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KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
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TRISTA SPEER
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February 8, 2025

TO: The Honorable Senator San Buenaventura, Chair
Senate Committee on Health and Human Services

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 298 – RELATING TO HUMAN SERVICES.**

Hearing: Monday, February 10, 2025, Time 1:20 p.m.
Conference Room 225 & Via Videoconference, State Capitol

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

PURPOSE: The purpose of this bill is to make an appropriation to increase funding for Medicaid in-home services.

DHS appreciates the intent to provide increased funding to 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 (e.g., 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 were 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 last 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 general fund appropriation of \$9.74M has already been allocated in Med-QUEST Division’s (MQD) Health Care Payments budget to cover the increase at the “low” scenario level.

DHS respectfully requests an amendment deleting from Section 2, page 3, lines 8-13:

~~“provided that the department of human services shall obtain the maximum federal matching funds available for this expenditure; provided further that the department of human services shall pursue all funding sources known to the State, including private grants, prior to expending any general revenues appropriated pursuant to this Act.”~~

Medicaid funding includes federal matching and state funds for every covered Medicaid expenditure. Also, federal Medicaid matching rates are set by the federal government, and all covered Medicaid expenditures automatically apply the appropriate federal matching rate. Thus, the mandate to obtain “maximum federal matching funds” is unnecessary and would complicate implementation of any rate increases. Further, private grants are not allowed to be the state fund portion of Medicaid expenditures. Thus, we respectfully request that these clauses be deleted.

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

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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 HAWAII
STATE COUNCIL ON DEVELOPMENTAL DISABILITIES
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February 10, 2025

The Honorable Senator Joy A. San Buenaventura, Chair
Senate Committee on Health and Human Services
The Thirty-Third Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Senator San Buenaventura, and Committee Members:

SUBJECT: SB298 Relating to Human Services

The Hawaii State Council on Developmental Disabilities **SUPPORTS SB298**, which appropriates funds to increase funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining maximum federal matching funds and pursuing all other funding sources.

For many people with disabilities, receiving support in their own homes allows them to maintain their independence and actively participate in their communities. However, inadequate Medicaid reimbursement rates have created a crisis in the home care workforce, making it difficult to recruit and retain caregivers. According to the 2022 actuarial study by Milliman, wages for direct care workers in home settings fall below the 25th percentile for comparable positions, leading many to leave the profession for higher-paying jobs. This has resulted in significant gaps in service availability, forcing some individuals into institutional facilities—not because they require that level of care, but because they lack access to in-home support.

Institutional care is not only more restrictive but also more expensive. The cost of keeping individuals in long-term care facilities far exceeds the cost of providing them with home-based support. Redirecting funds toward caregivers ensures that more individuals can receive personalized, cost-effective care while reducing the financial burden on the state. SB298 takes a fiscally responsible approach by increasing Medicaid reimbursement rates for in-home services, leveraging federal matching funds, and ensuring that resources are used where they are most effective—directly supporting the individuals who need care. By passing SB298, Hawai'i will take an important step toward strengthening its system of care for people with disabilities. This bill aligns with the values of independence, self-determination, and inclusion, ensuring that individuals receive the right level of support in their homes rather than being placed in institutions due to a lack of alternatives.

Thank you for the opportunity to submit testimony in **support of SB298**.

Sincerely,

Daintry Bartoldus
Executive Administrator

SB-298

Submitted on: 2/4/2025 7:18:01 PM

Testimony for HHS on 2/10/2025 1:20:00 PM

Submitted By	Organization	Testifier Position	Testify
Nancy D Moser	Individual	Support	Written Testimony Only

Comments:

Please pass this bill.

As a Gerontology specialist student within a Masters of Social Work program, I have had the opportunity and pleasure of working alongside kupuna around the island.

Nearly everyday, it is mentioned how much their house means to them. It is more than a roof over their heads, but their memories and history within those walls. For many kupuna, being forced to leave their homes in order to receive proper long-term medical assistance is a difficult and emotionally painful transition. It is often accompanied by confusion, fear, and anger.

This is especially true for kupuna with cognitive impairments, such as Alzheimer's or Dementia. The move from a familiar, comforting environment to a sterile hospital setting is not only disorienting but can be distressing. These individuals may struggle to understand why they are being removed from their home, causing anxiety and further confusion. This is why I am in **support** of SB298 to increase Medicaid funding for Kupuna in home living assistance.

With proper funding, we can ensure that kupuna receive the care they need and deserve, allowing them to remain in the comfort of their own homes for as long as possible. In addition, kupuna receiving proper care can help increase their quality of life and mental health, as it preserves their dignity, and reduces the stress that often comes with navigating complex healthcare systems. When kupuna can stay in their own homes, surrounded by familiar faces and environments, it has a positive impact on their overall well-being.

Thank you for taking the time to read this testimony and consider passing this bill.