

STAND. COM. REP. NO. 1291-26

Honolulu, Hawaii
, 2026

MAR 20

RE: S.B. No. 3325
S.D. 1
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Education, to which was referred S.B. No. 3325, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC SCHOOL MEDICAID REIMBURSEMENTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Department of Education to establish an updated plan for maximizing Medicaid reimbursements for administrative and support services provided to students with special needs; and
- (2) Require annual reports to the Legislature on the status of the plan's implementation.

Your Committee received testimony in support of this measure from the Department of Education. Your Committee received comments on this measure from the Department of the Attorney General.

Your Committee finds that students with special needs in Hawaii's public schools are entitled to a wide range of administrative and support services necessary to implement

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individualized education programs and ensure access to a free appropriate public education. Your Committee further finds that federal Medicaid reimbursement is an important funding mechanism available to the State for eligible administrative and support services provided to students with special needs, yet these reimbursements have not always been fully or consistently maximized. Your Committee believes that establishing an updated and coordinated plan between the Department of Education, Department of Human Services, and Med-QUEST Division will improve Medicaid claims practices, strengthen staff training and compliance, and ensure that appropriate reinvestment of reimbursed funds will support special education services without placing additional strain on state general funds.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3325, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3325, S.D. 1, H.D. 1, and be referred to your Committee on Human Services & Homelessness.

Respectfully submitted on
behalf of the members of the
Committee on Education,


JUSTIN H. WOODSON, Chair



