



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

February 23, 2022

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

FROM: Cathy Betts, Director

SUBJECT: **HB 1797 HD1 – RELATING TO HOMELESS SERVICES.**

Hearing: Tuesday, February 24, 2022, 2:00 p.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the measure's intent and provides comments.

**PURPOSE:** The purpose of this measure is to establish a three-year medical respite pilot program within the department of human services to provide outpatient health care and supportive services to homeless persons recently discharged from the hospital and non-hospitalized homeless persons who are being moved by police out of unauthorized spaces. Requires a report to the legislature. Appropriates funds. Effective 7/1/2060. (HD1) The HD1 amended the measure by blanking the appropriation amount, defecting the effective date, and making technical amendments.

The DHS Homeless Programs Office administered a previous medical respite pilot program with Queen's Medical Center (QMC) between 2018 and 2020. QMC is a highly regarded medical service provider with very different skillsets and experiences than homeless service providers. HPO and QMC struggled to find common ground from the outset due to distinct medical terminology and disparate program requirements. QMC was required to provide services consistent with the national standards for the medical respite program; while the requirements were crucial, it was outside of HPO's scope and level of expertise.

Consequently, HPO was ill-equipped to monitor and evaluate these and other medical service provisions thoroughly.

Embedded in the QMC contracts with HPO was the provision that QMC developed and implemented a system to track its expenditures for case management and support services upon implementing the 1115 Medical demonstration waiver for case management and support services. In addition, it was to ensure that it billed Medicaid as the primary funding source for eligible services, which included tenancy and pre-tenancy services to benefit homeless individuals who have a combination of housing instability and health conditions. QMC partnered with other health care providers to form the Queen's Care Coalition. They successfully launched the program, embedded social workers in the emergency room, and have created value-based contracts with several of the Medicaid QUEST Integration health plans to help ensure the sustainability of this program.

The Medicaid waiver is now in the process of being fully implemented. DHS suggests that medical providers, such as a federally qualified health center, utilize the existing Medicaid benefits to provide the described medical respite and tenancy support services related to housing described in the bill. Medicaid benefits will likely cover the majority of individuals needing the services. Providing services reimbursable through the Medicaid waiver would provide more sustainable funding than a state-funded medical respite pilot. Data has already shown that beneficiaries will have improved health outcomes since housing stability is often positively correlated with health outcomes. Providing these tenancy and pre-tenancy services will also help improve sustainability by decreasing costs by reducing the number of emergency department visits and inpatient stays these beneficiaries will need. Finally, unlike the bill, the services are not limited to one type of provider, federally qualified health centers.

The provision of these services will lead to improved integration of all services, increased effectiveness of care coordination, increased individual involvement in their care, improved health outcomes, and reductions in unnecessary or inefficient use of emergency department utilization. By utilizing the Medicaid benefits, participants will continue to receive supportive services over the long term, without interruption of services due to funding or contracting obstacles and delays.

Lastly, DHS respectfully requests that any appropriation not supplant or reduce existing budget priorities identified in the executive budget.

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

**DAVID Y. IGE**  
GOVERNOR



**EXECUTIVE CHAMBERS**  
HONOLULU

February 24, 2022

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

**FROM:** Scott Morishige, MSW, Governor's Coordinator on Homelessness

**SUBJECT: HB 1797 HD1 – RELATING TO HOMELESS SERVICES.**

Hearing: Thursday, February 24, 2022, 2:00 p.m.  
VIA VIDEO CONFERENCE

**POSITION:** The Governor's Coordinator on Homelessness appreciates the intent of this bill and respectfully offers comments. If this measure proceeds, the Coordinator requests that any appropriation not reduce or replace budget priorities identified in the executive budget.

**PURPOSE:** The purpose of the bill is to establish a three-year medical respite pilot program within the Department of Human Services (DHS) to provide out-patient health care and supportive services to homeless persons recently discharged from the hospital and non-hospitalized homeless persons who are being moved by police out of unauthorized spaces.

The Coordinator recognizes the need for programs that address health needs of individuals experiencing homelessness and notes some homeless service providers currently provide medical outreach including wound care and basic medical triage. In addition, acute care facilities, such as Queen's Medical Center, provide medical respite beds for homeless individuals discharged from emergency care.

However, as currently drafted, this measure appears to require the proposed pilot services be provided by an FQHC and does not allow for other entities with relevant experience to be selected as a provider. If this measure proceeds, the Coordinator requests clarification if the Legislature's intent is to limit potential providers to FQHCs and not other hospital systems. If the Legislature does not want to restrict the proposed pilot to FQHCs, the Legislature may

consider amending this bill to allow for organizations with relevant experience delivering healthcare for homeless individuals to be selected as a provider.

Alternatively, the Legislature may consider providing flexibility to contract directly with a county government, which may then sub-contract with a qualified FQHC to administer the pilot program. Contracting directly with a county will enable opportunities to leverage the expertise of county Emergency Medical Services (EMS) and related services, such as the City and County of Honolulu’s [Crisis Outreach Response and Engagement \(CORE\) program](#). The Coordinator, through DHS, currently administers contracts directly with the four counties for the [Ohana Zones](#) pilot program, including for projects such as the [Homeless Outreach and Navigation for Unsheltered \(HONU\)](#). Specifically, the Coordinator and his staff monitor these contracts and report outcomes annually to the Legislature. Direct contracts with the counties for Ohana Zones leveraged county-level funding, land, and facilities to supplement Ohana Zones pilot program funding. The [HICH annual legislative report](#)<sup>1</sup> provides a detailed overview and evaluation of the Ohana Zones pilot program.

The Coordinator notes that the DHS Homeless Programs Office (HPO) administered a previous medical respite pilot program with Queen’s Medical Center between 2018 and 2020. A key lesson learned from the prior pilot is that this type of program requires an understanding of medical terminology and national standards for medical respite programs, as well as recognition that many of the services provided by the pilot are reimbursable by Medicaid. The [final report](#) submitted for the past pilot recommended that “a healthcare entity with relevant subject matter expertise provide oversight and assume future contracts of this nature if any.”<sup>2</sup>

Given the recommendation of the past pilot, if this measure proceeds, the Coordinator suggests designating an executive branch agency with the required subject matter expertise and experience with procurement to administer the pilot or appropriate funds directly to a county government with relevant expertise for administration of the proposed pilot.

Thank you for the opportunity to testify on this measure.

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<sup>1</sup> Report available at: <https://homelessness.hawaii.gov/wp-content/uploads/2021/12/HICH-Report-to-2022-Legislature-FINAL.pdf>

<sup>2</sup> Report available at: [https://humanservices.hawaii.gov/wp-content/uploads/2021/01/FINAL\\_Act-69-2020-Emer-Dept-and-Med-Respite-Pilots-signed-4.pdf](https://humanservices.hawaii.gov/wp-content/uploads/2021/01/FINAL_Act-69-2020-Emer-Dept-and-Med-Respite-Pilots-signed-4.pdf).

DAVID Y. IGE  
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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1797, H.D. 1

**February 24, 2022**  
**2:00 p.m.**  
**Room 308 and Videoconference**

**RELATING TO HOMELESS SERVICES**

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1797, H.D. 1: 1) establishes a new Medical Respite Pilot Program (MRPP) within the Department of Human Services (DHS) for a period of three years; 2) requires MRPP to be administered in each county with a population greater than 600,000 and based at a federally qualified health center; 3) sets requirements for services provided by the health center; 4) sets reporting requirements for DHS; and 5) appropriates an unspecified amount of general funds to DHS in FY 23 for the implementation of MRPP.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.

**Testimony HB 1797 February 8, 2022**

Chair Ryan Yamane, Vice Chair Adrian Tam and members of the Health, Human Services and Homeless Committee. Thank you for allowing me to testify at today's hearing. My name is Darrin Sato COO of Kalihi-Palama Health Center we stand in support of HB 1797. From our experience, many patient's initial emergency room visits cannot be avoided. However, reoccurring visits when patients are engaged and there is a coordinated plan between hospital, social service agencies and insurance plans can reduce the emergency room and hospitalizations of patients when their health issues can be treated thru primary preventive care. We believe the direction this bill provides will assist us in providing the appropriate care in the least restrictive means possible.



**HB-1797-HD-1**

Submitted on: 2/22/2022 10:45:04 PM

Testimony for FIN on 2/24/2022 2:00:00 PM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|--------------|--------------|--------------------|----------------------------|
| Sherry Kupau | Individual   | Support            | No                         |

Comments:

**Representative Ryan I. Yamane, Chair, House Committee on Health, Human Services, and Homelessness**

**POSITION:** I appreciate the intent of this bill and respectfully offers comments. I request that any appropriation not reduce or replace budget priorities identified in the executive budget. Allow bill to be expand to other counties.

**PURPOSE:** The purpose of the bill is to establish a three-year medical respite pilot program within the Department of Human Services (DHS) to provide out-patient health care and supportive services to homeless persons recently discharged from the hospital and non-hospitalized homeless persons who are being moved by police out of unauthorized spaces.

As an MSW Student I recognize the need for programs that address the health needs of those experiencing homelessness. Some agencies I have collaborated with provides basic medical outreach services. Although, we continue to see a rise in emergency services through high utilizers, respite programs across all counties in Hawaii would be a valuable resource without cutting out funds from other budget priorities.

Respite is needed in all counties because it allows those experiencing homelessness to get medical and mental health care in transition from hospital to housing. Respite can also provide and great deal of services from basic services to more intensive services provided by qualified staff instead of being released back to the streets. A reduction in hospital utilization can decrease, and with Medicaid waivers more resources can be accessible to homeless participants.

Implementation of the Medicaid waivers from the Department of Human Services will allow more homeless service agencies, social workers, and health providers to provide more robust care for homeless participants in partnership with this pilot program. Medicaid benefits can provide resources to medical respite and tenancy support services related to housing. Homeless service agencies that utilize Medicaid Waivers can provide tenancy and pre-tenancy services which can help improve sustainability by decreasing costs by reducing the number of emergency department visits, and inpatient stays they will need. Therefore, kindly ask to consider amending the bill to allow organizations to be selected as a provider with qualified experiences of delivering healthcare for homeless individuals.

The provision of these services will lead to improved integration of all services, increased effectiveness of care coordination, increased individual involvement in their care, improved health outcomes, and reductions in unnecessary or inefficient use of emergency department utilization. By utilizing Medicaid benefits, participants will continue to receive supportive services over the long term. As Social Workers our goal is to help improve the quality of life and standard of care for homeless persons.

Thank you for allowing me the opportunity to testify on this matter