
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 concerns stemming
2 from the spread of infection during the coronavirus disease 2019
3 pandemic and personal preferences create a strong demand for
4 community-based care options for kupuna. In a 2021 quantitative
5 research study conducted by AARP, among Hawaii residents aged
6 forty-five years and older, seventy-five per cent said that
7 having affordable long-term care options in their community was
8 an important independent living issue. Maintaining a connection
9 with family and friends and the ability to continue to visit
10 familiar health care providers is much easier when the State's
11 kupuna can be cared for close to home.

12 The legislature further finds that reimbursement rates that
13 do not have medicare rates for equivalent services, such as all
14 community-based waiver services, are reviewed and determined by
15 the department of human services at least every five years. The
16 last review of home and community-based reimbursement rates for
17 residential services by the department of human services' med-



1 QUEST division was conducted through a third-party study by the
2 actuarial firm Milliman and reported on December 30, 2022. The
3 study developed benchmark comparison rates for certain home and
4 community-based services, including residential services
5 provided in community care foster family homes and expanded
6 adult residential care homes, in-home services, and case
7 management services for home and community-based case management
8 agencies.

9 The legislature additionally finds that, for all provider
10 types included in the study conducted by Milliman, current
11 median direct care wages paid by the home and community-based
12 services providers fell below the United States Bureau of Labor
13 Statistics twenty-fifth percentile for those occupation codes
14 and titles, except for licensed practical nurses, who fell just
15 below the fiftieth percentile. Providers face significant wage
16 pressures for registered nurses and certified nursing assistants
17 and are competing with facilities, which are reimbursed at
18 higher rates by medicaid, and private pay services for the same
19 labor force. Most providers therefore relied on contracted
20 registered nurses. Providers were not able to offer benefits,
21 including health insurance, to their employees and relied on



1 substitute caregivers who were sometimes unpaid, including
2 families and friends of the providers. High inflation has also
3 further increased costs for operators providing residential
4 services in community care foster family homes and expanded
5 adult residential care homes.

6 The purpose of this Act is to appropriate funds to increase
7 funding of certain medicaid home and community-based services,
8 including adult day programs and residential services offered in
9 community care foster family homes and expanded adult
10 residential care homes. This Act also requires the department
11 of human services to obtain the maximum federal matching funds
12 available for the expenditure, which will result in a larger
13 impact on reimbursements received by service providers.

14 SECTION 2. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2024-2025 to
17 increase the funding of certain medicaid home and community-
18 based services, including adult day programs and residential
19 services offered in community care foster family homes and
20 expanded adult residential care homes; provided that the



1 department of human services shall obtain the maximum federal
2 matching funds available for this expenditure.

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

5 SECTION 3. In accordance with section 9 of article VII of
6 the Hawaii State Constitution and sections 37-91 and 37-93,
7 Hawaii Revised Statutes, the legislature has determined that the
8 appropriations contained in H.B. No. , will cause the state
9 general fund expenditure ceiling for fiscal year 2024-2025 to be
10 exceeded by \$ or per cent. In addition, the
11 appropriation contained in this Act will cause the general fund
12 expenditure ceiling for fiscal year 2024-2025 to be further
13 exceeded by \$ or per cent. The combined total
14 amount of general fund appropriations contained in only these
15 two Acts will cause the state general fund expenditure ceiling
16 for fiscal year 2024-2025 to be exceeded by
17 \$ or per cent. The reasons for exceeding the
18 general fund expenditure ceiling are that:

- 19 (1) The appropriation made in this Act is necessary to
20 serve the public interest; and



1 (2) The appropriation made in this Act meets the needs
2 addressed by this Act.

3 SECTION 4. This Act shall take effect upon its approval.



Report Title:

DHS; Medicaid; Home and Community-Based Services; Expenditure Ceiling; Appropriation

Description:

Appropriates funds to increase the funding of certain Medicaid home and community-based services, including adult day programs and residential services offered in community care foster family homes and expanded adult residential care homes. Requires the Department of Human Services to obtain matching funds. Declares that the general fund expenditure ceiling is exceeded. (SD1)

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