



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

**Date:** 03/19/2026  
**Time:** 02:00 PM  
**Location:** 309 VIA VIDEOCONFERENCE  
**Committee:** EDN

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Superintendent of Education

**Title of Bill:** SB3325, SD1, 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. (SD1)

**Department's Position:**

The Hawai'i State Department of Education (Department) supports SB3325, SD1, and provides comments. SB3325, SD1 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.

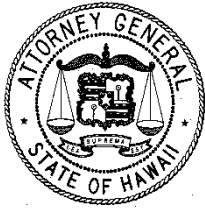
To support clear and transparent reporting to the Legislature, the Department agrees with the reporting provisions of the bill except for the clarifying amendment requested below. Under federal Medicaid claiming rules, Medicaid administrative claiming is submitted quarterly as a statewide aggregate in 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.



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

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**ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

HOUSE COMMITTEE ON EDUCATION

**DATE:** Thursday, March 19, 2026

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 309

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

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Chair Woodson 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 17, through page 4, line 2).

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 3, lines 20-21. Second, it also appears that "student coordinators" (page 4, line 1) 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 1.

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