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STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA

April 17, 2026

To: The Honorable Gregg Takayama, Chair,  
The Honorable Sue L. Keohokapu-Lee Loy, Vice Chair, and  
Members of the House Committee on Health

Date: Friday, April 17, 2026  
Time: 10:30 a.m.  
Place: Conference Room 329, State Capitol

From: Jade T. Butay, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.C.R. 50 SD1 ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A BASIC, AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE.**

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the House Committee on Health:

The **DLIR offers comments** on this Resolution, which establishes the Hawai'i Health Plan Working Group to design and recommend a basic, affordable Hawai'i health plan available to every resident of the State.

DLIR appreciates the Legislature's commitment to addressing the anticipated loss of affordable health care coverage following the expiration of enhanced federal Premium Tax Credits and the expansion of federal Medicaid work requirements. We recognize the importance of identifying solutions to ensure that Hawai'i residents do not experience lapses in essential health insurance coverage.

However, DLIR cautions that the creation of a "basic, affordable" State-designated health plan may have significant unintended consequences for employer-based coverage governed under the Prepaid Health Care (PHC) law, Chapter 393, HRS. Hawai'i workers currently benefit from one of the strongest employer-mandated health coverage systems in the nation.

The PHC law mandates that employers provide medical coverage to employees who work at least 20 hours per week for four consecutive weeks and earn at least 86.67 times the State's minimum wage. The health plan with the largest number of subscribers in the State establishes the benchmark for required benefit levels. All other plans must be reviewed and approved by the DLIR before they can be offered to

employers. Approval may be granted if a plan provides benefits equal to the benchmark plan, or if the employer contributes at least half the cost of dependent coverage when offering a plan with more limited aggregate benefits.

If the working group's proposed plan is not required to comply with PHC law, including the requirement for DLIR review and approval, then this could result in the establishment of a lower tier of coverage. Employers may then be incentivized to shift employees from existing comprehensive private plans to a more limited State-managed plan, thereby reducing the standard of care for Hawaii's workforce.

The Department further notes that Hawaii's longstanding exemption from the federal Employee Retirement Income Security Act (ERISA) was granted by Congress in 1983 because the PHC law provides more robust and comprehensive health care coverage than federal requirements. If Hawaii were to weaken its mandated coverage levels or adopt a parallel health plan that does not meet PHC standards, the State could jeopardize its ERISA exemption. Loss of this exemption would undermine Hawaii's ability to regulate employer-mandated health coverage and could result in substantial disruption across the State's insurance market.

Charlotte A. Carter-Yamauchi  
Director

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LEGISLATIVE REFERENCE BUREAU  
State of Hawaii  
State Capitol, Room 446  
415 S. Beretania Street  
Honolulu, Hawaii 96813

## Written Comments

### **SCR50, SD1**

## **ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A BASIC, AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE**

Charlotte A. Carter-Yamauchi, Director  
Legislative Reference Bureau

Presented to the House Committee on Health

Friday, April 17, 2026, 10:30 a.m.  
Conference Room 329 & Via Videoconference

Chair Gregg Takayama and Members of the Committee:

Good morning, Chair Takayama and Members of the Committee, my name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau (Bureau). Thank you for providing the opportunity to submit written **comments** on S.C.R. No. 50, S.D. 1, Establishing the Hawaii Health Plan Working Group to Design and Recommend a Basic, Affordable Hawaii Health Plan Available to Every Resident of the State.

The purpose of this measure is to:

- (1) Establish the Hawaii Health Plan Working Group;
- (2) Specify the membership of the Working Group, which is to include the Chairs of the Standing Committees of the Senate and House of Representatives having primary jurisdiction over health, or the Chairs' designees, who shall serve as co-Chairs of the Working Group;
- (3) Request that the Working Group consider and follow the provisions of House Bill No. 1789 and Senate Bill No. 3243, both of the Regular Session of 2026,

regarding the values, principles, scope of design of the Hawaii Health Plan, and general nature of the system to be developed;

- (4) Request that the Legislative Reference Bureau assist in preparing any legislation proposed by the Working Group; provided that the Working Group shall provide a draft of any legislation to the Bureau no later than October 15, 2026;
- (5) Request that the Working Group submit to the Legislature a report of its findings and recommendations for the design of the Hawaii Health Plan, including any proposed legislation, no later than twenty days prior to the convening of the Regular Session of 2027; and
- (6) Terminate the Working Group on June 30, 2027.

The Bureau takes no position on this measure and submits the following comments for your consideration.

The Bureau believes that the services requested of the Bureau under this measure as it is currently drafted are manageable, provided that the Bureau's interim workload is not adversely impacted by too many other additional responsibilities, such as conducting studies, writing or finalizing reports, drafting other legislation, or any combination of these for the Legislature or for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.



**TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION 50 SD1**  
ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A  
BASIC, AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE

Ke Kōmike Hale o ke Olakino  
(House Committee on Health)

Ke Kapitala ‘o Hawai‘i  
(Hawai‘i State Capitol)

‘Apelila 17, 2026

10:30 AM

Lumi 329

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Aloha e Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the House Committee on Health:

The Office of Hawaiian Affairs (OHA) **SUPPORTS SCR50 SD1** which establishes the Hawai‘i Health Plan Working Group to design and recommend a basic, affordable Hawai‘i Health Plan available to every resident of the State. This measure is critical for the tens of thousands of residents who are expected to become uninsured due to recent federal cuts, and for the estimated 3.3% of the adult population in Hawai‘i who currently do not have coverage.<sup>1</sup>

OHA supports this measure because health coverage is essential to Native Hawaiian well-being and to broader health equity across Hawai‘i. The lack of coverage often leads people to delay preventive care, go without medications, postpone treatment, and rely on more expensive emergency services after conditions have worsened. For low-income households already navigating Hawai‘i’s high cost of living, this is a serious barrier to essential care. This measure is especially timely due to recent federal eligibility changes which have resulted in coverage losses for many Hawai‘i residents, including OHA beneficiaries. Individuals transitioning off Medicaid often face limited affordable options, particularly seasonal workers, independent contractors, underemployed adults, and students.

This issue is especially important for Native Hawaiians, who continue to face disproportionate burdens in chronic disease, economic hardship, and barriers to timely access to care. Those burdens are often compounded in rural and underserved areas where provider shortages, transportation barriers, and limited service availability make coverage even more important. When people do not have access to affordable coverage, the consequences can

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<sup>1</sup> Hawai‘i Health Matters, Custom Dashboard: Health/Health Care Access & Quality - Hawai‘i - Adults Without Health Insurance (2024), <https://bit.ly/41VyCsB>

include untreated illness, worsening health outcomes, and greater strain on families and community health systems.

For these reasons, the Office of Hawaiian Affairs urges this committee to **PASS SCR50 SD1**. Mahalo for the opportunity to provide testimony on this important measure.



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

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

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April 16, 2026

**TO:** HOUSE COMMITTEE ON HEALTH  
Representative Gregg Takayama, Chair  
Representative Sue L. Keohokapu-Lee Loy, Vice Chair  
Honorable Members

**FROM:** John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to  
Governor Josh Green, MD on Healthcare Innovation

**RE: SCR 50-SD1 -- RELATING TO RELATING TO HAWAII HEALTH PLAN  
WORKING GROUP**

**HEARING:** Friday, April 17, 2026 @ 10:30 am; Conference Room 329

**POSITION:** SUPPORT with COMMENTS

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Testimony:

This resolution would create a Hawai'i Health Plan Working Group to design and recommend a basic, affordable but attenuated basic health insurance coverage that could be affordable for most uninsured residents of the state who are income-wise ineligible for Medicaid, but still can't afford private coverage. The recent HR1 (Big 'Notso Beautiful,Bill) cancelled tax incentives in the ACA Exchange here, which will cause some of those beneficiaries to drop coverage due to unaffordability; and Medicaid work requirements will cause others to lose coverage. This resolution's aim is to bring together health sector constituents with expertise and standing to study how Hawai'i could build a simpler, lower-cost health coverage option for those who are or become uninsured.

The former SHIP (State Health Insurance Plan) of 1989 created by Act 378 offered very low-cost basic coverage that included all USTFPS-recommended prevention services, primary care, necessary ER coverage and very limited hospital and drug benefits. HMSA and Kaiser Permanente provided the coverage. The Act still exists but is unfunded and thus inactive. Most of the beneficiaries paid their own premiums, but there were some subsidies available. The state invested in the initial startup costs of about \$10 million for actuarial determinations administrative costs, and some premium subsidies, but the program was largely beneficiary-funded. At its peak it insured over 30,000-40,000 beneficiaries.

*SCR 50-SD1: testimony of SHPDA (2026), continued*

When originally launched, the cost of SHIP for a family of 4 for one year was about \$1800/year or \$150/month. In today's dollars, if the program were resumed, the average beneficiary costs could be as low as \$1200/year for an adult and \$600/year for a child, or less than \$5000/year for a family – far less than even the ACA Exchange costs because it did not include catastrophic costs or hospital stays beyond 3 days/beneficiary/year, which allowed for coverage of labor and delivery and most other uncomplicated admissions. However, it provided 95% of the beneficiary needs for a younger, relatively healthy population. SHPDA recommends this kind of coverage be considered only as a temporary solution until more comprehensive health system reforms can be put into place.

SHPDA respectfully requests that the resolution be amended to include the Med-QUEST Administrator, or the Administrator's designee, as a member of the Hawai'i Health Plan Working Group.

Mahalo for hearing this measure.

■ -- Jack Lewin, MD, Administrator, SHPDA



## Hawaii Medical Association

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HOUSE COMMITTEE ON HEALTH  
Representative Gregg Takayama, Chair  
Representative Sue L. Keohokapu-Lee Loy, Vice Chair

Date: April 17, 2026  
From: Hawaii Medical Association (HMA)  
Elizabeth Ann Ignacio MD - Chair, HMA Public Policy Committee  
Christina Marzo MD and Robert Carlisle MD, Vice Chairs, HMA Public Policy Committee

**RE SCR 50 SD 1** ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A BASIC, AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE. Health Insurance; Affordable Care Act; Hawai'i Health Plan Working Group  
**Position: Comments**

This resolution as amended would jointly establish the Hawaii Health Plan Working Group to design and recommend a basic, affordable Hawaii Health Plan available to every resident of the State.

Evidence from national policy and peer-reviewed literature consistently demonstrates that stable, continuous health coverage improves access to care, reduces disparities, and lowers uncompensated care costs, while coverage disruptions are associated with increased uninsured rates and barriers to care. A coordinated, locally informed approach to coverage design offers an opportunity to strengthen access, improve affordability, and ensure that solutions reflect Hawaii's unique geographic and workforce challenges. Convening stakeholders across government, insurers, and the healthcare community will help align policy development with real-world care delivery and patient needs.

HMA supports this resolution as amended with comments. HMA acknowledges the significant concerns of the Hawaii Department of Labor and Industrial Relations (DLIR). Careful consideration of the Hawaii Prepaid Healthcare law must be considered.

**HMA also respectfully recommends the inclusion of one representative from the Hawaii Medical Association, to be invited by the co-chairs to serve as a member of the working group.** Physician representation will help ensure that clinical perspectives, care delivery realities, and patient-centered considerations are meaningfully integrated into the development of any proposed coverage model.

HMA appreciates the continued efforts of our Hawaii lawmakers to explore sustainable pathways for maintaining coverage and continuity of care in Hawaii. Ensuring that any proposed model incorporates physician-led, team-based care and clear quality and access benchmarks will be essential to its success.

Thank you for allowing the Hawaii Medical Association to testify in support of this resolution.

### 2026 Hawaii Medical Association Public Policy Coordination Team

Elizabeth A Ignacio, MD, Chair • Robert Carlisle, MD, Vice Chair • Christina Marzo, MD, Vice Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

### 2026 Hawaii Medical Association Officers

Nadine Tenn-Salle, MD, President • Jerald Garcia, MD, President Elect • Elizabeth Ann Ignacio, MD, • Immediate Past President  
Laeton Pang, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

## REFERENCES AND QUICK LINKS

“Status of State Medicaid Expansion Decisions.” *KFF*, 12 Mar. 2026, <https://www.kff.org/medicaid/status-of-state-medicaid-expansion-decisions/>

“Medicaid Eligibility Expansion Regardless of Immigration Status and Insurance Coverage.” *American Journal of Public Health*, 14 May 2025, <https://ajph.aphapublications.org/doi/10.2105/AJPH.2025.308052>

Osmani, A. R., et al. “Unequal Gains? A Literature Review on the Affordable Care Act.” *Public Health Reports*, 2025, <https://pmc.ncbi.nlm.nih.gov/articles/PMC12296122/>

McIntyre, A., et al. “US Coverage Changes During Medicaid Unwinding in 2023.” *JAMA Health Forum*, 2025, <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2839913>

“A Historical Overview of Hawai'i's Prepaid Health Care Act.” *State Coverage Initiatives* / Robert Wood Johnson Foundation, <https://www.statecoverage.org/files/Policy%20Brief%20-%20A%20Historical%20Overview%20of%20Hawaiiis%20Prepaid%20Health%20Care%20Act.pdf>



**Testimony to the House Committee on Health  
Friday, April 17, 2026; 10:30 a.m.  
State Capitol, Conference Room 329  
Via Videoconference**

**RE: SENATE CONCURRENT RESOLUTION NO. 050 -- ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A BASIC AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE.**

Chair Takayama, Chair Keohokapu-Lee Loy, and Members of the Joint Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Concurrent Resolution No. 050, Senate Draft 1 -- ESTABLISHING THE HAWAII HEALTH PLAN WORKING GROUP TO DESIGN AND RECOMMEND A BASIC AFFORDABLE HAWAII HEALTH PLAN AVAILABLE TO EVERY RESIDENT OF THE STATE.

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

**I. The Problem**

During the interim following the Adjournment Sine Die of the 2025 Regular Session, four (4) events took place that have enormous ramifications on Hawaii's social safety net. These were:

- The enactment of House Resolution No. 1 (H.R. 1), the "One Big Beautiful Bill" Act, which was signed into law on July 4, 2025;
- The expiration of Enhanced Affordable Care Act (ACA) premium tax credits on December 31, 2025;

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- The reversal of interpretation of "federal public benefit" under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or "PRWORA", by the United States Department of Health and Human Services; and
- The announcement that the Center for Medicare and Medicaid Services will share personal data of Medicaid enrollees to Immigration and Customs Enforcement officials.

In tandem, these developments will fundamentally alter Hawaii's Medicaid Program by shifting current ACA insureds and Medicaid recipients to the uninsured population. Among other things, H.R. 1 will:

- Prohibit the use of federal matching funds for health care services to immigrants not lawfully present under federal law, effective October 1, 2026;
- Establish work or volunteer requirements for all Medicaid recipients of at least 80 hours per month (or 20 hours per week), effective December 31, 2026; and
- Require redeterminations for every Medicaid recipient every six-months, also effective December 31, 2026.

The expiration of the ACA premium tax credits will:

- Lead to enrollee premium payments to increase by over 75%;
- Lead to households earning over 400% of the federal poverty level (\$63,000 for individuals and \$129,000 for a family of four) no longer receiving any premium tax credits; and
- Force states to provide additional state-funded subsidies to soften the financial impact.

Currently, Hawaii's uninsured population is estimated to be 38,400 or 2.8% of the total population. Based on research provided by the Kaiser Family Foundation as well as our review of Medicaid enrollment historically in Hawaii, **we believe the uninsured population will at least double within two to three years if nothing is done.**

Without health insurance coverage, citizens will no longer be able to manage chronic disease such as diabetes, high blood pressure, and other maladies. When they become ill, they will not get treated until the situation becomes so bad that they will need to go to a provider for emergency treatment. By then, the illness has become much more severe and costly to remedy. Also, by law, the emergency provider will have to provide stabilizing treatment to the patient regardless of the patient's ability to pay. These costs will subsequently be borne by the provider, creating additional stress to the safety net that is already facing reduced funding and reimbursement.

In the worst-case scenario, hospitals and FQHCs will not be able to treat the increase in indigent patients. While federal law requires FQHCs to provide services to all patients who are not eligible for Medicaid or private insurance on a sliding fee scale based on their ability to pay, federal grant funding to offset these costs were not adjusted to address the increase that will occur. As such, should Hawaii experience the largest projected increase in uninsured (and assuming that the level of services currently provided remains the same), FQHCs will run out of funds within two to three months.

## **II. A Possible Solution**

On December 19, 2025, this Joint Committee was briefed by MedQUEST and the State Health Planning and Development Agency (SHPDA) on the impacts of these federal policy changes. During that briefing, SHPDA Administrator Jack Lewin stated that during the Waihee Administration, the Department of Health ran a very successful program that provided coverage for persons who could not obtain employer-sponsored health insurance under the Prepaid Health Care Act, but were not eligible for Medicaid because of income restrictions. This coverage offered a significantly reduced package of benefits (i.e., up to 6 doctor visits and some prescription drugs) and was provided by Medicaid managed care plans under an agreement with the State. According to Dr. Lewin, the State agreed to cover loss costs that go beyond a certain level. However, Lewin stated that loss costs never reached that point and that the expenditure of additional general funds were not necessary.

When the State established the MedQUEST Program, the "gap group" coverage was transferred from the Department of Health to the Department of Human Services. However, according to Meredith Nichols, acting MedQUEST Administrator, when the Center for Medicare and Medicaid Services reviewed the coverage for the "gap group", they disallowed MedQUEST from offering it citing the need for coverages offered under the State's Medicaid Program to meet certain baseline benefit standards.

Despite this, the Green Administration did not submit a bill as part of his Legislative Package that would reestablishment of the "gap group" coverage under the Department of Health. However, there is a measure pending further action that could conceivably address this problem:

- House Bill No. 1546, House Draft 1, which would establish a three-year Health Coverage Continuity Pilot Program to assist individuals who have lost Medicaid health insurance coverage and lack access to other health insurance options.

This measure would require the infusion of a significant amount of State funds to either capitalize a new insurance program, facilitate an agreement with an insurer to capitalize the risk, or subsidize thousands of Medicaid enrollees who will shortly be disenrolled and become uninsured.

### **III. High Stakes**

The establishment of a high deductible or catastrophic health plan could result in unintended consequences. Hawaii is the only state that requires employers to offer health insurance to employees who work more than 20 hours per week. Hawaii is able to do this because the Prepaid Health Care Act is exempted from federal preemption under the Employee Retirement Income Security Act of 1974. Hawaii retains this exemption so long as the substantive terms of the Prepaid Health Care Act are not materially changed.

It will be vital that the provision of a high deductible or catastrophic health plan not be construed by federal regulators as materially altering the Prepaid Health Care Act. Conceivably, this could happen if the implementation of such a program shifts the manner in which the Prepaid Health Care Act is enforced. Should that happen, such action could invalidate the preemption exemption that is necessary for the Prepaid Health Care Act to operate.

In addition, H.R. 1, includes provisions that require any program intended to replicate Medicaid benefits to a prohibited population be solely general funded. Violations of this could lead to the loss of more federal funding and the imposition of penalties to Hawaii's Medicaid Program.

Because of this, it will be vital for any program to address this problem be coordinated jointly by the Departments of Labor and Industrial Relations (Prepaid Health), Health (SHPDA), Human Services (Medicaid), and Commerce and Consumer Affairs (Private Insurance).

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**IV. Recommendation**

The HPCA greatly appreciates the amendments made to this Concurrent Resolution by the Senate Committee on Health and Human Services and would welcome the opportunity to serve on the Working Group, as specified in the Senate Draft 1.

**Accordingly, the HPCA urges your favorable consideration of this measure.**

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or [eabe@hawaiiipca.net](mailto:eabe@hawaiiipca.net).