

STATE OF HAWAII
OFFICE OF WELLNESS AND RESILIENCE
KE KE'ENA KŪPA'A MAULI OLA
OFFICE OF THE GOVERNOR
415 S. BERETANIA ST. #415
HONOLULU, HAWAII 96813

Testimony on S.B. 3025 SD2 HD1
RELATING TO MEDICAL DEBT

House Committee on Consumer Protection and Commerce
Scot Matayoshi, Chair
Tina Grandinetti, Vice Chair
March 25, 2026, at 2:00 p.m.; Room Number: 329

The Office of Wellness and Resilience (OWR) **STRONGLY SUPPORTS** S.B. 3025 SD2 HD1 Relating to Medical Debt and respectfully requests amendments.

Amendment request

S.B. 3025 SD2 HD1 requires and appropriates funds for the OWR to develop, implement, and administer a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt for certain individuals in the State. The OWR is respectfully asking the committee's consideration in adopting the attached amendments for the proposed measure. In summary, the amendments requested are to:

- Improve clarity, internal consistency, and operational feasibility;
- Strengthening the bill to ensure that the proposed amendment is not structured in a way that favors or relied on a single entity capable of acquiring and forgiving medical debt; and
- Add provisions that require the OWR, or any contracted entity, to negotiate medical debt purchases at the lowest possible rate.

We believe that these guardrails proposed in these amendments will further protect private funds and ensure the program achieves maximum impact.

How medical debt acquisition and forgiveness programs work

These types of programs strengthen communities by erasing financially burdensome medical debt and use funds to buy medical debt in large, bundled portfolios, pinpointing the debt of those most in need. For example, an organization can buy debt at a steep discount; each \$1 can erase about \$100 of medical debt. Once the debt is deleted, beneficiaries receive letters that their medical debt is no longer owed, without being taxed or charged any penalties.

Impact of medical debt on wellness

Unlike most other debt, medical debt is rarely voluntary—people do not choose to get sick or injured. It often arises unexpectedly and can exceed a person’s ability to pay, damaging credit, limiting access to housing and jobs, and causing people to delay needed care.¹ Medical debt often results from unexpected illnesses or emergencies, not personal choice. It can lead to serious consequences, such as damaged credit, difficulty finding housing or jobs, delayed or avoided medical care, and emotional stress and anxiety.^{2 3}

In early 2024, in partnership with the College of Social Science’s Health Policy Initiative at the University of Hawai’i at Mānoa, the OWR conducted the Hawai’i Quality of Life and Workplace Wellness Survey. Approximately 19% of survey respondents reported currently owing medical debt totaling \$500 or more. Moreover, 20% of participants delayed their medical care due to the cost.⁴ One of the most alarming insights from the survey show that having higher amounts of current total medical debt predicted higher numbers of mentally and physically unhealthy days in the past month.

Uninsured in Hawai’i

Although Hawai’i opted in to join Medicaid expansion under the Affordable Care Act, numbers of households remain uninsured, incur medical debt from out-of-pocket costs for treatments that are not covered by insurance plans, and are financially burdened by increased cost-sharing. A recent report regarding the ALICE (Asset-Limited, Income-Constrained,

¹ [https://library.nclc.org/article/latest-keeping-medical-debt-out-credit-reports#:~:text=About%2015%20million%20consumers%20have,consumer%20reporting%20agencies%20\(CRAs\).](https://library.nclc.org/article/latest-keeping-medical-debt-out-credit-reports#:~:text=About%2015%20million%20consumers%20have,consumer%20reporting%20agencies%20(CRAs).)

² Lopes, Lunna, et al. 'Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills', 16 June, 2022, [Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills - Main Findings - 9957 | KFF](#)

³ Moon, et al. 'Medical Debt and the Mental Health Treatment Gap Among US Adults', 17 June, 2024, [Medical Debt and the Mental Health Treatment Gap Among US Adults | Health Care Economics, Insurance, Payment | JAMA Psychiatry | JAMA Network](#)

⁴ Learn more at Hawai’i Quality of Life and Well-Being Dashboard [QOL Dashboard - Public | Displayr](#)

Employed) population shows that 4 in 10 Hawai'i residents are just getting by financially, and 37% of families surveyed shared that someone in their family is considering leaving the state.⁵

With recent federal changes narrowing Medicaid eligibility and introducing new administrative requirements, Med-QUEST estimates that approximately 16% to 32% of the current expansion population in Hawai'i—roughly 19,000 to 38,000 individuals—could lose coverage if work and renewal rules are fully implemented without additional exemptions or documentation supports. This measure offers a proactive safeguard to help ensure that individuals who may lose Medicaid coverage are not pushed into further medical debt.

The kuleana of OWR is to strengthen our state service systems to create a trauma-informed Hawai'i. S.B. 3025 SD2 HD1 allows an important opportunity for OWR to help break down barriers that are impacting the well-being of families in our state.

Mahalo nui loa for the opportunity to testify on this important measure.

Tia L.R. Hartsock, MSW, MSCJA
Director, Office of Wellness and Resilience

⁵ Hay, Jeremy. 'Struggling to Survive: Hawai'i Residents Take on Debt, Thing About Leaving', 14 January, 2025, [Struggling To Survive: Hawai'i Residents Take On Debt, Think About Leaving - Honolulu Civil Beat](#)

A BILL FOR AN ACT

RELATING TO MEDICAL DEBT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that medical debt has
2 become a widespread issue in the State. According to a 2022
3 report from the Peterson-KFF Health System Tracker, more than
4 one in twenty adults in the State have outstanding medical debt
5 on their credit report. In states and cities that have acquired
6 and forgiven unpaid medical debt, most of the forgiven debt was
7 owed by those with health insurance, further suggesting that
8 despite many families in the State having health insurance
9 coverage, inability to pay medical debt is a serious problem.

10 The legislature further finds that medical debt is a social
11 determinant of health as patients with burdensome medical debt
12 often delay the care they need, may experience issues obtaining
13 employment and housing, have difficulty escaping poverty, and
14 experience increased mental stress. Due to a rising cost of
15 living and a health care system built on a for-profit model,
16 many families are never able to repay medical debt.

1 The legislature recognizes that due to the significant
2 amount of outstanding debt owed to hospitals and other health
3 care providers, a secondary market has emerged in which
4 commercial debt buyers purchase outstanding and dormant debt
5 owed to health care providers and take aggressive action to
6 collect from families who find themselves unable to pay, further
7 exacerbating the severity of the medical debt crisis.

8 However, the legislature further finds that twenty-seven
9 states and cities in the United States have partnered with a
10 nonprofit organization that has successfully purchased billions
11 of dollars in medical debt from health care providers and
12 collection agencies for about 0.01 per cent of the overall cost
13 and abolished the respective patients' debts altogether. Health
14 care providers whose debt is sold to third parties for
15 abolishment can equally benefit by receiving revenue for dormant
16 patient accounts, while mitigating the effects of social
17 determinants of health and enhancing community well-being.

18 The legislature finds that a medical debt consolidation and
19 cancellation non-profit organization has already acquired the
20 unpaid medical debt of 50,016 State residents, totaling
21 \$91,310,664 dollars. This includes 39,401 individuals on Oahu,

1 6,654 individuals on Hawaii Island, 3,597 individuals on Maui,
2 Molokai, and Lanai, and 316 individuals on Kauai.

3 Accordingly, the purpose of this Act is to ~~require and~~
4 ~~appropriate funds allow~~ for the office of wellness and resilience
5 to develop, implement, and administer a medical debt acquisition
6 and forgiveness program to acquire and forgive outstanding
7 medical debt for certain individuals in the State, subject to the
8 availability of program funds, beginning with the medical debt of
9 the 50,016 Hawaii residents that has already been acquired by the
10 medical debt collection and cancellation organization.

11 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
12 amended by adding a new section to part XXI to be appropriately
13 designated and to read as follows:

14 "§346- Medical debt acquisition and forgiveness
15 program. (a) The office ~~shall~~ ~~may~~ develop, implement, and
16 administer ~~the administration of~~ a medical debt acquisition and
17 forgiveness program to acquire and forgive outstanding medical
18 debt for ~~Hawaii residents individuals in the State pursuant to this~~
19 ~~section,~~ subject to the availability of program funds for contracts
20 with organizations that administer medical debt acquisition and
21 forgiveness.

22 (b) The program shall:

23 (1) Acquire and ~~satisfy forgive or discharge~~ the medical debt
24 of ~~individuals who are Hawaii residents:~~

1 (A) ~~Individuals with~~ With a household income less than or
2 equal to four hundred per cent of the federal
3 poverty level for the State; and

4 (B) ~~Individuals with~~ With an adjusted gross income of
5 less than \$100,000 who have a medical debt balance
6 of no less than five per cent of their household
7 income; and

8 (2) Ensure that any specific personally identifiable
9 information or protected health information is
10 collected in compliance with applicable state and
11 federal laws and regulations, and is used only for the
12 purposes of acquiring and satisfying or discharging
13 medical debt, or providing financial education,
14 insurance enrollment assistance, preventive measures,
15 or similar support services. ~~Information collected~~
16 subject to this paragraph shall be confidential and not
17 disclosed without the consent of the individual or as
18 otherwise provided by law.

19 (c) ~~The office shall~~ may procure and contract with ~~an entity~~
20 entities in accordance with chapter 1030 or 103F, for the purposes
21 of developing, implementing, and administering the program as
22 ~~applicable, that is currently holding medical debt of State~~
23 ~~residents and has demonstrated experience and success partnering~~
24 ~~with hospitals and health systems in acquiring and satisfying or~~
25 ~~discharging outstanding medical debt on behalf of state and~~
26 ~~municipal governments.~~

1 (d) Any acquisition and forgiveness of medical debt for this
2 program shall be deemed fully forgiven upon payment of an amount
3 not greater than 0.10 per cent of the overall medical debt of
4 each individual.

5 ~~(d)~~ (e) The office may receive appropriations from the
6 legislature, private funds, or federal funds for the purpose of
7 acquiring and ~~satisfying or discharging~~ forgiving outstanding
8 medical debt pursuant to this section.

9 ~~(e)~~ SECTION 3. The office shall submit a report of its
10 ~~findings and recommendations,~~ progress in developing, implementing, and
11 administering the medical debt acquisition and forgiveness program
12 including any proposed legislation, ~~for the medical debt~~
13 ~~acquisition and forgiveness program,~~ to the legislature no later
14 than twenty days prior to the convening of ~~each regular~~ the 2027
15 legislative session. ~~The report shall include:~~

16 ~~(1)~~ The office's progress in developing, implementing, and
17 administering the medical debt acquisition and
18 forgiveness program; and

19 ~~(2)~~ An analysis of actions taken by other states in the
20 preceding year that are reasonably related to the
21 cancellation of medical debt, including prohibiting
22 medical debt from appearing on credit reports."

23 SECTION ~~3~~4. There is appropriated out of the general
24 revenues of the State of Hawaii the sum of\$ or so
25 much thereof as may be necessary for fiscal year 2026-2027 for

1 the office of wellness and resilience to develop, implement, and
2 administer the medical debt acquisition and forgiveness program
3 established pursuant to section 2 of this Act to acquire and
4 ~~satisfy~~ forgive or discharge outstanding medical debt for certain
5 individuals in the State, ~~beginning with the debt that has been~~
6 ~~acquired by medical debt collection and cancellation~~
7 ~~organizations.~~

8 The sum appropriated shall be expended by the office of
9 wellness and resilience for the purposes of this Act.

10 SECTION 45. New statutory material is underscored.

11 SECTION 56. This Act shall take effect on January 30, 2050.

Report Title:

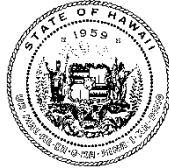
OWR; Medical Debt Acquisition and Forgiveness Program; Reports; Appropriation

Description:

Requires the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for certain individuals in the State beginning with the medical debt of the 50,016 Hawaii residents that has already been acquired by medical debt and consolidation organizations. Requires reports to the Legislature. Appropriates moneys. Effective 1/30/2050. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
CONSUMER PROTECTION AND COMMERCE
March 25, 2026, 2:00 P.M.

SENATE BILL 3025, SD2, HD1
RELATING TO MEDICAL DEBT

Chair Matayoshi, Vice Chair Grandinetti, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 3025, SD2, HD1. The State Procurement Office (SPO) appreciates that the House Draft 1 of this bill reflects comments we made in previous testimony clarifying that the Office of Wellness and Resilience is required to procure and contract with an entity in accordance with Chapter 103D or 103F, Hawaii Revised Statutes (HRS), as applicable.

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



March 25, 2026 at 2:00 pm
Conference Room 329

House Committee on Consumer Protection and Commerce

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

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

Re: **Testimony in Support**
SB 3025 SD 2 HD 1, Relating to Medical Debt

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the healthcare continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to **support** this measure, which seeks to implement a program in collaboration with medical providers to acquire and forgive medical debt. We are appreciative that the legislature is interested in encouraging broader discussion on the extent of medical indebtedness and believe that efforts to relieve debt will have positive effects for providers and patients alike. By bringing together providers, policymakers, and experienced national partners, Hawaii can explore creative, data-driven approaches that meaningfully reduce financial stress for families while strengthening trust in our health care system. With the right structure and strong partnership, this initiative has the potential to be a positive, forward-looking model that supports both patients and providers.

The legislature has been a leader in ensuring that residents have access to quality, affordable care. We look forward to working with stakeholders to continue to advocate for expanded access to care, and support efforts to ensure that no one forgoes needed services over concerns about affordability.



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

From: Paula Arcena, Senior Vice President of External Affairs
Mike Nguyen, Senior Director of External Affairs
Maria Rallojay, Public Policy Specialist

Hearing: Wednesday, March 25, 2026, 2:00pm, Conference Room 329

RE: **SB3025 SD2 HD1 Relating to Medical Debt**

AlohaCare appreciates the opportunity to provide testimony in **support** of **SB3025 SD2 HD1**, as a member of the Healthcare Safety Net Coalition. This measure would require the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for certain individuals.

The Healthcare Safety Net Coalition is a coalition of safety net-serving organizations advocating for better laws and policies impacting the healthcare of the state's safety net populations. Through a combination of policy advocacy, collaboration with community organizations, and engagement with government agencies, the Healthcare Safety Net Coalition works with and for low-income and underserved communities to improve healthcare outcomes, quality and experiences for the safety-net population.

AlohaCare is committed to whole-person care by addressing key social determinants of health like economic stability. Affordability is a healthcare issue. Hawai'i's cost of living is among the highest in the country, and many families are struggling to afford their basic needs. With the upcoming implementation of new federal H.R. 1 mandates, such as community engagement requirements and frequent eligibility redetermination within the Medicaid program nationally, the Congressional Budget Office estimates that this will lead to a significant increase in uninsured individuals¹. In Hawai'i, the estimated Medicaid coverage loss ranges from approximately 19,000 to 38,000 individuals. Meanwhile, recent data suggest that up to 50,000 Hawai'i residents owe roughly \$91 million in medical debt. The combination of new H.R. 1 requirements, the expiration of enhanced premium tax credits, and other recent federal policy changes will likely worsen this medical debt problem.

¹ It is projected that 10 million people in the country will be uninsured by 2034 2025, July 21. *CBO's Estimate of Annual Changes in the Number of People Without Health Insurance Under Title VII, Public Law 119-21*. Congressional Budget Office



For these reasons, AlohaCare supports this measure to prevent medical debt from delaying care, obtaining housing and employment, and making sure that a health emergency does not result in lasting damage to economic opportunity.

Mahalo for this opportunity to testify in **support** of **SB3025 SD2 HD1**.



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

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

Date: March 25, 2026

Re: Support of SB3025 SD2 HD1 – Relating to Medical Debt

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 testimony in **support** of SB3025 SD2 HD1, which requires the Office of Wellness and Resilience (OWR) to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for certain individuals in the State, subject to the availability of program funds, beginning with the medical debt that has already been acquired by medical debt and consolidation organizations.

Roughly one in three people in this country are struggling with unpaid medical bills – over 100 million people. This debt can in-turn have a profound and cascading adverse influence over decisions to seek future medical services and critical medication. The proposed program is similar to successful programs currently being employed in states like New Jersey, Connecticut, and Hawai'i – Queen's Health Systems recently concluded our first successful effort at this method of medical debt forgiveness and we are in the process of proceeding with a second round.

We view this model of addressing medical debt as a promising and worthy endeavor; through our work with Undue (formerly RIP), a national non-profit focused on eliminating medical debt, we were successful in removing medical debt going back nearly three years. We see this as a benefit to both our patients and to our overall healthcare system. Should this legislation ultimately pass, we stand ready to collaborate with the OWR and other stakeholders to share our experience.

Mahalo for allowing us to provide testimony in support of SB3025 SD2 HD1.

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.



holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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Page 1 of 2

Committee: House Committee on Consumer Protection and Commerce
Bill Number: SB3025 HD1, Relating to Medical Debt
Hearing Date and Time: March 25, 2026, at 2:00pm (Room 329)
Re: Testimony of Holomua Collaborative in Support

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

We write in support of SB3025 HD1, Relating to Medical Debt. This bill requires the Office of Wellness and Resilience, subject to availability of funds, to design, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive medical debt owned individuals with a household income of less than 400% of the federal poverty level or with an adjusted gross income of less than \$100,000 who have a medical debt balance that is 5% or more of the household income. As noted in the bill's preamble, medical debt is a social determinant of health because patients with burdensome medical debt often delay the care they need, may experience problems obtaining employment and housing, have difficulty escaping poverty, and experience mental stress.

Our organization is devoted to finding ways to keep all local working families in Hawai'i by making sure they can afford to stay. Eliminating medical debt for local families who cannot afford to pay it would help do just that. In a recent survey of 3200 local residents:

- 30% spend more than 12% of their income on healthcare, compared to 16% in 2024.
- 73% of respondents expressed some level of worry about unanticipated healthcare expenses they cannot afford, with 14% worrying almost all the time that they would not be able to pay for such expenses.¹

The way this program addresses this problem makes economic sense, not just for the people whose debt will be forgiven, but also for the broader Hawai'i economy. According to reporting from *Governing* magazine, “[a]cquiring medical debt is relatively cheap: hospitals that sell medical debt portfolios do so for just pennies on the dollar, usually to investors on the secondary market. The purchase price is so low because hospitals and debt buyers alike know that medical debt is the hardest form to collect. Nearly 60 percent of all debt held by collection agencies is medical debt owed by some 43 million households, according to the Consumer Financial Protection Bureau.”²

This is why an increasing number of jurisdictions across the country have adopted the model. These jurisdictions have been partnering with nonprofits that purchase debt at pennies on the dollar and then forgive it. There are no administrative hurdles for community members to overcome. Recipients are simply sent a letter informing them their debt has been forgiven.

¹ 2025 Affordability Survey, Holomua Collective.

² “These Local Governments are Using Federal Aid to Cancel Medical Debt,” December 12, 2022 in *Governing* Magazine (<https://www.governing.com/finance/these-local-governments-are-using-federal-aid-to-cancel-medical-debt>).

In addition to the direct health and economic benefits for the families that are positively impacted, there are systemic benefits to the local economy, including:

- For some, medical debt may have prevented them from seeking necessary healthcare services due to financial constraints. By forgiving medical debt, people may be more likely to seek preventive care, treatments, or procedures they had previously delayed. This can lead to healthier communities, increased productivity, and reduced healthcare costs in the long term.
- Medical debt forgiveness can improve households' financial stability, reducing stress and uncertainty about their financial situation. This stability can lead to increased confidence in making purchases, investments, and big-ticket items like vehicles or homes, further boosting local economic activity.
- When medical debt is forgiven, people have more disposable income for other expenses. This can lead to increased spending on goods and services within their communities, supporting local businesses such as restaurants, retail stores, and service providers.
- Medical debt forgiveness can also have positive effects on local credit markets. When medical debt is forgiven, it can improve individuals' credit scores and financial profiles. This can lead to greater access to credit for individuals and businesses in the community, facilitating investment and economic growth.

Unlike most loan and credit card debt, medical debt is not something that a person typically seeks out, it is the result of an accident or illness and a system that does typically does not provide a patient with costs in advance of service. We note that this program only benefits people who realistically will never be able pay these debts without submerging themselves in financial poverty. The program established by this bill will only buy debt to forgive that meets at least one of two qualifications for relief: (1) those in a household earning four times (4x) or below the federal poverty level; or (2) those with an annual income less than \$100,000 whose medical debt is 5% or more of their annual income.³ In other words, this is not a handout. It is a safety net.

Forgiving medical debt can provide direct financial relief to individuals while also generating positive ripple effects throughout local economies, ultimately contributing to economic growth and stability.

We appreciate the opportunity to testify in support of SB3025 HD1.

Sincerely,

Matthew Prellberg
Policy and Communications Director

³ <https://unduemedicaldebt.org/solutions-to-buy-medical-debt/>



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Hawai'i Farm to School Network

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: March 24, 2026

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

RE: Support for SB 3025 SD2 HD1, Relating To Medical Debt

Hrg: March 25, 2026, at 2:00 PM, Conference Room 329

The Hawai'i Public Health Institute,¹ supports **SB 3025 SD2 HD1**, relating to medical debt. This bill requires the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for certain individuals in the State beginning with the medical debt of the 50,016 Hawai'i residents that has already been acquired by medical debt and consolidation organizations.

Medical debt is a major financial encumbrance to local families. Eliminating medical debt will provide economic relief to those who are struggling under the weight of healthcare costs, especially in light of Hawai'i's high cost of living.

The Medical Debt Burden

People in the United States owe at least \$220 billion in medical debt, with approximately 14 million people (6% of adults) owing over \$1,000 in medical debt and about 3 million people (1% of adults) owing more than \$10,000.²

A 2022 KFF Health Care Debt Survey found that 41% of adults currently have some debt caused by medical or dental bills. The survey also found that a third of those with healthcare debt (35%) said that it has negatively affected their credit score. An additional 3% of respondents said that it has caused them to declare personal bankruptcy.³ Furthermore, KFF's analysis showed that medical debt disproportionately impacts women, racial minorities, and low-income households (below \$40,000 in annual earnings).

Medical Debt Relief

In response to the growing medical debt crisis, multiple states have launched debt relief programs designed to prevent the accumulation of medical debt, limit coercive debt collection practices, and purchase and

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people and islands of Hawai'i. We do this through expanding our understanding of what creates health of people and place, fostering partnerships, and cultivating programs to improve policies, systems, and the environments where people live, learn, work, age, and play.

²<https://www.kff.org/health-costs/issue-brief/the-burden-of-medical-debt-in-the-united-states>

³<https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings>



eliminate medical debt. New Jersey, the first state to announce a statewide initiative to tackle medical debt, partnered with the organization Undue Medical Debt to commit \$10 million toward canceling healthcare debt for tens of thousands of residents.⁴ Similarly, Connecticut erased nearly \$30 million in medical debt for 23,000 residents in 2024.⁵

In Hawai'i, an estimated 2.3% of local families carry health-related debt.⁶ Moreover, 16% of residents spend more than 12% of their income on healthcare, showing the need to enact programs that prevent the accumulation of medical debt for island households.⁷ Accordingly, we hope you will pass this measure to prevent medical debt from undermining the financial security of our state's hardworking 'ohana.

Mahalo,

A handwritten signature in black ink that reads "Kris Coffield". The signature is written in a cursive, flowing style.

Kris Coffield
Policy and Advocacy Associate

⁴ <https://www.njspotlightnews.org/2023/10/op-ed-nj-takes-lead-on-addressing-medical-debt>

⁵ https://portal.ct.gov/governor/news/press-releases/2024/12-2024/governor-lamont-announces-nearly-23k-residents-will-have-30-million-in-medical-debt-erased?language=en_US

⁶ <https://www.healthsystemtracker.org/brief/the-burden-of-medical-debt-in-the-united-states>

⁷ <https://holomuacollective.org/survey/>



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB3025 HD1, Relating to Medical Debt

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

We support SB3025 HD1, which requires the Office of Wellness and Resilience to, subject to the availability of funding, design, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive certain medical debt in the state.

Mana Up is a statewide initiative that provides entrepreneurs in Hawai'i with the resources and tools to grow their businesses and scale globally. As these entrepreneurs continue to grow, they also contribute to the expansion of our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship, providing a better future for generations to come here in Hawai'i.

We repeatedly hear from our entrepreneurs that Hawai'i's high cost of living makes it difficult to thrive in our home, and that medical debt makes that burden even greater. Medical debt is a heavy load for families in our state, forcing many to choose between paying for essential needs like food and rent or keeping up with medical bills. Unexpected health emergencies, even for those with insurance, can leave families facing thousands of dollars in debt they can't manage. This financial pressure disrupts family life, increases stress, and reduces the likelihood of future success.

When families must prioritize medical bills over other essential expenses, it affects our entire community. Children might go hungry, families could lose their homes, and opportunities for economic advancement could stall. Constant financial stress affects people's productivity, education, and overall health.

By passing this bill, the state can help families struggling with this burden, allowing them to use their limited funds for stable housing and their children's education, while also contributing to the economy. This is more than just getting rid of debt—it's about restoring financial security and giving families the opportunity to succeed.

Sincerely,

Meli James | Cofounder, Mana Up
Brittany Heyd | Cofounder, Mana Up

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March 25, 2026

Committee: House Committee on Consumer Protection and Commerce
Bill Number: SB3025 HD1, Relating to Medical Debt
Hearing Date and Time: March 25, 2026, 2:00pm
Re: Testimony of HPM Building Supply in Support

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

I offer this testimony in support of SB3025 HD1, Relating to Medical Debt, which directs the Office of Wellness and Resilience to establish a program to acquire and forgive medical debt for Hawai'i households for pennies on the dollar.

Since 1921, HPM Building Supply has partnered with Hawai'i's homeowners, contractors, and tradespeople to build stronger homes, communities, and futures. As a 100% employee-owned company with island-wide operations, we depend on a healthy, skilled, and reliable workforce. When unexpected medical expenses become long-term debt, people may delay necessary care, struggle with financial stress, or face barriers to returning to work in full.

SB3025 HD1 recognizes that medical debt is not just a financial issue, but a workforce and community issue. This measure aims to support worker health, improve retention, and reduce the administrative burdens that debt imposes on families and our healthcare system alike. Targeted forgiveness of the uncollectable medical debt of some of our most vulnerable neighbors could improve health outcomes and allow those truly in need the opportunity to get back on their feet. For these reasons, HPM Building Supply strongly supports SB3025 HD1 and urges the Committee to pass this important measure.

Mahalo for the opportunity to submit testimony.

Sincerely,

Jason Fujimoto
Chairman & CEO





HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB 3025 – Relating to Medical Debt
House Committees on Commerce and Consumer Protection
Wednesday March 25, 2026, at 2:00PM

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

Hawai'i Appleseed Center for Law and Economic Justice strongly supports **Senate Bill 3025**, which requires the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive outstanding medical debt for qualifying Hawai'i residents.

Medical debt is a persistent cause of financial instability, housing insecurity, and poor health outcomes for families in our islands. One survey by the University of Hawai'i found that around 19% of respondents carried medical debt of at least \$500. In addition, 20% of participants were forced to delay seeking out care in the interest of avoiding further debt. These figures are a troubling confirmation that medical debt weighs heavily on a shockingly large portion of our family, friends, and neighbors.

As noted by the bill authors, SB 3025 is based on a proven approach that is already being utilized around the nation. Twenty-seven states and cities have partnered with non-profit entities that purchase large amounts of medical debt at a discount, then proceed to pay it off entirely. For many families, escaping this medical debt is a matter of survival—determining whether or not they will be able to keep their families adequately fed and housed.

This bill sets the eligibility criteria at household income at or below 400 percent of the federal poverty level, or a medical debt balance at least five percent of household income. In the process, it ensures that this debt relief is targeted to households that are struggling to make ends meet, much less make debt payments.

We also support this bill's focus on privacy protections and supportive services. SB3025 requires that any personally identifiable information is used only for relieving medical debt or providing financial education, insurance enrollment assistance, and other services. This provides an opportunity to not only to eliminate existing debt, but also to connect households with tools that will reduce their future risk of falling into debt.

SB 3025 would be a critical investment for Hawai'i's families—not just in terms of immediate financial assistance, but quality of life as well. Households that are freed from their debt would

have more income for rent, food, transportation, and other essentials. Furthermore, they will be less likely to avoid seeking out medical care in the future—lowering their risk of acquiring severe illnesses and taking on even more medical debt.

For all of these reasons, Hawai‘i Appleseed urges you to pass SB 3025. This bill offers a well-tested solution that would lift up thousands of Hawai‘i’s families, allowing them to take strides towards long-term economic security.

Mahalo for your consideration.



House Committee on Consumer Protection & Commerce
House Rep. Scot Matayoshi, Chair
House Tina Grandinetti, Vice Chair

Hearing Date: Wednesday, March 25, 2026

ACS CAN SUPPORTS SB 3025 SD2 HD1: RELATING TO MEDICAL DEBT.

Cynthia Au, Government Relations Director – Hawai'i Guam
American Cancer Society Cancer Action Network

Thank you for the opportunity to **SUPPORT** SB 3025 SD2 HD1: RELATING TO MEDICAL DEBT which requires the Office of Wellness and Resilience to develop, implement and administer a program to acquire and forgive outstanding medical debt. The American Cancer Society Cancer Action Network (ACS CAN) is the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society. We support fact-based policy and legislative solutions designed to eliminate cancer as a major health problem.

It's estimated that about 9,400 people will be diagnosed with cancer in Hawai'i this year. Unanticipated medical costs contribute to the worry about affording cancer care.ⁱ Medical debt impacts many people with cancer, their caregivers and their families. ACS CAN has long fought for public policies – like access to comprehensive and affordable health insurance coverage – that reduce the likelihood or severity of that debt. People with cancer often bear significant health care costs because they can have substantial health care needs, are high utilizers of health care services, use many different providers, and sometimes require more expensive treatments. They also must pay many indirect costs, like transportation and lodging as well as losing wages due to unpaid time off or job loss, that add to their already heavy cost burden. In Hawai'i, patients located on the neighbor islands may have to travel to O'ahu to receive their cancer treatments.

Other research documents the negative effect medical debt has on people with cancer including housing concerns, strained relationships,ⁱⁱ and bankruptcy.ⁱⁱⁱ Delaying or forgoing care because of cost, which is more common among people with medical debt, is associated with increased

mortality risk among cancer survivors.^{iv} U.S. counties with higher levels of medical debt are also more likely to have significantly higher rates of cancer mortality.^v

Thank you for the opportunity to support this important bill. We urge the committees to pass SB 3025 SD2 HD1 and to take further action that would prevent patients from incurring medical debt. We look forward to continuing to work with you to make health care more affordable and prevent residents of Hawai'i with cancer from experiencing medical debt as a result of necessary cancer treatment by addressing the upstream causes of medical debt. Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at Cynthia.Au@Cancer.org or 808.460.6109.

ⁱ American Cancer Society Cancer Facts & Figures 2024 <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/annual-cancer-facts-and-figures/2024/2024-cancer-facts-and-figures-acf.pdf>

ⁱⁱ Banegas MP, Schneider JL, Firemark AJ, et al. The social and economic toll of cancer survivorship: a complex web of financial sacrifice. *J Cancer Surviv.* 2019;13(3):406-417. doi:10.1007/s11764-019-00761-1

ⁱⁱⁱ Ramsey SD, Blough DK, Kirchoff AC, et al. Washington Cancer Patients Found To Be At Greater Risk For Bankruptcy Than People Without A Cancer Diagnosis. *Health Aff (Millwood).* 2013;32(6):1143-1152. doi:10.1377/hlthaff.2012.1263

^{iv} Yabroff KR, Han X, Song W, Zhao J, Nogueira L, Pollack CE, Jemal A, Zheng Z. Association of Medical Financial Hardship and Mortality Among Cancer Survivors in the United States. *J Natl Cancer Inst.* 2022 Jun 13;114(6):863-870.

^v Xin Hu, Zhiyuan Zheng, Kewei Sylvia Shi, Robin Yabroff, and Xuesong Han. Association of medical debt and cancer mortality in the US. *Journal of Clinical Oncology* 2023 41:16_suppl, 6505-6505



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

LATE

To: The Honorable Scot Matayoshi, Chair
The Honorable Tina Grandinetti, Vice Chair
House Committee on Consumer Protection & Commerce
Hearing: Wednesday, March 25, 2026, 2:00pm, Conference Room 329
RE: **SB3025 SD2 Relating to Medical Debt**

Indivisible Hawaii Healthcare Team appreciates the opportunity to provide testimony in support of SB3025 as a member of the Healthcare Safety Net Coalition.

We support policies that improve the health, economic stability, and access to care for Hawai'i's safety net populations. Affordability is a healthcare issue. Hawai'i's cost of living is among the highest in the country, and many families are struggling to afford their basic needs. With the upcoming implementation of new federal H.R. 1 mandates, such as community engagement requirements and frequent eligibility redetermination within the Medicaid program nationally, the Congressional Budget Office estimates that this will lead to a significant increase in uninsured individuals ¹. In Hawai'i, the estimated Medicaid coverage loss ranges from approximately 19,000 to 38,000 individuals. Meanwhile, recent data suggest that up to 50,000 Hawai'i residents owe roughly \$91 million in medical debt. The combination of new H.R. 1 requirements, the expiration of enhanced premium tax credits, and other recent federal policy changes will likely worsen this medical debt problem.

Mahalo for this opportunity to testify in support of this important measure.

Sincerely,
Indivisible Hawaii Healthcare Team

The mission of the 14-chapter Indivisible Hawai'i Statewide Network (IHSN) is to protect Hawai'i and democracy by defending civil rights, communities and values, most importantly, Hawai'i's Constitutionally protected spirit of Aloha. In October 2025, IHSN with other partners turned out over 22,000 residents on all major islands to say No Dictators! and to stand up for democracy. This call-to-action was part of Indivisible national's mobilization of more than 7 million across the country as the voice of the people, committed to election integrity and to evolving as a place of equity, opportunity and peace.

SB-3025-HD-1

Submitted on: 3/23/2026 4:46:16 PM

Testimony for CPC on 3/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
chelsea pang	Individual	Support	Written Testimony Only

Comments:

I support providing relief for those with medical debt. No one should loose their home, ability to care of their family and thrive when experiencing health issues.

SB-3025-HD-1

Submitted on: 3/23/2026 5:56:57 PM

Testimony for CPC on 3/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Oppose	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Oppose w/COMMENT 3025 SB RELATING TO MEDICAL DEBT.

IRAN WAR IS COSTING TAXPYERS 1BILLION \$ A DAY. HOW WILL FEDERAL FUNDING IMPACT THE SOH BUDGET?

Wiping out the debt WILL FALL ON TAXPAYERS.

PATIENT TREATMENT IS ONGOING AND WILL CONTINUE NEW DEBT.

THOUSANDS OF PEOPLE LOST MEDICAL COVERAGE DUE THE AFFORDABLE ACT DISCONTINUATION. LEAVING THOUSANDS OF PEOPLE WITHOUT MEDICAL COVERAGE AND AS A RESULT ER CARE WILL BE PAID BY TAXPAYERS.

SB-3025-HD-1

Submitted on: 3/23/2026 8:17:04 PM

Testimony for CPC on 3/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ilima DeCosta	Individual	Oppose	Remotely Via Zoom

Comments:

Mahalo to the Chair, Vice Chair and Committee members for this opportunity to provide my comments relative to SB3025.

SB3025 alleges that if the Office of Wellness and Resilience were given the legal authority and \$500,000 in tax payer monies, that OWR will contract with an existing non profit that will in turn assist Hawai'i residents to become unburdened with \$91million medical debt forgiveness.

According to the experts - like non profit Undue Medical Debt - it is possible to obtain medical debt forgiveness at the rate of \$100 for every \$1 spent.

This means that - with \$500,000 in taxpayer funds - the state of Hawai'i already has half of what it needs to obtain medical debt forgiveness for \$50 million of the reported \$91million in resident medical debt.

Rather than spend the \$500,000 to adopt a non profit - paying a few salaries etc - Hawai'i taxpayer monies would be better spent by creating a fund that seeks matching donors to eliminate the \$91million in debt.

As I have testified previously, I am in complete favor of the state assisting Hawai'i residents who are burdened with medical debt and are not able to obtain forgiveness under the federal law due to their income.

However, the Office of Wellness and Resilience has not demonstrated that it can handle the tasks it has already been assigned and we shouldn't expect them to acquire more responsibilities.

OWR started their foray into social services with the Peer Specialist program, in 2023, and nothing has been accomplished to move the profession forward. In fact, the only state paid Peer Specialist remaining is the Koko Head Slasher.

OWR also engaged with CWS, creating the Malama Ohana working group, yet parent participants have told me that their input was largely overlooked in favor of recommendations from already complicit non profits.

Lastly, OWR was advised by legal experts in the area of trauma informed work NOT to make a declaration that Hawai'i is a trauma informed state, yet OWR ignored that good advise and has

gas lit many native Hawaiians in the process. OWR will say it wasn't their intention, but OWR did ignore good advise.

Hawai'i residents would benefit from legislation that compels non profit hospitals to engage more actively in the debt recovery process with their former patients.

For example, the state of Washington has a law in place that clarifies the obligations of non profit hospitals and encourages debt forgiveness for those making up to 400% of the poverty level.

There are methods to help relieve struggling Hawai'i residents that don't require taxpayers to adopt a non profit for \$500,000 and I think that this is a good time to have this discussion. But not with OWR.

For all these reasons and to ensure that Hawai'i taxpayers are helping the people who really need the help - not wasting the taxpayer money on non profit salaries - I urge this committee to defer or vote Nay on SB3025. Mahalo piha.

SB-3025-HD-1

Submitted on: 3/24/2026 7:44:56 AM

Testimony for CPC on 3/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Thaddeus Pham	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Matayoshi, Vice Chair Grandinetti, and CPC Committee Members,

As a public health professional, I write in strong support of SB3025.

Affordability is a healthcare issue. Hawai'i's cost of living is among the highest in the country, and many families are struggling to afford their basic needs. Recent data suggest that up to 50,000 of our local residents already owe \$91 million in medical debt. With the upcoming implementation of new federal H.R. 1 mandates, up to 38,000 local residents will lose Medicaid coverage soon, which will worsen this medical debt problem.

Please support this measure to make life in Hawai'i both affordable and healthy for our local families.

Mahalo,

Thaddeus Pham

LATE

SB-3025-HD-1

Submitted on: 3/24/2026 4:48:29 PM

Testimony for CPC on 3/25/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Doris Segal Matsunaga	Individual	Support	Written Testimony Only

Comments:

As a grandmother living in Waimea on Hawaii Island, I strongly support this measure