
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 billion between 2020 and 2029. Additionally, a
15 survey conducted by the Healthcare Association of Hawaii found
16 that Hawaii's medicare-certified home health agencies lost an
17 average of \$1,186 per medicaid patient served. As a result of



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

5 The legislature also finds that that these losses are
6 similarly attributable to increasing costs, particularly the
7 cost of labor, and are making it difficult for home health
8 agencies to adequately recruit and retain their workforce. The
9 Healthcare Association of Hawaii's 2022 workforce report found
10 that the vacancy rate for health care positions in the home
11 health care 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 Department of Health
2 and Human Services and therefore have not had their rates
3 reviewed or updated as part of those legislative efforts.

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

10 SECTION 2. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$500,000 or so much
12 thereof as may be necessary for fiscal year 2025-2026 and the
13 same sum or so much thereof as may be necessary for fiscal year
14 2026-2027 to conduct a rate study on home health services.

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

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

18

INTRODUCED BY:



JAN 17 2025



H.B. NO. 713

Report Title:

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

Description:

Appropriates funding for the Department of Human Services to conduct a rate study for Medicaid home health services in Hawaii.

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