

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of SB2798 SD2, HD1  
RELATING TO INTELLECTUAL AND DEVELOPMENTAL DISABILITIES  
WAIVER ADMINISTRATIVE CLAIMING SPECIAL FUND**

REPRESENTATIVE SYLVIA LUKE, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: April 3, 2018

Room Number: 308

1 **Fiscal Implications:** The proposed Intellectual and Developmental Disabilities (I/DD) Medicaid  
2 Waiver Special Fund, upon approval from the Legislature, is expected to receive reimbursements  
3 through Targeted Case Management and other Medicaid administrative claiming. Under section  
4 1903(a)(7) of the Social Security Act, federal payment is available at a percentage of amounts  
5 expended by a state for allowable cost for administration of programs for the Medicaid  
6 population. The anticipated administrative claiming beginning in FY2019 is estimated at  
7 \$700,000 to \$1.2 million, which will support compliance requirements of the Medicaid I/DD  
8 Waiver.

9 **Department Testimony:** The Department of Health strongly supports SB2798 SD2, HD1  
10 “Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special  
11 Fund.” The Department of Health, Developmental Disabilities Division is the operating agency  
12 for the State of Hawaii's 1915(c) Medicaid Home and Community Based Services (HCBS)  
13 Waiver to serve Persons with Intellectual and Developmental Disabilities (I/DD). Medicaid  
14 administrative claiming is allowable for the proper and efficient administration of the HCBS  
15 I/DD waiver. SB2798 SD2, HD1 requests the legislature's approval of the establishment of a  
16 special fund for deposits from Medicaid allowable costs to administer the HCBS I/DD waiver.

17 Currently, administrative and targeted case management claiming for the operations of the  
18 HCBS are deposited in the general fund, limiting the DOH's ability to implement new federal  
19 mandates for implementation of the waiver, including the Final Rule on Community Integration

1 and its Home and Community-Based Settings regulations. Implementation of these regulations  
2 and provision of quality services that meets Medicaid waiver requirements requires an adequate  
3 infrastructure and practices at all levels of the DDD program. The monies from this special fund  
4 will be used to meet these mandates to modernize overall operations, and to ensure positive  
5 outcomes for people with I/DD. Specific uses of the proposed fund are:

6 (1) Payment for fiscal management services of the Hawaii section 1915(c) Home and  
7 Community-Based Services for Persons with Intellectual and Developmental Disabilities waiver;

8 (2) Training of staff, waiver providers, waiver participants, their families, and their legal  
9 representatives, and community stakeholders;

10 (3) Quality management activities for operating the Hawaii section 1915(c) Home and  
11 Community-Based Services for People with Intellectual and Developmental Disabilities waiver;

12 (4) Ongoing operations and maintenance of the information technology system;

13 (5) Conducting rate methodology studies to define rates for the Hawaii section 1915(c)  
14 Home and Community-Based Services for People with Intellectual and Developmental  
15 Disabilities waiver; and

16 (6) Assessment services for determining I/DD waiver participants' level of support needs.

17 DOH-DDD has collaborated with the Department of Human Services (DHS) MedQuest Division  
18 (MQD) on these efforts.

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

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**STATE OF HAWAII**  
STATE COUNCIL  
ON DEVELOPMENTAL DISABILITIES  
1010 RICHARDS STREET, Room 122  
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April 3, 2018

The Honorable Sylvia Luke, Chair  
House Committee on Finance  
Twenty-Ninth Legislature  
State Capitol  
State of Hawai'i  
Honolulu, Hawai'i 96813

Dear Representative Luke and Members of the Committee:

**SUBJECT: SB2798 SD2 HD1 – Relating to intellectual and developmental disabilities Medicaid waiver administrative claiming special fund.**

The State Council on Developmental Disabilities **SUPPORTS SB2798 SD2 HD1.** Creates the intellectual and developmental disabilities Medicaid waiver administrative claiming special fund into which federal moneys may be deposited from the Department of Health's participation in the waiver program. Appropriates funds to support individuals with intellectual and developmental disabilities.

The Department of Health, Developmental Disabilities Division (DOH/DDD) will be responsible for the oversight of the Special Fund, the Council respectfully requests that the DOH/DDD be referred to for any further proposed amendments with clarifying the definition of their Special Fund.

In the event a Work Group is needed to address concerns with the Developmental Disabilities Division, we believe this is a task for the programs authorized by the DD Act and further legislation is not needed. The programs authorized by the Developmental Disabilities Assistance and Bill of Rights Act (Public Law 106–402, 106th Congress- DD Act) empower individuals with developmental disabilities and their families to help shape policies that impact them. DD Act programs conduct important research and test innovative new service delivery models. They work to bring the latest knowledge and resources to those who can put it to the best use, including self-advocates, families, service providers, and policymakers. DD Act programs also investigate cases of abuse and serve as advocates for individuals with developmental disabilities and their families.

Honorable Sylvia Luke  
April 3, 2018  
Page 2

The programs authorized by the DD Act and overseen by Administration for Community Living (ACL) Administration on Intellectual and Developmental Disabilities include:

- [University Centers for Excellence in Developmental Disabilities Education, Research & Service \(UCEDDs\)](#) the Center on Disability Studies. They are affiliated with the University of Hawaii which allows them to serve as liaisons between academia and the community. UCEDDs are a nationwide network of independent but interlinked centers, representing an expansive national resource for addressing issues, finding solutions, and advancing research related to the needs of individuals with developmental disabilities and their families.
- [State Councils on Developmental Disabilities \(Councils\)](#) gathers information from the Centers on Disability Studies and Hawai'i Disability Rights Center and the Council works to address identified needs by conducting advocacy, systems change, and capacity building efforts that promote self-determination, integration, and inclusion. Key activities include conducting outreach, providing training and technical assistance, removing barriers, developing coalitions, encouraging citizen participation, and keeping policymakers informed about disability issues.
- [State Protection & Advocacy Systems \(P&As\)](#) the Hawai'i Disability Rights Center (HDRC) is dedicated to the ongoing fight for the personal and civil rights of individuals with developmental disabilities. P&As are independent of service-providing agencies within their states and work at the state level to protect individuals with developmental disabilities by empowering them and advocating on their behalf. P&As provide legal support to traditionally unserved or underserved populations to help them navigate the legal system to achieve resolution and encourage systems change.

As a part of The State Council on Developmental Disabilities five-year work plan, we look forward to working closely with the Hawai'i Disability Rights Center and the Center on Disability Studies in facilitating a work group to address any issues related to services for individuals with developmental disabilities.

Thank you for the opportunity to submit testimony **supporting SB 2798 SD2 HD1**.

Sincerely,



Daintry Bartoldus  
Executive Administrator

MAILING ADDRESS

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OCEAN VIEW

92-1804 Keaka Parkway

Federal ID

99-0108896

To: Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Committee on Finance

From: Michele Ku, President and Chief Executive Officer

Date: April 3, 2018, 1:30 pm, Room 308

RE: **Testimony in support of SB 2798 SD2 HD1**  
Relating to Intellectual/Developmental Disabilities  
Medicaid Waiver Administrative Claiming Special Fund

The Arc of Kona **supports SB 2798 SD2 HD1**, which would establish the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund. These funds from Medicaid administrative claiming would then be used specifically for Medicaid Waiver services and would become a special fund not subject to the 5% assessment to the General Fund.

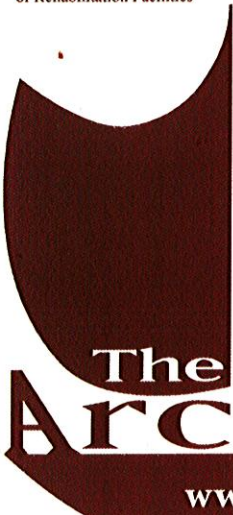
The Arc of Kona is located on the Big Island of Hawaii and provides Medicaid Waiver Home and Community Based Services to individuals with Intellectual and Developmental Disabilities (I/DD) island-wide. We appreciate and support DD Division's continuous efforts to build and further strengthen the infrastructure that supports Hawaii's Medicaid Waiver services. There have been numerous necessary changes to our waiver and this fund would enable DD Division to continue to implement the many changes, including the CMS Final Rule on Community Integration, efficiently and effectively throughout the state. The fund would be utilized in a variety of ways including the following, which we believe would have tremendous positive impact on both service providers and the individuals we serve:

**Training:** As a not-for-profit organization on a neighbor island, resources for training staff are limited, yet training is an important element of effective staff retention efforts and crucial in facilitating successful change initiatives. Consistent training at no cost for everyone involved in the service delivery process including the participant and provider employees would be highly beneficial. And, as our waiver services continue to change and evolve, continuous training will also be a necessity. Training would help

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[www.arcofkona.org](http://www.arcofkona.org)

*"Expanding the Possibilities"*  
*"Ho'o Nui Ka Hiki"*

decrease employee turnover resulting in less disruption of services for participants.

**Quality Management:** The individuals we serve have the right to services that are of the highest quality. Change can be difficult and quality can slip as changes are implemented and the transition to new and revised services takes place. Ongoing, quality management initiatives are necessary to ensure quality measures are defined and communicated effectively, providers and key stakeholders are held accountable to those quality measures, and improvement strategies are implemented as needed.

**Rate Studies:** There are expenses incurred with service delivery and many of those expenses increase year after year. Conducting periodic rate methodology studies will be imperative to ensure rates paid to service providers are fair and relevant. This results in higher quality service provision and positively impacts the sustainability of the service provider agency.

Thank you for the opportunity to submit testimony in support of SB 2798 SD2 HD1. The individuals we serve will benefit the greatest from your support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michele L. Ku", with a large, stylized flourish at the end.

Michele L. Ku  
President and Chief Executive Officer



*Achieve with us.*

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Testimony in Support of Proposed SB2798 SD2 HD1

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
House Committee on Finance

Hearing Date: April 3, 2018      Room Number: 308

Honorable Representatives:

The Arc in Hawaii strongly supports SB2798 SD2 HD1, concerning the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund.

The Arc in Hawaii, a private non-profit agency, provides services to individuals with intellectual and developmental disabilities (ID/DD) and their families across Oahu. Together with its national and neighbor-island Arc affiliates, The Arc in Hawaii promotes and protects the rights of people with ID/DD and actively supports their right to be included and fully participate in the community throughout their lifetime.

The federal government has issued new requirements that make extensive changes to implementation of the Home and Community Based Service (HCBS) Waiver program. HB538 will authorize the establishment of a special fund to support necessary compliance requirements, including payment for management, training, quality assurance, assessment, technological and methodology services needed for their implementation.

Crucially, SB2798 SD2 HD1 adds this Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund to the list of special funds not subject to a 5% deduction that would go to the General Fund. This addition is critical, especially now, with so many new federal requirements for the waiver program.

The Arc in Hawaii is committed to providing high quality waiver services to our participants. We embrace the person-centered philosophy that undergirds the changes that are happening in the Waiver Program. New and different programs, however, will require changes both to our operations, and those of the Hawaii Department of Health Developmental Disabilities Division.

Switching to a new paradigm will be a huge task that will not come without a cost. DOH DDD's ability to provide training and quality management services to Hawaii's already overstretched waiver services providers will be crucial to doing so successfully.

Additionally, the expenses associated with providing services increase year after year. Periodic rate studies using appropriate methodologies will be imperative to ensure that rates paid to service providers allow both for the deliverance of quality services and the sustainability of the organizations providing them.

We're doing our part as a waiver provider, but we are relying on DOH DDD to provide the additional training, monitoring and support services we will need in this new environment. We urge the passage of SB2798 SD2 to provide adequate financial resources for DOH DDD as we all move forward.

Thank you very much for allowing us to submit testimony on behalf of SB2798 SD2 HD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Lei Fountain", with a long horizontal flourish extending to the right.

Lei Fountain  
Executive Director





## CATHOLIC CHARITIES HAWAII

TO: Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Committee on Finance

FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer

DATE: Tuesday, April 3, 2018 (1:30 p.m., Room 308)

RE: **IN SUPPORT of SB 2798, SD2, HD1, Relating to Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund**

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing Medicaid Waiver Home and Community-based Services for individuals with developmental disabilities/intellectual disabilities since 1995.

**CCH supports SB2798, SD2**, which would establish the "Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund" so that funds from Medicaid administrative claiming can be used for specified purposes in support of waiver services rather than being deposited to the General Fund. The bill also adds this new Special Fund to the list of Special Funds not subject to the 5% assessment to the General Fund.

In particular, CCH hopes that this Special Fund will be used for the following purposes:

- **Increased and enhanced training opportunities** - There have been significant recent changes in waiver services, largely to comply with new federal requirements. In order to provide quality of care for individuals served by the waiver, a significant amount of training is necessary - for Department of Health/Developmental Disabilities Division (DOH/DDD) staff, for waiver provider agencies, for consumers (and their guardians), and other community stakeholders. As a waiver service provider, CCH is doing its best to adjust to the many new changes in requirements and welcomes the support of DOH/DDD in the form of ongoing, timely and relevant training.
- **Regular rate review** –periodic rate studies, using industry based methodologies, are needed to ensure that payments to providers are fair, and in keeping with the rising cost of doing business and the changing demands of government requirements.

CCH asks for your support of SB2798, SD2, HD1. Please feel free to email Diane Terada, Division Administrator, at [diane.terada@catholiccharitieshawaii.org](mailto:diane.terada@catholiccharitieshawaii.org) or call her via phone at 527-4702 if there are any questions.

Thank you for this opportunity to provide testimony.



**SB-2798-HD-1**

Submitted on: 4/2/2018 1:23:36 PM

Testimony for FIN on 4/3/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:



Building Independence for Challenged Lives

PRESIDENT & CEO  
Marian E. Tsuji

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**LATE**

State of Hawaii  
House of Representatives

Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

SB 2798 SD2 HD1  
April 3, 2018; 1:30 p.m.  
Conference Room 308

Chair Luke, Vice Chair Cullen, and members of the Committee on Finance,

Lanakila Pacific strongly **supports** SB 2798 SD2 HD1 concerning the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund.

Creating a special fund to ensure the continued proper administrative oversight of the Home and Community Based Waiver program is crucial as the federal government has issued new requirements. SB 2798 SD2 HD1 will authorize the establishment of a special fund to support necessary compliance requirements, including payment for management, training, quality assurance, assessment, technology and rate methodology services needed for their implementation.

Lanakila Pacific is a 79 year old Hawaii-based non-profit organization, whose mission is to build independence for challenged lives. Our programs include Teaching and Learning Centers (TLC) in Honolulu and Wahiawa, which teach over 115 adults with disabilities how to become more independent under the Developmental Disabilities Medicaid Waiver program. TLC teaches life skills and actively gives back by volunteering in our communities.

Lanakila Pacific embraces the person-centered philosophy that is the foundation for many of the changes happening in the Waiver program. The shift will require changes to our operations, and those of the Hawaii Department of Health Developmental Disabilities Division (DOH DDD) and there will be costs involved. DOH DDD's ability to provide training and quality management services to Hawaii's already overstretched service providers will be crucial to our success.

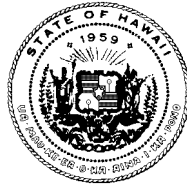
Additionally, the expenses associated with providing services increase year after year. Periodic rate studies using appropriate methodologies will be imperative to ensure that rates paid to service providers allow for the deliverance of quality services and the sustainability of the organizations providing them. We urge the passage of SB2798 SD2 HD1 to provide adequate financial resources for DOH DDD as we move forward.

Thank you for the opportunity to provide testimony in support of this measure.

Respectfully submitted,

Marian E. Tsuji      Lori Lutu      Rona Fukumoto  
President & CEO      Director of TLC      VP of Programs & Mission Advancement





STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

**LATE**

April 3, 2018

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2798 SD2 HD1 – RELATING TO INTELLECTUAL AND DEVELOPMENTAL  
DISABILITIES MEDICAID WAIVER ADMINISTRATIVE CLAIMING SPECIAL  
FUND**

Hearing: Tuesday, April 3, 2018 1:30 p.m.  
Conference Room 308, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent and supports the bill.

**PURPOSE:** The purpose of the bill is to create a special fund for administering the 1915(c) home and community-based services for people with intellectual and developmental disabilities waiver.

The Medicaid program is administered and overseen by the Med-QUEST division (MQD) of DHS. We delegate the operations for the 1915(c) Medicaid Home and Community Based Services (HCBS) Waiver to serve people with Intellectual and Developmental Disabilities (I/DD) to the Department of Health, Developmental Disabilities Division (DOH-DDD). Because they are operating on our behalf - the Medicaid agency, DOH-DDD may claim the 50% federal Medicaid administrative match. SB2798 SD2 requests the legislature's approval of the establishment of a special fund for deposits from this Medicaid administrative claiming to administer the HCBS I/DD waiver.

Currently, any administrative claiming Medicaid funds are deposited into the general fund. However, this has resulted in limiting the DOH-DDD's ability to implement many new major federal requirements that required sweeping changes to implement the waiver.

We confirm that implementation of these requirements and operations of quality services requires an adequate infrastructure that includes ongoing monitoring and training for staff, families, waiver participants, and providers. Specifically, per DOH DDD program, the monies from the fund would be used for:

- (1) Payment for fiscal management services of the Hawaii section 1915(c) Home and Community-Based Services for Persons with Intellectual and Developmental Disabilities waiver;
- (2) Training of staff, waiver providers, waiver participants, their families, and their legal representatives, and community stakeholders;
- (3) Quality management activities for operating the Hawaii section 1915(c) Home and Community-Based Services for People with Intellectual and Developmental Disabilities waiver;
- (4) Ongoing operations and maintenance of the information technology system;
- (5) Conducting rate methodology studies to define rates for the Hawaii section 1915(c) Home and Community-Based Services for People with Intellectual and Developmental Disabilities waiver; and
- (6) Assessment services for determining I/DD Waiver participants' level of support.

We further confirm that all of these activities are both increasing and necessary. DOH-DDD has been operating the I/DD program very efficiently and effectively up to this point; they have been collaborative partners with us in operating the Medicaid program; and we support their efforts to leverage the Medicaid dollars more effectively so that they can build additional and necessary infrastructure as listed above.

Thank you for the opportunity to provide comments on this measure.