THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3325 S.D. 1

A BILL FOR AN ACT

RELATING TO PUBLIC SCHOOL MEDICAID REIMBURSEMENTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that, pursuant to S.C.R. No. 81, H.D. 1 (2018), a working group submitted to the 2019 legislature a report examining how the department of education could maximize medicaid reimbursements for support services offered to eligible students, specifically to special education youth having severe mental health conditions.

The legislature believes that, given the critical importance of providing all students with a quality public education, further oversight and an updated plan are needed to ensure that the department continues to maximize medicaid reimbursements for administrative and support services for students with special needs.

Accordingly, the purpose of this Act is to require the department of education to provide:

(1) An updated plan to maximize medicaid reimbursements for administrative and support services for students with special needs; and

(2) Annual reports on the status of the plan's implementation.

SECTION 2. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to part II, subpart C, to be appropriately designated and to read as follows:

"**§302A- Medicaid reimbursement for administrative and support services; students with special needs; reporting requirements.** (a) The department shall establish an updated plan to maximize medicaid reimbursements for administrative and support services provided to students with special needs. The department may amend the plan as necessary to carry out the purposes of this section.

(b) The department, in consultation with the med-QUEST division of the department of human services, shall submit a report to the legislature no later than twenty days prior to the convening of each regular session, providing the status of the department's plan and efforts pursuant to subsection (a). The report shall include:

(1) A copy of the plan established pursuant to subsection (a) and the status of the plan's implementation;

(2) A detailed explanation of how the following medicaid claim requirements shall be met:

(A) Service documentation for the individualized education program of applicable students;

(B) Confirmation of a student's medicaid eligibility;

(C) Records of completed parental consent forms;

(D) Documentation indicating that all reported services provided are appropriate, medically necessary, and covered by med-QUEST, in addition to any other details required for services provided; and

(E) Documentation substantiating that any medicaid reimbursable service provided was delivered by a licensed and medicaid-enrolled provider or by select professionals under the supervision of a licensed provider;

(3) Training materials and evidence of successful training on medicaid reimbursable school-based services rules and requirements for department staff, including the assistant superintendent for the exceptional support branch of the office of student support services,

district education specialists, student coordinators, teachers, and providers;

(4) Detailed information on the department's procedures for identifying the medically necessary needs of special education students, and if eligible for medicaid reimbursement, the complete process of pursuing reimbursement;

(5) An evaluation of the department's progress in implementing the updated plan, including monthly indicators of the total:

(A) Number of students served, classified by complex area;

(B) Number of eligible administrative and support services provided, classified by complex area; and

(C) Amount of federal reimbursement leveraged for eligible services, including both direct service claims and administrative claims, classified by complex area; and

(6) Information detailing how reimbursement moneys are being reinvested."

SECTION 3. New statutory material is underscored.

SECTION 4 This Act shall take effect upon its approval.

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Report Title:
DOE; DHS; Med-QUEST; Medicaid Reimbursement; Students with Special Needs; Special Education; IEP; Administrative and Support Services; Annual Report

Description:
Requires the Department of Education to establish an updated plan for maximizing Medicaid reimbursements for administrative and support services provided to students with special needs. Requires annual reports to the Legislature. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.