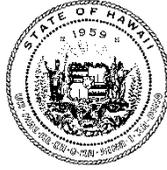


JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
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 SENATE COMMITTEE
ON
HEALTH AND HUMAN SERVICES
February 18, 2026, 1:00 p.m.

SENATE BILL 3025
RELATING TO MEDICAL DEBT

Chair San Buenaventura, Vice Chair McKelvey, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 3025. 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 debt acquired by a medical debt and cancellation organization. Section 2, Page 4, lines 13 to 18, exempts the procurement with a third party, holding medical debt of State residents, from 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 4, lines 13-18, under "§346- Medical debt acquisition and forgiveness program":

"(c) The office shall [~~without regard to chapter 103D, or 103F, as applicable,~~] procure and contract with an entity, in accordance with chapter 103D or 103F, as applicable, currently

holding medical debt of State residents and has demonstrated experience and success partnering with hospitals and health systems in acquiring and satisfying or discharging outstanding medical debt on behalf of state and municipal governments. "

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
OFFICE OF THE GOVERNOR
415 S. BERETANIA ST. #415
HONOLULU, HAWAII 96813

Testimony on S.B. 3025
RELATING TO MEDICAL DEBT

Senator Joy San Buenaventura, Chair
Senator Angus McKelvey, Vice Chair
Senate Committee on Health and Human Services

February 18, 2026, at 1:00 p.m.; Room Number: 225

The Office of Wellness and Resilience (OWR) **STRONGLY SUPPORTS** S.B. 3025, Relating to Medical Debt.

Structure of Medical Debt Acquisition and Forgiveness Program

S.B. 3025 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 proposed measure will allow the OWR to contract with organizations like, Undue Medical Debt, which run programs to administer the medical debt acquisition and forgiveness.

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, nor penalties or strings attached.

Medical Debt and Well-being

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.

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. The most recent ALICE report shows that four in 10 residents in our state are just getting by or struggling to make it, with the report sharing that 37% of families surveyed stated that someone in their family is considering leaving the state.⁵

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

Thank you for the opportunity to testify on this important measure.

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

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 | Display](#)

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



February 18, 2026 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Angus L.K. McKelvey

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

Re: **Testimony in Support**
SB 3025, 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.

SB-3025

Submitted on: 2/16/2026 8:48:52 AM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Shelby "Pikachu" Billionaire	Testifying for Kingdomf of The Hawaiian Islands & Ohana Unity Party	Support	Remotely Via Zoom

Comments:

I Support this bill, to help relieve the pain and stress of medical debt! Please pass this bill and is there is a full agenda today! Let's speed this on thru!

Pikachu approves and you should too, for the betterment of all constituents and people of H.I.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Joy San Buenaventura, Chair
The Honorable Angus McKelvey, Vice Chair
Members, Senate Committee on Health & Human Services

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

Date: February 18, 2026

Re: In Support of SB3025 – 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 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 beginning with the medical debt of the 50,016 Hawai'i residents 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 even Hawai'i – Queen's Health Systems recently concluded our first effort at this method of medical debt forgiveness.

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.

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.



Senate Committee on Health and Human Services
Senator Joy San Buenaventura, Chair
Senator Angus McKelvey, Vice Chair

Hearing Date: Wednesday, February 18, 2026

ACS CAN SUPPORTS SB 3025: 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: 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 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



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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827 Fort Street Mall, 2nd Floor
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+1 (808) 542-4089
info@holomuacollaborative.org

HolomuaCollaborative.org

Page 1 of 2

Committee: Senate Committee on Health and Human Services
Bill Number: SB 3025, Relating to Medical Debt
Hearing Date and Time: February 18, 2026 at 1:00pm (Room 225)
Re: Testimony of Holomua Collaborative in support

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

We write in support of SB 3025, Relating to Medical Debt. This bill requires the Office of Wellness and Resilience to design, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive medical debt owned by households with an income of less than 400% of the federal poverty level or with 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 the medical debts 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 works to address this problem makes economic sense, not just for the people whose debt will be forgiven, but 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 for pennies on the dollar and then forgive the debt. There are no administrative hurdles for community members to overcome. Recipients are simply sent a letter informing them their debt has been forgiven. 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:

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>).

- 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.
- Hospitals often must write off a portion of their accounts receivable as bad debt when patients are unable to pay. By proactively forgiving medical debt, hospitals can avoid or minimize these write-offs, rather than keeping them on their books for five to ten years, which can improve their financial position.
- Medical debt forgiveness can improve the financial stability of households, reducing stress and uncertainty about their financial situation. This stability can lead to increased confidence in making purchases, investments, or big-ticket items like homes or vehicles, which can further boost local economic activity.
- When people have medical debt forgiven, they have more disposable income available 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 individuals have medical debt forgiven, it can improve their credit scores and financial profiles. This can lead to increased access to credit for individuals and businesses within the community, facilitating investments and economic growth.

Finally, 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 earning four times (4x) or below the federal poverty level; or (2) those 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 SB 3025.

Sincerely,

Matthew Prellberg
Policy and Communications Director

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

SB-3025

Submitted on: 2/13/2026 6:56:55 PM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laura Jennings	Individual	Support	Written Testimony Only

Comments:

As a retired physician, I strongly support this measure. The state needs to study the issue of and ways to eliminate medical debt for Hawaii residents, including lowering the cost of health care.

LATE



HAWAII HEALTH &
HARM REDUCTION CENTER

677 Ala Moana Blvd, Ste 226
Honolulu, HI 96813

(808) 521-2437

www.hhhrc.org

*"Reducing harm,
promoting health,
creating wellness, and
fighting stigma
in Hawai'i and
the Pacific."*

TESTIMONY IN SUPPORT OF SB 3025

TO: Chair San Buenaventura, Vice Chair McKelvey, & HHS
Committee

FROM: Nikos Leverenz, Policy & Advancement Manager

DATE: February 18, 2026 (1:00 P.M.)

Hawai'i Health & Harm Reduction Center (HHHRC) **strongly supports** SB 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 certain individuals in the State. This Program will initially capture the medical debt of the 50,016 Hawaii residents that has already been acquired by medical debt and consolidation organizations.

Income is the foremost determinant of health, and medical debt cancellation furthers health equity. To the extent that this program will help many thousands of Hawaii residents clear prior obligations, including billing and collections-related "junk fees," it will increase their capacity to obtain needed medical care and other life necessities (e.g., rental housing, transportation access).

HHHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions, and have also been deeply impacted by trauma related to histories of physical, sexual, and psychological abuse.

Mahalo for the opportunity to provide testimony.

To: The Honorable Joy San Buenaventura, Chair
The Honorable Angus McKelvey, Vice Chair
Senate Committee on Health and Human Services

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

Hearing: Wednesday, February 18, 2026, 1:00pm, Conference Room 225

RE: **SB3025 Relating to Medical Debt**

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

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

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



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.

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**.

February 17th, 2026

Senate Committee on Health and Human Services

Bill Number: SB 3025 Relating to Medical Debt
Hearing Date and Time: February 18th 2026 at 1:00 PM (Room 225)
Re: Testimony of Hawai'i Data Collaborative in support

Aloha e Chair Buenaventura, Vice Chair McKelvey, and Members of the Committee:

We are writing **in support on** SB 3025 Relating to Medical Debt.

This bill requires the Office of Wellness and Resilience to design, implement, and administer a Medical Debt Acquisition and Forgiveness Program to acquire and forgive medical debt owned by households with an income of less than 400% of the federal poverty level or with a medical debt balance that is 5% or more of the household income.

Our work focuses on creating data capacity for those in Hawai'i who strive for timely, trustworthy data to inform public policy and strengthen long-term economic resilience in Hawai'i. Medical debt is not only a financial issue. It is a measurable driver of economic instability and a barrier to health access. When households delay care, experience credit damage, or reduce essential spending due to medical debt, the downstream effects are visible across multiple systems: workforce participation, housing stability, small business vitality, and public health outcomes.

The fiscal structure of this program is pragmatic. Medical debt portfolios are sold for pennies on the dollar because collection rates are low. This bill leverages that pricing inefficiency to purchase and forgive debt owed by households at or below 400% of the federal poverty level or whose debt exceeds 5% of annual income. It targets liabilities that are economically unlikely to be recovered and removes them in a way that improves household balance sheets. The policy functions as a safety valve, not a subsidy.

SB3025 also provides an opportunity for clear performance indicators and transparent reporting to convert the program from a one-time intervention into a measurable policy initiative. Tracking shifts in preventive care use, delinquency rates, credit score distributions, and geographic variation in outcomes allows policymakers to evaluate whether debt relief improves care access, stabilizes household finances, and produces durable economic effects.

Hawai'i Data Collaborative (HDC) firmly believes that data informs our understanding of what's happening, why it's happening, and what we can do about it. Data helps identify opportunities, guide decisions, and create systems of accountability so we, as a community, can achieve better outcomes for



all. Because HDC's focus is to improve the household need space, we partner with government, philanthropy, and community based organizations (CBO) to improve the data ecosystem in Hawai'i.

We appreciate the opportunity to testify in support of SB 3025.

Sincerely,

Thomas Lee, PhD, MPH
Director of Government Partnerships



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

LATE

Dear Chair San Buenaventura, Vice-Chair McKelvey, 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.

Background

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.

Targeting those who need debt relief the most

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.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

The appropriation of \$500,000 in 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.

Building on the foundation laid by SB 3025

Finally, SB3025’s requirement that the Office of Wellness and Resilience report annually to the Legislature on program implementation and best practices from other states will help ensure transparency and continuous improvement.. These reports will help policymakers monitor who is being served by the program and assess what additional policy changes—such as safeguards against aggressive collection practices or unfair interest rates—might be necessary.

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.

LATE

SB-3025

Submitted on: 2/18/2026 1:00:17 PM

Testimony for HHS on 2/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Courtney Story	Testifying for Undue Medical Debt	Support	Written Testimony Only

Comments:

Chair and members of the Committee:

Thank you for the opportunity to provide written testimony.

My name is Courtney Story, and I serve as Vice President of Government Initiatives at Undue Medical Debt.

Undue Medical Debt, formerly RIP Medical Debt, is a national 501(c)(3) nonprofit founded in 2014. Our purpose is to strengthen communities by erasing financially burdensome medical debt. We purchase and abolish medical debt to relieve the weight of unpayable medical bills and to call attention to patient-focused policy solutions. To date, we have eliminated more than \$25 billion in medical debt for over 15 million people nationwide.

I lead our government partnerships. Undue currently works with 28 government partners in 17 states, including 11 statewide contracts.

Through these partnerships, governments have awarded approximately \$102 million in funding. To date, we have expended about \$44 million and abolished \$7.3 billion in medical debt for more than 5 million people.

In Hawai‘i, Undue has identified approximately 50,000 residents carrying \$91.9 million in medical debt. The cost to eliminate that debt is \$500,000. This equates to roughly \$184 in medical debt abolished for every \$1 invested.

Hawai‘i has the lowest measured medical debt rate in the country, with estimates ranging from 1% to 2.3% depending on the dataset. Even within that context, this represents approximately 50,000 residents with outstanding medical debt.

Thank you for the opportunity to provide this information.

Respectfully submitted,

Courtney Story

Vice President of Government Initiatives
Undue Medical Debt