Joy San Buenaventura, Chair  
The Honorable Angus McKelvey, Vice Chair

Senate Committee on Health and Human Services

**Re: SB 2690 – RELATING TO PRIMARY CARE**

Dear Chair San Buenaventura, Vice Chair McKelvey, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to provide comments on SB 2690, which looks to require health carriers to allocate at least six per cent of the carrier's total medical expenditure directly to primary care providers, with the percentage increasing incrementally to twelve per cent.

HMSA deeply values the essential role that primary care physicians play in Hawai'i's health care system. Primary care is the front line of prevention, early diagnosis, chronic disease management, and whole-person care. We agree that continued investment in primary care is vital to improving access, strengthening care coordination, and maintaining a robust provider network across the state. Our provider network is a crucial part of this system and HMSA strives to find compensation models that address the needs of providers while also keeping healthcare affordable for Hawaii's small businesses and the residents of our state.

However, while HMSA supports the intent of SB 2690, we have concerns with the bill as currently written:

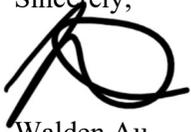
- Appropriate medical spending must take several factors into account, including age, risk profile, disease burden, and local utilization patterns. Mandating a fixed percentage of total medical spend for one category of services limits actuarial flexibility and may result in misalignment between spending requirements and the actual needs of a covered population.
- Mandating an increase in required primary care spending without clearly defined, reductions elsewhere create upward pressure on total medical expenses. Those costs are typically borne by employers and consumers through higher premiums or increased cost sharing.
- The current language restricts downcoding, utilization review, and claim modification practices that are necessary to ensure medical necessity, prevent overutilization or upcoding, and reduce inappropriate or duplicative services. Overly broad limitations risk eliminating legitimate clinical and payment integrity tools that protect affordability for all members and that are necessary for legitimate coding compliance, and Fraud Waste and Abuse prevention.

We would also note that several of the components of this measure are under the direct purview of the Insurance Commissioner and could have significant fiscal impacts on our State's Medicaid program. Particularly in light of the current uncertainty at the federal level and its potential impact on Hawaii's

healthcare landscape, we respectfully ask that the committees consider forming a working group of healthcare stakeholders. This group could better assess ways of strengthening primary care in a manner that is financially sustainable and prioritizes high quality healthcare for our residents.

Thank you for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in black ink, appearing to be 'Walden Au', written over a light gray rectangular background.

Walden Au  
Director of Government Relations

**SB-2690**

Submitted on: 2/13/2026 12:05:03 PM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Allen Novak	Individual	Support	Written Testimony Only

Comments:

From: Allen Novak, APRN in solo private practice serving chronic and severely mentally ill individuals in East Hawai'i Island.

Subject: SB2690 primary care

Hearing: February 17, 2026 9:45 am

Aloha Committee Members,

I appreciate this opportunity to express support for SB2690, which seeks to require not less than 6% of total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12% and other measures which will help to preserve and address the shortage of healthcare providers.

In Hawai'i there is a critical shortage of primary healthcare providers. This is particularly the case on neighbor islands and in rural underserved areas. My Hawai'i Island has a 40% shortage of practicing physicians. Advanced Practice Registered Nurses in East Hawai'i Island have in the past year chosen to close their practices due to inadequate carrier reimbursement and administrative burden.

This bill will afford a measure of relief to primary care and all healthcare providers who are experiencing distress in their practices due to the insufficient financial reimbursement and high administrative demand of providing care to their patients.

Please pass SB2690 without amendment.

**SB-2690**

Submitted on: 2/13/2026 3:05:48 PM

Testimony for HHS on 2/17/2026 9:45:00 AM

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

Comments:

Kelley Withy, MD, PhD

Subject: SUPPORT for SB2690 Primary Care Spend bill

Committees:

[COMMITTEE ON HEALTH AND HUMAN SERVICES](#)

Senator Joy A. San Buenaventura, Chair

Senator Angus L.K. McKelvey, Vice Chair

[COMMITTEE ON COMMERCE AND CONSUMER PROTECTION](#)

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

Hearing: February 17, 2026 9:45 am

Aloha and mahalo for considering this bill!

You probably know that we need 152 more primary care physicians in Hawaii, compared to a similar population on the US Continent. That number does not include the primary care advanced practice nurse practitioners and physician assistants that we need as well. And we are losing physicians every month. Primary care is the most challenging specialty that requires as much time outside of the exam room as inside the exam room. One reason we can't keep our primary care workforce is that we pay lower than other areas of the US. And, of course, we have a much higher cost of living. My personal goal is to make it possible for everyone in Hawaii to access the healthcare they need, when they need it. But I am failing!

I need the legislature to help improve Hawaii's healthcare system, please. SB2690 seeks to require not less than 6% of total medical expenditures to primary care providers, with the percentage increasingly incrementally to 12% and other measures which will help to preserve and address the shortage of healthcare providers.

How will this help our state? This action, together with programs that you have introduced including preceptor tax credit and Health Education Loan repayment, as well as the new Rural Health Transformation Program funds, we have a chance to remedy this situation by recognizing and supporting primary care clinicians.

In this way, we can expand our health workforce and keep our primary care clinicians. Thanks for introducing and hearing this bill. Please pass it!

**SB-2690**

Submitted on: 2/14/2026 8:43:54 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Vince Yamashiroya, MD	Individual	Support	Written Testimony Only

Comments:

I am writing to ask for your support of **SB2690**, which would prioritize healthcare expenditures dedicated to primary care services.

SB2690 addresses the chronic underinvestment in primary care. This underinvestment has resulted in shortages of primary health care providers and has hampered our ability to provide better quality health care for the people of Hawaii. Investing in primary care is not simply to increase spending. It is a strategic reallocation that will strengthen primary care, reduce avoidable health care costs in the future, and improve the quality of life for Hawaii's residents. This measure will help stabilize local practices, and serve to expand the primary care workforce.

Primary care is the foundation of high-quality, cost-effective healthcare systems. Increased investment in primary care improves preventive services, enhances chronic disease management, reduces avoidable emergency department visits and hospitalizations, and ultimately lowers overall healthcare costs. It provides personalized service for the patient and ensures care with the same physician who knows the family well showing compassion and recognizes their culture. For Hawaii's families, especially those in rural and neighbor island communities, reliable access to their primary care physician is essential in maintaining health and reducing disparities.

Several states, including Oregon, Rhode Island, Delaware and Washington have taken similar steps to reinvest in primary care. Several other states have health plans report their primary care spend as a percentage of the total health care spend.

I ask that you support SB2690 to ensure Hawaii's residents continue to maintain their relationship with their primary care physician in the future. Thank you.

Sincerely,

Vince Yamashiroya M.D., pediatrician in private practice in Honolulu

**SB-2690**

Submitted on: 2/14/2026 10:45:12 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stephen B Kemble	Individual	Support	Written Testimony Only

Comments:

Without improvement in primary care pay and/or reduction in primary care administrative overhead, we are poised to see rapid loss of doctors over the next few years, especially on the neighbor islands. Loss of primary care leads to increased reliance on emergency rooms and hospitals and higher cost. This bill will pay for itself. It is urgently needed.

**SB-2690**

Submitted on: 2/15/2026 1:34:31 PM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sara	Individual	Support	Written Testimony Only

Comments:

Dear Chair, Vice Chair, and Members of the Committee,

My name is Sara .

I am writing in strong support of SB 2690. I rely on my primary care doctor to manage my health, prevent serious problems, and help me avoid emergency room visits and hospitalizations.

If I lost access to my primary care physician, who has a lot of experience and knows my medical history well, it would seriously affect my health and would be very difficult to replace that care.

My understanding is that this bill may help lower insurance costs which are already very high. Anything that lowers premiums would make a real difference for me in Hawaii as the cost of living here is already very high.

Please support SB 2690 this session to protect patients like me and ensure we can continue receiving timely primary care close to home, from the experienced physicians we know and trust.

Thank you for your consideration.

Sincerely,

Sara Jadro

**SB-2690**

Submitted on: 2/15/2026 3:00:43 PM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Tyler McMurry	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee:

My name is Dr. T. Scott McMurry. I am a board-certified Family Medicine physician practicing in Kailua-Kona, Hawai‘i, serving patients in a rural, medically underserved region.

I am writing in strong support of S.B. 2690, which establishes the Primary Care Protection Act and takes meaningful steps to stabilize primary care access statewide.

Primary care is the foundation of affordable, high-quality healthcare. In rural Hawai‘i, it is often the only realistic entry point for timely care. S.B. 2690 appropriately addresses the forces driving primary care collapse, including administrative burden, claims downcoding, delayed reimbursement, and restrictive utilization review practices. The bill’s emphasis on transparency, enforcement, telehealth parity, and rural access protections is especially important for neighbor island communities.

**Recommended Amendment – Protect patients from network-based denials**

While I strongly support this bill, I respectfully recommend one key amendment to strengthen its impact:

Health carriers should be prohibited from denying, delaying, or reducing coverage of a covered benefit solely because the ordering, referring, or certifying provider is not contracted with the carrier, provided the provider is licensed in good standing in Hawai‘i and acting within scope.

This protection should apply to common primary care needs such as:

- laboratory services
- diagnostic imaging
- specialty referrals
- durable medical equipment
- prior authorization determinations
- and inter-island travel certifications

This amendment would not require carriers to reimburse an out-of-network physician for professional services. It would simply ensure patients can access covered benefits and prevent network contracting from being used to restrict independent primary care and patient choice—especially in rural communities.

## Conclusion

S.B. 2690 is an important and timely bill that will help stabilize and protect primary care in Hawai‘i. With the recommended amendment, it would provide even stronger protections for patients and independent physicians.

Mahalo for the opportunity to provide testimony.

Respectfully submitted,

Tyler Scott McMurry, DO

Board-Certified Family Medicine Physician

Kailua-Kona, Hawai'i

**SB-2690**

Submitted on: 2/15/2026 3:48:19 PM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Colleen Inouye	Individual	Support	Written Testimony Only

Comments:

Chair Senator San Buenaventura, Vice-Chair Senator McKelvey, and the Committee on Health and Human Services, and Chair Senator Keohokalole, Vice-Chair Senator Fukunaga, and the Committee on Commerce and Consumer Protection,

Please support SB 2690.

As others have noted, we need stability and sustainability for our healthcare workforce, especially those we are asking to shoulder much of the work- our primary care providers. Medical students and Residents will not want to become part of the broken system here that never gets fixed, and legislators are not willing to attempt to repair.

Second, payors need to be accountable to those paying the premiums (both employers and patients) and for monies awarded by the federal government.

SB 2690 can help patients/our community by providing support, sustainability, and accountability. Please support SB 2690!

Mahalo,

Colleen F Inouye MD MS-PopH FACHE FAAPL FACOG

**SB-2690**

Submitted on: 2/16/2026 8:46:13 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kaohimanu Dang Akiona MD	Individual	Support	Written Testimony Only

Comments:

Aloha Chairs, Vice Chairs, and Esteemed Members of the Committees,

My name is Ka`ohimanu Dang Akiona, MD, and I am a rural, family medicine, primary care provider practicing on Hawai`i Island and with a branch of my clinic in Kaunakakai on Moloka`i. I submit this testimony in **strong support of SB2690**, the Primary Care Protection Act.

Primary care is the front door to/main hub of healthcare. When it is strong, accessible and stable, patients receive care earlier, chronic disease is better controlled, and costly emergencies are avoided. When primary care erodes, it is the patients and their families who pay the price. In Hawai`i, especially on neighbor islands and in rural communities, we are already seeing the consequences of prolonged underinvestment in primary care.

In my practice, I routinely manage complex medical issues that would otherwise escalate into emergency department visits or hospitalizations if timely primary care were not available. The gaps in care have worsened, particularly on Moloka`i, and patients, their families and the communities they are a part of, are suffering as a result- higher rates of complications and lower quality of life, shorter life expectancy. Please understand- **Peoples' lives are shorter based on zip code and lack of access to primary care.**

We know that recognizing and treating conditions earlier, adjusting medications before decompensation, coordinating care locally, and following patients after hospital or inter-island specialty care are core parts of primary care. **This work prevents harm and saves money, but it requires time, staff, and reliable payment by insurers for services rendered.**

Despite this role, **primary care remains severely underpaid relative to its value. Reimbursement has not kept pace with rising costs, administrative burden continues to grow, and payment instability makes it increasingly difficult to retain staff or keep clinics open.** Many colleagues have reduced insurance participation, closed practices, or left Hawai`i entirely. These are not isolated decisions. They are systemic signals of instability.

SB2690 addresses these realities directly. The bill establishes a minimum investment floor for primary care and ensures that primary care dollars reach frontline clinicians rather than being absorbed by administrative overhead or intermediary programs. It strengthens prompt-pay

protections, limits inappropriate downcoding, and reduces administrative practices that undermine clinical care without improving outcomes.

As a primary care provider, I am particularly supportive of the bill's focus on access models that reflect Hawai'i's realities. **Physician- led teams like mine, providing same-day and walk-in primary care are not conveniences in many communities- We are essential.** Protecting these services helps keep patients out of emergency departments and preserves access where options are already severely limited.

The evidence supporting this approach is strong. Research synthesized by the Harvard Medical School Center for Primary Care shows that direct investment in primary care reduces emergency department use, preventable hospitalizations, and total health care costs, with measurable improvements seen within a relatively short time frame. **Strengthening primary care is one of the most effective cost-control strategies available.**

**SB2690 does not raise premiums, mandate new benefits, or interfere with clinical decision-making.** It simply ensures that existing health care dollars are used in a way that supports access, stabilizes the workforce, and keeps care local.

As a primary care provider committed to caring for our family and friends in the Kohala and Moloka'i communities, **I respectfully urge the Committee to support SB2690** and take a swift, evidence-based step toward protecting health care access across Hawai'i at this critical moment in time.

Mahalo for the opportunity to testify and share my mana`o.

Respectfully,

Ka`ohimanu L K Dang Akiona, MD

Kohala Coast Urgent Care & Mobile Health/Moloka'i Family & Urgent Care

Kohala, Hawai'i Island/ Kaunakakai, Moloka'i

February 17, 2026

**To: Chair San Buenaventura, Chair Keohokalole, Vice Chair McKelvey, Vice Chair Fukunaga,  
and Members of the Senate Committees on Health and Human Services (HHS) and Commerce  
and Consumer Protection (CPN)**

From: Hawaii Association of Health Plans Public Policy Committee

Date/Location: Feb. 17, 2026; 9:45 a.m./Conference Room 229 & Videoconference

**Re: Comments on SB 2690 – Relating to Primary Care.**

The Hawaii Association of Health Plans (HAHP) offers comments on SB 2690. 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 appreciates the efforts of Hawaii lawmakers to strengthen and protect primary care in Hawaii. Improved primary care strengthens overall health outcomes and reduces systemwide costs. However, as written, this bill assigns new oversight duties that are already within the Insurance Commissioner's existing regulatory powers, making the added directives redundant and potentially confusing.

Thank you for the opportunity to offer **comments** on SB 2690.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members

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



RYAN I. YAMANE  
DIRECTOR  
KA LUNA HO'ŌKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'ŌKELE

TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'ŌKELE

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

February 16, 2026



TO: The Honorable Senator San Buenaventura, Chair  
Senate Committee on Health and Human Services

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

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 2690 – RELATING TO PRIMARY CARE.**

Hearing: February 17, 2026, Time 9:45 a.m.  
Conference Room 229 & via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this measure and offers comments. DHS suggests a broader definition of primary care investments extending beyond payments made to primary care providers to additionally consider investments in beneficial primary care services and primary care supports and reductions in low value primary care services.

Continued investment in high quality primary care has been shown to reduce unnecessary hospital visits, leading to overall savings in health care spending. DHS strongly supports increased investment in primary care and encourages such investment through its QUEST Integration contracts. In Calendar Year (CY) 2024, the five managed care organizations (MCOs) in the QUEST Integration program invested at least 9% of their total medical expenditures on primary care, with 7% of payments supporting primary care visits; 1% supporting quality bonus payments; and 1% supporting beneficial primary care services such as screenings, immunizations and other preventive health interventions. Additionally, the QUEST

Integration program spent an additional 3% on primary care supports, defined as supportive services needed to prevent readmissions and poor health outcomes, such as care management, mental health and substance use treatment, and supportive housing; and identified 1% of payments in low value primary care services.

In CY 2025, DHS and the Med-QUEST Division increased their investment in primary care by increasing the Medicaid fee schedule to 100% of the Medicare fee schedule for primary care providers. Additionally, DHS remains strongly supportive of continuing to increase beneficial primary care spending by leveraging the Achieving Healthcare Efficiency through Accountable Design (AHEAD) Grant funds to design and implement alternative payment models for primary care that incentivize and promote better health outcomes while reducing wasteful spending on low value services.

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

February 17, 2026

Senator Joy A. San Buenaventura, Chair  
Senator Angus L.K. McKelvey, Vice Chair  
Committee on Health & Human Services

Senator Jarrett Keohokalole, Chair  
Senator Carol Fukunaga, Vice Chair  
Committee on Commerce & Consumer Protection

Hawai'i State Senate  
Honolulu, Hawai'i 96813

**RE: SB2690 RELATING TO PRIMARY CARE**

**Hearing Date: Tuesday, February 17, 2026, 9:45 AM, Conference Room 229**

Dear Chair San Buenaventura, Chair Keohokalole and Members of the Committees:

My name is Gregg Oishi, President/CEO of Kuakini Health System (KHS). Founded over 125 years ago, KHS is Hawai'i's only independent hospital system supporting physician independence and plays a vital role in preserving physician autonomy and patient choice outside of the state's major health systems. KHS includes a 212-bed acute care hospital; a 221-bed skilled nursing ("SNF"), intermediate care and home/residential care facility; and two medical office buildings.

Kuakini Health System would like to provide **COMMENTS** on SB2690. A strong primary care system is the foundation of affordable, high-quality healthcare, and SB2690 provides a framework in addressing Hawai'i's primary care provider shortage.

According to the 2024 University of Hawaii Annual Report on Findings from the Hawai'i Physician Workforce Assessment Project, Hawai'i faces a significant physician shortage that affects access to care across the state. While over 12,000 physicians are licensed in Hawai'i, only about 3,672 actively provide patient care, and not all of these work full-time, resulting in roughly 3,075 full-time equivalent (FTE) physicians. When island geography is considered (i.e., eliminating specialty overage), the estimated unmet need for physicians is 768 FTEs. **The greatest shortage category is primary care where Hawai'i needs 152 additional Full Time Equivalents (FTEs).**

As you deliberate this measure, **we encourage you to consider how the independent physician community and hospitals can be part of the primary care solution.** According to the University of Hawai`i, in 2024, approximately 31% of Hawai`i physicians are independent physicians. In 2024, the American Medical Association reported that 42.2 percent of physicians were in private practice, that is, a practice that was wholly-owned by physicians. Independent physicians and hospitals are an integral component in expanding the number of primary care providers in Hawai`i, particularly in rural areas. Our voices and input can be an important aspect of SB2690.

Thank you for the opportunity to testify on this matter.

Sincerely,

/s/ Gregg Oishi

GREGG OISHI  
President & CEO

**LATE**

**SB-2690**

Submitted on: 2/17/2026 10:16:08 AM

Testimony for HHS on 2/17/2026 9:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
stuart lerner	Individual	Support	In Person

Comments:

SHPDA strongly supports SB2690 which aims to incrementally increase primary care spending as a percent of total health care spending. Total healthcare spending, when administrative costs are factored out, is commonly referred to as the percent of “medical loss ratio” or MLR. The MLR is typically regulated by states or the federal government to be no less than 85% of premium, with administrative costs typically to be no more than 15% of premium.