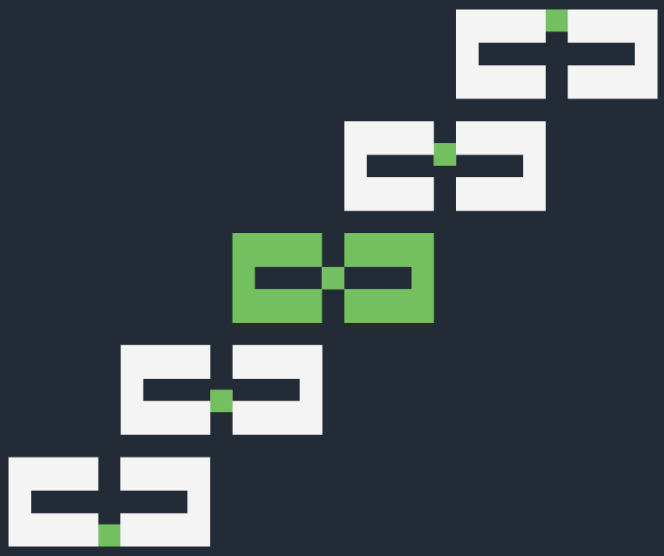
MILLIMAN REPORT

Hawai`i Medicaid Home Health Services Rate Study

Commissioned by the State of Hawai`i Med-QUEST Division

February 18, 2026

Ben Mori, Principal and Senior Healthcare Consultant
Dennis Finnegan, Senior Healthcare Consultant
Dalal Al Battati, Healthcare Consultant



Milliman

Table of Contents

EXECUTIVE SUMMARY **1**
OVERVIEW 1
MODELED COMPARISON RATE SCENARIOS 1
ESTIMATED PAYMENT IMPACT 2
INTRODUCTION AND BACKGROUND **3**
OVERVIEW 3
NOTABLE WORK CONTRIBUTING TO COMPARISON RATE DEVELOPMENT 4
STAKEHOLDER ENGAGEMENT 4
RESULTS **6**
IMPLEMENTATION CONSIDERATIONS 7
METHODOLOGY AND DATA RELIED UPON **8**
INDEPENDENT RATE MODEL (SCENARIOS 1 AND 2) 8
MEDICARE RATE BENCHMARK (SCENARIO 3) 15
MEDICAID UTILIZATION 15
NON-FEDERAL SHARE 16
CAVEATS AND LIMITATIONS **17**

Appendix A: Home Health Services Comparison Rates Scenarios

Appendix B: Home Health Services Estimated Fiscal Impact

Appendix C: Direct Time Provider Survey Data

Appendix D: PTO and Training Time Adjustment Factor

Appendix E: Staff Types and Wages

Appendix F: Employee Related Expenses

Appendix G: Detailed Independent Rate Model Home Health Service Rate Calculations

Executive Summary

OVERVIEW

The State of Hawai`i Department of Human Services (DHS) Med-QUEST Division (MQD) engaged Milliman to conduct a Home Health Rate Study for its Medicaid program in response to a Hawai`i State Legislative requirement. Per Hawai`i State Legislature House Bill (HB) 713 "*Relating To A Rate Study For Home Health Services"* passed in 2025:

> *"… 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."*[1]

In addition to complying with the requirements of HB 713, this Rate Study supports MQD's understanding of current and expected costs associated with delivering home health services in Hawai`i. This Rate Study includes a range of potential "comparison rate" scenarios and associated payment impact for MQD's and the legislature's consideration.

We understand that MQD will request the state legislature to approve rate increases and funding appropriations for Medicaid covered home health services, which will be informed by the findings in this Rate Study. Milliman is not advocating for changes to Medicaid Home Health rates or funding increases; final selected rates will be based on policy decisions by MQD and the state legislature.

This Rate Study includes the Home Health covered services listed below:

- Skilled Nursing
- Physical Therapy
- Occupational Therapy
- Speech-Language Pathology
- Home Health Aide

Each of the services included in this rate study are currently paid on a per visit basis; we assumed no service definition or payable unit changes as part of this Rate Study.

MODELED COMPARISON RATE SCENARIOS

MQD requested a range of comparison rates and corresponding budget estimates as part of the Rate Study. To meet this request, we have modeled rates under the following three scenarios:

- **Scenario 1:** Based on the independent rate model (IRM) framework, using Home Health Survey Tool **median wages** as the main direct care service cost input.
- **Scenario 2:** Based on the IRM framework, using the Bureau of Labor Statistics **(BLS) Hawai`i wage data** as the key direct care service cost input.
- **Scenario 3:** Based on **100% of the calendar year (CY) 2026 Medicare Home Health Prospective Payment System (PPS) rate benchmark**.

The **IRM** rate modeling framework used in **Scenarios 1 and 2** includes the following key components as outlined in the *Methodology and Data Relied Upon* section of this report. The **Medicare rate benchmarks** used in **Scenario 3** are based on 100% of the CY 2026 Medicare Home Health PPS national per visit rates, by discipline, with the labor portion adjusted by the Hawai`i statewide wage index.

[1] Relating To A Rate Study For Home Health Services. Hawai`i State Legislature page for Houe Bill 713. 06/06/2025. Accessed online from: https://legiscan.com/HI/text/HB713/id/3222588

ESTIMATED PAYMENT IMPACT

We estimated Medicaid payment changes under each rate scenario using CY 2024 Managed Care encounter and fee-for-service (FFS) claims data. Note that estimated payment changes do not reflect trending or other adjustments for potential increases in utilization that may occur in response to higher reimbursement, and does not reflect adjustments for inflation or changes in Medicaid Managed Care Organization (MCO) negotiated rates that may occur from CY 2024. ***Actual QI Home Health payments made by MCOs to Home Health service providers will differ from the simulated payments in this modeling. Reasons for differences include but are not limited to future changes in enrollment, utilization, service mix, negotiated rates between MCOs and Home Health service providers, state funding, and other factors.***

Modeled comparison rates under each scenario are estimated to result in an aggregate increase in Medicaid Home Health service payments, based on modeling using CY 2024 Managed Care encounter and FFS claims data. **Figure 1** below provides an aggregate summary of the estimated payment changes for each scenario, showing both total computable Medicaid payments (federal and state share combined) and the non-federal share of Medicaid payments.

FIGURE 1A: ESTIMATED MANAGED CARE PAYMENT IMPACT FROM MODELED RATES

	CY 2024 MEDICAID UTILIZATION		SCENARIO 1		SCENARIO 2		SCENARIO 3	
	SUM OF PAID	SUM OF PAID UNITS	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %
Total Computable Payments	$2,309,980	12,991	+ $91,664	+ 4.0%	+ $156,303	+ 6.8%	+ $321,668	+ 13.9%
Non-Federal Share of Payments	$692,994	12,991	+ $27,499	+ 4.0%	+ $46,891	+ 6.8%	+ $96,500	+ 13.9%

FIGURE 1B: ESTIMATED FEE FOR SERVICE PAYMENT IMPACT FROM MODELED RATES

	CY 2024 MEDICAID UTILIZATION		SCENARIO 1		SCENARIO 2		SCENARIO 3	
	SUM OF PAID	SUM OF PAID UNITS	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %
Total Computable Payments	$83,478	619	+ $32,547	+ 39.0%	+ $34,156	+ 40.9%	+ $48,016	+ 57.5%
Non-Federal Share of Payments	$33,658	619	+ $13,123	+ 39.0%	+ $13,772	+ 40.9%	+ $19,360	+ 57.5%

As shown above, the aggregate Medicaid Managed Care estimated total computable payment increases range from approximately **$92k to $322k**. Note that at the HCPCS service level there is a range of modeled Managed Care payment impacts; while most services have an estimated increase, some services at the HCPCS level have an estimated minor decrease in scenarios 1 and 2. The aggregate Medicaid FFS estimated total computable payment increases range from **$33K** to **$48K.** The estimated non-federal share of payment increases represents the portion of total computable Medicaid payments that would need to be funded by the State.

Introduction and Background

OVERVIEW

The State of Hawai`i MQD engaged Milliman to conduct a Home Health Rate Study for its Medicaid program in response to a Hawai`i State Legislative requirement. Per Hawai`i State Legislature Bill HB 713 "*Relating To A Rate Study For Home Health Services"* passed in 2025:

> *"… 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."*[2]

In addition to complying with the requirements of HB 713, this Rate Study supports MQD's understanding of current and expected costs associated with delivering Home Health services in Hawai`i. This Rate Study includes a range of potential "comparison rate" scenarios and associated payment impact for MQD's and the legislature's consideration.

We understand that MQD will request the state legislature to approve rate increases and funding appropriations for Medicaid covered home health services, which will be informed by the findings in this Rate Study. Milliman is not advocating for changes to Medicaid Home Health rates or funding increases; final selected rates will be based on policy decisions by MQD and the state legislature. If approved, we understand MQD will publish "comparison rates" in a future QUEST Integration (QI) memo for Home Health Agencies and Medicaid MCOs to use when negotiating Managed Care contracts, but these rates will not represent a mandated fee schedule. We also understand that MQD may update its Medicaid State Plan to also reflect Medicaid Home Health FFS rate changes. In addition, we understand that MQD anticipates that any Medicaid Home Health rate increases approved by the legislature would be implemented no earlier than 2027 and would not be retroactively implemented.

This Rate Study includes the Home Health covered services listed below:

- Skilled Nursing
- Physical Therapy
- Occupational Therapy
- Speech-Language Pathology
- Home Health Aide

Each of the services included in this rate study are currently paid on a per visit basis; we assumed no service definition or payable unit changes as part of this Rate Study.

Service Eligibility. As outlined in the Hawai`i state plan[3] *"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"*

Service Details. Home health services are provided at a recipient's place of residence as instructed by a physician in the written plan of care. **Figure 2** below provides additional details on the service types, descriptions, and frequency.[4, 5]

[2] Relating To A Rate Study For Home Health Services. Hawai`i State Legislature page for Houe Bill 713. 06/06/2025. Accessed online from: https://legiscan.com/HI/text/HB713/id/3222588

[3] Hawai'i Medicaid 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

[4] 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

[5] Hawai'i Medicaid State Plan. Med-QUEST Division. Accessed online on 9/23/2025 from: https://medquest.hawaii.gov/en/about/state-plan-1115.html

FIGURE 2: HOME HEALTH SERVICES, BILLABLE UNIT, AND FREQUENCY FROM STATE PLAN

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 its 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.

Note: Respiratory services, social work services, medical supplies, equipment, and appliances are excluded from the Rate Study due to no service utilization or as a result of discussions with MQD.

NOTABLE WORK CONTRIBUTING TO THE COMPARISON RATE DEVELOPMENT PROCESS

The comparison rates were developed through extensive engagement with MQD and Home Health stakeholders to better understand the costs of delivering Home Health services in Hawai`i. Key activities included:

- Weekly status calls with MQD to discuss service requirements, stakeholder feedback, and rate adjustments.
- Launch of a dedicated Home Health Rate Study webpage and provider email inbox for project updates, feedback, and questions.
- Three public stakeholder meetings covering project kickoff, service requirements, workforce considerations, and draft rate review.
- Distribution of a provider survey to collect staff wage and service delivery information, with eight responses received.

The next section provides further detail on these activities and their impact on the rate development process.

STAKEHOLDER ENGAGEMENT

As a key part of the Home Health Rate Study, we conducted stakeholder outreach and engagement with Home Health service providers, the representative provider association, and health plans by collecting provider wage and service delivery survey data, and presented draft rate calculations for provider feedback. In addition to stakeholder meetings, MQD created a Home Health Rate Study project website[6] to post project related materials and Milliman hosted a project-specific inbox to collect stakeholder feedback. The goal of the stakeholder engagement process was to understand the current service requirements and related resources from providers to help inform the draft payment rate scenarios. **Figures 3** and **4** below summarize stakeholder engagement and feedback received.

[6] Fee Schedules: Home Health Rate Study. State of Hawai`i Department of Human Services. Med-QUEST Division. Retrieved from: https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html

FIGURE 3: STAKEHOLDER ENAGEGMENT SUMMARY

STAKEHOLDER ENGAGEMENT/MEETINGS	DESCRIPTION
Weekly MQD Status Meetings	Milliman participated in scheduled weekly meetings with MQD representatives. MQD and Milliman met at a regular cadence, during these meetings, we discussed: ▪ Stakeholder engagement preparation. ▪ Research findings, including but not limited to paid claims, the Medicare cost report, Medicare payment rates, FFS program, and wages. ▪ Preliminary analyses, including draft comparison rates, wage changes, and other data sources. ▪ Home Health stakeholder feedback.
Stakeholder Meetings	MQD and Milliman representatives facilitated the following Home Health stakeholder meetings: ▪ Home Health Rate Study Kick-off meeting: MQD invited Home Health service providers and MCOs to attend a project kickoff meeting with MQD and Milliman representatives regarding the comparison rate development process and its scope. Stakeholders were encouraged to provide feedback during the meeting and at any time in the future via e-mail. ▪ Home Health service requirements and workforce meeting: The stakeholder meeting discussed several topics to inform the study that included staffing approach, service delivery, and staff retention and recruiting. ▪ Home Health service draft comparison rates: Home Health stakeholders were invited to the draft comparison rates meeting to review and provide feedback on the service assumptions and the draft rate calculations. A ten day comment period was opened following the third stakeholder meeting and feedback was emailed to the provider email inbox.
Survey Tool	MQD and Milliman representatives released the 2025 Home Health Provider Survey (“Survey Tool”). The Survey Tool was released in November 2025, and Home Health service providers were given approximately three weeks to complete the survey (inclusive of a one-week extension). Eight Survey Tools were submitted via a dedicated provider email inbox. Based on stakeholder feedback, the Survey Tool focused on employee wages and Medicaid service times and did not include cost data to avoid duplicative reporting with the Home Health Agency Medicare Cost Report.

FIGURE 4: KEY THEMES OF STAKEHOLDER FEEDBACK

TOPIC	KEY THEMES
Recruitment and Retention	Difficulty in retaining employees at all levels due to: ▪ Shortage of qualified administrative staff, where extensive background knowledge in Home Health is needed. ▪ Intensity of documentation requirements after beneficiary visits, specifically highlighted for Registered Nurses. ▪ Time spent on preparations and planning for visits. ▪ Competition with hospitals and nursing homes which often offer higher pay. ▪ High cost of living in Hawai`i (practitioners move to the mainland). Retention Strategies: ▪ Employee benefits and flexible schedule. ▪ Staff recognition. ▪ Thorough and long onboarding process which takes around three months. ▪ Competitive pay but cannot compete with hospitals. Workforce shortage has been worsened since the public health emergency.
Wage and benefits	▪ Some providers base wages on an annual market scan for Home Health agencies. ▪ Offer 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 a benefits offer, no less than 95%.
Supervision	▪ Licensed Practical Nurse, Physical Therapy Assistant, and Certified Occupational Therapy Assistant have patients that are managed by Occupational Therapist, Physical Therapist, Registered Nurse, and the licensed therapist/nurse visits the recipient every fifth or sixth visit. Supervision ratio is between 1:1 to 1:2.

TOPIC	KEY THEMES
	▪ Home Health Aide follows CMS guidance.
Service Delivery and Staffing	▪ Each staff type provides services within their scope of practice. ▪ There are times when a Home Health agency will decline referrals due to staffing shortage.
Turnover	▪ Turnover is not the main factor in staff shortages. ▪ Therapists do not have high turnover. ▪ Certified nursing assistants and nursing assistants have around 50% turnover rate.
Transportations and Service Setting	▪ There are times, due to staff shortages, where a Home Health agency will not provide services outside of their island. ▪ Typically, beneficiaries are not transported by providers, but one provider reported that they drive beneficiaries to appointments. This provider has a wheelchair accessible vehicle for these appointments. ▪ Mileage reimbursement follows the federal rate.
Draft Rate Scenarios	Feedback was received from two providers after the third stakeholder meeting where the draft payment rate assumptions were reviewed. The feedback is summarized below: ▪ The draft rates do not reflect “no-show” appointments (i.e., when a scheduled service is scheduled but does not take place due to a beneficiary’s absence) or account for Medicaid EVV-related time. ▪ The 15% administrative, program support and overhead assumption is lower than what is reported in the Medicare cost reports and do not reflect key healthcare-specific expenses.

Results

MQD requested a range of comparison rates and corresponding budget estimates as part of the Rate Study. To meet this request, we have modeled rates under the following three scenarios:

- **Scenario 1:** Based on the independent rate model (IRM) framework, using Home Health Survey Tool **median wages** as the main direct care service cost input.
- **Scenario 2:** Based on the IRM framework, using the Bureau of Labor Statistics **(BLS) Hawai`i wage data** as the key direct care service cost input.
- **Scenario 3:** Based on **100% of the calendar year (CY) 2026 Medicare Home Health PPS rate benchmark**.

We estimated Medicaid payment changes using CY 2024 Managed Care encounter data and FFS claims data. The estimated payment change methodology calculates the impact without trending or adjusting for potential increases in utilization that may occur in response to higher reimbursement, and also does not reflect adjustments for inflation or changes in MCO negotiated rates that may occur from CY 2024. ***Actual QI Home Health payments made by MCOs to Home Health service providers will differ from the simulated payments in this modeling. Reasons for differences include but are not limited to future changes in enrollment, utilization, service mix, negotiated rates between MCOs and Home Health service providers, state funding, and other factors.***

Modeled comparison rates under each scenario are estimated to result in an aggregate increase in Medicaid Home Health service payments, based on modeling that uses CY 2024 Managed Care encounter and FFS claims data. **Figure 5** below provides an aggregate summary of the estimated payment changes for each scenario, showing both total computable payments (federal and state share combined) and the non-federal share of Medicaid payments. See **Appendix A** of this report for detailed Home Health comparison rate scenario calculations, and **Appendix B** for detailed estimated payment results.

FIGURE 5A: ESTIMATED MANAGED CARE PAYMENT IMPACT FROM MODELED RATES

	CY 2024 MEDICAID UTILIZATION		SCENARIO 1		SCENARIO 2		SCENARIO 3	
	SUM OF PAID	SUM OF PAID UNITS	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %
Total Computable Payments	$2,309,980	12,991	+ $91,664	+ 4.0%	+ $156,303	+ 6.8%	+ $321,668	+ 13.9%
Non-Federal Share of Payments	$692,994	12,991	+ $27,499	+ 4.0%	+ $46,891	+ 6.8%	+ $96,500	+ 13.9%

FIGURE 5B: ESTIMATED FEE FOR SERVICE PAYMENT IMPACT FROM MODELED RATES

	CY 2024 MEDICAID UTILIZATION		SCENARIO 1		SCENARIO 2		SCENARIO 3	
	SUM OF PAID	SUM OF PAID UNITS	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %	ESTIMATED PAYMENT IMPACT $	ESTIMATED PAYMENT IMPACT %
Total Computable Payments	$83,478	619	+ $32,547	+ 39.0%	+ $34,156	+ 40.9%	+ $48,016	+ 57.5%
Non-Federal Share of Payments	$33,658	619	+ $13,123	+ 39.0%	+ $13,772	+ 40.9%	+ $19,360	+ 57.5%

As shown above, the aggregate Medicaid Managed Care estimated total computable payment increases range from approximately **$92k to $322k**. Note that at the HCPCS service level there is a range of modeled Managed Care payment impacts; while most services have an estimated increase, some services at the HCPCS level have an estimated minor decrease in scenarios 1 and 2. The aggregate Medicaid FFS estimated total computable payment increases range from **$33K** to **$48K.** The estimated non-federal share of payment increases represents the portion of total computable Medicaid payments that would need to be funded by the State. See **Appendix G** for more details on service specific rate calculations.

IMPLEMENTATION CONSIDERATIONS

MQD should consider the following key considerations before implementing Home Health rate adjustments:

- Discuss new rate methodologies and modeled rates with Medicaid MCOs and Home Health service providers.
- Update Managed Care capitation rates and include in a new rate certification for Centers of Medicare & Medicaid Services (CMS) approval.
- Publish a QI Memo and discuss with Medicaid MCOs and Home Health service providers any expectations related to billing and negotiating rates at the HCPCS level.
- Review the assumptions on direct care professional wages, employee benefits and other assumptions built into the modeled comparison rates with Home Health service providers.
- MQD may consider FFS rate updates and submitting a State Plan Amendment (SPA) to align the FFS rates with the approved Managed Care rates.[7] If the FFS rates are adjusted, MQD will need to consider Medicaid Management Information System (MMIS) updates, provider enrollment changes, technical assistance for providers, and other support activities.

[7] Hawai'i Medicaid State Plan. Med-QUEST Division. Accessed online on 9/23/2025 from: https://medquest.hawaii.gov/en/about/state-plan-1115.html

Methodology and Data Relied Upon

The rate methodologies and data sources relied upon for this Rate Study are described in this section as follows.

The IRM components listed in **Figure 6** provide a consistent framework across services, while still allowing for customization for each service to determine the appropriate reimbursement level. The labor cost assumptions in the IRM provide clear and transparent expectations for the assumed direct care professional wages and benefits levels for providers to follow. The IRM also provides MQD with a mechanism for future rate updates and for developing rates for new services and/or service definitions. The IRM inputs were informed by service assumptions gathered from stakeholder feedback, data collection tool and analysis, independent research, and MQD feedback.

FIGURE 6: INDEPENDENT RATE MODEL COMPONENTS

IRM COMPONENT	EXAMPLES OF COSTS INCLUDED IN EACH IRM COMPONENT
Clinical and Direct Care Professional Salaries and Wages	Includes labor-related costs for staff delivering direct care services, for both employee wages and salaries and contractor rates
Employee Related Expenses	Includes payroll-related taxes and fees and employee benefits
Transportation	Includes assumed traveled miles and mileage cost incurred by qualified staff to deliver services
Administration, Program Support, Overhead	Includes administrative staff salaries and wages, program operating expenses, including management, accounting, legal, information technology, etc., excluding room and board (per CMS requirements and consistent with Hawai`i state plan amendment)[8]

The **Medicare rate benchmarks** used in **Scenario 3** are based on 100% of the CY 2026 Medicare Home Health PPS national per visit rates, by discipline, with the labor portion adjusted by the Hawai`i statewide wage index. This scenario is consistent with federal limits on Medicaid reimbursement outlined in the June 6, 2025 Presidential Memoranda and is anticipated to be included in future CMS proposed rule.[9]

INDEPENDENT RATE MODEL (SCENARIOS 1 AND 2)

The IRM methodology, used for rate scenarios 1 and 2, approximates the average costs that a reasonably efficient Home Health service provider would be expected to incur while delivering Home Health services. As denoted by its description – ***independent*** rate model – this approach builds rates from the ground up, by determining the costs related to the individual components shown below and summing the component amounts to derive a comparison rate for each service.

The IRM approach can be distinguished from other provider payment methodologies in that it estimates what the costs for each service could be given the resources (salaries and other expenses) reasonably expected to be required, on average, while delivering the services. This approach relies on multiple independent data sources to develop rate model assumptions to construct comparison rates, detailed in **Figure 8**. By contrast, many cost-based methods rely primarily on the actual reported historical costs incurred while delivering services, which can be affected by operating or service delivery decisions made by providers, and can be limited by current reimbursement levels. These operating or service delivery decisions may be inconsistent with program service delivery standards or be caused by program funding limitations that do not necessarily consider the average resource requirements associated with providing these services or include incentives for direct care professional retention. **Figure 6** provides an overview of the key components and elements of the IRM approach. The IRM approach constructs a rate for each service as the sum of the costs associated with each of the components shown in **Figure 7**. The following subsections provide additional details on each component.

[8] Hawai'i Medicaid State Plan. Med-QUEST Division. N.d. Accessed online from https://medquest.hawaii.gov/en/about/state-plan-1115.html.

[9] Presidential Memoranda titled “Eliminating Waste, Fraud, and Abuse in Medicaid” published June 6, 2025. Accessed online from: https://www.whitehouse.gov/presidential-actions/2025/06/eliminating-waste-fraud-and-abuse-in-medicaid/. Future proposed rule referenced by CMS in its Dear Colleagues letter "Section 71116 of One Big Beautiful Bill Act on State Directed Payments" dated September 9, 2025. Accessed online from: https://www.medicaid.gov/medicaid/managed-care/downloads/sdp-ltr-09092025.pdf

FIGURE 7: INDEPENDENT RATE MODEL COMPONENTS

COMPONENT	ELEMENTS	SUB-ELEMENTS	EXAMPLES OF COSTS INCLUDED IN EACH IRM COMPONENT
Clinical and Direct Care Professional Salaries and Wages	Service-related Time	Direct Time	Time spent delivering direct care service in-person with the service recipient.
		Indirect Time	Service-necessary planning, note taking and preparation time.
		PTO/Training	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.
	Wage Rates	Can Vary by Staff Type	Wage rates vary depending on types of direct service employees.
Employee Related Expenses	Payroll-related Taxes and Fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	Applicable to all employees and varies by wage level assumption.
	Employee Benefits	Health, Dental, Vision, and Retirement Benefits	Amounts may vary by staff type.
Transportation	Travel Miles	Assumed number of miles and mileage reimbursement rate	Miles incurred in one-way travel by Home Health qualified staff to deliver services at the Home Health service recipients' locations and the mileage reimbursement rate.
Administration, Program Support, Overhead	All other business-related costs	Includes administrative staff salaries and wages and program vehicle expenses, program operating expenses including management, accounting, legal, information technology, etc.	Excludes room and board expenses.

FIGURE 8: DATA REVIEWED AS PART OF THE RATE STUDY

CATEGORY	DATA REVIEWED TO INFORM THE RATE STUDY
Salary and Wages	*See 1.2 Clinical and Direct Care Service Staff Hourly Wage Assumptions section for detailed wage information.* **Survey Tool:** Home Health Agencies reported different levels of average hourly wages. **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 at the time of this report used for trending). **Home Health Medicare cost reports:** The wage data reported in the Home Health Medicare cost reports (CMS-1728 forms) includes overtime, vacation, holiday, sick, lunch, and other paid-time-off, severance, and bonuses, as confirmed by a detailed review of the instruction manual for these reports.[10] In contrast, BLS wages exclude severance, overtime, and other examples of bonus related compensation.[11] Because Medicare cost report data incorporates overtime and bonuses, it can inflate average wage figures and create inconsistencies across staff types when compared to those in the BLS. For this reason, we did not rely on the Medicare cost report wage data to inform the Rate Study assumptions, and we instead compared the BLS and Survey Tool reported wages.
Employee Benefits	**Survey Tool:** Home Health agencies reported that all covered 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.

[10] Chapter 32 Home Health Agency Cost Report From 1728-94. https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/p152_32.zip

[11] Occupational Employment and Wage Statistics (OEWS) Pay Terms. U.S. Bureau of Labor Statistics. N.d. Accessed online from: https://www.bls.gov/respondents/oes/payterms.htm#A

CATEGORY	DATA REVIEWED TO INFORM THE RATE STUDY
	▪ 401k with match and PTO benefits. ▪ High percentage of employees take up offered benefits, 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[12] projected trend.
Paid Time Off	**Survey Tool:** 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	**Survey Tool:** 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 follow state and CMS requirements for training hours. ▪ Newly hired staff go through training in the first three months to phase the training into stages.
Transportation	*See 3. Transportation Expenses section for more information.* **Survey Tool:** Home Health agencies reported the number of miles incurred by staff traveling to beneficiary sites to deliver in-person services. **Stakeholder meetings:** Home Health agencies indicated that the miles incurred by staff traveling to beneficiary 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.
Service delivery time (direct, indirect, and travel time)	*See 1.1 Clinical and Direct Care Service Staff Time Assumptions section for more details.* Service delivery time varies by Home Health discipline. **Survey Tool:** Home Health agencies reported service times in minutes, categorized by direct time (beneficiary-facing), indirect time (non-beneficiary-facing), and travel time, broken down by Home Health discipline type. **Stakeholder meetings:** Providers offered feedback consistent with their responses submitted through the Survey Tool. **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 Survey Tool.
Administration, program support, and overhead	*See 4. Administration / Program Support / Overhead section for more information.* **Federal guidelines:** The administration, program support, and overhead assumption is in alignment with the de minimis rate per federal guidelines. *"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)."*[13] **Home Health Medicare cost reports:** Analyses of general service cost center data from Home Health Medicare cost reports showed a median administrative overhead percentage of 41.4% of total service expenditures. This percentage is significantly higher than both the de minimis federal guidance and the assumption for similar services in Hawai`i and other states.
Employee Related Expenses	**Publicly available sources:** *See 2. Employee Related Expenses section for detailed information.*

[12] 2025 Milliman Medical Index Annual Analysis. Milliman. May 27, 2025. Accessed online on 12/29/2025 from: https://www.milliman.com/en/insight/2025-milliman-medical-index

[13] 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

1. CLINICAL AND DIRECT CARE PROFESSIONAL SALARIES AND WAGES

The clinical and direct care professional salary and wage component is typically the largest component of rates, comprising the labor-related cost, or the product of the time and expected wage rates for the direct care staff who deliver each of the services.

1.1 CLINICAL AND DIRECT CARE SERVICE STAFF TIME ASSUMPTIONS

In the IRM approach, direct care staff time is categorized as direct time, indirect time, and travel time. Adjustments to PTO, holidays, and training time impacted by turnover rate are also incorporated. These time assumptions can vary by service. All assumptions were reviewed with stakeholders for feedback. **Figure 9** provides a description of each of these sub-elements "Category" and related adjustments. Assumptions included in the IRM were reviewed with stakeholders.

FIGURE 9: SUMMARY OF SERVICE-RELATED STAFF TIME ASSUMPTIONS AND DEFINITIONS BY CATEGORY

CATEGORY	DEFINITION	ASSUMPTIONS
Direct time	Staff time spent delivering the service in-person with the service recipient (direct care time).	Survey Tool results provided a range of staff direct-time spent delivering direct service per billable unit, categorized by minimum, median, and maximum. MQD provided direction on direct time selection per Home Health discipline based on subject matter expertise. See **Appendix C** for survey results. ▪ **Home Health Aide.** Direct service time reflects the median of Survey Tool results. ▪ **All other services.** Direct service time reflects the minimum reported values of the provider reported information.
Indirect time	Service-necessary planning, note taking and preparation time not limited to charting and documentation before and after the in-person visit.	Survey Tool results provided a range of staff indirect-time spent on service-necessary tasks before and after the in-person visit per a single billable unit, categorized by minimum, median, and maximum. The median of the Survey Tool results was selected for all Home Health services which varied by discipline type.
PTO and training time adjustment factor	Paid vacation, holiday, sick, training, non-productive, and conference time; also considers additional training time attributable to employee turnover.	Survey Tool results provided a range of data representing PTO and training hours per staff type. The data received categorized by minimum, median, and maximum. See **Appendix D** for detailed information. **PTO.** 120 hours (15 days) assumed PTO for all staff per MQD's direction, which is the median for Licensed Practical Nurse, and higher than the minimum reported via the Survey Tool for most staff types. **Training hours.** Survey Tool results reflected extreme anomalies across providers; therefore, results were excluded from our assumptions. 42 CFR Part 484[14] of federal guidelines on Home Health services and general understanding of service requirements informed the following assumptions. ▪ **Home Health Aide.** On-going training hours 55. New hire hours 75. ▪ **All other services.** On-going training hours 40. New hire hours 40. **Turnover rate.** Informed by feedback received during stakeholder meeting #2. ▪ **Home Health Aide, Licensed Practical Nurse, and Registered Nurse.** 35% ▪ **All other services.** 15%
Travel time	Travel time related to providing service in-person at service recipient's location.	Survey Tool results provided a range of staff travel-time per single billable unit for one-way trip categorized by minimum, median, and maximum. The median of the Survey Tool results was selected for all Home Health services.

[14] Code of Federal Regulations. Part 484 Home Health Services. Title 42 was last amended 1/01/2026. Accessed online from: https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-G/part-484

1.2 CLINICAL AND DIRECT CARE SERVICE STAFF HOURLY WAGE ASSUMPTIONS

The direct care staff hourly wage was developed using two methodologies summarized below. The selection of wage percentile and blending (averaging) of select percentiles, and the annual trend factor was informed by the emerging workforce-specific wage trend, stakeholder feedback, and MQD's intent to maintain a strong workforce in Medicaid to carry out Home Health services in today's inflationary and workforce shortage environment. **Figure 4** highlights themes related to wage levels from stakeholder feedback.

2025 Survey Tool Wage Analysis (Scenario 1). Home Health providers were asked via the Home Health Rate Study Survey Tool to report on the average hourly wage for employed Home Health staff as of October 1, 2025. Survey Tool wage data were compiled and analyzed for reasonableness and relevancy. The median wage was selected for comparison purposes for authorized Home Health staff to deliver these services. We then applied an annual trend factor of 3.5% to the median hourly wage reported, which resulted in an overall 2.6% increase in wages from October 2025 to July 2026.

BLS Wage Analysis (Scenario 2). We collected May 2024 wage data from the BLS for State of Hawai`i, published in April 2025 (the most recent BLS wage data available at the time of this report). We chose BLS wage data because it is publicly available, state-specific, updated on an annual basis, collected in a consistent and statistically credible manner, and provides the most detailed wage information which allows for wage assumptions to vary by wage percentile and by staff type. For all Home Health disciplines but one discipline, a BLS standard occupational classification (SOC) directly corresponds to the staff member providing the service (e.g., licensed practical nurse, registered nurse). The BLS does not publish a SOC that directly corresponds to a Home Health Aide. For the Home Health Aide, we used the average of relevant BLS SOCs wage data, informed by the in-home attendant wage SOC selection from Milliman's separate HCBS Phase I Rate Study Report.[15]

We developed wage levels and wage trending assumptions for purposes of payment rate development calculation using the following steps:

- Obtain the most recent BLS wage data (May 2024) by occupational codes for the State of Hawai`i.
- For each staff type, identify similar or identical BLS occupational categories and their related hourly wages relying on feedback received via MQD's CY 2025 Home Health Survey Tool and general understanding of the staff scope of work.
- Apply an annual trend factor of 3.5% to the base wage rates, which resulted in an overall 7.73% increase in BLS wages from May 2024 to July 2026.[16]
- Calculate the CY 2026 statewide hourly wage rate for each staff type using BLS data based on select percentiles that reflect appropriate wage allocation based on skills and expected work requirements for Home Health services.
    - All Home Health staff hourly wages assumed the 75th BLS wage percentile informed by MQD's CY 2025 Home Health Survey Tool median wage data, with the exception of Registered Nurses.
    - Registered Nurse staff hourly wage assumed to be the average of the 25th and 50th BLS wage percentiles. This was informed by MQD's CY 2025 Home Health Survey Tool median wage data for Registered Nurses, which is significantly less than the 75th percentile BLS wage. The selected nursing staff wage is 7.4% higher than the Survey Tool median wage.

Appendix E summarizes the wage assumptions underlying the rate model for each of the modeled rate scenarios. The model wage inputs were informed by both the BLS wage data, the Survey Tool results, stakeholder feedback, and input from MQD.

[15] Home and Community-Based Services (HCBS) Rate Study Report. Commissioned by the State of Hawai`i Med-QUEST Division. 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

[16] Federal Reserve Economic Data. (June 2023). Average Hourly Earnings of All Employees, Education and Health Services. Retrieved from: https://fred.stlouisfed.org/series/CES6500000003

2. EMPLOYEE RELATED EXPENSES (ERE)

This component captures the ERE expected to be incurred for staff types delivering Home Health services. ERE percentages were calculated based on the expected level of ERE as a percentage of staff salaries and wages. ERE expenses are calculated as the product of the assumed ERE percentage multiplied by the sum of wage expense incurred for the duration of the assumed service time per a given billable unit. The calculated ERE varies by staff type and service-related time per billable unit. ERE include:

- Employer entity's portion of payroll taxes, employee medical and other insurance benefits.
- Employer portion of retirement expenses incurred on behalf of staff types.

A significant portion of the ERE is driven by the cost of health insurance and retirement benefits the employer provides to its employees. MQD recommended a robust ERE to incentivize providers to offer benefits and to support the retention of a skilled workforce. **Figure 10** provides a summary of the employee-related assumptions and their related sources. Insurance and retirement costs were sourced from BLS data for the health care and social assistance[17] civilian worker classification.

FIGURE 10: EMPLOYEE RELATED EXPENSE ASSUMPTIONS

COMPONENTS	ASSUMPTIONS FOR CY2026	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	1.26% calculated as a percentage of wage and salaried and paid leave components from BLS	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 1, Civilian 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	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 2, Civilian Workers: Healthcare and social assistance occupational group. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf
Retirement Benefits	3.6% retirement cost as reported by BLS	Bureau of Labor Statistics. Employer Cost for Employee Compensation (ECEC) – June 2025. Table 2, Civilian Workers: Healthcare and social assistance occupational group. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf

The detailed calculations related to the ERE percentage are shown by staff type in **Appendix F.**

3. TRANSPORTATION EXPENSES

The transportation expense component of rate modeling is intended to capture the average out-of-pocket transportation costs for providers. For purposes of this rate modeling, this expense is included as the 2025 IRS $0.70[18] per mile reimbursement rate multiplied by mileage assumptions per beneficiary. Using the median of Survey Tool reported miles per one-way trip, which is 14 miles per billable unit, multiplied by the federal mileage rate for CY 2025 of $0.70 per mile to produce the total assumed transportation cost per billable unit. These assumptions are

[17] Bureau of Labor Statistics. (April 2025). May 2024 State Occupational Employment and Wage Estimates: Hawai'i. Retrieved from: https://www.bls.gov/oes/current/oes_hi.htm

[18] Standard Mileage Rates. IRS. January 2, 2025. Accessed online at: https://www.irs.gov/tax-professionals/standard-mileage-rates

consistent across Home Health disciplines. The travel time and mileage estimate calculation are in alignment with federal requirements[19], 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))*

4. ADMINISTRATION / PROGRAM SUPPORT / OVERHEAD

An adjustment to account for the cost of administration and program support expenses for providing Home Health services is built into each of the rate models. The assumption of 15% of the total expenses was used for all services and includes an assumed program support expenses in addition to administrative staff salaries and wages. The adjustment factor of 15% is a rounded value based on federal guidelines[20] per the minimis rate:

> *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).*

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 providing direct care services
- 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

The IRM administration, program support, and overhead adjustment considers each of these expenses and is applied as the percentage of the final rate that is allocated for these administrative activities. For detailed Scenario 1 and 2 rate buildup at the HCPCS level, please see **Appendix G.**

[19] Title 29, up to date as of October 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

[20] 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

MEDICARE RATE BENCHMARK (SCENARIO 3)

In Scenario 3, the 100% Medicare rate benchmarks are calculated using the national per-visit rates for each discipline using the CY 2026 Medicare Home Health PPS. To account for local labor costs, the labor portion of these rates is adjusted using the Hawai`i statewide wage index. Hawai`i's wage indices range from 1.0277 in Kahului-Wailuku to 1.1821 in Urban Honolulu, with the statewide wage index falling between these values. Given the statewide scope and nature of the services being analyzed, the statewide wage index was considered the most appropriate adjustment factor. The modeling of Medicare rate benchmark is based on the published Medicare rate for utilization below a set threshold by CMS (considered a low-volume scenario). We did not reprice claims under the Medicare Home Health PPS. Medicare Home Health PPS sets a standardized 30-day period payment rate if a period of care meets a certain threshold of home health visits. Additionally, CMS releases a wage index for each Core Based Statistical Area (CBSA), which states use to calculate Medicaid payments for patients based on their residential address zip code. **Figure 11** below provides step by step guidance on the Medicare benchmark calculation used in this Rate Study.

FIGURE 11: MEDICARE RATE BENCHMARKS APPROACH

1.	2.	3.
2026 MEDICARE HOME HEALTH NATIONAL PER-VISIT RATES	**WAGE INDEX ADJUSTMENT APPLIED TO LABOR PORTION**	**HAWAI`I MEDICARE RATE BENCHMARK**
▪ Extracted the CY 2026 Medicare Home Health PPS national per-visit rates by discipline. ▪ CMS splits the national rates into a labor-related portion (74.9%) and non-labor-related portion (25.1%).	▪ Multiplied the labor-related rate portion for each discipline by the CY 2026 Hawai`i statewide wage index of 1.1312.	▪ Summed the wage-adjusted labor portion and the non-labor portion for each discipline to determine the Medicare rate benchmark.

The CY 2026 Medicare Home Health PPS data sources relied upon are as follows:

- *CY 2026 Medicare Home Health Prospective Payment System national standard per visit rates:* "Table 16: Final CY 2026 Per-Visit Payment Amounts" published by CMS in the 12/02/2025 Federal Register.[21]
- *CY 2026 Medicare Home Health Prospective Payment System Hawai`i statewide wage index:* CMS' "1828-F - CY 2026 Final HH PPS Wage Index" per the file "cy-2026-final-hh-pps-wage-index.zip" downloaded from CMS website on December 3, 2025.[22]

For the Scenario 3 Medicare rate benchmark build-up by discipline, see **Appendix A**. Since CMS publishes Home Health Medicare rates at the discipline level, the Scenario 3 Medicare rate benchmarks are not specific to each HCPCS.

MEDICAID UTILIZATION

The estimated payments under each modeled comparison rate scenario were calculated by multiplying modeled rates by the service units in the CY 2024 Medicaid managed care encounter and FFS claims data. Managed care encounter data was originally received from the MCOs in CY 2025 via separate special feeds data extracts. We compared modeled comparison rate payments to CY 2024 baselines payments as follows:

- **Managed Care Encounter Data:**
  - We summed the reported MCO paid amounts and paid units in the CY 2024 Medicaid Managed Care encounter data for Home Health services for the HCPCS included in this rate study. Kaiser data was excluded from this analysis, similar to the approach for setting capitation rates.
  - Services with $0 reported paid amounts with positive unit values were excluded from the estimated payment impact calculation.
  - Average payment per unit based on the sum of reported payments divided by sum of paid units, by HCPCS.

[21] https://www.federalregister.gov/d/2025-21767/page-55408

[22] https://www.cms.gov/files/zip/cy-2026-final-hh-pps-wage-index.zip

    - Modeled payments under each rate scenario based on modeled rates multiplied by sum of paid units, by HCPCS.
- **FFS Claims Data:**
    - We summed up the total amount paid and billed visits in the CY 2024 MMIS FFS report provided by MQD.
    - Denied claims were from the estimated payment impact calculation. Remaining FFS claims included in the estimated payment calculation consisted solely of physical therapy home health discipline services.
    - Average payment per unit based on the sum of reported payments divided by sum of paid units, by HCPCS.
    - Modeled payments under each rate scenario based on modeled rates multiplied by sum of paid units, by HCPCS.

NON-FEDERAL SHARE

The estimated non-federal share of payment increases under each scenario for **Managed Care** covered services is based on a blended federal match rate of 70.00%, assuming 90.00%[23] for the expansion population and 59.68%[24] for the non-expansion population. The 70.00% blended federal match rate is weighted based upon an analysis of CY 2024 managed care payments between the expansion population and non-expansion population, rounded to nearest 10*th* percentile. The estimated non-federal share of payment increases under each scenario for **FFS** is based on an assumed 59.68% federal match rate for the non-expansion population.

[23] Medicaid's Federal Medical Assistance Percentage (FMAP). Congressional Research Service. April 2, 2025. Accessed online on January 24, 2026 from: https://www.congress.gov/crs_external_products/R/PDF/R43847/R43847.13.pdf

[24] Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier. KFF. 2025. Accessed on January 20, 2026 from: https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/?currentTimeframe=0&sortModel=%7B%22colId%22:%22FMAP%20Percentage%22,%22sort%22:%22desc%22%7D

Caveats and Limitations

The information contained in this report is prepared for the State of Hawai`i Med-QUEST Division's (MQD's) internal review. This report should not be used for any other purpose. We understand that MQD will share this report with the Hawai`i State Legislature and Home Health Stakeholders and other third parties.

Milliman makes no representations or warranties regarding the contents of this report to third parties. Similarly, third parties are instructed that they are to place no reliance upon this 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 and the Hawai`i state legislature.

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

In preparing this report, 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, Centers of Medicare & Medicaid Services data, MQD Medicaid Management Information System, and Home Health Survey Tool 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 report must rely upon their own experts in drawing conclusions about the content of this material. Third-party recipients who are receiving this report at the request of MQD may not use this information for any purpose except in direct support of MQD.

This report 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.

Milliman

Milliman is an independent consulting, benefits and technology firm. Our expert guidance and advanced analytical solutions empower leading insurers, healthcare companies and employers to protect the health and financial well-being of people everywhere. Every day, in countries across the globe, we collaborate with clients to improve healthcare systems, manage risk, and advance financial security, so millions of people can live for today and plan for tomorrow with greater confidence.

milliman.com

CONTACT

Ben Mori
ben.mori@milliman.com

Dennis Finnegan
dennis.finnegan@milliman.com

Dalal Al Battati
dalal.albattati@milliman.com

© 2026 Milliman, Inc. All Rights Reserved. The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.

Appendix A

Home Health Comparison Rates Scenario

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix A.1: Comparison Rates - Scenario 1: Provider Survey Median Wages

Procedure Code and Modifier	Service Description	Direct Service Employee Salaries & Wages	Service Employee Salaries & Wages	Employee Related Expenses	Transportation & Fleet Vehicle Expenses	Administration, Program Support & Overhead	Total Rate
G0299-U6	Home health RN, skilled nursing services	$47.31	$77.80	$28.51	$9.80	$27.11	$190.52
G0493-U6	Home health RN, observation and assessment	$63.08	$94.62	$35.93	$9.80	$34.17	$237.60
G0300-U6	Home health LPN, skilled nursing services	$31.10	$51.14	$23.15	$9.80	$18.60	$133.79
G0151-U6	Home health physical therapist	$57.37	$78.23	$30.95	$9.80	$29.39	$205.75
G0157-U6	Home health physical therapist assistant	$32.24	$45.86	$21.50	$9.80	$17.58	$126.97
G0153-U6	Home health speech-language pathologist	$49.93	$85.43	$30.06	$9.80	$29.19	$204.40
G0152-U6	Home health occupational therapist	$51.11	$79.73	$30.14	$9.80	$28.41	$199.18
G0158-U6	Home health occupational therapist assistant	$29.72	$36.33	$19.02	$9.80	$15.01	$109.88
G0156-U6	Home health aide	$29.53	$19.69	$16.80	$9.80	$11.65	$87.47

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix A.2: Comparison Rates - Scenario 2: BLS 75th Percentile Wages for all but RN (25th|50th)

Procedure Code and Modifier	Service Description	Direct Service Employee Salaries & Wages	Service Employee Salaries & Wages	Employee Related Expenses	Transportation & Fleet Vehicle Expenses	Administration, Program Support & Overhead	Total Rate
G0299-U6	Home health RN, skilled nursing services	$50.83	$83.59	$29.67	$9.80	$28.96	$202.85
G0493-U6	Home health RN, observation and assessment	$67.77	$101.66	$37.40	$9.80	$36.50	$253.13
G0300-U6	Home health LPN, skilled nursing services	$30.88	$50.78	$23.07	$9.80	$18.48	$133.01
G0151-U6	Home health physical therapist	$59.24	$80.78	$31.50	$9.80	$30.27	$211.60
G0157-U6	Home health physical therapist assistant	$29.71	$42.25	$20.73	$9.80	$16.36	$118.84
G0153-U6	Home health speech-language pathologist	$47.69	$81.60	$29.30	$9.80	$27.99	$196.38
G0152-U6	Home health occupational therapist	$50.41	$78.64	$29.92	$9.80	$28.05	$196.82
G0158-U6	Home health occupational therapist assistant	$31.21	$38.14	$19.43	$9.80	$15.67	$114.25
G0156-U6	Home health aide	$28.15	$18.77	$16.38	$9.80	$11.17	$84.26

State of Hawai`i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix A.3: Detailed Medicare Home Health Discipline Rate Calculation for Calendar Year 2026

		CY 2026				
		CMS Home Health Per-Visit Rates			Hawai`i Wage Index Applied to labor portion (column B)	Hawai'i Medicare Per-Visit Rates
Rev Code	Home Health Discipline	Payment Amount	Labor Portion of Payment Amount	Non-labor Portion of Payment Amount	Statewide	Statewide Payment Amount
		A	B = A * 74.9%	C = A * 25.1%	D	E = B * D + C
55x	Skilled Nursing	$176.96	$132.54	$44.42	1.1312	$194.35
42x	Physical Therapy	$193.42	$144.87	$48.55	1.1312	$212.43
44x	Speech Therapy	$210.25	$157.48	$52.77	1.1312	$230.91
43x	Occupational Therapy	$194.74	$145.86	$48.88	1.1312	$213.88
57x	Home Health Aide	$80.12	$60.01	$20.11	1.1312	$87.99

Appendix B

Home Health Services Fiscal Impact Estimate

State of Hawai`i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix B: Home Health Services Fiscal Impact Estimates for Calendar Year 2026

CY 2024 Managed Care Data Home Health Services Utilization				Scenario 1 Composite IRM Rate Provider Survey Median Hourly Wage			Scenario 2 Composite IRM Rate BLS 75th Percentile Hourly Wage for all but RN (25th|50th)			Scenario 3 Medicare Rate 100% of Medicare - Hawai`i Statewide Wage Index		
Home Health Discipline	Sum of Paid	Sum of Paid Units	Average Paid per Unit	Composite Modeled Rate	Estimated Rate Change %	Estimated Fiscal Impact	Composite Modeled Rate	Estimated Rate Change %	Estimated Fiscal Impact	Modeled Rate	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	J	K = J / C - 1	L = J * B - A
Skilled Nursing	$854,110	4,953	$172.44	$187.41	8.7%	$74,139	$198.99	15.4%	$131,498	$194.35	12.7%	$108,505
Physical Therapy	$996,587	5,340	$186.63	$187.44	0.4%	$4,352	$190.04	1.8%	$18,242	$212.43	13.8%	$137,789
Speech Therapy	$59,929	305	$196.49	$204.40	4.0%	$2,413	$196.38	-0.1%	($33)	$230.91	17.5%	$10,499
Occupational Therapy	$369,674	2,015	$183.46	$187.13	2.0%	$7,384	$185.67	1.2%	$4,460	$213.88	16.6%	$61,295
Home Health Aide	$29,680	378	$78.52	$87.47	11.4%	$3,384	$84.26	7.3%	$2,170	$87.99	12.1%	$3,580
Total	**$2,309,980**	**12,991**				**$91,672**			**$156,336**			**$321,668**

Appendix C

Direct and Indirect Time Provider Survey Data

State of Hawai'i Department of Human Services Med-QUEST Division Home Health Rate Study Appendix C: Direct and Indirect Time Provider Survey Data						
	Direct Service Time (minutes)			Indirect Service Time (minutes)		
Home Health Service Type	Min	Median	Max	Min	Median	Max
Home health RN, skilled nursing services	45	59	60	38	74	130
Home health RN, observation and assessment	60	60	120	40	86	153
Home health LPN, skilled nursing services	45	59	60	38	74	130
Home health physical therapist	55	60	90	40	72	110
Home health physical therapist assistant	45	53	60	20	63	95
Home health speech-language pathologist	45	60	75	40	77	120
Home health occupational therapist	50	59	60	34	78	100
Home health occupational therapist assistant	45	55	60	20	55	100
Home health aide	40	60	90	19	40	115

Note: the indirect service time includes travel time.

Appendix D

PTO and Training Time Adjustment Factor

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix D: PTO, Training Time, and Non-Productive Time Factor by Provider Group

	A	B	C	D	E	F	G	H	I	J
Provider Group	Total Hours	Paid Holidays and PTO per year	On-going training/ conference time hours per year	Total	Training hours/inefficient 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 / conference time adjustment factor
				B + C			E * F	D + G	A - H	A / I - 1
Home Health Aide	2,080	120	55	175	75	35%	26	201	1,879	**10.7%**
Licensed Practical Nurse	2,080	120	40	160	40	35%	14	174	1,906	**9.1%**
Registered Nurse	2,080	120	40	160	40	35%	14	174	1,906	**9.1%**
Occupational Therapist	2,080	120	40	160	40	15%	6	166	1,914	**8.7%**
Occupational Therapy Assistant	2,080	120	40	160	40	15%	6	166	1,914	**8.7%**
Physical Therapist	2,080	120	40	160	40	15%	6	166	1,914	**8.7%**
Physical Therapist Assistant	2,080	120	40	160	40	15%	6	166	1,914	**8.7%**
Speech Therapist	2,080	120	40	160	40	15%	6	166	1,914	**8.7%**

Appendix E

Staff Types and Wages

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix E: Wages by Provider Type Trended to July 2026

Provider Grouping	Home Health Provider Survey (Scenario 1 Wages)	BLS Wages (Scenario 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	$38.00	$30.69	$32.33	$33.96	$37.73
Registered Nurse	$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

Appendix F

Employee Related Expenses

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix F.1: Employee Related Expenses - Scenario 1: Provider Survey Median Wages

	A	B	C	D	E	F	G	H	I	J	K	L
Provider Group	Direct Care Wages	Annual Employee Salary	Medicare	Social Security	FUTA	SUI	Workers Comp	Insurance	Retirement	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes	Trended from 10/1/2025 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 * 1.26%	Trending based on Milliman Medical Index	B * 3.6%	Sum of C through I	J / B	B * (1 + K)
Home Health Aide	$26.68	$55,489	$805	$3,440	$420	$3,107	$699	$8,463	$1,998	**$18,932**	**34.1%**	**$74,421**
Licensed Practical Nurse	$38.00	$79,039	$1,146	$4,900	$420	$3,472	$996	$8,463	$2,845	**$22,243**	**28.1%**	**$101,282**
Registered Nurse	$57.80	$120,229	$1,743	$7,454	$420	$3,472	$1,515	$8,463	$4,328	**$27,396**	**22.8%**	**$147,625**
Occupational Therapist	$56.43	$117,380	$1,702	$7,278	$420	$3,472	$1,479	$8,463	$4,226	**$27,039**	**23.0%**	**$144,419**
Occupational Therapy Assistant	$36.47	$75,849	$1,100	$4,703	$420	$3,472	$956	$8,463	$2,731	**$21,844**	**28.8%**	**$97,693**
Physical Therapist	$57.59	$119,791	$1,737	$7,427	$420	$3,472	$1,509	$8,463	$4,312	**$27,341**	**22.8%**	**$147,132**
Physical Therapist Assistant	$39.56	$82,283	$1,193	$5,102	$420	$3,472	$1,037	$8,463	$2,962	**$22,649**	**27.5%**	**$104,932**
Speech Therapist	$61.25	$127,410	$1,847	$7,899	$420	$3,472	$1,605	$8,463	$4,587	**$28,294**	**22.2%**	**$155,705**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study
Appendix F.2: Employee Related Expenses - Scenario 2: BLS 75th Percentile Wages for all but RN (25th|50th)

	A	B	C	D	E	F	G	H	I	J	K	L
Provider Group	Direct Care Wages	Annual Employee Salary	Medicare	Social Security	FUTA	SUI	Workers Comp	Insurance	Retirement	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes	Trended from 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 * 1.26%	Trending based on Milliman Medical Index	B * 3.6%	Sum of C through I	J / B	B * (1 + K)
Home Health Aide	$25.43	$52,885	$767	$3,279	$420	$2,962	$666	$8,463	$1,904	**$18,461**	**34.9%**	**$71,345**
Licensed Practical Nurse	$37.73	$78,476	$1,138	$4,865	$420	$3,472	$989	$8,463	$2,825	**$22,173**	**28.3%**	**$100,648**
Registered Nurse	$62.10	$129,176	$1,873	$8,009	$420	$3,472	$1,628	$8,463	$4,650	**$28,515**	**22.1%**	**$157,691**
Occupational Therapist	$55.67	$115,786	$1,679	$7,179	$420	$3,472	$1,459	$8,463	$4,168	**$26,840**	**23.2%**	**$142,626**
Occupational Therapy Assistant	$38.29	$79,641	$1,155	$4,938	$420	$3,472	$1,003	$8,463	$2,867	**$22,318**	**28.0%**	**$101,959**
Physical Therapist	$59.47	$123,697	$1,794	$7,669	$420	$3,472	$1,559	$8,463	$4,453	**$27,830**	**22.5%**	**$151,526**
Physical Therapist Assistant	$36.45	$75,809	$1,099	$4,700	$420	$3,472	$955	$8,463	$2,729	**$21,839**	**28.8%**	**$97,648**
Speech Therapist	$58.51	$121,702	$1,765	$7,546	$420	$3,472	$1,533	$8,463	$4,381	**$27,580**	**22.7%**	**$149,282**

Appendix G

Detailed Independent Rate Model

Home Health Service Rate Calculations

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0299
Service Category: Skilled Nursing_RN
Service Description: Home health RN, skilled nursing services
Reporting Units: per visit

Ref.	Description	Scenario 1 Registered Nurse	Scenario 2 Registered Nurse	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	22.8%	22.1%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 28.51**	**$ 29.67**	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**	**$ 27.11**	**$ 28.96**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 190.52**	**$ 202.85**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0493
Service Category: Skilled Nursing_RN_assessment
Service Description: Home health RN, observation and assessment
Reporting Units: per visit

Ref.	Description	Scenario 1 Registered Nurse	Scenario 2 Registered Nurse	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	22.8%	22.1%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 35.93**	**$ 37.40**	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**	**$ 34.17**	**$ 36.50**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 237.60**	**$ 253.13**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0300
Service Category: Skilled Nursing_LPN
Service Description: Home health LPN, skilled nursing services
Reporting Units: per visit

Ref.	Description	Scenario 1 Licensed Practical Nurse	Scenario 2 Licensed Practical Nurse	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%	28.3%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 23.15**	**$ 23.07**	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**	**$ 18.60**	**$ 18.48**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 133.79**	**$ 133.01**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0151
Service Category: Physical Therapy
Service Description: Home health physical therapist
Reporting Units: per visit

Ref.	Description	Scenario 1 Physical Therapist	Scenario 2 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%	22.5%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 30.95**	**$ 31.50**	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**	**$ 29.39**	**$ 30.27**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 205.75**	**$ 211.60**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0157
Service Category: Physical Therapy_assisstant
Service Description: Home health physical therapist assistant
Reporting Units: per visit

Ref.	Description	Scenario 1 Physical Therapist Assistant	Scenario 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**	**$ 21.50**	**$ 20.73**	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**	**$ 17.58**	**$ 16.36**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 126.97**	**$ 118.84**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0153
Service Category: Speech Therapy
Service Description: Home health speech-language pathologist
Reporting Units: per visit

Ref.	Description	Scenario 1 Speech Therapist	Scenario 2 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%	22.7%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 30.06**	**$ 29.30**	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**	**$ 29.19**	**$ 27.99**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 204.40**	**$ 196.38**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0152
Service Category: Occupational Therapy
Service Description: Home health occupational therapist
Reporting Units: per visit

Ref.	Description	Scenario 1 Occupational Therapist	Scenario 2 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%	23.2%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 30.14**	**$ 29.92**	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**	**$ 28.41**	**$ 28.05**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 199.18**	**$ 196.82**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0158
Service Category: Occupational Therapy_assistant
Service Description: Home health occupational therapist assistant
Reporting Units: per visit

Ref.	Description	Scenario 1 Occupational Therapy Assistant	Scenario 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	28.8%	28.0%	Based on separate ERE build
K	**Total ERE expense per unit**	**$ 19.02**	**$ 19.43**	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**	**$ 15.01**	**$ 15.67**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 109.88**	**$ 114.25**	**Q = I + J + P**

State of Hawai'i
Department of Human Services
Med-QUEST Division
Home Health Rate Study

Service Information

Service Code: G0156
Service Category: Home Health Aide
Service Description: Home health aide
Reporting Units: per visit

Ref.	Description	Scenario 1 Home Health Aide	Scenario 2 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**	**$ 16.80**	**$ 16.38**	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**	**$ 11.17**	P = O * (I + K) / (1 - O)
Q	**Rate per visit**	**$ 87.47**	**$ 84.26**	**Q = I + J + P**