



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 3325, S.D. 1, H.D. 1, RELATING TO PUBLIC SCHOOL MEDICAID REIMBURSEMENTS.

BEFORE THE:

HOUSE COMMITTEE ON HUMAN SERVICES & HOMELESSNESS

DATE: Tuesday, March 24, 2026 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Anne T. Horiuchi or Randall M. Wat, Deputy Attorneys General

Chair Marten and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The bill requires the Department of Education (DOE) to establish an updated plan for maximizing Medicaid reimbursements for administrative and support services provided to students with special needs and requires annual reports to the Legislature.

Section 2 of the bill amends chapter 302A, Hawaii Revised Statutes, by adding a new section to part II, subpart C. Subsection (b)(3) of the new section 302A- requires the DOE to submit a report to the Legislature that includes training materials and evidence of successful training on Medicaid reimbursable school-based services rules and requirements for its staff, including for the "assistant superintendent for the exceptional support branch of the office of student support services, district education specialists, student coordinators, teachers, and providers[.]" (page 3, line 20, through page 4, line 5).

The Department recommends that the bill be revised to provide clarification regarding certain position titles listed in the bill. First, the DOE has two positions corresponding to the description of "assistant superintendent for the exceptional support branch of the office of student support services": (1) the Assistant Superintendent of the Office of Student Support Services; and (2) the Educational Director of the Exceptional

Support Branch (ESB) in the Office of Student Support Services. See <https://hawaiipublicschools.org/wp-content/uploads/Plan-of-Organization.pdf>, pages N-2 and N-4. The ESB is one of four divisions within the Office of Student Support Services. If it is the Legislature's intent to refer to the Assistant Superintendent, and not to the ESB Educational Director, then the Department suggests deleting "for the exceptional support branch" from page 4, lines 2-3. Second, it also appears that "student coordinators" (page 4, line 4) may actually be intended to refer to the position titled "student services coordinators." Consequently, the Department recommends inserting the word "services" between "student" and "coordinators," on page 4, line 4.

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



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/24/2026

Time: 10:00 AM

Location: 329 VIA VIDEOCONFERENCE

Committee: HSH

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: SB3325, HD1, RELATING TO PUBLIC SCHOOL MEDICAID REIMBURSEMENTS.

Purpose of Bill: 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. Effective 7/1/3000. (HD1)

Department's Position:

The Hawai'i State Department of Education (Department) supports SB3325, SD1, HD1 and provides comments. SB3325, SD1, HD1 requires the Department to develop an updated plan to maximize Medicaid reimbursement for administrative and support services provided to students with special needs and to submit annual reports to the Legislature.

To support clear and transparent reporting to the Legislature, the Department agrees with the reporting provisions of the bill except for the clarifying amendment requested below. Under federal Medicaid claiming rules, Medicaid administrative claiming is submitted quarterly as a statewide aggregate in accordance with Centers for Medicare & Medicaid Services (CMS) requirements, using a cost allocation methodology based on Medicaid-allowable time. Accordingly, administrative activities and reimbursement amounts cannot be reported at the complex area level, while direct service claims may be reported in that manner.

To ensure the annual report accurately reflects Medicaid data, the Department respectfully requests an amendment to page 4, section 5(b), lines 13–15, to read as follows:

(B) ~~Number of eligible administrative and support services provided, classified by complex area~~ Medicaid reimbursement amount received for direct services by complex area and administrative services state-wide

This amendment eliminates ambiguity in the reporting requirement, aligns statutory language with CMS required Medicaid claiming methodologies, and enables the Department to produce a meaningful annual report without mischaracterizing service

delivery or funding outcomes.

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



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Mar 24, 2026

MISSION

Aloha Independent Living Hawaii (AILH) dedicated to providing independent living programs and services for persons with disabilities in Hawaii.

We work together with the community and consumers to improve the quality of life through individual choices and access to services.

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Roxanne U. Bolden

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

SUBJECT: SB3325 HD1 – Relating to Public School Medicaid Reimbursements

Chair and Members of the Committee:

Aloha Independent Living Hawaii (AILH) respectfully submits this testimony in **strong support of SB3325 HD1**.

Independent Living means disabled students can learn in their neighborhood schools, in general education settings, with the supports they need to participate alongside their peers. Medicaid is one important tool to bring additional resources into schools for administrative and support services for students with special needs, including students with significant mental health and behavioral support needs.

SB3325 HD1 requires the Department of Education to maintain an updated plan to maximize Medicaid reimbursements for administrative and support services for students with special needs and to report annually on implementation, training, compliance with Medicaid requirements, and how funds are reinvested. When Medicaid is used well, schools can expand services like counseling, behavioral supports, related services in IEPs, and coordination—without shifting costs onto families.

From an Independent Living perspective, maximizing school-based Medicaid should never replace IDEA obligations, segregate students, or create new barriers for families. AILH encourages DOE and Med-QUEST to center student and family voice, protect parental consent, and ensure that



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Medicaid-funded services are delivered in inclusive settings that promote self-determination and full participation in school life.

AILH respectfully urges the Committee to pass SB3325 HD1 and to ensure that any future drafts maintain strong planning, transparency, and reinvestment of Medicaid funds in supports that help disabled students remain in their home communities.

Thank you for the opportunity to testify.

Mahalo,

Roxanne Bolden

Executive Director



Committee on Human Services & Homelessness
Rep. Lisa Marten, Chair
Rep. Ikaika Olds, Vice Chair

Tuesday, March 24, 2026
TIME: 10:00 AM
VIA VIDEOCONFERENCE
Conference Room 329
State Capitol
415 South Beretania Street

**SUPPORT TO SB3325, SD1,HD1 RELATING TO PUBLIC SCHOOL MEDICAID
REIMBURSEMENTS**

Honorable Chair Marten, Vice Chair Olds, and Members of the Committee,

I am writing to express my strong support for SB3325 (SD1, HD1). This bill plays an important role in strengthening services for students with special needs by ensuring that the Department of Education maximizes available Medicaid reimbursements for eligible school-based services.

By requiring an updated plan and ongoing reporting, SB3325 (SD1, HD1) promotes greater accountability, transparency, and efficiency in how these funds are accessed and utilized. Importantly, it helps ensure that federal resources are fully leveraged to support critical services for students, including those with significant support needs, without placing additional strain on state resources.

This bill represents a thoughtful and practical step toward improving access to essential supports while enhancing oversight of how funds are reinvested to benefit students and schools.

Thank you for your consideration and for your continued commitment to supporting students with special needs.

Mahalo,
Marija Čolić, PhD, BCBA-D, LBA
Legislative Chair
Hawai'i Association for Behavior Analysis
Legislation@hawaiiaba.org

SB-3325-HD-1

Submitted on: 3/23/2026 9:55:05 AM

Testimony for HSH on 3/24/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Shanda Gustafson	Balanced ABA Inc	Support	Written Testimony Only

Comments:

Aloha,

Every child should receive care and services without the fear or cocern of thier "being enough." Or, "Co I qualify?" Or, "Will they do this for me?" scenarios. Services and support are critical.

Mahalo,

Shanda Gustafson

SB-3325-HD-1

Submitted on: 3/22/2026 12:30:54 PM

Testimony for HSH on 3/24/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Anastasia Keller-Collins	Individual	Support	Written Testimony Only

Comments:

Aloha,

If the the Department of Education can maximize Medicaid reimbursements for school-based services for those eligible students, it will provide the additional support for individuals to obtain the services needed for independence. Ultimately, the more successful and independent an individual is, the less resources will be needed for the long term.

Thank you,

Anastasia Keller-Collins, PHD, BCBA-D, LBA

SB-3325-HD-1

Submitted on: 3/23/2026 9:55:57 AM

Testimony for HSH on 3/24/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alexandra Berry	Individual	Support	Written Testimony Only

Comments:

I support this

SB-3325-HD-1

Submitted on: 3/23/2026 10:12:17 AM

Testimony for HSH on 3/24/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kailey Reyes	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support bill SB3325. It's so important for individuals in need to receive better, more sustainable support for students who require them. I've been working in this field for 19 years and have seen first hand how services help make a difference in the quality of life for the individuals receiving them.