

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

**JOSH GREEN, M.D.**  
GOVERNOR OF HAWAII  
KE KIA'AINA O KA MOKU'AINA 'O HAWAII

**KENNETH S. FINK, MD, MGA, MPH**  
DIRECTOR OF HEALTH  
KA LUNA HO'OKELE

**John C. (Jack) Lewin, M.D.**  
ADMINISTRATOR

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**House Committee on Consumer Protection & Commerce**  
**Representative Mark M. Nakashima, Chair,**  
**Representative Jackson D. Sayama, Vice Chair,**  
**and Committee Members**

**S.B. 3239, S.D. 2, H.D. 1 Relating to Medical Debt**

**Testimony of John C. (Jack) Lewin, M.D.**  
**SHPDA Administrator**

**Thursday, March 21, 2024**  
**2:05 p.m.**

1 **Agency's Position: Support**

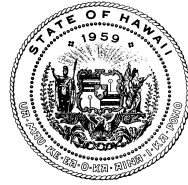
2 **Fiscal Implications: None**

3 **Purpose and Justification:** Medical debt is the most common form of personal bankruptcy  
4 across the nation. This is tragic; and fear of this causes many patients with acute and chronic  
5 conditions to avoid necessary care, only to result in catastrophically expensive medical  
6 complications later. This bill assigns the Office of Wellness and Resilience to design and  
7 implement a 3-year pilot program in collaboration with health care providers to seeks means to  
8 forgive outstanding medical debt, which is needed, and we support it.

9       However, preventing future medical debt is also an important imperative to be achieved,  
10 and one that is being considered in other states. Thinking broadly about this problem and the  
11 future, Hawai'i and the nation must seek means to guarantee universal access to high-quality,  
12 equitable, affordable health and long-term care for ALL, as virtually all other developed nations  
13 have accomplished in various ways. This is SHPDA's assigned mission, which would

1 eliminate medical debt issues for future generations. This is key to the Governor's vision of  
2 "Hawai'i the Health State" and Hawai'i should be the first state to fully achieve this worthy,  
3 long-overdue goal.

4 Mahalo for the opportunity to testify.



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

**House Committee on Consumer Protection & Commerce**  
**Representative Mark M. Nakashima, Chair**  
**Representative Jackson D. Sayama, Vice Chair**

**Thursday, March 21, 2024, 2:05 p.m., State Capitol, Conference Room 329**

**S.B. No. 3239, S.D. 2, H.D. 1, Relating to Medical Debt**  
**Comments**

The Office of Wellness and Resilience (OWR), housed in the Office of the Governor, offers comments on S.B. No. 3239, S.D.2, H.D.1, Relating to Medical Debt, and respectfully requests this Committee to consider reverting the measure to the S.D.2 version of this bill.

Medical debt can take a serious toll on mental and physical well-being. Individuals with debt are three times more likely to have mental health conditions such as anxiety, stress, or depression.<sup>1</sup> According to the Consumer Finance Protection Bureau, medical debt is the top reason consumers are contacted by debt collectors.<sup>2</sup> In fact, many physicians and public health researches consider medical debt as an important social determinant of health.<sup>3</sup> 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.

While we appreciate the legislature's recognition of the medical debt crisis and its support to address the debilitating effects of medical debt on family and individual well-being, we respectfully request this Committee's consideration to instead adopt the S.D.2 version of this bill, which would authorize OWR to develop, implement, and execute a program to acquire and forgive outstanding medical debt. Several other states have already partnered with an experienced debt relief organization to acquire and forgive unpaid medical debt, acquiring and cancelling \$100 in debt for every \$1 spent through their program and helping countless families who would never otherwise be able to pay these debts. The OWR has been in contact with those running these programs and strongly believes there is sufficient evidence and structures in place for the proposed program to run without the establishment of a working group, as specified in the H.D. version of this bill.

S.B. No.3239, S.D.2 will allow OWR to contract with an entity with demonstrated experience partnering with hospitals and health systems to acquire and forgive outstanding medical debt. Currently, about 15 percent of Hawai'i families have unpaid medical debt, totaling about \$500,000,000. These debts are now held by collections agencies and are unlikely to ever be paid back due to financial limitations, preventing local families from accessing credit and financing, and improving their situations.

Without the explicit authorization and direction to proceed this year, opportunities for private and other funds may be lost. Additionally, there is only one debt relief non-profit organization that has successfully partnered

<sup>1</sup> Wiltshire et al. "Problems paying medical bills and mental health symptoms post-Affordable Care Act." AIMS Public Health. May 6, 2020. <http://www.aimspress.com/article/10.3934/publichealth.2020023>.

<sup>2</sup> *Consumer Experiences with Debt Collection. Findings from the CFPS's Survey of Consumer Views on Debt*, Consumer Finance Protection Bureau, 2017, [https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701\\_cfpb\\_Debt-Collection-Survey-Report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201701_cfpb_Debt-Collection-Survey-Report.pdf)

<sup>3</sup> Mendes de Leon, Carlos and Jennifer Griggs. "Medical Debt as a Social Determinant of Health." *Journal of the American Medical Association*. July 20, 2021. <https://jamanetwork.com/journals/jama/article-abstract/2782205>.

with other states to do this work. If Hawai'i pursues a partnership this year, work could begin in 2025. Because numerous additional states are now pursuing similar partnerships and will require much of the capacity of the only debt relief organization that does this work, if Hawai'i does not proceed this year, it may be several years or longer before similar work could begin.

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

Mahalo,

A handwritten signature in black ink, appearing to read 'Tia L.R. Hartsock', with a long, sweeping flourish extending to the right.

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



Thursday, March 21, 2024 at 2:05 pm  
Conference Room 329

**House Committee on Consumer Protection and Commerce**

To: Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama

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

Re: **Testimony in Support**  
**SB 3239 SD 2 HD 1, Relating to Medical Debt**

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

Thank you for the opportunity to **support** this measure, which would seek to implement a pilot 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. Our organization is actively engaged with our hospital members and a national organization with expertise in this type of program and believe that we can carry out the intent of this measure to alleviate burdens on residents in the state.

The Hawaii State Legislature has been a leader in ensuring that residents have access to quality, affordable care. As we celebrate the 50<sup>th</sup> anniversary of the Prepaid Act, 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.



## THE QUEEN'S HEALTH SYSTEM

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To: The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair  
Members, House Committee on Consumer Protection & Commerce

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

Date: March 21, 2024

Re: Support of SB3239 SD2 HD1 – Relating to Medical Debt

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

Queen's appreciates the opportunity to provide comments in support of SB3239 SD2 HD1, which requires the Office of Wellness and Resilience to establish a Medical Debt Forgiveness Working Group to study the feasibility of developing, implementing, and executing a program for the State to acquire and forgive outstanding medical debt of Hawaii residents. Roughly one in three people in this country are currently 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 medications. The proposed program referenced in SB3239 SD2 HD1 is similar to successful programs currently being deployed in states like New Jersey and Connecticut.

For Queen's, we see this model of addressing medical debt as a promising and worthy endeavor and one that we are currently employing. Through our work with RIP, a national non-profit focused on eliminating medical debt, we are on the threshold of piloting our first effort to remove 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 working with RIP to alleviate medical debt for our community.

Thank you for allowing us to provide testimony in support of SB3239 SD2 HD1.

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



[fightcancer.org](http://fightcancer.org)

Committee on Consumer Protection & Commerce  
Rep. Mark M. Nakashima, Chair  
Rep. Jackson Sayama, Vice Chair

Hearing Date: Friday, March 22, 2024

**ACS CAN COMMENT on SB 3239 SD2 HD1: RELATING TO MEDICAL DEBT.**

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

Thank you for the opportunity to COMMENT in on SB 3239 SD2 HD1: RELATING TO MEDICAL DEBT which requires the Office of Wellness and Resilience to establish a Medical Debt Forgiveness Working Group to study the feasibility of developing, implementing, and executing a program for the State to acquire and forgive outstanding medical debt of Hawai'i residents.

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.

ACS CAN notes our disappointment that SB 3239 SD2 which authorized the Office of Wellness and Resilience to develop, implement, and execute a program to acquire and forgive outstanding medical debt has been replaced with a working group in this current version of the bill. There is much disappointment given the negative impacts of medical debt on a patient's health including mental health, quality of life and financial wellbeing. We ask that the committee consider amending the bill back to Senate Draft 2.

It's estimated that 8,670 people will be diagnosed with cancer in Hawai'i this year. Unanticipated medical costs contribute to the worry about affording cancer care.<sup>1</sup> 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,<sup>ii</sup> and bankruptcy.<sup>iii</sup> 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.<sup>iv</sup> U.S. counties with higher levels of medical debt are also more likely to have significantly higher rates of cancer mortality.<sup>v</sup>

While we appreciate the committee's intent to establish the working group, we urge the committee to take action to relieve the medical debt burdening so many in our state. Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at [Cynthia.Au@Cancer.org](mailto:Cynthia.Au@Cancer.org) or 808.460.6109.

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<sup>i</sup> 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>

<sup>ii</sup> 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

<sup>iii</sup> 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

<sup>iv</sup> 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.

<sup>v</sup> 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.

**BOARD MEMBERS**

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Meli James, *Board Chair*  
Micah Kāne  
Brandon Kurisu  
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HolomuaCollaborative.org

**Committee:** House Committee on Consumer Protection and Commerce  
**Bill Number:** SB 3239, SD2, HD1, Relating to Medical Debt  
**Hearing Date and Time:** March 21, 2024 at 2:05pm (Room 329)  
**Re:** Testimony of Holomua Collaborative in support

Aloha Chair Nakashima, Vice Chair Sayama, and members of the committee:

We write in support of SB 3239, Relating to Medical Debt. This bill requires the Office of Wellness and Resilience to establish a Medical Debt Forgiveness Working Group to study the feasibility of developing, implementing, and executing a program for the State to acquire and forgive outstanding medical debt of Hawaii residents. 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.

As an organization that is devoted to finding ways to keep all local working families in Hawai'i by making sure they can afford to stay, eliminating local families' medical debts would help. And the way this program works makes economic sense. 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."<sup>1</sup>

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 relieve the debt. There are no administrative hurdles for community members to overcome. Instead, relief recipients are simply sent a letter informing them their debt has been canceled.

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 cancelling 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.

<sup>1</sup> "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>).

- Hospitals often must write off a portion of their accounts receivable as bad debt when patients are unable to pay. By proactively cancelling 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 cancellation 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 cancelled, 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 cancellation 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.

Overall, cancelling 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 3239.

Sincerely,



Josh Wisch  
President & Executive Director

**SB-3239-HD-1**

Submitted on: 3/20/2024 10:25:30 AM

Testimony for CPC on 3/21/2024 2:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael EKM Olderr	Individual	Support	Written Testimony Only

Comments:

I support this bill. Medical debt is the most enormous economic hurdle for most Americans today. They fear it, so many people avoid going to the doctor altogether. People would rather die than put themselves or their loved ones through massive debt. And those who take some on to save a loved one now have a big burden that they have to carry. Something has to be done, especially here in Hawaii. Please support this bill