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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Consumer Protection and Commerce  
Tuesday, April 7, 2026  
2:05 p.m.  
State Capitol, Conference Room 329 & via Videoconference**

**On the following measure:  
S.B. 2804, S.D. 1, H.D. 1, RELATING TO COMMERCE**

Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

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 prohibit acquiring and holding stocks and other interests if the acquisition and holding lessens access to health care or increases insurance rates.

The Department recognizes the legislative intent to provide additional safeguards during a period of significant market realignment and offers the following comments.

The bill amends section 480-7, Hawaii Revised Statutes (HRS), by broadening the list of prohibited acquisitions to include acquisitions that may "lessen access to health care" or "increase insurance rates." It is unclear whether the Insurance Division will have a role in determining whether an acquisition will increase insurance rates in violation of section 480-7.

Under existing insurance laws, the Insurance Commissioner is responsible for determining whether insurance rates are “excessive, inadequate, or unfairly discriminatory”. However, HRS Chapter 480 authorizes the Attorney General, the Office of Consumer Protection, or any “person who is injured in the person’s business or property” to bring a lawsuit for a potential violation of section 480-7. In this context, a court will be responsible for determining whether a rate increase is violative of section 480-7, even if those same rates were previously reviewed and approved under the Insurance Code. This framework may create the potential for overlapping and inconsistent regulatory outcomes.

The Department also notes practical challenges associated with evaluating whether an acquisition “may” increase insurance rates. Insurance rates are influenced by a wide range of factors, including medical cost trends, utilization patterns, reinsurance costs, and broader economic conditions. Assessing whether a specific transaction is the cause of a future rate change may require specialized actuarial and economic analysis. Additional clarity regarding how rate impacts would be evaluated and how existing insurance regulatory processes would be considered could help reduce uncertainty for regulators, courts, and regulated entities.

The Department further notes that Chapter 480 provides for enforcement through public and private litigation. Without clarification regarding the interaction between Chapter 480 and 431, insurers and other regulated entities may face uncertainty regarding how compliance with insurance rate regulation would be considered in potential proceedings under section 480-7.

Thank you for the opportunity to testify on this bill.

April 7, 2026

**To: Chair Matayoshi, Vice Chair Grandinetti, and Members of the House Committee on Consumer Protection and Commerce (CPC)**

From: Hawai'i Association of Health Plans (HAHP) Public Policy Committee

Date/Location: Apr. 7, 2026; 2:05 p.m.; Conference Room 329 & Videoconference

**Re: Testimony in Opposition to SB2804 SD1 HD1 — Relating to Commerce**

The Hawaii Association of Health Plans (HAHP) offers this testimony offering comments on SB2804 SD1 HD1. 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.

This bill as written is vague and overly broad. We share many of the concerns raised by the Hawai'i Department of Commerce and Consumer Affairs regarding regulatory uncertainty and potential overlap created by SB2804, SD1 HD1.

Thank you for the opportunity to comment on SB2804 SD1 HD1.

Sincerely,

HAHP Public Policy Committee

cc: HAHP Board Members



April 7, 2026

The Honorable Scot Z. Matayoshi, Chair  
The Honorable Tina Nakada Grandinetti, Vice Chair

House Committee on Consumer Protection & Commerce

**Re: SB 2804 SD1 HD1 – RELATING TO COMMERCE**

Dear Chair Matayoshi, Vice Chair Grandinetti, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity offer testimony in opposition to SB 2804 SD1 HD1, which prohibits acquiring and holding stocks and other interests if the acquisition and holding lessens access to health care or increases insurance rates.

HMSA appreciates and shares the Legislature’s commitment to maintaining a health care system where consumers benefit from choice, access, and innovation. However, we believe that regulating market outcomes – such as access levels or insurance rates – may unintentionally hinder, not strengthen, competition. There are broad examples throughout the health care industry where this type of regulation could prove to have unintentional consequences or even prove to be challenging to quantify. For example:

- A hospital system buys a struggling clinic and must reorganize or reduce staff to keep it open. Under this bill, that could be viewed as “lessening access to health care,” even if the change ultimately improves quality and preserves services.
- If the same clinic later proves unsustainable and must close to prevent the entire hospital system from failing, the closure could still be seen as “lessening access to health care,” despite being necessary to protect the broader system.

It may be the case that a company must reduce its output, or increase its prices, to remain viable such that the alternative would be to shutter, resulting in less competition in the marketplace.

Hawaii’s existing antitrust laws are already robust and give regulators flexibility to consider all factors in deciding when conduct is anticompetitive. It should be noted that current statute intentionally tracks, nearly verbatim, its federal analogue, and the stated intention of the chapter is to be interpreted consistently with federal antitrust law. As written, SB 2804 SD1 HD1 could potentially deprive regulators of flexibility to weigh all relevant circumstances and impair, rather than protect, the competitive marketplace the statute is intended to safeguard. It is also unclear how the proposed may conflict with existing federal regulations relating to these types of transactions.

Thank you for the opportunity to oppose SB 2804 SD1 HD1.

Sincerely,

Walden Au  
Director of Government Relations



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To: The Honorable Scot Z. Matayoshi, Chair  
The Honorable Tina Nakada Grandinetti, Vice Chair  
Members, House Committee on Consumer Protection & Commerce

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

Date: April 7, 2026

Re: Support of SB2804 SD1 HD1 – Relating to Commerce.

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

Queen's appreciates the opportunity to provide comments in support of SB2804 SD1 HD1, which prohibits acquiring and trading stocks from other interests if the acquisition and holding lessens access to health care or increases insurance rates. This measure seeks to update Hawai'i's antitrust statute (HRS §480-7) to give the state stronger, earlier, and more targeted tools to prevent mergers and acquisitions that could harm competition, reduce health-care access, and/or increase insurance costs for consumers in our state.

Due to our Hawai'i's relative size and isolation, the resulting concentrated nature of Hawai'i's healthcare marketplace means that any intentional (or unintentional) instability can have long range and potentially broad consequences. Queen's shares the concerns raised by others that our state faces existing challenges w/ the delivery of healthcare services and the costs of care; however, thus far, we have been able to negotiate these challenges, in part, due to the shared response by both public and private healthcare leaders. Through COVID-19, the devastating Maui wildfires, and most recently the catastrophic floods throughout our state, our strength has been — and should continue to be — our shared responsibility to protect and keep each other safe. This bill helps ensure that happens when one or two entities seek to make decisions that could negatively impact the delivery of care for everyone in our state.

We view this measure as an additional level of security for consumers; it affords the public and effected healthcare systems greater protection in the face of healthcare mergers similar to the one proposed between HPH and HMSA. This bill would allow the state to prevent a merger or

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

acquisition that could lessen competition, create a monopoly, reduce further access to health care, or increase insurance rates for particular populations.

This measure compliments, rather than conflicts with, existing federal anti-trust law. Where federal oversight by the Department of Justice and the Federal Trade Commission have broad power to prevent potentially harmful mergers, state law should be seen as providing further protections when a proposed merger falls below particular reporting thresholds and/or when it is unclear of how a merger specifically impacts access and insurance affordability. Furthermore, SB2804 could allow the State to act earlier in the case of a federal review which could take substantially more time to complete.

SB2804 affords the state and the residents of Hawai'i one additional tool to ensure that a healthcare merger (like that proposed between Hawai'i Pacific Health and Hawai'i Medical Service Association) will not enrich executive leadership at the expense of healthcare access and care for our community.

Mahalo for allowing Queen's to provide testimony in support of SB2804 SD1 HD1.

Tuesday, April 7, 2026; 2:05 p.m.  
Conference Room 329 & Video Conference

**House Committee on Consumer Protection & Commerce**

To: Representative Scott Matayoshi, Chair  
Representative Tina Grandinetti, Vice Chair

From: Michael Robinson  
Vice President, Government Relations & Community Affairs

**Re: SB 2804, SD1, HD1 – Comments With Amendments  
Relating To Commerce**

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My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over seventy locations statewide with a mission of creating a healthier Hawai'i.

I write to provide COMMENTS on SB 2804, SD1, HD1 which amends Hawai'i Revised Statutes (HRS) §480-7 to prohibit acquiring and holding stocks and other interests if the acquisition and holding lessens access to health care or increases insurance rates. HPH appreciates the intent of the measure, however, we are concerned that the bill creates confusion for providers and insurers.

SB 2804 is ambiguous as to whether and which state agency would be responsible for determining if the acquisition or holding “lessens access to health care or increases insurance rates”. While HRS Chapter 480 allows the Office of Consumer Protection or the Attorney General to file a lawsuit for a possible violation of HRS §480-7, the review of insurance rates falls under the jurisdiction of the Insurance Division. Additionally, the State Health Planning and Development Agency (SHPDA) is already tasked with promoting accessibility to quality health care services at reasonable cost for all the people of Hawai'i. SHPDA employs a detailed review process to determine the most economical and efficient use of the health care system and resources through coordinated community planning of new health care services. Based on the language of SB 2804, three (3) state agencies may potentially be involved in enforcing HRS §480-7. In addition to confusion, this creates an undue burden on providers and may have the unintended affect of increasing costs and reducing accessibility to health care.

For purposes of providing clarification as to the state agency with responsibility of or authority to enforce HRS §480-7, we respectfully suggest the bill be amended as follows:

- (a) No person shall acquire and hold, directly or indirectly, the whole or any part of the stock, interest, or membership of any other person, or the whole or any part of the assets of any other person, where the effect of the acquisition and holding may be substantially to lessen competition, lessen access to health care, increase insurance rates, or to tend to create a monopoly in any line of commerce in any section of the State; provided that this subsection shall not apply to any person acquiring and holding the stock, interest, or membership solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition or the creation of a monopoly in any line of commerce in any section of the State~~[.]~~; provided further that this subsection shall not apply to actions or transactions specifically authorized under laws administered by or rules and regulations promulgated by any regulatory agency of this state.

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