

SB 103

Measure Title: RELATING TO LONG TERM CARE.

Report Title: Kupuna Caucus; Long Term Care; Education and Awareness; Appropriation (\$)

Description: Requests the executive office on aging of the department of health to conduct an education and awareness campaign on long term care and have the campaign independently evaluated. Appropriates funds.

Companion:

Package: Kupuna

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, BAKER, ESPERO, GALUTERIA, GREEN, IHARA, Nishihara, Shimabukuro

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



WESLEY LUM, PhD, MPH
DIRECTOR

LORETTA FUDDY, ACSW, MPH
DIRECTOR OF HEALTH

Telephone
(808) 586-0100

Fax
(808) 586-0185

STATE OF HAWAII
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831

Committee on Human Services

SB103, RELATING TO LONG TERM CARE

Testimony of Wes Lum
Director, Executive Office on Aging
Attached Agency to Department of Health

Tuesday, January 29, 2013; Conference Room 016

1:30 p.m.

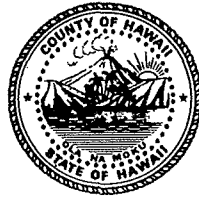
1 **EOA's Position:** The Executive Office on Aging (EOA) supports the intent of this measure
2 provided that its enactment does not reduce or replace priorities within our Biennium Budget
3 Request.

4 **Fiscal Implications:** An unspecified amount would be appropriated to EOA to conduct an
5 education and awareness campaign on long-term care and an evaluation of the campaign.

6 **Purpose and Justification:** This proposal is based on a recommendation of the Hawaii Long-
7 term Care Commission. EOA is happy to conduct a long-term care education and awareness
8 campaign, provided that resources are appropriated for this purpose.

9 We are currently developing a strategy for a public awareness campaign on long-term care.
10 When completed, we will have a better sense of the cost. We will share our findings once the
11 details of the campaign and the cost are determined. Thank you for the opportunity to testify.

William P. Kenoi
Mayor



Alan R. Parker
Executive on Aging

County of Hawai'i

OFFICE OF AGING

Aging and Disability Resource Center, 1055 Kino'ole Street, Suite 101, Hilo, Hawai'i 96720-3872
Phone (808) 961-8600 • Fax (808) 961-8603 • Email: hcoa@hawaiiantel.net
West Hawai'i Civic Center, 74-5044 Ane Keohokālole Highway, Kailua-Kona 96740
Phone (808) 323-4390 • Fax (808) 323-4398

January 28, 2013

TESTIMONY TO: Senate Committee on Human Services

Senator Suzanne Chun Oakland, Chair
Senator Josh Green, M.D., Vice Chair

SUBJECT: **SB 103 - RELATING TO LONG TERM CARE**

Tuesday, January 29, 2013
1:30 p.m.

Hawai'i State Capitol, conference room 016

Honorable Chairs and Members of the Committee:

Thank you for the opportunity to submit written testimony in strong support of SB 103 – RELATING TO LONG TERM CARE that requests the Executive Office on Aging to conduct an education and awareness campaign on long term care. I am Alan Parker, Executive on Aging for the Hawai'i County Office of Aging (HCOA).

It is essential that the public is aware of the importance of long-term care and its cost. Research in Hawaii and elsewhere indicates that most people are unaware of the costs of long-term care, and the likelihood that they will need long-term care services in their later years. As a result, relatively few people purchase long-term care insurance when they are able to do so at a reasonable cost.

Thank you for the opportunity to provide testimony.

Sincerely,

Alan R. Parker
Executive on Aging



TO: SENATE COMMITTEE ON HUMAN SERVICES
Sen. Suzanne Chun Oakland, Chair

FROM: Eldon L. Wegner, Ph.D.
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 1: 30 pm Tuesday, January 29, 2013
Conference Room 016, Hawaii State Capitol

SUBJECT: SB 103 Relating to Long-Term Care (Kupuna Caucus package)

POSITION: The Policy Advisory Board for Elder Affairs **strongly supports** SB 103, which appropriates funds to the Executive Office on Aging to conduct an educational awareness campaign on long term care and to arrange for an independent evaluation of the campaign and appropriates the needed funds for these tasks to the EOA.

RATIONALE:

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

- ! The Long-Term Care Commission submitted its recommendations to the Legislature on January 18, 2012. The Commission recommended an education and awareness campaign on long-term care based on its research which found much mis-information by the public regarding the financing of long-term care, inadequate knowledge of the costs of long-term care, an acknowledgment by the vast majority that they were unable to afford care, and a large percentage who reported no plans regarding their future care.
- ! The goal of the education awareness program would be to understand the risks of needing long-term care and the high out-of-pocket cost of long-term care, to motivate families to plan for their future long-term care needs and to create an awareness of options which would be helpful in financing long-term care, including the role of a limited public social insurance program and the role of private long-term care insurance.
- ! The Commission recognized that increasing public attention and knowledge of options is a necessary step to increase community support for a limited public insurance program which they found to be the most viable means to assist families with the cost of care without having to increase reliance on the general revenues of the state, and to reduce the need for enrolling in Medicaid.
- ! SB 103 appropriates funds to the Executive Office on Aging to contract for a coordinator of the public awareness campaign and for other expenses entailed in the campaign. The Executive Office on Aging will be the lead agency in designing the campaign. The endeavor will be a public-private partnership, involving the active participation of community groups such as AARP and FACE in conducting community education forums.

Thank you for allowing me to testify on this bill.



Community Alliance *for* Mental Health

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To: The Hawai'i State Senate Committee on Human Services
Re: SB 103

To: The Honorable Senator Chun-Oakland and the members of the committee.

Aloha,

The Community Alliance for Mental Health along with United Self Help supports SB 103. Perhaps affordable housing is one of the greatest needs in Hawai'i. Affordable long term care for people with multiple chronic conditions though has to be our greatest shortfall.

Persons with multiple chronic conditions cannot now find places to care for them as the age. That is bad. However we are facing a Tsunami of Alzheimer's patients and elderly citizens that will be suffering with dementia as the baby boomers age.

We are not prepared! SB 103 will help start the conversation on the subject that our State must have.

Mahalo,
Robert Scott Wall
Vice-President



To: Committee on Human Services
Senator Suzanne Chun Oakland, Chair

Date: January 29, 2013, Conference Room 016, 1:30 p.m.

Re: **SB103 – RELATING TO LONG TERM CARE**

Chair Chun Oakland and Committee Members:

My name is Steve Tam, Director of Advocacy for AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. AARP fights on issues that matter to Hawaii families, including the high cost of long-term care; access to affordable, quality health care for all generations; providing the tools needed to save for retirement; and serving as a reliable information source on issues critical to Americans age 50+.

AARP **strongly supports** SB103 which requests that the Executive Office on Aging conduct an education and awareness campaign on long-term care, and appropriates funds.

Need for a Public Education and Awareness Campaign

Many residents are unaware or underestimate the risk of needing long-term care in their lifetime. Just as most people do not plan for a tsunami and only take action when the wave is imminent; individual planning for the “Silver Tsunami” due to aging boomers needing long-term care typically occurs only when immediately needed. Very few Hawaii residents have planned for their long-term care despite all warning sirens ranging from: the high likelihood of needing long-term care; high cost of care; personal experiences as caregivers; and limited government assistance to pay or obtain services.

The 2012 Hawaii Long-Term Care Commission Report concludes that unless residents have basic information about the risks and costs of long-term care, it is unlikely that people will devote the time to develop a plan for their long-term care, or to protect themselves by purchasing long-term care insurance. To motivate people to plan for their long-term care, the Hawaii Long-Term Care Commission recommended the State of Hawaii conduct a long-term care education and awareness campaign.

High Risk of Needing Long-Term Care

Hawaii’s population is aging rapidly. There are approximately 206,000 people over 65 years old in Hawaii in 2012, and will increase by 61% to 331,000 in 2032.¹ Approximately 69% of people who turned 65 in 2005 will need long-term care before they die. Individuals needing long-term care will on average need help for 3 years, and spend on average 2 years at home, and 1 year in a nursing or assisted living facility.²

High Cost of Long-Term Care

Those Hawaii residents needing long-term care are faced with long-term care costs that are among the highest in the nation and unaffordable for most Hawaii residents. For example, the annual cost of a nursing home is more than double (2.49 times) the median age 65+household income.³

Hawaii residents have various long-term care options though all are expensive:⁴

- \$125,925 - Nursing Home
- \$57,772 – Home Health Aid
- \$50,336 - Homemaker Service
- \$45,000 – Assisted Living Facility
- \$17,420 – Adult Day Health Care

Public Not Planning for Long-Term Care

Though the majority of Hawaii residents (59%) say they are likely to need long-term care in the future and are not confident that they can afford one-year of long-term care,⁵ few Hawaii residents are planning ahead to meet these needs. Only 12% of those over 40 years old own a long-term care insurance policy.⁶

The most frequently cited reason for not purchasing a long-term care insurance policy is the cost, and that individuals are preoccupied with meeting their daily living expenses.⁵

Our members have also mentioned the emotional barriers to planning for long-term care. Individual's experience or exposure to long-term care are often negative. They associate this care with cognitive or physical decline. The planning for long-term care forces individuals to face their own mortality. The loss of independence was cited by 74% of respondents in the recent 2012 AARP Survey on Long-Term Care, as they said that they did not want to depend on family or friends for their long-term care needs.

Financing Options for Long-Term Care Are Limited

Currently Federal, State and private programs pay only a part of the cost for long-term care. Medicare is not designed to cover long-term care services (other than limited coverage in skilled nursing facilities). Medicaid pays for long-term care, but only those with limited assets and income. Private long-term care insurance does provide substantial coverage for long-term care, but enrollment is limited.

The State's primary long-term care program, Kupuna Care, served approximately 6,981 people⁷ (unduplicated persons served as reported by EOA) in 2012, which is only a small portion of the senior population that could be potentially served.

Due to limited government assistance and the high cost long-term care, the majority of Hawaii residents depend on unpaid family caregivers, in spite of not wanting to rely on friends and family. In the recent 2012 AARP Hawaii Survey on Long-Term Care, 49% of those surveyed expected friends or family to help with long-term care needs.⁵ In Hawaii, there are approximately 247,000 unpaid family caregivers that provide care valued at approximately \$2 Billion annually.⁸ Unfortunately, the number of family caregivers is declining. The primary family caregiver group is 50 to 64 years old. This group accounted for 19.1% of the population in 2012, but will account for only 16.1% of the population by 2032¹ and further cause strain on seniors and remaining caregivers.

Though individuals do not pay family caregivers, these caregivers incur personal costs to care for family or friends. One national study (Evercare and NAC – Family Caregivers, 2007)⁹ reported that one in three (34%) caregivers surveyed said they used their savings, and nearly one in four (23%) cut back on spending for their own preventative health or dental care. To manage the out-

of-pocket caregiving expenses, nearly four in 10 (38%) said they reduced or stopped saving for their own future. Furthermore, lost income and benefits sustained by family members that left their jobs to provide care for a family member were approximately \$303,000 (national averages), based on a loss of \$115,900 in wages, \$137,980 in Social Security benefits, and \$50,000 in pension benefits.¹⁰

In summary, the likelihood of an individual needing expensive long-term care is high. However, Hawaii residents have not planned for their long-term care needs. AARP likens the long-term care threat facing the people of Hawaii to a tsunami warning that has not been heeded. Therefore, state's role in making clear the threat to individuals and families is critical. We call on the Legislature to ensure that the threat to our public health system be acknowledged through an education and public awareness campaign. Accordingly, we urge you to support SB103, so that Hawaii residents and the community will start planning for long-term care before they need it. Thank you for the opportunity to testify.

¹ AARP Across the States, 2012, Profiles of Long-Term Services and Supports

² Kemper, Komisar, Alecxih, Long-Term Care an Uncertain Future: What Can Current Retirees Expect, 2005. Inquiry 42(4): 335-350.

³ AARP A New Way of Looking at Private Pay Affordability of Long-Term Services and Supports, 2012

⁴ Genworth Cost of Care Survey, 2012

⁵ AARP Hawaii Survey of Hawaii 50+ Residents on Long-Term Care, 2012.

⁶ AARP 2011 State Long-Term Services and Supports Scorecard

⁷ State of Hawaii Executive Office on Aging, 2012 Section II, Utilization and Expenditure Profiles

⁸ AARP Valuing the Invaluable, 2011 Update, The Growing Contributions and Costs of Family Caregiving

⁹ Evercare and NAC, Family Caregivers – What They Spend, What They Sacrifice; The Personal Financial Toll of Caring for a Loved One, 2007.

¹⁰ MetLife Study of Caregiving Costs to Working Caregivers, 2011.

Legislative Testimony submitted by Valorie E. Taylor, LBSW

Committee:

[COMMITTEE ON HUMAN SERVICES](#)
Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair

Bill No & Title: SB103 RELATING TO LONG TERM CARE.
Day and Date: Tuesday, January 29, 2013
Time: 1:30 pm
Place: Conference Room 016,
State Capitol, 415 South Beretania Street

Aloha, Senator Suzanne Chun-Oakland and Senator Josh Green

I am in SUPPORT of Senate Bill SB103

My name is Valorie Taylor and I have been a Social Worker for thirty years and worked with Seniors in various roles for almost 40 years. I have had many roles over the years such as Director of Social Services in nursing homes, Director for a community based program working with Seniors and in my own personal experience working with friends and family. The reoccurring theme that runs through all of this is the reoccurring statement "I didn't expect this.... I don't know where to go for help". Many mistakenly think that Medicare will pay for everything or think that government and social service programs will be able to give them all the help they need.

When faced with the ever changing landscape of long term care, many give up trying to figure things out because it is very confusing. Times continue to change. In my parent's generation many received pensions and relied on Social Security for their retirement. In my generation we have learned that Social Security will not pay for the long retirement we look forward to and many have lost some of their retirement or pensions.

There is an ever increasing need to educate the community so that they in turn can make intelligent choices and plan for their future. By planning for their future individuals can relieve their family from trying to figure it all out for them and may help to decrease the financial impact on the government services.

Evaluation of this program is also essential. In these times of limited resources we need to know that the money is well spent on programs that can prove their worth.

I respectfully support the passage of SB103

Sincerely,
Valorie E. Taylor, LBSW