

ACT 338

H.B. NO. 120

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, rehabilitation therapy, psycho-social, transportation, meal, personal care, and grooming services. In addition, the frail elderly and their families are often caught in a labyrinth of application forms, 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.

The outcome of such a fragmented long-term care system and 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. Both the State as well as families find this to be not only costly and inadequate, but also undesirable. Moreover, nursing home placements are expensive due to the high costs of constructing and operating such facilities.

The 1991 legislature recognized the need for an alternative community-based program that is comprehensive, prevents institutionalization, and contains long-term care costs. Specifically, the legislature appropriated over \$2,000,000 for 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.

Through the demonstration of PACE at Maluhia hospital, the viability of a cost-effective statewide program offering quality, community-based long-term care can be evaluated.

The purpose of this Act is to extend the PACE demonstration project in the department of health's Maluhia long-term care health center.

SECTION 2. Act 211, Session Laws of Hawaii 1992, 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, [1997.] 2002.”

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, and as defined by medicare or medicaid licensing requirements under the department of human services's community long term care branch and by the National PACE standards, which include data on hospitalization and nursing homes placement rates, activities on daily living, and satisfaction rates of patients and families;
- (4) An assessment of the State's exposure to liability including:
 - (i) A financial measurement of the State's obligation to provide care to all participants through the termination of all care contracts;
 - (ii) A comparison of the amount computed in (i) to the charge to clients approved or estimated to be approved by the Health Care Financing Administration; and
 - (iii) 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 for 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 employees 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 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.

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 Statutory material to be repealed is bracketed.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

SECTION 5. This Act shall take effect on June 29, 1997.

(Approved July 2, 1997.)