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HAWAII'S SICK HOSPITALS

Aging populace faces crisis in long-term care

A growing reliance on Medicare will force the state to look past nursing home beds

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By Helen Altonn
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With the first baby boomers reaching age 65 in six years, "I think we're in for a train wreck," says a leader in Hawaii's long-term care field.

"If you look at the lack of resources we have, we're barely able to keep up with the frail elderly now," said Tony Krieg, chief executive officer of Hale Makua, which operates nursing facilities and other programs for seniors on Maui.

State Human Services Director Lillian Koller said the isle population is aging 2.5 times faster than the national average because residents are living longer and Hawaii attracts retirees.

By 2011 every fourth person in the state will be 65 or older, she said, adding that Hawaii is "seriously underbedded compared to other states" for people needing long-term care.

"It's not like you suddenly need nursing-level care at 65, but we want to maximize people's independence and self-sufficiency and delay entry into more restrictive settings of care," she said.

All states are in trouble because an increasing number of people are turning to the government's Medicaid program as the answer for long-term care, said Krieg, also chairwoman of the Long Term Care Division of the Health Care Association of Hawaii and of the Maui Long Term Care Partnership.

"It's going to bankrupt the country ... if we don't develop more innovative ways, at different price points, to take care of frail and vulnerable people," Krieg said.



Proposals have been made to extend the three-year waiting period for people to apply for Medicaid after transferring assets to heirs or others, he said.

Hawaii and other states also are looking for ways to manage Medicaid dollars more efficiently, Krieg said. "The state response will be to limit eligibility and turn it (the system) over to the private sector to make it cost less.

"The next two or three years, I think, will be somewhat revolutionary," Krieg said, explaining that privatization of the system can be beneficial if incentives are created to develop more home and community-based services. "People need to be able to make choices at different price levels, and they're not available."

In 2000 the state population over age 85 was 17,983. By 2020 it will number 38,867, Krieg said. The population over age 70 will jump to 185,000 in 2020 from 119,000 in 2000.

Yet, rural Hawaii has fewer than 18 beds per 1,000 population over age 65, compared with an average of 62 beds in rural areas across the mainland, he said.

Urban Hawaii has 23 beds per 1,000 senior population, while the U.S. urban average is 47 beds.

As a result, hospitals have patients they are no longer getting paid for, Krieg said. "Nursing homes are full and feel many people in the hospital are too sick to take care of, for the reimbursement they get."

Koller said, "Everybody is working steadily, trying to find ways to expand capacity, provide more options and pay for it."

For example, the state initiated in 2003 a "going-home project," allowing hospitalized Medicaid patients to take their Medicaid money to a less costly home or community-based care. It made a big difference, Koller said, noting 409 residents have taken advantage of it.

Still, she said, about 80 people in the state hospital system and 45 to 60 patients at the Queen's Medical Center are waiting to move out, and "the capacity isn't there."

She said the state is exploring how to use managed care to encourage home and community-based care for the aged, blind and disabled, the most vulnerable population.

"We see horrible things, and basically there is no care coordination. It is a fend-for-yourself environment in fee-for-service," she said.

Hawaii was second to Arizona in 1993 in getting Medicaid waivers for a demonstration project to provide, coordinate and manage care for clients, Koller said. The idea was to see if less restrictive and less costly means could be used to improve people's health so they would not have to be hospitalized.

Arizona went ahead with the project, and in 1994 Hawaii started QUEST, a managed-care program that now has about 167,000 low-income residents enrolled.



COURTESY OF HALE MAKUA

Residents John Hernandez and Anna Arruda, both formerly of Kahului, watch Angie Calhoun do a hula.

LONG-TERM CARE BEDS

Hawaii will have 4,521 long-term care beds with the completion of two projects planned on Oahu and the Big Island. They include a 33-bed facility in Waikiki by Honolulu Neighborhood Housing Services and a 95-bed State Veterans Nursing Home in Hilo. The other beds are located as follows:

- » Kauai, 334
- » Maui, 497
- » Lanai, 14
- » Molokai, 22
- » Big Island, 729
- » Central Oahu, 1,948
- » Rural Oahu, 849

Source: State Health Planning and Development Agency

But aged, blind and disabled clients remained in the traditional fee-for-service Medicaid program because of the state's economic problems, Koller said.

The administration is seeking a waiver extension to provide managed care to about 38,000 clients who are aged, blind or disabled, she said. Some are eligible for Medicare as well as Medicaid assistance.

Koller said all concerned parties are meeting monthly. "We want everyone to feel confident this is going to work. ... We have tried to design our waiver based on what has worked well in other states."

She said the program will not go into effect until the administration is assured it will improve health outcomes for clients. The soonest people might receive services would be January 2008, she said.

Krieg said more than 80 percent of nursing home costs, on neighbor islands especially, are from Medicaid reimbursements. Free-standing nursing homes are losing \$9.25 per patient a day, and hospital-based nursing homes are losing \$24 per patient a day, he said.

He said managed care can be good if nursing homes are paid based on the care required, rather than one payment per average client, and if more home and community-based services result from privatizing the system.

"The state needs to establish a floor," he said. "What we're concerned about is private companies will get a contract with the state and be free to negotiate whatever they can, how low they can go, with nursing homes. Many of us are already in trouble."

Nursing homes are also worried about where they are going to get labor, especially on the neighbor islands, where they are competing with industry, Krieg said. "As baby boomers approach old age, the pool of women providing care in homes is going to be substantially smaller."

He said 70 percent of the cost of nursing home care is for labor because highly skilled professional nurses and social workers are required. Requirements are not as stringent at care homes and assisted-living facilities, he said.

Some nursing homes were converted to other settings in states where Medicaid was privatized, Krieg said. "I think we're going to be forced to consider it."

Krieg said long-term care facilities should "take a lesson from the disabled community" and find ways to use technology to help provide care. Regulators and payers are going to have to work with providers to look at technology because of the labor shortage, he said.

For instance, he said, home health nurses travel 45 miles from Kahului to Lahaina on Maui to visit someone discharged from a hospital. Reimbursement needs to recognize that with technology, nurses can take vital signs and visit places remotely without traveling there, he said.

Krieg heads Hale Makua, a 60-year-old care program that started during World War II. The plantation hospital in Wailuku was converted to a modern 124-bed nursing home in the early 1960s.

Another 120-bed facility was developed in Kahului in 1978, and 118 beds were added to it in 1996, thinking it would take 10 years to fill them, Krieg said. They were full in three years, mostly with Medicaid patients, he said.

Hale Makua also has a rehab center, home health services for about 80 patients on all parts of the island except Hana, a day health program with about 50 people enrolled, and a Medicaid-funded foster family program that manages families who adopt an elder who otherwise would be in a nursing home.

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