

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



KENNETH S. FINK, M.D., M.P.H., M.G.A.
DIRECTOR OF HEALTH
KA LUNA HO'ŌKELE

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File:

December 15, 2025

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirty-third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura,
Speaker
and Members of the House of
Representatives
Thirty-third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Annual Report to the Legislature on the Receipts of and Expenditures from the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund, pursuant to Chapter 333F, Section 23, Hawaii Revised Statutes.

In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:

<https://health.hawaii.gov/opppd/departments-of-health-reports-to-2026-legislature/>

Sincerely,

Kenneth S. Fink, M.D., M.P.H., M.G.A.
Director of Health

Enclosures

c: Legislative Reference Bureau
Hawaii State Library System (2)
Hamilton Library

REPORT TO THE THIRTY-THIRD LEGISLATURE

**STATE OF HAWAII
2026**

**PURSUANT TO SECTION 333F-23
HAWAII REVISED STATUTES**

**THE DEPARTMENT OF HEALTH SHALL SUBMIT TO THE LEGISLATURE
NO LATER THAN TWENTY DAYS PRIOR TO THE CONVENING OF EACH
REGULAR SESSION A REPORT THAT PROVIDES AN ACCOUNTING OF THE
RECEIPTS OF AND EXPENDITURES FROM
THE INTELLECTUAL AND DEVELOPMENTAL DISABILITIES
MEDICAID WAIVER ADMINISTRATIVE CLAIMING SPECIAL FUND**



PREPARED BY:

**STATE OF HAWAII
DEPARTMENT OF HEALTH**

December 2025

EXECUTIVE SUMMARY

Act 165, H.B. No. 1273 of the 2019 Hawaii Legislative Session established the Hawaii State Department of Health (DOH), Developmental Disabilities Division (DDD) Medicaid Waiver Administrative Claiming Special Fund to deposit the moneys received from federal financial participation. The moneys collected would be expended on administration of the waiver and meet federal requirements for community integration, quality, and accountability. Act 165, SLH2019 is now codified in 333F-23, Hawaii Revised Statutes (HRS).

Section 333F-23, HRS, mandates the DOH-DDD to annually report the amount of moneys deposited into and expended from the Medicaid Waiver Administrative Claiming Special Fund and the sources of receipts for the expenditures (see Exhibit A). This report is for deposits and expenditures for the DDD Medicaid Waiver Administrative Claiming Special Fund for Fiscal Year 2025.

**REPORT TO THE LEGISLATURE
IN COMPLIANCE WITH
SECTION 333F-23,
HAWAII REVISED STATUTES**

Introduction

The Hawaii State Department of Health (DOH), Developmental Disabilities Division (DDD) provides a system of supports and services for persons with intellectual and developmental disabilities (I/DD) who have substantial functional limitations in major life activities and are eligible to receive services. The DOH-DDD is the operating agency for the Hawaii Medicaid Home and Community-Based Services (HCBS) for People with Intellectual and Developmental Disabilities Waiver (I/DD Waiver) pursuant to section 1915(c) of the Social Security Act.

Title XIX of the Social Security Act allows states to claim federal financial participation (FFP) at a payment rate of fifty percent (50%) for most administrative expenditures related to the “proper and efficient” administration of its Medicaid state plan, with certain administrative costs matched by the Centers for Medicare and Medicaid Services (CMS) at a higher FFP. Claims for Medicaid administrative FFP must come directly from the single state Medicaid agency, which is the Department of Human Services, Med-QUEST Division (DHS-MQD). The DOH-DDD and DHS-MQD maintain a Memorandum of Agreement for operating the HCBS I/DD Waiver, and DOH-DDD can claim allowable administrative expenses for the proper and necessary costs incurred in operating the I/DD Waiver. Costs are supported by an allocation methodology that appears in the state’s approved Public Assistance Cost Allocation Plan.

ACT 165, 2019 (Section 333F-23)

Act 165, H.B. No. 1273 of the 2019 Hawaii Legislative Session established the DOH-DDD Medicaid Waiver Administrative Claiming Special Fund to deposit the moneys received from FFP for operating the HCBS I/DD Waiver. Act 165 is now codified in the DDD statute Chapter 333F, Hawaii Revised Statutes (HRS), "Services for Persons with Developmental or Intellectual Disabilities," as Section 333F-23 (Exhibit A).

According to Section 333F-23, the moneys collected from Medicaid administrative claiming are to be expended on the administration of the I/DD Waiver and meet federal requirements for community integration, quality, and accountability. Act 009, SLH2020 set the spending ceiling for this Special Fund for FY2021 at \$3,200,000. Act 088, SLH2021 set the spending ceiling for this Special Fund for FY2022 at \$6,400,000.00. Act 248, SLH2022 set the spending ceiling for this Special Funds for FY 2023 at \$6,692,144.

Section 333F-23, HRS defines specific purposes for the use of the funds. These are:

- (1) Payment for fiscal management services of the Hawaii Home and Community-Based Services for People with Intellectual and Developmental Disabilities Waiver pursuant to section 1915(c) of the Social Security Act;
- (2) Training of staff, waiver providers, waiver participants, family members of waiver

- participants, legal representatives of waiver participants, and community stakeholders;
- (3) Quality management activities for operating the Hawaii Home and Community-Based Services for People with Intellectual and Developmental Disabilities Waiver pursuant to section 1915(c) of the Social Security Act;
 - (4) Ongoing operations and maintenance of the information technology system;
 - (5) Conducting rate methodology studies to define rates for the Hawaii Home and Community-Based Services for People with Intellectual and Developmental Disabilities Waiver pursuant to section 1915(c) of the Social Security Act; and
 - (6) Assessment of services for determining each participant's level of support needs.

Section 333F-23, HRS requires an annual report that provides an accounting of the receipts of and expenditures from the Intellectual and Developmental Disabilities Medicaid Waiver Administrative Claiming Special Fund.

Receipts and Expenditures

The DOH-DDD received \$12,210,930.72 through Medicaid Administrative Claiming for allowable claims for activities that occurred during FY 2025. All funds received in the DOH-DDD Medicaid Waiver Administrative Claiming Special Fund during FY 2025 are as follows:

| Claiming period | Amount Claimed in FY25 |
|---|-------------------------------|
| Quarter 1, Fiscal Year 2025 | \$0.00 |
| Quarter 2, Fiscal Year 2025 | \$0.00 |
| Quarter 3, Fiscal Year 2025 | \$7,154,787.42 |
| Quarter 4, Fiscal Year 2025 | \$5,056,143.30 |
| TOTAL CLAIMS REIMBURSED BY CMS IN FY2025 | \$12,210,930.72 |

Summary

The summary of claiming and expenditures including beginning and ending cash balances are reported below:

| ITEM | |
|---|-----------------|
| Beginning Cash Balance | \$10,240,724.29 |
| Medicaid Waiver Administrative Claiming during FY25 | \$12,210,930.72 |
| Investment Pool (Source Code 0288) | \$289,466.15 |
| Expenditures During FY25 as of June 30, 2025 | \$4,375,512.05 |
| Ending Cash Balance as of June 30, 2025 | \$18,365,609.11 |

Fiscal Year 2025 Expenditures and Encumbrances

Expenditures as of September 30, 2025, displayed below, totaled \$4,873,479.40. All expenditures aligned with authorized activities specified in Section 333F-23. It should be noted that the DDD was able to utilize funds made available through §9817 of the American Rescue Plan Act for CMS approved activities, which allowed for a more moderate use of the Administrative Claiming Special Fund during the fiscal year.

| <i>Authority in Section 333F-23, HRS</i> | <i>Contractor</i> | <i>FY25 Contract Encumbrances</i> | <i>Expenditure as of 09/30/2025*</i> |
|--|---|-----------------------------------|--------------------------------------|
| Rate Methodology Studies | Health Management Associates, Inc. | \$9,120.00 | \$78,170.31 |
| Fiscal Management Services | Acumen Fiscal Agent, LLC | \$970,000.00 | \$1,418,976.00 |
| Train DDD Staff on Support Intensity Scale-Adult Version (SIS-A), 2 nd Edition | American Association on Intellectual and Developmental Disabilities | \$180,000.00 | \$41,130.30 |
| Train DDD Staff on Support Intensity Scale-Adult Version (SIS-A) | American Association on Intellectual and Developmental Disabilities | \$90,000.00 | \$90,000.00 |
| Train DDD Staff on Support Intensity Scale-Adult Version (SIS-A) | American Association on Intellectual and Developmental Disabilities | \$12,104.00 | \$12,060.20 |
| Quality Management: Scheduling Supports Intensity Scale-Adult (SIS-A) Assessments | Hilopa‘a Family to Family, Inc. | \$120,000.00 | \$214,447.53 |
| Assessment Services: Supports Intensity Scale-Training and Data Management | Human Services Research Institute | \$125,000.00 | \$165,316.47 |
| Training to the STATE staff on understanding operations of a Medicaid§1915(c) Home and Community Based Services Waiver, including advance training on how to use standardized Healthcare Common Procedures Coding System uniform code set, how to identify and design a new service for individuals with | Home and Community Consulting LLC | \$0.00 | \$30,950.00 |

| <i>Authority in Section 333F-23, HRS</i> | <i>Contractor</i> | <i>FY25 Contract Encumbrances</i> | <i>Expenditure as of 09/30/2025*</i> |
|--|--|-----------------------------------|--------------------------------------|
| complex behavioral needs, and how to develop a §1915(b)(4) Waiver amendment that operates concurrently with Hawaii's §1915(c) Waiver | | | |
| Training to DDD employees and providers on the INSPIRE case management system and Provider Portal | Impresys Software | \$0.00 | \$74,950.00 |
| Train DDD staff and I/DD Participants in Service System to Understand Responsibilities and Advocate for their rights. | Tammy Evrard Consulting | \$94,550.00 | \$54,450.00 |
| Center for Disability Studies Projects | University of Hawaii | \$94,148.00 | \$206,017.36 |
| Implement a Project to Support Training and Startup of New Services | Research Corporation of the University of Hawaii | \$0.00 | \$127,750.00 |
| Operations and Maintenance of IT System | RSM US LLP | \$1,506,000.00 | \$1,600,409.54 |
| Operations and Maintenance of IT System | RSM US LLP | \$1,000,000.00 | \$0.00 |
| Operations and Maintenance of IT System (Current Contract) | RSM US LLP | \$500,000.00 | \$0.00 |
| Independent Verification & Validation Services | Public Consulting Group LLC | \$392,729.00 | \$362,746.00 |
| Independent Verification & Validation Services (Current Contract) | Public Consulting Group LLC | \$200,000.00 | \$0.00 |
| Central Service Assessment | | \$0.00 | \$396,105.69 |
| TOTAL FY 25 ENCUMBERED | | \$5,293,651.00 | |
| TOTAL FY 25 EXPENDITURES (as of 09/30/2025) | | | \$4,873,479.40 |

*Expenditure may exceed encumbrance as expenditures may include amounts encumbered in previous fiscal year

EXHIBIT A: SECTION 333F-23, HAWAII REVISED STATUTES

**"§333F-23 Intellectual and developmental disabilities
medicaid waiver administrative claiming special fund. (a)**

There is established in the treasury of the State the
intellectual and developmental disabilities medicaid waiver
administrative claiming special fund, into which shall be
deposited:

- (1) All revenues from medicaid administrative claiming
designated for the department that are allowable for
operating the Hawaii home and community-based
services for people with intellectual and
developmental disabilities waiver pursuant to
section 1915(c) of the Social Security Act;
- (2) Appropriations made by the legislature to the fund;
- (3) Other grants and gifts made to the fund; and
- (4) Any income and capital gains earned by the fund.

(b) Moneys in the intellectual and developmental
disabilities medicaid waiver administrative claiming special
fund shall be used by the department for the following
purposes:

- (1) Payment for fiscal management services of the Hawaii
home and community-based services for people with
intellectual and developmental disabilities waiver
pursuant to section 1915(c) of the Social Security
Act;
- (2) Training of staff; waiver providers; waiver
participants, family members of waiver participants,
legal representatives of waiver participants; and
community stakeholders;
- (3) Quality management activities for operating the
Hawaii home and community-based services for people

with intellectual and developmental disabilities
waiver pursuant to section 1915(c) of the Social
Security Act;

- (4) Ongoing operations and maintenance of the
information technology system;
- (5) Conducting rare methodology studies to define rates
for the Hawaii home and community-based services for
people with intellectual and developmental
disabilities waiver pursuant to section 1915(c) of
the Social Security Act; and
- (6) Assessment services for determining each
participant's level of support needs.

(c) The department shall submit to the legislature no
later than twenty days prior to the convening of each regular
session a report that provides an accounting of the receipts
of and expenditures from the intellectual and developmental
disabilities medicaid wavier administrative claiming special
fund."