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

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



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

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

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



1 can be reimagined to promote patient care quality, support
2 livable wages for staff, and maximize efficiency.

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

17 The legislature also finds that it is important to focus on
18 home and community-based services providers who serve groups
19 with high utilization of services and who have gone the longest
20 without a rate update such as case management agencies,
21 community care foster family homes, and adult day health and day



1 care centers. The Centers for Medicare and Medicaid Services is
2 also changing payment methods for nursing facilities. State
3 medicaid agencies will need to adopt new reimbursement
4 methodologies that align with the new federal payment system.
5 These all create opportunities to revise how providers of
6 long-term care are reimbursed to better meet current and future
7 needs.

8 Accordingly, the purpose of this Act is to appropriate
9 funds for the achievement of full funding, including estimated
10 payment increases, of medicaid home- and community-based
11 services.

12 SECTION 2. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$ or so
14 much thereof as may be necessary for fiscal year 2023-2024 and
15 the same sum or so much thereof as may be necessary for fiscal
16 year 2024-2025 for the achievement of full funding, including
17 estimated payment increases, of medicaid home and community-
18 based services; provided that the department of human services
19 shall obtain the maximum federal matching funds available for
20 this expenditure; provided further that the department of human
21 services shall pursue all funding sources known to the State,



1 including private grants, prior to expending any general
2 revenues appropriated pursuant to this Act.

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

5 SECTION 3. This Act shall take effect on July 1, 2023.



Report Title:

Medicaid; Home- and Community-Based Services; Department of Human Services; Appropriation

Description:

Appropriates funds for the achievement of full funding, including estimated payment increases, of Medicaid Home- and Community-Based Services. (SD1)

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