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STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWE LAWE KANAKA
Office of the Director
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TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 2, 2025

TO: The Honorable Representative Lisa Marten, Chair
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 702 – RELATING TO A RATE STUDY FOR HOME HEALTH SERVICES.**

Hearing: February 4, 2025, 9:30 a.m.
Conference Room 329 & via Videoconference, State Capitol

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

PURPOSE: The purpose of this bill is to provide funding for DHS to conduct a rate study for Medicaid home health services in Hawaii.

DHS appreciates the intent to provide increased funding for DHS to raise rates for the provision of Home and Community Based In-Home services. We note that these services are to help with personal care or chore services that assist with daily living activities such as meal preparation, cleaning, and bathing, usually provided by trained home-care workers and aides. These services help individuals live in the community or in their own homes instead of in institutional (nursing facility) care.

DHS previously worked with our actuaries and completed rate studies for various Home and Community Based Services (HCBS), including In-Home Services, which was submitted to the Legislature prior to the 2023 legislative session (Senate Resolution 4 Senate Draft 1 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; and a Rate Study Addendum). Three scenarios were modeled at “low,” “medium,” and “high” level increases. In the prior two legislative sessions, the Legislature did provide funding to increase the rates for all of the other Home and Community Based services at the “low” scenario level.

DHS agrees that increased rates are necessary and that without increases, it will become increasingly difficult to find personal care workers needed for our kupuna and individuals with disabilities wishing to remain living in their own homes. If people cannot remain in their own homes, they will likely need more support in a more costly setting such as a nursing facility or other community residential setting. For this reason, the executive budget includes a request for increases for In-Home services for a total of (\$23.8M- \$14.06M N funds.) The state funds of \$9.74M have already been allocated in Med-QUEST Division’s (MQD) Health Care Payments budget to cover the increase at the “low” scenario level.

The bill would increase In-Home rates to the “High” scenario at \$40.4M – (\$23.87M N funds/\$16.53 A funds). We would note that the \$16.16M A funds in the bill is slightly lower than is estimated by MQD. The increase in A funds between the low and high scenario is \$6.79M.

DHS respectfully requests that this program and appropriation not conflict with, reduce or replace priorities identified in the executive budget. Further, DHS requests that any increases be appropriated through the executive budget, and not a bill so that the increases can be included in DHS base budget.

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



STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
STATE COUNCIL ON DEVELOPMENTAL DISABILITIES
'A'UNIKE MOKU'ĀPUNI NO KA NĀ KĀWAI KULA
PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
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February 4, 2025

The Honorable Representative Lisa Marten, Chair
House Committee on Human Services & Homelessness
The Thirty-Third Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Marten and Committee Members:

SUBJECT: HB702 Relating to Human Services

The Hawai'i State Council on Developmental Disabilities **SUPPORTS HB702** which appropriates funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds.

This measure is pivotal in advancing our commitment to enabling individuals with developmental disabilities to live more independently and integrated within their communities. The preference for in-home care over institutional settings is overwhelmingly clear among our kupuna and particularly significant for people with disabilities. Such care not only supports their desire to live in familiar surroundings but also promotes their autonomy and participation in community life. By reinforcing in-home care services, HB702 aligns with the Council's mission to uphold the rights and dignity of individuals with developmental disabilities, facilitating a life of choice and opportunity.

The current reimbursement model heavily favors facility-based services, which often do not provide the person-centered and flexible support that individuals with developmental disabilities require. The data from the recent Milliman study has demonstrated a critical wage gap for direct care workers in home-based settings, which reduces the quality and availability of these essential services. This measure's proposed shift in funding priorities will significantly improve service providers' ability to offer competitive wages and attract qualified professionals. This is crucial for meeting the needs of individuals with developmental disabilities, who often require consistent, skilled support to manage daily activities and engage with their communities.

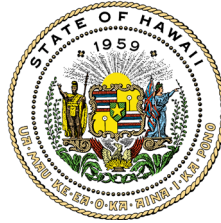
Thank you for the opportunity to submit testimony in **support of HB702**.

Sincerely,

Daintry Bartoldus
Executive Administrator

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

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**Testimony in SUPPORT of HB702
Relating to Human Services**

COMMITTEE ON HUMAN SERVICES AND HOMELESSNESS
REP. LISA MARTEN, CHAIR
REP. IKAIKA OLDS, VICE CHAIR

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

Hearing Date: February 4, 2025
9:30 A.M.

Room Number: 329
Via Videoconference

- 1 **EOA's Position:** The Executive Office on Aging (EOA), an attached agency to the Department
- 2 of Health, **supports HB702.**
- 3 **Fiscal Implications:** This measure appropriates \$16,160,000 for SFY 2025-2026 and the same
- 4 sum for SFY 2026-2027 to be expended by the Department of Human Services (DHS), provided
- 5 that DHS obtains matching federal funds.
- 6 **Purpose and Justification:** The purpose of this bill is to increase funding for Medicaid in-home
- 7 services. Medicaid in-home services allow older adults and individuals with disabilities to live
- 8 independently and remain in their home rather than in institutional care. These services ~~improve~~
- 9 ~~the quality of life for older adults and individuals with disabilities by helping with bathing,~~
- 10 ~~dresssing, toileting, medication reminder, meal prep/cooking, chores, transportation, and other~~
- 11 ~~activities.~~

1 Despite the valuable work that in-home care workers provide they are often paid low
2 wages and have few opportunities for training or career advancement. As a result, recruitment
3 for these jobs is low and the turnover rate is high. This has contributed to the workforce
4 shortage, limiting the capacity of providers and often causing them to shut down. Increasing
5 funding for Medicaid in home services will increase rates for service providers, enabling them to
6 pay care workers higher wages.

7 Medicaid in-home care services are also cost effective by keeping individuals out of
8 costly institutions, reducing healthcare expenditures for the state. Increasing funding for
9 Medicaid in-home services is an important investment that will improve the quality of life for
10 older adults and individuals with disabilities, value and build the workforce, and be cost
11 effective.

12 **Recommendation:** EOA supports this measure and defers to DHS on its implementation.

13 Thank you for the opportunity to testify.

HB-702

Submitted on: 2/3/2025 9:14:52 AM

Testimony for HSH on 2/4/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kaili Swan	Individual	Support	In Person

Comments:

I am strong support of this measure beacuse people with disabilities need more funds for medical funds in the healthcare system and in home healthcare services please pass this bill thank you

HB-702

Submitted on: 2/3/2025 4:16:26 PM

Testimony for HSH on 2/4/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Sarah Osofsky	Individual	Support	Written Testimony Only

Comments:

I am in support of 702 HB RELATING TO HUMAN SERVICES. As a social work student who previously worked as a case manager for our island kupuna I had the opportunity to witness first hand the challenges related to aging in place. Often times our kupuna qualify for home help services but have to wait months if not longer for a worker to be found to do the work they need. Someone who is living alone and needs help with simple household tasks such as laundry, who has been deemed eligible for assistance with this need will then have to wait months. I had someone I worked with who had been waiting 6+ months for the home help they were deemed eligible, and then ended up passing away before they ever actually received this service. If there was more funding, there would be more workers, and the kupuna would not be forced to wait or go without.

HB-702

Submitted on: 2/3/2025 7:10:52 PM

Testimony for HSH on 2/4/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry SUPPORT HB702.