

HB2581

HD1

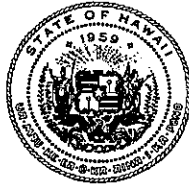
Measure Title:
RELATING TO LONG-TERM CARE FACILITIES.

Report Title:
Home & Community Based Services Care Home & Long-Term Care Home Facilities;
Repair Loan Guarantee.

Description:
Creates a home and community based services care home and long-term care home
facility repair and renovation loan guarantee office to administer a program to guarantee
loans to owners of homes or facilities to be repaired or renovated. Appropriates funds.
(HB2581 HD1)

I
ntroducer(s):
CARROLL, BERTRAM, CHANG, MAGAOAY, MARUMOTO, MCKELVEY,
SHIMABUKURO, TSUJI, YAMASHITA, Souki

Current Referral:
HSP/HTH, WAM



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
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In reply, please refer to:
File:

Senate Committee on Health

Senate Committee on Human Services and Public Housing

HB 2581, HD 1, RELATING TO LONG-TERM CARE FACILITIES

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

**March 14, 2008
1:15 p.m.**

1 **Department's Position:** The Department of Health cannot support this bill as written. We believe
2 there are multiple problems with this bill as drafted.

3 **Fiscal Implications:** The bill creates a loan guarantee revolving fund in the state treasury and
4 appropriates an unspecified amount of general funds.

5 **Purpose and Justification:** Section 1 of this measure amends Chapter 321, Hawaii Revised Statutes, to
6 have the Department of Health (DOH) review construction plans of "home and community based
7 services care homes and long-term care home facilities" to determine if these entities' proposed repairs
8 or alterations meet DOH licensing standards. In section 2, the "Definitions" group together homes and
9 facilities that are under the jurisdiction of two separate state departments: the Department of Human
10 Services (DHS) and the Department of Health. DOH licenses (1) Type I and Type II Adult Residential
11 Care Homes (ARCH); (2) Expanded ARCHs; (3) Assisted Living Facilities; (4) Developmental
12 Disabilities Domiciliary Homes; and, (5) Nursing homes. DOH does not license Community Care
13 Foster Family Homes, which are certified by and under the jurisdiction of DHS, or Adult Foster Homes.

1 As to the DOH's review of repair and renovation plans for ARCHs, the department already
2 performs this function. Hawaii Administrative Rules (HAR) Title 11, Chapter 100.1-23(q)(1) states:
3 "Drawings and specifications for all new construction or additions, alterations or repairs to existing
4 buildings shall be submitted to the department for review prior to construction" Chapter 100.1-23(q)(2)
5 goes on to say: "**While final authority to approve the construction and fire safety features of such**
6 **building rests with county agencies and fire marshals**, if construction drawings and specifications are
7 submitted to the department, the department shall promptly review such submittals and make every
8 effort **to advise the applicant** of features which appear nonconforming; . . ." Despite the fact that this
9 review language does not appear in all Office of Health Care Assurance administrative rules, DOH
10 provides this courtesy review, when requested, to all settings **licensed** by the Department of Health.

11 After review of such plans, and if they meet the criteria of current **licensing standards**, DOH
12 issues a letter to that effect. **All providers must obtain the appropriate county building permits and**
13 **comply with current county building, land use, fire codes and ordinances before beginning**
14 **construction or alterations.**

15 While we understand the intent of this measure, we must oppose it as written.

16 Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
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March 14, 2008

MEMORANDUM

TO: Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Public Housing

Honorable David Y. Ige, Chair
Senate Committee on Health

FROM: Lillian B. Koller, Director

SUBJECT: H.B. 2581, H.D.1, - RELATING TO LONG-TERM CARE
FACILITIES

Hearing: Friday, March 14, 2008, 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to create a home and community based services care home and long-term care home facility repair and renovation loan guarantee office in the Department of Human Services to administer a program to guarantee loans to owners of homes or facilities to be repaired or renovated and appropriate funds.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) cannot support this bill as written. This bill will create a continuous financial obligation of the State to provide repair and renovation loans as well as create a new revolving fund and the need to provide staffing for the proposed "home and community based services care home and long-term care home facility repair

AN EQUAL OPPORTUNITY AGENCY

and renovation loan guarantee office". Also, this bill, as written, would obligate the Department of Human Services to provide loans to facilities that are deemed eligible by the Department of Health.

In lieu of this bill, we recommend that the language of this bill be amended by replacing its contents with the language of H.B. 3130 which would provide grants, instead of loans, to operators of community care foster family homes to assist with home upgrades.

Under the proposed grant program in H.B. 3130, grants would be offered for one year, for a maximum of \$25,000 per recipient, to assist community care foster family homes (CCFFHs) to make home upgrades that will increase the capacity for cost-effective home and community-based services for elderly and/or disabled Medicaid clients. This bill will incentivize providers to serve more Medicaid clients.

This is one in a series of initiatives that DHS has initiated to facilitate the placement of Medicaid recipients who are either "wait-listed" in hospitals for nursing home level of care placements, or are residing in nursing homes and desirous of returning to the community.

Our first initiative, the "Going Home" program, has moved over 830 "wait-listed" clients from acute hospital settings statewide to alternative residential care in CCFFHs and Expanded Adult Residential Care Homes. This program saves \$78,475 per

year, per client. Currently, there are 149 clients in the "Going Home" program.

Our second initiative was to increase recruitment of Community Care Foster Family Homes (CCFFH). Since September 2005, there has been a 35% increase in the number of CCFFHs. There are currently 795 certified CCFFHs. Thus capacity for this service continues to increase.

Our third initiative was to recommend to the Legislature that CCFFHs be offered the same opportunity at the discretion of the Department to provide care to a third nursing home level of care client, as the Department of Health can do with its Expanded Adult Residential Care Homes. Effective July 1, 2007, the section 346-331, Hawaii Revised Statutes (HRS), governing CCFFHs was amended by the Legislature to allow an increase for a third Medicaid client to reside in CCFFHs at the discretion of the department. This amendment was a major step forward in further expanding long-term care capacity which provides more placement choices and saves State revenues in Medicaid.

The proposed grant program in H.B. 3130 will build on these other initiatives. It will assist with the capital investment required to make home upgrades to accommodate up to three Medicaid clients in the home. Home upgrades costing from an estimated \$5,000 to \$25,000 per home may be needed to accommodate up to three clients in the home.

The grant program will incentivize operators of CCFFHs, who run small family owned and operated businesses, to use all three

slots in their homes to serve Medicaid clients. It provides an economical means for the operators to continue to provide services to these clients as they become more frail and not displace clients, who feel they are part of the operator's family, as the client requires more assistance.

DHS has already hired a consultant who will evaluate up to 120 CCFFHs for these home upgrades at no cost to the operator. The consultant will provide up to 120 CCFFH operators with estimates and the information that they could provide to building contractors to obtain bids to do the construction. The consultant will also develop samples of typical home upgrade requirements and costs, based on the evaluation of the up to 120 CCFFHs. This should assist other operators to estimate the cost for them to make these upgrades.

This grant of up to \$25,000 per CCFFH recipient has some requirements.

- It provides the CCFFH operator an eighteen month "grace" period during which they must either begin providing the sixty months of care for a second and/or third Medicaid client, or return the full amount of the grant. In essence, this is an interest free loan that encourages all operators to consider making these home upgrades which should reduce the displacement of clients as they experience the need for more intensive care.

- For those CCFFH operators who do provide care for a second or third Medicaid client for a total of sixty months, the grant obligation is completed.
- For CCFFH operators who provide a portion of the sixty months of care within five years, they would only need to repay the grant in proportion to amount of service they did not provide. So, for example, if they provide forty months of care, they could keep two-thirds of the grant and repay the one-third for the months of care they originally agreed to provide but are no longer able to provide.

The Department has requested \$1,600,000 in its budget for State fiscal year 2008-2009. This money will be offset with State fund savings of \$78,475/year/client for Medicaid clients deinstitutionalized from hospitals to home and community-based services. This is one more strategy that DHS is using to reduce Medicaid client who are in the hospital as "waitlisted" patients.

The Department appreciates the CCFFH operators and the significant role they play in providing care for our most vulnerable elderly. They are key partners in addressing the "waitlist" issue for hospitalized Medicaid patients.

Thank you for this opportunity to testify.