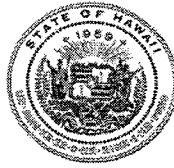


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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
HUMAN SERVICES AND PUBLIC HOUSING

February 7, 2008

SB 3255

RELATING TO LONG TERM CARE.

Chair Chun Oakland, Vice Chair Ihara and committee members, thank you for the opportunity to testify on SB 3255. The State Procurement Office's (SPO) testimony is limited to Section 2, subsection (e) (2) which provides for "non-bid" contracts with consultants.

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

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 State Procurement Office 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 a state long term care public policy. The SPO recommends amending Page 5, lines 18 through 21 and Page 6, lines 1 and 2, as follows:

- (2) Contract with consultants to conduct the studies, including an actuarial study, as it deems necessary for the purpose of recommending a program and funding mechanism, and reporting to the legislature. ~~Any contract executed pursuant to this subparagraph 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.



**To: Senate Committee on Human Services and Public Housing
Sen. Suzanne Chun Oakland, Chair
Sen. Les Ihara, Jr., Vice-Chair**

Date: February 7, 2008 - Conference Room 016 – 1:15 pm

Re: SB 3255 RELATING TO LONG TERM CARE

Chair Chun Oakland and Members of the Committee:

My name is Stuart Ho, State President of AARP Hawaii. We are a membership organization for people 50 and older with approximately 156,000 members in Hawaii. AARP provides access to services and information, meaningful volunteer opportunities, and the opportunity for our members to create positive change in their lives.

AARP strongly supports SB 3255. 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.

I would like to recommend an amendment to Section 2 (b) to include representation from Hawaii's business community on the commission. This will provide a more balanced view of long-term care solutions for our community.

Long-Term Care Services

Long-term care encompasses a broad range of services and supports needed by people of all ages who are not able to perform basic life functions or activities. It can be delivered in the home, in the community, or in institutional settings. Services can range from personal care, such as help with bathing or dressing, to complex medical support for people with chronic health conditions.

People are not aware of the costs of long-term care and mistakenly think that the government, through Medicare, pays for more than it does. In Hawaii, relatively few people have private insurance that covers the cost of long-term care. Many common long-term care needs (e.g., bathing, dressing, and household chores) do not require skilled help and therefore are not generally covered by private health insurance policies or Medicare.

High Cost of Long-Term Care

Without private insurance or public program coverage, the high cost of long-term care is unaffordable for most Hawaii people. The average cost of a nursing home stay is more than \$271 per day or an annual cost generally exceeding \$100,000. The base rate for assisted living facilities is over \$35,000 per year. The average hourly rate for a home health aide in Hawaii is \$19 or about \$9000 per year for just over two hours of care per day. In our 2006 AARP Survey, Hawaii residents stated that they were concerned about paying for long-term care; 75% are not

confident they could afford even one year in a nursing home, and 40% are not confident they could afford one year of in-home care.

Lack of Beds

If the high cost of long-term care doesn't bankrupt a family, our inadequate healthcare infrastructure in Hawaii is another possible problem a family will face. The lack of available nursing home beds for Hawaii patients is a serious issue. Hawaii had the 2nd highest nursing home occupancy rate (94%) in the nation in 2005 and the 4th lowest ratio of nursing home residents to older population in the country: 23 beds per 1,000 residents age 65+, less than half the average bed capacity (48 per 1,000 age 65+) in the U.S.

The Healthcare Association of Hawaii recently reported that on average 200 long-term care patients are "wait-listed" in hospitals for transfer to nursing homes or other places and the number is sometimes as high as 275 on any given day. The wait-listing problem is the most visible aspect of our long-term care crisis in Hawaii. People who would be housed in long-term care facilities, nursing homes, or in their own homes, remain in hospitals because of a lack of facilities or home-care professionals. In some cases, hospitals have transferred patients to mainland facilities because of a lack of care personnel here in Hawaii.

Lack of Options

Hawaii's residents should have choices when it comes to long-term care – allowing them to maintain their independence at home or in their communities with expanded and affordable financing options. Unfortunately, we know that home and community-based service options in the state are limited. There is no state funded personal care plan and the proportion of the population in Medicaid home health and aged/disabled waiver programs is low compared to the rest of the U.S. There were 3.6 beneficiaries per 1,000 people in Hawaii in 2003, compared with 4.9 per 1,000 for the nation as a whole.

Rapidly Growing Population

The time to address the need for long-term care financing solutions is now. The population of people age 65 or older is projected to increase by 86 percent in Hawaii by 2030. More than one out of every five (22%) Hawaii residents will be age 65 or older in 2030. Unpaid family caregivers provide the vast majority of long-term care services for people with disabilities. Roughly 106,000 family caregivers in Hawaii provided these services at a value of \$1.25 billion in 2006, which is nearly four times as great as total Medicaid spending on long-term care in the state.

Summary

The bottom line is this – Hawaii will experience rapid population aging over the next 23 years. Five out of every six (83%) Medicaid long-term dollars for older people and adults with physical disabilities in Hawaii go toward nursing home care, even though nursing homes serve a relatively small number of people in the state and most Hawaii residents prefer to receive services in their home. 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.

We must take action now and this bill is long overdue to address this impending crisis in Hawaii. We must define our long-term care policy goals and recommend a program for a funding mechanism that can provide these services. We strongly support the creation of a long-term care commission to address these problems.

Thank you for the opportunity to testify before your committee.

testimony

From: John Kawamoto [jkawamoto@hah.org]
Sent: Wednesday, February 06, 2008 2:29 PM
To: testimony
Subject: Testimony
Attachments: SB 3255.doc

er's name: Coral Andrews
Vice President
zation: Healthcare Association of Hawaii
ittee: Senate Human Services & Public Housing Committee
Feb. 7, 2008
1:15 p.m.
Measure: SB 3255



SENATE COMMITTEE ON HUMAN SERVICES & PUBLIC HOUSING
Senator Suzanne Chun Oakland, Chair

Conference Room 016
Thursday, February 7, 2008 at 1:15 p.m.

Testimony in support of SB 3255.

I am Coral Andrews, Vice President 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, 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.

To The Honorable Members of the Senate Committee on Human Services and Public Housing, who have scheduled a public hearing on Thursday, February 7, 2008 @ 1:15 p.m. in Room 016

Aloha mai kakou,

I am in support of S.B. 3255, which establishes a long term care commission, sunseting on 12/01/10, 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 the services to implement these goals. As an administrator within the aging network, I have come to rely on research, goals and objectives and the resources that emanate from them, that allow us to deliver mandated services. I believe that this Commission must assist in the promulgation of our state's long talked about "long term care public policy goals" and finally bring all of us to the same table.

Me ka mahalo pono,

John A. H. Tomoso, MSW, ACSW, LSW
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