

ACT 165

H.B. NO. 1332

A Bill for an Act Relating to Adult Residential Care Homes.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The purpose of this Act is to establish a new category of adult residential care homes or community-based residences which are qualified to serve nursing facility level clients. The Act also authorizes the use of existing medicaid funds for the conduct of the Maluhia waitlist demonstration project, which shall:

- (1) Develop a program targeting hospital waitlisted patients to discharge them into an alternative placement setting, namely adult residential care homes or community-based residences, with supplementary home health care, case management, and community support services;
- (2) Develop a training program to prepare home operators to successfully accommodate the types of cases that will be targeted;
- (3) Demonstrate that the proposed program can provide services that will be appropriate and of sufficient quality to meet the required health and social needs of the patients at their respective levels of care; and
- (4) Demonstrate that the designed program can provide care that will be less costly than services paid by medicaid for hospitalized patients waitlisted for nursing home care.

SECTION 2. (a) The Maluhia waitlist project shall develop, demonstrate, and document the ability of the project to serve hospital waitlisted patients in adult residential care homes or community-based residences as a means of providing cost-effective long-term care in an alternative care setting. The project shall provide:

- (1) Case management and health monitoring services based on an interdisciplinary team approach;
 - (2) Services to patients aimed at maximizing their functional status to remain as independent as possible in the least restrictive environment and at maintaining their optimal health;
 - (3) Training and supervision of the care home operators to maximize their skill capacities;
 - (4) Targeting high-cost, high-risk hospital waitlisted medicaid patients;
 - (5) Clinically-based fiscal prudence by keeping the clinical staff continuously aware of the cost of the services rendered; and
 - (6) Developing a new alternative of care that is not presently available in the State.
- (b) A patient shall be eligible to participate who:
- (1) Is hospitalized and deemed waitlisted for nursing home care or is in a nursing home and is willing to be transferred to a less restrictive setting;
 - (2) Has been approved by the department of human services for nursing home placement at the intermediate care facility or skilled nursing facility level;
 - (3) Is deemed medically or categorically needy under the state medicaid plan;
 - (4) Is estimated to incur medicaid costs for home and community-based care equal to or less than that of the average hospital waitlisted patient;
 - (5) Can be cared for in a safe, noninstitutional environment;
 - (6) Together with the patient's family and primary physician, is willing to participate in the program and adopt its philosophy of care; and
 - (7) Has had the patient's plan of care authorized or approved by the primary physician and the state medicaid agency.
- (c) The project shall target the city and county of Honolulu initially and expand to the neighbor islands if fiscally possible by the third year of the project.
- (d) The department of health shall adopt rules in accordance with chapter 91, Hawaii Revised Statutes, to implement the project.
- (e) Personnel employed for this project shall not be subject to chapters 76 and 77, Hawaii Revised Statutes.
- (f) The department of human services shall support the project by:
- (1) Collaborating with the department of health in obtaining the necessary federal waivers to develop the demonstration project;
 - (2) Applying to the United States Health Care Financing Administration for the medicaid waiver; and
 - (3) Providing a system of reimbursement for demonstration services.
- (g) The director of health shall report to the legislature at least twenty days prior to the convening of each regular session during the conduct of the project. The annual report shall include a comprehensive report on the status of the project and recommendations for amendments to the rules of the department pertaining to the project.

SECTION 3. Act 289, Session Laws of Hawaii 1993, is amended by adding two new sections to read as follows:

"SECTION 39A. The special fund appropriation of HTH 241 shall be increased by \$1,000,000 for the purpose of implementing the Maluhia waitlist project for fiscal year 1994-1995.

SECTION 55A. Provided that of the sum appropriated for HMS 601, up to \$1,000,000 may be expended, on a limited demonstration basis for fiscal year 1994-1995 for the Maluhia waitlist project; provided that the department of human services receives approval from the United States Health Care Financing Administration for a medicaid waiver to deinstitutionalize waitlisted medicaid patients into residential settings, appropriate licensing regulations are established for such settings by the State, and the department of health and the department of human services deem the program to be cost-effective. The \$1,000,000 representing \$500,000 in general funds and \$500,000 in federal funds, in HMS 230 may be transferred to HMS 601 for the purposes of this Act, provided that all federal and State waivers have been obtained."

SECTION 4. The department of health shall adopt rules in accordance with chapter 91 to establish a new category of adult residential care home or community-based residence which is qualified to serve nursing facility level clients in the State. In order to qualify for this new category of adult residential care home or community-based residence, an individual shall:

- (1) Be determined by the department of human services to require care that meets the LOC III care, supervision, and assistance that are needed by dependent individuals at the LOC III level who require extensive services and supervisions to manage their physical, mental and social functions;
- (2) Be certified for nursing facility (NF) level of care; and
- (3) Be admitted to a medicaid waiver program.

The department of health shall adopt rules in accordance with chapter 91 to establish licensing regulations for this new category of adult residential care homes or community-based residences which is qualified to serve nursing facility level clients.

The department of health shall adopt rules in accordance with chapter 91 to define the standards of care that shall be required to be provided to residents qualifying for this new category of adult residential care home or community-based residents.

SECTION 5. Pursuant to rules adopted by the department of health establishing a category of adult residential care homes or community-based residences which is qualified to serve nursing facility level clients, the department of human services shall allow medicaid waiver funds to be used to pay for support services to nursing facility level clients residing in adult residential care homes or community-based residences who have been admitted to the medicaid waiver programs.

SECTION 6. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 1994, and shall be repealed on June 30, 1996.

(Approved June 21, 1994.)