

MINUTES
SENATE HEALTH & WELFARE COMMITTEE

DATE: Monday, March 16, 2026
TIME: 2:00 P.M.
PLACE: Room WW54
MEMBERS PRESENT: Chair VanOrden, Senators Harris, Bjerke (Bjerke), Zuiderveld, Lenney, Shippy, Blaylock, Keyser, and Wintrow
ABSENT/ EXCUSED: None
NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
CONVENED: **Chair VanOrden** called the meeting of the Senate Health and Welfare Committee (Committee) to order at 2:16 p.m.
MINUTES APPROVAL: **Senator Shippy** moved to approve the Minutes of February 18, 2026. **Senator Wintrow** seconded the motion. The motion carried by **voice vote**.
PASSED THE GAVEL: Chair VanOrden passed the gavel to Senator Harris.

H 863 **MEDICAID - Amends existing law to revise provisions regarding provider payment.** **Chair VanOrden** explained in 2022 Idaho Department of Health and Welfare (IDHW) brought two budget requests that impacted residential habilitation providers. The Legislature appropriated and approved \$67 million in total funds for a new service array required by the K.W. lawsuit and a little over \$70 million total funds for a rate increase for residential habilitation providers. She explained this bill would pull back funding for the new service array that had not been implemented. The new payment rate would include the rate increases, with a 4 percent reduction that was implemented across Medicaid providers and services in the fall of 2025. The reduction proposed by this legislation would still keep residential habilitation provider rates at a 33 percent increase compared to 2022 rates. The legislation also required an audit to provide information on the need for future rate adjustments. (See Attachments #1 and #2)

DISCUSSION: **Senator Wintrow** asked if there were general funds that matched the federal funds for the program. **Sasha O'Connell**, Deputy Director, IDHW, explained both enhancements were funded using federal American Rescue Plan Act (ARPA) funds. In 2022, IDHW indicated that a future adjustment was needed for general funds. She explained \$21.8 million in general funds was the State's share of the \$66.6 million for the K.W. service array. **Senator Wintrow** asked what percentage the general fund match represented. **Ms. O'Connell** stated it was close to 70-30 and the actual Federal Medical Assistance Percentage (FMAP) was 67 percent.

Senator Wintrow asked whether cutting almost \$22 million all at once would harm companies that had raised salaries. **Ms. O'Connell** explained the purpose of the cost survey and audit included in the bill was meant to address that concern. The current data was limited and the audit would provide data to inform future appropriation decisions. **Senator Wintrow** stated the audit was important but she was concerned the \$22 million reduction would disrupt the system. She asked what the audit process would entail and if there was a timeline. **Ms. O'Connell** explained the audits would begin immediately, however, a report would not be available for about a year. The \$21.8 million reduction would be for Fiscal Year 2027, therefore, the rates would be adjusted starting July 1, 2026. IDHW would need to monitor access and ensure participants could find care. She stated the reduction could impact providers, however, with the reduction the rates would still be 33 percent higher than in 2022. Given the other options recommended by the Governor to cut services this option would have less impact compared to other recommended cuts. She explained additional information was needed regarding where money was used by this program.

TESTIMONY: **Jodi New**, Teton Supported Living, **Hannah Liedkie**, Opportunities Unlimited, **Mckayla Matlack**, DWI, **Ritchi Eppink**, **Anthony Maynard**, **Katie Hodges**, **Sophie Crapo**, **Angel Lyda**, and **Tiffany Wood** testified against **H 863** because they believed the bill would harm access to residential habilitation services.

DISCUSSION: **Chair VanOrden** acknowledged the stories shared by testifiers using these services and that they deserved to have access to these services. She explained this legislation would not take away the services provided by Medicaid, rather, it would strengthen the program. Throughout 2024, services were delivered without the allocation tools mandated by the court to evaluate needs and establish the required service array. During this time, IDHW worked to implement a new tool, and a preferred service model, evaluation framework, and auditing process. When the rate increase went in place, the cost to the State increased significantly. She emphasized the bill was not removing the program, simply reducing the amount spent on the program to address the current budget situation.

Senator Zuiderveld asked whether residential habilitation facilities were collecting rent and payment from the residents in addition to Medicaid payments. **Ms. O'Connell** stated there were some supported living providers that also owned the homes participants lived in, and pulled funding out of Social Security disability payments for the rent. She stated that was not the case in all situations.

Senator Wintrow asked what the implications were of repealing the rules. **Ms. O'Connell** explained the administrative rules this bill would repeal specifically related to how rates were developed. This legislation would conflict with the administrative rules currently in place therefore, it was written to repeal those administrative rules. **Senator Wintrow** asked whether all the administrative rules for home and community-based services would be repealed or just the rules related to residential habilitation. **Ms. O'Connell** explained the specific sections that were referenced were home and community-based services that had rates developed based on cost surveys. This included residential habilitation, personal care services, community-supported employment, and several others. **Senator Wintrow** asked if this would lead to cost surveys for all the other services and additional potential rate increases or decrease. **Ms. O'Connell** stated this would cost survey all home and community-based services, which did not have a Medicare rate for IDHW to use as a benchmark. She explained IDHW knew very little about the cost of services and this legislation would require a cost survey for several different home and community-based services on an annual basis.

Ms. O'Connell addressed concerns raised related to implementation of the K.W. lawsuit. In 2022, IDHW halted implementation of the resource allocation tool after determining it lacked sufficient transparency. Since then, IDHW had made significant progress toward identifying a replacement tool. IDHW ensured that participants and stakeholders were involved in selecting the new tool and that it would be transparent enough to protect members' civil rights, including access to information about how services were allocated. **Ms. O'Connell** added that IDHW also halted implementation of the service array tied to those funds. New services must be selected to comply with the KW lawsuit, and that selection would occur alongside implementation of the new budgeting tool. This process was expected to take several years because IDHW must first procure a contract.

MOTION: **Senator Lenney** moved to hold **H 863** in Committee. **Senator Keyser** seconded the motion.

DISCUSSION: **Senator Lenney** stated the bill inappropriately decreased funding for a highly vulnerable Medicaid population to protect expansion enrollees. He stated that the State was using a prior lawsuit as justification to avoid honoring a commitment made to caregivers in 2022. He opposed the legislation and suggested that the \$21.8 million in savings be identified elsewhere to avoid harming this vulnerable population.

Senator Keyser stated this bill was cutting the muscle to protect fat. He questioned why the Legislature was not making cuts that impacted the expansion population, the able-bodied adults that could work rather than the caregivers serving people who could not care for themselves. He stated Idaho added tens of thousands of enrollees through Medicaid expansion—that was the excess—whereas home and community-based services for severely disabled residents were essential services.

Senator Wintrow expressed uncertainty about the appropriate level of funding and oversight. She emphasized the need for an audit to identify misuse of funds, ensure accountability, and support service providers who were properly allocating resources toward wages and benefits. She acknowledged the importance of fiscal responsibility, cautioned against excessive cuts—particularly the proposed \$21 million—and favored a more moderate reduction, such as \$10 million, to minimize potential harm and avoid disrupting services. She indicated the need for additional time and information before making a final decision.

SUBSTITUTE MOTION: **Senator Wintrow** moved to hold **H 863** in Committee subject to the call of the Chair. **Senator Zuiderveld** seconded the motion.

ROLL CALL VOTE: **Senator Harris** requested a roll call vote on the substitute motion to hold **H 863** in Committee subject to the call of the Chair. **Senators Harris, Zuiderveld, Shippy, Blaylock, Wintrow, Acting Senator Bjerke (Bjerke), and Chair VanOrden** voted aye. **Senators Lenney and Keyser** voted nay. The motion carried.

ADJOURNED: There being no further business at this time, **Chair VanOrden** adjourned the meeting at 3:12 p.m.

Senator VanOrden
Chair

Madyson Crea
Secretary