

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



CATHY BETTS  
DIRECTOR  
KA LUNA HO'OKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**DEPARTMENT OF HUMAN SERVICES**  
KA 'OIHANA MĀLAMA LAWELAWE KANAKA  
Office of the Director  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 27, 2023

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

FROM: Cathy Betts, Director

SUBJECT: [SB 1474 SD1](#) – RELATING TO MEDICAID.

Hearing: March 1, 2023, 10:10 a.m.  
Conference Room 211 & Videoconferencing, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the measure's intent and offers comments. However, DHS respectfully requests that any appropriation not replace or reduce priorities identified in the executive budget and Governor's Messages.

**PURPOSE:** This bill appropriates funds for the achievement of full funding, including estimated payment increases, of Medicaid Home- and Community-Based Services. (SD1) The SD 1 amended the measure by inserting a blank appropriation amount; and making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As long as any appropriation does not replace or reduce priorities identified in the executive budget and forthcoming Governor's Messages, DHS supports the intent of this measure to fund the estimated rate increases proposed in the Milliman, LLC Home and Community Based Rate Study completed December 31, 2022 (Milliman Study). DHS included the Milliman Study in reporting to the Legislature as requested by Senate Resolution 4 (SR4, 2022): Requesting The Department of Human Services To Study The Feasibility Of Increasing

The Medicaid Reimbursement Rates For Community Care Foster Family Homes, Expanded Adult Residential Care Homes, And Other Types Of Home And Community-Based Service Care Providers And Services. That report is cited extensively in the preamble of this measure.

In the SR 4 Legislative report (with addendum), DHS included three (low, medium, and high) scenarios to consider rate increases to home and community-based services (HCBS). The original SB 1474 had an appropriation of \$30,210,000 in general funds for state fiscal years 2023-2024 and 2024-2025, sufficient to cover the high scenario for all three HCBS categories of services. However, the Legislature could select different scenarios for different services. For example, the “High Residential services” scenario at \$12.47M, with the “Low In-Home Services” at \$9.86M and “Medium Case management services” at \$0.54M for a total of \$22.87M. Or the Low scenario could be chosen for all three, which would be \$15.71M. The table below includes all three scenarios with the estimated general funds (in millions) highlighted:

**Estimated Modeled Comparison Rate Impact (in millions)**

Scenarios	Low		Medium		High	
	Estimated Payment Change	Estimated General Fund	Estimated Payment Change	Estimated General Fund	Estimated Payment Change	Estimated General Fund
Residential services	\$13.50	\$5.59	\$27.90	\$11.56	\$30.10	\$12.47
In-home services	\$23.80	\$9.86	\$34.70	\$14.38	\$40.40	\$16.74
Case management services	\$0.50	\$0.21	\$1.30	\$0.54	\$2.30	\$0.95
<b>Total Rate Study Services</b>	<b>\$37.90</b>	<b>\$15.71</b>	<b>\$64.00</b>	<b>\$26.52</b>	<b>\$72.90</b>	<b>\$30.21</b>

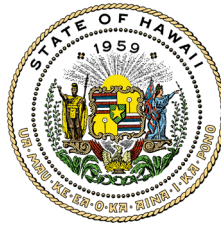
We note that for the increase to be ongoing, the appropriations will need to be added to the HMS 401 base budget in the executive budget bill. Conversely, if the appropriations come through this measure, the increase will only apply in state fiscal years 2024-2025 and 2025-2026 and will not be ongoing, requiring future budget requests.

Finally, we note that the bill requires DHS to pursue private grants. While DHS could do so, we are unaware of any such grants that would fund such an increase on an ongoing basis.

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

**JOSH GREEN, M.D.**  
GOVERNOR OF HAWAII  
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII'

**KENNETH FINK, MD, MGA, MPH**  
DIRECTOR OF HEALTH  
KA LUNA HO'OKELE



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**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
**KA 'OIHANA OLAKINO**  
**EXECUTIVE OFFICE ON AGING**  
NO. 1 CAPITOL DISTRICT  
250 SOUTH HOTEL STREET, SUITE 406  
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**LATE**

**Testimony in SUPPORT of SB 1474 SD1**

COMMITTEE ON WAYS AND MEANS  
SENATOR DONOVAN DELA CRUZ, CHAIR  
SENATOR GILBERT S.C. KEITH-AGARAN, VICE CHAIR

Testimony of Caroline Cadirao  
Director, Executive Office on Aging  
Attached Agency to the Department of Health

Hearing Date: March 1, 2023  
10:10 AM

Room Number: 211  
Via Videoconference

**EOA's Position:** The Executive Office on Aging (EOA), an attached agency to the Department of Health, strongly supports the SB1474 SD1, Relating to Medicaid Home and Community-Based Services (HCBS).

**Fiscal Implications:** This measure appropriates an unspecified amount for fiscal year 2023-2024 and the same sum for fiscal year 2024-2025, provided that the Department of Human Services shall obtain federal matching funds and shall pursue all funding sources, prior to expenditure of these state funds.

**Purpose and Justification:** The purpose of this bill is to appropriate moneys for the achievement of full funding, including estimated payment increases, of Medicaid home and community-based services. Medicaid HCBS supports low income kūpuna and people with disabilities who need help with activities of daily living, such as getting dressed and bathing, preparing and eating meals, and assistance with chores in the home. These services help many

people remain in their home and community. Unfortunately, HCBS direct care workers are often paid very low wages and have few opportunities for training or career advancement. As a result, turnover in the field is high, which contributes to worker shortages and limits the availability and capacity of providers. So that more low-income kūpuna and people with disabilities can live and thrive in home and community-based settings - where most people prefer to live - more and longer-term investments are needed. Investing in the Medicaid HCBS system will improve access to Medicaid HCBS for kūpuna and people with disabilities and provide fair wages and career advancement for the people who care for them.

**Recommendation:** EOA is in strong support of this bill. This bill is an important step to support and finance the necessary transformational change for Medicaid.

Thank you for the opportunity to testify.



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**The State Legislature**  
**Senate Committee on Ways and Means**  
**Wednesday, March 1, 2023**  
**Conference Room 211, 10:10 a.m.**

TO: The Honorable Donovan Dela Cruz, Chair

RE: Support for S.B. 1474, SD1 Relating to Medicaid

Aloha Chair Dela Cruz and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 140,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

**AARP strongly supports S.B. 1474, SD1** which appropriates funds for the achievement of full funding, including estimated payment increases, of Medicaid home and community-based services.

Most people prefer to age in their homes or in a home and community based setting (HCBS) provided by Hawaii's 1,600+ foster family and adult residential care homes, scores of adult day care centers and in-home personal care services that are fortunately funded by Medicaid. For many in need of long term care, Medicaid is their safety net coverage if they are unable to pay for services out of pocket or lack private long term care insurance. These HCBS providers are the backbone of the state's long term care delivery system – their services are cost-effective, high quality and support people's preference to age in place. Hawaii is already facing an acute shortage of health care providers. We need to attract, retain and compensate them properly so that they can continue to care for our most vulnerable populations including kūpuna. Increasing the Medicaid payments will help improve the overall access to care for all people in need. Thank you very much for the opportunity to testify in strong support **S.B. 1474, SD1**.

Sincerely,

A handwritten signature in black ink that reads "Keali'i S. Lopez".

Keali'i S. López, State Director

# THE KŪPUNA CAUCUS



WAM\_03-01-23 10:30AM Submitted

TO: COMMITTEE ON WAYS AND MEANS  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

CONCERNING: SB1474 SD1 (SSCR543) Relating to Medicaid

POSITION: STRONG SUPPORT

ALOHA Chair Cruz, Vice Chair Keith-Agaran and Members of the Committee

The Kūpuna Caucus of the Democratic Party of Hawai'i has more than 2,000 enrolled members who are politically active and greatly interested in all issues affecting seniors in the State of Hawai'i and nationally. The Caucus strongly requests that you support SB 1474. This is one of several bills which will address some of the inequities in compensation faced by medical professionals in Hawaii and help keep more of them in our State.

Medical professional in Hawaii are leaving in droves. In almost every case a primary cause is the cost of living and doing business in Hawaii compared with the inadequate compensation paid for services by both Medicare and Medicaid.

When inadequate compensation is combined with the GET (which medical professionals and services must pay for themselves when Medicare. Medicaid or other insurers refuse to pay it), the cost of living becomes prohibitive for medical practitioners and services.

The compensation by Medicaid must be raised to match at least that of current Medicare compensations. However, Medicare compensation also needs to be raised for all medical services and practitioners in Hawaii. The current Medicare compensations are decades old and completely inconsistent with the current cost of living in Hawaii.

Please pass this bill and help us keep medical professionals practicing in Hawaii AND continuing to accept Medicaid covered clients.

Martha E Randolph for the  
Kupuna Caucus of the Democratic Party of Hawaii



March 1, 2023

The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means

Re: SB1474 – Relating to Medicaid

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB1474, which appropriates funds for the achievement of full funding, including estimated payment increases, of Medicaid Home- and Community-Based Services.

HMSA supports the intent of this measure to focus on home and community-based services providers such as case management agencies, community care foster family homes, and adult day health and day care centers. We believe that increasing reimbursements for these providers is important as it can expand access to quality care for some of our most vulnerable residents while supporting caregivers who may be financially challenged due to inflation, labor shortages, and higher operational costs. We also respectfully request that any appropriation for this bill not displace any budget priorities requested for the full funding of Medicaid.

Thank you for the opportunity to testify in support of SB1474.

Sincerely,

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Dawn Kurisu  
Assistant Vice President  
Community and Government Relations

**Senate Ways and Means Committee  
Chair: Senator Donovan Dela Cruz  
Vice Chair: Senator Gilbert S.C. Keith-Agaran  
Hearing Date: February 28, 2023, 10:00am**

**Re: SB 1474, SD1 - RELATING TO MEDICAID**

**Aloha Chair Dela Cruz, my name is Linda Dorset, a resident of Wailuku, Maui. I thank you for the opportunity to submit written testimony regarding the above referenced legislation. I strongly support SB1474 to appropriate funds for the achievement of full funding, including estimated payment increases, of Medicaid home and community based services.**

**Most people prefer to age in their homes or in a home and community based setting (HCBS) provided by Hawaii's foster family and adult residential care homes, adult day care centers and in-home personal care services. They are funded by Medicaid, because that is their safety net coverage for those unable to pay for services out of pocket or lack private long term care insurance.**

**These HCBS providers are the backbone of the state's long term care delivery system; yet this program was established in the year 1998 and providers are still receiving the same reimbursement. More financial support is needed to pay for the program and to convince more younger caregivers to open homes to render care to our Kupunas.**

**We need to attract, retain and compensate them properly so that they can continue to care for our most vulnerable populations including kūpuna.**

**Linda Dorset  
Wailuku Resident**



**SB-1474-SD-1**

Submitted on: 2/27/2023 8:50:43 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Claire Santos, MS, RN	Individual	Support	Written Testimony Only

Comments:

Aloha Ways and Means Committee,

I am writing in support of SB1474, SD1 as it relates to funding home and community-based services for elderly and disabled Medicaid recipients. The post-Covid national economy has left a large group of people in need of long term assistance, and there is little hope that we'll ever have enough institutional housing for those most in need. Funding programs that accommodate stay-at-home and community-based services is a logical solution to providing healthier lives for all, which tends to result in less dependence on medical services and hospitalizations. Along with that, we need to pay caregivers their due so that they, in turn, can live meaningful and healthy lives. Let's shore=up the foundation and fund this program.

Mahalo for the opportunity to provide testimony.

Claire P. Santos, MS, RN

**SB-1474-SD-1**

Submitted on: 2/27/2023 8:51:01 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Wyatt	Individual	Support	Written Testimony Only

Comments:

Title XIX of the Social Security Act is a federal and state entitlement program that pays for medical assistance for certain individuals and families with low incomes and resources. This program, known as Medicaid, became law in 1965 as a cooperative venture jointly funded by the federal and state governments to assist states in furnishing medical assistance to eligible needy persons. Medicaid is the largest source of funding for medical and health-related services for America's poorest people.

Within broad national guidelines established by federal statutes, regulations, and policies, **each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the rate of payment for services; and administers its own program.** Medicaid policies for eligibility, services, and payment are complex and vary considerably, even among states of similar size or geographic proximity. **In addition, state legislatures may change Medicaid eligibility, services, and/or reimbursement at any time.**

Because each state makes its own Medicaid guidelines, it begs the question as to why there is no standardization in the Hawai'i Medicaid system. Of the five managed care organizations that are contracted with Med-QUEST, the Medicaid program, each one makes their own "rules"! One company may say a client is eligible, while the next company says they don't qualify. Each company employs their own case managers that do the assessments to decide whether someone is eligible. Those case managers can make arbitrary decisions on the levels a client may qualify for. There is no consistency on assessment levels and then each company reimburses at arbitrary rates. If the state of Hawai'i sets the eligibility requirements and reimbursement, then why is there no consistency among the Med-QUEST contracted companies? Why can one company set a reimbursement rate and the next company can set a different reimbursement rate? The finances are all coming out of one pot at the state level.

SB1474/HB1341 was submitted and ~~are~~ for appropriation of moneys for the achievement of full funding, including estimated payment increases, of Medicaid Home and Community-Based Services. As an aside, there hasn't been a Cost of Living increase to providers for over 7 years!

As a Community-Based Service, Adult Day Care is a vital rung in the Long-term Care ladder. It is the most economical service for kupuna that wish to age in place, but who need supervision, socialization and mind and body stimulation while their caregivers are at work or running personal errands. There are 27 adult day care centers in Hawaii, all counties. Many of them can't

accept Medicaid recipients in need of the service due to the poor reimbursement from Medicaid. It is impossible to sustain a business if the reimbursement rate is almost half of what the average cost is for attendance in an adult day care. All directors of Adult Day Care want to serve all kupuna who need the service, but unfortunately, can't and still maintain the service. Some do admit Medicaid recipients, but the number accepted has to be limited due to the poor reimbursement rate, which leaves a lot of kupuna without the needed service.

In conclusion, if **each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the rate of payment for services; and administers its own program, why is there no consistency in our Medicaid program?** All of the issues could be easily remedied if a standardization of assessment criteria and reimbursement rates was set by the legislature. Support of SB1474 is asked for the Kupuna who are Medicaid recipients and providers who wish to care for these Kupuna.

Thank you for the chance to testify.

Kathleen Wyatt, Hale Hau`oli Hawai`i

**LATE**

**SB-1474-SD-1**

Submitted on: 2/28/2023 7:39:59 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rosemarie S, Sebastian	Testifying for ILWU Local 1000	Support	Written Testimony Only

Comments:

Hello.

I am writing to you to ask for your support for the licensed home operators in Hawaii. We are health care contractors for the State of Hawaii. We care for the impoverished and the medicaid benefit recipients--who are unable to care for themselves. We provide for their housing, meals and snacks, daily needs, 24/7, 365 days supervision; and in some cases, medical care & transportation to their doctors appointments, and we also provide medicine monitoring.

I support this Bill: SB 1474 as long as it also includes the Type I ARCH, Expanded ARCH, DDD home operators to recipients of payment increase.

Your kind support of this bill would be greatly appreciated.

Sincerely yours,

Rosemarie S. Sebastian, Treasurer

ILWU LOCAL 1000

99-079 Kauhale St., #101, Aiea, HI 96701

**LATE**

**SB-1474-SD-1**

Submitted on: 2/28/2023 8:28:30 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mathew Yamamoto	Individual	Support	Written Testimony Only

Comments:

Honorable Chair Donovan Dela Cruz

Honorable Vice-Chair Gilbert Keith-Agaran

and the

Senate Ways and Means Committee members

Re: Support for SB1474 - increased compensation for licensed community care givers/licensed home operators

Aloha! We support this bill because the licensed community care givers have been paid at a lesser rate that is merited for many years and they need more to survive. There is a study that was requested and received on Dec. 30, 2022 by Medquest that supports this assertion. Licensed Adult Foster Home providers and ALL other licensed home operators provide needed daily care and supervision to the most vulnerable adult population in our community. Many of the medicaid recipients would have no where else to go other than the streets or beaches if not for the licensed home operators to house and care for them.

We hope that you will fully support the increase of the payment system to licensed home operators to at least the "medium" level cited by the Milliman study received by the Medquest division. We further request that you include the ARCH, EARCH, and DDD home operators in the increase of payments as they too provide care for the medicaid recipient patients.

Licensed Home Operators of all types (i.e. CCFFH, ARCH, EARCH, and DDD) provide tremendous cost savings and high quality personal care to medicaid recipients. In fact the licensed home operators save the State MILLIONS OF DOLLARS PER MONTH when compared to the cost of housing the medicaid recipients in skilled nursing facilities ("nursing homes") or hospitals.

Thank you very much for your consideration and support of this issue.

Mahalo,

Mathew Yamamoto

ILWU International Representative

99-079 Kauhale Street

Aiea HI 96701

**LATE**

**SB-1474-SD-1**

Submitted on: 2/28/2023 10:11:22 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sheillamari Prepuse	Individual	Support	Written Testimony Only

Comments:

To Honorable Chair Dela Cruz, Vice Chair Keith Agaran and members of the Senate Ways and Means Committee,

RE: SB 1474, SD 1

Care Home caregivers across the state of Hawaii need your support to help pass a bill that will increase the pay for providers of Medicaid recipients. Currently, caregivers are getting paid \$41.06 a day for the past 14 years for a level 2 patient.. This roughly translates to \$ 2.00/hr for a 24/7 workload with no pay rate increase adjusted for inflation. Care home caregivers also do not have vacation, sick pay or respite care. In order to take a day off, caregivers need to find their own alternate or substitute caregivers at a minimum wage of \$20/ hr which is more than what the state is paying them. Caregivers also do not have access to health insurance, retirement plan or disability benefits. These had prompted a lot of care home operators to close their doors to Medicaid patients and either abandon their business completely or turn their business into private pay patients only. With the upcoming influx of retirees with no retirement account or significant assets but needing 24/7 care, a lot of our kupunas and their families will be faced with having to compete for an open Medicaid bed or pay out of pocket. Private pay can be upwards of \$4k to 8k/ month and this is not affordable to most families in Hawaii. We cannot afford for another Medicaid care home to close as more and more Medicaid patients are being held in hospitals and are unable to be discharged to the community for lack of "beds". Let's help our community hospitals open up much needed in-patient beds for the acutely sick, infirmed or trauma patients and let's bring our stable "kupunas" and stable "ohanas" not needing acute care back to the community and into a loving care home. **LET'S KEEP OUR COMMUNITY CARE HOMES OPEN. HELP US IN OUR PETITION TO PASS THIS BILL.**

Mahalo!

Sheillamari Prepuse, RN

86-218 Leihoku St.

Waianae HI 96792

[info@eolacarehome.com](mailto:info@eolacarehome.com)



**LATE**

**SB-1474-SD-1**

Submitted on: 3/1/2023 9:36:07 AM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Daniel park	Testifying for Evergreen adult day care	Support	Written Testimony Only

Comments:

I support this bill and request to have the rate increase for all home community base service providers. DHS only did a rate study for certain hcbs providers and did not include adult day care. We are requesting that the rate increase also applies to adult day care providers.

Thank you

Daniel park