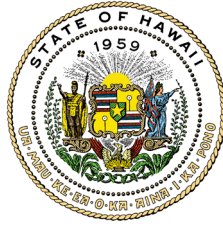


JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII'

KENNETH FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE



CAROLINE CADIRAO
DIRECTOR

Telephone
(808) 586-0100

Fax
(808) 586-0185

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831

Testimony in SUPPORT of SB 1474
Relating to the Medicaid

COMMITTEE ON HEALTH AND HUMAN SERVICES
SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATOR HENRY J.C. AQUINO, VICE CHAIR

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

Hearing Date: February 15, 2023
1:00 p.m.

Room Number: 225
Via Videoconference

EOA's Position: The Executive Office on Aging (EOA), an attached agency to the Department of Health, strongly supports the SB1474, Relating to Medicaid Home and Community-Based Services (HCBS).

Fiscal Implications: This measure appropriates state funds in the sum of \$30,210,000 for fiscal year 2023-2024 and the same sum for fiscal year 2024-2025, provided that the Department of Human Services shall obtain federal matching funds and shall pursue all funding sources, prior to expenditure of these state funds.

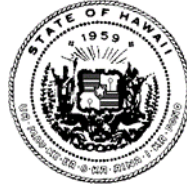
Purpose and Justification: The purpose of this bill is to appropriate moneys for the achievement of full funding, including estimated payment increases, of Medicaid home and community-based services. Medicaid HCBS supports low income kūpuna and people with disabilities who need help with activities of daily living, such as getting dressed and bathing, preparing and eating meals, and assistance with chores in the home. These services help many

people remain in their home and community. Unfortunately, HCBS direct care workers are often paid very low wages and have few opportunities for training or career advancement. As a result, turnover in the field is high, which contributes to worker shortages and limits the availability and capacity of providers. So that more low-income kūpuna and people with disabilities can live and thrive in home and community-based settings - where most people prefer to live - more and longer-term investments are needed. Investing in the Medicaid HCBS system will improve access to Medicaid HCBS for kūpuna and people with disabilities and provide fair wages and career advancement for the people who care for them.

Recommendation: EOA is in strong support of this bill. This bill is an important step to support and finance the necessary transformational change for Medicaid.

Thank you for the opportunity to testify.

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 11, 2023

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

FROM: Cathy Betts, Director

SUBJECT: [SB 1474](#) – RELATING TO MEDICAID.

Hearing: February 15, 2023, 1:00 p.m.
Conference Room 225 & Videoconferencing, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the measure's intent and offers comments.

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
Total Rate Study Services	\$37.90	\$15.71	\$64.00	\$26.52	\$72.90	\$30.21

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 the appropriations come through this measure, the increase will only apply in state fiscal years 2024-2025 and 2025-2026 and will not be ongoing, requiring future budget requests.

Finally, we note that the bill requires DHS to pursue private grants. While DHS can do so, at this time, we are unaware of any such grants that would fund such an increase on an ongoing basis.

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