



DISABILITY AND COMMUNICATION ACCESS BOARD

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February 24, 2025

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

House Bill 702 HD1 – Relating to Human Services

The Disability and Communication Access Board (DCAB) supports House Bill 702 HD1 – Relating to Human Services. This bill appropriates funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds.

Many Medicaid recipients prefer to age in place. Hawaii does not have enough community care foster family homes and expanded adult residential care homes and the gap is growing as the population ages. This bill would assist those hoping to age in place while reducing the demand for assisted living facilities.

Thank you for considering our position.

Respectfully submitted,

KIRBY L. SHAW
Executive Director

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

KENNETH S. FINK, M.D., MGA, MPH
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STATE OF HAWAII
DEPARTMENT OF HEALTH
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EXECUTIVE OFFICE ON AGING
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HONOLULU, HAWAII 96813-2831

Testimony in SUPPORT of HB702 HD1
Relating to Human Services

COMMITTEE ON FINANCE
REP. KYLE T. YAMASHITA, CHAIR
REP. JENNA TAKENOUCI, VICE CHAIR

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

Hearing Date: February 24, 2025
12:00 P.M.

Room Number: 308
Via Videoconference

- 1 **EOA's Position:** The Executive Office on Aging (EOA), an attached agency to the Department
- 2 of Health, **supports HB702 HD1.**
- 3 **Fiscal Implications:** This measure appropriates funds for SFY 2025-2026 and the same sum for
- 4 SFY 2026-2027 to be expended by the Department of Human Services (DHS), provided that
- 5 DHS obtains matching federal funds.
- 6 **Purpose and Justification:** The purpose of this bill is to increase funding for Medicaid in-home
- 7 services. Medicaid in-home services allow older adults and individuals with disabilities to live
- 8 independently and remain in their home rather than in institutional care. These services improve
- 9 the quality of life for older adults and individuals with disabilities by helping with bathing,
- 10 dressing, toileting, medication reminders, meal prep/cooking, chores, transportation, and other
- 11 activities.

1 Despite the valuable work that in-home care workers provide they are often paid low
2 wages and have few opportunities for training or career advancement. As a result, recruitment
3 for these jobs is low and the turnover rate is high. This has contributed to the workforce
4 shortage, limiting the capacity of providers and often causing them to shut down. Increasing
5 funding for Medicaid in home services will increase rates for service providers, enabling them to
6 pay care workers higher wages.

7 Medicaid in-home care services are also cost effective by keeping individuals out of
8 costly institutions, reducing healthcare expenditures for the state. Increasing funding for
9 Medicaid in-home services is an important investment that will improve the quality of life for
10 older adults and individuals with disabilities, value and build the workforce, and be cost
11 effective.

12 **Recommendation:** EOA supports this measure and defers to DHS on its implementation.

13 Thank you for the opportunity to testify.



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
STATE COUNCIL ON DEVELOPMENTAL DISABILITIES
'A'UNIKE MOKU'ĀPUNI NO KA NĀ KĀWAI KULA

PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543

February 24, 2025

The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance
The Thirty-Third Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Yamashita and Committee Members:

SUBJECT: HB702 HD1 Relating to Human Services

The Hawai'i State Council on Developmental Disabilities **SUPPORTS HB702 HD1** which appropriates funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds. Effective 7/1/3000. (HD1)

This measure is pivotal in advancing our commitment to enabling individuals with developmental disabilities to live more independently and integrated within their communities. The preference for in-home care over institutional settings is overwhelmingly clear among our kupuna and particularly significant for people with disabilities. Such care not only supports their desire to live in familiar surroundings but also promotes their autonomy and participation in community life. By reinforcing in-home care services, HB702 aligns with the Council's mission to uphold the rights and dignity of individuals with developmental disabilities, facilitating a life of choice and opportunity.

The current reimbursement model heavily favors facility-based services, which often do not provide the person-centered and flexible support that individuals with developmental disabilities require. The data from the recent Milliman study has demonstrated a critical wage gap for direct care workers in home-based settings, which reduces the quality and availability of these essential services. This measure's proposed shift in funding priorities will significantly improve service providers' ability to offer competitive wages and attract qualified professionals. This is crucial for meeting the needs of individuals with developmental disabilities, who often require consistent, skilled support to manage daily activities and engage with their communities.

Thank you for the opportunity to submit testimony in **support of HB702 HD1**.

Sincerely,

Daintry Bartoldus, Executive Administrator

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
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

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 23, 2025

TO: The Honorable Representative Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 702 HD1– RELATING TO HUMAN SERVICES.**

Hearing: February 24, 2025, 12:00 p.m.
Conference Room 308 & via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure and offers comments. DHS respectfully requests that this program and appropriation not conflict with, reduce, or replace priorities identified in the executive budget. Further, DHS requests that any increases be appropriated through the executive budget, and not a bill so that the increases can be included in DHS base budget.

PURPOSE: The purpose of this bill is to appropriate funds to increase funding for In-home Medicaid services. Effective 7/1/3000.

The Committee on Human Services and Homelessness amended this measure by:

- (1) Changing the appropriation to an unspecified amount;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

DHS appreciates the intent to provide increased funding for DHS to raise rates for the provision of Home and Community Based In-Home services. We note that these services are to help with personal care or chore services that assist with daily living activities such as meal

preparation, cleaning, and bathing, usually provided by trained home-care workers and aides. These services help individuals live in the community or their own homes instead of in institutional (nursing facility) care.

DHS previously worked with our actuaries and completed rate studies for various Home and Community Based Services (HCBS), including In-Home Services, which was submitted to the Legislature prior to the 2023 legislative session (Senate Resolution 4 Senate Draft 1 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; and a Rate Study Addendum). Three scenarios were modeled at “low,” “medium,” and “high” level increases. In the prior two legislative sessions, the Legislature did provide funding to increase the rates for all of the other Home and Community Based services at the “low” scenario level.

DHS agrees that increased rates are necessary and that without increases, it will become increasingly difficult to find personal care workers needed for our kupuna and individuals with disabilities wishing to remain living in their own homes. If people cannot remain in their own homes, they will likely need more support in a more costly setting such as a nursing facility or other community residential setting. For this reason, the executive budget includes a request for increases for In-Home services for a total of (\$23.8M- \$14.06M N funds.) The state funds of \$9.74M have already been allocated in Med-QUEST Division’s (MQD) Health Care Payments budget to cover the increase at the “low” scenario level.

The bill would increase In-Home rates to the “High” scenario at \$40.4M – (\$23.87M N funds/\$16.53 A funds). The increase in A funds between the low and high scenario is \$6.79M.

DHS notes that any reductions to federal funding levels for the Medicaid program will impact our ability to execute programs at current levels and may make execution of the changes proposed in this bill difficult or impossible to accomplish.

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



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**The State Legislature
House Committee on Finance
Monday, February 24, 2025
Conference Room 308, 12:00 p.m.**

TO: The Honorable Kyle Yamashita, Chair
FROM: Kealii Lopez, AARP State Director
RE: Support for H.B. 702, HD1 Relating to Human Services

Aloha Chair Yamashita 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 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP supports H.B. 702, HD 1 which appropriates funds to increase funding for Medicaid in-home services.

This bill increases funding specifically for home health care services, ensuring that elderly and disabled individuals can receive high-quality care in the comfort of their homes. Furthermore, by providing more financial resources, this bill helps improve compensation and support for caregivers, recognizing their crucial role in the healthcare system.

Home health care can be more cost-effective than institutional care, reducing overall healthcare costs while maintaining high standards of care. These services support kupuna to age in their homes and community.

Thank you for the opportunity to support this legislation that will the benefit of Hawaii's kupuna and their caregivers.

To: Representative Kyle T. Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair
House Committee on Finance

From: Chevelle Davis, MPH - Director of Early Childhood & Health Policy
Hawai'i Children's Action Network Speaks!

Subject: Measure H.B. No. 702 H.D. 1 – Relating to Human Services
Program

Hearing: Monday, February 24, 2025, at 12:00 PM, Conference Room 308

POSITION: STRONG SUPPORT

Aloha e Chair Yamashita, Vice Chair Takenouchi, and members of the committee:

Mahalo for the opportunity to provide testimony in **STRONG SUPPORT of H.B. No. 702 H.D. 1**, which seeks to appropriate funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds.

As we all know, children are among the most vulnerable members of our society, and ensuring their well-being requires a comprehensive and holistic approach to healthcare. For many families, especially those in underserved communities, in-home healthcare services are a vital resource that allows children to receive the care they need in a familiar, supportive environment. By increasing funding for Medicaid in-home services, we are taking a crucial step toward enhancing the health and well-being of our youngest residents.

In-home services provide families with the flexibility to manage the complex needs of children with chronic health conditions, developmental disabilities, or other medical challenges. These services allow children to remain in their homes and communities, reducing the need for frequent hospital visits or institutional care, which can be disruptive and emotionally taxing for both the children and their families.

Additionally, by maximizing federal matching funds, this bill will ensure that Hawai'i can leverage available resources to support these vital services without overburdening state resources. This funding boost will directly benefit children by improving access to specialized care, supporting family caregivers, and addressing health disparities that disproportionately impact underserved populations, particularly Native Hawaiian, Pacific Islander, and other rural communities.

We strongly believe that this bill will have a lasting positive impact on children's health and quality of life across Hawai'i. By supporting Medicaid in-home services, we are giving families the tools to keep their children healthy, safe, and thriving in their homes. We urge you to support this important initiative and prioritize the well-being of Hawai'i's keiki.

Mahalo for the opportunity to provide testimony on this important measure.



The Honorable Representative Kyle Yamashita, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
House Committee on Finance
February 24, 2025

Testimony in Support of HB 702

Dear Chairman Yamashita and Members of the Committee --

The Hawaii Chapter of the Home Care Association of America (HI-HCAOA), the leading trade association representing home care agencies across the country, appreciates the opportunity to express its robust support of HB 702, which appropriates funds to increase funding for Medicaid in-home services. We applaud the legislature for taking up this critical issue and are grateful to the Department of Human Services for the work they've done to address persisting access-to-care challenges.

While the need for in-home care continues to grow with the increase in our aging population, providers are struggling now more than ever to recruit the workforce they need to meet the demand for care. It is the overwhelming preference of seniors and those living with disabilities to receive the care they need in their homes. In-home care keeps Hawaii's kupuna an integrated part of their communities where they want to be at an overwhelming cost-savings to the state.

Despite the value of in-home care, investment in the Medicaid reimbursement rate has remained largely stagnant as the costs of providing care have continued to skyrocket. With the reimbursement rate, home care providers must pay competitive wages, provide statutory health insurance, and offer benefits such as transportation costs and paid time off, bonuses, retirement and other benefits on par with the hospitals and facilities who are competing for the same scarce nurse aide resources. With the great shortage of caregivers, a significant amount is also paid for caregivers to work overtime just to be able to staff the demand for care.

Licensed home care providers also play a critical role in overseeing the quality of in-home caregiving services by providing mandatory training for caregivers, regular supervision for their work in the homes, and provide secure and HIPAA compliant technology for communication and to comply with Electronic Visit Verification requirements, conduct background checks, fingerprinting, health screenings, provide personal protective equipment and other infection control measures, and more. Additionally, the administrative costs continue to rise for employers for payroll taxes, workers compensation, unemployment insurance, and qualified staff to support caregivers in the field with scheduling, troubleshooting and clinical guidance when needed to handle complex daily wellness issues for seniors with dementia and chronic conditions that help to keep them healthy at home.

At the current rates, it is simply not possible for providers to recruit and retain a qualified workforce. Many providers choose not to provide Medicaid as it is not sustainable service line, and without meaningful investment in these programs, current providers will struggle to continue to serve Medicaid clients, may choose to no longer be providers for Medicaid and new providers are not attracted to become providers for Medicaid. .



As HB 702 articulates, the Milliman rate study conducted illustrated a sizable wage gap for direct care workers and a significant need to increase these rates to stabilize access to care. **HCAOA is in complete agreement with HB 702 that, given that the data in the rate study is five years old and that costs have continued to dramatically rise throughout this time, the rate study must be funded at the high scenario modeled in the Milliman study is necessary to meaningfully address the significant wage pressures felt by in-home services providers and improve access to care for Medicaid clients who desperately need it.**

We and our members are happy to be a resource to this committee. Thank you for the opportunity to testify.

Respectfully,

A handwritten signature in black ink, appearing to read "Jason Lee", is written over a light blue horizontal line.

Jason Lee, CEO
Home Care Association of America



ALOHA CARE

To: The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Finance

From: Paula Arcena, External Affairs Vice President
Mike Nguyen, Public Policy Manager
Sarielyn Curtis, External Affairs Specialist

Hearing: Friday, February 24, 2025, 12:00 p.m., Conference Room 308

RE: **HB702 HD1 Relating to Human Services**

AlohaCare appreciates the opportunity to provide testimony in **support of HB702 HD1**. This measure appropriates funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds.

Founded in 1994 by Hawai'i's community health centers, AlohaCare is a community-rooted, non-profit health plan serving over 70,000 Medicaid and dual-eligible health plan members on all islands. Approximately 37 percent of our members are keiki. We are Hawai'i's only health plan exclusively dedicated to serving Medicaid and Medicaid-Medicare dually-eligible beneficiaries. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for access to quality, whole-person care for all.

AlohaCare is committed to improving access to quality, whole-person healthcare. We support this measure as a critical and effective way to expand and improve access to Home and Community-Based Services (HCBS) provided by personal care workers for a range of populations—from residents with disabilities to keiki with chronic conditions and kupuna—to live more independently and not in an institutional setting. These valuable services, which include bathing, toileting, and other daily activities for living, help to keep individuals out of institutions and provide for a higher quality of life.

We appreciate that the Department completed rate studies for various Home and Community-Based Services. We applaud the Legislature for funding rate increases for all the other HCBS services in FY23-25, and we support both this measure and the Administration's executive budget request to increase rates for In-Home HCBS. We note that this measure makes appropriation contingent on the Department obtaining maximum federal matching funds. We are monitoring and remain concerned about potential reductions in federal funding for the Medicaid program. While we share these concerns, we support addressing current challenges and improving access for our residents.

Mahalo for this opportunity to testify in **support of HB702 HD1**.

Representative Kyle Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair

Kevin Peralta, University of Hawai‘i at Mānoa Public Health Graduate Student

Monday, February 24, 2025

Support for H.B. No. 702, H.D.1, Relating to Human Services

My name is Kevin Peralta, and I am a graduate student at the University of Hawai‘i at Mānoa majoring in public health with a concentration into health policy and management. I strongly support H.B. No. 702, H.D.1, Relating to Human Services, which will increase state Medicaid funding for in-home services and that this increase of funding will result to increased federal matching funds. Resulting to increase reimbursement rates for long-term care providers.

When I first started my professional pathway into the healthcare industry, my first job was being a certified nurse assistant (CNA) within an organization that serves residents with disabilities, residents with mental impairments, and the elderly community. I found out quickly within my first professional years that there is not much financial stability and support. I was being paid only \$39,520 annually when Hawai‘i’s minimum living wage is \$112,411 (Yahoo Finance, 2024). A \$72,891 difference and that this difference may be the reason why so many of our long-term care providers are leaving this industry. Hence, this is the reason why I left the profession of being a CNA.

It is found that 43% of older adults in Hawai‘i struggle to make ends meet, 19% of older adults live alone, and that there is a 17% barrier that existing aging in place programs might not be successful due to a lack of staff (University of Hawai‘i Center for Aging, 2023). The elderly community should have the support to thrive alongside their families and that aging in place programs help to provide this ability to them. To continue these programs is to support the health care providers and organizations to effectively serve local families.

In 2021, Hawai‘i have seen a trending 30% decrease of licensed practical nurses (LPNs) and a 7% decrease of licensed registered nurses (RNs), which is expected to grow in the coming years (Oliveira, 2021). Also, that there is a shortage of 732 physicians within the state (Brown University Public Health, 2023). We need to increase Medicaid funds and federal matching funds so that our long-term care providers may receive an increase of reimbursement rates. This is a vital step towards resolving our state’s healthcare workforce shortage, provide financial stability for our long-term care providers, and support the elderly community. Please pass this bill! Thank you for this opportunity to testify.

Age-Friendly Honolulu. (2023). [Annual Report]. University of Hawai‘i Center on Aging. <https://www8.honolulu.gov/dcs/wp-content/uploads/sites/24/2024/04/AFH-Annual-Report-2022-2023-Final-04.24.24-Online.pdf>.

Cariaga, V. (2024, April 14). *Here's the Salary a Single Person Needs To Live Comfortably in Hawaii*. Yahoo Finance. <https://finance.yahoo.com/news/living-wage-single-person-needs-171337194.html>

Lu, A. (2023, May 1). *Factors Exacerbating the Physician Shortage in Hawaii: What is Hawaii Doing to Stem the Tide?* – *Brown Undergraduate Journal of Public Health*.

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Oliveira, C. (2021). *2021 Hawaii Nursing Workforce Supply Report* [Statewide Report]. Hawai‘i State Center For Nursing. https://www.hawaii-center-for-nursing.org/wp-content/uploads/2021/12/Statewide-Report-v.Final_.pdf.

HB2539 HD1. Retrieved November 21, 2024, from https://www.capitol.hawaii.gov/sessions/session2024/bills/HB2539_HD1_.HTM.