

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
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**Testimony in SUPPORT of SB2798 SD1  
INTELLECTUAL AND DEVELOPMENTAL DISABILITIES WAIVER  
ADMINISTRATIVE CLAIMING SPECIAL FUND**

SENATOR DONOVAN M. DELA CRUZ, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: February 28, 2018

Room Number: 211

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 SD1  
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 SD1 requests the legislature's approval of the establishment of a special  
16 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 requirements for implementation of the waiver, including the Final Rule on Community

1 Integration and its Home and Community-Based Settings regulations. Implementation of these  
2 regulations and provision of quality services that meets Medicaid waiver requirements requires  
3 an adequate infrastructure and practices at all levels of the DDD program. The monies from this  
4 special fund will be used to meet these requirements and to modernize overall operations.

5 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

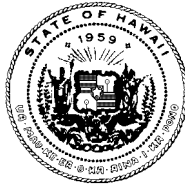
16 (6) Assessment services for determining I/DD waiver participants' level of support needs.

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

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

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

February 24, 2018

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
Senate Committee on Ways and Means

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2798 SD 1 – RELATING TO INTELLECTUAL AND DEVELOPMENTAL  
DISABILITIES MEDICAID WAIVER ADMINISTRATIVE CLAIMING SPECIAL  
FUND**

Hearing: Wednesday, February 28, 2018 10:45 a.m.  
Conference Room 211, 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 SD1 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.

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OCEAN VIEW

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Federal ID

99-0108896

To: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Committee on Ways and Means

Hearing Date: February 28, 2018, 10:45 am, Room 211

RE: **Testimony in support of SB 2798 SD1**  
Relating to Intellectual/Developmental Disabilities Medicaid  
Waiver Administrative Claiming Special Fund

The Arc of Kona **supports SB 2798 SD1**, which creates the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special 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 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

United  
Way



carf  
Commission on Accreditation  
of Rehabilitation Facilities

The  
**Arc of Kona**  
www.arcofkona.org

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

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 SD1. 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 extending to the right.

Michele L. Ku  
President and Chief Executive Officer





*Achieve with us.*

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Testimony in Support of Proposed SB2798 SD1

Senator Donoan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means  
Hearing Date: February 28, 2018      Room Number: 211

Honorable Senators:

The Arc in Hawaii strongly supports the Proposed HB538 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, technology and methodology services needed for their implementation.

Crucially, proposed 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 HB538 HD1 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 the proposed HB538 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