



The Honorable Representative Kyle Yamashita, Chair  
The Honorable Representative Jenna Takenouchi, Vice Chair  
House Committee on Finance  
February 24, 2025

**Testimony in Support of HB 702**

Dear Chairman Yamashita and Members of the Committee --

The Hawaii Chapter of the Home Care Association of America (HI-HCAOA), the leading trade association representing home care agencies across the country, appreciates the opportunity to express its robust support of HB 702, which appropriates funds to increase funding for Medicaid in-home services. We applaud the legislature for taking up this critical issue and are grateful to the Department of Human Services for the work they've done to address persisting access-to-care challenges.

While the need for in-home care continues to grow with the increase in our aging population, providers are struggling now more than ever to recruit the workforce they need to meet the demand for care. It is the overwhelming preference of seniors and those living with disabilities to receive the care they need in their homes. In-home care keeps Hawaii's kupuna an integrated part of their communities where they want to be at an overwhelming cost-savings to the state.

Despite the value of in-home care, investment in the Medicaid reimbursement rate has remained largely stagnant as the costs of providing care have continued to skyrocket. With the reimbursement rate, home care providers must pay competitive wages, provide statutory health insurance, and offer benefits such as transportation costs and paid time off, bonuses, retirement and other benefits on par with the hospitals and facilities who are competing for the same scarce nurse aide resources. With the great shortage of caregivers, a significant amount is also paid for caregivers to work overtime just to be able to staff the demand for care.

Licensed home care providers also play a critical role in overseeing the quality of in-home caregiving services by providing mandatory training for caregivers, regular supervision for their work in the homes, and provide secure and HIPAA compliant technology for communication and to comply with Electronic Visit Verification requirements, conduct background checks, fingerprinting, health screenings, provide personal protective equipment and other infection control measures, and more. Additionally, the administrative costs continue to rise for employers for payroll taxes, workers compensation, unemployment insurance, and qualified staff to support caregivers in the field with scheduling, troubleshooting and clinical guidance when needed to handle complex daily wellness issues for seniors with dementia and chronic conditions that help to keep them healthy at home.

At the current rates, it is simply not possible for providers to recruit and retain a qualified workforce. Many providers choose not to provide Medicaid as it is not sustainable service line, and without meaningful investment in these programs, current providers will struggle to continue to serve Medicaid clients, may choose to no longer be providers for Medicaid and new providers are not attracted to become providers for Medicaid. .



As HB 702 articulates, the Milliman rate study conducted illustrated a sizable wage gap for direct care workers and a significant need to increase these rates to stabilize access to care. **HCAOA is in complete agreement with HB 702 that, given that the data in the rate study is five years old and that costs have continued to dramatically rise throughout this time, the rate study must be funded at the high scenario modeled in the Milliman study is necessary to meaningfully address the significant wage pressures felt by in-home services providers and improve access to care for Medicaid clients who desperately need it.**

We and our members are happy to be a resource to this committee. Thank you for the opportunity to testify.

Respectfully,

A handwritten signature in black ink, appearing to read "Jason Lee".

Jason Lee, CEO  
Home Care Association of America