

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

February 8, 2025

TO: The Honorable Senator San Buenaventura, Chair
Senate Committee on Health and Human Services

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 483 – RELATING TO A RATE STUDY FOR HOME HEALTH SERVICES.**

Hearing: Monday, February 10, 2025, Time 1:20 p.m.
Conference Room 225 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure and offers comments.

PURPOSE: The purpose of this bill is to provide funding for DHS to conduct a rate study for Medicaid home health services in Hawaii. This bill is identical to SB 954.

DHS appreciates the intent to provide funding for DHS to do a rate study for these services. Home health services provide skilled medical care, such as physical therapy, occupational therapy, wound care, and management of chronic conditions, delivered by licensed professionals like nurses and therapists. These services are often prescribed by a physician and are designed to address the medical needs of patients recovering from surgery, illness, or managing complex health conditions. We note that these services are not Home and Community Based In-Home personal care or chore services that assist with daily living activities such as meal preparation, cleaning, and bathing.

DHS previously worked with our actuaries and completed rate studies for various Home and Community Based Services and Applied Behavioral Analysis Services, which were submitted

February 8, 2025

Page 2

to the Legislature prior to the 2023 and 2024 legislative sessions, respectively. DHS would likely work with our actuaries for this rate study and estimates the cost to do this rate study would be approximately \$500,000, with 50% of the cost to be covered by federal funds (\$250,000 A funds/\$250,000 N funds). Additionally, the rate study could be completed within one fiscal year, and second-year funding would not be necessary.

DHS respectfully requests that this program and appropriation not conflict with, reduce, or replace priorities identified in the executive budget.

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



February 10, 2025 at 1:20 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Henry J.C. Aquino

From: Hilton R. Raethel
President and CEO
Healthcare Association of Hawaii

Re: **Strong Support**
SB 483, Relating to a Rate Study for Home Health Services

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

We write today in **strong support** of this measure, which would fund a rate study by the Med-QUEST division to determine the costs of providing home health services and provide recommendations on appropriate reimbursement levels. This measure is essential to ensuring fairness in accessing home health services for Med-QUEST enrollees across our state. We are requesting an amendment to the measure to have the funding available for just one fiscal year, which we have provided at the end of this testimony.

Home health services are an indispensable component of our healthcare system. These services include skilled care such as physical therapy, occupational therapy, speech therapy, wound care, and management of complex chronic conditions. Home health allows patients recovering from surgery or acute illnesses to receive necessary care in the comfort of their homes, avoiding costly hospitalizations and institutionalization. This model not only promotes patient recovery and quality of life but also aligns with the goals of efficient healthcare delivery.

Home health services in Hawaii are increasingly needed as the population ages, yet reimbursement rates are not adequate to ensure access for our most vulnerable populations. The Partnership for Quality Home Healthcare projects that Medicare will reduce funding for home health services by \$25 billion between 2020 and 2029. Further, we found that in a survey completed by our home health members that agencies lose an average of \$1,186 per Medicaid

patient served. These losses have led to a decrease in the proportion of Medicaid patients served by these agencies, dropping from 25% in 2020 to 16% in 2024.

Additionally, increasing costs—particularly labor costs—compound these challenges. The 2022 Workforce Report by the Healthcare Association of Hawaii highlighted a 39% vacancy rate for home health nurses in the state. This alarming figure underscores the insufficiency of current reimbursement rates to support competitive wages and retain a qualified workforce, putting the availability of home health services at further risk.

We would like to note that the legislature is considering other measures related to home care services. While both types of services are important, home health and home care services encompass very different activities and skills. Home health services involve higher-level skilled medical care, such as physical therapy, occupational therapy, wound care, and management of chronic conditions, delivered by licensed professionals like nurses and therapists. These services are often prescribed by a physician and are designed to address medical needs for patients recovering from surgery, illness, or managing complex health conditions.

In contrast, home care services focus on non-medical assistance with daily living activities such as bathing, dressing, meal preparation, and companionship, typically provided by trained aides. While both aim to support individuals in their homes, home health emphasizes medical care, and home care prioritizes personal and supportive assistance.

Thank you for your consideration of this important measure, which is an important step in ensuring access to home health services for all residents in Hawaii.

Requested amendment to Section 2, page 3, lines 10-14:

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 [~~500,000~~] or so much thereof as may be necessary for fiscal year 2025-2026 [~~and the same sum or so much thereof as may be necessary for fiscal year 2026-2027~~] to conduct a rate study on home health services.