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LATE

February 5, 2008

MEMORANDUM

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

FROM: Lillian B. Koller, Director

SUBJECT: S.B. 3052, RELATING TO COMMUNITY CARE FOSTER FAMILY HOMES

Hearing: Tuesday, February 5, 2008, 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to provide grants, to 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.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill which provides grants to operators of community care foster family homes to assist with home upgrades.

This is one in a series of initiatives that DHS has initiated to facilitate the placement of Medicaid recipients who

are either "waitlisted" 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 "waitlisted" 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, 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.

Now, this proposed bill, S.B. 3052, 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 proposed 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 these 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 the CCFFH operator with estimates and the information that the operator could then provide to 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 additional operators, beyond the 120 CCFFHs targeted by this bill, to estimate the cost for them to make these home 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 satisfied and discharged.
- 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 the amount of service they did not provide to Medicaid clients. 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 general funds for State fiscal year 2008-2009 to implement this grant program. 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 hospitals as "waitlisted" patients.

This Administration bill is one more sign of the deep appreciation that DHS has for CCFH 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.

We would like to offer the following amendments for clarity.

- Page 2, lines 10-13, revise to: "Under this program, the operator is required to begin providing the care for a second or third medicaid client within eighteen months of [~~completing~~] receiving the grant for the home upgrades."
- Page 3, lines 1-6, revise to: "'Eligible upgrades" mean alterations, repairs, or improvements to an existing housing unit that substantially improves the [~~fire~~] safety of the community care foster family home in compliance with the department's administrative rules regarding [~~fire~~] safety in a community care foster family home or to accommodate a third client."
- Page 3, line 19-23, revise to: "to ensure that the home upgrades achieve the purpose of the grant and are in compliance with the department's administrative rules regarding [~~fire~~] home safety or providing services to a third client in a community care foster family home."

- Page 4, lines 14-20, revise to: "(g) After the approval by the department or its designee of the [completed] grant for home upgrade, a community care foster family home operator who receives a grant shall be required to reimburse the department for the full amount of the grant if in the eighteen months following the approval, the operator has not provided care concurrently for more than one medicaid client."
- Page 5, line 1-4, revise to: " department or its designee of the [~~completed~~] grant for the home upgrades. The reimbursement must be equal to the amount of the grant minus the grant amount multiplied by the number of months of care provided divided by sixty months."

Attached is a revised version of S.B. 3052 that includes these proposed clarifying amendments.

Thank you for this opportunity to testify.

S.B. NO. 3052

A BILL FOR AN ACT

RELATING TO COMMUNITY CARE FOSTER FAMILY HOMES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature recognizes the important role
2 that community care foster family homes provide in ensuring that
3 citizens in need of nursing home level of care have choices that
4 allow them to receive that type of care in the community rather
5 than in institutions.

6 Effective July 1, 2007, section 346-331, Hawaii Revised
7 Statutes, governing community care foster family homes, was
8 amended to allow three clients to reside in community care
9 foster family homes at the discretion of the department of human
10 services. This amendment was a major step forward in expanding
11 long-term care placement options in the community.

12 The purpose of this Act is to establish a program to offer
13 grants, up to a maximum of \$25,000 per home, to community care
14 foster family homes, that are small family owned and operated
15 businesses, to assist with the capital investment required to
16 make the home upgrades necessary to accommodate up to three
17 medicaid clients in the home.

1 The conditions of the grant would require the operator to
2 provide sixty months of care for a second, or a second and
3 third, medicaid client in the community care foster family home.
4 Currently, section 346-331 requires that care be provided for
5 not more than two adults at any one time, at least one of whom
6 shall be a medicaid client, provided that at its discretion, the
7 department of human services may certify the home for a third
8 resident who is a medicaid client at the nursing home level of
9 care.

10 Under this program, the operator is required to begin
11 providing the care for a second or third medicaid client within
12 eighteen months of [~~completing~~] receiving the grant for the home
13 upgrades.

14 SECTION 2. (a) The department of human services shall
15 establish a grant program to offer home upgrade grants to
16 operators of community care foster family homes, for eligible
17 home upgrades. The department may contract with a private
18 entity to administer this program.

19 (b) Grants shall be for amounts not to exceed \$25,000 for
20 each applicant.

21 (c) Grants shall be used exclusively for eligible upgrades
22 to homes that will allow the community care foster homes to
23 accommodate two or three non-self-preserving clients in the

1 home. "Eligible upgrades" mean alterations, repairs, or
2 improvements to an existing housing unit that substantially
3 improves the [~~fire~~] safety of the community care foster family
4 home in compliance with the department's administrative rules
5 regarding [~~fire~~] safety in a community care foster family home
6 or to accommodate a third client. These upgrades will exceed
7 the requirements for single family dwellings.

8 The housing unit to which the upgrades will be made shall:

- 9 (1) Be a certified community care foster family home or
10 meet the requirements to become certified;
- 11 (2) Be located in the State;
- 12 (3) Be occupied as the principal place of residence by the
13 eligible community care foster care operator; and
- 14 (4) Be used to provide healthcare as a certified community
15 care foster family home.

16 (d) The department or its designee shall develop an
17 application process and shall review applications for the grant
18 and the building permit application, if required by the proposed
19 home upgrades, to ensure that the home upgrades achieve the
20 purpose of the grant and are in compliance with the department's
21 administrative rules regarding [~~fire~~] home safety or providing
22 services to a third client in a community care foster family
23 home.

1 (e) All activities and upgrades undertaken with funds
2 received shall comply with all applicable federal, state, and
3 county statutes, rules, and ordinances, including applicable
4 building codes, license and permit requirements, and agency
5 rules.

6 (f) To be eligible for a grant, an applicant shall:

7 (1) Be a citizen of the United States or permanent United
8 States resident alien and a resident of the State of
9 Hawaii at the time of application; and

10 (2) Have housing and staffing that would meet all the
11 criteria to be licensed or certified as a community
12 care foster family home or be currently certified as a
13 community care foster family home.

14 (g) After the approval by the department or its designee
15 of the [~~completed~~] grant for home upgrade, a community care
16 foster family home operator who receives a grant shall be
17 required to reimburse the department for the full amount of the
18 grant if in the eighteen months following the approval, the
19 operator has not provided care concurrently for more than one
20 medicaid client.

21 (h) A community care foster family home operator shall be
22 required to reimburse the department when it does not provide
23 sixty months of care within five years of the approval by the

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1 department or its designee of the [~~completed~~] grant for the home
2 upgrades. The reimbursement must be equal to the amount of the
3 grant minus the grant amount multiplied by the number of months
4 of care provided divided by sixty months.

5 (i) The provisions of chapter 42F, Hawaii Revised
6 Statutes, shall not apply to the grants made pursuant to this
7 Act, but all grants made under this Act shall be made only in
8 accordance with the standards and conditions specified in this
9 Act.

10 (j) Applications for grants will be accepted through May
11 30, 2009, subject to the appropriation of general funds for this
12 program.

13 SECTION 3. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ 1,600,000, or so
15 much thereof as may be necessary for fiscal year 2008-2009 for
16 the purposes of this Act.

17 SECTION 4. The sums appropriated shall be expended by the
18 department of human services for the purposes of this Act.

19 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

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BY REQUEST