

ACT 339

H.B. NO. 147

A Bill for an Act Relating to Long-Term Care.

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

SECTION 1. The legislature finds that the need for long-term care, which is already significant, will continue to grow as Hawaii's population ages. Due to the high costs associated with long-term care, more and more families can be expected to endure financial hardships, and even impoverishment, unless a better method of financing long-term care is developed soon.

While the majority of persons receiving long-term care are older adults, entire families are affected by the financial, psychological, and social costs of long-term care provided to those who are limited in the activities of daily living. To accommodate the demands of caregiving that grows as dependency increases over the years, caregivers reduce work hours, adjust or abandon career and personal goals, and retire earlier than intended, as a consequence, lowering their own pension and retirement benefit levels. More apt to be in poorer health than members of the general population, caregivers often find that they place their own advanced years at risk.

When nursing home care is necessary, Hawaii's families confront average annual nursing home charges that exceed their ability to pay. In the case of elderly

families, these charges are twice their average annual disposable income, threatening those who are otherwise self-sufficient, with impoverishment. Thus, it is not surprising that approximately eighty per cent of all nursing home residents are dependent on medicaid, an entitlement program for persons with limited income and assets.

As overwhelming as current needs may appear, they are far less dramatic than the somber realities which lie ahead. Persons sixty years of age and older presently account for almost one-fifth of the adult population in the state. By 2020, they will constitute more than one-fourth of Hawaii's adult population. Nearly one-third of this segment alone is expected to have functional disabilities. Although families have expressed a preference for home and community-based care, existing supplies of these services and nursing home beds are already below requisite levels. However, even if additional services and beds are developed, many families will not be able to afford long-term care under existing conditions. A steep rise by the year 2020 of more than one thousand one hundred per cent in annual cash outlays for nursing home care for older members by Hawaii's families has been projected, with the average cost for one year of nursing home care reaching more than \$200,000 per person.

Nursing home care is but one component of the array of long-term care services that have been developed. Due to cost factors, it is likely that home and community-based services will become more predominant. These services are provided in and out of the home and are appropriate to those who do not need to be institutionalized. In fact, an important function of home and community-based services is to prevent institutionalization. Home and community-based services consist of a number of different modalities, some or all of which may be used by the individual. These services include adult day health services, case management services, environmental modifications, homemaker services, personal care services, personal emergency response systems, respite care services, skilled nursing services, transportation services, and similar services.

While home and community-based services can provide care that is less costly than institutional care, it is still expensive. Since more and more people will need long-term care services, the need to create a new method of financing long-term care is undeniable. The State cannot continue to fund the long-term care "safety net" of medicaid at its current increasing demand which is costing the State over \$192,000,000 in fiscal year 1996-1997, and therefore, the State must look to alternative financing. Our citizens must take on a more responsible role through a financing program. Clearly, government must play a major role in establishing a long-term care financial plan, which will define the state government's fiscal and social responsibilities for long-term care. Although the legislature believes in a free market economy, the private sector has not been able to develop adequate financing mechanisms that appeal to the general population.

The purpose of this Act is to create a joint legislative committee to develop a sound financial plan to address a problem of compelling state interest, the current and future long-term care needs of the people of Hawaii.

SECTION 2. There is established a joint legislative committee to carry out the purposes of this Act. The committee shall be composed of eight members as follows:

- (1) Four members of the house of representatives, three members from the democratic party, and one member from the republican party, who shall all be appointed by the speaker of the house of representatives; and
- (2) Four members of the senate, three members from the democratic party, and one member from the republican party, who shall all be appointed by the president of the senate.

ACT 339

SECTION 3. The joint legislative committee shall address the needs of elderly individuals and those who have a disability. The joint legislative committee shall seek input from the department of human services, the department of health, and the elderly and disability communities.

SECTION 4. The joint legislative committee shall submit a report of its findings and recommendations to the legislature by December 1, 1998. The joint legislative committee shall cease to exist on June 30, 1999.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the following sums or so much thereof as may be necessary for fiscal year 1997-1998 for expenses related to the joint legislative committee:

House of representatives	\$25,000
Senate	\$25,000

The sums appropriated shall be expended by the house of representatives and the senate respectively, for the purposes of this Act.

SECTION 6. This Act shall take effect on July 1, 1997.

(Approved July 2, 1997.)