

ACT 193

H.B. NO. 713

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:

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

The legislature additionally finds that reimbursement for home health services is declining, which is affecting patient access to care. The Partnership for Quality Home Healthcare projects that medicare will cut federal funding for home health services by \$25,000,000,000 between 2020 and 2029. Additionally, a survey conducted by the Healthcare Association of Hawaii found that Hawaii's medicare-certified home health agencies lost an average of \$1,186 per medicaid patient served. As a result of decreases in reimbursement from these two major payment sources, the proportion of medicaid patients treated by these surveyed home health agencies decreased from twenty-five per cent to sixteen per cent between 2020 and 2024.

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

The legislature further finds that it has considered increasing medicare reimbursement rates for other home and community-based services providers, such as home care agencies, which provide services primarily focused on assistance with the activities of daily living, such as bathing, dressing, and meal preparation. However, home health agencies were not included as part of the rate studies conducted by the United States Department of Health and Human Services and therefore have not had their rates reviewed or updated as part of those legislative efforts.

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

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

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

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

(Approved June 6, 2025.)