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June 3, 2026

The Honorable Robert F. Kennedy Jr., Secretary
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

The Honorable Scott Bessent, Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Honorable Kennedy and Honorable Bessent:

Re: ACA Section 1332 Waiver Extension; Letter of Intent (Hawaii)

The State of Hawaii is pleased to submit this Letter of Intent to apply for a five-year extension of our Section 1332 State Innovation Waiver for the period January 1, 2027 through December 31, 2031. Currently, the following Sections of the Affordable Care Act (ACA) are waived through December 31, 2026.

- Section 1311(b)(1)(B). State establishment of a Small Business Health Options Program (SHOP);
- Section 1321(c)(1). Solely with respect to federal establishment of a SHOP in Hawaii if the state elects not to establish a SHOP;
- Section 1312(a)(2). Employee choice of qualified health plans (QHPs) at a single level of coverage under ACA section 1302(d), and made available through the SHOP;
- Section 1312(f)(2)(A). Definition of “qualified employer”;
- Sections 1304(b)(4)(D)(i) and (ii). Continuation of participation in SHOP for growing small employers;
- Section 1301(a)(1)(C)(ii). Definition of “qualified health plan” as one that agrees to offer at least one silver level plan and one gold level plan through an Exchange, solely with respect to the requirement that a QHP offer a silver and a gold level plan through the SHOP; and
- Section 1301(a)(2). Solely with respect to the requirement that CO-OPs and multi-state plans to be recognized as QHPs in the small group market.

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We are not proposing any changes to our waiver. The waiver will continue to adhere to the guardrails established by Section 1332, as well as principles laid out in guidance from the Centers of Medicare and Medicaid Services (CMS) and will not affect other provisions of the ACA.

Hawaii's current waiver is intended to preserve the employee protections provided by the state's Prepaid Health Care Act (Prepaid). Prepaid sets a higher bar for employer-sponsored insurance than does the ACA. Its coverage, benefits and costs to employees apply to all regardless of income, age, race, and ethnic group, or any other demographic characteristic. Hawaii's waiver does not diminish access to meaningful, affordable insurance for any resident and does not change the Medicaid program, individual exchange, or direct purchase.

Thank you for considering our application. We look forward to engaging with you in the coming months.

Sincerely,

JADE T. BUTAY
Director of Labor and Industrial Relations

Cc:
Peter Nelson, Deputy Administrator and Director, Center for Consumer Information & Insurance Oversight (Via Email: [REDACTED])

Kenneth Kies, Assistant Secretary for Tax Policy, U.S. Department of the Treasury (Via Email: [REDACTED])