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TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
FINANCE

March 28, 2008

SB 3255, SD 2, HD 1

RELATING TO LONG TERM CARE.

Chair Oshiro, Vice Chair Lee and committee members, thank you for the opportunity to testify on SB 3255, SD2, HD1. The State Procurement Office's (SPO) testimony is limited to Section 2, subsection (e) (2) that proposes for "non-bid" contracts with consultants.

The SPO does not support the language to exempt from HRS chapter 103D, contracts with consultants to conduct studies for recommending a program and funding mechanism for state long term care services.

Statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part "... shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, ..." Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

The SPO is against statutorily exempting specific purchases from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the

opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

In conclusion, there is no compelling reason to statutorily exempt from chapter 103D, contracts for consultants to conduct studies for recommending a program and funding mechanism for state long term care services. The SPO recommends amending Page 8, lines 13 through 17, as follows:

- (2) Contract with consultants to conduct the studies, including an actuarial study, as it deems necessary for the purpose of recommending any program to address long-term care financing issues. ~~Any contract executed pursuant to this paragraph shall be exempt from chapter 103D, Hawaii Revised Statutes; provided that the long term care commission shall endeavor to ensure transparency in the letting of the contract.~~

Thank you.



HOUSE COMMITTEE ON FINANCE  
Rep. Marcus Oshiro, Chair

Conference Room 308  
March 28, 2008 at 3:15 p.m. (Agenda #2)

**Testimony in support of SB 3255 SD 2 HD 1.**

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of SB 3255 SD 2 HD 1, which creates a long term care commission that will recommend a program and funding mechanism to provide the services necessary to meet the state's long term care public policy goals.

As a result of work that the Healthcare Association of Hawaii has prepared in response to SCR 198 *"Requesting the Healthcare Association of Hawaii to examine the problem of patients in acute care hospitals waitlisted for long term care and to propose solutions"*, we are acutely aware of the imperative to map out a long range plan that summarizes sustainable solutions for providing sufficient services and funding for long term care across the continuum. In addition, Hawaii is in dire need of utilizing a demand model that is sensitive to a series of factors that contribute to demand/utilization at all levels of service. To date, we have not utilized a tool like this to contribute to deliberate planning for long term care services.

This bill is long overdue because it will take years to develop the services and mechanisms to fund a long term care system for Hawaii that can accommodate all of the needs.

Thank you for this opportunity to testify in support of SB 3255 SD 2 HD 1.



March 28, 2008

To: Chair Marcus Oshiro  
Members of the House Committee on Finance  
From: Bob Ogawa, President  
Hawaii Long Term Care Association  
Re: S.B. 3255, SD2, HD1 - Relating to Long Term Care

The Hawaii Long Term Care Association (HLTCA) strongly supports S.B. 3255, SD2, HD1.

We have, for years on end, lamented the absence of a comprehensive State policy on long term care, and the establishment of the commission outlined in this proposal represents a monumental step toward finally achieving that goal.

Hawaii will experience rapid population aging over the next 25 years. The most frightening aspect of that inevitability is: We, as a state, are completely unprepared to deal with that oncoming "aging tsunami" in any cohesive "big-picture" way.

We must act now. We must define our long term care policies, strategies and goals and seek recommendations for funding mechanisms that can properly ensure the provision of all the services that will be needed to meet the crisis ahead.

This measure represents the laying of the foundation we absolutely require, and we urge its passage. Thank you.



COLLEGE OF SOCIAL SCIENCES

# public policy center

UNIVERSITY OF HAWAI'I AT MĀNOA

TO: The Honorable Marcus Oshiro, Chairs  
The Honorable Marilyn Lee, Vice Chairs  
Committee on Finance

FROM: David Nixon, Associate Professor  
Social Sciences Public Policy Center  
University of Hawaii at Manoa

RE: Testimony in support of SB3255, SD2, HD1  
Scheduled for Friday, March 28, 3:15pm, Conference Room 308.

Thank you for the opportunity to testify in support of SB3255 SD2 HD1. **We are strongly supportive of the construction of a serious long-term care task force, charged with assessing the daunting public policy challenges facing Hawaii.** Because of the public policy challenges that must be confronted as the baby boom generation reaches maturity, aging policies constitute an important element of the research agenda for the Public Policy Center. In 2006, we conducted a study of tax credits for long-term care insurance, at the request of the Legislators in Residence for the UH College of Social Sciences. That research is continuing in academic articles and at professional meetings. Last fall we conducted a cost-benefit analysis of a proposed tax credit for family caregivers, on behalf of the Joint Legislative Committee on Family Caregiving. There are many unanswered

**I am confident that we have the expertise and capacity to serve in the role described in SB3255 SD2.**

The Public Policy Center is named as the coordinator for the proposed long term care commission. Given appropriate support over the span indicated in the legislation, we are in a position to assemble the research capacity of many specialists in various departments of the University of Hawaii, with a particular focus on practical, evidence-based policy analyses. Over 40 social scientists are Faculty Associates of the Public Policy Center, and we have ongoing and productive relationships with others in the aging research community. We have a particular desire to make sure that the recommendations and conclusions are more than just a consensus of opinions about what might work. We envision making sure that the task force poses specific questions, and that some very high quality and specific research answers are obtained through contracts with key researchers, perhaps facilitated by special data access from the task force members, so that there are some solid bases for assessing the success potential for the various recommendations. There are many unresolved public policy questions, and Hawaii has both the imperative to solve them soon, and the opportunity to chart a path towards solutions for the rest of the country.

Thank you for the opportunity to testify.

# Hawaii Pacific Health

55 Merchant Street • Honolulu, Hawaii 96813 • hawaiiapacifichealth.org

[2 Copies]

Friday, March 28, 2008 – 3:15pm  
Conference Room 308  
Agenda #2

## The House Committee on Finance

To: The Honorable Marcus Oshiro, Chair  
The Honorable Marilyn B. Lee, Vice-Chair

From: Virginia Pressler, MD, MBA  
Executive Vice President

**Re: Testimony in Strong Support of SB 3255 SD2 HD1 - Relating to Long Term Care**

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Dear Honorable Committee Chairs and Members:

My name is Virginia Pressler, Executive Vice President for Hawaii Pacific Health (HPH). For more than a century, families in Hawaii and the Pacific Region have relied on the hospitals, clinics, physicians and staff of Hawaii Pacific Health as trusted healthcare providers. Our non-profit integrated healthcare system is the state's largest healthcare provider and is committed to improving the health and well-being of the people of Hawaii and the Pacific Region through its four hospitals -- Kapi'olani Medical Center for Women & Children, Kapiolani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital -- 18 outpatient centers and a team of 1,100 physicians on the islands of Oahu, Kauai and Lanai.

We are writing in **strong support of SB3255 SD2 HD1** requesting the establishment of a long-term care commission to research the necessary resources to meet state long-term care public policy goals and to recommend a program and funding mechanism that can provide these services. The long term care crisis has a direct impact on both the patients receiving care and acute care hospitals providing care. On any given day there are as many as 275 patients in hospitals across Hawaii who have been treated and are now waiting to be transferred to a long term care facility but who must remain "waitlisted" in a hospital because long term care is not available. Discharge timeframes for waitlisted patients range from days to over a year. This represents a poor quality of life option for the patient, presents an often insurmountable dilemma for providers and patients, and creates a serious financial drain on acute care hospitals with ripple effects felt throughout other healthcare service sectors.

The long term care crisis is a multi-pronged issue needing further investigation and collaboration. Therefore we ask that you **pass SB3255 SD2 HD1**.

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KAPI'OLANI  
MEDICAL CENTER  
AT PALI MOMI



KAPI'OLANI  
MEDICAL CENTER  
FOR WOMEN & CHILDREN



**Straub**  
CLINIC & HOSPITAL

 **Wilcox Health**



To: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice-Chair

Date: March 28, 2008 - Conference Room 308 – 3:15 pm – Agenda #2

Re: **SB 3255, SD2, HD1, RELATING TO LONG TERM CARE**

Chair Oshiro and members of the committee:

My name is Stuart Ho, State President of AARP Hawaii. AARP strongly supports SB 3255, SD2, HD1.

The purpose of this bill is to establish a long-term care commission to research what resources are necessary to meet state long-term care public policy goals and to recommend a program and funding mechanism that can provide these services.

As you may already know, AARP Hawaii released the results of a survey of more than a 1000 residents statewide regarding their opinions on the state of health care and long-term care in Hawaii. According to the survey, nearly six in ten (57 percent) residents believe that Hawaii's health care and long-term care are in a state of crisis or have major problems.

The high cost of long-term care in Hawaii is frightening for most people. There are very few available nursing home beds and, if you can find one, the average cost of a nursing home stay is more than \$271 per day or an annual cost generally exceeding \$100,000. This is enough to bankrupt a family.

Hawaii's residents have few choices when it comes to aging in place. Home and community-based service options in the state are limited and it is difficult for residents to maintain their independence at home or in their communities.

AARP believes the way to find a long-term care solution is through the creation of this commission. This won't be just another long-term care study. The commission will identify where our system is broken and seek state-of-the-art methods from states that have moved ahead of Hawaii, and adopt those programs that would fit best in Hawaii.

Most of all, the elderly and those with disabilities want and deserve to have viable options. People should have choices – whether they choose to have care in their own homes, at assisted care facilities, or nursing homes. To make that possible, we need to research and identify resources to achieve a seamless delivery of long-term care support services that are comprehensive, efficient, and cost-effective.

We recommend that the commission be funded for \$250,000 a year for two years. We believe this limited appropriation will help save the state a lot of money in the long run. We also recommend that the commission provide an update on the progress of their study to the legislature by February 2010 with the final draft submitted in September 2010.

Thank you for the opportunity to testify before your committee.

Testimony for SB3255, SD2, HD1 Relating to Long Term Care

TO: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

DATE: March 28, 2008  
Conference Room 308  
3:15 p.m.

RE: SB3255, SD2, HD1, Relating to Long Term Care

Chair Oshiro and members of the committee:

My name is Marianne Au, Ph.D. a member of AARP, and concerned about the rising cost of healthcare in Hawaii. I strongly support SB3255, SD2, HD1, which proposes to establish a long-term care commission to recommend a program and funding mechanism to provide the services necessary to meet the state's long term care goals.

A major concern of seniors or retirees like myself is the increasing cost of long-term care services. I want to know what will happen to me in the event that I can no longer live independently, require continual care, and pay for these services. These concerns are not only for myself but also for my family and loved ones, including friends that will face this impending crisis.

The time for legislative action is now to establish a state policy of long term care and a program to implement such policy, along with a fair funding program. The establishment of a Long Term Care Commission, empowered to complete this task, will be a major step to address this concern.

Please approve SB3255, SD2, HD1.

Thank you for allowing me to testify before your committee.



The Twenty-Fourth Legislature  
Regular Session of 2008

HOUSE OF REPRESENTATIVES  
Committee on Finance  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

State Capitol, Conference Room 308  
Friday, March 28, 2008; 3:15 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 3255, SD2, HD1  
RELATING TO LONG-TERM CARE**

The ILWU Local 142 supports S.B. 3255, SD2, HD1, which establishes a long-term care commission to research what resources are necessary to meet state long-term care public policy goals and to recommend a program and funding mechanism that can provide these services.

The ILWU fully supports planning for Hawaii's long-term care needs. Our aging population will continue to grow and require a continuum of care options. Financing these options is a challenge that needs to be addressed now rather than later. This forward-thinking measure seeks to accomplish the goal of considering all options and proposing solutions.

The ILWU urges passage of S.B. 3255, SD2, HD1. Thank you for the opportunity to share our views on this extremely important matter.

Testimony for SB3255, SD2, HD1 Relating to Long Term Care

TO: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

DATE: March 28, 2008  
Conference Room 308  
3:15 p.m.

RE: In Support of SB3255, SD2, HD1, Relating to Long Term Care

Chair Oshiro and members of the committee:

My name is Michael Sumja, a member of AARP and Chair of the Policy Advisory Board for Elder Affairs. The rising cost of healthcare in Hawaii is of grave concern, therefore I strongly support SB3255, SD2, HD1, which proposes to establish a long-term care commission to recommend a program and funding mechanism to provide the services necessary to meet the state's long term care goals.

A major concern of seniors or retirees like myself is the increasing cost of long-term care services. I want to know what will happen to me in the event that I can no longer live independently, require continual care, and pay for these services. These concerns are not only for myself but also for my family and loved ones, including friends that will face this impending crisis.

The time for legislative action is now to establish a state policy of long term care and a program to implement such policy, along with a fair funding program. The establishment of a Long Term Care Commission, empowered to complete this task, will be a major step to address this concern.

Please approve SB3255, SD2, HD1.

Thank you for allowing me to testify before your committee. I appreciate your help.

Warmest aloha,  
Michael Sumja

**SB-3522, Relating to Long Term Care  
Proposed Long Term Care Commission**

**Proposed Amendments**

Nationally, there is a paradigm shift occurring with regard to how long term care is viewed. Historically our country has spent millions of dollars in a long term care system that has had a bias toward institutional care for frail, vulnerable children and adults. Medicaid is the primary financier of publicly funded long term care services. The national government is recognizing more and more that people prefer to stay in their own homes for as long as possible, including receipt of services in their homes to allow them to remain independent. National policy is changing so that more money is shifted toward "home and community based services" to assist needy individuals to live independently.

In the state of Hawaii, there are plans underway to privatize the Medicaid Program for aged, blind, and disabled individuals. Selected health plans will be participating in an effort to support the national shift toward provision of home and community based services. Though some institutionally based services will always be needed for certain clients, the emphasis will be to encourage a system that allows people to live independently in their own homes or alternative residential settings, such as, care homes, assisted living facilities.

The use of Home and Community Based Services terminology, instead of Long Term Care, is recommended. It is important that our state laws and communities begin to support such a paradigm shift.

I am writing in support of SB-3255, Relating to Long Term Care, *with amendments* to expand the focus of the work of the long term care commission to include persons of all ages, adding language to define home and community based services, the development of a home and community based services index (HCBS-I), a research collaboration, other technical changes, and a proposed appropriation of \$100,000.

It is recommended that the Legislature adopt the changes as described in the attachment.

Sincerely,



Rita Barreras  
Chair, Maui Health Initiative Task Force &  
Project Director, Maui Long Term Care Partnership

**From:** Rita Barreras [mailto:rbarreras@hawaiiantel.net]  
**Sent:** Thursday, March 27, 2008 4:54 PM  
**To:** 'repmoshiro@Capitol.hawaii.gov'  
**Subject:** FW: Support of SB 3255 with Amendments - Background Information

Aloha Representative Oshiro,

I am providing you with additional background information about the importance of the amendments relating to SB 3255, Relating to Long Term Care. I believe the legislation with the adoption of amendments would offer pioneering legislation in our country.

Please contact me should you have any questions at: 808-264-0491.

Sincerely,

Rita Barreras  
Project Director  
Maui Long Term Care Partnership

THE SENATE  
TWENTY-FOURTH LEGISLATURE, 2008  
STATE OF HAWAII

S.D. 2  
H.D. 1

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# A BILL FOR AN ACT

*RELATING TO LONG TERM CARE.*

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

SECTION 1. While virtually all of Hawaii's elders and people with disabilities want to age-in-place and live independently at home rather than in a care home or institution, many elders and people with disabilities will require a more intensive caregiving environment at the end of their lives. However, the costs of institutional care have escalated beyond the financial means of most elders and people with disabilities. The State's portion of medicaid expenditures has increased steadily over the years and is projected to increase significantly as baby boomers begin to retire. As Hawaii's population ages, the number of frail and disabled individuals will also increase, placing a precipitous demand on the need for long-term care services.

The legislature finds that elders and people with disabilities associate the phrase long term care with institutional services, which the national system of care has placed undue bias in the development of policies and financing;

The legislature finds that an array of services, both institutional and non-institutional, are necessary to meet the needs of Hawaii's elders and people with disabilities.

3/28/2008

The legislature defines home and community based services as inclusive of both institutional and non-institutional services;

The legislature finds that the State of Hawaii must re-balance the system of care and financing by placing greater emphasis on non-institutional services as a means of allowing people to age in place and live independently. Accordingly the legislature establishes a Long Term Care/Home and Community Based Services Commission to develop policy goals of the State of Hawaii that include:

- (1) Creating a continuum of care for all ages, up to and including the end of life.
- (2) Coordinating referral, case management, and service delivery through co-location and other means;
- (3) Strengthening family caregiver and non-family caregiver support systems to encourage aging-in-place and independent living;
- (4) Stimulating manpower development and training programs to expand the capacity of home and community based service providers;
- (5) Developing financial mechanisms to help Hawaii's individuals and families meet the cost of home and community based services;
- (6) Seeking ways to create a better balance between public expenditures for institutional care and home- and community-based care;
- (7) Fostering public understanding of caregiving issues; and
- (8) Encouraging research and education on aging, disability, home and community based services, and related subjects through a collaboration of the University of Hawaii system,

**the Centers on the Family, Disabilities, Aging and other research entities.**

The legislature further finds that it is necessary to develop new funding approaches for **home and community based services**, as well as services to assist **persons to age-in-place and live independently** in order to prevent the State from becoming fiscally liable for unsustainable costs under medicaid.

The purpose of this Act is to establish a **commission to research what resources are necessary to meet state home and community based services, as defined in this Act**, public policy goals and to recommend a program and funding mechanism **in support of such goals.**

SECTION 2. (a) There is established a **long term care/home and community based services** commission, which will identify problems with the **current capacity**, programs and services, and develop a comprehensive plan that, when implemented, will ensure the availability of a full continuum of institutional and community-based services, including support for **family and non-family** caregivers. The commission shall also research public and private financing options and develop a second plan that details what financial resources, or mix of public and private financing, are necessary to address needed **state home and community based services** reforms, as well as state public policy goals and services.

(b) The **long term care/home and community based services** commission shall consist of:

- (1) **Three** members appointed by the governor;
- (2) **Four members**, one each appointed by the mayors of the **counties**;
- (2) **Three** members appointed by the president of the senate; and

- (3) **Three** members appointed by the speaker of the house of representatives;

provided that all of the members shall be selected on the basis of their knowledge, interest, and experience in the following: research, policy development, and advocacy and service delivery relating to **elders or people with disabilities**. Given the scope of the issues and activities to be considered by the commission, members shall also have expertise in business, economics, finance, and management, especially as they pertain to health care, long-term care, **home and community based services**, and social services. All of the members shall serve for two-year terms beginning on December 1, 2008, and ending on November 30, 2010.

(c) The commission shall elect a chairperson, who shall commence commission meetings, and a vice chairperson and shall adopt rules for the conduct of its work.

(d) The **long term care/home and community based services** commission shall:

- (1) Ensure that addressing the needs of the consumer is the paramount concern of policy development;
- (2) Review available research, studies, **Supreme Court decisions**, and previously proposed programs relating to the financing and provision of a full continuum of long-term care services;
- (3) Establish a set of policy goals and principles, to be proposed for enactment as statutory provisions, to guide the work of the **long term care/home and community based services** commission and the development of policy related to **home and community based services** financing and service



delivery. In creating these policies and development of the plan to reform **home and community based** services, the commission shall include the following critical elements:

- (A) Creating a full continuum of care infrastructure for all ages, including different forms of institutional, community-based, and home-care programs and services, up to and including the end of life;
- (B) Ensuring that all consumers needing and using **home and community based** services of any kind can easily access those services;
- (C) Providing consumers with timely access to comprehensive information, including cost and quality information, about financing and service delivery options;
- (D) Ensuring that health, long-term care, **home and community based services**, and social services are connected through the use of timely, standardized assessments, care planning, and coordination, and case management. Special attention shall be given to pre-admission assessment and screening for those who need institutional services, smooth transitions between the current health and **home and community based services systems** and between institutional services and the community- or home-care services;
- (E) Improving the use of technology to enable the tracking of patients across various care settings;
- (F) Strengthening informal family caregiver and **non-family caregiver** support systems to encourage aging-in-place and independent living;

- (G) Stimulating manpower development and training programs to expand the capacity of **home and community based** service providers;
  - (H) Developing additional public and private financial mechanisms to help Hawaii's **individuals and families** and to conserve limited state resources to meet the costs of **home and community based services**;
  - (I) Seeking ways to create a real balance between public expenditures for institutional care, care provided in community settings, as well as care in the home, based on the needs and preferences of those who use these services;
  - (J) Fostering public understanding of the risk of needing **home and community based** services, the cost of various levels and kinds of care, and caregiving issues; and
  - (K) Encouraging research and education on aging, **disabilities, long-term care, home and community based services, and related subjects through a collaboration of the University of Hawaii system, Centers on the Family, Disabilities, Aging and other research entities**;
- (4) Prepare a five-year plan to accomplish the goals, including the recommendation of benchmarks to evaluate accomplishments for each year
  - (5) **Develop a Home and Community Based Services Index (HCBS-I) that establishes baseline data related to home and community based services expenditures and measures annually**

the extent to which the State of Hawaii is increasing its funding for non-institutional home and community based services. Development of HCBS-I shall include, but not be limited to:

- a) An inventory of all state financed programs that provide home and community based services programs, as defined in this Act, and which serve all ages;
  - b) An analysis of programs to determine budget levels, capacity, federal match requirements;
  - c) An assessment of monies spent in home and community based services programs, inclusive of both institutional and non-institutional programs;
  - d) A comparison of the amount spent in non-institutional and institutional programs;
  - e) A method for determining cost-effectiveness in home and community based services programs.
- (5) Monitor federal legislation for changes that may impact the program and adjust the five-year plan accordingly;
  - (6) Collaborate with interested stakeholders, including community coalitions or organizations concerned with educating the public regarding home and community based services; and
  - (7) Submit an interim report relating to the proposed system reforms including the final public policy goals and principles, to the legislature no later than twenty days prior to the convening of the 2009 regular session, and a final report to the legislature no later than July 31, 2010. The final report shall include the final five year

plan, as well as how the reforms will be prioritized and phased in, and a description and final recommendations of how financing **home and community based services** can be achieved.

(e) The **long term care/home and community based services** commission may:

- (1) Conduct or initiate new studies as it deems necessary; and
- (2) Contract with consultants to conduct the studies, including an actuarial study, as it deems necessary for the purpose of recommending any program to address **home and community based services** financing issues. Any contract executed pursuant to this paragraph shall be exempt from chapter 103D, Hawaii Revised Statutes; provided that the **long term care/home and community based services** commission shall endeavor to ensure transparency in the letting of the contract.

(f) The University of Hawaii at Manoa, college of social sciences public policy center, in collaboration with the **Centers on the Family, Disabilities, Aging and other research entities**, shall provide administrative support and staffing to facilitate the work of the **long term care/home and community based services** commission.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of **\$100,000** or so much thereof as may be necessary for fiscal year 2008-2009 for the **long term care/home and community based services** commission to research what resources are necessary to provide a continuum of **home and community based services** for Hawaii's aging and **disability** population and to recommend a program and funding mechanism that can provide these services

pursuant to section 2 of this Act.

The sum appropriated shall be expended by the University of Hawaii to assist the **long term care/home and community based services** commission for the purposes of this Act.

SECTION 4. This Act shall take effect upon its approval and shall be repealed on December 1, 2010; provided that section 3 of this Act shall take effect on July 1, 2008.

MINI 20 2000 7 2000 INFORMATION CENTER REP. 1001 1001 1001 10

## Maui Long Term Care Partnership

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**Report Title:**

*Social Services; Long-Term Care Commission; Appropriation*

**Description:**

*Establishes a commission to research what resources are necessary to meet state long-term care/home and community based services public policy goals and to recommend a program and funding mechanism that can provide these services. Appropriates funds. Sunsets on 12/01/10. (SB3255 HD1)*

**S.B. NO. 3255**

Testimony for SB3255, SD2, HD1 Relating to Long Term Care

TO: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

DATE: March 28, 2008  
Conference Room 308  
3:15 p.m.

RE: SB3255, SD2, HD1, Relating to Long Term Care

Chair Oshiro and members of the committee:

My name is Albert E. Beeman of Hilo, a member of AARP, and concerned about the rising cost of healthcare in Hawaii. I strongly support SB3255, SD2, HD1, which proposes to establish a long-term care commission to recommend a program and funding mechanism to provide the services necessary to meet the state's long term care goals.

A major concern of seniors or retirees like myself is the increasing cost of long-term care services. I want to know what will happen to me in the event that I can no longer live independently, require continual care, and pay for these services. These concerns are not only for myself but also for my family and loved ones, including friends that will face this impending crisis.

The time for legislative action is now to establish a state policy of long term care and a program to implement such policy, along with a fair funding program. The establishment of a Long Term Care Commission, empowered to complete this task, will be a major step to address this concern.

Please approve SB3255, SD2, HD1.

Thank you for allowing me to testify before your committee.

3/26/08

Dear Madam and Sirs:

Please find attached a copy of my testimony for

SB 3255, SD2, HD1, Relating to Long Term Care

March 28, 2008 at 3:15pm in Conf. Room 308 – Agenda #2

The Committee: House Finance Committee

Measure Number: SB 3255, SD2, HD1

Number of Copies: 6 Copies

Thank you for your help with this matter.

Sincerely,

Christine Olah  
Hawaii Resident  
[TropicalHawaiiUSA@gmail.com](mailto:TropicalHawaiiUSA@gmail.com)



Date: 3/26/08

Testimony for SB3255, SD2, HD1 Relating to Long Term Care

TO: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

FROM: Christine Olah, Resident, State of Hawaii

DATE: March 28, 2008  
Conference Room 308  
3:15 p.m.

RE: SB3255, SD2, HD1, Relating to Long Term Care

Chair Oshiro and members of the committee:

**I AM IN SUPPORT OF THIS LEGISLATION. Please approve it.**

**This legislation proposes to establish a long-term care commission to recommend a program and funding mechanism to provide the services necessary to meet the state's long term care goals.**

SB3255, SD2, HD1 will provide the citizens in the State of Hawaii answers to help make the advances needed in our path toward viable care for seniors.

A state policy for long-term care is needed. Based on the demographics of our State, a vast amount of your constituents in the near future will be seniors. They will need a plan in place to assist them (and their family care-givers) when they have a need for long-term care.

Avoid the crisis of not planning for the future. Please approve SB3255,SD2,HD1.

Thank you for allowing me to testify before your committee.

Christine Olah  
Resident, State of Hawaii  
[TropicalHawaiiUSA@gmail.com](mailto:TropicalHawaiiUSA@gmail.com)

Advocate for AARP

Jim Shon, P.H.D

Personal Testimony

COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

DATE: Friday, March 28, 2008

TIME: 3:15 P.M.

PLACE: Conference Room 308

State Capitol

415 South Beretania

Street

SB 3255, SD2,

HD1

(HSCR1092-08)

Status

(Email

Testimony)

RELATING TO LONG TERM  
CARE.

Establishes a long-term care  
commission to research what  
resources are necessary to meet  
state long-term care public  
policy goals and to recommend a  
program and funding mechanism  
that can provide these services.  
Appropriates funds. Sunsets on  
12/01/10.

HLT/HSB,  
FIN

I support SB 3255 SD 2 HD1.

I especially appreciate the comprehensiveness of the required plan, one that goes well beyond the conventional focus on health insurance and acute care financing.

Much work has already been done in Hawaii and on the mainland to maximize the use of personal housing resources by initiating a vigorous program to support aging at home.

One of the important thinkers in long-term care in Hawaii had been the late Professor Oscar Kurren, (former University of Hawaii Professor Emeritus, School of Social Work), who, in 1997, was increasingly interested in stimulating policies that would promote wellness and independence. In the fall of 1997, Kurren was enthused about a project in New York City proposed by the Independence Care System, Inc. (ICS). Kurren was touting an ICS business plan that sought to develop a new model of home and

community-based care for 800 adults and children who were disabled. The ICS plan had four key elements: **consumer participation, emphasis on home and community-based care, a full range of services provide by a care team, and a truly integrated network to coordinate care over time, with multiple providers.** The stated goal of Independence Care was “to enable the severely disabled to remain at home or in the least restrictive setting possible, using the flexibility of risk-based capitation to substitute primary care, home care and community-based services for hospital and nursing home care.” Quite rightly, ICS characterized its model as “A Chronic Care Management Demonstration Program” with a specially designed element of training for entry-level health and social service positions.

Kurren was tapping into the managed care mania that had also infected Hawaii’s Medicaid officials, but was offering an interesting twist: to redesign the system along chronic care and home care lines. He was able to recognize that in targeting the disabled populations, federal and state funding for disabled programs could be utilized to drive this new model.

### **Condo Care - 1996**

*Condo Care* emerged as a response to the demise of the State’s sponsored long term care plan: the Family Hope Program, which sought to provide funding for both community and institutional care. Calculated at approximately \$300 of taxes per working resident of Hawaii per year, the Family Hope proposal was just too complicated and government-driven for the post-Reagan era. *Condo Care* began with the question: *What could we afford if we assumed that people already had housing, and only needed services delivered to their homes?*

A brief sketch of the *Condo Care* concept included the following basic components:

- 1) The use of co-op or so-called sweat equity to control costs;
- 2) Targeting concentrated independent living arrangements, such as an apartment district in urban Honolulu;
- 3) Utilizing an already developed interfaith ministries serving elders;
- 4) A focus on sub-acute care services only, such as financial planning, custodial care, home maintenance, transportation, recreation, buddy systems, hot meals, care management, health services referrals, and a purchasing pool for health aids and assistive technology;
- 5) Development of a regular income stream to sustain the operation, such as insurance premiums or subscription rates;
- 6) Affordability for the middle and lower middle class;
- 7) Avoidance of strong links to the Medicare or Medicaid systems.

How to design an alternative delivery system that is theoretically capable of achieving the following goals:

- a. To prevent or delay significant numbers of elders from becoming physically and fiscally dependent on the state;
- b. To utilize existing community assets such as individual equity in homes, the interests and needs of seniors to remain active and engaged in

- productive activity, and the potential to partner institutions such as high school and college service learning programs;
- c. To meet the needs of a substantial number of elders who are too rich for Medicaid, yet too poor for privately funded assisted living;
  - d. To recognize naturally occurring communities, as well as client-designed, driven and participation in non-medical, wellness activities and services; and,
  - e. To create a system that is economically self-sufficient and sustainable through client-based subscriptions.

Other Hawaii generated efforts include programs created by the Waikiki Health Center in reaching out to isolated seniors in Waikiki, and more comprehensive outreach programs to residents of Palolo Valley by the Palolo Chinese Home. At one time former Waikiki Health Center director Frank Chong did a study of so-called “credit banking,” which seeks to track and reward volunteer services. Other specific services, such as Meals on Wheels, has suffered from underfunding, geographical gaps, and longer waiting lists.

All of these efforts have developed on periphery of public policy debates on health insurance, physician shortages, Medicaid reimbursements, and other more prominent issues. The environment for both public and private residential and community based services has been characterized by inadequate funding for consumer protection and regulation. This year our Long Term Care Ombudsman is fighting just to gain funds for volunteer inspector coordinators on Neighbor Islands.

Frankly, community based services, and quality control for them, have been a low priority for state funding.

### **Fast-forward to 2007**

#### **Two Promising mainland program models**

The *Beacon Hill Village* in Boston program provides the following services:

#### **Household Services**

- Home repair and adaptation
- Household cleaning—routine and heavy
- Errands... organize closets, mail packages
- Home office: computer problem solving, bill paying, etc.

#### **Transportation**

- Individual and group rides to anywhere—doctors, airport, friends, cultural events

#### **Meals and Groceries**

- Weekly grocery shopping
- Home-delivered meals, elegant or casual
- Dining groups

### **Volunteer programs**

- Opportunities for members to help each other
- BHV members assist in the community and local non-profit groups

### **Concierge Service**

- Delivered exclusively by HouseWorks, an excellent in-home service provider
- Rides to the grocery store, local errands, and appointments
- Pick up a prescription, dry cleaning
- Hang curtains, rearrange furniture
- Pack boxes
- Mail a package
- Wait for a repair person
- Pick up theatre and symphony tickets
- Take in computer for repairs
- Water plants & pick up mail during a vacation
- Bring in car for repairs

The **Beacon Hill Village** membership, open to those 50 years and above, costs \$580 for individuals and \$780 for households.

About to launch a similar program nearby is *Cambridge at Home*. Cambridge At Home was founded by Cambridge residents on the model of the path-breaking Beacon Hill Village in Boston. “Cambridge At Home is a cooperative community formed to ensure the timely availability of services similar to those of a retirement community. We have a professional staff that will provide members with access to evaluated suppliers who will provide prompt service at known costs. This centralized service means that members have timely help available as challenges or emergencies arise at home. With a phone call or an email, CAH members will get help from friendly, competent staff in areas like transportation, health, social activities and home maintenance so they can remain safely and confidently in their homes as they age.”

**Cambridge at Home** provides services relating to daily living (shopping, electrical transportation, plumbing, house cleaning, laundry, meal preparation, checking account, home maintenance, tax returns) health and fitness (yoga/meditation, skilled nursing, physical therapy, organizing medication, schedule exercise, home health care, nutrition and diet, medical equipment, personal trainer, filing claim forms) and, the most popular with seniors, organized activities (walking groups, discussion groups, trips, how-to classes, volunteering, music groups, art classes and sports).

**Cambridge at Home** membership fees are \$1,200 per couple, or \$900 for individuals. Specific services such as field trips have additional fees. A bus trip to a museum might cost \$95 for members and \$120 for guests, which also includes meals.

**Hawaii** A recent governmental initiative attempting to coordinate and addressing community outreach services was the **Hawaii State Plan on Aging 2004-2007**, which, through various programs funded through the Executive Office on Aging (EOA), sought

to strengthen or expand these programs. Unfortunately, the level of funding for outreach and the level of commitment to EOA has been weak in recent years. EOA operates the ***Kupuna Care Program***, which includes the following services:

- Adult Day Care
- Assisted Transportation
- Attendant Care
- Case Management
- Chore services
- Home Delivered meals
- Homemaker
- Personal Care

In order to qualify for the program, which does not have the capacity to serve all who need such services, seniors must be impaired in two or more ADLs – Activities of Daily Living (eating, bathing, dressing, transferring from bed to chair, controlling bowel & bladder, and moving about the house safely) or significantly reduced mental capacity, or two IADLs – Instrumental Activities of Daily Living (preparing meals, shopping, taking medications, managing money, using phones, doing housework, and using public transportation).

**The Hawaii State Plan on Aging: 2004-2007** clearly identifies a number of key strategies and unmet needs, which clearly fits with an aging at home agenda:

- Information to make informed decisions
- Programs and Services to Live at Home
- Information on Elder rights and benefits
- Partnerships to address emerging and existing issues

**The State Plan also identified estimated unmet needs by senior programs in all four counties. In the City and County of Honolulu, for example, it was estimated that over 20,333 seniors continue to need transportation, 17,844 cannot find case management, 20,661 need chore services, and 19,630 housekeeping. Needs unmet by Hawaii public or private programs also include personal care (20,710), home repairs/maintenance (24,898), interpretation/translation (26,332), letter writing/reading (16,289), money management (22,384), and meals delivered at home (23,355) These numbers are several years old. The real needs are greater.**

I would conclude by saying that with a rapidly aging boomer generation looking for support, the one organization responsible for focusing exclusively on these issues is the UH Center on Aging. It is indicative of the low priority of aging issues that the Center on Aging is so depleted of its staff that this bill looks to the more general Public Policy Center to service the Commission. This may be necessary simply because of inability of our society, and our University, to recognize the challenges of the aging population in Hawaii.

Testimony for SB3255, SD2, HD1 Relating to Long Term Care

TO: House Committee on Finance  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

DATE: March 28, 2008  
Conference Room 308  
3:15 p.m.

RE: SB3255, SD2, HD1, Relating to Long Term Care

Chair Oshiro and members of the committee:

My name is Charlotte K. Lum, a member of AARP, and concerned about the rising cost of healthcare in Hawaii. I strongly support SB3255, SD2, HD1, which proposes to establish a long-term care commission to recommend a program and funding mechanism to provide the services necessary to meet the state's long term care goals.

A major concern of seniors or retirees like myself is the increasing cost of long-term care services. I want to know what will happen to me in the event that I can no longer live independently, require continual care, and pay for these services. These concerns are not only for myself but also for my family and loved ones, including friends that will face this impending crisis.

The time for legislative action is now to establish a state policy of long term care and a program to implement such policy, along with a fair funding program. The establishment of a Long Term Care Commission, empowered to complete this task, will be a major step to address this concern.

Please approve SB3255, SD2, HD1.

Thank you for allowing me to testify before your committee.

To: House Committee on Finance, Rm. 308  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice-Chair

March 28, 2008 Finance Hearing

Re: **SB 3255, SD2, HD1, RELATING TO LONG TERM CARE**

My name is Vicky Cayetano. As a business owner, a member and former Chair of The Hawaii Chamber of Commerce, and a private citizen, I have been deeply concerned about the long-term care crisis that faces our community. Some of you may know that I was also heavily involved in the CarePlus campaign when my husband was Governor.

I urge you to pass SB 3255, SD2, HD1. I believe that the need to develop a comprehensive policy that will lead to a sound long-term care policy with a viable funding mechanism is more critical than ever.

This bill would establish a long-term care commission to identify the necessary resources needed to carry out the State's long-long-term care public policy goals. It is meant to thoughtfully review and recommend viable actions for our State to take which would provide a continuum of institutional and home and community-based services to support our struggling caregivers.

The skyrocketing rise of healthcare costs and the inaccessibility of vital medical services to many in our community are worrisome to our kupuna and their family. We need to give them peace of mind.

However, this is not just the problem of the families involved. The lack of adequate long-term care services and its high cost are everyone's problem, including the business community. Many valuable employees request retirement, part-time work or a flex-schedule due to their caregiving responsibilities. AARP's survey conservatively reports that there were approximately 106,000 unpaid family caregivers who provided services with an estimated value at \$1.26 b in 2006. With our rapidly aging population, we can expect the crisis to only deepen.

Most people (71%) in Hawaii say that it is very important that the state help people pay for long-term care services, and over half (56%) strongly support a state long-term care plan that is available to everyone regardless of income. (AARP Hawaii 2008 Long-term Care Survey). What is particularly interesting is that this survey polled people who were 18+ and older statewide, which indicates the inter-generational concern to take action.

I strongly support the creation of a long-term care commission. The Commission's report will not be "just not another study" but the means to finally address the resolution of our long-term care issues.

Thank you for the opportunity to testify.







## **FINTestimony**

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**From:** manis [manis@lava.net]  
**Jent:** Thursday, March 27, 2008 11:59 AM  
**To:** FINTestimony  
**Subject:** testimony SB3255 for 3/28

KOKUA COUNCIL; Laura Manis Testifier  
COMMITTEE ON FINANCE  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

Friday, March 28, 2008 3:15 P.M. Conference Room 308

SB 3255 SD2 RELATING TO LONG TERM CARE. Establishes a long term care commission to research what resources are necessary to meet state long term care public policy goals and to recommend a program and funding mechanism that can provide these services

Strongly Support

I am testifying for Kokua Council with a membership of over 400 young and old people and on behalf of PABEA, the Policy Advisory Board for Elder Affairs, which is an appointed board tasked with advising the Executive Office on Aging (EOA). My testimony does not represent the views of the EOA but of the Board.

The need for this study has become a compelling interest to the state and to the growing numbers of people who will need protection against the high cost of long term care. By the year 2020, one in every four Hawaiian residents will be 60 years and older. Many studies have already been done, each considering different alternatives or financing.

It is time to update and reconsider these studies in view of rising health care costs and the growing elderly population in this state. We must prepare before we are in a time of crisis.

The high cost of long-term care is unaffordable for most Hawaii people since nursing home stays usually exceed \$100,000 a year. Most people cannot afford LTC insurance nor are they eligible because of preexisting conditions common at the age when people start considering long term care. 85% of long term care is provided by families and friends who pay for most of the expense out of their own pockets causing severe financial and emotional damage.

We support this Bill's goals for a commission that considers affordability, coverage of the majority of the LTC risk population, decreases dependency on Medicaid and encourages community education and choices.

We ask that you will support this bill.

Laura G. Manis, Legislative Chair, Kokua Council Member Legislative Committee PABEA tel. 597-8838