

JAN 17 2025

A BILL FOR AN ACT

RELATING TO HUMAN SERVICES.

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

1 SECTION 1. The legislature finds that most of the State's
2 kupuna would prefer to live in their own homes for as long as
3 they can. In-home services are key to ensuring kupuna and
4 people with disabilities stay in their own home; these services
5 include helping with activities of daily living such as meal
6 preparation, cleaning, bathing, mobility support, and other
7 forms of personal care. In a 2021 quantitative research study
8 among Hawaii residents forty-five years of age and older, sixty-
9 five per cent were extremely or very concerned about being able
10 to age in place and eighty-three per cent of those surveyed said
11 it was extremely or very important to them to stay in their
12 homes as they get older. Helping individuals live in their own
13 home instead of in an institutional nursing facility is also far
14 less costly.

15 The legislature further finds that reimbursement rates that
16 do not have medicare rates for equivalent services, such as in-
17 home care services, are reviewed and determined by the



1 department of human services at least every five years. The
2 last review of home and community-based reimbursement rates for
3 residential services by the department of human services' med-
4 QUEST division was conducted through a third-party study by the
5 actuarial firm Milliman and reported on December 30, 2022. The
6 study developed benchmark comparison rates for in-home services,
7 including homemaker/companion/chore, personal care/personal
8 assistance/attendant care, and private duty nursing by
9 registered nurse and licensed practical nurse and modeled three
10 rate scenarios for in-home services (low, medium, and high)
11 under different direct care staff wage and caseload assumptions.
12 The low scenario includes the lowest wage or highest caseload
13 assumptions to calculate the lowest reimbursement rates, meaning
14 wage assumptions are set at the United States Department of
15 Labor Bureau of Labor Statistics twenty-fifth percentile for
16 specific occupation codes and titles; the medium scenario
17 includes middle wage or caseload assumptions, meaning wage
18 assumptions are set at the fiftieth percentile; and the high
19 scenario includes the highest wages or lowest caseload
20 assumptions to calculate the highest rates, meaning wage
21 assumptions are set at the seventy-fifth percentile.



1 The rate studies found there is tremendous wage pressure
2 for direct care workers for home settings, given the highly
3 competitive labor market in the State for similar paying jobs.
4 For all in-home provider types included in the study, current
5 median direct care wages paid by the operators fell below the
6 United States Department of Labor Bureau of Labor Statistics
7 twenty-fifth percentile for those occupation codes and titles,
8 except for licensed practical nurses who fell just below the
9 fiftieth percentile.

10 The legislature additionally finds that the data collected
11 in the Milliman study is now five years old and the cost of
12 providing care has risen substantially. The legislature notes
13 that data on the actual costs of care provided by Kokua
14 Healthcare's personal assistance services in 2024 had rates
15 exceeding the high scenario listed in the Milliman study. Kokua
16 Healthcare is unable to provide services to medicaid clients as
17 the reimbursement is too low to cover costs. Other in-home
18 services providers are facing similar pressure, which impacts
19 access to care for medicaid clients.

20 The legislature therefore finds that increasing the
21 reimbursement rates to the high scenario modeled in the Milliman



1 study will best address the significant wage pressure felt by
2 in-home services providers and the rising cost of care and is
3 more likely to make this essential care available to medicaid
4 clients.

5 The purpose of this Act is to appropriate funds to increase
6 funding of medicaid in-home services. The corresponding federal
7 matching funds will also increase, resulting in a larger impact
8 on reimbursement received by service providers.

9 SECTION 2. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$16,160,000 or so
11 much thereof as may be necessary for fiscal year 2025-2026 and
12 the same sum or so much thereof as may be necessary for fiscal
13 year 2026-2027 to increase funding for medicaid in-home
14 services; provided that the department of human services shall
15 obtain the maximum federal matching funds available for this
16 expenditure.

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

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



S.B. NO. 877

1

INTRODUCED BY:

Summit



S.B. NO. 877

Report Title:

DHS; Medicaid; In-Home Services; Matching Funds; Appropriation

Description:

Appropriates funds to increase the funding for Medicaid in-home services, conditioned on the Department of Human Services obtaining the maximum federal matching funds.

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