Home Health Rate Study Stakeholder Meeting #3

State of Hawai`i Med-QUEST Division (MQD)

January 14, 2026

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Agenda

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- **Data Relied Upon**
- **Overview Comparison Rate Development Approach**
- **Review of Service Assumptions**
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Project Overview

Project Background

The State of Hawai`i Med-QUEST Division (MQD) is conducting a Home Health Rate Study for its Medicaid program in response to the Hawai`i State Legislature bill, passed in the 2025 session, HB713 "*Relating To A Rate Study For Home Health Services*".

> *"… 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."*
> *Bill Text: HI HB713 | 2025 | Regular Session | Amended*

As a result of the rate study, a range of "comparison" payment rates will be developed for MQD's and the legislature's consideration. Any funding increases and changes will need to be appropriated by the state legislature. If approved, final comparison rates will be published for the use of providers and managed care organizations (MCOs) to consider when negotiating managed care contracts, and for MQD and other stakeholders to use when evaluating changes to overall funding.

MQD anticipates that any rate increases approved by the legislature would be implemented no earlier than next year, and would not be retroactively implemented.

Home Health Rate Study Overview

The HCPCS codes listed in the table below represent those observed in Calendar Year (CY) 2024 Managed Care experience

Revenue Code (Per Visit)	HCPCS Code	Service Description
55x (includes 550, 551)	G0299	Home health RN, skilled nursing services
	G0493	Home health RN, observation and assessment
	G0300	Home health LPN, skilled nursing services
57x (includes 570, 571)	G0156	Home Health Aide
42x (includes 420, 421, 424)	G0151	Home Health Physical Therapist
	G0157	Home Health Physical Therapist Assistant
43x (includes 430, 431, 434)	G0152	Home Health Occupational Therapist
	G0158	Home Health Occupational Therapist Assistant
44x (includes 440, 441, 444)	G0153	Home Health Speech and Language Pathologist

Notes:

- ***Billable Unit: per visit***
- ***Respiratory services, social work services, medical supplies, equipment, Respite, and appliances are not included in the rate study.***

Sources:

- 441.15 Home Health Services. Code of Federal Regulation. Title 42 amended 9/19/2025. Accessed online on 9/23/2025 from: https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-441/subpart-A/section-441.15
- Hawai'i Medicaid State Plan, 1115 Demonstration, and 1915(c) Demonstration. Hawaii State Plan. Med-QUEST division. Supplement To Attachment 3.1-A AND 3.1-B. Accessed online on 9/23/2025 from: https://medquest.hawaii.gov/en/about/state-plan-1115.html

Data Relied Upon

Data Sources that Informed the Home Health Payment Rate Assumptions

State and National Data Sources

- Hawai`i-specific wage and employee benefit information from Bureau of Labor Statistics (BLS).
- Federal mileage rates.
- Calendar Year 2026 Home Health Prospective Payment System Rate Update.
- Home Health Agency Medicare Cost Reports (Form CMS-1728-20).

Home Health Stakeholder Meetings

- Obtained input on home health services related to service delivery, staffing and supervision, and transportation.
- Other relevant feedback included comments related to the state of the home health workforce and staff competition within the healthcare industry.

Home Health Provider Survey

- Provider survey for current home health agencies, administered in the fourth quarter of 2025, a total of eight provider surveys were received.
- The data collected included staff types delivering the services, total filled and vacant FTEs, staff salary and wages, staff benefits, and contracted staff FTEs and hourly rates.
- Transportation related information such as miles and minutes incurred traveling to a patient location.
- Average Direct and indirect time associated with each service unit.

Service Requirements and MQD Program Expert Input

- Federal and state service and practitioner licensure standards requirements.
- MQD program expert feedback on the required or expected service delivery requirements.

Stakeholder Engagement

Home Health Provider Survey:

- **Purpose:** Collect information on home health agency wages and service delivery data to inform comparison rate assumptions.
- **Timeframe for Reporting**: Average hourly wage as of October 2025 and other data reported for one year (e.g., training hours).
- **Survey Administration:** Providers were given approximately three weeks to complete the survey, inclusive of a one week extension.

Provider Survey Support Included

Survey walkthrough recorded session posted on MQD website	Survey tool and instructions posted on MQD website	**Dedicated email inbox** for questions

Stakeholder Engagement:

- Included two public meetings with Home Health Service Stakeholders.
  - Meeting #1: rate study background, services included in the rate study, and overview of rate development approach.
  - Meeting #2: discussion of service scope and related assumptions.
- Stakeholders invited include Home Health Agencies, Healthcare Association of Hawai`i, and Health Plans.

Data Sources Reviewed During the Rate Study

Category	Data Relied Upon
Salary and Wages	**Provider survey:** Home Health Agencies reported different levels of average hourly wages, see slide 17 for detailed wage information. **Stakeholder meetings:** Home Health Agencies reported attempting to update staff wages annually, to keep up with market demands and to remain competitive with other healthcare providers. **BLS wages:** May 2024 Hawai‘i hourly wage estimates (BLS OEWS), trended to July 2026 using BLS CES Average Hourly Earnings for U.S. Private Education and Health Services (Sept 2025 CES release; latest available used for trending).
Employee Benefits	**Provider survey:** Home Health Agencies reported that all their staff are offered benefits. **Stakeholder meetings:** Home Health Agencies reported the following: ▪ Staff are offered 100% employer paid medical, prescription, dental and vision coverage for employees that meet hours requirements. ▪ 401k with match and paid time off (PTO) benefits ▪ High percentage of employee benefits take up, no less than 95% **BLS data:** Workers’ compensation methodology and employer health benefit cost basis (Health Care & Social Assistance), with health costs annualized and trended to July 2026 using Milliman Medical Index projected trend
Paid Time Off (PTO)	**Provider survey:** Based on data reported in eight surveys, the average annual PTO hours is 139. **Stakeholder meetings:** Home Health Agencies reported that all staff are offered and take up PTO benefits
Training	**Provider survey:** Training annual hours responses varied widely across five of the surveys that reported hours, with a median of 24 hours. *Two outliers were excluded that reported 2000 and 0.67 hours.* **Stakeholder meetings**: Home Health Agencies reported the following: ▪ Staff are following state and CMS requirement for training hours. ▪ New hire staff go through training in the first three months to phase the training into stages

Data Sources Reviewed During the Rate Study

Category	Data Relied Upon
Transportation	**Provider Survey:** Home Health Agencies reported the number of miles incurred by staff traveling to client sites to deliver in-person services. **Stakeholder Meetings:** Home Health Agencies indicated that the miles incurred by staff traveling to client sites vary by region. **Federal Mileage Rate:** the Internal Revenue Service (IRS) provides annual updates to the federal mileage rate, which is used as-is in our rate modeling. See slide 19 for more information.
Service delivery time (direct, indirect, and travel time)	Service delivery time varies by Home Health discipline. See slide 16 for more details. **Provider Survey:** Home Health Agencies reported service times in minutes, categorized by direct time (client-facing), indirect time (non-client-facing), and travel time, broken down by Home Health discipline type. **Stakeholder Meetings:** Providers offered feedback consistent with their responses submitted through the provider survey. **MQD Input:** MQD leadership provided input on service time assumptions used in the rate modeling, based on the range of service delivery times (minimum, median, and maximum) reported in the provider survey.
Administration, program support, and overhead	**Federal guidelines:** the administration, program support, and overhead assumption is in alignment with the de minimis rate per federal guidelines (see slide 20 for more information): "Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of modified total direct costs (MTDC)."
Employee Related Expenses	**Publicly available sources:** See slide 18 for detailed information.

Source: *Code of Federal Regulations. Indirect Costs. Title 2 was last amended 10/01/2025. Accessed online from: https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRd93f2a98b1f6455/section-200.414*

Overview of Comparison Rate Development Approach

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Home Health Services Draft Rate Development Approach

Independent Rate Model Approach		Medicare Rate Benchmark Approach
Option 1	**Option 2**	**Option 3**
Based on Provider Survey median wages	Based on BLS 75th percentile wages for all but RN (midpoint of 25th / 50th percentiles)	Based on 100% of the Medicare rate using the Hawai'i Statewide Wage Index
Each unit is assumed to be billed on a per visit basis. Each visit under the IRM includes assumptions related to direct and indirect time associated with the service delivery, transportation, and other service-related information.		Each unit is assumed to be billed on a per visit basis.

Independent Rate Model Framework (Options 1 and 2)

1	2	3	4
Direct / Clinical Care Staff, and Supervisor Salary and Wages	**Employee Related Expenses**	**Transportation Expenses**	**Administrative, Program Support, and Overhead**
▪ Wages ▪ Supervisor time ▪ Paid time off and training ▪ Direct and indirect time	▪ Employee related taxes and fees ▪ Employee benefits, such as health insurance and retirement contributions	▪ Expenses related to Mileage paid to employees for use of their own vehicle	▪ All other operating expenses

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Service Rate (Per Unit Per Person)

Medicare Benchmark (Option 3)

1	2	3	4
2026 CMS Per-Visit Home Health Payment Amounts	**74.9% Labor Portion** **25.1% Non-labor Portion**	**Wage Index Adjustment Factor Applied to Labor Portion Only**	**Service Rate** (Per Unit Per Person)
▪ **Starting point for rate development:** CMS national standardized per-visit payment rates by HH discipline/visit type.	▪ CMS splits each per-visit rate into labor-related and non-labor-related shares to reflect cost structure. ▪ Labor-related share is the portion eligible for geographic wage adjustment under CMS methodology. ▪ Non-labor portion covers non-wage (personnel) operating costs.	▪ Apply the applicable CMS home health wage index to the labor-related portion only. ▪ Non-labor portion remains unadjusted.	▪ Sum the wage-adjusted labor portion and the unadjusted non-labor portion to produce region-specific per-visit payment amounts. ▪ Resulting rates reflect the range of Hawai`i CMS geographic adjustments (not provider-specific cost experience).

Review of Service Assumptions

1. IRM Component: Direct Care Professional Salaries and Wages

ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Service-related time	**Direct time**	Staff time spent delivering the service in-person with the service recipient (direct care time).
	Indirect time	Service-necessary planning, note taking and preparation time not limited to charting and documentation before and after the in-person visit.
	PTO / training time	Paid vacation, holiday, sick, training, non-productive, and conference time; also considers additional training time attributable to employee turnover.
	Travel time	Travel time related to providing service in-person at service recipient's location.
Wage rates	**Can vary by staff type**	Wage rates vary depending on types of staff occupation.

Home Health Service Example: Home Health Aide (Option 1 - Provider Survey Median). Billable Unit: Per Visit						
Hourly Wage	Direct Time (MQD direction and provider survey median)	Indirect Time (provider survey median)	Travel Time (provider survey median)	PTO (MQD direction) / Training Time (provider survey median) -- adjustment factor[1]	Total Adjusted Staff Time Per Visit	Total Wage Cost for Staff Time Per Visit
$26.68	60 minutes	10 minutes	30 minutes	10.7%	1 hour and 51 minutes	$49.22

[1] ***PTO and training time adjustment factor methodology explained in Appendix G***

Values may not be exact due to rounding

Hawai`i Home Health Wage Options Source: BLS and Provider Survey

Trended to July 2026 Using a 3.5% Trend Factor

The below table provides the wage assumptions used to build the draft rates using the IRM approach for Option 1 and Option 2. Red borders reflect selected wages for each rate option as indicated in the header.

Home Health Staff Types	Home Health Provider Survey (Option 1 Wages)	BLS Wages (Option 2 Wages)			
	Median	25th Percentile	Midpoint of 25th and 50th Percentile	50th Percentile	75th Percentile
Home Health Aide	$26.68	$19.83	$21.37	$22.92	$25.43
Licensed Practical Nurse (LPN)	$38.00	$30.69	$32.33	$33.96	$37.73
Registered Nurse (RN)	$57.80	$53.60	$62.10	$70.61	$72.15
Occupational Therapist	$56.43	$45.43	$47.20	$48.98	$55.67
Occupational Therapy Assistant	$36.47	$32.76	$32.77	$32.78	$38.29
Physical Therapist	$57.59	$48.48	$50.33	$52.18	$59.47
Physical Therapist Assistant	$39.56	$29.65	$30.91	$32.17	$36.45
Speech Therapist	$61.25	$51.74	$53.90	$56.05	$58.51

BLS wage data reflect occupations' wages for the job titles that align with Home Health staff type titles with an exception to Home Health Aide as BLS data does not include a similar job title. The Home Health Aide staff type reflects BLS wage blends that are informed by the in-home attendant wage blends from the HCBS Phase I Rate Study Report, with minor differences in the blending weights.

Source: *HCBS Phase I rate study published on December 30, 2022. Accessed online from: https://medquest.hawaii.gov/content/dam/formsanddocuments/plans-and-providers/fee-for-service/fee-schedules/HI%20HCBS%20Rate%20Study%20Report%20-%2020221230.pdf*

Values may not be exact due to rounding

2. IRM Component: Employee Related Expenses

ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Employer cost and employee benefits	**Employer tax withholdings**	Employee related taxes and fees such as Medicare withholdings, Social Security, Federal Unemployment Tax Act (FUTA), and State Unemployment Insurance (SUI).
	Employee benefits	Employee benefits, such as health insurance and retirement contributions such as Workers' Compensation (Workers Comp), Health Benefit Insurance (Insurance), and Retirement benefits.
Staff wage	**Varies by staff**	Wage rates vary depending on types of staff occupation.

Home Health Service Example: Home Health Aide (Option 1 - Provider Survey Median). Billable Unit: Per Visit

A	B	C	D	E	F	G	H	I	J	K
Hourly Wage	**Annual Employee Salary**	**Medicare**	**Social Security**	**FUTA**	**SUI**	**Workers Comp**	**Insurance**	**Retirement**	**ERE per Employee**	**ERE Percentage**
Trended 5/1/2024 to 7/1/2026 at a rate of 3.5%	A * 2,080	B * 1.45%	B * 6.2% up to $184,500 estimated taxable limit	6% of First $7,000 Earned	B * 5.6% up to $62,000 estimated taxable limit	B * 1.21%	Trending based on Milliman Medical Index	B * 3.6%	SUM (C through I)	J / B
$26.68	$55,489	$805	$3,440	$420	$3,107	$671	$8,463	$1,998	**$18,905**	**34.1%**

See Appendix C for detailed ERE information.

Values may not be exact due to rounding

3. IRM Component: Transportation

ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Transportation expenses	**Estimated miles driven per one-way trip**	14 miles per visit, informed by provider survey responses.
	Mileage reimbursement rate	Using federal mileage rate for CY2025 of $0.70 per mile.
	Transportation costs per unit	$9.80 is the product of the 14 assumed miles times the $0.70 federal mileage reimbursement rate.

Travel time and Mileage estimates reference federal requirements, which states: ***"§ 785.38 Travel that is all in the day's work.*** *Time spent by an employee in travel as part of his principal activity, such as travel from job site to job site during the workday, must be counted as hours worked. Where an employee is required to report at a meeting place to receive instructions or to perform other work there, or to pick up and to carry tools, the travel from the designated place to the work place is part of the day's work, and must be counted as hours worked regardless of contract, custom, or practice. If an employee normally finishes his work on the premises at 5 p.m. and is sent to another job which he finishes at 8 p.m. and is required to return to his employer's premises arriving at 9 p.m., all of the time is working time. However, if the employee goes home instead of returning to his employer's premises, the travel after 8 p.m. is home-to-work travel and is not hours worked. (Walling v. Mid-Continent Pipe Line Co., 143 F. 2d 308 (C. A. 10, 1944))"*

Sources:

- *Title 29, up to date as of 10/10/2025. Title 29 was last amended 9/30/2025. https://www.ecfr.gov/current/title-29/subtitle-B/chapter-V/subchapter-B/part-785/subpart-C/subject-group-ECFRad996a87edf99fc/section-785.38*
- *Standard Mileage Rates. IRS. January 02, 2025. Accessed online at: https://www.irs.gov/tax-professionals/standard-mileage-rates*

Values may not be exact due to rounding

4. IRM Component: Administration, Program Support, and Overhead

ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Administration / program support / overhead expenses	**Administration / program support / overhead**	Set at 15% of the total rate, informed by the de minimis rate guidance per federal guidelines: ▪ **Program Support:** Expenses encompass the supplies, materials, and equipment required to operate a Home Health Agency. ▪ **Administrative and Overhead:** Typically, administrative and overhead costs consist of all expenses that the contractor incurs to facilitate service delivery, though these costs are not directly tied to the provision of services to individuals. ***See Appendix F for examples of items that might fall under this assumption.***
	Administration expenses example	15% of Home Health Aide billable unit (per visit) under Option 1: provider survey median modeled rate option have a total of $11.65 in administration expenses.

Values may not be exact due to rounding

Draft Modeled Rates and Estimated Impact

Draft Rate Options Overview

We have modeled draft rate options for stakeholder review. All three options include an estimated net increase of home health expenditures above the Managed Care CY 2024 base payments of $2.3M.

Option 1:

Based on Provider Survey median wages

The total draft estimated fiscal impact (change) from the CY 2024 Managed Care base payments is **+$91K**

Option 2:

Based on BLS 75th percentile wages for all but RN (midpoint of 25th / 50th percentiles)

The total draft estimated fiscal impact (change) from the CY 2024 Managed Care base payments is +**$155K**

Option 3:

Based on 100% of the Medicare rate using the Hawai'i Statewide Wage Index

The total draft estimated fiscal impact (change) from the CY 2024 Managed Care base payments is **+$322K**

Options 1 and 2 draft rates reflect differences in assumed staff wages. All other cost assumptions remained consistent across the two modeled options. Both rate options show a positive net impact at the discipline level with an exception to one discipline (speech therapy), which has a minimal (-0.1%) negative impact under option 2.

Draft Modeled CY 2026 Payment Rates – Estimated Fiscal Impact

Using Managed Care Utilization Data for Home Health Services at the Discipline Level

The draft modeled rates at the discipline level represent a composite rate, which is derived from draft HCPCS level rates. Final rate increases subject to legislative approval.

CY 2024 Managed Care Data Home Health Services Utilization				Option 1 Draft IRM Rate Provider Survey Median Hourly Wage			Option 2 Draft IRM Rate BLS 75th Percentile Hourly Wage for all but RN (25th|50th)		
Home Health Discipline	Sum of Paid	Sum of Paid Units	Average Paid per Unit	Composite Modeled Rates	Estimated Rate Change %	Estimated Fiscal Impact	Composite Modeled Rates	Estimated Rate Change %	Estimated Fiscal Impact
	A	B	C = A / B	D	E = D / C - 1	F = D * B - A	G	H = G / C - 1	I = G * B - A
Skilled Nursing	$854,110	4,953	$172.44	$187.34	8.6%	$73,797	$198.91	15.4%	$131,113
Physical Therapy	$996,587	5,340	$186.63	$187.37	0.4%	$3,975	$189.97	1.8%	$17,864
Speech Therapy	$59,929	305	$196.49	$204.32	4.0%	$2,389	$196.30	-0.1%	($57)
Occupational Therapy	$369,674	2,015	$183.46	$187.05	2.0%	$7,234	$185.61	1.2%	$4,327
Home Health Aide	$29,680	378	$78.52	$87.44	11.4%	$3,372	$84.23	7.3%	$2,159
Total	**$2,309,980**	**12,991**				**$90,767**			**$155,405**

The estimated fiscal impact options does not consider any changes in either service utilization or changes in provider or recipient behaviors, differences in health care utilization and service mix, managed care efficiency, enrollment changes, Medicaid redeterminations, differences in negotiated reimbursement, and many other factors. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from simulated amounts to the extent that actual experience is better or worse than expected.

Draft Modeled CY 2026 Payment Rates – Estimated Fiscal Impact

Using Managed Care Utilization Data for Home Health Services at the Discipline Level

Final rate increases subject to legislative approval.

CY 2024 Managed Care Data Home Health Services Utilization				Option 3 Draft Medicare Rate 100% of Medicare - Hawai`i Statewide Wage Index		
Home Health Discipline	Sum of Paid	Sum of Paid Units	Average Paid per Unit	Draft Modeled Rate	Estimated Rate Change %	Estimated Fiscal Impact
	A	B	C = A / B	J	K = J / C - 1	L = J * B - A
Skilled Nursing	$854,110	4,953	$172.44	$194.35	12.7%	$108,504
Physical Therapy	$996,587	5,340	$186.63	$212.43	13.8%	$137,774
Speech Therapy	$59,929	305	$196.49	$230.91	17.5%	$10,499
Occupational Therapy	$369,674	2,015	$183.46	$213.88	16.6%	$61,288
Home Health Aide	$29,680	378	$78.52	$87.99	12.1%	$3,582
Total	**$2,309,980**	**12,991**				**$321,646**

The estimated fiscal impact options does not consider any changes in either service utilization or changes in provider or recipient behaviors, differences in health care utilization and service mix, managed care efficiency, enrollment changes, Medicaid redeterminations, differences in negotiated reimbursement, and many other factors. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from simulated amounts to the extent that actual experience is better or worse than expected.

Draft Modeled CY 2026 Payment Rates at the HCPCS Level

HCPCS	Home Health Service Type	**Option 1:** **Draft Modeled Rate** Provider Survey Median Hourly Wage	**Option 2:** **Draft Modeled Rate** BLS 75th Percentile Hourly Wage for all but RN (25th|50th)	**Option 3** **Draft Modeled Rate** 100% of Medicare Benchmark
G0299	RN, skilled nursing services	$190.45	$202.77	$194.35
G0493	RN, observation and assessment	$237.51	$253.04	
G0300	LPN, skilled nursing services	$133.74	$132.97	
G0151	Physical therapist	$205.67	$211.52	$212.43
G0157	Physical therapist assistant	$126.93	$118.80	
G0153	Speech-language pathologist	$204.32	$196.30	$230.91
G0152	Occupational therapist	$199.10	$196.75	$213.88
G0158	Occupational therapist assistant	$109.84	$114.21	
G0156	Home health aide	$87.44	$84.23	$87.99

**Medicare rates do not differentiate across HCPCS within each discipline.*

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Questions and Open Discussion

Next Steps

- Presentation to be distributed following the meeting
- Stakeholders will have one week (January 21, 2026) to submit written feedback to the project inbox: HI.MQD.RateStudy@milliman.com
- Milliman to monitor HI.MQD.RateStudy@milliman.com inbox for any additional provider feedback
- Milliman to develop the Home Health Rate Study Report for MQD to review and submit to the legislature

Limitations

The information contained in this document is prepared for the State of Hawai`i Med-QUEST Division (MQD) and their advisors and is considered proprietary and confidential. Our understanding that this document will be shared with home health stakeholders regarding the draft payment rates for the home health services and is not considered complete without oral comment. This document should not be used for any other purpose. The contents of this document are not intended to represent a legal or professional opinion or interpretation on any matters.

Milliman makes no representations or warranties regarding the contents of this document to third parties. Similarly, third parties are instructed that they are to place no reliance upon this draft information prepared for MQD by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

Milliman is not advocating for, recommending, or endorsing any specific payment rate approach. All final decisions regarding the design, modeling methodologies, parameters, and assumptions, and other aspects of the payment rate approach are the responsibility of MQD.

Milliman has developed certain models to estimate the values included in this document. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purposes.

In preparing this document, we relied on information including U.S. Bureau of Labor Statistics wage and benefit data, tax withhold information from federal and state agencies, Consumer Price Index annual trend data, CMS data, and Home Health Provider Survey responses. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such as a review was beyond the scope of our assignment.

Other parties receiving this document must rely upon their own experts in drawing conclusions about the content of this material. Third-party recipients who are receiving this draft information at the request of MQD may not use this draft information for any purpose except in direct support of MQD.

The recommendations or analysis in this document does not constitute legal advice. We recommend that users of this material consult with their own legal counsel regarding interpretation of applicable laws, regulations, and requirements.

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Thank you

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Appendix A: Service Definition, Frequency, and Billable Unit

Home Health Definition and Eligibility

Service Definition as Outlined in Legislature Bill 2025-HB713 – CD1:

"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"

Eligibility as Outlined in Hawai`i State Plan:

"Home health services are provided to individuals entitled to nursing facility services

Home health services are provided in accordance with the requirements of 42 CFR 441.15

1. *Home health services are provided to all categorically needy individuals 21 years of age or over*
2. *Home health services are provided to the medically needy"*

Sources:

- DHS; Rate Study; Medicaid; Home Health Services; Appropriation. House of Representatives. Thirty Third Legislature. State of Hawaii. 2025.Accessed online on 10/15/2025 from: https://legiscan.com/HI/text/HB713/id/3222588/Hawaii-2025-HB713-Amended.html
- 441.15 Home Health Services. Code of Federal Regulation. Title 42 amended 9/19/2025. Accessed online on 9/23/2025 from: https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-441/subpart-A/section-441.15
- Hawai'i Medicaid State Plan, 1115 Demonstration, and 1915(c) Demonstration. Hawaii State Plan. Med-QUEST division. Accessed online on 9/23/2025 from: https://medquest.hawaii.gov/en/about/state-plan-1115.html

Home Health Services, Billable Unit, and Frequency from State Plan

Home health services are provided at a recipient's place of residence as instructed by a physician in the written plan of care:

Service	Description	Frequency
Nursing services	As defined in the State Nurse Practice Act and subject to the limitations set forth in 42 CFR 440.70(b)(1))	Daily home visits permitted for home health aide and nursing services in the first two weeks of patient care if part of the written plan of care ▪ No more than three visits per week for each service for the third week to the seventh week of care ▪ No more than one visit a week for each service from the eighth week to the fifteenth week of care ▪ No more than one visit every other month for each service from the sixteenth week of care. *Services exceeding these parameters shall be prior authorized by the medical consultant or it's authorized representative.*
Home health aide personal care and support services	Home health aide service provided by a home health agency	
Physical therapy, occupational therapy, or speech pathology and audiology services	Provided by a home health agency or by a facility licensed by the State to provide medical rehabilitation services and subject to the limitations set forth in #11 in the state plan	Limitations on the amount, duration or scope of clinic services are the same as the limitations included for state plan outpatient services listed in Attachment 3.1-A and 3.1-B of the state plan, not to include inpatient services (hospital, nursing facility, psychiatric facility services for individuals under 22 years of age, emergency hospital services). ▪ Initial physical therapy and occupational therapy evaluations do not require prior approval. ▪ Physical and occupational therapy and reevaluations require approval of the medical consultant providing diagnosis, recommended therapy including frequency and duration, and for chronic cases, long term goals and a plan of care. *Physicians that provide direction/supervision of others in the clinic assume professional responsibility for the care of the patients.*

Notes:

- ***Billable Unit: per visit***
- ***Respiratory services, social work services, medical supplies, equipment, Respite, and appliances are not included in the rate study.***

Sources:

- 441.15 Home Health Services. Code of Federal Regulation. Title 42 amended 9/19/2025. Accessed online on 9/23/2025 from: https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-441/subpart-A/section-441.15
- Hawai'i Medicaid State Plan, 1115 Demonstration, and 1915(c) Demonstration. Hawaii State Plan. Med-QUEST division. Supplement To Attachment 3.1-A AND 3.1-B. Accessed online on 9/23/2025 from: https://medquest.hawaii.gov/en/about/state-plan-1115.html

Appendix B: Home Health Staff Preliminary Base Wage Data

Home Health Staff Type Preliminary Wage Data – Base Data

Home Health Staff Types		May 2024 BLS Hawai`i State Hourly Wages			Home Health Provider Survey Wages as of Oct.1.2025
Bureau of Labor Statistics (BLS) Job Titles	Weight	25th Percentile	50th Percentile	75th Percentile	Median
Home Health Aide	**100%**	**$18.41**	**$21.28**	**$23.60**	**$26.00**
Home Health and Personal Care Aides	50%	$15.00	$17.77	$18.55	
Maids and Housekeeping Cleaners	50%	$21.81	$24.78	$28.65	
Licensed Practical Nurse (LPN)	**100%**	**$28.49**	**$31.52**	**$35.02**	**$37.04**
Licensed Practical and Licensed Vocational Nurses	100%	$28.49	$31.52	$35.02	
Registered Nurse (RN)	**100%**	**$49.75**	**$65.54**	**$66.97**	**$56.34**
Registered Nurses	100%	$49.75	$65.54	$66.97	
Occupational Therapist	**100%**	**$42.17**	**$45.46**	**$51.67**	**$55.00**
Occupational Therapists	100%	$42.17	$45.46	$51.67	
Occupational Therapy Assistant	**100%**	**$30.41**	**$30.43**	**$35.54**	**$35.54**
Occupational Therapy Assistants	100%	$30.41	$30.43	$35.54	
Physical Therapist	**100%**	**$45.00**	**$48.43**	**$55.20**	**$56.13**
Physical Therapists	100%	$45.00	$48.43	$55.20	
Physical Therapist Assistant	**100%**	**$27.52**	**$29.86**	**$33.83**	**$38.56**
Physical Therapist Assistants	100%	$27.52	$29.86	$33.83	
Speech Therapist	**100%**	**$48.03**	**$52.03**	**$54.31**	**$59.70**
Speech-Language Pathologists	100%	$48.03	$52.03	$54.31	

Provider survey data (RN): includes wages reported separately for RN professional management and RN pay per visit staff types.

Appendix C: Employee Related Expenses

Employee Related Expense (ERE) – Example Using Provider Survey Median Wages

- The **ERE assumptions** are **based on publicly accessible data and feedback from stakeholders** collected to date.
- ERE encompasses **health insurance benefits, retirement contributions, workers' compensation, employer taxes**, and other required withholds / taxes.
- The following slides provide a detailed summary of the estimated costs associated with each assumption and the sources of data used.
- To calculate the associated cost with this component, **we apply the ERE percentage to the staff type-specific wages.**

	Direct Care Wages	Annual Employee Salary	Medicare	Social Security	FUTA	SUI	Workers Compensation	Health Insurance	Retirement	ERE per Employee	ERE Percentage
	Trended to 7/1/2026	A * 2,080	B * 1.45%	B * 6.2% up to $184,500 estimated taxable limit	6% of First $7,000 Earned	B * 5.6% up to $62,000 estimated taxable limit	B * 1.21%		B * 3.6%	Sum of C through I	J / B
	A	B	C	D	E	F	G	H	I	J	K
Home Health Aide	$26.68	$55,489	$805	$3,440	$420	$3,107	$671	$8,463	$1,998	**$18,905**	**34.1%**
Licensed Practical Nurse	$38.00	$79,039	$1,146	$4,900	$420	$3,472	$956	$8,463	$2,845	**$22,204**	**28.1%**
Registered Nurse	$57.80	$120,229	$1,743	$7,454	$420	$3,472	$1,455	$8,463	$4,328	**$27,336**	**22.7%**
Occupational Therapist	$56.43	$117,380	$1,702	$7,278	$420	$3,472	$1,420	$8,463	$4,226	**$26,981**	**23.0%**
Occupational Therapy Assistant	$36.47	$75,849	$1,100	$4,703	$420	$3,472	$918	$8,463	$2,731	**$21,806**	**28.7%**
Physical Therapist	$57.59	$119,791	$1,737	$7,427	$420	$3,472	$1,449	$8,463	$4,312	**$27,281**	**22.8%**
Physical Therapist Assistant	$39.56	$82,283	$1,193	$5,102	$420	$3,472	$996	$8,463	$2,962	**$22,608**	**27.5%**
Speech Therapist	$61.25	$127,410	$1,847	$7,899	$420	$3,472	$1,542	$8,463	$4,587	**$28,231**	**22.2%**

Values may not be exact due to rounding

ERE Preliminary Assumptions

Components	Draft Assumptions	Source
Federal Unemployment Tax Act (FUTA)	$420. Calculated as 6% of first $7,000 of wages	Internal Revenue Service. Topic No. 759 From 940 – Employer's Annual Federal Unemployment (FUTA) Tax Return – Filing and Deposit Requirements. Retrieved from https://www.irs.gov/taxtopics/tc759
State Unemployment Insurance (SUI)	5.6% maximum tax rate for State of Hawai`i unemployment insurance Taxable wage base (per employee) $62,000.	State of Hawai`i. Unemployment Insurance. Tax Rate Schedule and Weekly Benefit Amount. Data for 2025. Retrieved from: https://labor.hawaii.gov/ui/tax-rate-schedule-and-weekly-benefit-amount/
Employer Medicare Withholding	Employer Medicare Withholding: 1.45%	Internal Revenue Service. Topic No. 751 Social Security and Medicare Withholding Rates. Retrieved from https://www.irs.gov/taxtopics/tc751
Employer Social Security Withholding	Employer Social Security Withholding: 6.2% on first $184,500	Contribution and Benefit Base. Social Security Administration. Social Security Withholding Rate. Retrieved from https://www.ssa.gov/oact/cola/cbb.html
Worker's Compensation	1.21% calculated as a percentage of wage and salaried and paid leave components from BLS for Private Industry Workers	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 1, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf
Health Insurance Benefits	$3.76 BLS hourly rate trended to July 2026 multiplied by 2,080 to calculate an annual employer cost of $8,463.27	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 1, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf
Retirement Benefits	3.8% retirement cost as reported by BLS for private industry worker	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 1, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf

Note: Values may not tie due to rounding

Appendix D: Draft IRM Rate Build-up Examples

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Home Health Draft Modeled Rates

G0156 - Home Health Aide

		Option 1	Option 2	
Ref.	**Description**	**Home Health Aide**	**Home Health Aide**	**Notes**
A	Average minutes of direct time per unit	60.00	60.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	10.00	10.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**100.00**	**100.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	10.7%	10.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**110.71**	**110.71**	G = D / E * (1 + F)
H	Hourly wage	$ 26.68	$ 25.43	Based on separate wage build
I	**Total wages expense per unit**	**$ 49.22**	**$ 46.91**	I = H * G / 60
J	Employee related expense (ERE) percentage	34.1%	34.9%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 16.77**	**$ 16.35**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 11.65**	**$ 11.16**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 87.44**	**$ 84.23**	**Q = I + J + P**

Ref.	**Summary of Rate Model Components**	**Option 1 Total**	**Option 2 Total**	**Notes**
R	Direct Service Provider Salaries & Wages	$ 29.53	$ 28.15	
S	Indirect Service Employee Salaries & Wages	$ 19.69	$ 18.77	
T	Employee Related Expenses	$ 16.77	$ 16.35	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 11.65	$ 11.16	
W	**Total Rate**	**$87.44**	**$84.23**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0299 - Skilled Nursing - RN

Ref.	Description	Option 1 Registered Nurse (RN)	Option 2 Registered Nurse (RN)	Notes
A	Average minutes of direct time per unit	45.00	45.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	44.00	44.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**119.00**	**119.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	9.1%	9.1%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**129.86**	**129.86**	G = D / E * (1 + F)
H	Hourly wage	$ 57.80	$ 62.10	Based on separate wage build
I	**Total wages expense per unit**	**$ 125.11**	**$ 134.42**	I = H * G / 60
J	Employee related expense (ERE) percentage	22.7%	22.0%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 28.44**	**$ 29.60**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 27.10**	**$ 28.94**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 190.45**	**$ 202.77**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 47.31	$ 50.83	
S	Indirect Service Employee Salaries & Wages	$ 77.80	$ 83.59	
T	Employee Related Expenses	$ 28.44	$ 29.60	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 27.10	$ 28.94	
W	**Total Rate**	**$190.45**	**$202.77**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0300 - Skilled Nursing - LPN

Ref.	Description	Option 1 Licensed Practical Nurse (LPN)	Option 2 Licensed Practical Nurse (LPN)	Notes
A	Average minutes of direct time per unit	45.00	45.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	44.00	44.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**119.00**	**119.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	9.1%	9.1%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**129.86**	**129.86**	G = D / E * (1 + F)
H	Hourly wage	$ 38.00	$ 37.73	Based on separate wage build
I	**Total wages expense per unit**	**$ 82.25**	**$ 81.66**	I = H * G / 60
J	Employee related expense (ERE) percentage	28.1%	28.2%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 23.10**	**$ 23.03**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 18.59**	**$ 18.47**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 133.74**	**$ 132.97**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 31.10	$ 30.88	
S	Indirect Service Employee Salaries & Wages	$ 51.14	$ 50.78	
T	Employee Related Expenses	$ 23.10	$ 23.03	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 18.59	$ 18.47	
W	**Total Rate**	**$133.74**	**$132.97**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0151 - Physical Therapy

		Option 1	Option 2	
Ref.	Description	Physical Therapist	Physical Therapist	Notes
A	Average minutes of direct time per unit	55.00	55.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	45.00	45.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**130.00**	**130.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	8.7%	8.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**141.27**	**141.27**	G = D / E * (1 + F)
H	Hourly wage	$ 57.59	$ 59.47	Based on separate wage build
I	**Total wages expense per unit**	**$ 135.60**	**$ 140.03**	I = H * G / 60
J	Employee related expense (ERE) percentage	22.8%	22.4%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 30.88**	**$ 31.43**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 29.38**	**$ 30.26**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 205.67**	**$ 211.52**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 57.37	$ 59.24	
S	Indirect Service Employee Salaries & Wages	$ 78.23	$ 80.78	
T	Employee Related Expenses	$ 30.88	$ 31.43	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 29.38	$ 30.26	
W	**Total Rate**	**$205.67**	**$211.52**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0152 - Occupational Therapy

		Option 1	Option 2	
Ref.	Description	Occupational Therapist	Occupational Therapist	Notes
A	Average minutes of direct time per unit	50.00	50.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	48.00	48.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**128.00**	**128.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	8.7%	8.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**139.10**	**139.10**	G = D / E * (1 + F)
H	Hourly wage	$ 56.43	$ 55.67	Based on separate wage build
I	**Total wages expense per unit**	**$ 130.83**	**$ 129.05**	I = H * G / 60
J	Employee related expense (ERE) percentage	23.0%	23.1%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 30.07**	**$ 29.85**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 28.39**	**$ 28.04**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 199.10**	**$ 196.75**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 51.11	$ 50.41	
S	Indirect Service Employee Salaries & Wages	$ 79.72	$ 78.64	
T	Employee Related Expenses	$ 30.07	$ 29.85	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 28.39	$ 28.04	
W	**Total Rate**	**$199.10**	**$196.75**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0153 - Speech Therapy

		Option 1	Option 2	
Ref.	Description	Speech Therapist	Speech Therapist	Notes
A	Average minutes of direct time per unit	45.00	45.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	47.00	47.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**122.00**	**122.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	8.7%	8.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**132.58**	**132.58**	G = D / E * (1 + F)
H	Hourly wage	$ 61.25	$ 58.51	Based on separate wage build
I	**Total wages expense per unit**	**$ 135.35**	**$ 129.29**	I = H * G / 60
J	Employee related expense (ERE) percentage	22.2%	22.6%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 29.99**	**$ 29.24**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 29.18**	**$ 27.98**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 204.32**	**$ 196.30**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 49.93	$ 47.69	
S	Indirect Service Employee Salaries & Wages	$ 85.43	$ 81.60	
T	Employee Related Expenses	$ 29.99	$ 29.24	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 29.18	$ 27.98	
W	**Total Rate**	**$204.32**	**$196.30**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0493 - Skilled Nursing – RN, Observation and Assessment

		Option 1	Option 2	
Ref.	**Description**	**Registered Nurse (RN)**	**Registered Nurse (RN)**	**Notes**
A	Average minutes of direct time per unit	60.00	60.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	60.00	60.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**150.00**	**150.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	9.1%	9.1%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**163.69**	**163.69**	G = D / E * (1 + F)
H	Hourly wage	$ 57.80	$ 62.10	Based on separate wage build
I	**Total wages expense per unit**	**$ 157.70**	**$ 169.43**	I = H * G / 60
J	Employee related expense (ERE) percentage	22.7%	22.0%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 35.85**	**$ 37.32**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 34.16**	**$ 36.49**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 237.51**	**$ 253.04**	**Q = I + J + P**

Ref.	**Summary of Rate Model Components**	**Option 1 Total**	**Option 2 Total**	**Notes**
R	Direct Service Provider Salaries & Wages	$ 63.08	$ 67.77	
S	Indirect Service Employee Salaries & Wages	$ 94.62	$ 101.66	
T	Employee Related Expenses	$ 35.85	$ 37.32	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 34.16	$ 36.49	
W	**Total Rate**	**$237.51**	**$253.04**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0157 - Physical Therapy Assistant

Ref.	Description	Option 1 Physical Therapist Assistant	Option 2 Physical Therapist Assistant	Notes
A	Average minutes of direct time per unit	45.00	45.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	34.00	34.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**109.00**	**109.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	8.7%	8.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**118.45**	**118.45**	G = D / E * (1 + F)
H	Hourly wage	$ 39.56	$ 36.45	Based on separate wage build
I	**Total wages expense per unit**	**$ 78.10**	**$ 71.95**	I = H * G / 60
J	Employee related expense (ERE) percentage	27.5%	28.8%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 21.46**	**$ 20.69**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 17.57**	**$ 16.35**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 126.93**	**$ 118.80**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 32.24	$ 29.71	
S	Indirect Service Employee Salaries & Wages	$ 45.86	$ 42.25	
T	Employee Related Expenses	$ 21.46	$ 20.69	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 17.57	$ 16.35	
W	**Total Rate**	**$126.93**	**$118.80**	

Note: Values may not tie due to rounding

Home Health Draft Modeled Rates

G0158 - Occupational Therapy Assistant

Ref.	Description	Option 1 Occupational Therapy Assistant	Option 2 Occupational Therapy Assistant	Notes
A	Average minutes of direct time per unit	45.00	45.00	Based on analysis of Provider Survey direct time responses
B	Average minutes of indirect time per unit	25.00	25.00	Based on analysis of Provider Survey indirect time responses
C	Average minutes of travel time per unit	30.00	30.00	Based on analysis of Provider Survey travel time responses
D	**Total minutes per unit**	**100.00**	**100.00**	D = A + B + C
E	Staffing Ratio	1	1	
F	PTO/training/conference time adjustment factor	8.7%	8.7%	Based on separate PTO build
G	**Adjusted total minutes per unit**	**108.67**	**108.67**	G = D / E * (1 + F)
H	Hourly wage	$ 36.47	$ 38.29	Based on separate wage build
I	**Total wages expense per unit**	**$ 66.05**	**$ 69.35**	I = H * G / 60
J	Employee related expense (ERE) percentage	28.7%	28.0%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 18.99**	**$ 19.40**	K = I * J
L	Estimated miles driven per one-way trip	14.0	14.0	Based on analysis of Provider Survey responses
M	Federal reimbursement rate	$ 0.70	$ 0.70	
N	**Transportation fleet costs per unit**	**$ 9.80**	**$ 9.80**	
O	Administration / program support / overhead	15.0%	15.0%	Portion of total rate
P	**Administration Expenses**	**$ 15.01**	**$ 15.66**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 109.84**	**$ 114.21**	**Q = I + J + P**

Ref.	Summary of Rate Model Components	Option 1 Total	Option 2 Total	Notes
R	Direct Service Provider Salaries & Wages	$ 29.72	$ 31.21	
S	Indirect Service Employee Salaries & Wages	$ 36.33	$ 38.14	
T	Employee Related Expenses	$ 18.99	$ 19.40	
U	Transportation & Fleet Vehicle Expenses	$ 9.80	$ 9.80	
V	Administration, Program Support & Overhead	$ 15.01	$ 15.66	
W	**Total Rate**	**$109.84**	**$114.21**	

Note: Values may not tie due to rounding

Appendix E: Illustrative Medicare Rate Buildup

Illustrative Medicare Rate Calculations Using a Range of Wage Indices

	Calendar Year (CY) 2026								
	CMS Home Health Per-Visit Rates[1]			Hawai`i Wage Index[2] Applied to the labor portion only (column B)			Draft Hawai'i Medicare Per-Visit Payment Rates		
Home Health Discipline	Payment Amount	Labor Portion of Payment Amount	Non-labor Portion of Payment Amount	Min Kahului-Wailuku, HI	Hawai`i Statewide	Max Urban Honolulu, HI	Min Kahului-Wailuku, HI	Hawai`i Statewide	Max Urban Honolulu, HI
	A	B = A * 74.9%	C = A * 25.1%	D	E	F	G = B * D + C	H = B * E + C	I = B * F + C
Skilled Nursing	$172.73	$129.37	$43.36	1.0277	1.1312	1.1821	$176.31	$189.70	$196.29
Physical Therapy	$188.79	$141.40	$47.39	1.0277	1.1312	1.1821	$192.71	$207.34	$214.54
Speech Therapy	$205.22	$153.71	$51.51	1.0277	1.1312	1.1821	$209.48	$225.39	$233.21
Occupational Therapy	$190.08	$142.37	$47.71	1.0277	1.1312	1.1821	$194.02	$208.76	$216.01
Home Health Aide	$78.20	$58.57	$19.63	1.0277	1.1312	1.1821	$79.82	$85.88	$88.87

Sources:

[1] Centers for Medicare & Medicaid Services (2025). *Calendar Year 2026 Home Health Prospective Payment System Rate Update - Table 16: Final CY 2026 Per-Visit Payment Amounts*. Retrieved 12/3/2025, from https://www.federalregister.gov/d/2025-21767/page-55408

[2] Centers for Medicare & Medicaid Services (2025). *CMS-1828-F - CY 2026 Final HH PPS Wage Index*. Retrieved 12/3/2025, from https://www.cms.gov/files/zip/cy-2026-final-hh-pps-wage-index.zip

Values may not be exact due to rounding

Appendix F: Administration, Program Support, and Overhead

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Administration, Program Support, and Overhead Cost Assumption

Administration, Program Support, and Overhead Cost Assumptions set at 15% in the rate modeling.

- **Program Support:** Expenses encompass the supplies, materials, and equipment required to operate a Home Health Agency.
- **Administrative and Overhead:** Typically, administrative and overhead costs consist of all expenses that the contractor incurs to facilitate service delivery, though these costs are not directly tied to the provision of services to individuals.

- Salaries and wages, and related employee benefits for employees or contractors that are not DCWs or supervisors of DCWs
- Liability and other insurance
- Licenses and taxes
- Legal and audit fees
- Accounting and payroll services
- Billing and collection services
- Bank service charges and fees
- Information technology
- Telephone and other communication expenses
- Office and other supplies including postage
- Accreditation expenses, dues, memberships, and subscriptions
- Meeting and administrative travel related expenses

- Training and employee development expenses, including related travel
- Human resources, including background checks and other recruiting expenses
- Community education
- Marketing/advertising
- Interest expense and financing fees
- Facility and equipment expense for space not used to directly provide services to individuals, and related utilities (excludes room and board per federal Medicaid requirements)
- Vehicle and other transportation expenses not related to transporting individuals receiving services or transporting employees to provide services to individuals
- Board of director related expenses

Appendix G: PTO and Training Time Adjustment Factor

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PTO and Training Time Adjustment Factor

ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
PTO	**Paid holidays and PTO per Year**	This include Hawai`i state holidays and assumed sick and vacation time per year informed by MQD's feedback.
Training hours	**New hire and annual training**	This include new hire assumed training hours and onboarding, and on-going training time hours per year, informed by provider survey responses and varies by staff type.
Turnover	**Turnover rate**	The turnover rate reflects the assumed rate of staff leaving the agency, informed by feedback received during prior stakeholder meetings.

Home Health Service Example: Home Health Aide. Billable Unit: Per Visit									
A	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**
Total Hours	**Paid Holidays and PTO per year**	**On-going training time hours per year**	**Total**	**Training hours time for each new hire**	**Turnover percentage**	**New hire training hours per year**	**Hours of replacement for non-productive time**	**Annual productive time**	**PTO / training time adjustment factor**
			B + C			**E * F**	**D + G**	**A - H**	**A / I - 1**
2,080	120	55	175	75	35%	26	201	1,879	**10.7%**

Note: Values may not tie due to rounding

Appendix H: Direct Time Provider Survey Data

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Direct Service Time Ranges from Provider Survey Responses

Home Health Service Type	Direct Service Time (minutes)		
	Min	Median	Max
Home health RN, skilled nursing services	45.0	59.0	60.0
Home health RN, observation and assessment	60.0	60.0	120.0
Home health LPN, skilled nursing services	45.0	59.0	60.0
Home health physical therapist	55.0	60.0	90.0
Home health physical therapist assistant	45.0	53.0	60.0
Home health speech-language pathologist	45.0	60.0	75.0
Home health occupational therapist	50.0	59.0	60.0
Home health occupational therapist assistant	45.0	55.0	60.0
Home health aide	40.0	60.0	90.0

Note: Skilled nursing services ranges are for RN and LPN combined.