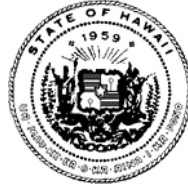


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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
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Honolulu, Hawaii 96809-0339

April 10, 2024

TO: The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Health & Human Services

FROM: Cathy Betts, Director

SUBJECT: **HCR 94 HD1 - REQUESTING THE DEPARTMENT OF HUMAN SERVICES TO STUDY THE FEASIBILITY OF INCREASING THE MEDICAID REIMBURSEMENT PAYMENT RATE FOR HAWAII'S COMMUNITY CARE FOSTER FAMILY HOMES AND EXPANDED ADULT RESIDENTIAL CARE HOMES FOR MEDICAID CLIENTS.**

Hearing: April 12, 2024, 1:00 p.m.
Conference Room 225 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) offers comments.

PURPOSE: This resolution requests the Department of Human Services to study the feasibility of increasing the Medicaid reimbursement payment rate for Hawaii's Community Care Foster Family Homes and Expanded Adult Residential Care Homes for Medicaid clients.

The Committee on Human Services (HD1) amended the resolution to:

- 1) Request DHS to provide an evaluation and report of the impacts of the implemented rate increases on uptake, utilization, and cost savings to the Medicaid program; and
- 2) Require implementation of rate studies every four years starting from the date of the last rate study, requiring said results be reported to the Legislature twenty days prior to the convening of the following legislative session.

The Committee on Finance (HD2) amended the resolution by:

- 1) Clarifying that the Department of Human Services has previously conducted a feasibility study pursuant to Senate Resolution No. 4, S.D. 1, adopted during the Regular Session of 2022; and
- 2) Requesting that the Department of Human Services conduct a feasibility study similar to the study it conducted pursuant to Senate Resolution No. 4, S.D. 1 (2022), relating to increasing the Medicaid reimbursement payment rate for Hawaii's Home and Community-Based Service care providers and services, in 2032 and every ten years thereafter.

Although DHS Med-QUEST Division (MQD) appreciates the challenges of CCFFH and E-ARCH and the Legislature's commitment to addressing provider reimbursement, DHS notes that, in fact, there have been rate increases, albeit modest ones, for CCFFHs and E-ARCHs over the years, including a five percent increase in 2022. Thus, the statements on page 3, lines 25-26 are inaccurate.

DHS completed a comprehensive CCFFH and E-ARCH rate study, and a legislative report was written and submitted to the 2023 Legislature. The legislative report and addendum can be found on the DHS website legislative reports, [DHS 2023 Legislative Reports](#), and all materials from the study are available on the Med-QUEST Division's [website](#). Also, the findings and recommendations of the rate study, which included proposed rate increases for CCFFHs and E-ARCHs, informed the Governor's Supplemental Budget appropriations request of \$15,250,000 (\$5,75 General Funds/\$9.775 Federal funds) for FY 2025.

The resolution requests DHS to conduct a feasibility study similar to the study it conducted pursuant to Senate Resolution No. 4, S.D. 1 (2022), relating to increasing the Medicaid reimbursement payment rate for Hawaii's Home and Community-Based Service care providers and services in 2032 and every ten years thereafter. The feasibility study is to include:

- (1) A review of the existing payment model for Medicaid reimbursement and a determination of whether overall savings can be achieved by increasing the rate for CCFFH and E-ARCH care providers;
- (2) The feasibility of increasing the Medicaid reimbursement payment rate for Hawaii's CCFFHs and E-ARCHs for Medicaid clients; and
- (3) An evaluation and report of the impacts of the implemented rate increases on uptake, utilization, and cost savings to the Medicaid program; and

submit a report to the Legislature after the completion of each study no later than twenty days prior to the Regular Session following the completion of each study.

Also, such rate studies require significant resources, and DHS would likely need an additional general funds appropriation a year in advance, with the first appropriation in the biennium budget of 2031. The funding for the rate studies MQD just completed was one-time federal funds allocated to State Medicaid programs to strengthen and improve their home and community-based programs.

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

TESTIMONY
RE: H.C.R. NO. 94

LATE

April 11, 2024

Dear Chair, San Buenaventura; Vice-Chair Aquino, and all Committee Members:

On behalf of ILWU – Local 1000, I thank you for H.C.R. No. 94 and for its intended purposes.

I so appreciate this resolution as offered by Rep. Rachele Lamosao.

Establishing a feasible plan to increase Medicaid reimbursements pay for Hawaii's Foster Family Homes and Expanded Adult Residential Care Homes for Medicaid clients is so long overdue, and DHS should make every effort to prioritize—as these caregivers have not had an increase in their reimbursements pay for the last 8 years.

H.C.R. No. 94 states that in 1984, CCFHS was approved based on its success as a high-quality alternative to Nursing Home Care for Medicaid patients, and because it costs less than placement in a Nursing Home. So, indeed, it's much cheaper to place a Medicaid patient at a Foster Home because it saves the State money.

Currently, Foster Homes is being paid \$47.06/day to care for an ICF Level patient plus 50.79/day for patient's Room & Board (FYI: Room & Board pays for housing, food, utilities, lines, supplies, etc. A Foster Caregiver gets paid a total of \$97.85 /day for a 24/7; 365 days a year—that comes down to \$4.08 per hour work pay which is much less than the legal minimum wage. This is a sad reality that foster caregivers have been dealing with. Some say that foster caregivers are working like a charity for the Government. This is outrageously unfair! I truly believe the State can do much better than this!

Now, let's compare this to a Nursing Home—where it gets paid \$8,000 plus per patient per month for the same ICF Level Medicaid patient. Why such a big gap in pay is so great—which means that a foster caregiver is very much underpaid! It's unfortunate and I can't help but feel some levels of discrimination and an unequal pay between these two facilities. DHS should make it their conscientious Goal to, at least, close in the Gap in pay. Perhaps, in all fairness, a foster caregiver should, at least, get paid \$5,000 per patient per month (Room & Board \$1,544.90 included).

I/we understand that there is an effort to provide lower cost of LTC services to the community under Hawaii Med Quest program, but the state can not and shouldn't continue to discriminate a foster caregiver with unfair LTC reimbursement pay just because it wants to save money; this is so wrong. Even a state can't save money at the expense of the hardworking caregivers!

Foster Homes is limited to three patients; it must admit its first 2 or 3 Medicaid patients then it can start to admit a private pay patient after a year. The private pay would be the 3rd allowable patient. I've heard DHS says that Foster Homes has a private pay patient anyway which is to make up or complement for the much lower Medicaid patients pay. This is so absurd because we are talking about three different patients, which all three require different monthly budget and personalized level of care. The private pay patient should not be responsible to fill in the gaps in pay of the Medicaid pay patients!

H.C.R. No. 94 also states that many Medicaid patients remain hospitalized in acute care beds throughout Hawaii at a financial loss to the acute care facilities due to a lack of available community beds to which they can be discharged to. Perhaps this should be an opportunity for the State to give incentives to caregivers to keep their homes/business open and/or maybe open expand their business by opening another home; however, both State and DHS must fix and provide better reimbursements pay to Caregivers. It must be fair and feasible for caregivers to continue or keep their homes/businesses open. A caregiving job isn't an easy and not everything can be measured by money because it takes someone special and compassionate individuals to be a caregiver. No amount of money can measure what compassion is, but a caregiver must be able to survive—economically. Majority of caregivers are hardworking Filipinos. We take pride in what we can do--to serve the state's elderly population.

I call upon this committee, all state legislators and DHS to find it in your hearts to treat caregivers fairly and provide an immediate respectable LTC reimbursement pay increases that they so deserve.

Your kind support would be greatly appreciated.

Respectfully Submitted,

Rosemarie S. Sebastian, Treasurer/Caregiver

ILWU – LOCAL 1000 / SEBASTIAN'S ARCH LLC

1630 Leilani St., Honolulu, HI 96819

Tel. (808) 220-0824

LATE

HCR-94-HD-2

Submitted on: 4/11/2024 4:10:25 PM

Testimony for HHS on 4/12/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Delia Cabingabang	Individual	Support	Written Testimony Only

Comments:

Dear Committee on Health and Human Services

Thank you for the opportunity to submit testimony. I am in support of this bill and humbly ask for your support as well.

Sincerely,

Delia Cabingabang