
A BILL FOR AN ACT

RELATING TO A RATE STUDY FOR HOME HEALTH SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that home health services
2 are a crucial part of the health care system. Home health
3 services include higher-level skilled care such as physical
4 therapy, occupational therapy, speech therapy, wound care, and
5 health management of complex chronic conditions. These services
6 are typically provided by nurses and therapists to homebound
7 individuals recovering from surgery or acute illnesses who need
8 ongoing medical support but do not need to be hospitalized or
9 institutionalized.

10 The legislature additionally finds that reimbursement for
11 home health services is declining, which is affecting patient
12 access to care. The Partnership for Quality Home Healthcare
13 projects that medicare will cut federal funding for home health
14 services by \$25,000,000,000 between 2020 and 2029.
15 Additionally, a survey conducted by the Healthcare Association
16 of Hawaii found that Hawaii's medicare-certified home health
17 agencies lost an average of \$1,186 per medicaid patient served.



1 As a result of decreases in reimbursement from these two major
2 payment sources, the proportion of medicaid patients treated by
3 these surveyed home health agencies decreased from twenty-five
4 per cent to sixteen per cent between 2020 and 2024.

5 The legislature also finds that these losses are similarly
6 attributable to increasing costs, particularly the cost of
7 labor, and are making it difficult for home health agencies to
8 adequately recruit and retain their workforce. The Healthcare
9 Association of Hawaii's 2022 workforce report found that the
10 vacancy rate for health care positions in the home health
11 services setting was thirty-nine per cent, the highest
12 percentage of vacancies across professions. The high vacancy
13 rate reflects reimbursement that is insufficient to make home
14 health a competitive setting for nurses, therapy providers, and
15 aides.

16 The legislature further finds that it has considered
17 increasing medicare reimbursement rates for other home and
18 community-based services providers, such as home care agencies,
19 which provide services primarily focused on assistance with the
20 activities of daily living, such as bathing, dressing, and meal
21 preparation. However, home health agencies were not included as



1 part of the rate studies conducted by the United States
2 Department of Health and Human Services and therefore have not
3 had their rates reviewed or updated as part of those legislative
4 efforts.

5 Accordingly, the purpose of this Act is to provide funding
6 for the department of human services to conduct a rate study for
7 medicaid home health services in Hawaii, which will serve as a
8 foundation for future informed decision-making and support the
9 continued delivery of high-quality, accessible home health
10 services to medicaid recipients in the State.

11 SECTION 2. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$250,000 or so much
13 thereof as may be necessary for fiscal year 2025-2026 to conduct
14 a rate study on medicaid home health services in the State.

15 The sum appropriated shall be expended by the department of
16 human services for the purposes of this Act.

17 SECTION 3. This Act shall take effect on July 1, 2025.



Report Title:

DHS; Rate Study; Medicaid; Home Health Services; Appropriation

Description:

Appropriates funds for the Department of Human Services to conduct a rate study for Medicaid home health services in Hawaii. (CD1)

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