

JAN 23 2025

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

10 The legislature further finds that reimbursement rates that
11 do not have medicare rates for equivalent services, such as all
12 community-based waiver services, are reviewed and determined by
13 the department of human services at least every five years. The
14 last review of home and community-based reimbursement rates for
15 residential services by the department of human services' med-
16 QUEST division was conducted through a third-party study by the
17 actuarial firm Milliman and reported on December 30, 2022. The



1 study developed benchmark comparison rates for certain home and
2 community-based services, including residential services
3 provided in community care foster family homes and expanded
4 adult residential care homes, in-home services, and case
5 management services for home and community-based case management
6 agencies.

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



1 further increased costs for operators providing residential
2 services in community care foster family homes and expanded
3 adult residential care homes.

4 The purpose of this Act is to appropriate funds to increase
5 the long-term care reimbursement from medicaid to fund certain
6 medicaid homes and community-based services, including licensed
7 developmental disability domiciliary homes, community care
8 foster family homes, certified adult foster homes, and Type II
9 expanded adult residential care homes. It is the intent of the
10 legislature that funding for services in this Act, when combined
11 with the maximum federal matching funds available for this
12 expenditure, increases by \$2,127 per client per month, for a new
13 total payment equivalent of \$3,824 per client per month for
14 service providers.

15 SECTION 2. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so
17 much thereof as may be necessary for fiscal year 2025-2026 and
18 the same sum or so much thereof as may be necessary for fiscal
19 year 2026-2027 to increase the funding of certain medicaid home
20 and community-based services, including adult day programs and
21 residential services offered in community care foster family



1 homes and expanded adult residential care homes; provided that
2 the department of human services shall obtain the maximum
3 federal matching funds available for this expenditure.

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

6 SECTION 3. This Act shall take effect on July 1, 2025.

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INTRODUCED BY:

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S.B. NO. 1564

Report Title:

DHS; Medicaid; Home and Community-Based Services; DDDOM; CCFH; ARCH; Adult Foster Care; 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.

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