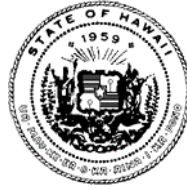


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELawe KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

April 6, 2026

TO: The Honorable Representative Chris Todd, Chair
House Committee on Finance

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 3324 SD1 HD1 – RELATING TO MEDICAID.**

Hearing: April 7, 2026, 2:00 p.m.
Conference Room 308 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the bill, offers comments, and requests amendments. DHS respectfully requests that this program and appropriation not conflict with, reduce, or replace priorities identified in the executive budget. DHS would prefer that any forthcoming appropriation be placed in the executive budget bill HB1800 to insure continuity of the rate increases.

DHS agrees that Community Care Family Foster Home (CCFFH) and Expanded Adult Residential Care Home (E-ARCH) capacity remains limited despite the rate increase authorized by the Legislature in 2025 in alignment with the "low" rate scenario provided in the Home and Community-Based Services (HCBS) Rate Study Report commissioned by DHS in December 2022. DHS supports the Legislature's intent to increase reimbursement for CCFFH and E-ARCH facilities to the "medium" rate scenario provided in the HCBS Rate Study Report. Based on updated utilization data, the general fund request would be \$1,770,892.

In addition to adding the appropriation, DHS respectfully requests that the bill language be amended to remove all references to a DHS contractor (Milliman), who performed the study under

April 6, 2026

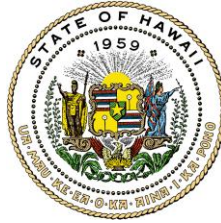
Page 2

a DHS contract, and instead refer to the study as the "DHS Home and Community-Based Services (HCBS) Rate Study Report" to clarify that DHS is the "group author" of the study.

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

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

KENNETH S. FINK, M.D., MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE



CAROLINE CADIRAO
DIRECTOR

Telephone
(808) 586-0100

Fax
(808) 586-0185

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831

Testimony in SUPPORT of SB3324 SD1, HD1
Relating to Medicaid

COMMITTEE ON Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

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

Hearing Date: April 7, 2026, 2P.M.

Room Number: 308

1 **EOA's Position:** The Executive Office on Aging (EOA), an attached agency to the Department
2 of Health, supports the intent of this measure. EOA requests that this appropriation not conflict
3 with, reduce, or replace priorities identified in the executive budget.

4 **Fiscal Implications:** This measure appropriates funds to the Department of Human Services
5 (DHS) to increase funding for certain Medicaid home- and community-based services, including
6 residential services offered in community care foster family homes (CCFFHs) and expanded
7 adult residential care homes (E-ARCHs).

8 **Purpose and Justification:** The purpose of this measure is to:

9 1) Appropriate monies to increase the funding of residential services offered in community
10 care foster family homes and expanded adult residential care homes; and

1 2) Require the DHS to obtain the maximum federal matching funds available for the
2 increased expenditure, which will result in a larger impact on reimbursements paid to
3 service providers.

4 Medicaid home and community-based services (HCBS) improve quality of life for older adults
5 and individuals with disabilities by supporting independence, allowing them to remain at home,
6 and avoiding costly institutional care. For those needing higher levels of care, CCFFHs and E-
7 ARCHs offer home-like alternatives to nursing homes. Despite these essential services,
8 reimbursement rates remain inadequate, leading to low wages, workforce shortages, and reduced
9 provider capacity. As Hawai'i's aging population grows, it is critical to strengthen the HCBS
10 workforce and expand CCFFH and E-ARCH availability to meet increasing demand.

11 The 2024 Genworth Cost of Care Survey reports that home health services in Hawai'i
12 average \$97,240 annually, while nursing home care costs about \$181,000 per person for a semi-
13 private room. Medicaid HCBS, CCFFHs, and E-ARCHs are cost-effective, reducing state
14 healthcare expenditures while keeping individuals out of institutions. Increasing funding for
15 these services is an investment that improves quality of life for older adults, stabilizes the
16 workforce, and ensures access to care in the least restrictive setting.

17 **Recommendation:** EOA supports the intent of this measure and defers to the Department of
18 Human Services on its implementation.

19 Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



SIERRA WHITESIDE
CHAIRPERSON

DAINTRY BARTOLDUS
EXECUTIVE ADMINISTRATOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
STATE COUNCIL ON DEVELOPMENTAL DISABILITIES
'A'UNIKE MOKU'ĀPUNI NO KA NĀ KĀWAI KULA
PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543

April 7, 2026

The Honorable Representative Chris Todd, Chair
House Committee on Finance
The Thirty-Third Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Chair Todd and Committee Members:

SUBJECT: Testimony in Support of SB3324 SD1 HD1, Relating to Medicaid

The Hawai'i State Council on Developmental Disabilities is in **SUPPORT of SB3324 SD1 HD1**, which appropriates moneys to the Department of Human Services to increase funding for certain Medicaid home- and community-based services, including residential services offered in community care foster family homes and expanded adult residential care homes, and requires the Department to obtain matching federal funds and to pursue additional funding sources

Sustaining and strengthening the caregiver workforce is critical to maintaining community-based options for individuals with disabilities and kupuna across Hawai'i. Workforce shortages remain a significant barrier to expanding access to home and community-based services, particularly on the neighbor islands, where shortages are most acute.

Increasing residential service reimbursement rates helps providers recruit and retain direct care staff and offer stable wages and basic benefits. Stronger workforce stability directly translates into more available homes and shorter waitlists for individuals who rely on these settings to live safely in the community.

Community care foster family homes and expanded adult residential care homes are essential components of Hawai'i's long-term care system. Supporting provider sustainability ensures continuity of care, prevents unnecessary institutionalization, and strengthens community-based living options statewide.

For these reasons, the Hawai'i State Council on Developmental Disabilities **supports SB3324 SD1 HD1**.

Thank you for the opportunity to submit testimony.

Sincerely,

A handwritten signature in blue ink that reads "Daintry Bartoldus".

Daintry Bartoldus, Executive Administrator



DISABILITY AND COMMUNICATION ACCESS BOARD

Ka 'Oihana Ho'oka'a'ike no ka Po'e Kīnānā

1010 Richards Street, Rm. 118 • Honolulu, Hawai'i 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • (808) 204-2466 (VP)

April 7, 2026

TESTIMONY TO THE HOUSE COMMITTEE ON FINANCE

Senate Bill 3324 Senate Draft 1 House Draft 1 – Relating to Medicaid

The Disability and Communication Access Board (DCAB) supports Senate Bill 3324 Senate Draft 1 House Draft 1 – Relating to Medicaid. This bill appropriates funds to the Department of Human Services to increase funding for certain Medicaid home- and community-based services, including residential services offered in community care foster family homes and expanded adult residential care homes. It requires the Department to obtain matching federal funds and to pursue additional funding sources and is effective 7/1/3000.

Increasing residential service reimbursement rates helps providers recruit and retain direct care staff and offer stable wages and basic benefits. Stronger workforce stability directly translates into more available homes and shorter waitlists for individuals who rely on the services to receive quality care.

Thank you for the opportunity to testify.

Respectfully submitted,

KRISTINE PAGANO
Acting Executive Director



1001 Bishop Street | Suite 625 | Honolulu, HI 96813-2830
1-866-295-7282 | Fax: 808-536-2882
aarp.org/hi | aarphi@aarp.org | twitter.com/AARPHawaii
facebook.com/AARPHawaii

**The State Legislature
House Committee on Finance
Tuesday, April 7, 2026
Conference Room 308, 2:00 p.m.**

TO: The Honorable Chris Todd, Chair
FROM: Kealii Lopez, AARP State Director
RE: Support for S.B.3324,SD1, HD1 Relating to Medicaid

Aloha Chair Todd and Members of the Committee:

My name is Keali'i Lopez and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP Hawaii supports S.B. 3324, SD1, HD1 which appropriates funds to increase Medicaid reimbursement rates for home and community-based services (HCBS), including residential care homes. This measure advances policies that allow kūpuna and people with disabilities to live safely in their homes and communities—where they overwhelmingly prefer to receive care.

S.B. 3324, SD1, HD1 strengthens Hawai'i's continuum of long-term care by directing additional resources to essential HCBS providers. These services enable older adults and individuals with disabilities to receive assistance with daily activities, manage chronic conditions, and maintain independence. Investing in HCBS helps prevent unnecessary institutionalization, reduces avoidable hospitalization, and improves overall health outcomes.

Equally important, the bill recognizes the critical role of direct care workers. Caregivers are the backbone of our long-term care system, yet many face low wages, limited support, and high turnover. Increasing Medicaid reimbursement rates helps stabilize this workforce, enhances care continuity, and ensures families can rely on a trained, reliable, and sustainable caregiving system.

AARP Hawai'i appreciates the Legislature's attention to strengthening home and community-based care options for our kūpuna and people with disabilities. We respectfully urge passage of S.B. 3324. SD1, HD1.

Mahalo for the opportunity to testify in support of this important measure.

SB-3324-HD-1

Submitted on: 4/2/2026 6:32:19 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Louis Erteschik	Hawaii Disability Rights Center	Support	Written Testimony Only

Comments:

In support.



Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON FINANCE

Representative Chris Todd, Chair

Representative Jenna Takenouchi, Vice Chair

Date: April 7, 2026

From: Hawaii Medical Association (HMA)

Elizabeth Ann Ignacio MD - Chair, HMA Public Policy Committee

Christina Marzo MD and Robert Carlisle MD, Vice Chairs, HMA Public Policy Committee

RE SB 3324 SD1 HD1 RELATING TO MEDICAID. DHS; Medicaid; Med-QUEST; Home- and Community-Based Services; Residential Services; Community Care Foster Family Homes; Expanded Adult Residential Care Homes; Federal Matching Funds; Appropriation (\$)

Position: Support

This measure would appropriate funds to the Department of Human Services to increase funding for certain Medicaid home- and community-based services, including residential services offered in community care foster family homes and expanded adult residential care homes, and require the Department to obtain matching federal funds and to pursue additional funding sources. Effective 7/1/3000. (HD1)

Hawaii's care needs are growing. Yet Hawaii has unmet demand and persistent waiting lists for home- and community-based supports - signals that access is not keeping pace with need. HMA supports this measure that may strengthen in-home and other home-like residential supports, reduce avoidable institutional placement, support smoother hospital-to-home transitions, and better match services to patient goals and functional needs. Additionally, the provision for available federal matching dollars while building capacity for patients' community-based services may rebalance long-term care systems toward care in the least restrictive setting.

Home-like, community-based residential options can strengthen continuity, relieve caregiver strain, and improve quality of life while preserving higher-acuity institutional resources for those who truly need them. Investing in Medicaid in-home and community-based care is one of the most practical ways to help kūpuna and people with disabilities stay safely in familiar settings, maintain independence, and remain connected to family and community.

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

2026 Hawaii Medical Association Public Policy Coordination Team

Elizabeth A Ignacio, MD, Chair • Robert Carlisle, MD, Vice Chair • Christina Marzo, MD, Vice Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

2026 Hawaii Medical Association Officers

Nadine Tenn-Salle, MD, President • Jerald Garcia, MD, President Elect • Elizabeth Ann Ignacio, MD, • Immediate Past President
Laeton Pang, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

REFERENCES AND QUICK LINKS

Burns, Alice, Abby Wolk, and Molly O'Malley Watts. *A Look at Waiting Lists for Medicaid Home- and Community-Based Services from 2016 to 2025*. Kaiser Family Foundation, 20 Nov. 2025, <https://www.kff.org/medicaid/a-look-at-waiting-lists-for-medicaid-home-and-community-based-services-from-2016-to-2025/>

"Home- and Community-Based Services." MACPAC, 2 Apr. 2024. <https://www.macpac.gov/subtopic/home-and-community-based-services/>. Accessed 15 Feb. 2026.

U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE).

"Rebalancing Long-Term Services and Supports for Medicaid Enrollees." ASPE, Jan. 2025. <https://aspe.hhs.gov/sites/default/files/documents/ad7cf66fb2a7ae1a0bd91b288363fc71/rebalancing-ltss-medicaid-enrolled-brief.pdf>. Accessed 15 Feb. 2026.

SB-3324-HD-1

Submitted on: 4/3/2026 12:30:42 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rosemarie S. Sebastian	SEBASTIAN'S ARCH LLC	Support	Written Testimony Only

Comments:

To: The Honorable Chris Todd, Chair, and all Members of

Finance Committee:

Thank you for SB3324 - Relating to Medicaid.

I operate an Adult Residential Care Home (Type I ARCH) but I am quite aware that the Community Care Foster Family Homes (CCFFH)--most especially are very much underpaid for many many years now. Their current pay for their Medicaid Reimbursement pay doesn't commensurate with the levels of services that they provide. They work very hard to provide care for our precious Kupunas here in Hawaii 24/7 but gets compensated so minimal. I don't know how these homes are meeting both ends month after month but I know that the Operator/Caregiver compromises a lot. Because the current income isn't sufficient to meet their monthly expenses, you can assume that the Operator, in this case, is the one that doesn't get paid. This is not good for Hawaii--it's demoralizing! I believe our State can do better. If we care so much about our Kupunas, then the State should try its best to compensate these CCFFH Caregivers' a respectable & fair pay. Usually, Caregivers make it their vocation to care for the elderly and mentally disabled in our community because they are compassionate individuals. However, caregiving job is hard and it's hardest when you have to worry about monthly budget--that is upside down. These Caregivers/Homes are essential to the future of Kupunas care in our State so would the State also take care of Caregivers?

I am humbly pleading, on behalf of all fellow caregivers; therefore, I highly encourage your Committee to Support/Pass SB3324.

Your kind support would be greatly appreciated.

Sincerely,

Rosemarie S. Sebastian

SEBASTIAN'S ARCH LLC

1630 Leilani St., Honolulu, HI 96819

(808) 842-3736

Email: rose.sebastian808@gmail.com

ADULT FOSTER HOMECARE
ASSOCIATION OF HAWAII
P.O. Box 970092, Waipahu, Hawai'i 96797

April 7, 2026

Maribel Tan
President

Testimony in Strong Support of SB3324, SD1, HD1 – FIN – 4/7/26, 2:00 p.m., Rm. 308

The Honorable Chris Todd, Chair and Members of the Committees:

The Adult Foster Homecare Association of Hawaii (AFHA) **strongly supports SB3324, SD1, HD1**, which appropriates funds to increase the funding of Medicaid home community based services including community care foster family homes (CCFFH's).

CCFFH's supplies over 2,000 beds statewide to elderly and disabled Hawaii residents. A few years ago, the State of Hawaii commissioned the Home and Community Based Services (HCBS)) Rate Study report by Milliman. This report from an independent neutral party hired by the State concluded that "amongst all provider types examined in the Milliman study, the current median direct care wages paid to home and community based services providers fell below the twenty-fifth percentile for those occupation codes and titles as determined by the United States Bureau of Labor Statistics".

We thank the legislature for its appropriation in 2024, but more must be done. We remain unable to offer benefits, including health insurance to our employees and continue to rely on substitute caregivers, sometimes unpaid, including our family members and friends. Additionally, high inflation has persisted, further increasing costs.

Perhaps more importantly, we as caregivers are mostly baby boomers. Soon, we will age out needing care for ourselves. Unless the State can continue to attract new caregivers, options for kupuna will remain limited and will ultimately result in a public health crisis. Please consider investing in our future as our population continues to age by prioritizing the funding request.

Please **SUPPORT SB 3324, SD1, HD1**. Thank you for this opportunity to testify.

Very truly yours,



Maribel Tan,
President

About AFHA

The Adult Foster Home Association of Hawaii (AFHA) is the industry trade association of providers under the Community Care Foster Family Home program under the Department of Human Services, State of Hawaii. With a membership of over 1200 providers, AFHA's mission is to promote the interests of providers as well as resident clients. AFHA members provide 24-hour care to resident clients 7 days a week, 365 days a year.



To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
House Committee on Finance

From: Paula Arcena, Senior Vice President of External Affairs
Mike Nguyen, Senior Director of External Affairs
Maria Rallojay, Public Policy Specialist

Hearing: Tuesday, April 7, 2026, 2:00pm, Conference Room 308

RE: **SB3324 SD1 HD1 Relating to Medicaid**

AlohaCare appreciates the opportunity to provide testimony in **support of the intent of SB3324 SD1 HD1**. This measure would (1) appropriate moneys to the Department of Human Services to increase funding for certain Medicaid home- and community-based services, including residential services offered in community care foster family homes and expanded adult residential care homes; and (2) require the Department to obtain matching federal funds and to pursue additional funding sources.

AlohaCare is a community-rooted, non-profit health plan founded by Hawai'i's Community Health Centers and the Queen Emma Clinics. We serve over 66,000 Medicaid and Medicaid-Medicare dual-eligible residents on all islands. Since 1994, AlohaCare has partnered with providers, government entities, and community-based organizations to meet the evolving needs of our safety net community as Hawai'i's only health plan focused solely on Medicaid-eligible individuals. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating for equitable access to quality, whole-person care for all.

AlohaCare is committed to improving access to care, especially for our kūpuna, persons with disabilities, and others needing home- and community-based services as an alternative to institutional care settings. For example, AlohaCare directly invests in these services through our GRACE (Geriatric Resources for Assessment and Care of Elders) program, which serves Medicaid members with complex medical, functional, and social needs. GRACE relies on in-home services to help members safely age in place, manage chronic conditions, and prevent avoidable emergency room visits and hospitalizations. However, the success of programs like GRACE depends on the availability and stability of in-home service providers. As such, we support the intent of this bill. We defer to the Department of Human Services Med-QUEST Division and the Legislature as to the appropriate level of funding.

Mahalo for this opportunity to testify in **support of the intent of SB3324 SD1 HD1**.

SB-3324-HD-1

Submitted on: 4/3/2026 6:53:03 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marija Colic	Individual	Support	Written Testimony Only

Comments:

Honorable Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

I am submitting testimony in strong support of SB3324 SD1, which seeks to increase funding for residential services in community care foster family homes and expanded adult residential care homes. This bill addresses a critical need in Hawaii: the demand for accessible, community-based care options for kupuna. As highlighted in the 2021 AARP study, 75% of residents aged 45 and older reported that affordable long-term care options close to home are essential for independent living, maintaining connections with family and friends, and continuing care with familiar health providers. Despite the 2024 budget appropriation, providers continue to face financial pressures due to low reimbursement rates, rising costs, and insufficient resources to offer employee benefits, which limits the availability and sustainability of these essential services. SB3324 SD1 would increase funding to the “medium” rate scenario recommended in Milliman’s 2022 study and require the Department of Human Services to secure the maximum federal matching funds available. This action will enhance provider sustainability, expand community-based care options, and ensure more kupuna can receive care in familiar, supportive home-like environments. For these reasons, I strongly urge the Committee to support SB3324 SD1.

Mahalo,

Dr. Marija Colic

SB-3324-HD-1

Submitted on: 4/5/2026 4:59:20 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jackie Keefe	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance,

My name is Jackie Keefe, and I **strongly support SB3324 SD1 HD1**, which appropriates moneys to the Department of Human Services to increase funding for certain Medicaid home- and community-based services, including residential services offered in community care foster family homes and expanded adult residential care homes, and requires the Department to obtain matching federal funds and to pursue additional funding sources.

Working families and our most marginalized communities need our support. Please pass SB3324 SD1 HD1.

Mahalo for the opportunity to testify.

Jackie Keefe, Lahaina

SB-3324-HD-1

Submitted on: 4/5/2026 7:35:06 PM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!! MAHALO!

SB-3324-HD-1

Submitted on: 4/6/2026 8:37:21 AM

Testimony for FIN on 4/7/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christopher Dean	Individual	Support	Written Testimony Only

Comments:

I support this legislation.