

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 222
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 222, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HUMAN SERVICES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Adjust the method by which the Department of Human Services calculates Medicaid payments to providers of medical care and long-term supports and services; and
- (2) Appropriate an unspecified amount of funds to cover any costs that may arise while the Department of Human Services establishes new Medicaid payment rates for long-term supports and services.

Your Committee received testimony in support of this measure from the Adult Foster Homecare Association of Hawai'i, United Caregivers of Hawaii, Community Homecare Association of Hawai'i, Alliance of Professional Primary Care Administrators, Providers Helping Hands of Hawaii, AARP Hawai'i, and twenty-four individuals. Your Committee received comments on this measure from the Department of Human Services.



Your Committee finds that home- and community-based care homes that provide Medicaid beneficiaries with opportunities to receive services in their own home or community rather than institutions or other isolated settings are a vital part of the State's long-term health care continuum. Your Committee also finds that the effects of the coronavirus disease 2019 pandemic caused a forty percent increase in Medicaid enrollment in the State, and nearly one-third of the State's residents are now enrolled in Medicaid. Despite the increase in costs incurred by home- and community-based care homes in providing their services, the Medicaid reimbursement rates for these facilities have not been updated for over fourteen years, and a study commissioned by the Department of Human Services on rates paid to home- and community-based services showed significant wage pressure given the current labor market. This measure ensures that these long-term supports and services providers are fairly and fully funded.

Your Committee notes that this measure contains an unspecified appropriation amount for fiscal year 2023-2024 to fund any costs that may arise while the Department of Human Services establishes payment rates for long-term supports and services. Your Committee also acknowledges the testimony of the Department of Human Services setting forth the possible fiscal impacts of payment rate increases for three different types of home- and community-based services (residential services, in-home services, and case management services) under three (low, medium, and high) rate increase scenarios as listed in the table below, which can be chosen independently of each other. Your Committee further acknowledges that for the rate increases to continue beyond fiscal year 2023-2024, the appropriation must be added to the Department's base budget in the executive budget bill.

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	\$5.59M	\$27.90	\$11.56M	\$30.10M	\$12.47M
In-Home Services	\$23.80	\$9.86M	\$34.70	\$14.38M	\$40.40M	\$16.74M
Case Management Services	\$0.50	\$0.21M	\$1.30	\$0.54M	\$2.30M	\$0.95M



Total Rate Study Services	\$37.90	\$15.71M	\$64.00	\$26.52M	\$72.90M	\$30.21M
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Accordingly, should your Committee on Ways and Means choose to deliberate on this measure and determine that the appropriation includes payment rate increases that have been recommended by the Department of Human Services based on reviews that have already been completed, your Committee respectfully requests that it appropriate funds at the low-rate increase scenario level of \$9,860,000, due to other measures currently moving through the legislative process that minimally increase the payment rates.

Your Committee has amended this measure by:

- (1) Inserting an effective date of June 30, 2024; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 222, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 222, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



