

JAN 15 2025

A BILL FOR AN ACT

RELATING TO MEDICAID.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that strengthening
2 long-term care services and support is of broad interest
3 nationally and in the State. Recently, a Council of State
4 Governments task force on effective and sustainable long-term
5 care included a work group focused on sustainable funding. The
6 department of human services med-QUEST division co-led the
7 group, which authored a short briefing paper with national,
8 state, and local recommendations. One of the recommendations
9 included a rate study for home- and community-based services.

10 The legislature further finds that the department of human
11 services med-QUEST division completed a study of home- and
12 community-based rates paid for community care foster family
13 homes, expanded adult residential care homes, and adult day
14 health and adult day care centers and other community-based
15 services. The department of human services med-QUEST division
16 contracted Milliman, an actuarial firm, for a wide range of
17 services and to conduct the study. The study commenced in



1 July 2022, and the department of human services med-QUEST
2 division issued the final report on December 30, 2022.

3 The legislature also finds that a key part of the rate
4 study was stakeholder outreach and engagement with home- and
5 community-based services providers and their associations,
6 including the collection of provider cost and wage survey data
7 and provider feedback on draft rate calculations. Not
8 surprisingly, the provider surveys showed significant wage
9 pressure due to current labor market conditions. The rate study
10 methodology used wage and salary data for direct care staff and
11 supervisors, employee-related expenses, transportation and
12 administration, program support, overhead, and United States
13 Bureau of Labor Statistics and industry wage indices to pay for
14 employee benefits such as health insurance.

15 The legislature believes that the coronavirus disease 2019
16 (COVID-19) pandemic dramatically impacted health care and
17 long-term care delivery systems. Many of these changes,
18 particularly as they relate to patient preferences, facility
19 staffing practices, and technology utilization, will persist
20 long after the pandemic abates. Accordingly, now is an
21 opportune time to revisit prior thinking about long-term care



1 reimbursement and investigate ways that it can be reimagined to
2 promote patient care quality, support livable wages for staff,
3 and maximize efficiency.

4 The legislature further finds that the department of human
5 services med-QUEST division should undertake rate studies to
6 better understand how the pandemic has shaped long-term care
7 providers. These studies should consider how patient
8 preferences have shifted away from institutional settings to
9 home- and community-based settings; how patient needs evolve
10 with the aging population; the growing complexity of patient
11 care; and what can be done to align reimbursement with long-term
12 trends in the State. It is also necessary to give specific
13 attention to programs that reward high-quality care; incentivize
14 accepting and caring for medicaid beneficiaries, especially
15 those with complex needs; pay wages necessary for the
16 recruitment and retention of staff across the long-term care
17 continuum; and consider updating the aging physical
18 infrastructure of many of the State's facilities.

19 The legislature also finds that it is important to focus on
20 home- and community-based services providers who serve groups
21 with high utilization of services and who have gone the longest



1 without a rate update, such as case management agencies,
2 community care foster family homes, adult residential care
3 homes, expanded adult residential care homes, and adult day
4 health and adult day care centers. The legislature further
5 finds that the Centers for Medicare and Medicaid Services are
6 changing payment methods for nursing facilities. State medicaid
7 agencies will need to adopt new reimbursement methodologies that
8 align with the new federal payment system. These new systems
9 create opportunities to revise how providers of long-term care
10 are reimbursed to better meet current and future needs.

11 Accordingly, the purpose of this Act is to appropriate
12 moneys for the achievement of full funding, including estimated
13 payment increases, of medicaid home- and community-based
14 services.

15 SECTION 2 There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2025-2026 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2026-2027 for the achievement of full funding, including
20 estimated payment increases, of medicaid home- and
21 community-based services; provided that the department of human



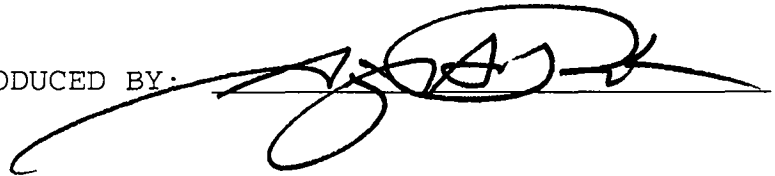
1 services shall obtain the maximum federal matching funds
2 available for this expenditure; provided further that the
3 department of human services shall pursue all funding sources
4 known to the State, including private grants, prior to expending
5 any general revenues appropriated pursuant to this Act.

6 The sums appropriated shall be expended by the department
7 of human services for the purposes of this Act.

8 SECTION 3. This Act shall take effect on July 1, 2025.

9

INTRODUCED BY:

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is highly cursive and appears to be the name of the bill's sponsor.

S.B. NO. 322

Report Title:

DHS; Medicaid; Long-Term Care Services; Home- and
Community-Based Services; Rates; Appropriation

Description:

Appropriates funds to the Department of Human Services to
achieve the full funding, including estimated payment increases,
of Medicaid home- and community-based services.

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*

