

---

# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

**PART I**

1  
2 SECTION 1. The legislature finds that according to the  
3 Hawaii long-term care commission, only a minority of Americans  
4 will ever have private long-term care insurance, even in an  
5 optimistic economic environment. Therefore, an alternative that  
6 matches the mandatory, universal long-term care insurance  
7 programs, such as those in Japan, Germany, the Netherlands, some  
8 parts of Canada, Spain, Scandinavia, and Korea, is to create a  
9 more balanced delivery system for long-term care to all persons  
10 who require it, regardless of their financial need.

11 The legislature also finds that according to advocates of  
12 social insurance, there is no need for a welfare program, such  
13 as medicaid, to be the primary funding source of long-term care.  
14 Rather, a public insurance program designed to provide modest  
15 income support financed through mandatory contributions by the  
16 working-age population would provide a measure of financial  
17 protection for individuals who are uninsurable and require long-  
18 term care. In principle, a proposed public insurance program



1 would be similar to social security. Much like social security,  
2 a public insurance program would not be intended to meet all  
3 long-term care needs, but instead supplement, not replace,  
4 private initiatives such as private long-term care insurance.

5 The legislature has attempted to address the issue of long-  
6 term care since the late 1980s. Act 245, Session Laws of Hawaii  
7 2002, established the Hawaii long-term care financing program to  
8 provide a universal and affordable system of providing long-term  
9 care. The board of trustees established by Act 245 recommended  
10 funding such a program with a mandatory dedicated income tax.  
11 In 2003, the legislature passed S.B. No. 1088, C.D. 1, which  
12 would have implemented the design of the long-term care  
13 insurance program and the requisite tax necessary to fund it.  
14 However, the governor vetoed the measure, and the veto was not  
15 overridden.

16 The legislature further finds that providing for and  
17 funding a system of long-term care in the State remains an  
18 important issue. According to the Hawaii long-term care  
19 commission, a limited, mandatory, public long-term care  
20 insurance program may be the only option that will provide  
21 insurance coverage to a large majority of people in Hawaii and  
22 benefit people with a wide range of income and assets. However,



1 the support for mandatory enrollment in a public long-term care  
2 insurance program in Hawaii is low. Therefore, an actuarial  
3 analysis is needed to provide the basis for a determination on a  
4 mandatory tax to implement a limited, mandatory, public long-  
5 term care insurance program.

6 The purpose of this part is to establish a long-term care  
7 financing task force to expand on prior legislation, including  
8 Act 245, Session Laws of Hawaii 2002, and S.B. 1088, C.D. 1  
9 (2003), ascertain if there is public sentiment for a mandatory  
10 tax to implement a long-term care insurance program for all  
11 residents of the State, and contract for the performance of an  
12 actuarial analysis.

13 SECTION 2. (a) The director of the executive office on  
14 aging shall convene a long-term care financing task force within  
15 thirty days after the effective date of this part to ascertain  
16 if there is public sentiment for a mandatory tax to implement a  
17 long-term care insurance program for all residents of the State.

18 (b) The task force shall expand on the work of Act 245,  
19 Session Laws of Hawaii 2002, and S.B. 1088, C.D. 1 (2003), and  
20 consider and make recommendations including but not limited to  
21 the following:



- 1           (1) The premium required to adequately finance various  
2           program designs;
- 3           (2) The minimum and maximum ages for employed persons to  
4           be eligible to enroll;
- 5           (3) The definition of "employment" for the purposes of  
6           determining eligibility;
- 7           (4) The method of collecting the premium;
- 8           (5) The length of covered benefit;
- 9           (6) The amount of cash benefit, whether it should vary by  
10          disability, inflation adjustment over time, and  
11          whether there should be restrictions on its use;
- 12          (7) Whether people need to pay for life, until retired, or  
13          until they have paid for a specified number of years  
14          before becoming eligible for benefits;
- 15          (8) Whether premiums should be level or increase with  
16          inflation over time;
- 17          (9) Whether low-income people should be exempt from  
18          participating or whether there should be some premium  
19          subsidy from general revenues;
- 20          (10) How the program should be administered; and
- 21          (11) Which executive agency should administer this program.



1 (c) The task force shall be chaired by the director of the  
2 executive office on aging and be composed of six individuals  
3 from the long-term care community and insurance industry, three  
4 of whom shall be selected by the senate president and three of  
5 whom shall be selected by the speaker of the house of  
6 representatives.

7 (d) In carrying out its duties under this section, the  
8 task force may request staff assistance from the department of  
9 health, department of commerce and consumer affairs, department  
10 of human services, and other appropriate state and county  
11 executive agencies.

12 (e) The members of the task force shall be exempt from  
13 chapter 84, Hawaii Revised Statutes, and shall not be considered  
14 state employees due to their service on the task force.

15 (f) The members of the task force shall serve without  
16 compensation, but shall be reimbursed for expenses, including  
17 travel expenses, necessary for the performance of their duties.

18 (g) The director of the executive office on aging shall  
19 submit to the legislature no later than twenty days prior to the  
20 convening of the 2014 regular session a report that includes:

21 (1) The activities and findings of the task force;



1 (2) Findings and recommendations of the actuarial analysis  
2 described in section 3 of this Act; and

3 (3) Recommendations, including those listed in subsection  
4 (b), and proposed legislation, if any.

5 (h) The task force shall be dissolved on June 30, 2014.

6 SECTION 3. (a) The long-term care financing task force  
7 shall contract for the performance of an actuarial analysis.  
8 The actuarial analysis shall be prepared by a member of the  
9 American Academy of Actuaries who is a fellow of the Society of  
10 Actuaries.

11 (b) The actuarial analysis shall contain a statement by  
12 the actuary certifying that the techniques and methods used are  
13 generally accepted within the actuarial profession and that the  
14 assumptions and cost estimates used are reasonable. The  
15 analysis shall include:

16 (1) The amount of the mandatory tax required to implement  
17 a mandatory long-term care insurance program in the  
18 State;

19 (2) A statement on whether the mandatory tax should be an  
20 income tax, payroll tax, or dedicated percentage of a  
21 general excise tax;



1 (3) A projection of the amount of benefit each resident of  
2 the State would derive from paying into a trust fund  
3 dedicated to providing long-term care benefits;

4 (4) An estimate on how long the tax would need to be  
5 collected before benefits could be paid out; and

6 (5) An estimate of the likely impact on medicaid roles, if  
7 any.

8 (c) The actuarial analysis shall be completed and  
9 submitted to the director of the executive office on aging by  
10 June 30, 2013. The director of the executive office on aging  
11 shall submit a report, including the director's findings and  
12 recommendations based on the analysis, to the legislature no  
13 later than twenty days prior to the convening of the regular  
14 session of 2014.

15 SECTION 4. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$ or so  
17 much thereof as may be necessary for fiscal year 2012-2013 to  
18 provide reimbursements for travel expenses for task force  
19 members and for the performance of an actuarial analysis.

20 The sum appropriated shall be expended by the executive  
21 office on aging of the department of health for the purposes of  
22 this part.



PART II

SECTION 5. The legislature finds the following:

- (1) Americans are living longer today than in the past with multiple, chronic health conditions and increased rates of disability in old age;
- (2) The aging of the population in Hawaii guarantees that there will be a greater need for long-term care in the future. Between 2007 and 2030, the population aged eighty-five and older, which has the greatest need for long-term care, will increase by almost two-thirds;
- (3) Despite the fact that long-term care is not covered by medicare or regular private health insurance, according to a recent 2011 survey of Hawaii members of the Association of American Retired Persons, twenty-nine per cent of respondents said they expected medicare to pay for their long-term care, if needed;
- (4) Most people in Hawaii have limited knowledge on long-term care issues, which can affect their motivation to spend time and resources establishing their future long-term care plans; and
- (5) A long-term care education campaign will create awareness among the next generation of long-term care





1 recipients, those presently between the ages of forty-  
2 five and sixty-four, about the risks of not planning  
3 for long-term care, available resources, and  
4 maximizing the length of independent living.

5 The purpose of this part is to appropriate funds to the  
6 executive office on aging of the department of health to  
7 administer a public education and awareness campaign on long-  
8 term care and obtain an evaluation of the campaign.

9 SECTION 6. (a) The department of health's executive  
10 office on aging shall conduct a long-term care education and  
11 awareness campaign.

12 (b) The campaign shall:

13 (1) Inform the public on the likelihood of needing long-  
14 term care at some point in life;

15 (2) Educate the public about the cost of long-term care,  
16 including the limits of medicaid eligibility and the  
17 limits of medicaid benefits;

18 (3) Inform the public on the value and availability of  
19 current financing and delivery options to obtain long-  
20 term care; and



1 (4) Provide the public with resources to navigate the  
2 complexities of planning for long-term care and the  
3 agencies that provide these services.

4 (c) The director of the executive office on aging shall  
5 have the impact of the campaign independently evaluated for its  
6 effectiveness.

7 (d) The director of the executive office on aging shall  
8 submit the report of the evaluation's findings and  
9 recommendations, if any, to the legislature no later than twenty  
10 days prior to the convening of the 2014 regular session.

11 SECTION 7. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2012-2013 for  
14 the executive office on aging of the department of health to  
15 conduct an education and awareness campaign on long-term care  
16 and to have an independent evaluation performed on the campaign.

17 The sum appropriated shall be expended by the department of  
18 health for the purposes of this part.

19 **PART III**

20 SECTION 8. The legislature finds that Hawaii long-term  
21 care stakeholders believe that the fragmentation of the long-  
22 term care system is a major problem. The stakeholders contend



1 that there is no real long-term care system, every component is  
2 designed for a different purpose, and the components do not work  
3 together.

4 The legislature also finds that according to the Hawaii  
5 long-term care commission:

6 (1) State government should assert stronger leadership  
7 over the entire long-term care population, including  
8 those not eligible for public programs;

9 (2) The successes or failures of long-term care can  
10 contribute to or detract from the success of the other  
11 programs; and

12 (3) Hawaii's laws are silent on the subject of leadership  
13 over long-term care.

14 The purpose of this part is to establish a long-term care  
15 task force, establish the position of deputy healthcare  
16 transformation coordinator for long-term care within the office  
17 of the governor, and appropriate funds to support the position  
18 of the deputy healthcare transformation coordinator.

19 SECTION 9. (a) There is established a long-term care task  
20 force under the direction of the deputy healthcare  
21 transformation coordinator within the office of the healthcare  
22 transformation coordinator for administrative purposes. The



1 purpose of the long-term care task force shall be to identify  
2 state programs and services related to long-term care and  
3 determine the feasibility of consolidating existing state  
4 functions and funds relating to these programs and services  
5 under a single executive department or division. The task force  
6 shall convene within thirty days after the effective date of  
7 this part.

8 (b) The task force shall be composed of:

- 9 (1) The deputy healthcare transformation coordinator  
10 established pursuant to this part, who shall serve as  
11 chairperson;
- 12 (2) One representative from the med-QUEST division of the  
13 department of human services to be selected by the  
14 director of human services;
- 15 (3) One member from the Aging and Disability Resource  
16 Center program, who shall be requested to serve as a  
17 representative;
- 18 (4) One member of the home- and community-based services  
19 community, who shall be requested to serve as a  
20 representative;
- 21 (5) One member of the nursing home community, who shall be  
22 requested to serve as a representative;



1 (6) One member of the acute care hospitals community, who  
2 shall be requested to serve as a representative; and

3 (7) Additional task force members selected by the task  
4 force chairperson.

5 (c) In carrying out its duties, the task force may request  
6 staff assistance from the department of health, department of  
7 human services, and other appropriate state and county executive  
8 agencies.

9 (d) The members of the task force shall serve without  
10 compensation, but shall be reimbursed for expenses, including  
11 travel expenses, necessary for the performance of their duties.

12 (e) The task force shall:

13 (1) Identify state programs and services related to long-  
14 term care;

15 (2) Conduct a comprehensive review of the programs and  
16 services identified under paragraph (1) to determine  
17 the advantages, disadvantages, and feasibility of  
18 consolidating the programs and services under a single  
19 executive department or one division within an  
20 executive department;



- 1 (3) Determine whether programs and services for people  
2 with intellectual and developmental disabilities and  
3 mental health programs should be included;
- 4 (4) Identify the most appropriate single executive  
5 department or division within an executive department  
6 to house long-term care programs and services;
- 7 (5) Formulate a timetable for the transfer of functions;
- 8 (6) Provide a timetable for compliance monitoring;
- 9 (7) Ensure that appropriations or funds for identified  
10 state programs and services are transferred as  
11 necessary to the identified executive department or  
12 division;
- 13 (8) Ensure that all federal and state funds are fully  
14 allocated in the course of the transfer of funds;
- 15 (9) Resolve any other issues relating to the transfer of  
16 functions and funding to ensure the timely and  
17 efficient consolidation of responsibility of state  
18 long-term care programs and services under a single  
19 executive department or division; and
- 20 (10) If a consolidation is determined to be advantageous  
21 and feasible, recommend a single executive department  
22 or division within a single executive department to



1 best house all identified long-term care programs and  
2 services.

3 (f) The deputy healthcare transformation coordinator shall  
4 submit a report of the activities of the task force, including  
5 recommendations and proposed legislation, if any, to the  
6 legislature no later than twenty days prior to the convening of  
7 the 2014 regular session. The legislative reference bureau  
8 shall assist the task force in drafting legislation to implement  
9 the task force's recommendations; provided that the task force  
10 shall submit its recommendations and proposed legislation, if  
11 any, to the bureau no later than November 1, 2013. The task  
12 force shall be dissolved on June 30, 2014.

13 SECTION 10. (a) There is established within the office of  
14 the governor a deputy healthcare transformation coordinator for  
15 long-term care to coordinate all state activities on long-term  
16 care relating to financing, access, service delivery, and  
17 quality assurance. The deputy healthcare transformation  
18 coordinator for long-term care shall:

19 (1) Be nominated by the healthcare transformation  
20 coordinator in consultation with the director of  
21 health, the director of human services, and other



1 stakeholders, and be appointed by the governor as  
2 provided in section 26-34, Hawaii Revised Statutes;

3 (2) Be under the authority of the healthcare  
4 transformation coordinator who shall also set the  
5 salary for the deputy healthcare transformation  
6 coordinator;

7 (3) Convene a council of agencies responsible for long-  
8 term care to develop policies and programs on quality  
9 of care, workforce, public education, and other long-  
10 term care issues;

11 (4) Coordinate the establishment and responsibilities of  
12 the long-term care task force pursuant to this part;

13 (5) Work with the directors of health, human services, and  
14 the executive office on aging, and stakeholders on all  
15 issues relating to long-term care; and

16 (6) Annually report to the legislature on the state of the  
17 long-term care system in Hawaii no later than twenty  
18 days prior to the convening of each regular session.

19 (b) The position of the deputy healthcare transformation  
20 coordinator shall be exempt from chapters 76 and 89, Hawaii  
21 Revised Statutes, and shall terminate when management over all





1 long-term care services is consolidated under a single executive  
2 department or division.

3 SECTION 11. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2012-2013 to  
6 establish the position of the deputy healthcare transformation  
7 coordinator.

8 The sum appropriated shall be expended by the office of the  
9 governor for the purposes of this part.

10 PART IV

11 SECTION 12. This Act shall take effect on July 1, 2050.



**Report Title:**

Long-Term Care; Omnibus; Appropriation

**Description:**

Establishes a task force to ascertain if there is public sentiment for a mandatory tax to implement a long-term care insurance program for all residents of the State. Requires an actuarial analysis and a report to the legislature. Appropriates funds for reimbursement for travel expenses for task force members and the actuarial analysis. Requests the executive office on aging of the department of health to conduct an education and awareness campaign on long-term care and have the campaign evaluated. Appropriates funds for the evaluation. Establishes and directs a long-term care task force to coordinate and consolidate state long-term care programs and services. Establishes the position of deputy healthcare transformation coordinator. Appropriates funds for the establishment of the deputy healthcare transformation coordinator. Effective 7/1/2050. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

