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STATE OF HAWAII  
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February 16, 2022

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

FROM: Cathy Betts, Director

SUBJECT: **SB 2857 SD1– RELATING TO CHILD WELLNESS.**

HEARING: February 18, 2022, 10:10 a.m.  
Via Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this measure as long as it does not displace or reduce funding for our priorities identified in the Executive Budget.

**PURPOSE:** The purpose of this measure is to establish within the Department of Human Services, a five-year Child Wellness Incentive Pilot Program that pays \$50 to a state Medicaid benefit recipient who is a parent to a child, each time the child completes a well-child examination. Requires the Department of Human Services to adopt rules and report to the Legislature. Appropriates funds. Repeals 6/30/2027. Effective 12/31/2050. (SD1)

The SD1 appropriates \$4,516,000 and defects the date to December 31, 2050.

The Department supports efforts to increase wellness screenings for children in Hawaii. Currently, QUEST Integration, the State's Medicaid program, covers over 162,000 children, about half of all children in the State. Children's wellness visits are strongly promoted through a Medicaid benefit called Early Periodic Screening Diagnoses and Treatment (EPSDT). EPSDT covers all screenings for children and young adults up to age 21.

Children have different schedules of recommended wellness checks depending on their age. For example, birth to one year old is recommended for six visits, while older children have annual visits.

The QUEST Integration health plans currently offer various non-financial incentives to complete wellness checks. For example, one plan is to implement financial incentives this year in a Visa card for various preventive services, including well-child checks. The financial incentive is "value-added" services. The incentive program costs are not paid for in the health plan's capitation payments by the Med-QUEST Division (MQD) since these costs are not allowable federal Medicaid expenses. However, financial incentives could help families offset the costs of childcare, transportation, or other necessities.

The Child Wellness pilot program would pay \$50 to a parent who is a Medicaid beneficiary when their child receives a well-child visit. Thus, the incentives would be available for a sub-set of the children served by Medicaid, and potentially, for some children who are not covered by Medicaid. The \$50 would be one time per year, regardless of whether the child received multiple well-child visits during the year. There are an estimated 51,560 QUEST parents who have 90,320 children on QUEST. If the parents took all of their children in at least once, the cost would be \$4,516,000 each year in State general funds, the amount appropriated in the SD1 version.

It is unknown how many children are not covered by QUEST but whose parents are QUEST beneficiaries. An example of this situation is a child covered via employer-based dependent health insurance coverage through a parent in a different household. The Med-QUEST Division does not have access to that information and cannot estimate those costs. As noted earlier, these types of financial incentives are not allowable federal Medicaid expenditures, so the State cannot receive federal Medicaid matching dollars.

The Department will be required to adopt rules, evaluate the effectiveness of the pilot, make recommendations, and submit this in a report to the Legislature. These administrative duties will require MQD staff to accomplish these additional tasks. Therefore, for MQD to perform these new tasks in addition to existing work, the Department respectfully requests that

the staffing requests in the executive budget to fund defunded positions be considered and no further staffing reductions enacted.

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

DAVID Y. IGE  
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CRAIG K. HIRAI  
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**STATE OF HAWAII**  
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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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 SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 2857, S.D. 1

**February 18, 2022**  
**10:10 a.m.**  
**Room 211 and Videoconference**

**RELATING TO CHILD WELLNESS**

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

Senate Bill No. 2857, S.D. 1: 1) establishes the Child Wellness Incentive Pilot Program (CWIPP) within the Department of Human Services (DHS) for a period of five years; 2) sets basic parameters around CWIPP incentive payments for well-child examinations, including recipient eligibility, incentive amount, and total annual incentive limits; 3) sets reporting requirements for DHS; 4) provides definitions for clarity; and 5) appropriates \$4,516,000 in general funds to DHS in FY 23 to establish, implement, and operate CWIPP.

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.

**SB-2857-SD-1**

Submitted on: 2/16/2022 9:07:15 PM

Testimony for WAM on 2/18/2022 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Michael Ching, MD, MPH	Testifying for American Academy of Pediatrics, Hawaii Chapter	Support	No

Comments:

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

The American Academy of Pediatrics, Hawaii Chapter supports SB2857 as a mechanism to increase adherence to the well child examination schedule. Well child examinations play an important role in ensuring the health of our keiki. At these visits children receive needed screening for health problems, immunizations to protect against diseases, and guidance to promote healthy behaviors. Children who receive the recommended well child care are more likely to have developmental concerns identified early and are less likely to use the emergency room. During the coronavirus pandemic, enrollment in Medicaid has increased nationwide, and more of our vulnerable keiki than ever are covered under this program. We support the state's efforts to incentivize families to access this important care.

Aloha,

Michael Ching, MD, MPH, FAAP

President

American Academy of Pediatrics, Hawaii Chapter

**LATE**

**SB-2857-SD-1**

Submitted on: 2/17/2022 2:58:35 PM  
Testimony for WAM on 2/18/2022 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
S.DelaCruz	Individual	Support	No

Comments:

This bill would further support current initiatives that have been planned and implemented by students, such as Sydney Bonsall, from Waianae HS. She and her peers successfully initiated a "Period Project" and have been awarded grants to further this initiative at the school. I would recommend this body to work in conjunction with existing student led initiatives.