
A BILL FOR AN ACT

RELATING TO MEDICAL DEBT.

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

1 SECTION 1. The legislature finds that approximately four
2 out of every ten Americans, including those with health
3 insurance, have some form of medical debt, which has become a
4 widespread issue across the nation. According to a 2022 report
5 from the Peterson-KFF Health System Tracker, approximately three
6 million Americans have medical debt in amounts exceeding
7 \$10,000. Although Hawaii residents generally have less medical
8 debt than residents in other states, approximately one in ten
9 Hawaii residents have outstanding medical debt on their credit
10 reports. In other states and cities that have acquired and
11 forgiven unpaid medical debt, a majority of forgiven debt was
12 owed by those with health insurance, making it likely that even
13 in Hawaii a significant number of families with health insurance
14 still have unpaid medical debt.

15 The legislature also finds that medical debt is a social
16 determinant of health because patients with burdensome medical
17 debt often delay the care they need, may experience problems



1 obtaining employment and housing, have difficulty escaping
2 poverty, and experience mental stress. The legislature
3 recognizes that due to the massive amounts of outstanding debt
4 owed to hospitals and service providers, a secondary market has
5 emerged whereby commercial debt buyers purchase outstanding and
6 dormant debt owed to health care providers and take aggressive
7 action to collect from families who find themselves unable to
8 pay, further exacerbating the severity of this medical debt
9 crisis.

10 The legislature notes that in other parts of the country,
11 nonprofit organizations have successfully purchased billions of
12 dollars in medical debt from healthcare providers and collection
13 agencies and abolished the respective patients' debts
14 altogether.

15 The legislature finds that health care providers whose owed
16 debt is sold to third parties for abolishment can equally
17 benefit and are able to address a social determinant of health
18 and enhance community well-being while receiving revenue for
19 dormant patient accounts.



1 The purpose of this Act is to authorize the office of
2 wellness and resilience to develop, implement, and execute a
3 program to acquire and forgive outstanding medical debt.

4 SECTION 2. (a) The office of wellness and resilience may
5 develop, implement, and execute a program to acquire and forgive
6 outstanding medical debt.

7 (b) The office of wellness and resilience may contract
8 with an entity with demonstrated experience partnering with
9 hospitals and health systems to acquire and forgive outstanding
10 medical debt.

11 (c) When developing and executing a program to acquire and
12 forgive outstanding medical debt, the office of wellness and
13 resilience shall:

14 (1) Develop the program to acquire and forgive the medical
15 debt of households at no more than four hundred per
16 cent of the federal poverty level, or households with
17 a medical debt balance of five per cent or more of
18 household income; and

19 (2) Ensure that any specific personal information or
20 health data is collected in compliance with the Health
21 Insurance Portability Act of 1996 and is used for no



1 purpose other than the acquisition and forgiveness of
2 medical debt, provision of financial education,
3 insurance, preventative measures, or similar
4 assistance.

5 (d) The office of wellness and resilience may receive
6 private funds, federal funds, and any funds appropriated by the
7 legislature for the purpose of acquiring and forgiving
8 outstanding medical debt.

9 (e) The office of wellness and resilience shall submit a
10 report of its progress to the legislature no later than twenty
11 days prior to the convening of each regular session.

12 SECTION 3. This Act shall take effect on December 31,
13 2050.



Report Title:

OWR; Health Care; Debt; Forgiveness; Program; Reports to
Legislature

Description:

Authorizes the Office of Wellness and Resilience to develop,
implement, and execute a program to acquire and forgive
outstanding medical debt. Requires annual reports to the
Legislature. Effective 12/31/2050. (SD2)

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not legislation or evidence of legislative intent.*

