



SB 149, SD1

Measure Title: RELATING TO HUMAN SERVICES.

Report Title: Human Services; Medicaid; Long-term Care Services; Kupuna Care Program; Appropriation (\$)

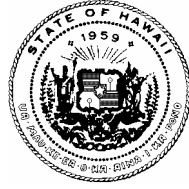
Description: Appropriates funds for necessary long-term care services for aging and disabled individuals on medicaid. (SD1)

Companion:

Package: None

Current Referral: HMS/WAM

Introducer(s): GALUTERIA



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 26, 2014

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Barbara A. Yamashita, Deputy Director

SUBJECT: **S.B. 149, S.D.1 - RELATING TO HUMAN SERVICES**

Hearing: Wednesday, February 26, 2014; 9:30 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of this bill is to appropriate funds for necessary long-term care services for aging and disabled individuals on Medicaid.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of this measure to ensure that individuals on Medicaid have the same access to home and community based services (HCBS), referred to in this bill as "long-term care services, as higher income individuals. The DHS opposes creating an entirely new state-only funded program that would be duplicative of an existing infrastructure.

The DHS proposes an amendment by replacing the second paragraph of Section 2, with the following:

"The sum shall be appropriated to the department of human services, provided that the department of human services shall transfer the appropriated sum to the executive office on aging to administer for the purposes of this Act, and the funds shall not be co-mingled with Kupuna Care funds."

Currently the Executive Office on Aging (EOA) provides home and community-based services (HCBS) through “Kupuna Care”. Medicaid and Kupuna Care have different eligibility criteria and cover different services. An individual may not be eligible to receive a service through Medicaid but could be eligible to receive it through Kupuna Care. The DHS agrees that if an individual can receive services through Medicaid, he or she should. However, Medicaid does not offer all services. The DHS believes that individuals who are Medicaid beneficiaries, but are not able to receive services through Medicaid, should not be excluded from Kupuna Care.

The DHS has recently sought and received federal approval to expand access to HCBS for Medicaid beneficiaries who do not meet institutional level of care (LOC) but are at risk of deteriorating to LOC. This expansion will reduce the size of the “gap group”, but a gap group will persist as long as the DHS and EOA programs have different eligibility criteria, different procedures for developing service plans, and different covered services.

To facilitate EOA’s provision of HCBS to low-income individuals who otherwise do not have access to them, the DHS and EOA are collaborating toward utilizing a common assessment tool and sharing a system that contains service plans. This would allow someone developing a service plan under an EOA program to see what services an individual is or is not receiving through Medicaid.

Requiring the DHS to create a Kupuna Care look-alike program would be duplicative and wasteful. The DHS does not have an infrastructure to deliver and pay for selective HCBS that are not covered by Medicaid. Because Medicaid covered HCBS are provided through managed care plans paid on a capitated basis, a separate program would be needed to conduct assessments using Kupuna Care’s criteria; develop service plans for Kupuna Care’s covered services; and contract with the same providers who are Kupuna Care providers. The DHS will require additional funding and at least three new staff to administer a new state-only funded HCBS program.

The DHS supports funding EOA to serve all seniors who are in need of services regardless of income status. The DHS respectfully requests consideration of the proposed amendment to Section 2 to avoid creating a new and duplicative program, to minimize the risk of Kupuna Care covering services that

could be covered by Medicaid, and to ensure that all older residents have access to the long-term care services they need.

Thank you for the opportunity to testify.

SB149

Submitted on: 2/25/2014

Testimony for HMS/WAM on Feb 26, 2014 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Deborah Arendale	Maui County Office on Aging	Support	No

Comments: Maui County Office on Aging supports the intent of this bill.



CATHOLIC CHARITIES HAWAII

TO: Senator Suzanne Chun Oakland, Chair
Senator Josh Green, Vice Chair
Committee on Human Services

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means

FROM: Diane M. Terada, Division Administrator

DATE: Wednesday, February 26, 2014 (9:30 a.m., Room 211)

RE: **IN SUPPORT of SB 149, SD1, Relating to Human Services**

Thank you for the opportunity to testify on SB149, SD1, Relating to Human Services. Catholic Charities Hawaii would like to express its strong support of SB149, SD1.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 60 years. CCH has programs serving elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. This bill speaks directly to our advocacy priority of caring for seniors.

Catholic Charities Hawai'i has a long history of caring for kupuna in the community. Our programs focus on ensuring access for kupuna to the services and programs that will allow them to age-in-place safely and with dignity. This approach is not only aligned with our mission but is also cost-effective for the community.

Some of the seniors that we serve are Medicaid recipients. As you know, Medicaid recipients have very low incomes. Our Medicaid-recipient kupuna also often lack adequate support systems for caregiving and rely on service providers for the very assistance that allows them to avoid institutionalization. Unfortunately, Medicaid does not provide all of the services that these kupuna need to live safely and avoid more costly care. For example:

- A Medicaid kupuna may not meet Medicaid requirements to qualify for Medicaid authorized Home and Community Based services. Yet, without these early intervention services, kupuna will fall quickly into higher, and most costly, levels of care.
- A Medicaid kupuna may need nonmedical services which Medicaid does not authorize. For example, Medicaid will authorize transportation for medical purposes but they will not authorize transportation for other critical needs such as to nutrition programs, for grocery shopping or to senior centers.

Additionally, we are aware that the Department of Human Services (DHS) does not currently administer these services, which mirror Kupuna Care services. We wish to express some concern



that assigning this program to DHS could cause a delay and service gap for our kupuna. The Department of Health/Executive Office of Aging already administers Kupuna Care services and seems an alternative and appropriate choice for logistics and mission fit.

Thank you very much for your attention to this group of kupuna that are at serious risk of falling through the cracks of our safety net. Please help us keep them safe and healthy.

Thank you for the opportunity to testify. Please contact me at (808)527-4702 or diane.terada@catholiccharitieshawaii.org if you have any questions.



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Senate Committee on Human Services
The Honorable Senator Suzanne Chun Oakland, Chair
The Honorable Senator Josh Green, Vice Chair
Senate Committee on Ways and Means
The Honorable Senator David Y. Ige, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Hawaii State Legislature

February 26, 2014; 9:30 am
Room 211

SB 149, SD1, Relating to Human Services

Good morning, Chairs Chun Oakland and Ige, Vice Chairs Green and Kidani, and Members of the Human Services and Ways and Means Committees,

Lanakila Pacific **supports SB 149, SD1**, Relating to Human Services to provide critically needed services for our most vulnerable elderly neighbors on Medicaid. This measure is vital due to the recent policy shift by The Executive Office on Aging to exclude otherwise eligible Medicaid Recipients from receiving services. These services are critical in order for the seniors to remain safely in their homes.

However, Lanakila Meals on Wheels feels that the appropriate allocation of funds is within the Executive Office on Aging where Kupuna Care services are already administered. Allocating the funds to DHS would require additional administrative overhead on the part of the department and the service providers as it would be a new and additional program. This would reduce the actual dollars spent on direct services.

We urge you to support funding to provide critically needed services for our most vulnerable elderly neighbors on Medicaid, but include it in addition to the existing program rather than create additional administrative burden.

Respectfully submitted,

Marian E. Tsuji
President & CEO

Lyn Moku
Director of Lanakila Meals on Wheels



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

Committee on Ways and Means
Senator David Y. Ige, Chair

Date: February 26, 2014, Conference Room 211, 9:30 a.m.

Re: **SB 149 SD1 – RELATING TO HUMAN SERVICES**
Testimony in Support

Chair Chun Oakland, Chair Ige and Committee Members:

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+.

This bill appropriates funds to the Department of Human Services for long-term care services for aging and disabled individuals who are Medicaid eligible but unable to obtain these services through Medicaid and not eligible for services funded by Kupuna Care or the Older Americans Act.

AARP **supports SB 149 SD1** as a means to support this “gap group” as long as the integrity of the Kupuna Care program as a safety net program for non-Medicaid recipients is maintained.

We concur that DHS is the appropriate department to receive the funds. We also believe that it would be more expedient and efficient for DHS to have the administration of the funds contracted to such entities as the Honolulu County’s Elderly Affairs Division or the State Executive Office on Aging.

We are concerned that past violations by some of the Honolulu County service providers who wrongfully used Kupuna Care program funds to serve ineligible Medicaid individuals not recur. Hence, we respectfully and strongly request that funds for Medicaid eligible individuals for long-term care services not be co-mingled with Kupuna Care funds nor be part of any Kupuna Care contracts.

Thank you for the opportunity to provide testimony.



Community Alliance for Mental Health

February, 26, 2014

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To: Senate Ways and Means & Human Services Committees
Re: SB 149, SD1

Aloha Chair Ige and the members of the committee,

On behalf of the Community Alliance for Mental Health along with United Self Help we strongly support the passage of SB 149, SD1.

The passage of SB 149, SD1 is necessary because up to this point there simply is no plan for the long term care of individuals on Medicaid. It's that simple. Forget the disabled, the regular population has not provided for their old age and are going to end up on Medicaid seeking house care of HPHA. However the state has no plan that has been made public for dealing with our aging population.

Therefore the passage of SB 149, SD1, is critical.

Scott Wall
VP/Legislative Advocate
Community Alliance for Mental Health

Elizabeth Bethea, PhD, LCSW
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Kane`ohe, Hawai`i 96744
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February 24, 2014

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

RE: Hearing on S.B.149, S.D.1
Wednesday, February 26, 2014, 9:30 a.m., Conference Room 211, State Capitol

Aloha Chair Chun Oakland and Chair Ige:

I am writing in strong support of the intent of this measure, but feel it is the wrong solution to the right problem: that problem being the recent removal of the *sole* safety net – home- and community-based services (HCBS) funded by Kupuna Care and the federal Older Americans Act - from high-risk, vulnerable kupuna and persons with disabilities, for the *sole* reason that they are enrolled in Medicaid. Before I propose a relatively simple, logical and quickly implemented solution that does not require an additional appropriation, please consider these facts:

- Neither the Kupuna Care (KC) program nor the Older Americans Act (OAA) disallows HCBS services from being provided to Medicaid recipients
 - While the OAA does not prohibit duplication of services, the KC Guidelines (1999) explicitly prohibit duplication: KC Eligibility Guideline #3 (p. 9) states “Not covered by any **comparable** (emphasis added) government or private HCBC services.”
 - Clients who meet KC eligibility criteria are, by definition, not functionally impaired to the point that they require Skilled Nursing Facility (SNF) level of care
 - However, Medicaid plans that include HCBS services necessary to age in place in the home are *only* available to clients at the SNF level of care
 - Since KC-eligible Medicaid recipients cannot receive **comparable** HCBS services (such as home delivered meals, bathing and transportation to medical care) through their Medicaid plans, there is no duplication of service
- The Legislature’s intent in establishing the KC program in 1999 was to provide a safety net of HCBS services to enable “gap group” kupuna to age in place in their homes without risking spend-down of their assets to the point of qualifying for Medicaid and/or being placed in institutional care
 - KC-eligible Medicaid clients are *identical* to these “gap group” seniors with one exception: they are *already below* the threshold of risk for impoverishment and/or institutional placement that the KC program sought to prevent
 - While “gap group” kupuna still have Medicaid as a safety net in the event they become impoverished and too functionally impaired to remain in their homes, the Medicaid group that has been deemed ineligible for KC literally has no place else to go: in the absence of crucial HCBS services such as home delivered meals, bathing and transportation, they will either deteriorate rapidly and require institutional care, or they will die

- In targeting KC services to the better-off “gap group” while disenrolling large numbers of Medicaid clients, *a new, unintentional gap group has been created*
 - This new gap group constitutes ~50% of O`ahu’s KC service population
 - Providing long-term care through the Medicaid program rather than the KC program will cost the State ~5000% more: KC services average ~\$200/month per client, while nursing home care costs ~\$10,000/month
- The stability of the local Aging Network is being seriously harmed as nonprofit KC service providers deal with multiple crises:
 - Providers are forced to make the morally untenable choice of either dropping their most vulnerable clients from service, thereby taking away their only safety net and potentially placing them in life-and-death situations, or finding other funding sources to sustain these services – however, their finite reserves from outside fundraising are not sufficient to sustain services long-term for 50% of the KC-eligible population
 - Enforcement of the State’s recent policy shift sets up KC service providers to fail in meeting their contractual obligations:
 - They will now fall ~50% short of the number of units of service they contractually agreed to provide
 - The resulting 50% reduction in income, on which they based their annual budgets for staff, materials and operating expenses, seriously destabilizes the Aging Network at a time when it is most needed
 - Lapsing several million dollars in KC funds artificially creates an impression to the Legislature that community need is significantly lower than the Aging Network had represented; this creates a dangerous dichotomy between appearance and reality:
 - It could call into question the integrity of the Aging Network and diminish political will to continue funding the Kupuna Care program at a time when:
 - The rapid influx of Baby Boomers is greatly increasing the State’s need for affordable HCBS services to prevent exponentially higher expenditures for long-term institutional care and increased Medicaid enrollment
- Because the State announced its policy shift *after* the City’s FY2014 KC procurement and contracting process was already completed and services were well underway, potential legal, procurement and ethical problems exist in enforcing discontinuation of services to KC-eligible Medicaid clients *after-the-fact*; these legal, procurement and ethical issues are currently under independent review and could result in costly litigation
- The KC funds currently contracted to O`ahu service providers are still encumbered by the City and available to serve all KC-eligible clients, irrespective of their Medicaid status; therefore, an additional appropriation by the Legislature is not necessary or warranted
- Proposed solution:
 - By reaffirming its original intent in creating the KC program, the Legislature would reaffirm the State’s interest in providing cost-effective HCBS services to enable kupuna and persons with disabilities to age in place in their homes and communities, thereby preventing or delaying costly long-term institutional care
 - The Legislature would find that the State’s interests are not served by artificially creating two separate and unequal gap groups, one of which places the most vulnerable kupuna in peril while incurring a 50 times greater cost to the State
 - By clarifying the language of KC Eligibility Guideline #3, the Legislature would:
 - Resolve interpretation of the word **comparable** to mean specific HCBS services which are critical to an individual’s ability to age in place in the home, such as home delivered meals, bathing and transportation
 - Because these critical services are not available to KC-eligible Medicaid clients under the current Medicaid structure, the Legislature would clarify that Medicaid eligibility alone is not a disqualifier for KC

- By affirmatively and concurrently resolving the multiple problems mentioned above, the Legislature would ensure continued non-duplication of services, while maximizing provision of cost-effective HCBS services to all eligible recipients through *existing programs, funding and contractual agreements*

I very much appreciate the Committees' concern regarding the multiple risks and long-term costs associated with this issue, and applaud your willingness to consider appropriation of additional funding to mitigate those risks. I hope that the information provided above will be of help in resolving the issue without the need for an additional appropriation or reassignment of responsibilities among State agencies; and with minimal disruption to the legislative process, the work of the local Aging Network and, most importantly, the lives of our most vulnerable kupuna and persons with disabilities, for whom the Kupuna Care program is their only safety net.

Thank you for the opportunity to provide testimony on this critical issue.

With great respect and Aloha,

Elizabeth Bethea

Elizabeth Bethea, PhD, LCSW

SB149

Submitted on: 2/22/2014

Testimony for HMS/WAM on Feb 26, 2014 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ellen Awai	Individual	Support	No

Comments: Please support SB149 SD1 to restore services for the elderly and disabled.
Mahalo!

I am writing in regards to SB149, relating to human services, which I support. I believe appropriating funds to the department of human services so that disabled and aging individuals on Medicaid can continue to receive the necessary long term services would truly benefit those whose health and lives depend on these services. Services related to long-term health care such as managing chronic illnesses, hospice care, etc., would create venues for disabled and aging individuals to live and maintain health care coverage. This is important because people who suffer from preventable chronic illnesses such as heart disease, diabetes, and obesity consist of 20% percent of patients treated annually. This 20% percent of patients accounts for 80% of the United States' medical costs. Recent health care innovation, such as the Affordable Health Care Act, also known as ObamaCare, will expand Medicaid. Medicaid is a federal and state funded program where the government pays states for a percentage of its expenditures on Medicaid. I support SB149 because it supports Hawaii's elderly and disabled. Many rely on Medicaid. It will be detrimental to many if funds are not available to aging and disabled individuals for them to continue to receive long term services.

Karmann Afaga