

Home Health Rate Study Kick-off Meeting

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

October 22, 2025



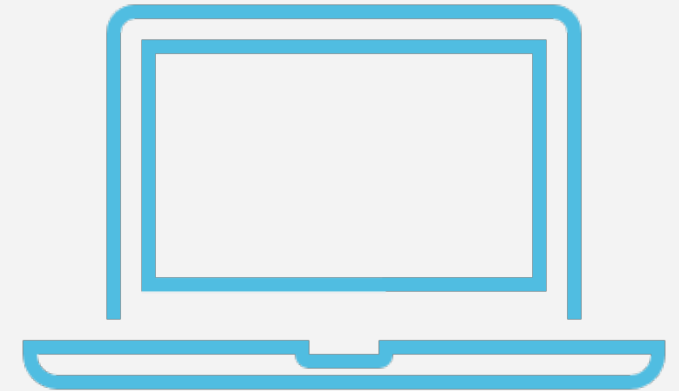
Aloha

All participants are in listen only mode

Please use the chat function to submit any questions

We will address questions in between sections and at the end of the meeting

This meeting is being recorded, and a link to the recording will be posted to the project website (<https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>)



Agenda

- **Project Overview and Background**
- **Overview of Home Health Services Included in the Rate Study**
- **Overview of the Independent Rate Model**
- **Review of Survey Tool**
- **Project Next Steps**



Project Overview and Background

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.

Prior Legislative Funding Increases in Response to Rate Studies

HCBS Phase I Rate Study

- Milliman completed in **December 2022**
- State legislature approved recurring funding increase in 2024, effective **2025 and beyond** for select HCBS, inclusive of residential services (CCFFHs and E-ARCHs)
- In 2025, the State legislature approved a recurring funding increase **for 2026 and beyond** for select HCBS, inclusive of in-home services (e.g., nursing services and personal assistance)

HCBS Phase II Rate Study

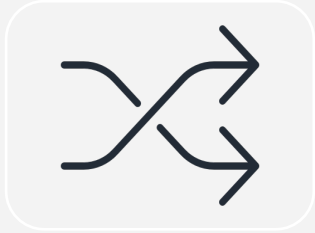
- Milliman completed in **January 2024**
- State legislature approved recurring funding increase in 2024, effective **2025 and beyond** for select HCBS, inclusive of adult day services

ABA Rate Study

- Milliman completed **end of 2023**
- Legislature approved one time funding increase in Spring 2024, effective 2025
- Legislature approved reoccurring funding increase in Spring 2025, effective 2026 and beyond

While each of these rate studies resulted in funding increases from the Legislature, the funding appropriation timeline varied significantly across services, and not all services included in the rate studies received funding increases.

Home Health Rate Study Goals



Alignment and Transparency

Bring continuity and alignment across the rate methodologies and rates in each program, providing a consistent framework



Adaptability

Future payment rate updates and modification efforts are streamlined



Sustainability

Facilitate adequate participant access to services



Promote Person Centeredness

Support participant access to person-centered services and drives healthy outcomes for all program participants

Home Health Rate Study Approach

Stakeholder Engagement	Data Collection Tool	Rates Benchmarks	Independent Rate Model	Rate Report
Engagement with current Medicaid Home Health Services providers via virtual stakeholder meetings	Release of a data collection tool to capture information related to costs incurred delivering Home Health Services, including staff wages and service delivery costs	Comparison of other payors' Home Health service payments, including Medicare and TriCare, and other select states' Medicaid rates	Utilization of the Independent Rate Model Framework to support the rate development of Home Health services under review	Development of a Rate Study Report that details the project approach and key findings

Proposed Project Timeline

All-Provider Stakeholder Meetings provide an opportunity for stakeholders to review the status of the work to date and provide feedback on important aspects of the project such as:

- Key payment rate assumptions and payment rates (e.g., wage levels and staffing)
 - Implementation considerations
 - Provide subject matter expertise regarding service delivery and related costs for individual services
- Provide feedback from the perspective of their organization and other organizations across the state providing similar services

Provider survey administration process:

- Providers to submit completed surveys within 14 days from release date
- Providers to communicate questions related to the data request and submission of the survey tool via email
- Milliman to share summarized results of the survey upon finalization of the data analysis

Task	October	November	December
Conduct stakeholder engagement			
Virtual stakeholder meetings	<i>Today</i>	TBD	TBD
Provider survey	<i>Survey development / administration and data analysis</i>		
Develop comparison payment rates			
Develop rate report			

Overview of Home Health Services Included in the Rate Study

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. <i>Services exceeding these parameters shall be prior authorized by the medical consultant or it's authorized representative.</i>
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. <i>Physicians that provide direction/supervision of others in the clinic assume professional responsibility for the care of the patients.</i>

Notes:

- Billable Unit: per visit**
- Medical supplies, equipment, and appliances are out of the rate study scope**

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>

Home Health Services

Nursing - RN	Nursing - LPN	Physical Therapy	Speech Therapy	Occupational Therapy	Home Health Aide	Respiratory Therapy
G0299: Home health RN, skilled nursing services G0493: Home health RN, observation and assessment G0495: Home health RN, training and/or education	G0300: Home health LPN, skilled nursing services G0494: Home health LPN, observation and assessment G0496: Home health LPN, training and/or education	G0151: Home health physical therapist G0157: Home health physical therapist assistant G0159: Home health physical therapist, establishment/delivery of maintenance program S9131: Physical therapy in the home	G0153: Home health speech-language pathologist G0161: Home health speech-language pathologist, establishment/delivery of maintenance program S9128: Speech therapy in the home	G0152: Home health occupational therapist G0158: Home health occupational therapist assistant G0160: Home health occupational therapist, establishment/delivery of maintenance program S9129: Occupational therapy in the home	G0156: Home health aide	S5180: Home health respiratory therapy, initial evaluation S5181: Home health respiratory therapy

Questions for discussion:

- **Services in blue font:** to what extent does your organization provide these services?
- **Services in red font:** what is your organization experience with these services?

Source: Home Health Agency (HHA) Services HCPCS Code List for EVV. Med-QUEST. N.d. Retrieved from: https://medquest.hawaii.gov/content/dam/formsanddocuments/resources/Provider-Resources/electronic-visit-verification/QI_2125_EVV_Service_Codes_and_Modifiers_Attachment.pdf

Overview of Independent Rate Model

Independent Rate Model Framework

Overview



Ground-up approach

- Rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service



Commonly applied method for rate determination for Medicaid-select services

- Many states employ independent rate model approach
- One acceptable method based on CMS guidance



Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates payment rate updates and modification efforts
- Facilitates comparison of actual costs of providing services
- Developed independently from actual costs incurred – not tied to historical costs

Independent Rate Model Framework

Overview

1



Direct Care Worker and Supervisor Salary and Wages

- Wages
- Direct and indirect time
- Supervisor time
- Paid time off and training
- Ratio of staff to persons served

2



Employee Related Expenses (ERE)

- Employee related taxes and fees
- Employee benefits, such as health insurance and retirement contributions

3



Transportation and Fleet Vehicle Expenses

- Mileage paid to employees for use of own vehicle
- Expenses related to ownership maintenance and operation of vehicles

4



Administrative, Program Support, and Overhead

- All other operating expenses



Unit Service Benchmark Rate

Independent Rate Model Framework

Potential Independent Rate Model Data Sources



Publicly available information

Including, but not limited to:

- Wage and employee benefit information from Bureau of Labor Statistics (BLS)
- Consumer Price Index (CPI)
- State-specific wage and labor force projections



State and stakeholder guidance

Reflecting the state and stakeholders' understanding of how the services are provided



Provider survey

Informs independent rate model assumptions (e.g., wages and administrative costs):

- Milliman home health survey to collect staffing patterns and cost data



Service requirements

Regulations and program descriptions as required by CMS in the waiver approval documents and as further developed by MQD

Live Review of Survey Tool

Project Next Steps

Project Materials and Next Steps

Materials for Home Health Rate Study will be posted to the MQD project webpage:

- <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html>

Next Steps:

- Hold upcoming stakeholder meetings (communication will be at a later date)
- Develop benchmark comparison rate calculations

For feedback or inquiries, please email us at HI.MQD.RateStudy@milliman.com

Questions?

Limitations

The information contained in this presentation has been prepared for the State of Hawai'i Med-QUEST Division (MQD) and is subject to the terms of Milliman's contract with MQD.

We understand this presentation will be shared by MQD with Hawai'i Medicaid Home Health stakeholders for discussion purposes. This presentation may not be provided to other third parties without Milliman's prior written consent. To the extent that the information contained in this presentation is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of this information must possess a certain level of expertise in health care modeling that will allow appropriate use of the information presented.

This presentation may not be provided to other third parties without Milliman's prior written consent. To the extent that the information contained in this presentation is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of this information must possess a certain level of expertise in health care modeling that will allow appropriate use of the information presented.

In preparing this presentation, we relied on information developed by and MQD. We accepted this information without audit but reviewed the information for general reasonableness. Our results and conclusions may not be appropriate if this information is not accurate.

Milliman makes no representations or warranties regarding the contents of this presentation 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.



Thank you

Ben Mori, Principal and Senior Healthcare Consultant

Ben.Mori@milliman.com

Dennis Finnegan, Senior Healthcare Consultant

Dennis.Finnegan@milliman.com

Dalal Al Battati, Healthcare Consultant

Dalal.Albattati@milliman.com