LILLIAN B. KOLLER, ESQ. DIRECTOR

> HENRY OLIVA DEPUTY DIRECTOR

#### STATE OF HAWAII DEPARTMENT OF HUMAN SERVICES P. O. Box 339 Honolulu, Hawaii 96809

January 31, 2008

#### MEMORANDUM

TO:

Honorable Suzanne Chun Oakland, Chair

Senate Committee on Human Services and Public Housing

FROM:

Lillian B. Koller, Director

SUBJECT: S.B. 2102, RELATING TO RELATING TO CARE HOMES

Hearing: Thursday, January 31, 2008, 1:30 a.m.

Conference Room 016, State Capitol

The purpose of S.B. 2102, is to increase State Supplemental Payments (SSP) for Adult Residential Care Homes (ARCH) Type I and II, licensed developmental disabilities domiciliary homes, community care foster family homes, and certified adult foster homes by 7% from \$641.90 to \$686.83 (\$44.93 per month, per client) for Type I and from \$749.90 to \$802.39 (\$52.49 per month, per client) for level II.

The Department of Human Services DEPARTMENT'S POSITION: (DHS) appreciates the intent of this bill. For the purposes of this public hearing we are submitting information to assist you in your decision making.

The cost of this increase is \$1,304,818.80 for FY 09.

On occasions when the SSP has been raised in the past, the increase was in a dollar amount, not a percentage amount. The effect of the percentage increase is to further increase the disparity for the payments between Type I and Type II ARCHs who serve the same clients but have differing operating requirements. The Department has no opinion on this methodology but wanted to highlight the fact that this is different from past practice.

The State of Hawaii has a Maintenance of Effort (MOE)

Agreement with the Social Security Administration which specifies that in each calendar year, DHS shall be required to make at least the same or greater amount of total monetary payments in the form of SSP to populations residing in designated living arrangements. Anytime there is an increase in the SSP rate, the increase automatically raises the MOE requirement by that increased amount the following year and thereafter, unless the number of recipients drops precipitously. While SSP rates reflect the maximum allowable payment to individuals, the department's MOE requirement with the Social Security

Administration pertains to the total payment amount distributed to all SSP recipients.

If the Legislature determines that a SSP increase is warranted, the Department respectfully asks that the implementation of the proposed rate increase shall not adversely impact nor replace the priorities in the Executive Supplemental Budget.

Thank you for this opportunity to testify



### TESTIMONY from the Hawaii State Council on Developmental Disabilities

Testifier's Name: Waynette Cabral

**Position Title:** Executive Administrator

Organization: Hawaii State Council on Developmental Disabilities

Day, Date, and Time of Hearing: Thursday, January 31, 2008, 1:30 pm

Measure Number: SB 2102 - RELATING TO CARE HOMES

Name of Committee(s): Senate Human Services and Public Housing (HSP)

Number of copies the Committee is requesting: 1 copy to Committee Clerk

Room Number: 226



## LATE

#### STATE OF HAWAII

STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
919 ALA MOANA BOULEVARD, ROOM 113
HONOLULU, HAWAII 96814
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
January 31, 2008

The Honorable Suzanne Chun Oakland, Chair Senate Committee on Human Services and Public Housing Twenty-Fourth Legislature State Capitol State of Hawaii Honolulu, Hawaii 96813

Dear Senator Chun Oakland and Members of the Committee:

SUBJECT: SB 2102 - RELATING TO CARE HOMES

The position and views expressed in this testimony do not represent nor reflect the position and views of the Departments of Human Services (DHS) and Health (DOH).

The State Council on Developmental Disabilities (DD) **SUPPORTS SB 2102.** The purpose of the bill is to appropriate funds to increase payments for level of care for Adult Residential Care Homes (ARCH) types I and II, and licensed developmental disabilities domiciliary homes, community care foster family homes, and certified adult foster homes by 7% from \$641.90 to \$686.83 for level I and from \$749.90 to \$802.39 for level II beginning July 1, 2008.

We recognize the value of care and services that providers of the above licensed and certified homes provide persons with DD. ARCHs, DD domiciliary homes, community care foster family homes and certified adult foster homes are part of an array of residential options currently available for individuals with DD. They are an important resource in providing various residential settings to enable people with DD to live in the community. Any increase in the level of care rate of payment whether by percentage or a flat rate would help providers address the current cost of living in Hawaii.

The Council appreciates the Legislature's interest in this area. Thank you for the opportunity to submit testimony in support of SB 2102.

Sincerely,

Waynette K.Y. Cabral Executive Administrator

### HAWAII COALITION OF CAREGIVERS

P.O. Box 2441, Honolulu, Hawai'i 96804

January 24, 2008

#### **MEMBERS 2007-08**

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an P. Andaya isor Testimony in Support of SB 2102 - HSP Hearing - Jan. 31, 2008, 1:30 p.m., Room 016

Ladies and Gentlemen of the Hawai'i State Legislature:

The Hawaii Coalition of Caregivers (HCCG) emphatically supports HB2136 relating to the increase of reimbursement rates for domiciliary care provided in licensed deleopmental disabilities domiciliary homes, community care foster family homes, and certified adult foster homes, and adult residential care homes.

HCCG's testimony in strong support can be summarized in one sentence: Level I caregivers provide 24/7 care 365 days a year for a flat-rate of \$1,200 per month, which calculates to approximately \$42 per day or \$1.67 per hour. The plight of caregivers covered by this bill can be characterized as downright deplorable.

The skyrocketing costs of providing care to the elderly and disabled make it nearly impossible to operate. Caregivers must pay their mortgage for their homes, most of which is used by the residents. Caregivers must also pay for electricity, water, and sewer costs that residents use; for property taxes, general excise taxes, and income taxes; for food, and kitchen, bathroom, and laundry supplies consumed by residents; for their cars and gasoline used to bring their residents to the doctor; for the insurance they are required to carry; for any entertainment they are expected to provide their residents. How do you stretch \$1.67 for all of these costs and still make a living?

This dire situation forces caregivers to live by their wits having to fend for their own health insurance, retirement savings, and other fringe benefits employees sometimes take for granted. Many cannot afford to purchase medical insurance for their family, which now averages \$1,000 per month. Ironically, the residents who they care for have medical insurance provided free of cost courtesy of the government. Forget about a retirement program.

Caregivers have little or no privacy and must make financial sacrifices to even leave their own homes. 24-hour care literally means 24-hour care. To even leave their homes, caregivers must use part of the \$1.67 per hour they earn to pay substitutes who earn an average of \$10 per hour. Caregivers have no vacation, no sick leave, funeral leave, jury leave or any other fringe benefits. And we wonder why almost all caregivers are immigrants and/or elderly. And we wonder why no student in our schools today are saying, "I want to grow up being a care home operator."

Notwithstanding the lack of financial incentives, caregivers tirelessly provide personalized virtual one-on-one hands-on care to their residents. On a daily basis, caregivers cook for their residents menus that are mandated by the State; they clean the house so that they can meet stringent standards of cleanliness; they bathe their residents; they help residents use the bathroom; they dress their residents; they take their residents to medical appointments; they ensure that residents take their medicine; they do the laundry soiled by their residents; and after all this, they entertain their residents and help their residents preserve their dignity giving them the feeling that they still belong in the community. All this for \$1.67 per hour. What a bargain!

Testimony of HCCG in Support of HB2136 January 24, 2008 Page 2 of 2

Sadly, even after caregivers take their residents in and treat them as members of their own family, residents sometimes become combative and verbally abuse their caregivers. Some of them hit or spit at their caregivers. At the same time, the State hovers over the caregivers looking for any sign of abuse or neglect. When a resident loses weight, the State accuses caregivers of not feeding their residents. When a resident gains weight, the State screams improper nutrition. It's come to a point that when a caregiver makes a typographical error noting "mcg" where it should be "mg", the caregiver is cited and put on probation by the State – this is a true story. Where is the appreciation? Where is the support?

Little do people realize that caregivers comprise an integral part of Hawaii's health care system. In hospital terminology, HCCG's members have a total of about 4,000 "beds". What happens if these beds vanished because caregivers could no longer operate making \$1.67 per hour? Where would these residents go? What would the State do? Should the State send them to nursing homes that charge an average of \$7,000 per month per resident as opposed to \$1,200 in a care home? Who would pay for this?

A 7% raise would bring Type I hourly rates to \$1.78 per hour as opposed to \$1.67, far short of minimum wage, which is now \$7.25 per hour. Nevertheless, 7% would go a long way to encouraging caregivers to continue to provide a service without which the State cannot go without. It would be the first step in ensuring this industry survives.

Some may say, caregivers got a \$100/month raise a few years ago. Prior to 2006, however, caregivers did not receive a raise for about 10 years. Others may cite to the shrinking state budget. Sometimes, however, we must make difficult choices by looking at the necessity and value of the service caregivers provide relative to other competing interests. HCCG urges lawmakers to make the policy decision that will show that the caregiving industry that lawmakers values their service and that they care about providing home and community based care to the elderly and disabled. Hospitals and nursing homes do not have the capacity. We will all grow old at some point. Where will we go?

Very truly yours,

The Hawaii Coalition of Caregivers (HCCG)

Bryan P. Andaya

Attachment: Petition w/198 signatures in support of HB2136

582102

#### About HCCG

HCCG consists primarily of four organizations working in collaboration towards the common mission of uniting the home and community based care giving industry to improve the quality of care provided to elderly and developmentally disabled clients in various home and community based programs, as well as to improve the state of the industry. HCCG members include: The Alliance of Residential Care Administrators (ARCA), the Preferred Care Providers (TPCP), the United Group of Home Administrators (UGHO), and the Adult Foster Home Association of Hawaii (AFHA). Together, members of the four organizations have a membership of almost 1,500 and comprise about 90% of the home and community-based care givers in the State of Hawaii.

### PETITION URGING THE HAWAII STATE LEGISLATURE TO PASS HB 2136 RELATING TO INCREASED REIMBURSEMENT FOR CAREGIVERS (Page 1 - January 23, 2008)

We, the undersigned caregivers, emphatically urge the 2008 Hawaii State Legislature to enact HB 2136 providing for a 7% raise in Medicaid Waiver reimbursements to caregivers providing services under various home and community based programs. Caregivers provide personalized care to recipients who are eligible for Federal Supplementary Security Income or public assistance, most of whom are either elderly or developmentally disabled. Placement of these recipients in home and community based providers as opposed to acute-care hospitals and nursing facilities results in the following benefits: (1) allows recipients to be integrated into the mainstream community instead of being institutionalized; (2) alleviates the shortage of bed spaces needed for more acute care patients; (3) saves government millions of dollars by allowing relatively low reimbursement rates as compared to reimbursement rates for hospitals and institutions.

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# PETITION URGING THE HAWAII STATE LEGISLATURE TO PASS HB 2136 RELATING TO INCREASED REIMBURSEMENT FOR CAREGIVERS (Page 2 - January 23, 2008)

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PETITION URGING THE HAWAII STATE LEGISLATURE TO PASS HB 2136 RELATING TO INCREASED REIMBURSEMENT FOR CAREGIVERS (Page 4 - January 23, 2008)

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PETITION URGING THE HAWAII STATE LEGISLATURE TO PASS HB 2136 RELATING TO INCREASED REIMBURSEMENT FOR CAREGIVERS (Page 1 - January 23, 2008)

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