# Assessing Long-Term Care Policy Options in Hawaii

# Results from the Hawaii Long-Term Care Survey

## **Prepared for**

Hawaii Long-Term Care Commission 2424 Maile Way Saunders 723 Honolulu, HI 96822

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RTI Project Number 0212474.000.002

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#### 1. Introduction

Act 224, Session Laws of Hawaii 2008, established the Hawaii Long-Term Care Commission. The Commission is charged with identifying needed reforms of the long-term care (LTC) system, researching program changes and resources needed to meet the state's long-term care goals, and exploring funding options that may help support the provision of long-term care services. Long-term care includes helping people with daily activities, such as getting dressed, bathing, preparing meals or eating, or taking medications, over a long period of time. Providers of long-term care include nursing homes, home health agencies, home care agencies, adult day care programs, meals-on-wheels programs, and community-care homes.

As part of the Long-Term Care Commission's analysis of Hawaii's long-term care system, RTI International conducted a mail survey, the Hawaii Long-Term Care Survey, of state residents aged 18 and over to understand public perceptions, awareness, and attitudes about LTC and to elicit the general public's views of various options for LTC reform. This report summarizes the results of the Hawaii Long-Term Care Survey.

# 2. Survey Methodology

This section describes the methodology used for the Hawaii Long-Term Care Survey. In particular, it outlines the following:

- Sample selection procedures
- Participant recruitment procedures
- Survey instrument design
- Data collection procedures
- Control system
- Participant compensation
- Sample weighting

## **Sample Selection Procedures**

The Hawaii Long-Term Care Survey collected data through a mail survey. A random probability sample of 3,002 Hawaii addresses was obtained and matched, where possible, to names via batch tracing. To ensure representation of residents from each county in the state, a predetermined percentage of addresses was selected from each county.

**Appendix A** is a sampling table documenting the distribution of the address sample and respondents across counties in Hawaii.

The first question on the mail survey screened for eligibility based on age and residency status. Persons eligible for participation were 18 years of age or older and had lived at the Hawaii address to which the questionnaire was addressed for 60 days or longer. If no one in the household was eligible, the recipient was asked to indicate that by checking a box and returning the survey to RTI. If at least one household member was eligible, the recipient was instructed that the survey should be completed by the eligible adult in the household who had the most recent birthday.

## **Participant Recruitment Procedures**

To increase the response rate, prospective participants were sent a signed cover letter from the Hawaii Long-Term Care Commission along with the questionnaire. The cover letter (*Appendix B*) described the purpose of the study, and advised them that their participation was voluntary and that their privacy and data would be protected. The cover letter offered a toll-free number for recipients to call if they had questions about the study and also explained that RTI would provide a financial incentive for questionnaire completion. Different cover letters were sent with each wave of the survey.

## **Survey Instrument Design**

This survey, which contained 31 items, concentrated on the support of adult Hawaii state residents for different approaches to financing LTC, and included the following domains:

- Understanding the costs of LTC
- Preferences for LTC setting
- Opinions about different payment options for LTC
- Knowledge of Insurance program principles, familiarity with and opinions about the Community Living Assistance Services and Supports (CLASS) Act, which was enacted as part of the health reform law

The survey also asked information about respondent demographics, health status, health insurance coverage, and personal exposure to caregiving. The full survey instrument is included as **Appendix C**. The six-page mail survey took about 15 minutes to complete.

#### **Data Collection Procedures**

A total of three waves of questionnaire mailings were sent to the sample. Included with the questionnaire in each of these mailings was (1) a signed cover letter from the Long-Term Care Commission, (2) a business reply envelope with prepaid postage, and (3) an incentive postcard. Participants were instructed to provide their name and mailing address on the incentive postcard and mail it back separately from their questionnaire to protect their privacy. As with the questionnaire envelope, the postcard was preaddressed and postage was prepaid.

A reminder postcard (**Appendix E**) was mailed to the entire sample about a week after the first questionnaire mailing, thanking those who returned a completed survey and prompting those who had not yet done so to complete the survey.

Prior to the second wave questionnaire mailing, the mailing list was updated by removing addresses associated with completed surveys, ineligible households, and vacant or unreachable addresses. The address list was updated again prior to the third wave questionnaire mailing. See *Table 1*.

Table 1. Mailings of the Hawaii Long-Term Care Survey

Wave	Date	Quantity	
Initial questionnaire mailing	6/30/10 & 7/1/10	3,002	
Postcard reminder	7/9/10	3,002	
Second questionnaire mailing	7/26/10 & 7/27/10	1,935	
Third questionnaire mailing	8/19/10	1,557	

#### Control System

An efficient and flexible control system was designed to track the status of each case throughout the data collection process. The control system also generated reports providing updates on data collection progress. Among the case statuses documented and tracked were those indicating that all persons at the sample address were ineligible, the address was vacant, and a completed interview had already been received in association with this address. The control system reduced the likelihood of operational error by automating certain tasks, including those associated with confirming eligibility for incentives and those required to remove addresses from the mailing list for future waves of mailings when warranted.

#### **Participant Compensation**

A \$1 cash incentive was included in the questionnaire mailing in wave 1. The first two waves of the questionnaire mailing offered a \$10 incentive for returning a completed survey. The third and final questionnaire mailing offered an incentive of \$15 for survey completion to further encourage participation from those who had not responded to previous mailings.

Each incentive postcard and corresponding questionnaire was linked for verification of questionnaire completion via the project's control system using their unique case number. The use of the control system to record and track unique case numbers enabled project staff to process and track one and only one incentive check for each sample address associated with a participant who both returned a completed survey and requested an

incentive. Incentives for completed surveys were sent in the form of a check and were accompanied by a "thank you" letter (*Appendix F*).

#### Weighting

Survey respondent data need to be weighted before they can be used to produce reliable estimates of the target population responses. Weighting of responses also attempts to compensate for practical limitations of surveys, such as differential nonresponse and undercoverage. Moreover, by taking advantage of auxiliary information about the target population, weighting can reduce the variability of estimates.

The weighting for this study was a two-step process. First, we assigned initial address weights (or design weight) to the 3,002 sampled addresses. This initial address weight is the inverse probability of selection of the address. It accounts for differing selection probabilities across counties.

The second weighting step required the logical imputation of gender for 24 cases and the use of weighted sequential hotdecking to impute a remaining 8 missing records for gender and 26 for age. Finally we used PROC WTADJUST in the statistical program SUDAAN to apply poststratification adjustment factors to the initial address weight to force them to sum to the 2006–2008 U.S. Bureau of the Census' American Community Survey 3-year estimates for age, county, and gender. The control totals for this adjustment are in **Table 2.** 

Table 2. Control Totals for Poststratified Weights by Age, Gender and County

		Age							
Gender	County	18-24	25-34	35-44	45-54	55-64	65-74	75+	Total
	Hawaii	8,456	13,500	10,180	12,459	11,052	5,568	5,084	66,299
Mala	Honolulu	51,865	65,938	64,842	60,591	49,443	28,673	28,705	350,057
Male	Kauai	2,849	4,529	4,017	4,705	4,178	2,165	1,912	24,355
	Maui	5,710	11,688	11,197	11,143	8,611	4,175	3,407	55,931
Female	Hawaii	7,919	11,542	10,657	13,337	10,664	5,967	6,851	66,937
	Honolulu	40,976	58,415	62,027	62,383	51,327	33,966	43,213	352,307
	Kauai	2,437	3,532	4,241	4,979	3,969	2,370	2,797	24,325
	Maui	5,128	9,545	9,939	11,199	8,446	4,520	4,746	53,523
	Total	125,340	178,689	177,100	180,796	147,690	87,404	96,715	993,734

Source: 2006–2008 American Community Survey 3-Year estimates.

#### Response Rate

Response rates were calculated using standard American Association of Public Opinion Research (AAPOR) definitions, specifically RR2, which counts partial interviews as

respondents.<sup>1</sup> A total of 1,244 completed questionnaires were returned, yielding an overall RR2 weighted and unweighted response rate of 46.9%. *Table 3* presents counts of cases for each data collection status at the end of the data collection.

Table 3. Hawaii Long-Term Care Survey Response Rate, Using AAPOR Disposition Codes

	AAPOR Disposition Code	# of Addresses	# of Addresses	
No.	Label	Unweighted	Weighted	
1.0 Inter	view (I+P)			
1.1	Complete interview	1,244	208,070	
1.2	Partial interview	<u>1</u>	<u>258</u>	
		1,245	208,328	
2.0 Eligib	le, Non-Interview (R+NC+O)			
2.112	Known respondent refusal	62	10,586	
2.333	No interviewer available for language	<u>1</u>	<u>258</u>	
		63	10,844	
3.0 Unkn	own Eligibility, Non-Interview (UH+UO)			
3.21	No screener completed	1,307	220,507	
3.18	Unable to locate address	33	3,793	
3.20	Housing unit/Unknown if eligible respondent	<u>7</u>	<u>997</u>	
		1,347	225,296	
4.0 Not E	ligible (NE)			
4.60	Vacant housing unit	116	20,872	
		48	8,126	
4.50	Not a housing unit	109	14,069	
		40	5,438	
4.70	No eligible respondent	<u>34</u>	<u>5,286</u>	
		347	53,790	
Total		3,002	498,259	

RR2: (I+P) / (I+P+R+NC+O+UH+UO) = 46.9%.

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AAPOR's RR2 is defined as (Complete Interviews +Partial Interviews) / (Complete Interviews + Partial Interviews) + (Refusal and Break Off + Non-Contact +Other) + (Unknown if Household/Occupied Housing Unit +Unknown, Other). American Association of Public Opinion Research. (2009). Standard definitions: Final disposition of case codes and outcome rates for surveys. Deerfield, IL: American Association of Public Opinion Research. Available at <a href="http://www.aapor.org/AM/Template.cfm?Section=Standard\_Definitions1&Template=/CM/ContentDisplay.cfm&ContentID=1814">http://www.aapor.org/AM/Template.cfm?Section=Standard\_Definitions1&Template=/CM/ContentDisplay.cfm&ContentID=1814</a>. Accessed December 13, 2010.

# 3. Survey Results

This part of the report presents survey findings. All results are presented weighted and adjusted for survey nonresponse.

## **Demographics, Health Status, and Caregiving Experience**

This section describes demographic characteristics of the survey respondents. In the survey, respondents were asked about their age, gender, race/ethnicity, total household income, education, employment status, and what type of primary health care coverage they have for their acute medical care. Respondents were also asked about their caregiving experience.

#### **Demographics**

Overall, *Figure 1* shows that about 45% of respondents were 25 to 44 years of age, about 30% of respondents were 45 to 64 years of age, and almost 17% of respondents were 65 years old and older. Eight percent of all survey respondents were 18 to 24 years of age. *Figure 2* shows the respondent age distribution by county.

Figure 1. Respondent Age

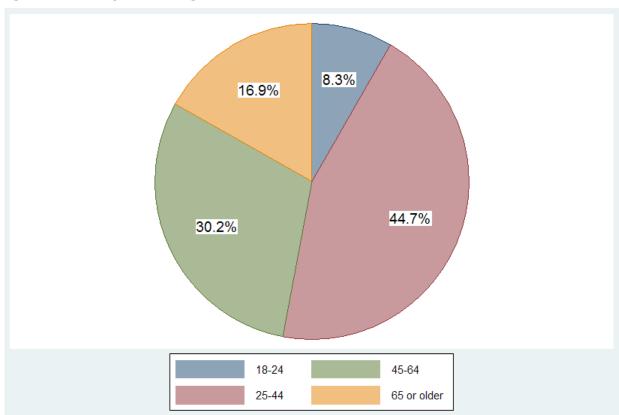
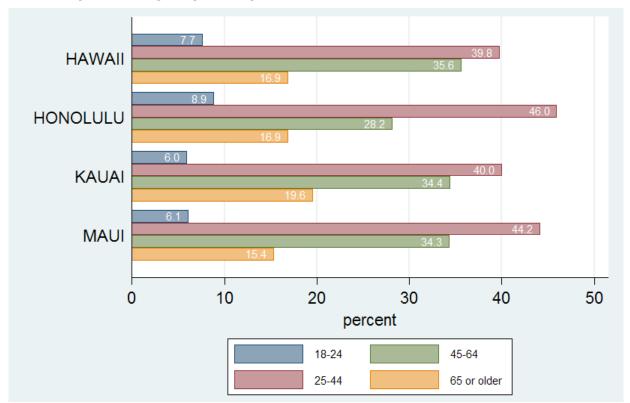
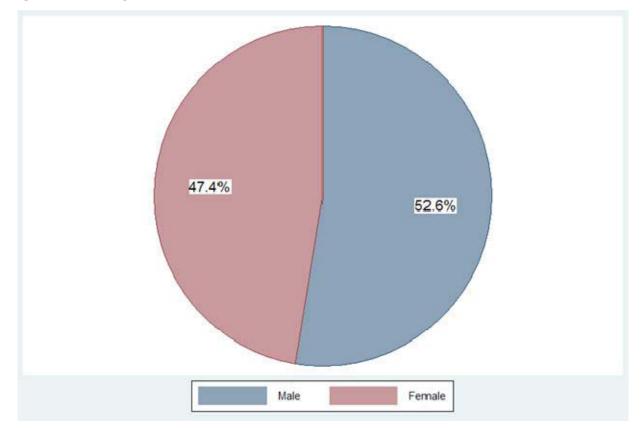


Figure 2. Respondent Age, by County



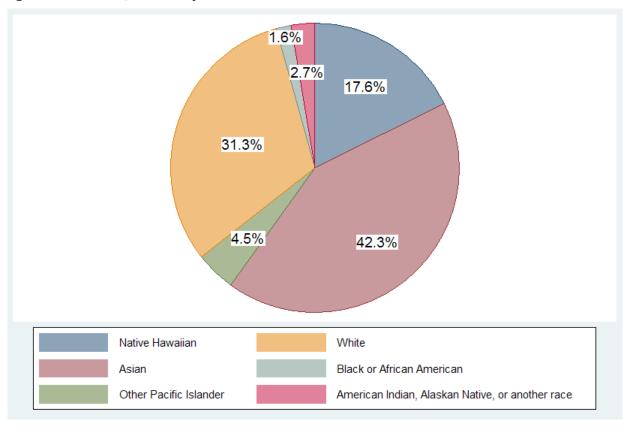
**Figure 3** shows that slightly over 47% of all respondents were female and over 52% were male.

Figure 3. Respondent Gender



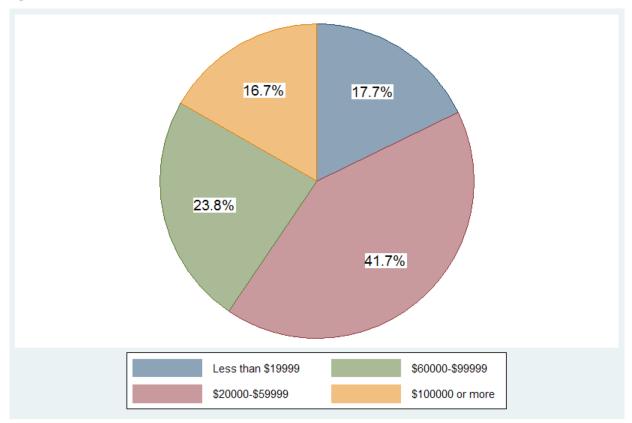
**Figure 4** shows the race/ethnicity distribution of the survey respondents was as follows: slightly over 42% were Asian, 31% were white, over 17% were native Hawaiian, and 4.5% were other Pacific Islanders. African Americans and American Indians represented less than 3% and 2%, respectively.

Figure 4. Race/Ethnicity



**Figure 5** shows that nearly three fifths of respondent families have income below \$60,000 a year, 24% have incomes between \$60,000 and \$99,999, and almost 17% have incomes above \$100,000.

Figure 5. Income Distribution



#### Functional Status

The survey elicited information on respondents' functional status (ability to perform activities of daily living and instrumental activities of daily living) by asking the following question: "Does a physical or mental health problem currently limit your ability to do one or more of the following activities: bathing, dressing, getting around in the house, using the telephone, paying bills, taking medications, or doing laundry?" **Figure 6** shows that about 6% of all survey respondents reported physical or mental health problems that interfered with their daily activities. This proportion varied slightly by county from about 5% in Honolulu to about 7% in Maui.

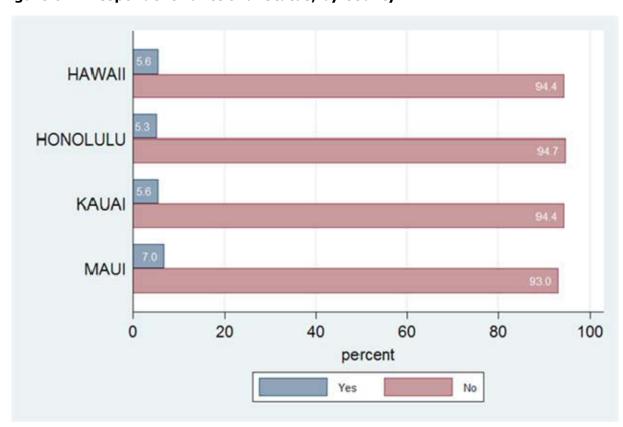


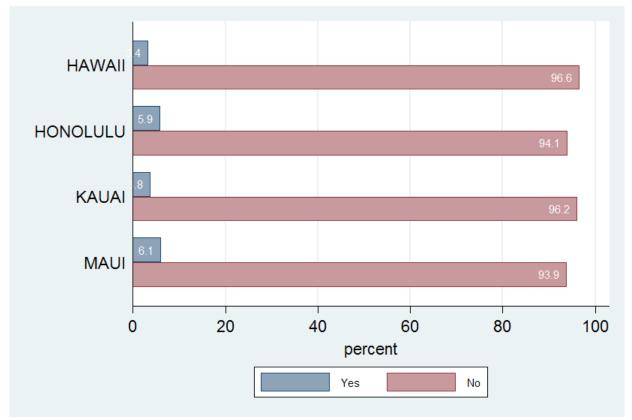
Figure 6. Respondent Functional Status, by County

#### Caregiving Experience

Because prior studies show that personal caregiving experience affects how much people know and plan for LTC, the survey also asked respondents whether they provide personal care assistance to disabled family members, both young and aged. Overall, about 5% of all respondents reported taking care of a family member between the ages of 18 and 64 who is disabled. Providing such care included help with regular daily activities, such as eating,

bathing, dressing, going to the toilet; using the telephone; or taking medications. *Figure 7* shows that this proportion varied slightly from about 4% in Kauai to about 6% in Honolulu.

Figure 7. Respondents Providing Care for Younger Disabled Family Members, by County



A similar question was asked about providing care to disabled family members aged 65 and older. Overall, about 8% of all respondents reported taking care of a family member aged 65 and over who is disabled. Providing such care included help with regular daily activities, such as eating, bathing, dressing, going to the toilet; using the telephone; or taking medications. *Figure 8* shows that this proportion varied slightly from about 5% in Maui to about 9% in Honolulu.

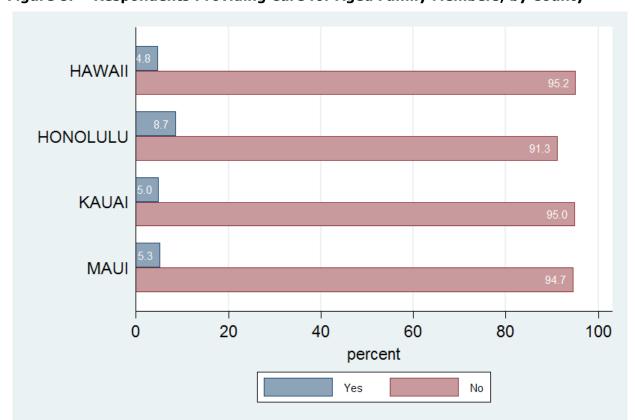


Figure 8. Respondents Providing Care for Aged Family Members, by County

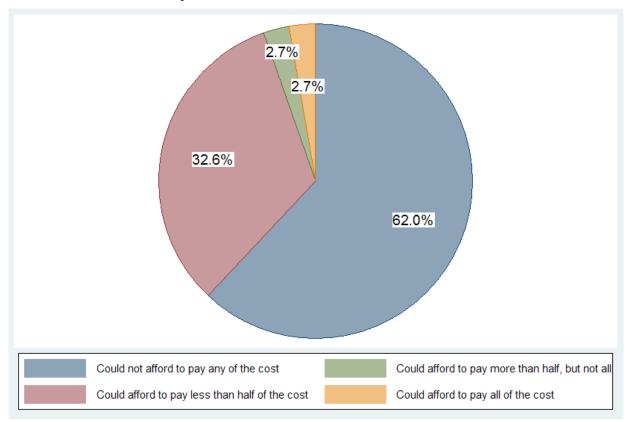
#### **Cost of Care**

This survey domain examined respondents' perception of how much nursing home and inhome care they can afford, given the cost of care in the state of Hawaii and what sources they are planning to use for payment.

To answer this survey question about the affordability of long-term care services, respondents were provided with the average cost of care in the state of Hawaii: A year in a nursing home or a year of 24-hour home care costs between \$128,000 and \$158,000. Given these costs, *Figure 9* shows that 62% of all surveyed respondents reported that they could not afford to pay any of the costs of care. About a third of all respondents suggested that they could afford to pay less than half of the costs, and 3% of all respondents reported that

they could pay more than half but not all of the costs of care. Three percent of respondents also reported that they could afford to pay all the costs of needed care.

Figure 9. If You or Anyone in Your Family Needed Nursing Home Care or Roundthe-Clock Home Care for a Year, How Much of the Cost Could You Afford to Pay?



In addition to affordability, respondents were asked what sources they are planning to use to pay for round-the-clock care. *Figure 10* shows that nearly half of respondents (49%) do not know the answer to this question, suggesting that they have done little planning to cover this possible expense. About one third of Hawaii state residents will use their income and savings and about one third are counting on Medicaid to pay for their extensive care. Almost 19% reported that they plan to use private long-term care insurance, a number far higher than the actual number of policies in the state. This suggests that many people mistakenly think that they have long-term care coverage when they do not. Finally, about 13% of Hawaii state residents report that they will depend on their family to pay for the expense.

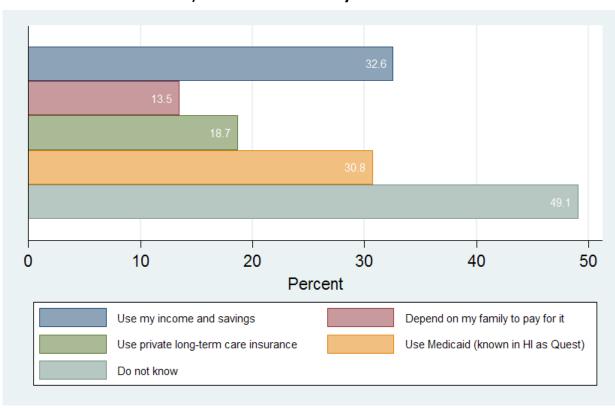
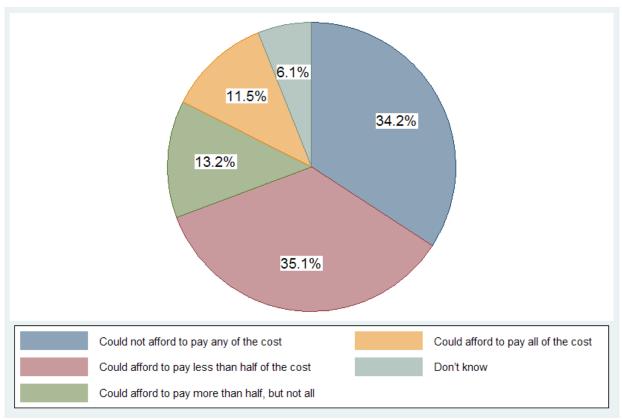


Figure 10. If You Needed Nursing Home or 24-Hour Home Care Over a Long Period of Time, How Would You Pay for It?

Most people receiving long-term care do not need as much care as is provided in a nursing home. Most of those people live at home. Two hours of daily home care costs about \$18,200 a year in Hawaii. *Figure 11* shows that, given these costs, 35% of all survey respondents reported that they could afford to pay less than half of the costs. Thirty-four percent reported not being able to afford any of the costs and 13% reported that they could afford to pay more than half, but not all of the costs. Only about 12% of respondents

reported that they are able to afford all of the costs associated with receiving 2 hours of home care daily for a year.

Figure 11. If You or Anyone in Your Family Needed 2 Hours of Home Care for a Year, How Much of the Cost Could You Afford to Pay?



In addition to affordability of 2 hours of daily care, respondents were asked what sources they are planning to use to pay for care of this amount. *Figure 12* shows that this amount of care is perceived as more affordable, so the great majority of respondents (47%) are planning to use their income and savings. About a third of respondents do not know the answer to this question, suggesting that they have not planned for this possible expense. Twenty-eight percent of Hawaii state residents are counting on Medicaid to pay for the 2 hours of daily care. Almost 17% reported that they plan to use private long-term care insurance, again far more than the number of in-force policies in the state. Finally, about 16% of Hawaii state residents report that they will depend on their family to pay for the expense.

15.9

16.9

28.3

33.8

0 10 20 30 40 50

Percent

Use my income and savings

Use private long-term care insurance

Use Medicaid (known in HI as Quest)

Do not know

Figure 12. If You Needed 2 Hours of Home Care Over a Long Period of Time, How Would You Pay for It?

## **Preferences for Care Setting**

Respondents were asked for their preference for LTC setting if they were disabled and needed substantial amounts of long-term care services over a long period of time and about whether the percentage of Medicaid long-term care expenditures that are for nursing home care are appropriate. They were also asked about their support for consumer-directed home

care, where consumers rather than agencies hire, supervise, schedule, and fire their direct care workers.

Similar to people in other states, Hawaii residents prefer to receive their long-term care in the community rather than in the institutional setting. *Figure* 13 shows that about 41% prefer to receive such care from family and friends and almost 29% prefer to pay a nurse or a personal care assistant to provide such care at home. About 12% expressed a preference for an assisted living facility or a small group home. Nursing home is the setting of last resort: only 4% of Hawaii state residents prefer to be in a nursing home if they require long-term care. Almost 15% of respondents could not choose a setting and responded "Don't Know."

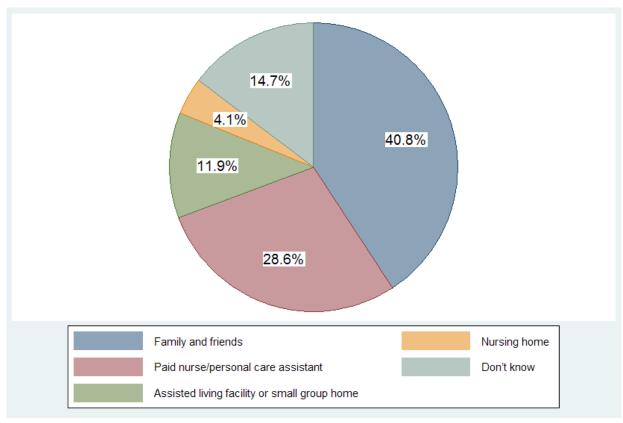
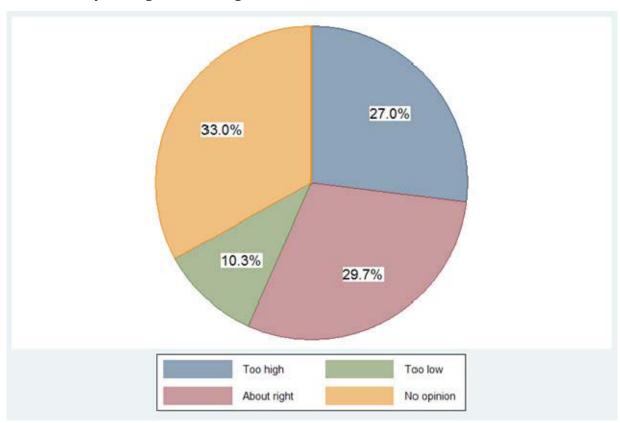


Figure 13. Preference for Type of Long-Term Care Provider

Hawaii has one of the highest percentages of Medicaid long-term care expenditures going for nursing home care; compared to other states, the proportion of Medicaid expenditures for home and community-based services is very low. To answer the question about whether respondents thought that the distribution of Medicaid expenditures across service types is appropriate, the survey informed respondents that, "Currently, 81% of Hawaii's Medicaid spending for long-term care is for nursing home care and 19% is for home and community-

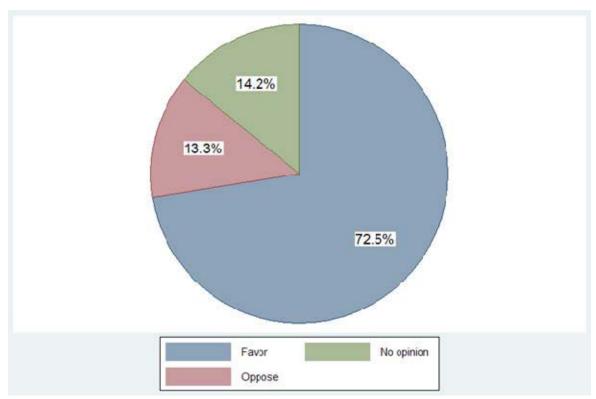
based services, such as personal care (help with eating, bathing, and dressing) and adult day care." As shown in *Figure 14*, about a third of all Hawaii state residents do not have an opinion on the service distribution of Medicaid spending in their state. Only 27% think that the proportion of Medicaid spending on nursing homes is too high and about 30% think it is appropriate. Ten percent of all respondents reported that they think that the percentage of Medicaid LTC spending on nursing home care is too low. Given the relatively low levels of LTC service provision in the state compared to other states, respondents may be answering regarding the absolute level of spending instead of the distribution between institutional and noninstitutional services.

Figure 14. Do You Think That the Percentage of Medicaid Long-Term Care Spending for Nursing Home Care is?



Consumer direction is a relatively new model of home and community services where people are allowed to hire and pay their family and friends for providing personal care services. *Figure 15* shows that this option is very attractive to Hawaii residents: almost three quarters of all respondents favor this option. About 13% are against consumer direction and 14% have no opinion about it.

Figure 15. Do You Favor or Oppose Allowing Government-Funded Home Care Programs to Pay Family Members and Friends Rather Than Private Agencies to Provide Home Care?



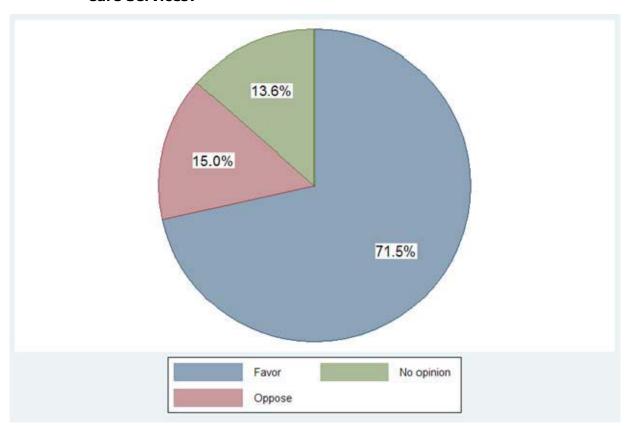
# **Opinion About Financing Options**

Respondents were asked about their opinion of several LTC financing options where their support or opposition were measured. These options were the following:

- 1. Changing Medicaid so that more middle class people would qualify for help in paying for long-term care services
- 2. Having the government help pay for long-term care for <u>all</u> persons who need services regardless of how much money they have
- 3. Reducing state income taxes for people who provide a lot of care to their disabled relatives
- 4. Tax incentives to help people purchase private long-term care insurance
- 5. Increasing funding for small home care programs such as Kupuna Care

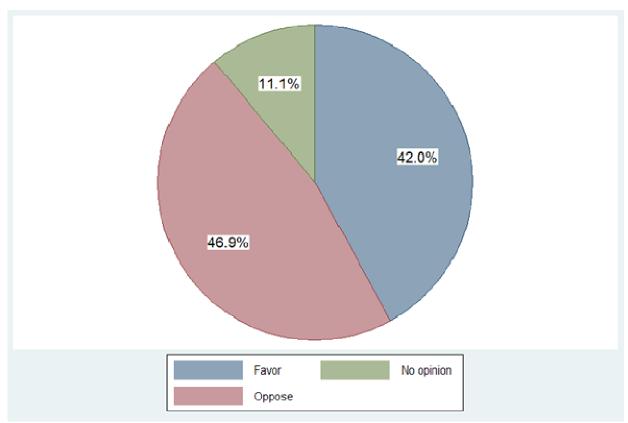
Medicaid is a joint federal and state program that helps pay for acute and long-term care for people who are poor or become poor because of the high cost of long-term care. Expanding Medicaid eligibility to middle-class individuals is one way to broaden public long-term care programs. As shown in *Figure 16*, this idea has wide support among Hawaii residents. Over 71% of respondents favor changing Medicaid eligibility to include more middle-class people. Fifteen percent oppose such an expansion and about 14% have no opinion in this matter.

Figure 16. Do You Favor or Oppose Changing Medicaid so That More <u>Middle-Class</u>
People Would be Eligible for Government Help in Paying for Long-Term
Care Services?



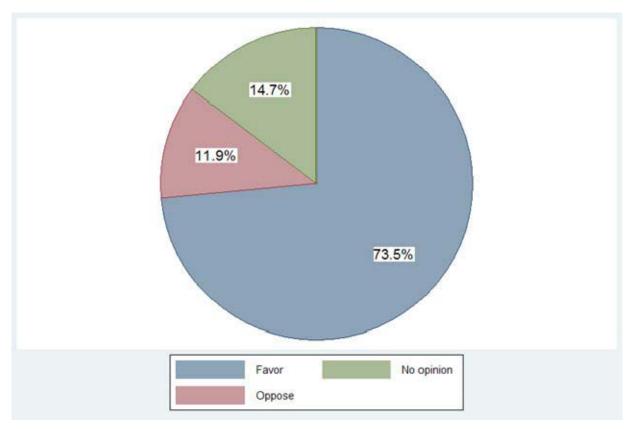
Although Hawaii residents favor Medicaid expansion to the middle class, they are more ambivalent about having the government pay for all persons in need of long-term care regardless of their income. As shown in *Figure 17*, Hawaii residents are almost evenly split between supporting and opposing this option (42% and 47%, respectively). Slightly over 11% expressed no opinion on this subject.

Figure 17. Do You Favor or Oppose Having the Government Help Pay for Long-Term Care for <u>All</u> Persons Who Need Services Regardless of How Much Money They Have?



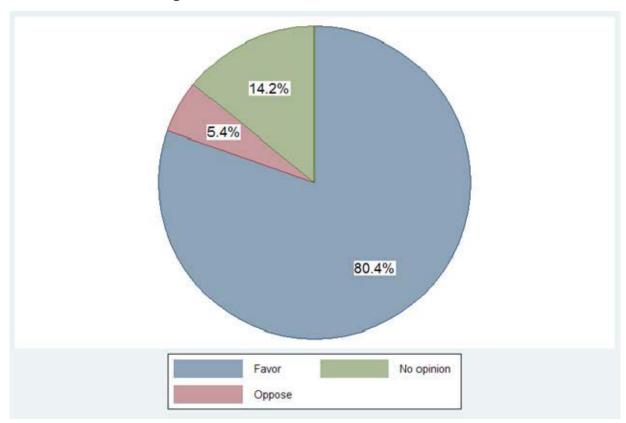
One way to lighten the burden for caregivers is to reduce their state income taxes. As shown in *Figure 18*, this idea finds a lot of support among Hawaii residents: almost three quarters of all respondents favor such state income tax reductions. About 12% of respondents oppose it and almost 15% have no opinion.

Figure 18. Do You Favor or Oppose Reducing State Income Taxes for People Who Provide a Lot of Care to Their Disabled Relatives?



Purchasing private long-term care insurance is one viable option that people can choose to cover their long-term care expenses. However, few people can afford long-term care insurance because premiums are expensive. Tax incentives to help people defray the costs of premiums is one strategy to promote private long-term care insurance. This approach is quite popular among Hawaii residents. According to *Figure 19*, over 80% of respondents favor this idea and only 5% oppose it. About 14% have no opinion.

Figure 19. Do You Favor or Oppose Tax Incentives to Help People Purchase Private Long-Term Care Insurance?



Many states fund their own home and community-based programs. Kupuna Care is a home care program for older people funded by the state of Hawaii. *Figure 20* shows that a great majority of Hawaii residents (over 61%) support Kupuna Care and favor increased funding for the program. About 13% oppose additional funding for the program. About a quarter of all respondents have no opinion about the program.

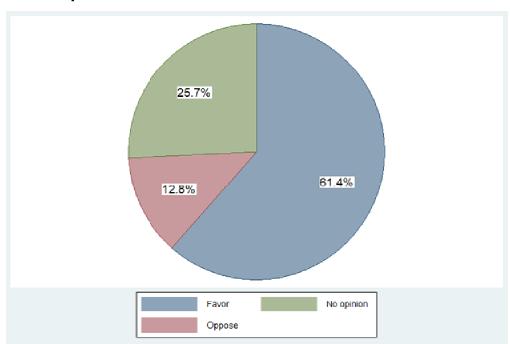


Figure 20. Do You Favor or Oppose Increasing Funding for Hawaii Programs Such as Kupuna Care?

## **Insurance Options: CLASS Act**

The survey solicited opinions from respondents on the newly enacted CLASS Act: whether they favor or oppose it, whether they plan to enroll, and how much they are willing to pay for it. Additional questions were asked about whether respondents think enrollment should be voluntary or mandatory and whether Hawaii should implement a wraparound public program for LTC benefits in addition to CLASS. Because only a few people are aware of the legislation establishing the CLASS option, the following introduction was given to survey respondents to educate them about the CLASS option:

The health reform law includes the Community Living Assistance Services and Supports (CLASS) Act, a <u>national public long-term care insurance program</u>. Working people who want to participate in the program will pay monthly premiums which will cover the cost of the program. People who do not work are not eligible for the program. Enrollment in the program is voluntary.

To qualify for benefits, individuals must be 18 years old, have paid premiums for at least 5 years, and have a fairly severe disability. Disabled people who qualify for benefits will receive a daily cash payment based on their level of disability. The average payment will be \$50 per day. The program will provide benefits for as long as the individual qualifies.

A solid majority of Hawaii state residents support the CLASS Act. As shown in *Figure 21*, more than half of all survey respondents favor the CLASS Act and slightly over 14% oppose it. About 30% of respondents have no opinion of the CLASS Act, probably because they are not familiar with it.

30.4% 55.0% Favor No opinion Oppose

Figure 21. Do you Favor or Oppose the Newly Enacted CLASS Act?

Support for and opposition to the CLASS Act varies only slightly across Hawaii's counties. As shown in *Figure 22*, more than half of all respondents in each county favor the CLASS act; its support is highest in Maui (58%), followed by Honolulu (55%) and Kauai (54%). Among all counties, the residents in Hawaii expressed the lowest support (51%), although still a majority.

HAWAII

HONOLULU

13.7

30.9

KAUAI

KAUAI

18.8

27.2

MAUI

17.3

24.6

Percent

Favor

Oppose

No opinion

Figure 22. Do You Favor or Oppose the Newly Enacted CLASS Act? Data by County

Support for and opposition to the newly enacted CLASS Act varies by respondent income category. *Figure 23* shows that survey respondents with household income under \$19,999 expressed the least support for the CLASS Act (41%), perhaps because they are least able to afford the premiums. The proportion of CLASS supporters was greatest among survey respondents with family income between \$20,000 and \$59,999 (slightly over 61%) and among those with family income higher than \$100,000 (slightly less than 60%).

\$20000-\$59999

\$60000-\$99999

\$13.7

\$100000 or more

18.3

\$22.2

\$20000-\$59999

\$30.2

\$100000 or more

\$22.2

\$22.2

\$30.2

\$40.5

\$40.5

\$40.5

\$59.5

\$100000 or more

\$41.1

\$41.1

\$40.5

\$40.5

\$60000-\$99999

\$40.5

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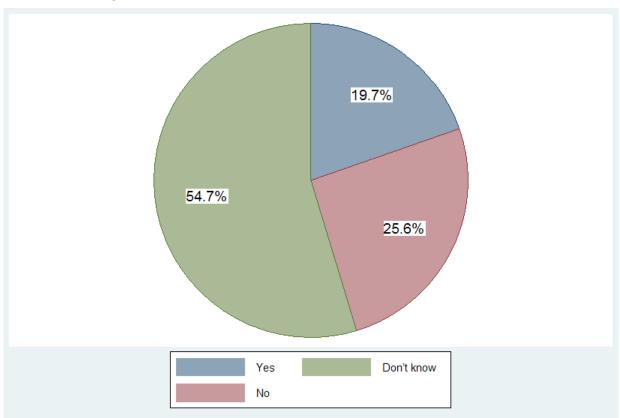
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\$60.

Figure 23. Do You Favor or Oppose the Newly Enacted CLASS Act? Data by Income

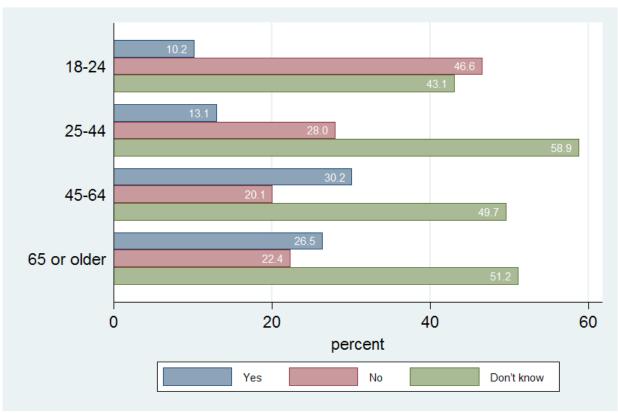
To examine the planned CLASS enrollment, we restricted the sample to include only respondents who reported that they are currently employed, because those who are not employed are not be eligible to enroll in the CLASS program. It appears that support for CLASS does not necessarily translate into plans for enrollment. *Figure 24* shows that only 20% of respondents reported that they are planning to enroll in CLASS and more than a quarter reported that they are not planning to enroll. More than half of all respondents have not made this decision yet.

Figure 24. Do You Think You Will Enroll in the CLASS Act Public Long-Term Care Insurance Program When it is Available in 2011? Data for Employed Respondents



Again, limiting the data to the working population, there are some differences on planned enrollment in CLASS by age. As shown in *Figure 25*, most people do not know if they will enroll in CLASS. Employed people aged 45–64 are the most likely to report that they are planning to enroll in CLASS—about 30% reported that they plan to enroll in the program. Not surprisingly, the proportion of those planning to enroll is the lowest in the 18–24 age group (10%), followed by 13% among those aged 25–44.

Figure 25. Do You Think You will Enroll in the CLASS Act Public Long-Term Care Insurance Program When it is Available in 2011? Data by Age



To examine the planned CLASS enrollment by income, we restricted the sample to include only respondents who reported that they are currently employed, because those who are not employed are not eligible to enroll in the CLASS program. As shown in *Figure 26*, planned enrollment in CLASS is lowest among working Hawaii state residents with total household income under \$20,000, with only about 11% reporting that they plan to enroll in the program. Other income categories are almost twice as likely to enroll without much variation across categories. More than half of all employed survey respondents in each income category did not know whether they would enroll in the program.

Figure 26. Do You Think You will Enroll in the CLASS Act Public Long-Term Care Insurance Program When it is Available in 2011? Data by Income Among Employed Respondents



Decisions about program insurance enrollment are tied to the amount of money people are willing to pay to participate. During the debate on health reform, different organizations estimated the premiums for CLASS to be between \$123 and \$240 per month. The U.S. Department of Health and Human Services has not yet established the premiums. The Hawaii survey respondents were asked how much in monthly premiums they would be willing to pay to enroll in CLASS. Limiting the analysis to people who are currently employed and would be eligible to participate in CLASS, *Figure 27* shows that, overall, only about 2%

of all survey respondents are willing to pay a premium above \$120 per month. About the same proportion of respondents are willing to pay between \$80 and \$120 a month, and 17% are willing to pay between \$40 and \$80 a month. The large majority of respondents (57%) are willing to pay under \$40 monthly and 23% of respondents are unwilling to pay anything to enroll in CLASS.

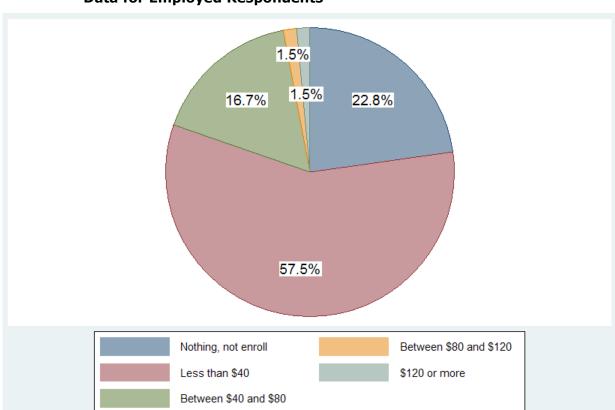


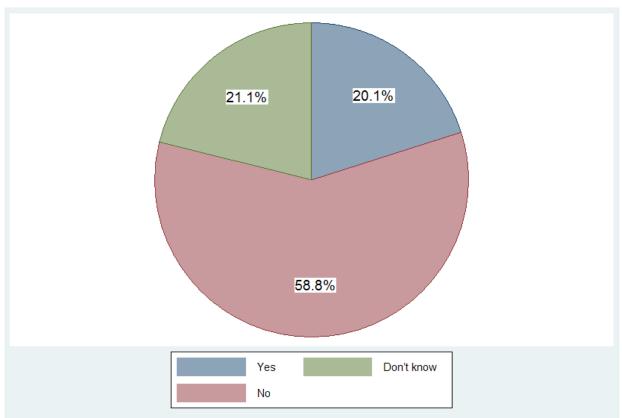
Figure 27. How Much Would You be Willing to Pay to Enroll in the CLASS Act?

Data for Employed Respondents

The CLASS insurance program is voluntary; people do not have to participate. This is a departure from public social insurance programs like Social Security and Medicare Part A, but it has precedents in Medicare Parts B and D, which are voluntary. Because the insurance is voluntary, there is a risk of adverse selection that could drive up the cost of premiums and possibly create an insurance death spiral. Without medical underwriting to exclude them, people with disabilities who need long-term care—and those at high risk of needing long-term care—may disproportionately enroll in the program. If few people without disabilities enroll, the program's ability to spread the costs of people using benefits across a broad population will be limited and premiums will be high, potentially causing nondisabled people to not enroll or to disenroll. Survey respondents were asked about whether they think the enrollment in CLASS should be mandatory for all people; that is, people should be

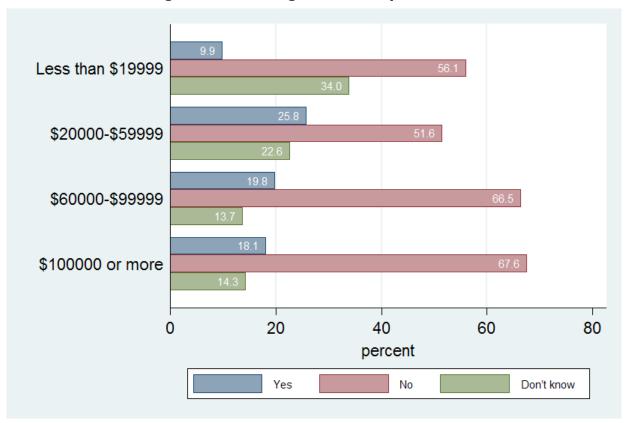
required to enroll as they will be required to enroll in health insurance or pay a penalty. As shown in *Figure 28*, which includes all respondents regardless of age or employment status, mandatory enrollment in CLASS did not find much support among Hawaii residents: only one fifth of all survey respondents thought that everyone should be required to enroll in CLASS; 59% did not think people should be required to enroll. About 21% of all respondents did not know how to answer the question on mandatory enrollment.

Figure 28. Do You Think Everyone Should be Required to Enroll in the CLASS Act Public Long-Term Care Program?



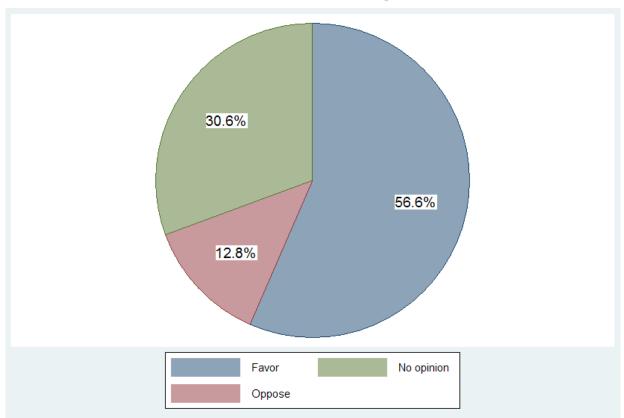
Disaggregating the data by income, *Figure 29* shows that the idea of mandatory enrollment in the CLASS program finds the least support among lower income Hawaii residents; only 10% of those with household income of under \$20,000 support the mandatory enrollment of all in the CLASS program. More support for mandatory enrollment exists among Hawaii residents of middle and higher income, but the level of support is still low. For example, 26% of those with total household income between \$20,000 and \$59,999 and 20% among those total household income between \$60,000 and \$99,999 with are in support of mandatory enrollment. Eighteen percent of people with family income over \$100,000 support making the CLASS program mandatory.

Figure 29. Do You Think Everyone Should be Required to Enroll in the CLASS Act Public Long-Term Care Program? Data by Income



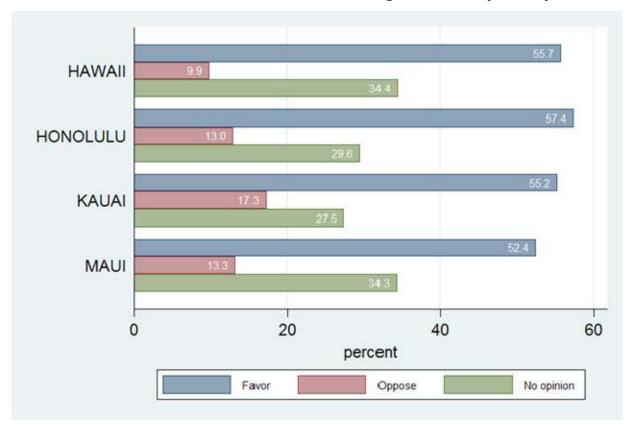
Sponsoring a supplemental State of Hawaii long-term care insurance program around the federal CLASS insurance program is one way to enhance the modest long-term care benefits planned for the CLASS insurance program. As shown in *Figure 30*, survey respondents expressed support for such a program: almost 57% of Hawaii residents favor an additional public long-term care insurance program sponsored by the state of Hawaii to supplement the CLASS program. Only about 13% of respondents oppose such a program, while about 31% have no opinion on the issue.

Figure 30. Do You Favor or Oppose a Public Long-Term Care Insurance Program Sponsored by the State of Hawaii That Would Offer Benefits Additional to the CLASS Act Federal Insurance Program?



As shown in *Figure 31*, support for an additional public long-term care insurance program sponsored by the state of Hawaii is similar across counties and ranges from 56% in Hawaii to 52% in Maui.

Figure 31. Do You Favor or Oppose a Public Long-Term Care Insurance Program
Sponsored by the State of Hawaii That Would Offer Benefits Additional to the CLASS Act Federal Insurance Program? Data by County



## **Preferred Choice for Long-Term Care Reform**

Finally, survey respondents were asked to identify the long-term care reform option that had their greatest support. As shown in *Figure 32*, providing tax incentives to encourage the purchase of private long-term care insurance was the most popular choice, supported by 33% of Hawaii state residents, followed by allowing middle-class Hawaii residents to qualify for Medicaid services, supported by 31% of respondents. Twelve and a half percent of respondents favored establishing the state wraparound insurance program to supplement the federal CLASS program and about 12% would like to see the state home care program, Kupuna Care, expanded. Eleven percent of respondents did not choose any options to support.

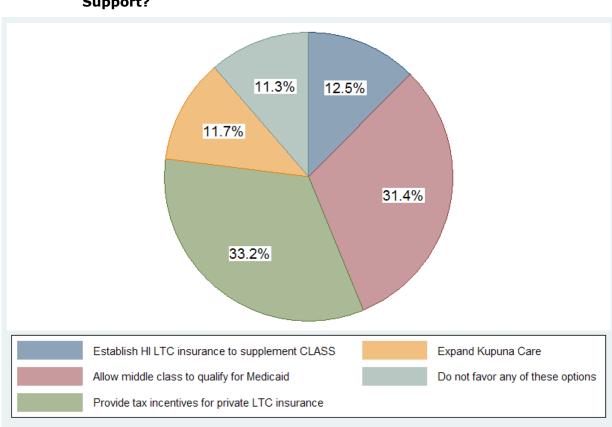


Figure 32. Among the Following Reform Options, Which One has Your Greatest Support?

## Options to Increase State Revenues to Finance Expansions of Long-Term Care

Aside from insurance premiums, expansions of long-term care must be financed either by increased tax revenues or by reducing spending on other state services, such as education

and transportation. This section explores the willingness of Hawaii residents to pay increased taxes to improve the long-term care system.

Increasing state taxes is one way to pay for additional long-term care services for state residents. As shown in *Figure 33*, only about one quarter of all respondents support tax increase to fund improvements in long-term care services; almost 58% oppose tax increase to pay for better long-term care services. About 16% of all respondents do not have an opinion.

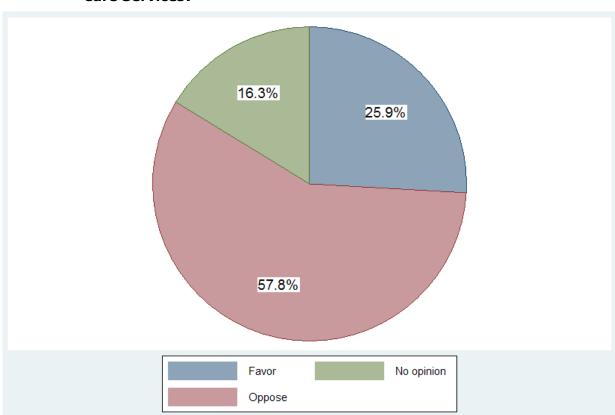
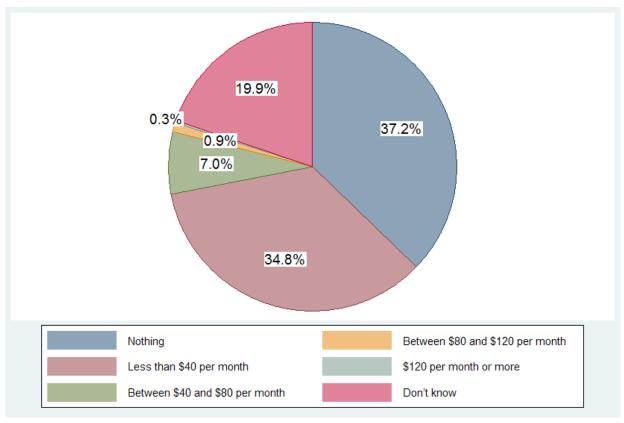


Figure 33. Do You Favor or Oppose Higher Taxes to Pay for Improved Long-Term Care Services?

Despite the overall opposition to open-ended tax increases, when specific levels of tax increases were offered, a much higher percentage of respondents were willing to pay something to improve long-term care services. As shown in *Figure 34*, only 37% of all respondents reported that they are willing to pay nothing, compared to 58% who earlier reported opposing tax increase. About 35% of respondents are willing to pay under \$40 a month to improve long-term care services in the state and 7% are willing to pay between \$40 and \$80 a month. About 1% of all respondents are willing to pay over \$80. About one

fifth of all respondents did not know how much they would be willing to pay for improvement in long-term care services.

Figure 34. How Much More per Month Would You be Willing to Pay in Taxes to Improve Long-Term Care?



Survey respondents were also asked which tax should be increased if the state made the decision to increase taxes to pay for improved long-term care services. As shown in *Figure 35*, increasing the state sales tax was the most popular option, chosen by 26% of Hawaii residents, followed by estate tax (17%). Increasing the state income tax was the least popular source for additional funds, favored by 12% of survey respondents. About 35% of survey respondents did not have an opinion on which tax should be increased.

35.1%

11.8%

36.4%

State income tax Estate tax No opinion

Figure 35. If You Were Required to Pay Higher Taxes to Improve Long-Term Care in Hawaii, Which Tax Should be Increased?

## 4. Conclusions

In summer 2010, RTI International conducted the Hawaii Long-Term Care Survey on behalf of the Hawaii Long-Term Care Commission. State residents aged 18 and over were surveyed to understand public perceptions, awareness, and attitudes about LTC and to elicit the general public's views of various options for LTC reform. Several important points may be inferred from the results:

 Overall, many people had "no opinion" on many questions, indicating that knowledge about long-term care services is low and that the costs associated with long-term care are not widely understood by the general public. Moreover, many people have no opinion about how these long-term care services should be improved or what sources of revenue should be used to pay for the improvements. Similarly, about one third of all Hawaii residents do not have any opinion about the newly enacted CLASS program and more than half do not know whether they plan to enroll in it. Such lack of opinion may indicate a substantial need to educate the public about the options and costs of long-term care. In particular, as with the rest of the nation, residents of Hawaii need education about the CLASS program.

- Long-term care is not affordable for the large majority of Hawaii residents, with many people not knowing how they would pay for it. Affordability is perceived as a major problem: more than 60% of survey respondents reported that they could not afford any of the costs for round-the-clock care either at home or in a nursing home and about one third could not afford any costs for 2 hours' worth of care a day.
- In terms of changing the balance of Medicaid spending between institutional and home and community-based services, which has been the focus of long-term care reform in most states, only about a quarter of respondents thought that the proportion of Medicaid long-term care spending for nursing home spending was too high; about 30% thought it was about right. These results were somewhat surprising because Hawaii has among the lowest percentage of Medicaid long-term care spending for home and community-based services in the country. Moreover, large majorities of Hawaii residents wanted to be cared for at home, either by relatives or paid caregivers; relatively few people wanted to receive care in residential care facilities and almost no one wanted to be cared for in a nursing home. Large majorities of Hawaii residents favored consumer-directed home care by which consumers could hire and fire their own workers.
- Large majorities of respondents favored expanding Medicaid eligibility to the middle class, reducing taxes to informal caregivers, tax incentives for purchase of private long-term care insurance, and increasing funding for Kupuna Care.
- Among those with an opinion, a solid majority of survey respondents favored the CLASS Act. However, most people did not know if they would enroll in CLASS and about one third of all respondents reported that they would not enroll. Additionally, what people are willing to pay for CLASS in premiums if they enroll is significantly less than what was estimated to be an average monthly CLASS premium. About half of all survey respondents said that they would pay less than \$40 per month to enroll in CLASS; only a tiny proportion said that they would enroll if premiums were as high as estimated during the health reform debate. A substantial majority of Hawaii residents opposed requiring people to enroll in CLASS, which would dramatically reduce premiums and would protect the program against adverse selection. Instead, respondents preferred to keep enrollment voluntary. A substantial majority of respondents also favored a state-sponsored Hawaii wraparound program to supplement the long-term care services provided by the CLASS program.
- When forced to choose one option for reform to improve long-term care services as having their strongest support, about a third of survey respondents chose allowing the middle class to qualify for Medicaid, about a third of respondents chose tax incentives for private long-term care insurance, about an eighth each chose establishing a Hawaii LTC insurance plan to supplement CLASS and expanding Kupuna Care.

With the exception of the CLASS program, which is self-financed, Hawaii residents generally supported long-term care financing initiatives that either increased government spending or reduced government revenues. However, a substantial majority of Hawaii residents opposed higher taxes to pay for improved long-term care services, but when pressed, two thirds of respondents reported that they would be willing to pay something, but not too much, for improvements to the long-term care system. If taxes had to be increased, the sales tax was the most popular option, followed by estate tax.