

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 4, 2023

TO: The Honorable Representative John M. Mizuno, Chair  
House Committee on Human Services

The Honorable Representative Della Au Belatti, Chair  
House Committee on Health & Homelessness

FROM: Cathy Betts, Director

SUBJECT: [HB 1341](#) - RELATING TO MEDICAID.

Hearing: February 7, 2023, 8:45 a.m.  
Conference Room 329 & Videoconferencing, State Capitol

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

**PURPOSE:** This bill appropriates moneys for the achievement of full funding, including estimated payment increases, of Medicaid Home- and Community-Based Services.

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). This measure proposes an appropriation of \$30,210,000 in general funds for state fiscal years 2023-2024 and 2024-2025, which is sufficient to cover the high scenario. 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 this bill appropriates the funds, the increase will only apply in state fiscal years 2024-2025 and 2025-2026 and will not be ongoing, requiring future budget requests.

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

**HB-1341**

Submitted on: 2/4/2023 8:40:47 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Rosemarie S. Sebastian	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/year supervision, and in some cases, medical care & provide transportations and medicine monitoring.**

**I support HB 1341 as long as it includes: Type I ARCH, E- ARCH, CCFFH & DDD Homes.**

**Your kind support would be greatly appreciated. Thank you!**

Rosemarie S. Sebastian, Treasurer

ILWU LOCAL 1000

99-079 KAUAHALE ST. #101, Aiea, HI 96701



## **HB1341 Increase Medicaid Rates for Community Services**

COMMITTEE ON HUMAN SERVICES

Rep. John M. Mizuno, Chair

Rep. Terez Amato, Vice Chair

COMMITTEE ON HEALTH & HOMELESSNESS

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

Tuesday, Feb 7, 2023: 8:45 Room 329

### **Hawaii Substance Abuse Coalition Supports HB1341:**

*ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies.*

### **STATES ARE INCREASING MEDICAID RATES FOR SUBSTANCE USE DISORDERS AND MENTAL HEALTH DISORDERS.**

1. **Government rates including state and federal Medicaid are historically low** such that non-profits must limit and/or not hire the use of highly qualified staff to sustain their services and support operations.
2. **The higher rates are needed for operations to recruit doctors, nurses and medical staff as well as more licensed counselors**, which would help to provide better care to the community, improve outcomes and lower healthcare costs.
3. Additional income to the non-profit **would help to increase wages so that all staff are above minimum wage levels to help with recruitment. The shortage of counselors is primarily due to low wages offered due to low government rates.**

**NEARLY 2/3 OF ALL RESPONDING STATES REPORT STRATEGIES FOR RATE INCREASES FOR BEHAVIORAL HEALTH IN 2023**

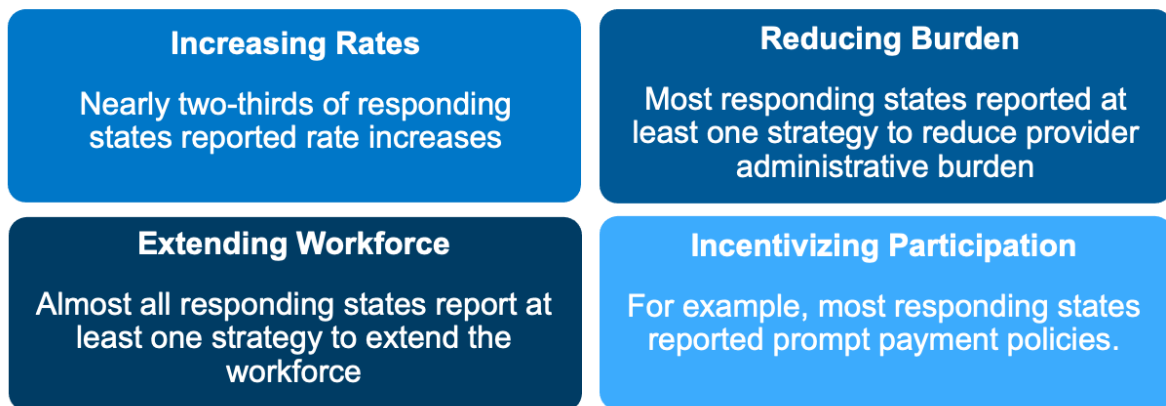
The pandemic has exacerbated mental health and substance use issues and [90% of Americans](#) believe the nation is in the midst of a mental health crisis. Despite

increases in need, data show that treatment rates across all payers are [low](#). Documented workforce challenges contribute to barriers in access to care and nearly half of the US population – [47%](#) or 158 million people – living in a mental health [workforce shortage](#) area. Behavioral health conditions (i.e. mental health and substance use disorders) are most prevalent in Medicaid enrollees, with data from [2020](#) showing that approximately [39%](#) of Medicaid enrollees were living with a mental health or substance use disorder. Workforce challenges are widespread and go beyond Medicaid, but shortages may be exacerbated in Medicaid.<sup>1</sup>

## State strategies to address the behavioral health workforce shortage fall into four key areas:

Figure 1

### Key Medicaid Strategies to Address Behavioral Health Workforce Shortages in place or planned as of FY2022



SOURCE: Behavioral health supplement to the annual KFF survey of state Medicaid officials conducted by Health Management Associates, October 2022



## STATES HAVE NEW FLEXIBILITY TO SET PROVIDER RATES

Lower Medicaid payment rates (relative to other payers) as well as disparities in pay between physical and mental health providers could limit participation in Medicaid and further exacerbate existing workforce shortages. States have considerable flexibility to set provider payment rates in fee-for-service. Managed

<sup>1</sup> KFF A Look at Strategies to Address Behavioral Health Workforce Shortages: Findings from a Survey of State Medicaid Programs: Heather Saunders , Madeline Guth Follow @Madeline\_Guth on Twitter , and Gina Eckart Published: Jan 10, 2023 <https://www.kff.org/medicaid/issue-brief/a-look-at-strategies-to-address-behavioral-health-workforce-shortages-findings-from-a-survey-of-state-medicaid-programs/>

care plans, which now serve most Medicaid beneficiaries, are responsible under their contracts with states for ensuring adequate provider networks and setting rates to providers, but states have several options to ensure that rate increases are passed to the providers that contract with managed care organizations (MCOs). The American Rescue Plan Act (ARPA) gave states temporary funding (primarily through an increase in the Medicaid match rate for home and community-based services (HCBS)) to increase certain provider rates or provide payments to attract or retain workers. COVID-19 Medicaid public health emergency (PHE) authorities gave states additional flexibility to adopt temporary rate increases.

We appreciate the opportunity to provide testimony and are available for further questions.



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830  
1-866-295-7282 | Fax: 808-536-2882  
aarp.org/hi | [aarphi@aarp.org](mailto:aarphi@aarp.org) | [twitter.com/AARPHawaii](https://twitter.com/AARPHawaii)  
[facebook.com/AARPHawaii](https://facebook.com/AARPHawaii)

**The State Legislature**  
**House Committee on Human Services**  
**House Committee on Health and Homelessness**  
**Tuesday, February 7, 2023**  
**Conference Room 329, 8:45 a.m.**

TO: The Honorable John Mizuno, Chair  
The Honorable Della Au Belatti, Chair  
RE: Support for H.B. 1341 Relating to Medicaid

Aloha Co-Chairs Mizuno and Belatti and Members of the Committees:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social mission 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 H.B. 1341** 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 **H.B. 1341**.

Sincerely,

A handwritten signature in black ink that reads "Keali'i S. Lopez". The signature is written in a cursive style.

Keali'i S. López, State Director

**HB-1341**

Submitted on: 2/5/2023 9:13:55 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Maria Corazon E. Cariaga	Big Island Adult foster home operators	Support	Written Testimony Only

Comments:

Good morning, on behalf of the Big Island Adult Foster Care Home Operators, I am supporting this HB1341 because I believe caregivers in this program need to be compensated for the proper amount for the care and services they rendered to our most vulnerable and needy residents in the State of Hawai'i. Since this program was established in the year 1998 we are still receiving the same reimbursement. Yet the cost of living is very high. We need more financial support to substantiate our program and to convince more younger caregivers to open homes to render care to our Kupunas. We are helping our State financially in taking care of these clients in our homes. Thank you for allowing me to submit my testimony.



**HB-1341**

Submitted on: 2/6/2023 7:44:26 AM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Wilfred Ashley chang	ILWU International	Support	In Person

Comments:

Aloha, My name is Wilfred Chang, I am a ILWU International Hawaii Representative. We represent ILWU Local 1000 comprised of Foster Home and Care Home Operators within the State of Hawaii. The ILWU International Hawaii stands in strong support of HB1341 relating to Medicaid. We would like to formally request including Adult Residential Care Homes (ARCH) and Developmentally Disabled Domiciliary Homes (DDDH) to be included with Expanded Adult Residential Care Homes (EARCH) when identifying home based services. Also we would like to point out that (ARCH), (EARCH), and (DDDH) require licensure by the State, however they are not eligible for Medicare participation. Enclosing, we appreciate our Legislatures willingness to revisit prior thinking about long-term care reimbursement and to invest in ways that supports a livable wage.


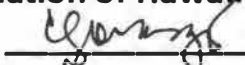
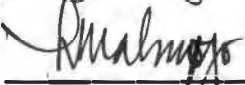
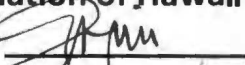
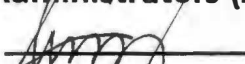
Respectfully,

Wilfred A Chang Jr

ILWU International Hawaii Representative

**TESTIMONY ON HB1341 IN SUPPORT**

**The Presidents of:**

1.  Maribel B. Tan, President, Adult Foster Homecare Association of Hawaii (AFHA of HI)
2.  Carina Ocampo, President, United Caregivers of Hawaii (UCH)
3.  Lemmy Maluyo, President, Community Homecare Association of Hawaii (CHCAH)
4.  Elma Tierra, President, Alliance of Professional Primary Care Administrators (APPCA)
5.  Menchie Dawang, President, Providers Helping Hands of Hawaii, (PH3)

We submit testimony as a coalition in support to HB1341. We are the Presidents from Five Organizations representing nearly 85% with about 1800 members of the community caregiver industry.

We support HB1341, however, feel that HB222, HD1 is better written, as it lists each community based care home defined under Hawaii Revised Statutes, to secure a permanent pay increase.

For the reasons provided, we request that you pass HB222, HD1 and hold HB1341.

**HB-1341**

Submitted on: 2/6/2023 2:40:30 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Maria Belinda Keliioholokai	United Caregivers of Hawaii	Support	Written Testimony Only

Comments:

We commend the Committee on these House Bills that empowers CCFFH Operators/Caregivers who selflessly consider each patient as our family once we admit them to our homes.

We take pride in what we do with no comparison to caregivers working for the facilities nor hospitals. Yet, we get unequal pay which is undeserving and unfair.

We take care of our kupuna with so much Aloha,thus we ask for a raise of pay commensurate our 24/7 service & hardwork equivalent to the same level of work in the Healthcare System.

May these testimonies touch your hearts and may we continue serving our dear elderly population to the best we could.

Mahalo!

Bell Keliioholokai, CNA

Rec. Secretary, UCH

**HB-1341**

Submitted on: 2/6/2023 3:55:45 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
BERNADETTE FIRME	UNITED CAREGIVER OF HAWAII-UCH	Support	Written Testimony Only

Comments:

I AM STRONGLY SUPPORT THIS BILL . CCFFH OPERATOR SHOULD BE GIVEN SAME RATE AT HOSPITAL RATE OR IN THE FACILITY , BECAUSE WE DO MORE SERVICE THAN IN THE FACILITY . WE TAKE PRIDE IN WHAT WE DO AND WE DERSERVED TO HAVE INCREASE . BECAUSE OF THE HIGH PRICES OF ALL BASIC COMMODITIES.

THANK YOU AND MORE POWER

**HB-1341**

Submitted on: 2/6/2023 4:23:29 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Carina Ocampo	United Caregivers of Hawaii	Support	Written Testimony Only

Comments:

I strongly support the payment increase for Medicaid home and community based services in full funding.

**HB-1341**

Submitted on: 2/6/2023 4:23:52 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marybeth Leano	Community Care Family Foster Home	Support	Written Testimony Only

Comments:

Cost of living in Hawaii is very expensive therefore caregivers asked your support to pass this bill.

**HB-1341**

Submitted on: 2/6/2023 8:09:17 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
tyler green	Caring Hands Foster Home	Support	Written Testimony Only

Comments:

I,Tyler Green Green a Partner of Caring Hands Foster Home support Bill HB 1341

**HB-1341**

Submitted on: 2/3/2023 4:42:24 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
paul lacuesta	Individual	Support	Written Testimony Only

Comments:



**HB-1341**

Submitted on: 2/5/2023 5:59:14 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mathew Yamamoto	Individual	Support	In Person

Comments:

Honorable Chair Au Belatti,

Honorable Vice Chair Takenouchi,

HLT Committee members,

Aloha and mahalo for hearing this bill to support fairer compensation for licensed caregiver home operators. These licensed home operators provide vital care and supervision to the most vulnerable population in our community. Many of the medicaid patients they care for have nowhere else to go and would probably end up homeless if not for these licensed home operators. I urge you to support this bill and all other bills that support licensed caregiver home operators in Hawaii.

Investment in these licensed home operators is also a much more cost effective way of dealing with medicaid patients than paying for them to be in skilled nursing facilities (nursing homes) or hospital emergency rooms or intensive care wards.

Mahalo and thank you for your time and effort with this bill.

Respectfully submitted,

Mathew Yamamoto, a registered voter

99-794 Meaala Street Aiea, HI 96701

**HB-1341**

Submitted on: 2/5/2023 6:07:44 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Victoria Llasus Baker	Individual	Support	Written Testimony Only

Comments:

I'm in full support of HB1341 relating to Medicaid . To appropriate moneys for full funding and estimated payment increases, of Medicaid home-and community-based services. We need continued funding to better serve our Medicaid clients and their daily needs . Thank you

**HB-1341**

Submitted on: 2/5/2023 11:11:18 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Susan Quinabo	Individual	Support	In Person

Comments:

February 5, 2023

To:  
House Committee on Human Services  
Rep. John M. Mizuno, Chair  
Rep. Terez Amato, Vice Chair

And

House Committee on Health and Homelessness  
Rep Della Au Belatti, Chair  
Rep. Jenna Takenouchi, Vice Chair

**RE: HB 1341 Relating to Medicaid**

Hearing Date: Feb. 7, 2023  
Conference Room 329 - 8:45 a.m.

Most Honorable Chairs John Mizuno and Della Au Belatti and Committee Members:

**I support HB 1341** to provide the Department of Human Services monetary support to enact the changes needed for current and future care of the citizens in Hawaii utilizing the service provided to them my Medicaid. According to the most recent surveys, the shift from institutional care to home-base care is happening now and will become the standard of care for future generations.

To achieve a successful transition to more home-based services, there is a need to develop business practices to support both the patient preferences and the training and salary of service providers who will be learning and working in this new environment.

**I ask you to support HB 1341** and thank you for the opportunity to submit testimony on behalf of the Kupuna who use Medicaid services and the health care professionals providing their care.

Respectfully submitted,  
Christine Olah  
Honolulu Resident

**HB-1341**

Submitted on: 2/6/2023 2:39:04 AM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Robin Miyajima	Individual	Support	Written Testimony Only

Comments:

I support the increase of home and community based services. They need to be properly reimbursed in order to meet the needs of the population better, so I support this bill.

**HB-1341**

Submitted on: 2/6/2023 8:16:56 AM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kaili Swan	Individual	Support	In Person

Comments:

i particapated in medicaid waiver program i am in full support in HB1341 my worker diservers more money.

**HB-1341**

Submitted on: 2/6/2023 12:23:34 PM

Testimony for HUS on 2/7/2023 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ruthie Agbayani	Individual	Support	Written Testimony Only

Comments:

I am in full support of HB1341