

JAN 17 2025

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

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



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

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

15 The legislature believes that the COVID-19 pandemic  
16 dramatically impacted health care and long-term care delivery  
17 systems. Many of these changes, particularly as they relate to  
18 patient preferences, facility staffing practices, and technology  
19 utilization, will persist long after the pandemic abates.  
20 Accordingly, now is an opportune time to revisit prior thinking  
21 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 of the department of human services should undertake rate  
5 studies to better understand how the pandemic has shaped long-  
6 term care providers. These studies should consider how patient  
7 preferences have shifted away from institutional settings to  
8 home- and community-based settings; how patient needs evolve  
9 with the aging population; the growing complexity of patient  
10 care; and what can be done to align reimbursement with long-term  
11 trends in the State. It is also necessary to give specific  
12 attention to programs that reward high-quality care; incentivize  
13 accepting and caring for medicaid beneficiaries, especially  
14 those with complex needs; pay wages necessary for the  
15 recruitment and retention of staff across the long-term care  
16 continuum; and consider updating the aging physical  
17 infrastructure of many of the State's facilities.

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



1 community care foster family homes, adult residential care  
2 homes, expanded adult residential care homes, and adult day  
3 health and adult day care centers. The legislature further  
4 finds that the Centers for Medicare and Medicaid Services are  
5 changing payment methods for nursing facilities. State medicaid  
6 agencies will need to adopt new reimbursement methodologies that  
7 align with the new federal payment system. These new systems  
8 create opportunities to revise how providers of long-term care  
9 are reimbursed to better meet current and future needs.

10 Accordingly, the purpose of this Act is to appropriate  
11 funds to achieve full funding status, including estimated  
12 payment increases, of medicaid home- and community-based  
13 services.

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 2025-2026 and  
17 the same sum or so much thereof as may be necessary for fiscal  
18 year 2026-2027 to achieve full funding status, including  
19 estimated payment increases, of medicaid home- and community-  
20 based services; provided that the department of human services  
21 shall obtain the maximum federal matching funds available for



1 this expenditure; provided further that the department of human  
2 services shall pursue all funding sources known to the State,  
3 including private grants, before expending any general revenue  
4 appropriated pursuant to this Act.

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

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

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INTRODUCED BY:

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# S.B. NO. 715

**Report Title:**

DHS; Medicaid; Long-Term Care Services; Home- and Community-Based Services; Reimbursement; Rates; Appropriations

**Description:**

Appropriates funds to the Department of Human Services to achieve full funding status, including estimated payment increases, of Medicaid home- and community-based services.

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