

HAWAII COALITION OF CAREGIVERS

P.O. Box 2441, Honolulu, Hawai`i 96804

March 5, 2008

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Testimony in Support of **HCR 95 and HR 77** – HSH/HTH - Mar. 6, 2008, 10:00 a.m., Rm. 329

Ladies and Gentlemen of the Hawai`i State Legislature:

The Hawaii Coalition of Caregivers (HCCG) emphatically supports **HCR 95 and HR 77** relating to an audit regarding the costs of operation and other issues facing adult residential care homes and adult foster homes.

HCCG's believes an audit is necessary to procure information that may help the survival of the caregiver industry in Hawaii. An audit is simply a first step to improving Hawaii's health care delivery system for the elderly and disabled by obtaining information that is not otherwise available. Information relating to actual costs of operation can help the industry to find ways to lessen operating costs and shed light to citizens who view care homes and foster homes as profitable enterprises. As a comprehensive review has not been conducted, policy makers at all levels will be able to make better decisions.

As noted in testimony in several bills this session, Level I caregivers provide 24/7 care 365 days a year for a flat-rate of \$1,200 per month, which calculates to approximately \$42 per day or \$1.67 per hour. These facts can be well-documented. Other than anecdotal evidence, however, there is little information regarding the costs incurred by caregivers.

Considering the skyrocketing costs, it seems a miracle caregivers can continue to operate. Caregivers must pay their mortgage for their homes, most of which is used by the residents. Caregivers must also pay for electricity, water, and sewer costs that residents use; for property taxes, general excise taxes, and income taxes; for food, and kitchen, bathroom, and laundry supplies consumed by residents; for their cars and gasoline used to bring their residents to the doctor; for the insurance they are required to carry; for any entertainment they are expected to provide their residents. How do you stretch \$1.67 for all of these costs and still make a living? Perhaps there may be ways to cut or alleviate some of these costs.

This dire situation forces caregivers to live by their wits having to fend for their own health insurance, retirement savings, and other fringe benefits employees sometimes take for granted. Many cannot afford to purchase medical insurance for their family, which now averages \$1,000 per month. Ironically, the residents who they care for have medical insurance provided free of cost courtesy of the government. Forget about a retirement program.

Nevertheless, various groups maintain that caregivers reap substantial financial profit from the elderly and disabled. These groups use this image of a profitable enterprise to attempt to force caregivers out of their backyards, arguing they should be limited to commercial and industrial areas, or to areas away from the community.

A comprehensive study of the caregiving industry may demonstrate the potential caregivers can have in alleviating the impending crisis in the elderly and disabled care delivery system. With an increasing proportion of elderly residents, Hawaii must look at all alternatives in caring for our *kupuna* and allocate resources accordingly. Are home and community-based programs fulfilling the intent of the legislature when care homes and foster homes were created? What alternatives do elderly and disabled have when they are no longer able to care for themselves? What do the alternatives really cost in comparison to what they provide? Why are there so many patients in acute-care beds when there are vacancies in the home and community-based programs?

Answers to these and other questions must be found to improve Hawaii's health care delivery system for the elderly and disabled. Until we get information, we will continue to be reactive based on anecdotal complaints.

In closing, HCCG reiterates its strong support of **HCR 95 and HR 77** relating to an audit regarding the costs of operation and other issues facing adult residential care homes and adult foster homes.

Very truly yours,

The Hawaii Coalition of Caregivers (HCCG)

By: Bryan P. Andaya

About HCCG

HCCG consists primarily of four organizations working in collaboration towards the common mission of uniting the home and community based care giving industry to improve the quality of care provided to elderly and developmentally disabled clients in various home and community based programs, as well as to improve the state of the industry. HCCG members include: The Alliance of Residential Care Administrators (ARCA), the Preferred Care Providers (TPCP), the United Group of Home Administrators (UGHO), and the Adult Foster Home Association of Hawaii (AFHA). Together, members of the four organizations have a membership of almost 1,500 and comprise about 90% of the home and community-based care givers in the State of Hawaii.