

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 1689
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Human Services and Health, to which was referred H.B. No. 1689 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE,"

beg leave to report as follows:

The purpose of this measure is to implement the Partnership for Long-Term Care Program, allowing individuals to qualify for Medicaid coverage for continued long-term care prior to exhausting their assets. Specifically, this measure:

- (1) Specifies the purpose of the Partnership for Long-Term Care Program as combining funds from private long-term care insurance and Medicaid, or its successor program, to finance long-term care;
- (2) Defines "certified long-term care insurance partnership policy" and "partnership";
- (3) Sets a minimum level of coverage under the partnership program;
- (4) Requires the Department of Human Services to certify the policies or plans;
- (5) Requires the adoption of certain rules that establish eligibility, levels of coverage, services, reporting



requirements, and other determinations to implement the partnership program; and

- (6) Addresses requirements for application forms and replacement coverage in section 431:10H-221, Hawaii Revised Statutes, as it relates to long-term care insurance and the partnership program.

The Insurance Division of the Department of Commerce and Consumer Affairs, National Association of Insurance and Financial Advisors, and several concerned individuals supported the measure. The American Council of Life Insurers supported the measure with amendments. The Department of Human Services and the Policy Advisory Board for Elder Affairs opposed the measure.

Your Committees noted that the Department of Health testified that long-term care partnership programs have not been shown to increase the purchase of long-term care insurance or result in Medicaid savings, and recommended attention be given to the positive recommendations made by the Hawaii Long-term Care Commission, which in its final report considered the long-term care partnership program, but decided to neither recommend nor oppose the program because it did not appear to be an effective way to increase purchase of long-term care insurance. Your Committees also noted that 48 states have already adopted similar long-term care partnership programs.

Your Committees have amended this measure by replacing its contents with that of S.B. No. 2309, S.D.1. More specifically, your Committees have amended this measure by:

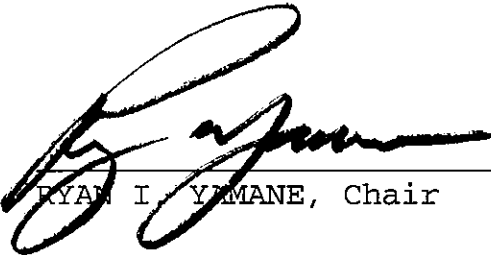
- (1) Clarifying that the purpose of the new chapter is the promotion of long-term care insurance instead of the combining of funds from private long-term care insurance and Medicaid;
- (2) Amending the definitions of "certified long-term care insurance partnership policy" and "partnership" and adding a definition for "state medicaid agency";
- (3) Deleting language that set a minimum level of coverage under the partnership program;
- (4) Requiring the Department of Commerce and Consumer Affairs, rather than the Department of Human Services, to certify the policies or plans;



- (5) Deleting language that required the adoption of certain rules that would have either violated the Deficit Reduction Act of 2005 or would have been unnecessary;
- (6) Deleting the amendment to section 431:10H-221, Hawaii Revised Statutes, as being unnecessary, and since exchanges are addressed in section 1 of this measure;
- (7) Changing its effective date to July 1, 2050, to promote further discussion; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1689, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1689, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Health,



RYAN I. YAMANE, Chair



JOHN M. MIZUNO, Chair



