



STATE OF HAWAII
DEPARTMENT OF HEALTH
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In reply, please refer to:
File:

Senate Committee on Health

SB0795, Making an Appropriation for the Licensing of Home Care Agencies

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Acting Director of Health

February 9, 2011

1 **Department's Position:** The department appreciates the intent of this bill and SUPPORTS it with
2 reservations and concerns.

3 **Fiscal Implications:** The department defers on the fiscal implications until the Executive Budget has
4 been finalized. . However, in 2009, the department estimated a cost of \$120,000 per year for one
5 registered nurse (RN V) position and travel costs (mileage and neighbor island travel). Other start-up
6 costs must also be included such as for other operating expenses, i.e., a workstation desk, file storage,
7 desktop computer and administrative support services. The new total estimated start-up cost is
8 approximately \$135,000, and annual operating costs after start-up are approximately \$128,000. These
9 costs, as well as any licensing fee revenue, depend on the number of home care agencies to be licensed.

10 **Purpose and Justification:** Act 21 was passed in 2009 and established the mandate for the DOH to
11 license home care agencies. Unfortunately, Act 21 did not include any funding to carry out the mandate.

12 This bill requests initial funding so that licensing activities can begin. The department supports
13 this. The bill also anticipates that licensing fees will cover future operating costs. However, the
14 licensing fees rules have not yet been approved and there could be stiff opposition from healthcare
15 providers. Further, due to the state's nursing shortage, finding a qualified nurse applicant can take time.