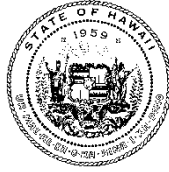


JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

April 7, 2026, 2:00 P.M.

SENATE BILL 3025, SD2, HD2
RELATING TO MEDICAL DEBT

Chair Todd, Vice Chair Takenouchi, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 3025, SD2, HD2. The State Procurement Office (SPO) appreciates the intent of this bill to assist Hawaii residents and families with outstanding medical debt. The SPO respectfully provides the following comments and recommendation.

Comments

This bill appropriates funds for the office of wellness and resilience to establish a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt for certain individuals in the State, beginning with the entities for the purposes of developing, implementing, and administering the Program. Section 2, Page 5, lines 1 to 4, authorizes the procurement with these entities rather than requires the office to procure and contract in accordance with Chapters 103D and 103F, Hawaii Revised Statutes (HRS). The bill does not provide justification for exempting third-party contracts from HRS Chapter 103D - Hawaii Public Procurement Code and Chapter 103F - Purchase of Health and Human Services.

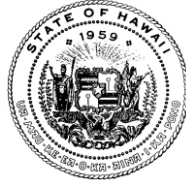
Recommendation

The SPO offers the following revisions to Section 2, Page 5, lines 1-4, under "§346- Medical debt acquisition and forgiveness program":

"(c) The office **[may]** ~~shall~~ procure and contract with entities in accordance with chapter 103D or 103F, for the purposes of developing, implementing, and administering the medical debt acquisition and forgiveness program. "

Exemption from Chapter 103D and 103F, HRS, means that procurements using taxpayer funds will not be subject to the same oversight, accountability and transparency requirements mandated under established procurement processes. The State's single source of public procurement policy should be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure, and transparency in the procurement and contracting process vital to good government.

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



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 HD2
RELATING TO MEDICAL DEBT

House Committee on Finance
Chris Todd, Chair
Jenna Takenouchi, Vice Chair
April 7, 2026, at 2:00 p.m.; Room Number: 308

The Office of Wellness and Resilience (OWR) **STRONGLY SUPPORTS** S.B. 3025 SD2 HD2 Relating to Medical Debt and respectfully requests amendments.

Amendment request

S.B. 3025 SD2 HD2 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 and operational feasibility, including a timeline that would allow the OWR to appropriately execute contracts and set up policies and procedures to administer the program;
- 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 public 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 HD2 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:

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

The legislature further finds that medical debt is a social determinant of health as patients with burdensome medical debt often delay the care they need, may experience issues obtaining employment and housing, have difficulty escaping poverty, and experience increased mental stress. And the Legislature finds and declares that the appropriation is in the public interest and for the public health, safety, and general welfare of the State. Due to a rising cost of living and a health care system built on a for-profit model, many families are never able to repay medical debt.

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

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

The legislature finds that a medical debt consolidation and cancellation non-profit organization has already acquired the unpaid medical debt of 50,016 residents of the State, totaling \$91,310,664. This includes 39,401 individuals on Oahu, 6,654 individuals on Hawaii Island, 3,597 individuals on Maui, Molokai, and Lanai, and three hundred sixteen individuals on Kauai.

Accordingly, the purpose of this Act is to authorize the office of wellness and resilience to develop, implement, and oversee the administration of a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt for certain Hawaii residents, subject to the availability of program funds.

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

"§346- Medical debt acquisition and forgiveness program. (a) The office may develop, implement, and administer a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt **that is identified as available for acquisition** for residents of the State, subject to the availability of program funds [~~for contracts with organizations that administer medical debt acquisition and forgiveness~~].

(b) The office may partner with other relevant State agencies and programs to develop, implement, and administer the program.

~~(b)~~ **(c)** The program shall:

- (1) Acquire and forgive the medical debt of individuals who are residents of the State:

- (A) With a household income less than or equal to four hundred per cent of the federal poverty level for the State; and
 - (B) With an adjusted gross income of less than \$100,000 who have a medical debt balance of no less than five per cent of their household income; and
- (2) Ensure that any specific personally identifiable information or protected health information is collected in compliance with applicable federal and state laws, regulations, and rules, and is used only for the purposes of acquiring and satisfying or discharging medical debt, or providing financial education, insurance enrollment assistance, preventive measures, or similar support services. Information collected subject to this paragraph shall be confidential and not disclosed under chapter 92F without the consent of the individual or as otherwise provided by law.

~~(e)~~ **(d)** The office may procure and contract with entities, in accordance with chapter 103D or 103F, for the purposes of developing, implementing, and administering the medical debt acquisition and forgiveness program.

~~(d)~~ **(e)** Any acquisition and forgiveness of medical debt under the program shall be ~~[deemed fully forgiven upon payment of an amount of no greater than 0.10 per cent of the overall medical debt of each individual]~~ **negotiated to ensure the best possible value for the State.**

~~(e)~~ **(f)** The office may receive appropriations from the legislature, private funds, or federal funds for the purpose of acquiring and forgiving outstanding medical debt pursuant to this section."

SECTION 3. The office shall submit a report of its progress in developing, implementing, and administering the medical debt acquisition and forgiveness program, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2027.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2026-2027 for the office of wellness and resilience to develop, implement, and administer the medical debt acquisition and forgiveness program established pursuant to section 2 of this Act to acquire and forgive outstanding medical debt for certain individuals who are residents of the State; provided that no funds shall be expended unless matched on a dollar-for-dollar basis by funds from a private source.

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

The appropriation authorized by this Act shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30 2027, shall lapse as of that date.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 3000.

To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice-Chair
Members, House Committee on Finance

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

Date: April 7, 2026

Re: Support of SB3025 SD2 HD2 – 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 HD2, 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. Furthermore, we support the amendments being offered by OWR.

Mahalo for allowing us to provide testimony in support of SB3025 SD2 HD2.

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.



HIPHI Board

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HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community-Based Research &
Evaluation

Community Health
Worker Initiatives

COVID-19 Response

Environmental Health

Hawai'i Drug & Alcohol-Free Coalitions

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: April 2, 2026

To: Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

Re: Support for SB 3025 SD2 HD2, Relating To Medical Debt

Hrg: April 7, 2026, at 2:00 PM, Conference Room 308

The Hawai'i Public Health Institute,¹ supports **SB 3025 SD2 HD2**, 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 "Nate Hix". The signature is fluid and cursive, written in a professional but personal style.

Nate Hix
Director of Policy and Advocacy

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/>



To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Finance

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

Hearing: Tuesday, April 7, 2026, 2:00pm, Conference Room 308

RE: **SB3025 SD2 HD2 Relating to Medical Debt**

AlohaCare appreciates the opportunity to provide testimony in **support** of **SB3025 SD2 HD2**, 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 HD2**.



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

To: The Honorable Chris Todd, Chair, The Honorable Jenna Takenouchi, Vice Chair,
and Members of the Committee

House Committee on Finance

Hearing: Tuesday, April 7, 2026 at 2:00pm, Conference Room 308

RE: **SB3025 SD2 HD2 Relating to Medical Debt**

Indivisible Hawaii Healthcare Team appreciates the opportunity to provide testimony in support of SB3025 SD2 HD2 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.



www.AlohaILHawaii.org

Apr 7, 2026

MISSION

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

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

EXECUTIVE DIRECTOR

Roxanne U. Bolden

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The Honorable Chris Todd, Chair
House Committee on Finance
The Thirty-Third Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

SUBJECT: Strong Support for SB3025 SD2 HD2 – Relating to Medical Debt

Chair and Members of the Committee:

Aloha Independent Living Hawaii (AILH) is a Center for Independent Living serving disabled people of all ages across Hawaii. Medical debt is a barrier to Independent Living because it undermines people's ability to secure housing, employment, and transportation and to seek the care they need to stay in the community.

SB3025 SD2 HD2 authorizes the Office of Wellness and Resilience to develop and administer a Medical Debt Acquisition and Forgiveness Program to purchase and abolish qualifying medical debt for Hawaii residents, using proven models that have eliminated billions in debt in other jurisdictions at a small fraction of face value. The bill targets residents with lower incomes or medical debt that is a significant share of household income and allows the State to leverage appropriated funds with private matching dollars for maximum impact. For disabled people, relieving medical debt can be the difference between maintaining housing and falling into homelessness, or between getting essential care and delaying treatment due to fear of more bills.

From a Finance perspective, this program is a high-leverage investment: by purchasing debt for up to 0.10 per cent of its face value, the State can unlock large gains in financial stability, health, and community participation for residents with disabilities and other low-income kupuna and families. Reducing medical debt also supports broader fiscal goals by lowering



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downstream costs in emergency care, homelessness, and institutionalization.

We respectfully urge the Committee on Finance to pass SB3025 SD2 HD2 and retain the program structure that leverages private matching funds and proven medical debt abolition strategies.

Thank you for the opportunity to testify.

Mahalo,

Roxanne Bolden
Executive Director



House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

Hearing Date: Tuesday, April 7, 2026

ACS CAN SUPPORTS SB 3025 SD2 HD2: 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 HD2: RELATING TO MEDICAL DEBT which authorizes 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 HD2 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

SB-3025-HD-2

Submitted on: 4/5/2026 11:23:54 AM

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

Submitted By	Organization	Testifier Position	Testify
Tasman Kekai Mattox	50501 Hawaii and General Strike Hawaii	Support	Written Testimony Only

Comments:

I am writing in support of SB3025. Medical debt can be a huge burden on our community. People do not ask to get sick or injured and added financial stress of having to manage large medical bills does not help. A medical debt relief program would be a welcome step in helping our communities become more financially free and able to support themselves and their families in the wake of sickness and injury.



To: House Finance Committee
Re: Testimony in SUPPORT of SB3025, SD2, HD2

Dear Chair Todd, Vice Chair Takenouchi, and the Members of House Finance Committee,

Members of AAUW of Hawai'i thank you for this opportunity to testify in support of SB3025, SD2, HD2, which (1) 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 residents of the State, subject to the availability of program funds, (2) requires a report to the Legislature before the Regular Session of 2027, and (3) appropriates funds subject to a matching private funds requirement.

Medical debt continues to be a leading contributor to bankruptcies in this nation. See <https://pmc.ncbi.nlm.nih.gov/articles/PMC6366487/#:~:text=Of%20the%203200%20surveys%20we,530%20000%20medical%20bankruptcies%20annually>. (retrieved Apr. 3, 2026). Medical debt, however, does not fall equally on all people. The harms of medical debt fall disproportionately on women. 48% of women (as compared to 34% of men) carry medical debt. See Lunna Lopes et al., *Health Care Debt in the U.S.: The Broad Consequences of Medical and Dental Bills* (Jun. 16, 2022), <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings>.

SB3025, SD2, HD2 will improve health, economic stability and security, and access to care for women in Hawai'i. For these reasons and more, AAUW of Hawai'i supports SB3025, SD2, HD2.

Sincerely,

Sandy Ma

AAUW of Hawai'i Public Policy Committee

The American Association of University Women (AAUW) of Hawai'i is an all-volunteer, statewide chapter of a national organization with close to 4,000 members and supporters across all four counties - Hawai'i, Honolulu, Kaula'i, and Maui. AAUW has state chapters in all 50 states and our mission is to advance gender equity through education and advocacy. Economic security for women is our goal.



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB3025 HD2, Relating to Medical Debt

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

We support SB3025 HD2, which authorizes 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



BUILDBETTER.LIVEBETTER.®

April 7, 2026

Committee: House Committee on Finance
Bill Number: SB3025 HD2, Relating to Medical Debt
Hearing Date and Time: April 7, 2026, 2:00pm
Re: Testimony of HPM Building Supply in Support

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members:

I offer this testimony in support of SB3025 HD2, Relating to Medical Debt, which authorizes 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 HD2 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 HD2 and urges the Committee to pass this important measure.

Mahalo for the opportunity to submit testimony.

Sincerely,

Jason Fujimoto
Chairman & CEO



(808) 966-5466 • FAX (808) 966-7564
16-166 MELEKAHIWA STREET • KEAAU, HAWAII 96749

HPMHAWAII.COM





April 7, 2026 at 2:00 pm
Conference Room 308

House Committee on Finance

To: Chair Chris Todd
Vice Chair Jenna Takenouchi

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

Re: **Testimony in Support**
SB 3025 SD 2 HD 2, 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.



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 Committee on Finance
Tuesday, April 7, 2026, at 2:00PM

Dear Chair Todd, Vice Chair Takenouchi, 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.



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.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
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Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
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Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

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HolomuaCollaborative.org

Page 1 of 9

Committee: House Committee on Finance
Bill Number: SB3025 HD2, Relating to Medical Debt
Hearing Date and Time: April 7, 2026, at 2:00pm (Room 308)
Re: Testimony of Holomua Collaborative in Support

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

We write in support of SB3025 HD2, Relating to Medical Debt. This bill authorizes 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.

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

To best administer this program efficiently and quickly, we respectfully request the Committee make the following amendments, as outlined in the attached document:

- ***Include the following finding and declaration in the bill’s purpose section: “The legislature also finds and declares that the appropriation made pursuant to this act is in the public interest and for the public health, safety, and general welfare of the State.”***
- ***Clarify that the program created by this bill may acquire and forgive medical debt that is identified as available for acquisition for residents of the State.***
- ***Specify that the Office of Wellness and Resilience may partner with other relevant State agencies and programs to develop, implement, and administer the program.***
- ***Make the program exempt from procurement requirements.***
- ***Remove the requirement the acquisition and forgiveness of medical debt under the program be “deemed fully forgiven upon payment of an amount of no greater than 0.10 per cent of the overall medical debt of each individual” and replaced with “negotiated to ensure the possible value for the State.”***
- ***Provide that the unencumbered appropriation moneys authorized by this bill shall not lapse until June 30, 2027.***
- ***Other technical, non-substantive amendments.***

We appreciate the opportunity to testify in support of SB3025 HD2.

Sincerely,

Matthew Prellberg
Policy and Communications Director

A BILL FOR AN ACT

RELATING TO MEDICAL DEBT.

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

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

The legislature further finds that medical debt is a social determinant of health as patients with burdensome medical debt often delay the care they need, may experience issues obtaining employment and housing, have difficulty escaping poverty, and experience increased mental stress. The legislature also finds and declares that the appropriation made pursuant to this act is in the public interest and for the public health, safety, and general welfare of the State. Due to a rising cost of living and a health care system built on a for-profit model, many families are never able to repay medical debt.

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

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

The legislature finds that a medical debt consolidation and cancellation non-profit organization has already acquired the unpaid medical debt of 50,016 residents of the State, totaling \$91,310,664. This includes 39,401 individuals on Oahu, 6,654 individuals on Hawaii Island, 3,597 individuals on Maui, Molokai, and Lanai, and three hundred sixteen individuals on Kauai.

Accordingly, the purpose of this Act is to authorize the office of wellness and resilience to develop, implement, and oversee the administration of a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt for certain Hawaii residents, subject to the availability of program funds.

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

"§346- Medical debt acquisition and forgiveness program. (a) The office may develop, implement, and administer a medical debt acquisition and forgiveness program to acquire and forgive outstanding medical debt that is identified as available for acquisition for residents of the State, subject to the availability of program funds [~~for contracts with organizations that administer medical debt acquisition and forgiveness~~].

(b) The office may partner with other relevant State agencies and programs to develop, implement, and administer the program.

~~(b)~~ (c) The program shall:

- (1) Acquire and forgive the medical debt of individuals who are residents of the State:

- (A) With a household income less than or equal to four hundred per cent of the federal poverty level for the State; and
 - (B) With an adjusted gross income of less than \$100,000 who have a medical debt balance of no less than five per cent of their household income; and
- (2) Ensure that any specific personally identifiable information or protected health information is collected in compliance with applicable federal and state laws, regulations, and rules, and is used only for the purposes of acquiring and satisfying or discharging medical debt, or providing financial education, insurance enrollment assistance, preventive measures, or similar support services. Information collected subject to this paragraph shall be confidential and not disclosed under chapter 92F without the consent of the individual or as otherwise provided by law.

~~[(e)]~~ **(d)** The office may ~~[procure and]~~, **without regard to chapter 103D or 103F, as applicable,** contract with entities ~~[in accordance with chapter 103D or 103F,]~~ **currently holding medical debt of State residents and has demonstrated experience and success partnering with hospitals and health systems in**

acquiring and satisfying or forgiving outstanding medical debt on behalf of state and municipal governments for the purposes of developing, implementing, and administering the medical debt acquisition and forgiveness program.

~~[(d)]~~ (e) Any acquisition and forgiveness of medical debt under the program shall be ~~[deemed fully forgiven upon payment of an amount of no greater than 0.10 per cent of the overall medical debt of each individual]~~ negotiated to ensure the best possible value for the State.

~~[(e)]~~ (f) The office may receive appropriations from the legislature, private funds, or federal funds for the purpose of acquiring and forgiving outstanding medical debt pursuant to this section."

SECTION 3. The office shall submit a report of its progress in developing, implementing, and administering the medical debt acquisition and forgiveness program, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2027.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$ _____ or so much thereof as may be necessary for fiscal year 2026-2027 for the office of wellness and resilience to develop, implement, and administer the medical debt acquisition and forgiveness program established pursuant to section 2 of this Act to acquire and

forgive outstanding medical debt for certain individuals who are residents of the State; provided that no funds shall be expended unless matched on a dollar-for-dollar basis by funds from a private source.

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

The appropriation authorized by this Act shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30 2027, shall lapse as of that date.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 3000.

SB-3025-HD-2

Submitted on: 4/2/2026 4:58:24 PM

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

Submitted By	Organization	Testifier Position	Testify
Diane Ware	Individual	Support	Written Testimony Only

Comments:

Dear Chair and Committee Members,

I urge you to pass this bill. No one should be faced with bankruptcy or poverty due to healthcare costs.

Respectfully,

Diane Ware Volcano 96785

SB-3025-HD-2

Submitted on: 4/3/2026 10:26:50 AM

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

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Support	Written Testimony Only

Comments:

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

I am writing in **strong support** of SB3025, which would establish a Medical Debt Acquisition and Forgiveness Program. This bill builds on years of legislative work and offers a direct, practical solution to a crushing burden carried by tens of thousands of our neighbors.

However, I must express deep concern about one change made by the previous committee that significantly weakens the bill—while also acknowledging a positive change that I support.

The Bad: Weakening "Require" to "Authorize"

The previous committee changed the bill's language from requiring the Office of Wellness and Resilience to develop, implement, and administer a Medical Debt Acquisition and Forgiveness Program to simply **authorizing** the Office to do so. This is not a minor technical change. It is a fundamental weakening of the bill that removes its teeth.

Under the original language, the Office had a clear mandate: develop the program, implement it, and administer it. Under the amended language, the Office may choose to do so—or may choose not to. There is no guarantee that the program will actually be created, no guarantee that the 50,016 Hawai'i residents whose debt has already been acquired will receive any relief, and no guarantee that the years of legislative work leading to this moment will result in action rather than continued study.

If we are serious about medical debt forgiveness, we must be serious about requiring it. "Authorization" is not a mandate. It is a permission slip that can be ignored. I urge this committee to restore the original "require" language and ensure that the Office of Wellness and Resilience has both the authority and the obligation to act.

The Good: Forgiveness Upon Payment

The previous committee also made a positive change that I support. The bill now specifies that any acquisition and forgiveness of medical debt under the program is deemed **fully forgiven upon payment of a certain amount of the overall medical debt of each individual**.

This is a practical and compassionate provision. It recognizes that medical debt is often purchased in portfolios at deep discounts, and that a partial payment can retire the entire obligation. This approach maximizes the impact of every dollar appropriated, allowing the program to help more people with the same resources. I commend the committee for this improvement.

The Problem: Medical Debt Is a Health Crisis

Medical debt is not just a financial issue—it is a health issue. Individuals with debt are **three times more likely to have mental health conditions**, including anxiety, stress, or depression. The burden falls disproportionately on those already vulnerable: people with disabilities, individuals in worse health, lower-income households, and the uninsured.

Yet despite Hawai‘i's expansion of Medicaid, numerous households remain uninsured or underinsured. They incur debt from out-of-pocket costs for treatments not covered by insurance plans. This debt follows them for years, damaging credit, limiting housing options, and creating impossible choices between paying medical bills and putting food on the table.

What SB3025 Does

SB3025 takes a targeted, efficient approach to this crisis. It would acquire and forgive outstanding medical debt, beginning with the medical debt that has already been acquired by medical debt and consolidation organizations for **50,000 Hawai‘i residents**. This is not a hypothetical future problem—the debt exists, it has been acquired, and it is ready to be forgiven.

The bill builds on extensive legislative groundwork. In 2024, the Legislature considered SB3239, which would have established a medical debt forgiveness pilot program. That bill received testimony in support from the Office of Wellness and Resilience, The Queen's Health System, the Healthcare Association of Hawai‘i, Aloha United Way, the American Cancer Society Cancer Action Network, and many others. The committees recognized that "medical debt can take a serious toll on a person's mental and physical well-being" and that it is "appropriate for the State to help alleviate this financial burden."

SB3025 takes the next logical step: moving from study to action, from feasibility to implementation. Organizations like RIP Medical Debt have demonstrated that acquiring and forgiving medical debt in bulk is cost-effective and life-changing. For every dollar contributed, they can often forgive ten dollars or more in debt by purchasing portfolios at deep discounts.

Who Would Benefit

The 50,000 residents whose debt has already been acquired represent real people—working families hit by unexpected emergencies, kūpuna on fixed incomes struggling with medication costs, individuals with chronic conditions, parents of children with complex medical needs. Forgiving their debt would provide immediate financial relief and remove a barrier to economic stability and peace of mind.

SB3025 offers a clear, practical, and compassionate path forward. The positive change—forgiveness upon payment—should be preserved. But the weakening of "require" to "authorize" must be reversed. I urge this committee to **restore the original mandate language** and pass a bill that actually delivers relief to the 50,000 Hawai'i residents waiting for it.

Mahalo for the opportunity to testify.

SB-3025-HD-2

Submitted on: 4/5/2026 7:35:51 PM

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

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT!! MAHALO!

SB-3025-HD-2

Submitted on: 4/5/2026 11:31:16 PM

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

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

Comments:

Aloha Chair Todd, Vice Chair Takenouchi, and FIN Committee Members,

As a local resident concerned with affordability, I write in strong support of SB3025 SD2 HD2.

Hawai'i's cost of living is among the highest in the country, and many families are struggling to afford their basic needs. Up to 50,000 of hardworking Hawai'i 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

SB-3025-HD-2

Submitted on: 4/6/2026 8:04:38 AM

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

Submitted By	Organization	Testifier Position	Testify
Christopher Dean	Individual	Support	Written Testimony Only

Comments:

In 2008, my surfboard hit me in the face and disabled me for five years. I wonder if you can imagine supporting a wife and child and not have any income for five years. It's a miracle that doctors figured it out just before I started missing mortgage payments. After my surgery, the recovery process took years. First, my physical strength slowly came back, but it took years for my mental acuity to recover. Financially, I still haven't recovered. I've been working in the construction industry, seven days a week and I'm 65 years old. I realize this legislation won't help me specifically, but I certainly have empathy for other people who are struggling like I was. It's really hard for anyone to imagine what it's like to be stricken with an injury or illness and not be able to pay the bills. We don't think about it and we don't wanna think about it, but that doesn't make it go away. This is just a matter of fact here on planet Earth. The laws of physics do not care about the economy or your health and well-being, but the government can and should care. I'm sure it's more financially responsible to help someone out when they're struggling from medical issues, then it is to just let them go bankrupt, lose their property and then be a ward of the state.

SB-3025-HD-2

Submitted on: 4/6/2026 9:42:45 AM

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

Submitted By	Organization	Testifier Position	Testify
Noelle Lindenmann	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members -

I am submitting testimony in support of SB3025. Medical debt can be a huge burden on our community. People do not ask to get sick or injured and added financial stress of having to manage large medical bills does not help. A medical debt relieve program would be a welcome step in helping our communities become more financial free and able to support themselves and their families in the wake of sickness and injury.

Mahalo for this opportunity to provide testimony.

Noelle Lindenmann, Kailua-Kona

SB-3025-HD-2

Submitted on: 4/6/2026 1:48:33 PM

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

Submitted By	Organization	Testifier Position	Testify
Christine L. Andrews, J.D.	Individual	Support	Written Testimony Only

Comments:

I respectfully request your support of this measure.

Mahalo.