

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Estelita Terrado, Aloha Health Care Providers, Inc.
91-545 Fort Weaver Rd. Ewa Beach, HI 96706, Ph: 808-689-1451

DATE: Thursday, January 7, 2010 (12:00 noon, Room 309)

RE: **Informational Briefing regarding possible cost savings for
Programs and services under the Department of Human Services**

I would like to know if the decapitated rates given to the Health Plans have changed. If not, why decrease the rate of the CMA's. Why not increase the rate for we are doing triple the job since these Health Plans came to Hawaii.

We would like to remind the Federal assurances given to us:

1. The freedom of choice of the patients
2. Do no harm to the patients

By reducing the rate it will jeopardize all the services we are delivering to our clients and it will limit the freedom of choice of the clients and the clients will not get the proper services.

“Thank you for this opportunity to provide testimony.”

Estelita Terrado, RN
Owner/Administrator
Aloha Health Care Providers, Inc.

NOTICE OF INFORMATIONAL BRIEFING

DATE: Thursday, January 07, 2010
TIME: 12:00 noon
PLACE: Conference Room 309
State Capitol
415 South Beretania Street

Testimony Submitted by Donna Schmidt, LCSW President of Case Management, Inc. a licensed case management agency.

This time of unprecedented economic difficulty is fertile ground for creativity and innovation. Thoughtful dialogue and collaboration is required to find the most effective avenues of service delivery that will preserve and strengthen the infrastructure of our long term care continuum. Harnessing our collective energy to achieve mutually identified goals and outcomes will bring about the best resolution.

It is no secret that I do not support the status quo. I do support a more efficient and effective delivery of services that is achieved by holding high the guiding principles of high quality care delivered in the least restrictive environment; ensuring the critical ingredients of the community care foster family home, the client system and the case management agency have the resources necessary to deliver the required care.

Thank you for this opportunity to testify.

Donna Schmidt, LCSW
Case Management, Inc.
President



CATHOLIC CHARITIES HAWAII

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: 
Diane M. Terada, Division Administrator

DATE: Thursday, January 7, 2010 (12:00 noon, Room 309)

RE: **Informational Briefing regarding possible cost savings for
Programs and services under the Department of Human Services**

As a private, nonprofit agency Catholic Charities Hawai'i serves over 60,000 people in need throughout the State of Hawaii. We work with diverse populations, ranging from medically complex infants, to victims and perpetrators of domestic violence and sexual abuse, to frail elders. Catholic Charities Hawai'i is a licensed case management agency (CMA) and has been a Residential Alternatives Community Care Program (RACCP) provider since 1997. Catholic Charities Hawai'i is also a member agency of the Case Management Council (CMC).

Catholic Charities Hawai'i started as a licensed case management agency (CMA) on Honolulu and currently operates as a CMA only in Hilo, Hawaii, serving over 30 foster home clients who require nursing home level of care.

Currently, the complexities of providing case management for foster home clients requires complying with the requirements of two different health plans, while also being accountable to Federal Medicaid and State regulations, as well as a separate licensing entity – and while continuing to be client-centered and providing quality services that respect the dignity and self determination of the client. Needless to say, this has been a Herculean task.

During the past year, Catholic Charities Hawai'i has operated its case management services at a deficit on the Big Island. However, we felt we provide a quality and valuable service that is a needed option for this rural community and have continued to “ride out” the transition to managed care, despite the many changes, increased responsibilities, and lack of timely payment.

As a nonprofit provider of case management for foster home clients under the QExA (Medicaid) program, Catholic Charities Hawai'i is concerned that a significant reduction in rates will compromise the ability of CMA's to ensure the safety and well-being of foster home clients. The viability of the RACCP foster home model as an alternative to costly institutional care may be at risk if rates are significantly reduced without a commensurate reallocation of delegated responsibilities.

If I can provide any further information, please feel free to contact me via phone at 808-527-4702 or via email at diane.terada@catholiccharitieshawaii.org. Thank you for this opportunity to provide testimony.

Background Information

Catholic Charities Hawai'i (CCH) is a licensed case management agency and has been a Residential Alternatives Community Care Program (RACCP) provider since 1997 as part of a home and community based pilot program. Contracted by the state Department of Human Services (DHS), the Residential Alternatives Community Care Program (RACCP) offered eligible individuals an alternative to institutionalization by providing foster home care to individuals 18 or older who would otherwise be institutionalized.

DHS contracted with different case management agencies (CMAs), including Catholic Charities Hawaii's Quality Living Choices. Initially only Medicaid eligible clients could participate in the RACCP program but it was later expanded to include clients who can pay privately or who have long-term care insurance.

In 1998, the contract for RACCP CMA's was changed and the CMA's began to include certification of RACCP homes in their responsibilities. This added a new layer of accountability as the CMA's were charged with tracking licensing, education background checks, TB clearances and various insurances. The CMA's also did billing for the Foster Homes, collecting the fees from the government and paying the Foster Homes for their services. The case management rate was increased \$18.22 due to these additional responsibilities.

In 2005, CMA's were no longer responsible for licensing of or billing for the foster homes. A licensing agency was contracted by the State to certify foster homes and to license case management agencies. At this time, case management rates were reduced to \$16.25, where it has remained.

In February 2009, case management became a delegated service of the managed health care plans under Quest Expanded Access (QExA). The complexities of providing case management for two different health plans, while also being accountable to Federal Medicaid and State regulations, as well as a separate licensing entity – and while continuing to be client-centered and providing quality services that respect the dignity and self determination of the client, has been a Herculean task.

In June 2009, DHS asked the CMC to come up with ways to decrease duplication, examine inefficiencies in the system, and decrease our RACCP rates. The CMC appreciated the opportunity to provide feedback and offered 8 pages of recommendations. While the CMA's recognized that the State was in a fiscal crisis and that a rate cut might be imminent, we offered the recommendations to ensure that quality of care and the safety of our clients would not be compromised.

FYI 's regarding Case Management for RACCP

- Providing case management for RACCP clients requires a case management team comprised of both *licensed* Register Nurse (RN) and Social Work (SW) staff.

- Individuals placed in RACCP foster homes would *otherwise require nursing home level of care*.
 - In a nursing home, licensed RN's or LPN's would provide nursing care. There is no delegation of nursing tasks.
 - In a foster home, the CMA provides the licensed RN who then *delegates* nursing tasks to the foster home caregiver. When doing this, the *caregiver operates under the license of the RN*, who is responsible to train and oversee the caregiver.
- CMA's are required to be on call 24/7 for RACCP foster home caregivers due to the frail condition of their foster home residents.

RESIDENTIAL CHOICES, INC.

94-889 Waipahu St., Suite 203, Waipahu, HI 96797
Tel: (808) 676-3948 / Fax: (808) 676-9507

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Lorilyn Wandasan, R.N. Vice President
Residential Choices, Inc.

DATE: Thursday, January 7, 2010

RE: **Informational Briefing regarding possible cost savings for Programs
and services under the Department of Human Services**

My name is Lorilyn Wandasan and I am the Vice President and Clinical Supervisor for Residential Choices, Inc., a case management agency.

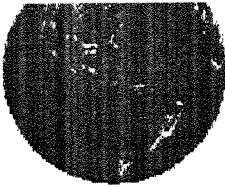
We are greatly concerned about the reduction in reimbursement by the Ohana Health Plan. We will be expected to continue to follow the restrictive requirements of HAR 1454.

In order to continue to give excellent client care we suggest that waivers be made to the HAR for practical changes that will reduce operational costs without reduction in quality of care. Some of the practical possibilities are:

1. In-home visits be changed from monthly to quarterly for stable clients. Frequency increased for higher acuity level clients.
2. Permit LPN's to assist with monitoring visits for stable clients..
3. Utilize Bachelor's level Social Workers for monitoring visits.
4. Review and reduce the quantity of paper work .

Although the HAR 1454 is currently being reviewed for changes, this process takes many months to go into effect. A temporary series of waivers could be considered to allow for creative management under these stressful circumstances.

Thank you for this opportunity to provide testimony.

**UNIVERSAL CASE MANAGEMENT, LLC**

91-735 Kilaha Street

Ewa Beach, Hawaii 96706

E-Mail: UCM@hawaii.rr.com

Office: (808) 689-5229 Cell: (808) 372-3168 Fax: (808) 689-7226

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Rosy E. Thomas, RN, BSN, LCM
Owner, Universal Case Management, LLC
Secretary, Case Management Council
91-735 Kilaha Street
Ewa Beach, Hawaii 96706
Office: (808) 689-5229
Fax: (808) 689-7226
Cell: (808) 372-3168

DATE: Thursday, January 7, 2010 (12Noon, Room 309)

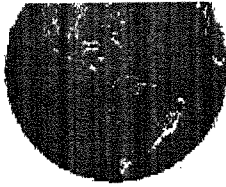
RE: Informational Briefing regarding possible cost savings for Programs and services under the Department of Human Services

My name is Rosy Thomas. I am a Registered Nurse for 29 Years and I am one of the Local small business owner of Universal Case Management Agency for the past 4 years. I am a member of the Case Management Council for 4 years and I am their current recording secretary. My Agency served the Aged, the Blind and the Disabled who are placed in the Foster Care Homes in our Community.

First of all, I would like to thank Representative John Mizuno and Representative Tom Brower for allowing me to give my testimony.

As my Colleagues before me who testified thus far, we all do understand that rate cut has to be made. It is a known fact that we have an economic crisis for the past two years and we have been expecting a rate reduction in which we have been bracing ourselves as to when it would come. However, when I received the letter from Ohana on New Year's eve, I was not only hurt, but very devastated.

With Ohana's 48% rate reduction, I felt very hurt, personally, because Ohana showed me that as a Registered Nurse, that they have no respect for me, for my worth, it's a personal insult to myself and for my profession. As a small business owner perspective, I know that I will not be able to continue to serve the Aged, the Blind and the Disabled

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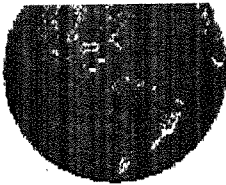
who desperately need my services as a Community Case Manager to ensure their safety and quality of care.

I have worked as a Registered Nurse in the hospital setting for 25 years, 19 years of those years, I worked as an RN in the Intensive Care Unit. After working in the hospital for 25 years, I've been racking my brain thinking as to what other service I could do to give back to the community. My prayers were answered when one day, a very good friend of mind introduced me to Case Management and from there, she mentored me on how to be a Case Manager. So, I found my "new calling" to work with the Elderly and the Needy population. I found great satisfaction doing this job, I found it to be a very humbling job with a deep sense of commitment to serve those who do not have their own family to care or look after them.

In 2006, DHS wrote and revised the RFP knowing full well the success and the amount of money the State is saving in having the RACC Program, Meaning the Residential Alternative Community Care Program. We have a very unique Program for our Elderly and the very Needy population. In fact, we are the **only State** among all the other 49 States who has this program. The main players in this triangle are #1. The Case Management Agency, #2. The Service Assessment and #3. The Foster Care Homes. This Infrastructure, this Triangle, was written in the RFP to preserve this model in order to ensure the safe and quality of care for the Blind, the Aged and the Disabled population in our community.

No one knows exactly what it is to be a Case Manager unless one is doing it. With the 4 years that I am doing this, and I could speak for the rest of my colleagues, ... that we are NOT doing this for the money, as many people think. As an RN who worked in the hospital for 25 years, I was getting paid \$45/hour back then. I quit that job a year ago knowing that I am only getting paid \$16.25 per day which it equates to about 67 cents/hour...but now with Ohana's 48% decrease rate at \$8.50 per day...not per hour...that equates to about 35 cents/hour...this is worse than slavery in this day and age.

Yes, we are in this economic crisis,... who do you think would want to earn 35 cents/hour? Despite the financial disparity, deep in my heart, God knows why I am a Case Manager and that's what matter to me most. There is so much behind the scene that we do and that we do not get credit for, let alone get paid for. I could freely speak on behalf of my colleagues, that as Case Managers, we are doing this job thru blood, sweat and tears and we know this for a fact. I am on call 24/7, I am at the Care giver's homes whenever I am needed and it doesn't matter whether it be at 10 or 11 at night, weekends or holidays. I do not only serve the Elderly, but I also support the Care givers, for without my RN license, the Foster Care givers are not allowed to practice. I wear

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different hats as my RN expertise calls for me to do: I counsel the families, the clients and the caregivers when needed, I am the client's daughter, their sister, their mother. I do crisis intervention, etc., etc., Once I placed anyone in the Foster Care Home, under my Agency, they become my own family...after all, this is what a Foster Care Home placement is...I am their family.

In closing, as a Minority, Local, Small Business Owner, I would like to continue to do what I do best and that is to serve the community. With about 41,000 Medicaid clients in the State of Hawaii being managed by the two HMOs and with that total, there are less than 2,000 clients who are currently placed in the Foster Care Homes being managed by 25 Local Case Management Agencies. Ohana is not only satisfied with managing 60% of the 41,000 Medicaid clients, but they also made their own case management agency to have "a piece of the pie" with the less than 2,000 Foster Care clients we are currently serving. But Ohana is still not satisfied with the "piece of the pie", their intention is to monopolize and to get rid of the local small business owners and the DHS and the Attorney General's office are just standing by and watch all the Case Management Agencies go out of business to be booted out by the corporate mainland giant.

Thank you for this opportunity to give my testimony.



CMP

Case Management Professionals, Inc.

Print Shop

LATE Testimony

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Agnes Reyes, RN
Vice President, Case Management Council
President, Case Management Professionals, Inc.
91-616 Onelua St.
Ewa Beach, HI 96706
Tel: (808) 689-1937 ext 112
Fax: (808) 689-1933
agnes@cmp-hi.com

DATE: Thursday, January 7, 2010 (12:00 noon, Room 309)

RE: **Informational Briefing regarding possible cost savings for
Programs and services under the Department of Human
Services**

My name is Agnes Reyes, a registered nurse and President of Case Management Professionals, Inc. I am also a member and Vice-President of the Case management Council. My testimony is plain and simple: that the rate reduction by Ohana effective February 1, 2010 will not only put more than half of the case management agencies out of business but further more than that, the huge implications of impacting the quality of care, health, welfare and safety of our clients who receive nursing home level of care in a residential setting will be compromised.

Since 1999 when I made a decision to take off my nursing cap and enter the business world, I have remained steadfast to my nursing pledge of being faithful to my nursing profession and devoting myself to the welfare of those under my care. My entrepreneurial vision was not only to start a business but to help build and strengthen the care industry in the State of Hawaii. Ten (10) years after, that vision is a reality and I share the pride with all the other case management agencies who helped build the foundation of the Community Care Foster Family Home Program and who will continuously strengthen this residential care industry through recruitment, training, empowerment and support of these foster homes. Today, Hawaii's elderly population has been afforded a valuable alternative long term care in a home setting. As nursing has always been the backbone of facility and institutional care, case management through its valuable nursing delegation component, care and service assessments, planning and monitoring functions is the backbone of quality residential care in a community care foster family home.



CMP

Case Management Professionals, Inc.

As one of the pioneer case management agencies in the State, our business journey was never smooth. Change was always constant, drastic implementation of complex processes were ongoing that by the time we had implemented a change, we have to completely change it all over again. We are currently amidst the biggest challenge yet so far as the State of Hawaii implements its transition to a managed care delivery system. Since its implementation in February 2009, we tried to remain focused despite the fact that our workload has tripled, reporting has doubled, information was muffled besides the contractual uncertainties and payment delays, but we understand we had to be there when it happens. As 2010 begins and the first year of this transition comes to an end by January 31st, for the first time ever we hear from Ohana a clear message of a 48% rate reduction. Receiving this certified mail on New Year's Eve after I have sent home all the case managers to enjoy the coming of the New Year, the first question as the company's administrator is how am I going to give the same kind of care with this cut? How am I going to afford valuable required professional registered nurses and master's level social workers with this cut? And how am I going to tell them, I have to let them go?

The Community Care Foster Family Home Program formerly known as the RACC Program or the Residential Alternative Community Care as its name states is a unique program in itself and its main component of care are the professional services of planning, coordination monitoring and oversight of providing the care in an alternative home setting. Case management is provided by highly skilled healthcare professionals. Cutting our rates by almost 50% will not be able to pay required highly skilled healthcare professionals, costly increasing professional liability insurances, costly and required employee benefits and the never decreasing tax liabilities. I will not be able to operate at its bare minimum.

As a business owner, being a nurse has been a weakness but yet my biggest strength I believe. It always clouded sound financial decisions because my bottom line has always been quality care. Compromising quality care will be a failure for me as a nurse and a business owner. With the 50% cut, I will not even dare to provide any kind of care as there is no alternative to quality care.

As healthcare professional and a business owner, I am hoping to get support from the State or the Legislature to resolve inappropriate inequities with reimbursements as these trickles a domino effect in our state's economy. Thank you for this opportunity to testify.

Good Afternoon – to the Honorable Speaker of the House, Calvin Say, Chairman Ron Mizuno, and members of the Health and Human Services Committee.

My name is Lolita Ching. I am the owner of Quality Case Management Agency. For the past 11 years, I, along with my colleagues experienced the changes in this particular health care delivery system and have faced the challenges to the role, duties, and responsibilities of the Residential Alternative Community Care Program Case Manager- now called Community Case Management Agency Case Manager – in relation to Case Management fees. I continue to have faith in the system, just as the leaders of the Department of Human Services had three years ago when it was decided that the RACCP Case Management Agencies would collaborate with the HMO's in the management of Medicaid beneficiaries' health care needs, and assist with the State budget shortfalls.

The budget shortfalls are not new to the RACC Waiver Program. Since I started in 1999, the leaders of the DHS have been testifying before the House every year – to request and consequently ensure additional funding is approved for the continued existence of the RACC Waiver Program. Every year, the CMA's supported and collaborated with DHS in the pursuit of additional funding, and every year the CMA's have invested man-hours in their role as clinician and manager. Since QMCI's inception in 1999, the CMA fee has remained at \$16.25/day. There was a short period where the fee was increased by \$2.00 as remuneration for certifying foster homes. This program grew due to the countless hours spent by each case manager in the recruitment of able and willing caregivers, responding to client and caregiver issues 24/7.

One of the CM's essential duties and CM HAR requirement is the ongoing monthly face to face monitoring, reassessment, and reevaluation. During this monthly monitoring, the CM ensures that clients are receiving the necessary services and quality care they deserve – in a safe and clean home environment. The CM is instrumental in the determination of medical need and medical access for the client during the face to face assessment. We are the eyes and ears of everyone involved in client care. We are instrumental in preventing any detrimental complications that may possibly occur. We make sure the health and welfare of

the clients are addressed, that client rights are exercised, including freedom of choice. To the professional Nurse and Social Worker, the priority is the Client. We deliver appropriate care and monitoring despite the 67 cent per hour professional fee (based on \$16.25/day). We continue to maintain our commitment to our clients, the caregivers, as well as, our DHS leaders. It is because of this ongoing oversight that quality care to the client persists thus preventing potential abuse and neglect, lawsuits, and increase in health care costs.

The CM fee rate reduction effective February is a time bomb waiting to explode. It could potentially lead to insufficient oversight. CMA's will not be able to survive on 35 cents an hour (based on Ohana's reduced CM fee rate of \$8.50/day). The population we serve are more vulnerable and medically fragile. Limited oversight due to rate reduction will jeopardize the current working model and the State of Hawaii could face an increase in financial burdens arising from lawsuits and unemployment expenditure.

Per Ohana's job posting for Service Care Coordinator/RN dated 01/04/10 – one of the essential duties is for the RN to perform an ANNUAL face to face HFA and as often (if applicable). Where is the unique model that the State of Hawaii reserved for our Kupunas and disabled Kamaainas??? One of the reasons the RACCP or CCFFH model became a unique and successful program is the regular monthly oversight provided by the RN or MSW case manager. The reduction in the frequency of monthly monitoring, reassessment, and reevaluation will have a detrimental effect on clients, caregivers, and CMA's.

Thank you for allowing me to share my concerns in these trying times.



Talavera Case Management Agency, Inc.

1188 Bishop Street, Century Square Building, Suite #1508, Honolulu, Hawaii 96813

Date: January 07, 2010

LATE
Testimony

Rep. John Mizuno, Chair
Rep. Tom Brower, Vice Chair

My name is Elsa Talavera, RN, Licensed Case Manager and a small business owner since 2003.

After working 23 years in the hospital setting, I took the courage to open up my own business. Today I am proud to say that I found my passion. Providing care coordination and case management services to the ABD population in the State of Hawaii.

February 2008, the State awarded a \$billion dollar contract to the two HMO's. I have a lot of uncertainties, but after several meetings with the Ohana group, we were re-assured that we are in a better position. We are promised and told that opportunity to grow our business and market ourselves is great. Also heavily discussed at this several meetings were the members will have better benefits in accessing for their own health plan?

Today is looking very grim. With the proposed reduction in rate half of us will closed down. This agencies help build this infrastructure. We created nursing home beds in the community, diverting institutionalization of our loved ones. With the fast growing rate of elderly in the State, I'm very concerned that shortage of beds in the community based will skyrocket; leaving our frail kupuna's very vulnerable.

Our caregivers are having difficulty providing care for the challenged patients in their home. With the watchful eye, support and guidance from their respective case managers, they are able to continue and have their patients flourished under their care.

The proposed reduction of 46% will greatly impact the support we can provide to our patients and caregivers. There will be a significant disconnect in the delivery of care at the home setting due to lack of resources. Our frail and elderly clients will suffer and be the victim of this astounding proposed rate.

Thank you very much for giving me this opportunity to voice my concern.

Yours truly,

Elsa P. Talavera RN, CMC

Community Care Foster Family Home

LATTE
Testimony

TESTIMONY

Date: Jan. 7, 2010

Good afternoon,
Rep. John Mizuno, Chair
Rep. Tom Brower, Vice Chair

My name is Marilou Chin, a Certified Nurse Aide and a Community Care Foster Family Home provider for the past 6 years.

I am here to testify in support of my Case Management Agency. I would not be able to do a good job in taking care of my Nursing Home level clients without the support and guidance of my Case Manager and her entire staff.

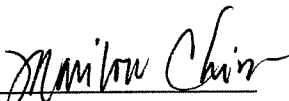
They are on-call 24 hours, 7 days a week. I am confident that every crisis I have, no matter what time of the day, my Case manager is always there for me. They provide their clinical expertise and professional judgment, not to mention their extended hours in giving us extra training if needed. The success of this program is a plus for the State of Hawaii, not only saving huge amount of money but also helping small homes like us to earn a living.

For the proposed reduction rate of 46 %, this will significantly lessened the amount of time the agency can assist us and in worst scenario, they will closed their business. This will greatly impact the health and safety of the frail individuals under the Foster Home industry.

We are working very hard to make sure we provide quality care and keeping our patients happy and safe. We don't need another stress on our hands, worrying that the much needed assistance is no longer available in time of crisis.

Without the Case management agency over seeing this program, our Kupunas will suffer and place them in great danger.

Thank you very much for giving me this opportunity to speak in support of my Case Management Agency.

Yours truly,


Marilou Chin

LATE Testimony

TO: Representative John M. Mizuno, Chair
Representative Tom Brower, Vice Chair
Committee on Human Services

FROM: Mercedes Ramiro-Anderson, M.S.W., L.S.W.
Owner of Ramiro-Anderson Case Management Agency
Treasurer, Case Management Council
1136 Union Mall Suit 801,
Honolulu, Hawaii 96813

DATE: Thursday, January 7, 2010 (12:00 noon, Room 309)

RE: **Informational Briefing regarding possible cost savings for
Programs and services under the Department of Human Services**

My Name is Mercedes Ramiro-Anderson. I am a social worker. My specialty is in Gerontology & Health.

In 2002 I went to the Department of Human Services to inquire on services for the elderly and disabled individuals. I was given the Hawaii Administrative Rules on the program which at that time was called Waiver program or Residential Alternative Care in Community. This is the program I believe known to many as "Adult Foster Home Program" or Home & Community Based Program. I applied for a licensed & got approved.

Since then, I have been providing case management services, and needless to say, there have been changes of some sort, or further development of sort, until in 2009 I have been contracted with the two health plans (Evercare & Ohana) to continue to provide services. As an agency, social worker, case manager, administrator, owner, officer of the CMC, I have experienced many ups and downs, but I persevere, and why because of my passion for this program.

Today, I feel a great trepidation.

I fear for this population. This reduce may affect the delivery of services, & it can then compromise the care of this vulnerable population.

As many of us may not be able to survive, many of the needs & concerns of these people may not be fulfilled. Among of the many services we provide is advocacy. We advocate for self determination, & ability to make their choices. It would be a great disservice to them. I implore your help to keep us our businesses alive so that we can continue to see this program through despite the financial difficulties. There ought to be some other solutions.

I am aware & sensitive to the need to reduce cost due the financial difficulties we are facing, however, the amount stated as of 2/1 /2010 is too drastic a cut to sustain the life of these agencies, such as mine.

Thank you for the opportunity to provide testimony.

Nancy Atmospera-Walch, RN, BSN, MPH, LNHA, CHES, CCHN, CMC
n.walch@yahoo.com

Testimony in Support of
Case Management in the Home and Community Based Long Term Care Setting

Informational Briefing

January 7, 2010, 2009
12:00 pm, Thursday
Hawai'i State Capitol Conference Room 309

LATE
Testimony

COMMITTEE ON HUMAN SERVICES

Honorable Rep. John M. Mizuno, Chair
Honorable Rep. Tom Brower, Vice Chair
Honorable House Committee on Human Services Members
Rep. Della Au Belatti
Rep. Joe Beltram, III
Rep. Mele Carroll
Rep. Scott Y. Nishimoto
Rep. Maile S. L. Shimabakuro
Rep. Ryan Yamane
Rep. Gene Ward

Honorable Chair John Mizuno, Vice-Chair Tom Brower, and Members of the House Committee on Human Services, Good Afternoon:

I am Nancy Atmospera-Walch, a Licensed Registered Nurse with a Masters in Public Health, a Licensed Nursing Home Administrator, a Certified Care Home Nurse, a Certified Case Manager, a Certified Health Educator, an Entrepreneur, a Health Care Consultant. and the current President of the Filipino Nurses Organization of Hawaii.

I am here today to express my full **Support** to ALL of the Licensed Case Management Agency owners, who operate their "Small Business," to support and care for our Aged, Blind and Disabled population in Hawaii. I have been an ardent supporter and advocate of the care of the Aging population for over thirty years (30) for I know one day, I will be a recipient of that same care.

However, there is a BIG possibility that the quality of care for our vulnerable elderly might be in jeopardy. WHY? Because there is, also a big possibility that HALF or even more of the "**Small Business Case Management Agency**" owners might lose their business to the GIANT Company, OHANA Health Plan. I say this, because on December 31, 2009, OHANA Health Plan delivered a certified letter to all of the Licensed Case Management Agencies in the State of Hawaii, stating that effective, February 1, 2010, the CURRENT daily Case Management rate of \$16.25 will be decreased to **\$8.50**. A WHOPPING 48% REDUCTION in the Daily Rate – cutting the Gross Income of these Case Management Agencies in half. **Just Imagine the impact it will have!**

As of October 1, 2009, the **MINIMUM HOURLY RATE in Hawaii is \$7.25.** So, let us translate the \$8.50 Daily rate that OHANA wants to pay the Case Managers, to an hourly rate and that would mean that these Case Managers would have an **HOURLY RATE of 35 CENTS.**

This is how much my late father was paid in the 1930's when he came to Hawaii as a young man to work in the Sugarcane plantation in Hawaii.

The BIG difference is the fact that we are now in the 21st century and that my father was a laborer and with no college degree. To be a TRUE HEALTH CARE CASE MANAGER, you must be either a **REGISTERED NURSE** or a **LICENSED SOCIAL WORKER**, which means you must have a college degree and experience in health care coordination. I said "TRUE" Case Manager, because there are many people calling themselves Case Manager, but they do not have the needed qualifications of a Case Manager, as defined by the **Case Management Society of America** or pursuant to the **Administrative Rules 17-1454 of the State of Hawaii**.

So, for me as **Registered Nurse** for over 30 years and a **Certified Case Manager**, I am amazed, disappointed and **insulted** that OHANA thinks that I am worth 35 cents an hour for the care that I deliver to our elderly population in Hawaii. **Do you think, Honorable Legislators that our worth is ONLY 35 cents an hour?** While you are thinking of what is our worth, let me share with you some statistics about our elderly in State: **AGING IN HAWAII**: (Source: Healthtrends.org, AHCA's 1999 Facts and Trends; the Nursing Facility Handbook, AARP's Across the States; Profiles of Long-Term Care Systems; AARP's Reforming the Health Care System, Hawaii State Executive Office on Aging, U.S. Census Bureau and others .)

Until 2000, Hawaii's elderly population, aged 65 and older, was growing at a much faster pace than the nation's elderly population. Consider these facts:

- Since statehood, Hawaii's proportion of elderly to total population has increased nearly **three-fold**, from roughly **5 percent in 1960 to 14 percent in 2007**. During this same period, the elderly segment of the nation's population increased by one-third, from 9 percent to 13 percent.
- Between 1990 and 2007, the number of elderly aged 75 and older increased 42 percent nationally compared to a **113 percent increase in Hawaii**.

It is projected that by 2030, the elderly population will represent 20 percent of the populations for each county, the state, and the nation as a whole; that is; one out of every five individuals will be aged 65 or older. In comparison, in 1970, one out of every 17 individuals was aged 65 or older.

It is obvious that today, we are living longer and healthier lives. No longer do people in their fifties and sixties die suddenly of acute illness in quite the same way as just a few decades ago.

Therefore, the need for long-term care is an issue that we ALL must take VERY seriously because:

- ❑ The geriatric population is one of the fastest growing segments of society today. Advances in diagnostic medicine as well as improvements in public health and sanitation are enabling people to live into their 80s and 90s. The long-term care population has been growing quickly, and likely to continue to grow, with the increase in the numbers of elderly.
- ❑ In Hawaii, at least 16% of its population is 60 years and older. **Hawaii has the fourth fastest aging population in the United States.** (*U.S. Bureau of Census*)
- ❑ Also in Hawaii, the most rapid increase is expected between the years 2010-2030, when the baby boomers generation (those born between 1946 – 64) reaches their retirement age. Nationwide, some 75 million baby boomers will begin reaching 65 years of age during that period. Most will live well into the eighties and beyond. With age comes illness and thus, greater demand for services to meet their changing physical dynamics. **Hawaii's elderly population is growing at 2.5 to 3.0 times the national average.** (*Hawaii State Executive Office on Aging*).

- In the State of Hawaii, **between 1990 and 2010, the segment of the population aged 60 and older is expected to grow by 72%. During the same period the 88+ group is expected to grow by 286%. (Hawaii State Executive Office on Aging).** or one in every five persons. **(1:5)** During the same period, the 85 years and older population group will grow by 286% or 40,000 persons. It is estimated that at least 50% of those 85 years and older, or about 20,000 persons will require long-term care during their life span. Meeting the demands of this quickly growing population requires expansion of facilities, training of all health care service personnel and creative strategies to receive the best-coordinated care.
- However, the number of nursing / care facility beds for those 65 – 85 years of age in Hawaii is the third lowest in the country.
- A recent study shows that in Hawaii there are only 28 beds per 1,000 elderly, while in the United States as a whole, there were 61 beds per 1,000 individuals aged 65 years and older.
- For those over 85 years of age, in Hawaii there are only 261 beds per 1000 individuals, while in the United States as a whole, there are 474 beds per 1,000 individuals. This means in Hawaii we have the lowest ratio in the nation, although Hawaii has one of the fastest growing populations in the age of 85 years and over category.

In Hawaii, the health care industry has created a strategy in which a an elderly or disabled may choose to live in a residential environment and be considered as a Member of the primary care giver family or what we call Home and Community Based Long Term Care.

However, this program is being ENDANGERED, because if the Small Business Case Management Agencies go out of business, we can also say good-bye to Community Based Long Term Care.

I say this, because, in order for the Nursing Home Level of Care patients to be able to stay in the residential community setting where a Certified Nurse Aide can take care of them and deliver the Nursing Skills that these elderly needs, that Nurse Aide must have an RN Case Manager that will delegate those Nursing Tasks to her or him. In Hawaii, we have only 19 Licensed Case Management Agencies and just imagine that HALF of them will close. **And if this happen, a Health Care Crisis is on the horizon**

And WHY? Because the Emergency Room and Acute Care Beds will become Nursing Home Beds. Have you been to the Emergency Room recently? How long did you wait? HOURS, right?

In addition, these Case Management Agencies also employs individuals, and if they close their business, where do you think these employees go? UNEMPLOYMENT. So, not only that we have lost the service and business of the Small Business owners, but we also have increased unemployment and decreased Tax Revenue to our ailing economy.

But our “Kapunas” are the most affected, for they would lose their ability to ^{choose} ~~choiee~~ for Case Management and lose their health care advocate.

So, as the saying goes, “a Small Pressure to the mountain can create an avalanche if you trigger the right point.” Driving Small Business owners such as Case Management Agencies out of business is a Small Pressure for the State of Hawaii, but it can create an AVALANCHE not only for the ELDERLY but also for the entire Health Care System of our State.

The sad thing is to see my colleagues and small business owners losing their company that they have started and grew for the last ten years - with the all the sacrifices that came along with it. **And now** - they stand to lose their business to an outside company like Ohana, who might not be here in a year or two, if they do not win the next bid, is a tragedy. By the way, this happened in the State of Florida, when WELLCARE announced **“ditching Florida's Medicaid Reform program.”**

IN SUMMARY, what transpired on December 31, 2009, with the delivery of OHANA Health Plan' letter, is not **ONLY** a **TRAGEDY** for Case Management Agencies, but for **ALL** of us in the State of Hawaii, for the health care infrastructure of the home and community-based long-term care will be gone, and it may take another decade to re-build, if at all possible.

As we all know, the recent economic problems were caused by BIG Companies / Conglomerates that were too BIG to FAIL, while Small Business Owners have been and are the proven pillars of the community and the economy.

Therefore, Honorable Representatives, I want you to consider strongly the implications, really look, and analyze carefully the wide and long-term consequences, if State Licensed Case Management Agencies, all of whom who are Small Business Owners lose their business to a Conglomerate like Ohana Health / WellCare. Make No Mistake, Case Management companies cannot survive with a reduction of fifty per cent (50%) of their income, no company could. Ohana Health/WellCare is fully aware of this fact.

It is my opinion that OHANA/WELLCARE, a New York Stock Exchange listed company's loyalty is primarily focused on increasing the income of their shareholders. I firmly believe that WellCare's Strategic Planning department orchestrated their strategy to wipe out the “Independent Case Management Agency” small business owners from the very beginning, well in advance of signing their Agreement with the State of Hawaii, disguising this fact when communicating with the State and the licensed Case Management Agencies.

Let me make it very clear.....It started with taking over the **“Nursing Home Without Wall”**, followed by **“Establishing their own Case Management Agency”** and **NOW.....the nail in coffin is disclosed – which is “Cutting the Gross Income of the licensed Case Management Agencies in half”** and to a point where they **CANNOT SURVIVE** while cleverly using the current economic condition in the State of Hawaii as an excuse.

Just to remind you: On February 19, 2009, the United States Centers for Medicare and Medicaid Services (CMS) prohibited WellCare (Ohana Health) from enrolling new members in its Medicare health plan and prescription drug plan in all 50 States. **CMS stated the sanction is a result of WellCare's “long standing of persistent failure to comply” and its rating is as one of the overall worst performers among all plans.** Medicare accounts for WellCare's largest piece of business in the State of Hawaii.

So, please help us, the hard working Small Business Owners who are **NOT** only taking care of our most vulnerable population, our “Kapunas.” but also contributing directly to our state's economy.

And as a final note – **YES**, our Case Management Agencies Tax dollars stay in Hawaii, as opposed OHANA Health. While using a locally sounding name, they are part of an out-of-State conglomerate, which has its corporate office in the State of Florida, which consolidates its earnings in the State of Delaware.

Thank you for giving me the opportunity to testify.