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An Overview of Long-Term Care in Hawaii

Final Report

Prepared for

Hawaii Long-Term Care Commission

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Long-Term Care Services and Funding in Hawaii

Introduction

This report provides a “primer” or overview of long-term care services in Hawaii and the public programs that pay for those services. It aims to provide a basic understanding the state of long-term care in Hawaii. It relies mostly on publicly available information, which is limited.

Exhibit 1 defines long-term care. Long-term care services for persons with serious mental illness are discussed only in passing in this overview.

Like every other state, Hawaii has a range of long-term care services. Although these services could be considered to make up a state long-term care “system,” with few exceptions they are standalone services and are not integrated into a coherent whole.

Exhibit 1. What Is Long-Term Care?

Long-term care includes a wide range of services and supports:

- Assistance with activities of daily living (ADLs). ADLs include eating, bathing, dressing, transferring from bed to chair, controlling bowel and bladder function, and moving about the house safely.
- Assistance with instrumental activities of daily living (IADLs). IADLs include preparing meals, shopping for food and personal items, managing medications, managing money, using telephones, doing housework, and using public transportation.
- Assistance with other activities needed to maintain community living, such as heavy chores.
- Supervision to safeguard health and safety.
- Skilled and unskilled nursing services and rehabilitation services such as physical and occupational therapy to maintain or improve functioning.
- A range of other services and supports needed to function in community settings, such as habilitation and supported employment for persons with developmental disabilities or serious mental illness.

The first section of this report provides basic information on the size of the elderly population in Hawaii and how it is projected to increase in the future. It also includes an estimate of the number of people who need long-term care. The second section describes the types of long-term care services available in Hawaii. The third section describes the public programs that pay for these services for some individuals under certain circumstances, primarily those with low income and few assets. The fourth section of this report very briefly describes the developmental disabilities services system. Finally, the report concludes with a brief summary of the long-term care system in Hawaii.

Demographic Characteristics of Older People

The elderly population in Hawaii is projected to increase significantly over the next two decades (*Exhibit 2*).¹ The increase in the population aged 65 and older—and particularly people aged 85 and older—will lead to an increase in the number of people needing long-term care because older people have a higher prevalence of disability than younger people.

Exhibit 2. Elderly Population in Hawaii, 2007 and 2030

Population	2007	2030
Total Population 65+	185,622	326,957
Percent of Overall Population	14.0	22.3
Total Population 85+	26,294	48,254
Percent of Overall Population	2.0	3.3

Source: American Health Care Association. (2010). *The state long-term health care sector, characteristics, utilization, and government funding: 2010 update*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/trends_statistics/Documents/State_Long-Term_Health_Care_Sector_2010.pdf. Accessed December 19, 2010.

Adjusting earlier estimates of the number of people with disabilities in Hawaii, Nixon estimated that there were 21,789 people needing long-term care in Hawaii in 2007 (*Exhibit 3*).² The criteria for needing long-term care were that individuals had (1) two or more ADL limitations lasting 90 days or more or (2) a cognitive impairment (including Alzheimer's and senility).

Exhibit 3. Estimated Number of People Requiring Long-Term Care in Hawaii, 2007

Age Range	Total Population in Age Range	Total Persons Requiring Long-Term Care in Age Range	Percent of Population Requiring Long-Term Care in Age Range
25+	783,372	21,789	2.8
25–64	639,597	5,097	0.8
65+	143,775	16,692	11.6

Source: Nixon, D. (2009). *Long-term care population*. Unpublished Memorandum. Honolulu: University of Hawaii at Manoa.

¹ American Health Care Association. (2010). *The state long-term health care sector, characteristics, utilization, and government funding: 2010 update*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/trends_statistics/Documents/State_Long-Term_Health_Care_Sector_2010.pdf. Accessed December 19, 2010.

² Nixon, D. (2009). *Long-term care population*. Unpublished Memorandum. Honolulu: University of Hawaii at Manoa.

Long-Term Care Services

Long-term care comprises a range of services—from licensed skilled nursing services to homemaker and chore services. The major service types discussed below are used primarily by older people and younger persons with physical disabilities. Long-term care services and supports for persons with developmental disabilities are discussed separately.

Nursing Homes

In 2010, Hawaii had 48 nursing homes with 4,191 beds certified to participate in Medicare or Medicaid.³ A total of 3,889 individuals resided in these nursing facilities. Nursing homes provide medical, nursing, and health-related care in a residential setting. Hawaii differentiates between skilled nursing facilities (SNFs) and intermediate care facilities (ICFs), indicating that the state operates two types of nursing facilities. However, federal law abolished the distinction between Medicaid SNFs and ICFs in the Omnibus Reconciliation Act of 1987, and requires states to provide both a skilled and an intermediate level of care in a single nursing facility.

Hawaii has a much lower supply of nursing home beds relative to its elderly population than other states. As shown in *Exhibit 4*, in 2009, Hawaii had 43.4 nursing home beds per 1,000 persons aged 75 and older, compared to the national average of 88.9 nursing home beds per 1,000 persons aged 75 and older. Between 1997 and 2009, the nursing bed/population ratio declined, both nationally and in Hawaii. It is not known why the nursing home bed ratio is so much lower in Hawaii than in the nation as a whole. One possible explanation is that the high level of three-generation households in the state combined with a strong tradition of informal caregiving has resulted in low demand for nursing home care. Another explanation is that the high cost of real estate and construction needed to expand existing facilities or build new ones constrains the number of nursing home beds.

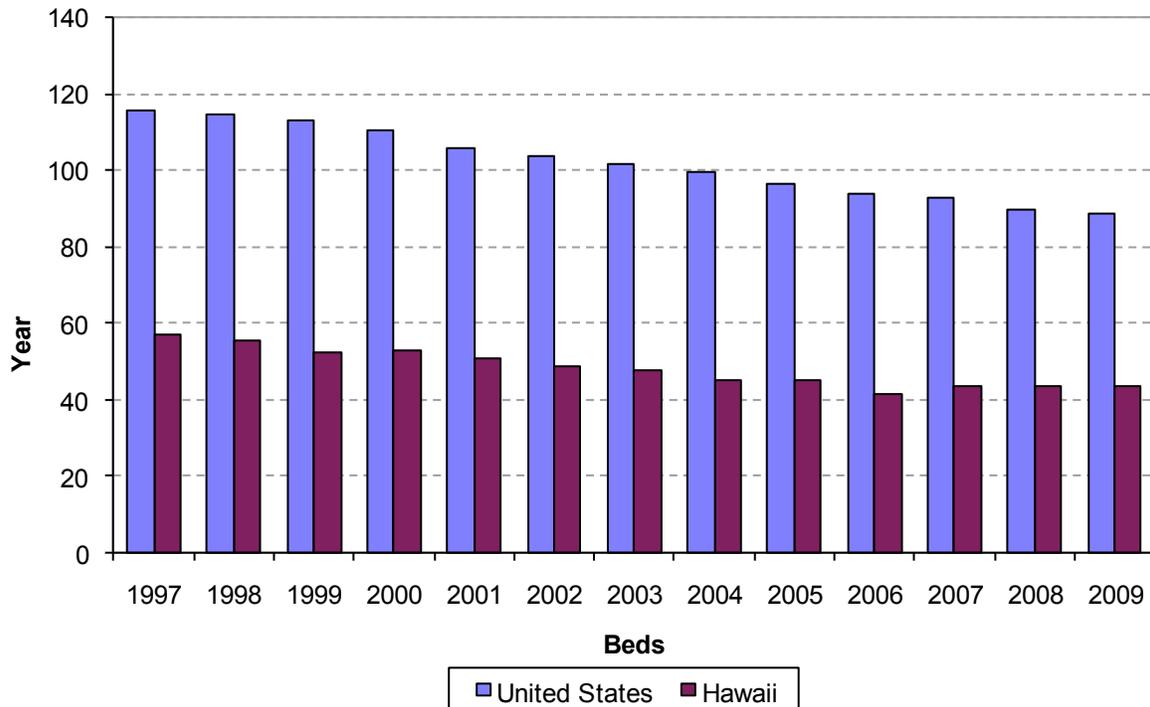
The relatively low supply of nursing home beds in Hawaii has several consequences. First, the state's nursing facility occupancy rate is very high—92.8 percent in 2010 compared to the national average of 83.6 percent.⁴ Second, because of high occupancy rates, some individuals with a high level of impairment and extensive nursing needs cannot be discharged from acute care hospitals because no nursing home will take them. Third, with so few beds, nursing homes tend to serve a more severely disabled population than the national average. The average nursing home ADL Index—a measure of the need for assistance with ADLs—is 4.52 for Hawaii compared to the national average of 4.02; Hawaii's index is the highest of any state.⁵

³ American Health Care Association. (2010). *LTC stats: Nursing facility operational characteristics report: September 2010 update*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/oscar_data/Nursing%20Facility%20Operational%20Characteristics/OperationalCharacteristicsReport_Sep2010.pdf. Accessed December 19, 2010.

⁴ Ibid.

⁵ American Health Care Association. (2010). *LTC stats: Nursing facility patient characteristics report. September 2010 update*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/oscar_data/NursingFacilityPatientCharacteristics/PatientCharacteristicsReport_Sep2010.pdf. Accessed December 19, 2010.

Exhibit 4. Nursing Home Beds per 1,000 Persons Aged 75 and Older, Hawaii and U.S., 1997 to 2009

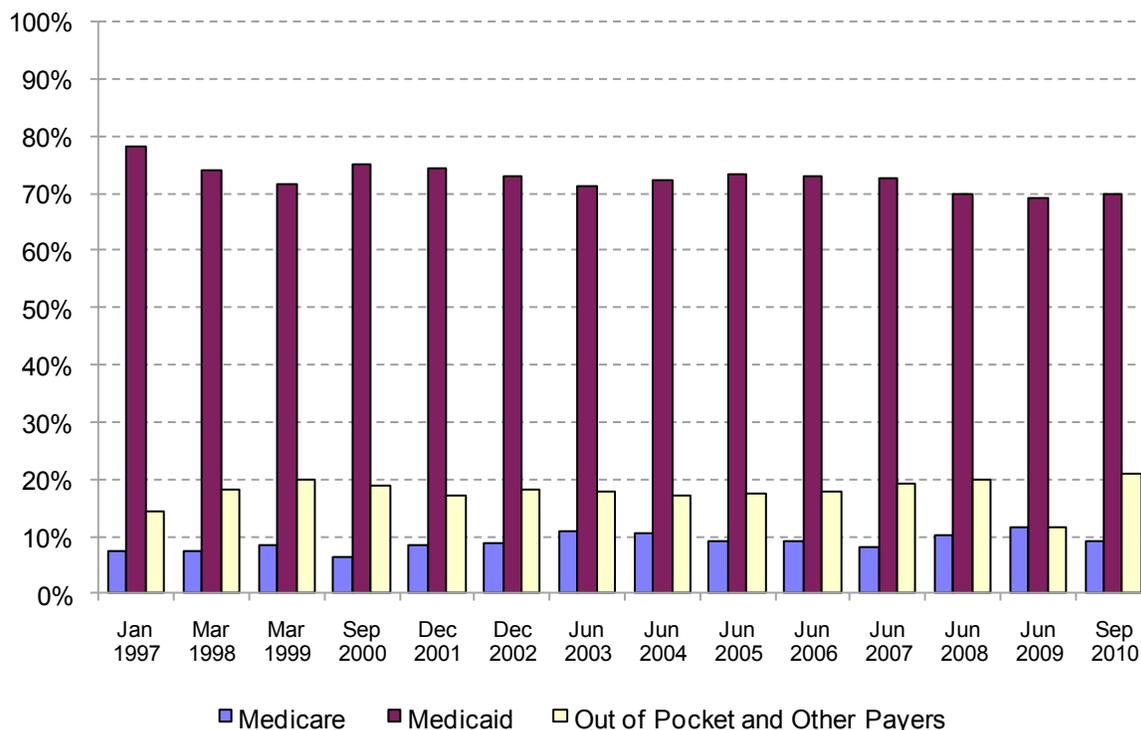


Source: American Health Care Association. (various years). *Trends and statistics*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/trends_statistics/Pages/default.aspx. Accessed December 22, 2010; and U.S. Census Bureau. (various years). *Annual estimates of the resident population by sex and age for states and for Puerto Rico*. Washington, DC: U.S. Census Bureau. Available at <http://www.census.gov/>. Accessed December 22, 2010.

Reflecting the high cost of nursing homes in Hawaii, in 2010, 70.0 percent of Hawaii’s nursing home residents were eligible for Medicaid compared to the national average of 63.6 percent.⁶ Moreover, fewer Hawaii nursing home residents have their care covered by Medicare: 9.2 percent of residents in Hawaii compared to 14.2 percent for the nation as a whole. A total of 20.9 percent of residents in Hawaii paid out of pocket or through another payer compared to 22.2 percent of residents for the country as a whole. *Exhibit 5* presents the distribution of payment sources by nursing home residents over time, demonstrating that the percentages have been quite stable, going back to at least 1997.

⁶ Ibid.

Exhibit 5. Nursing Home Resident Payment Sources, 1997–2010



Source: American Health Care Association. (various years). *Trends and statistics*. Washington, DC: American Health Care Association. Available at http://www.ahcancal.org/research_data/trends_statistics/Pages/default.aspx. Accessed December 22, 2010.

Residential Care Homes/Facilities

Hawaii has a very complex system of community-based residential care settings. These include Adult Residential Care Homes (ARCHs), Extended Care Adult Residential Care Homes (EC-ARCHs), Community Care Foster Family Homes (CCFFHs), and assisted living facilities. Unless specifically licensed or certified to provide a higher level of care, these homes provide room and board, supervision, and limited assistance with personal care and health-related needs.⁷

Prior to 2009, Medicaid paid for services in these residential care settings through two home and community-based services waiver programs. In February 2009, the Section 1115 Medicaid

⁷ The complexity of Hawaii’s system stems in part from the use of a single term to describe multiple residential care settings and the use of different terms to describe the same setting. For example, even though some ARCHs and EC-ARCHs are large facilities serving 20 or more residents, the Hawaii Department of Human Services’ website uses the program name “Adult Foster Care Program” to cover services provided in ARCHs and EC-ARCHs, as well as CCFFHs. The website also states that the Department of Human Services’ Adult and Community Care Services Branch licenses adult foster homes through its Residential Alternatives Community Care Program. Yet ARCHs—which are part of Department of Human Services’ Adult Foster Care Program—are licensed by the Department of Health.

research and demonstration program QUEST Expanded Access (QExA) was implemented and Medicaid residential care services are now paid through the managed care programs established under the demonstration.

Adult Residential Care Homes

ARCHs are licensed by the Hawaii Department of Health. In addition to room and board, ARCHs provide limited assistance with ADLs, custodial care, and supervisory oversight. Type I ARCHs care for up to 5 residents in a private home; Type II ARCHs care for 6 or more residents in larger, more institutional settings that may care for as many as 50 to 60 residents.⁸ Medicaid does not pay for services provided in ARCHs. Residents either pay privately or turn over their Supplemental Security Income (SSI) federal benefit plus state supplement payment (minus a \$50 personal needs allowance) to the provider. In 2011, the state had 248 Type I ARCHs with 1,135 beds and 4 Type II ARCHs with 92 beds.⁹

Extended Care Adult Residential Care Homes

EC-ARCHs are licensed by the Department of Health but the Department of Human Services oversees placement and case management services to Medicaid-eligible clients in these settings. To receive these services, individuals must be eligible for SSI, Medicaid, or other financial assistance from the Department.¹⁰

EC-ARCH operators must meet additional Department of Health staffing and other requirements to be allowed to offer expanded services and accept residents who need nursing home level care. EC-ARCHs serve both private pay residents and those who are Medicaid eligible. Type I EC-ARCHs may serve up to two residents (out of five) who need a nursing home level of care. In Type II EC-ARCHs, only 20 percent of the residents can need a nursing home level-of-care.¹¹ In 2011, the state had 225 Type I EC-ARCHs with a capacity of 1,109 beds and 20 Type II EC-ARCHs with a capacity of 306 beds.¹²

Community Care Foster Family Homes

CCFFHs are certified by the Department of Human Services to serve both private pay residents and Medicaid-eligible residents who meet the state's nursing home level-of-care criteria as certified by a physician. Medicaid-eligible and private pay individuals entering a CCFFH must have a case manager from a Department of Human Services–licensed Case Management Agency

⁸ Hawaii Long-Term Care Association. (undated). *An overview*. Honolulu: Hawaii Long-Term Care Association. Available at <http://www.hlta.org/overview/facilities/default.asp>.

⁹ Hawaii Department of Health, Office of Health Care Assurance. (2011). *Adult residential care home list*. Available at <http://hawaii.gov/health/elder-care/health-assurance/licensing/vacancies.pdf>. Accessed February 21, 2011.

¹⁰ Hawaii Department of Human Services. (2010). *Adult services and programs*. Honolulu: Hawaii Department of Human Services. Available at http://hawaii.gov/dhs/protection/social_services/adult_services/healthpgms/.

¹¹ Center on Disability Studies. (2010). *QUEST Expanded Access (QExA) provider guidelines and service definitions*. Honolulu: University of Hawaii at Manoa. Available at http://www.cds.hawaii.edu/goinghome/downloads/protocol/appendices/appendixE/doc/E3_QExA.doc

¹² Hawaii Department of Health, Office of Health Care Assurance, op.cit.

coordinate their health and long-term care services and ensure that their health care needs are met.

CCFFHs are certified for one, two, or three individuals and are required to serve at least one Medicaid-eligible resident. If a CCFFH is certified for two or three persons, the home is allowed to have one private-pay, non-Medicaid-eligible individual in addition to the Medicaid-eligible resident. A CCFFH may accept a second private-pay individual if certain conditions are met.¹³

As of January 2011, there were 1,053 facilities with a capacity of 2,444 beds.¹⁴ Monthly Medicaid reimbursement rates differ by the level of care required: \$724.48 for Level I clients and \$1,222.92 for Level II clients. The monthly room and board payment for Medicaid-eligible residents was \$1,278.90—the amount of the SSI federal benefit payment plus the state supplement. Residents turn over their SSI payment to the facility to pay for room and board, except for a small personal needs allowance. Thus, facilities serving Level I facilities received \$724.48 plus \$1,278.90 or \$2,003.38 per month minus the personal needs allowance.

Assisted Living Facilities

Assisted living facilities are licensed and regulated by the Department of Health. As noted above, they are one of three types of residential care settings permitted to serve individuals who meet the state's nursing facility level-of-care criteria. Assisted living facilities differ from other types of residential care facilities in that they are required to provide apartment units with cooking facilities (which may be removed if the resident cannot safely use them). These facilities provide room and board, health care services, and personalized supportive services to meet individual residents' needs. In 2010, Hawaii had 11 assisted living facilities with 1,872 units.¹⁵ Some independent living retirement facilities are converting a section of their buildings to assisted living to accommodate individuals who need assistance.

According to a recent study, the state agency responsible for enforcing building codes is requiring assisted living facilities that meet the R-1 (residential apartment) code to serve only residents who are ambulatory and can evacuate in an emergency.¹⁶ Providers contend that enforcement of this requirement limits their ability to implement other aspects of the regulations that support aging in place.

Residents of assisted living facilities who are Medicaid eligible and meet the state's nursing home level of care criteria can receive home and community-based services through the QExA program. Medicaid covers services in three of these settings for individuals who need a nursing

¹³ Community Care Foster Care Family Homes, Act 13, Session Laws of Hawaii (SLH) 2009. For additional information, see

http://hawaii.gov/dhs/protection/social_services/adult_services/CCFFH%20Factsheet%201.6.10.pdf.

¹⁴ Eastlack, S.J., Hawaii Department of Human Services, personal communication to David Nixon, Hawaii Long-Term Care Commission, March 3, 2011.

¹⁵ Hawaii Department of Health. (2010). *Assisted living facilities in Hawaii*. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/elder-care/health-assurance/licensing/alf-hawaii.pdf>. Accessed February 4, 2011.

¹⁶ Mollica, R., Sims-Kastelein, K., and O'Keeffe, J. (2007) *Residential care and assisted living compendium*. Washington, DC: U.S. Department of Health and Human Services. Available at: <http://aspe.hhs.gov/daltcp/reports/2007/07alcom.htm>. Accessed February 22, 2011.

home level of care: CCFFHs, EC-ARCHs, and assisted living facilities. In accordance with federal law that limits certain reimbursement to institutions, Medicaid does not cover room and board in these settings.

State Supplemental Payments

Residents of *all* domiciliary care homes in the state who are current SSI recipients; state-funded aid to the aged, blind, and disabled; or general assistance payments are eligible for “state supplemental payments.” These payments are provided through general fund appropriations to provide payments for special care needs individuals. *Exhibit 6* presents the combined monthly federal and state supplemental payment levels for various residential care facility settings.

Exhibit 6. Monthly Supplemental Security Income Payment Amounts in Hawaii, 2010

Category	2010 Total Monthly Payment
<i>Independent living status</i>	
Eligible person	\$674.00
Eligible couple	\$1,011.00
<i>Living in a foster care home</i>	
Eligible person	\$1,325.90
Eligible couple	\$2,651.80
<i>Domiciliary care (five people or fewer)</i>	
Eligible person	\$1,325.90
Eligible couple	\$2,557.80
<i>Domiciliary care (more than five people)</i>	
Eligible person	\$1,433.90
Eligible couple	\$2,867.80

Note: The amounts include both federal and state supplemental payments combined. Not all SSI recipients receive the maximum amount. Individual payments may be lower if the beneficiary has other income.

Source: Social Security Administration. (2010). *Supplemental Security Income (SSI) in Hawaii*. Baltimore, MD: Social Security Administration. Available at <http://www.ssa.gov/pubs/11108.pdf>. Accessed December 19, 2010.

Adult Day Care and Adult Day Health Centers

In addition to directly assisting participants, both adult day care and adult day health centers provide respite for caregivers. All-day programs can enable family caregivers to continue working at paid employment.

Adult Day Care Centers

The Department of Human Services licenses adult day care centers providing supportive services to four or more adults with physical or mental disabilities. These centers provide a sheltered setting and activities to promote functioning and the ability to remain safely in their homes or a relative’s home. If specifically licensed to do so, they provide meals and snacks.

“Adult day care services” are defined as services provided through an organized program of personal care, supervision, social services, therapy, and group and leisure activities. Centers also provide family consultation or referral services to appropriate community resources and assistance to clients to learn about, apply for, and receive income entitlements such as Social

Security and SSI benefits, Medicaid, the Supplemental Nutrition Assistance Program (i.e., food stamps) and state supplemental payments. In 2010, the state had 35 adult day care centers with the capacity to serve 830 clients.¹⁷

Adult Day Health Centers

Adult day health centers are licensed by the Department of Health; they provide a more medical service than adult day care centers. Adult day health centers provide medical services, nursing services, dietetic services and planned therapeutic and social activities, social services, speech therapy, physical therapy, occupational therapy, and psychiatric or psychological services in a group setting. In 2010, the state had 10 adult day health centers.¹⁸

Case Management Services

Case managers assess individuals to identify unmet needs, explore service options, develop service plans, and coordinate services in home and community-based settings for both private pay and Medicaid clients. They assist in the placement of individuals who meet Medicaid nursing home level-of-care criteria to CCFFHs and EC-ARCHs and oversee their care to ensure that their medical and other needs are met. The Department of Human Services licenses Community Case Management Agencies.

Licensed Nursing Services

Registered nurses and Licensed Practical Nurses provide unskilled and skilled nursing services. Licensed nurses who provide services in private homes are generally the employees of home health agencies. However, they may also be hired as independent contractors. The state has 26 Medicare certified home health agencies, which are licensed by the Department of Health.¹⁹

Nurse Aides, Home Health Aides, Personal Assistants/Personal Care Aides

Nurse aides, certified nurse assistants, home health aides, personal assistants, and personal care aides provide assistance with ADLs and IADLs. These individuals can be employees of an agency or may provide services as independent contractors. Home health agencies employ home health aides and nurse aides and nursing homes employ certified nurse assistants who provide health-related and unskilled nursing services in addition to assistance with the ADLs. All of these workers may be allowed to provide some nursing care tasks, functions, and activities if

¹⁷ Hawaii Department of Human Services. (2010). *Licensed adult day care centers*. Honolulu: Hawaii Department of Human Services. Available at http://hawaii.gov/dhs/protection/social_services/adult_services/ADC%20for%20website.pdf. Accessed December 19, 2010.

¹⁸ Hawaii Department of Health. (2010). *Adult day health centers*. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/elder-care/health-assurance/medicare-facilities/directory-adhc.html>. Accessed December 19, 2010.

¹⁹ Hawaii Department of Health, Office of Health Care Assurance. (2010). *Home health agencies*. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/elder-care/health-assurance/medicare-facilities/directory-hha.html>.

they are specifically delegated—and their performance supervised, monitored, and evaluated—by a licensed nurse.²⁰

Homemakers, Companions, and Attendants

Some individuals may not need assistance with ADLs, but need assistance with IADLs such as meal preparation, shopping for grocery or personal items, housework, or laundering. (Hawaii state agencies consider some of these activities to be “chores.”) Some people—such as persons with Alzheimer’s disease—may need supervision to ensure personal safety, but not hands-on care. Although nurse aides, home health aides, personal care aides, and personal assistants are also capable of providing these services, it may be less expensive to hire homemakers, companions, or attendants to provide them—either through a home care agency or as independent contractors.

Home care agencies provide a variety of nonmedical personal, housekeeping, and other services. Until 2008, having a General Excise Tax I.D. number was the only requirement for operating a home care agency. In 2008, the Legislature passed a law requiring that such agencies be licensed by the Department of Health. As a result of budget shortfalls, however, the Department of Health has not implemented these requirements.

Other Home and Community-Based Services

Other services are available to help people with long-term care needs to remain in their homes, including assistance with heavy chores—such as washing windows and yard work—home-delivered meals, and transportation services.

Public Funding for Long-Term Care Services

Long-term care services can be very expensive—particularly when needed for more than a few months—and are unaffordable to many if not most individuals and families. Long-term care services in Hawaii are substantially more expensive than in the nation as a whole (*Exhibit 7*).

Exhibit 7. Cost of Private-Pay Long-Term Care Services in Hawaii, 2010

Type of Care	Average Hawaii Cost	Average National Cost
Year in nursing home care (private room)	\$132,860	\$83,585
Year in assisted living facility	\$50,676	\$39,512
Home health aide (per hour)	\$22	\$21

Source: MetLife Mature Market Institute. (2010). *Market survey of long-term care costs*. Westport, CT: MetLife Mature Market Institute. Available at <http://www.metlife.com/assets/cao/mmi/publications/studies/2010/mmi-2010-market-survey-long-term-care-costs.pdf>. Accessed December 19, 2010.

²⁰ For additional information about the state’s nurse delegation provisions, see Chapter 457: Nurses. http://hawaii.gov/dcca/pvl/hrs/hrs_pvl_457.pdf.

For individuals who need but cannot afford long-term care services, the state pays for these services through a variety of programs; the two most important are Medicaid (known as QUEST in Hawaii) and Kupuna Care. Additional public funding for long-term care services is available through other state-funded programs and the federal Older Americans Act (OAA), which supports programs administered by the U.S. Administration on Aging.

Medicaid

Medicaid is a federal- and state-funded program and the largest public funding source for long-term care. For example, as shown in Exhibit 5, approximately 70 percent of nursing home residents have their care paid by Medicaid. Hawaii’s Department of Human Services administers the Medicaid program through its Med-QUEST division. *Exhibit 8* presents Hawaii Medicaid expenditures for long-term care services for 2008.²¹

Exhibit 8. Medicaid Long-Term Care Expenditures for Older People and Younger Persons With Physical Disabilities in Hawaii, by Service, 2008

Service	Expenditure (\$)	Percentage of Total Long-Term Care
Nursing Homes	\$221,667,411	80.9
Personal Care	\$0	0.0
Home Health	\$654,464	0.2
Home and Community-Based Services Waiver	\$50,945,892	18.6
Targeted Case Management	\$782,226	0.3
Total Long-Term Care	\$274,049,993	100.0

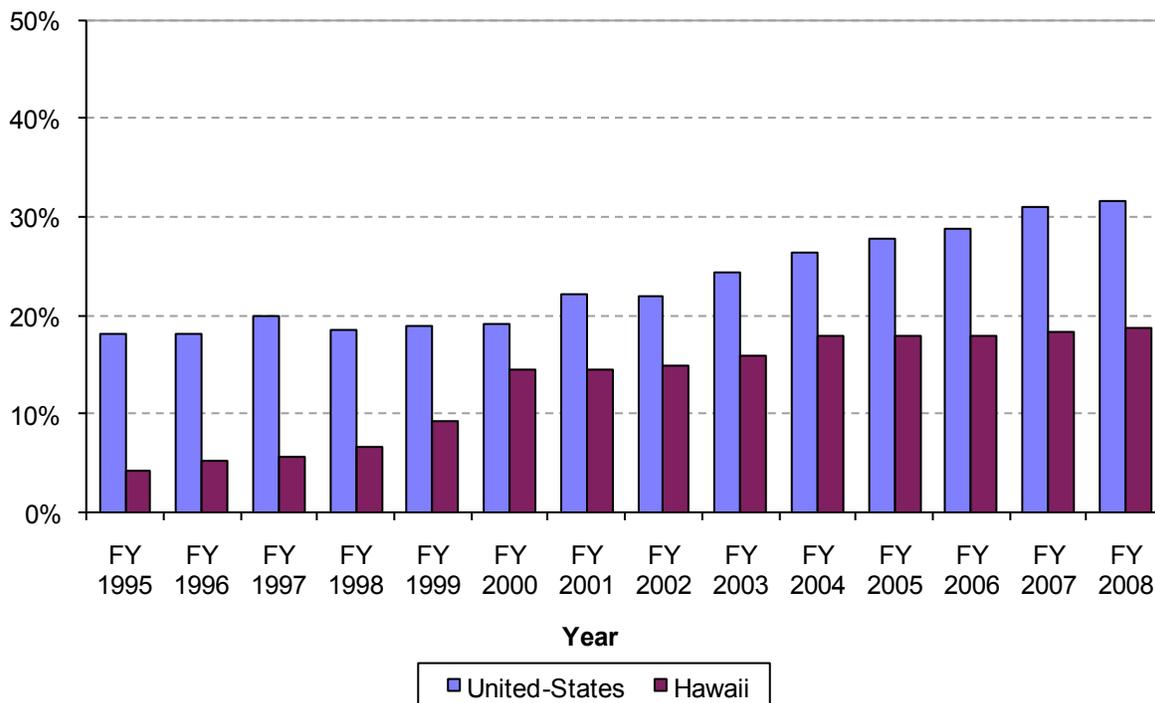
Source: Eiken, S., Sredl, K., Burwell, B., & Gold, L. (2009). *Medicaid long-term care expenditures, FY 2009*. Cambridge, MA: Thomson Reuters. Available at http://hcbs.org/moreInfo.php/nb/doc/3325/Medicaid_Long_Term_Care_Expenditures_FY_2009. Accessed December 19, 2010.

Under federal law, nursing home and home health care are mandatory services that all states must cover. In addition, states may cover a number of optional services. The Hawaii Medicaid program does not cover the optional state plan personal care benefit, but it does operate several Medicaid home and community-based services that cover personal care. Under the QExA research and demonstration program (discussed below), chore services are covered up to a maximum of 1,600 persons. Hawaii recently reached the maximum allowed number of chore beneficiaries under the demonstration program and now maintains a waiting list for these services.

²¹ Starting in 2009, detailed service-specific expenditure data are no longer available because payment to managed care plans under QExA is made on an overall capitated basis and not on the basis of services actually provided.

Prior to the implementation of QExA, the proportion of Hawaii’s long-term care expenditures spent on home and community-based services for older people and younger persons with physical disabilities was about a third less than the national average—18.8 percent compared to 31.6 percent in 2008 (*Exhibit 9*).²² In addition, Hawaii spent much less per person on home and community-based services than the national average. The proportion of expenditures for home and community-based services was stable in Hawaii between 2004 and 2008, while it has increased nationally. In 2008, Hawaii spent about half the amount per person on Medicaid home and community-based services for older people and younger persons with physical disabilities as the national average—\$526,206 per 1,000 older people aged 75 and older in Hawaii versus \$1,213,298 per 1,000 older people aged 75 and older nationally (*Exhibit 10*). Similarly, expenditure levels per person in Hawaii were stable between 2004 and 2008, while they have increased nationally.

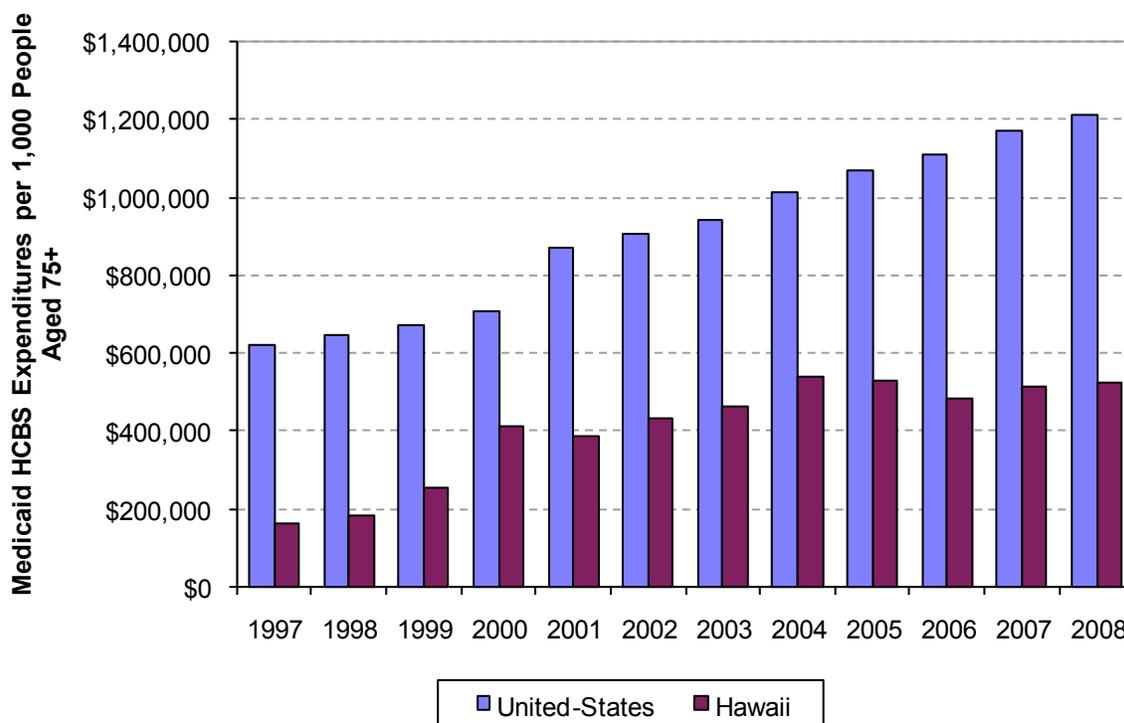
Exhibit 9. Percentage of Medicaid Long-Term Care Expenditures for Older People and Younger Persons With Physical Disabilities for Home and Community-Based Services, 1995 to 2008



Source: Eiken, S., Sredl, K., & Burwell, B. (various years). *Medicaid long-term care expenditures*. Cambridge, MA: Thomson Reuters. Available at <http://hcbs.org/search.php?glbSearchBox=burwell%2C+expenditures%2C+medicaid&glbSearchGo=go>. Accessed December 22, 2010.

²² Burwell, B., Sredl, K., & Eiken, S. (2009). *Rankings by percent of spending for HCBS, 2008*. Cambridge, MA: Thomson Reuters. Available at <http://www.hcbs.org/files/167/8306/FY2008InstitutionCommunityRankings.pdf>. Accessed December 19, 2010.

Exhibit 10. Medicaid Home and Community-Based Services Expenditures for Older People and Younger Persons With Physical Disabilities per 1,000 People Aged 75 and Over, 1997 to 2008



Note: Expenditures adjusted for inflation by the national Consumer Price Index-All Urban Consumers to 2008 levels established by the U.S. Bureau of Labor Statistics.

Source: Eiken, S., Sredl, K., & Burwell, B. (various years). *Medicaid long-term care expenditures*. Cambridge, MA: Thomson Reuters. Available at

<http://hcbs.org/search.php?glbSearchBox=burwell%2C+expenditures%2C+medicaid&glbSearchGo=go>.

Accessed December 22, 2010; and U.S. Census Bureau. (various years). *Annual estimates of the resident population by sex and age for states and for Puerto Rico*. Washington, DC: U.S. Census Bureau. Available at <http://www.census.gov/>. Accessed December 22, 2010; U.S. Bureau of Labor Statistics. (2010).

Databases, tables, and calculators by subject. Washington, DC: U.S. Department of Labor. Available at <http://data.bls.gov/PDQ/servlet/SurveyOutputServlet>. Accessed December 22, 2010.

QUEST Expanded Access

In 2007 Hawaii decided to shift the Medicaid aged, blind, and disabled population from fee-for-service Medicaid into managed care plans in an effort to achieve cost savings, improve quality of care, and increase coordination across acute and long-term care.²³ In the Medicaid program, the “aged” population includes persons aged 65 and older and the “disabled” population includes

²³ Background information about QExA is taken from Packer-Tursman, J. (2009). Hawaii launches QExA Medicaid program, says plan networks are robust. *Medicare Advantage News*. Available at http://www.aishealth.com/ManagedCare/Medicaid/MAN_Hawaii_Medicaid.html. Accessed December 19, 2010.

persons under age 65 with severe disabilities. Hawaii received a federal Section 1115 research and demonstration waiver to operate the new program.

In February 2008, a competitive bidding process led to the awarding of a \$1.5 billion contract to subsidiaries of two for-profit health plans: UnitedHealth Group's Evercare subsidiary and WellCare Health Plans, Inc.'s Ohana Health Plan. The state has two QExA health plans: Evercare and Ohana. Both plans are available on five islands. Only Ohana is available on Molokai. Together the plans serve more than 41,000 aged, blind, and disabled Medicaid clients.²⁴ Since February 2009, all Medicaid primary, acute, and long-term care services for aged, blind, and disabled Medicaid populations have been provided through the managed care QExA program. Medicare services are not included.

Enrollment is mandatory for aged, blind, and disabled beneficiaries and includes all Medicaid beneficiaries who are eligible at 100 percent of the federal poverty level, at the SSI and SSI plus State Supplement levels. Enrollment is also mandatory for all aged and disabled clients in nursing homes, including those eligible through spend down/medically needy rules.

QExA covers all Medicaid long-term care services, including nursing home care, home health services, and all home and community-based services that were formerly covered by the two Medicaid home and community-based services waiver programs, such as service coordination, adult day care, personal care, attendant care, and services in residential care settings. The managed care program replaced two Medicaid home and community-based services waiver programs: Nursing Home without Walls and Residential Alternative Community Care. Self-direction is an option for personal care, respite, and attendant services.

The goals for QExA include the following.²⁵

- Improving the health status of seniors and people with disabilities
- Establishing a “provider home” through the use of primary care providers
- Empowering beneficiaries by promoting independence and choice
- Ensuring access to high-quality, cost-effective care that is provided, whenever possible, in beneficiaries' homes and communities
- Coordinating care, including primary, acute, behavioral health, and long-term care supports and services
- Ensuring that beneficiaries are able to receive needed care in their choice of settings

Preliminary data from QExa suggest that the program has been very effective in increasing the number of people receiving home and community-based services.²⁶ QUEST reports that the

²⁴ Hawaii Department of Human Services. (2010). *Question Expanded Access (QExA)*. Honolulu: Hawaii Department of Human Services. Available at <http://www.med-quest.us/#MainQUESTQExA>. Accessed December 19, 2010.

²⁵ Center for Health Care Strategies, Inc. (2010). *Profiles of state innovation: Roadmap for managing long-term services and supports*. Princeton, NJ: Center for Health Care Strategies. Available at http://www.chcs.org/usr_doc/MLTS_Roadmap_112210.pdf. Accessed December 19, 2010.

number of Medicaid beneficiaries receiving home and community-based services increased from 2,110 in February 2009 to an average of 3,876 in the second quarter of 2010, an 84 percent increase. Moreover, almost all of the increase was a result of people receiving care in their own homes rather than in residential care facilities. During this same period, the number of nursing facility residents declined from 2,840 to 2,650, a 7 percent decline. As a result, home and community-based services beneficiaries increased from 43 percent of long-term care beneficiaries in February 2009 to 59 percent in the second quarter of 2010.

Programs of All-inclusive Care for the Elderly

Programs of All-inclusive Care for the Elderly (PACE) are managed care programs that include all Medicare and Medicaid services for older people who need nursing home-level care. QExA only includes Medicaid services; it does not include Medicare services. Hawaii implemented two PACE programs in the past 10 years. However, as a result of low enrollment, both closed.

Medicaid Home and Community-Based Services (HCBS) Waiver Programs

Under Section 1915(c) of the Social Security Act, states may apply to the U.S. Department of Health and Human Services for Medicaid HCBS waivers designed to give states greater flexibility to meet the needs of community-dwelling persons with disabilities. Unlike personal care offered through the regular Medicaid program, states must limit waiver programs to beneficiaries who need nursing homes, ICFs for people with intellectual disabilities, or hospital services. The federal government imposes this requirement because the waivers services are intended to substitute for institutional care. In addition, under the waivers, states must establish in advance how many people they will serve during the course of a year. In contrast to the regular Medicaid program, states may establish waiting lists for these waiver programs; thus, the waivers are not entitlements, although they operate within a program that is normally an entitlement. States may also provide Medicaid eligibility to persons in the community with incomes up to 300 percent of the federal SSI level, which far exceeds regular Medicaid income eligibility limits.

A major advantage of these waivers is that states may cover a very wide range of services, including case management, homemaker, home health aide services, personal care services, adult day health care, habilitation, respite care, nonmedical transportation, home modifications, adult day care, and other services approved by the Secretary of the Department of Health and Human Services. As noted above, although services in congregate residential facilities such as assisted living facilities may be covered, room and board may not be covered. Room and board may only be covered by Medicaid in nursing homes, ICFs for people with intellectual disabilities, and hospitals.

To ensure cost neutrality of providing these additional services, average Medicaid expenditures for waiver beneficiaries must be the same as or less than they would have been without the waiver. As a practical matter, for older people and younger adults with physical disabilities, this

²⁶ Bazin, P. (2010). *Med-QUEST Division: Update on long-term care in Hawaii*. PowerPoint presentation. Honolulu: Hawaii Department of Human Services.

means that average expenditures have to be equal to or less than the average cost of Medicaid nursing home care.

In addition to QExA, the state operates three Medicaid HCBS waiver programs—a program for people with HIV/AIDS, a program for people less than 21 years of age who are medically fragile, and a waiver program for individuals with developmental disabilities. The QExA managed care program folded in two HCBS waiver programs: Nursing Home without Walls and Residential Alternative Community Care.

HIV/AIDS Community Care Waiver Program

The HIV/AIDS Community Care Waiver Program provides services to persons who are eligible for Medicaid, HIV positive, and needing a nursing home level of care.²⁷ The program offers an array of services, including case management, nonmedical transportation, personal assistance, home-delivered meals, adult day health care, counseling and training, private duty nursing, personal emergency response, respite care, home maintenance, environmental accessibility, adaptations, moving assistance, and specialized medical equipment and supplies. In 2006, Hawaii's Medicaid HIV/AIDS Community Care program served 54 participants. The average per participant cost was \$7,573 for a total of \$408,917. FY 2009 spending for this waiver was \$550,452.²⁸

Medically Fragile Community Care Waiver Program

The Medically Fragile Community Care Waiver program provides services to Medicaid eligibles under 21 years old who are determined to be medically fragile and in need of a hospital or nursing home level of care.²⁹ The targeted medical condition must be expected to last longer than 12 months. The participant also must have at least two caregivers trained to provide needed care in a home that is able to accommodate the necessary equipment and personnel.³⁰ The program offers an array of services, including habilitation, respite, home modifications, special equipment, day health services, nursing, transportation, medical day care, attendant care, family training, and case management. In 2006, Hawaii's Medically Fragile Community Care waiver program served 48 participants. The average per participant cost was \$37,394 for a total of \$1,794,915.

²⁷ Ng, T. & Harrington, C. (2010). *Medicaid home and community-based services data, 2006*. Center for Personal Assistance Services. San Francisco, CA: University of California, San Francisco. Available at http://www.pascenter.org/state_based_stats/medicaid_waiver_2006.php?state=hawaii#p40195.

²⁸ Eiken, S, Burwell, B., Gold, L., & Sredl, K. (2010). *Medicaid HCBS waiver expenditures, FY 2004 through FY 2009*. Cambridge, MA: Thomson Reuters. Available at <http://www.hcbs.org/files/194/9655/HCBSWaivers2009Table2-ByState.pdf>.

²⁹ Hawaii Department of Health. (undated). *Medicaid 101*. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/disability-services/developmental/cpass-grant/Pdf/medicaid-overview.pdf>. Accessed December 19, 2010.

³⁰ Ng and Harrington, op. cit. Available at http://www.pascenter.org/state_based_stats/medicaid_waiver_2006.php?state=hawaii#p40195. Accessed December 19, 2010.

State Programs

Hawaii has several non-Medicaid programs that provide long-term care services, which are administered through the Department of Human Services and the Department of Health.

Department of Human Services

The Department of Human Services administers several long-term care programs.

Chore Services for Community Long-Term Care Program

The Chore Services program provides essential housekeeping services to enable eligible adults to remain in the community. Services may include housecleaning, laundering, shopping, and meal preparation. To receive services, an individual must be eligible for SSI, financial or Medicaid assistance from the Department, and must meet other program requirements. Individuals receiving services from Medicaid's QExA are not eligible for this service. Services may be provided without regard to income in adult protective service situations. Most providers are family members.

Senior Companion Program

The Senior Companion Program is a part-time volunteer program that recruits low-income seniors to provide in-home companionship and limited personal care to frail elders and respite to caregivers in exchange for a small stipend. The program is funded by the federal Corporation for National and Community Service. To be a Senior Companion, individuals must be at least 55 years of age, physically able to volunteer 20 hours per week, and have relatively low incomes.

Department of Health, Executive Office on Aging

Chapter 349 of the Hawaii Revised Statutes establishes the Executive Office on Aging (EOA) as the focal point for all matters relating to older adults' needs and the coordination and development of caregiver support services within the State of Hawaii.³¹ The EOA works with four Area Agencies on Aging (AAAs) to administer various programs for older people, including Kupuna Care and programs funded by the U.S. Administration on Aging.

Kupuna Care

Kupuna Care is an entirely state-funded program designed to meet the needs of frail older adults who cannot live at home without adequate help from family or formal services. The program was developed by the EOA in partnership with the AAAs to address the growing number of older persons with long-term care needs. The AAAs administer the program.

Kupuna Care services include the following:

- adult day care

³¹ Pendleton, N. (undated). *A message from the director*. Executive Office on Aging. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/ea/index.html>. Accessed December 19, 2010.

- assisted transportation
- attendant care (volunteer companion)
- case management
- chore services
- home delivered meals
- homemaker-housekeeper
- personal care

The bulk of Kupuna Care spending is for personal care (28%), home-delivered meals (22%), case management (20%), and transportation (15%).³²

The program has no financial eligibility criteria and services are free, although priority is given to lower-income older people. Clients are asked to make voluntary donations to the service provider for any service provided. Donations are used to provide services to additional clients.

To be eligible for Kupuna Care, an individual must be

- 60 years or older;
- not eligible for services from another public program, such as Medicaid, or already receiving private pay services;
- living in an apartment or house (not an institution, residential care facility, or foster home); and
- impaired in two or more ADLs or IADLs or have significantly reduced mental capacity, and have one or more unmet ADL or IADL need.

Clients receiving a single service are assessed by the service provider. Clients receiving more than one service are assessed by case managers. In State Fiscal Year 2009, Kupuna Care expenditures were \$4,708,816.³³

U.S. Administration on Aging-funded Programs

The federal OAA provides funding for elderly support services, nutrition services, preventive health services, elder rights protection, and family caregiver support services. The OAA created a network of federal, state, and local agencies to plan and provide services that enable older adults to live independently in their homes and communities, and also to provide family caregiver support services; this infrastructure is known as the “Aging Network.” The EOA is designated as the State Unit on Aging for Hawaii. The EOA is the designated lead agency for the

³² Executive Office on Aging. (2008). *Kupuna Care program report: For the Joint Legislative Committee on Aging in Place and Kupuna Caucus*. Honolulu: Hawaii Department on Health. Available at <http://www.capitol.hawaii.gov/session2008/hearingnotices/kcfinal101008.pdf>. Accessed September 22, 2010.

³³ Ibid.

coordination of a statewide system of aging and caregiver support services, as authorized by federal and state laws.

Each of the state's four counties has an AAA, which is responsible for planning, developing, and administration of services to older adults and family caregivers residing in their distinct geographic planning and service area. Each AAA contracts with service providers in their geographic area. Services include chore services, adult day care respite, homemaker/housekeeping services, assisted transportation, legal assistance, attendant care, case management, congregate meals, personal care assistance, transportation, home-delivered meals, and family caregiver services.

The federal and state funding for services is available to assist older adults and family caregivers regardless of income. However, because of limited funding, special considerations are given to those older adults and family caregivers who have the greatest economic and social needs, focusing particularly on low-income minorities, limited English-speaking populations, and people with disabilities.³⁴

The Family Caregiver Support Program, one of the programs funded by the OAA, provides caregiver support services to help people with disabilities to remain in their homes. Services are available to adult family members or other individuals who are informal, unpaid providers of in-home care to older adults aged 60 and older.³⁵ Caregiver support services are also available to grandparents or relatives (not parents) aged 55 or older who are taking care of a child aged 18 and younger or a relative 18 and older with a disability.

Aging and Disability Resource Center

The Aging and Disability Resource Center (ADRC) program is a collaborative effort of the U.S. Administration on Aging and the Centers for Medicare & Medicaid Services (CMS). The purpose of ADRCs is to simplify and streamline access to long-term care services. ADRCs provide states with an opportunity to integrate the full range of long-term supports and services into a single, coordinated system.³⁶ The target population for ADRCs includes individuals of all ages with all incomes and types of disabilities, including serious mental illness and developmental disabilities. Although Hawaii has been working to develop a fully functioning ADRC for several years, it currently provides only limited services and information, primarily through toll-free telephone numbers and a website.

ADRCs provide information and assistance to individuals in need of services, to professionals seeking assistance on behalf of their clients, and to individuals planning for their future long-term care needs. ADRCs also serve as the entry point to publicly administered long-term supports including those funded under Medicaid, the OAA, and state revenue-funded programs.

³⁴ Pendleton, op. cit.

³⁵ Hawaii Department of Health. (undated). *Family caregiver support program*. Honolulu: Hawaii Department of Health. Available at <http://hawaii.gov/health/eoa/CG.html>. Accessed December 19, 2010.

³⁶ U.S. Administration on Aging. (2010). *Aging and Disability Resource Centers*. Washington, DC: U.S. Department of Health and Human Services. Available at http://www.aoa.gov/AoAroot/AoA_Programs/HCLTC/ADRC/index.aspx#purpose.

In 2005, an ADRC development grant funded by the U.S. Administration on Aging and CMS was awarded to the Hawaii Executive Office on Aging in partnership with the Hawaii County Office of Aging and the City and County of Honolulu Elderly Affairs Division on Oahu. These two counties served as the original ADRC pilot sites. Hawaii's ADRC is a collaborative project funded by the U.S. Administration on Aging; CMS; the State of Hawaii, the counties of Kauai, Maui, and Hawaii; and the City and County of Honolulu. All four counties have operational ADRCs.

Hawaii's ADRC has a website—www.hawaiiadrc.org—which is a one-stop source for long-term care information and services for older adults, people with disabilities, and caregivers who need assistance.³⁷ The website was developed by the City and County of Honolulu Elderly Affairs Division in conjunction with Kaua'i County Agency of Elderly Affairs. Additional state funding expanded the website to include all four counties. The website's main page directs users to information for four counties: Hawaii, Honolulu, Kauai, and Maui. In addition to this website, individuals can contact any local ADRC site operated by the county AAAs by phone or in person for further assistance. Although the website provides limited information to individuals who are computer literate and have access to a computer, it cannot address the needs of people with limited English language skills and those who cannot use computers.

The Hawaii County ADRC is a physical location where people can go to receive help in person. With additional funding support from Hawaii County, a physical site in Hilo was renovated to co-locate the Hawaii County Office of Aging and other aging and disability agencies onsite. The ADRC brings together several county and private programs serving seniors and individuals with disabilities, including the Adult Community Care Services Section of the State Department of Human Services, the ARC of Hilo, Services for Seniors, Hawaii County Nutrition Program, Coordinated Services for the Elderly Program, the Senior Employment and Training Program, the Legal Aid Society of Hawaii, the State Department of Health's Adult Case Management Program, the Alzheimer's Association, and the University of Hawaii at Hilo School of Pharmacy.

The Hilo site is open to the public to obtain information about and assistance to obtain a wide range of services such as adult day care, transportation, Medicaid services, legal aid, respite care, and other community programs for elders and people with disabilities. Additional ADRC sites are planned for the Hamakua district of the Big Island, and the rural communities of Waianae, Hauula, and North Shore on Oahu.

Adult Mental Health Division, Department of Health

The Adult Mental Health Division promotes, provides, coordinates, and administers the mental health system for individuals aged 18 and older who have serious and persistent mental illness and who do not have access to services or the resources to purchase supports. Although the mental health system provides primarily treatment services, it also provides some community supports for persons who would otherwise be institutionalized.

³⁷ Information about the ADRC is taken from <http://www.hawaiiadrc.org/about-us.aspx>.

Developmental Disabilities System

The Department of Health administers services for persons with developmental disabilities. The Department ensures the provision of an array of individually appropriate services and care to persons with developmental disabilities through the utilization of existing resources within the community; coordination with supports and services provided under other federal, state, or county acts; and through specific funding when no other resources are available within the limits of state and federal resources allocated for the purpose. These services include but are not restricted to case management; residential, developmental, and vocational support, including supported employment; training; habilitation; residential habilitation; active treatment; day treatment; day activity; respite care; domestic assistance; attendant care/personal assistance; skilled nursing; speech, physical, occupational, and recreational therapy; recreational opportunities; counseling, including counseling to the person's family, guardian, or other appropriate representative; development of language and communications skills; interpretation; transportation; and equipment.

The Department funds services through state matching funds for Medicaid programs, other governmental programs, and private programs. For example, through its Partnership in Community Living program, the Department's Developmental Disabilities Division provides up to \$2,000 per year to fund services or learning materials to increase independence and functional living for persons with intellectual disabilities and other developmental disabilities.

Only individuals eligible for community services, but not eligible for Medicaid waiver services or other federally reimbursed programs, or for whom such services are not appropriate or not available based on their individual service plan, receive services and supports with solely state funds.

The Department of Health's Office of Health Care Assurance licenses developmental disabilities domiciliary homes (DDDHS) and ICFs for people with developmental disabilities.

Intermediate Care Facilities for Persons With Intellectual Disabilities

Intermediate Care Facilities for People with Intellectual Disabilities (ICF/IDs) are an optional Medicaid benefit created to fund institutions (four or more beds) for people with developmental disabilities. These facilities provide room and board and "active treatment" for individuals with developmental disabilities.

Hawaii has 18 ICF/IDs. All but one facility, which serves nine residents, are "Community ICF/IDs" serving four or five residents. Four facilities are on Maui and 14 are on Oahu. In 2009, the state Medicaid program spent \$9.9 million for ICF/IDs.³⁸

³⁸ Eiken, S., Sredl, K., Burwell, B., & Gold, L. (2010). *Medicaid long-term care expenditures, FY 2009: State by state tables*. Cambridge, MA: Thomson Reuters. Available at <http://www.hcbs.org/files/194/9674/2009StateExpenditures.pdf>. Accessed December 18, 2010.

Residential Care Settings for Persons With Developmental Disabilities³⁹

DDDHS provide services to adults with intellectual disabilities and other developmental disabilities.

These settings provide services and supports to promote normalization, community and social integration, and personal development to the fullest potential. These facilities must also protect the health and ensure the safety of their residents. Only 79 individuals out of 2,600+ served in the development disabilities waiver program live in a licensed home such as Development Disabilities Domiciliary homes.⁴⁰ The Department of Health's Developmental Disabilities Division Certification Section recruits, orients, and certifies foster homes and foster caregivers for the community placement of adults with developmental disabilities.

Developmentally Disabled Medicaid Home and Community-Based Services Waiver Program

Although the Department of Human Services is the designated Medicaid State Agency, the Department of Health's Developmental Disabilities Division is mandated by state law to lead initiatives to develop a comprehensive system of supports and services for persons with developmental disabilities. This responsibility includes administration of the Medicaid home and community-based services waiver for people with developmental disabilities and for the provision of case management services for this population.

Persons who are Medicaid eligible and certified as requiring an ICF/ID level of care are eligible for the intellectual disabilities/developmental disabilities HCBS waiver. In 2006, this waiver had 2,242 participants. Total Medicaid spending for the waiver was \$83 million with an average of \$37,202 per participant.⁴¹ In 2009, total Medicaid spending for the waiver was \$113 million.⁴² The mental retardation/development disabilities waiver program provides supports and services to enable participants to live as independently as possible in the least restrictive environment. More than 600 individuals use a consumer direction option. This option is very important—particularly in places where there are labor shortages, such as rural areas—because it allows Medicaid waiver participants to hire relatives, friends, and neighbors to provide direct care.⁴³

Waiver services include the following:

³⁹ The term “residential” in the developmental disabilities service system encompasses all types of living arrangements, from family homes to institutions. In this report, the terms “residential care setting” or “residential care facility” refers only to settings/facilities that are provider-operated.

⁴⁰ Dr. David Fray, Chief of the Developmental Disabilities Division, Department of Health and Waynette Cabral, Executive Administrator of the State Council on Developmental Disabilities. Personal communication via memo, December, 2010.

⁴¹ In 2006, the most recent year for which data are readily available, the developmental disability waiver served 2,242 people, the HIV waiver served 54 people, and the Medically Fragile waiver served 48 people. Ng and Harrington, op. cit.

⁴² Eiken et al., op. cit.

⁴³ Dr. David Fray, Chief of the Developmental Disabilities Division, Department of Health and Waynette Cabral, Executive Administrator of the State Council on Developmental Disabilities. Personal communication via memo, December, 2010.

- Adult day health
- Assistive devices
- Chore services
- Intellectual disabilities/development disabilities emergency services
- Environmental accessibility adaptations
- Home-delivered meals
- Nonmedical transportation
- Personal assistance/habilitation
- Personal emergency alarm
- Residential habilitation
- Respite care
- Skilled nursing
- Specialized medical equipment and supplies
- Supported employment–habilitation

Summary

This paper provides a basic summary of the long-term care system in Hawaii. Long-term care includes helping people with daily activities, such as getting dressed, bathing, preparing meals or eating, or taking medications, over an extended period of time. Providers of long-term care include nursing homes, residential care facilities, adult day care centers, and home care agencies. The report’s primary focus is on services and financing for older people and younger people with physical disabilities, but it also briefly addresses the system for people with intellectual disabilities/developmental disabilities.

Demographic Characteristics of Older People

- Like the rest of the country (indeed, the world), the population of Hawaii is getting older. Between 2007 and 2030, the population aged 85 and older, which has the greatest need for long-term care, will increase by almost two-thirds.
- There are approximately 22,000 adults aged 25 and older in Hawaii with significant disabilities.

Long-Term Care Services

- Compared to the rest of the country, Hawaii has many fewer nursing home beds per older population. The ratio of nursing home beds per 1,000 people aged 75 and older in Hawaii is about half the national average. Possible reasons for this lower bed supply include the high cost of land and the tradition of three-generation households. As a result of the relatively low bed supply, occupancy rates are high, some high-need patients in hospitals have difficulty

obtaining placements, and Hawaii nursing home residents are more disabled than in other states.

- A possible consequence of the limited nursing home supply has been the growth of a complicated and confusing system of residential care facilities, including Adult Residential Care Homes, Extended Care Adult Residential Care Homes, Community Care Foster Homes, and assisted living facilities. Some of these facilities serve people who need a nursing home level of care and receive Medicaid reimbursement for services but not room and board. These facilities are regulated by the Department of Human Services and the Department of Health; some facilities are regulated by both agencies.
- Home and community-based services in Hawaii include a wide range of services including case management, licensed nursing services, licensed nursing services, nurse aides, adult day care and adult day health centers, home health aides, personal attendants/personal care aides, homemakers, and other community services. The Department of Health is authorized to license home care agencies, but lacks the funds to implement these requirements.

Public Funding for Long-Term Care Services

General Cost

- Long-term care services are expensive everywhere, but are particularly costly in Hawaii. For example, the private-pay price for the average private room in a nursing home is almost 50 percent higher in Hawaii than in the country as a whole.

Medicaid

- Medicaid is the primary payer for long-term care services. In FY 2008, the state spent approximately \$274 million on long-term care for older people and younger persons with physical disabilities.
- Compared to other states, Hawaii's Medicaid long-term care spending has historically been much more oriented toward institutional services. In 2008, the most current year for which data are available, only 19 percent of Medicaid long-term care services spending in Hawaii for older people and younger persons with physical disabilities, compared to 32 percent nationally. Not surprisingly, then, Medicaid spending for home and community-based services per capita aged 75 and older in Hawaii was half of what it was nationally.
- Medicaid long-term care services in Hawaii underwent a radical change in 2009 with the introduction of QUEST Expanded Access, which combined Medicaid primary, acute, and long-term care services for aged, blind, and disabled beneficiaries into a managed care program. Enrollment is mandatory, with beneficiaries able to choose between two managed care plans. By combining medical and long-term care, policymakers hope to create a more efficient and seamless integrated care system, which will have much greater flexibility in meeting the needs of older and younger people with disabilities. Very little public information is available about how the program is performing. However, preliminary data suggests that the demonstration has substantially increased the number of people receiving home and community-based services and modestly reduced the number of people receiving nursing home care.
- In addition to the Medicaid HCBS waivers absorbed into QExA, Hawaii Medicaid operates HCBS waivers: the HIV/AIDS Community Care Waiver program, the Medically Fragile

Community Care Waiver program, and the Developmentally Disabled Medicaid Home and Community-Based Services Waiver program.

State Programs

- Similar to other states, Hawaii also operates several other long-term care programs focusing on home and community-based services, which are much smaller than Medicaid home and community-based services. These programs are managed by the Department of Human Services and Department of Health.
- The largest of these non-Medicaid programs, including the entirely state-funded Kupuna Care and those programs funded by the U.S. Administration on Aging, are run by the Executive Office on Aging of the Department of Health.
- The Aging and Disability Resource Center Program is a collaborative effort of the U.S. Administration on Aging and CMS. The purpose of ADRCs is to simplify and streamline access to long-term care services. ADRCs provide states with an opportunity to effectively integrate the full range of long-term supports and services into a single, coordinated system. Although the state has been working to develop a fully functioning ADRC for several years, it currently provides only limited services and information, primarily through toll-free telephone numbers and a website. The state currently has a contract with a consultant to upgrade these services.

Intellectual Disabilities/Developmental Disabilities System

- The Hawaii Department of Health administers programs for people with intellectual disabilities/developmental disabilities.
- Like other states regarding services for people with intellectual disabilities/developmental disabilities and unlike services for older people and younger persons with physical disabilities, Hawaii has radically shifted services for people with intellectual disabilities/developmental disabilities from institutions to home and community-based services. For example in 2009, Medicaid's expenditures for the Developmentally Disabled Home and Community-Based Services Waiver were more than 11 times the expenditures for ICFs for people with intellectual disabilities.