

**ACT 57**

S.B. NO. 2881

A Bill for an Act Relating to Elderly Care.

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

SECTION 1. The legislature finds that the chronically ill and disabled elderly are often in need of a variety of long-term care services including medical services, rehabilitation therapy, psychosocial counseling, transportation, meals, personal care, and grooming. In addition, the frail elderly and their families are often caught in a labyrinth of application forms, frequent physician visits, endless phone calls, and inquiries to obtain appropriate services that can meet the different health and social needs of the frail elderly. Dealing with multiple agencies and deciphering

their costs and eligibility requirements are formidable tasks and add to family stress and frustration, which may lead to compromising the continuity of care for the elderly person.

The outcome of such a fragmented long-term care system and the limited scope of services is that the frail individual usually must make do with what can be obtained in the community or be prematurely placed in an institution such as a nursing home. The legislature, as well as families, finds this to be not only costly and inadequate, but also undesirable. Moreover, nursing home placements are expensive because of the high costs of constructing and operating such facilities.

As the elderly population rapidly increases, especially with the “baby boomers” reaching age sixty-five starting from the year 2011, the legislature recognizes the need for a more comprehensive, community-based program that prevents institutionalization and contains long-term care costs. To meet this need, the 1991 legislature established a demonstration project at Maluhia Hospital known as the program for all-inclusive care for the elderly (PACE).

The legislature finds that PACE provides a complete package of services that enhances the quality of life for the program’s elderly participants. In addition, PACE addresses the problems of fragmented and costly long-term care by meeting the needs of Hawaii’s families who are struggling to maintain frail elderly individuals in their own homes to avoid institutionalization. The legislature further finds that PACE costs less than what Medicare, Medicaid, and private individuals currently pay for long-term care.

Recognizing the overall success of similar projects nationwide, Congress passed the “Balanced Budget Act of 1997,” which established PACE as a permanent type of provider under Medicare and allows states the option to pay for PACE services under Medicaid. Hawaii’s PACE program at Maluhia, along with other PACE sites throughout the country, are now seeking this permanent provider status under Medicare and being included into their respective Medicaid’s state plan as a benefit for eligible clients. Maluhia’s PACE demonstration status will continue until June 30, 2005, to provide the necessary transition period into the new permanent status granted by the federal agency and for the program to be included as an amendment in the state plan.

The purpose of this Act is to extend the PACE demonstration project at Maluhia as it awaits its federal approval from the Centers for Medicare and Medicaid Services, formerly known as the Health Care Financing and Administration, to become a permanent provider as established by Congress.

SECTION 2. Act 211, Session Laws of Hawaii 1992, as amended by Act 338, Session Laws of Hawaii 1997, is amended by amending section 8 to read as follows:

“SECTION 8. This Act shall take effect on July 1, 1992, and shall be repealed on June 30, [2002.] 2005.”

SECTION 3. Act 338, Session Laws of Hawaii 1997, section 3, is amended to read as follows:

“SECTION 3. (a) The PACE program shall submit a program description and a financial and management report to the legislature.

The program description and the financial and management report shall contain:

- (1) A description of the scope of services;
- (2) Eligibility criteria for provided services;
- (3) An evaluation documenting the quality of care and health outcomes as measured by standards upheld by the department of health’s [~~hospital and medical facilities branch,~~] office of health care assurance branch,

and as defined by ~~[medicare or] Medicare and [medicaid] Medicaid~~ licensing requirements under the department of human service's<sup>1</sup> ~~[community long term care branch] adult and community care services branch,~~ and by the ~~[National] national~~ PACE standards, which include data on hospitalization and nursing home<sup>2</sup> placement rates, activities of<sup>3</sup> daily living, and satisfaction rates of patients and families;

- (4) An assessment of the State's exposure to liability including:
  - (i) (A) A financial measurement of the State's obligation to provide care to all participants through the termination of all care contracts;
  - (ii) (B) A comparison of the amount computed in (i) (A) to the charge to clients approved or estimated to be approved by the ~~[Health Care Financing Administration;] Centers for Medicare and Medicaid Services;~~ and
  - (iii) (C) An explanation of all assumptions used to develop the assessment.

The assessment is an extension of paragraph (9) for the evaluation of the future viability of this project by consideration of all relevant costs, including overhead, facilities and housing costs, fringe benefits and payroll taxes, financing, and the cost of pass through services from other sectors of government;

- (5) Census data from PACE's inception covering:
  - (A) Number of patients enrolled in<sup>4</sup> the past five years;
  - (B) Average number of patients enrolled per month; and
  - (C) Expected growth;
- (6) Costs to:
  - (A) Participants; and
  - (B) Medicaid;
- (7) A description of the financing structure for the program, including an analysis of the adequacy of the reserve for future care costs;
- (8) Documentation of the number of full time equivalent employee<sup>5</sup> and the patient-staff ratio; and
- (9) The total cost of the PACE program including:
  - (A) The State's total contribution on an annual basis;
  - (B) Expenditures by cost categories;
  - (C) Cost per patient per month based on all state and ~~[medicaid] Medicaid~~ funding; and
  - (D) Presentation of revenue and expenses, including disclosure of the provision for future care costs by year.

(b) The PACE program shall address these issues and report its findings to the legislature no later than twenty days before the convening of the regular session of 1998, 1999, 2000, 2001, 2002, ~~[and] 2003[-], 2004, and 2005."~~

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on June 29, 2002.

(Approved April 26, 2002.)

**Notes**

- 1. Prior to amendment "services's" appeared here. "Service's" should be underscored.
- 2. Prior to amendment "homes" appeared here. "Home" should be underscored.
- 3. Prior to amendment "on" appeared here. "Of" should be underscored.
- 4. Prior to amendment "for" appeared here. "In" should be underscored.
- 5. Prior to amendment "employees" appeared here. "Employee" should be underscored.