

STAND. COM. REP. NO.

2960

Honolulu, Hawaii

MAR 23 2012

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

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Human Services, to which was referred H.B. No. 1689, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to implement the long-term care partnership program, which allows individuals to receive a dollar for dollar asset disregard for benefits paid under certain long-term care insurance plans, to help these individuals qualify for Medicaid benefits.

Your Committee received testimony in support of this measure from the American Council of Life Insurers, National Association of Insurance and Financial Advisors Hawaii, and United Self Help. Your Committee received testimony in opposition to this measure from the Department of Human Services and Policy Board for Elder Affairs. Your Committee received comments on this measure from the Department of the Attorney General.

Your Committee finds that the Legislature passed Act 233, Session Laws of Hawaii 2007, which enabled the State to establish the long-term care partnership program as provided in title VI, section 6021 of the Federal Deficit Reduction Act of 2005, P.L. 109-171. This measure, as currently drafted, codifies the long-term care partnership program and implements the program authorized by Act 233, Session Laws of Hawaii 2007. The partnership program allows people to preserve some of their assets

2012-1753 SSCR SMA.doc



and still qualify for Medicaid by purchasing a "partnership" long-term care policy or exchanging an existing policy for a partnership policy. According to testimony, although the House Committee on Finance, which previously heard and passed this measure, requested in Standing Committee Report No. 877-12 that the asset disregard proposed by this measure be reduced to a dollar for fifty cents disregard, this reduction would violate the Deficit Reduction Act, which requires a dollar for dollar asset disregard. Therefore, your Committee concludes that there should be no change in the dollar for dollar asset disregard language.

Your Committee also notes the Department of Human Services' opposition to this measure. According to the Department's testimony, other states have found that the implementation of partnership programs did not produce the intended results of increasing the number of people who purchased long-term care insurance. The Department also cited the United States General Accountability Office's June 2007 report, which concluded that partnership programs do not result in savings for Medicaid.

Your Committee also notes that according to the testimony of the Department of the Attorney General, this measure would allow an individual to be eligible for Medicaid benefits by disregarding all of the individual's assets. This provision would be rendered ineffective as federal law exempts disregarding certain assets for the purpose of determining Medicaid eligibility.

Your Committee finds that several measures - S.B. No. 2306, S.D. 2; S.B. No. 2308, S.D. 2; and S.B. No. 2321, S.D. 2 - which were previously passed by the Senate, also address various issues regarding long-term care and should also be included in this measure.

Your Committee has amended this measure by:

- (1) Clarifying that an individual who was initially disqualified from receiving Medicaid benefits would be able to receive the benefits under the long-term care partnership program;
- (2) Deleting language that would potentially exempt all of the assets of an individual who has a qualified long-term care insurance policy, rather than the assets equal to the amount of the benefits paid under the policy;



- (3) Inserting language from S.B. No. 2321, S.D. 2, which:
 - (A) Establishes a task force to build on prior long-term care legislation by contracting for an actuarial analysis to ascertain if there is public sentiment for a mandatory tax to implement a long-term care insurance program for residents of Hawaii; and
 - (B) Appropriates funds for travel expenses of the task force and for the actuarial analysis;
- (4) Inserting language from S.B. No. 2308, S.D. 2, which requests and appropriates funds to 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;
- (5) Inserting language from S.B. No. 2306, S.D. 2, which undertakes transforming Hawaii's health care system by:
 - (A) Establishing and directing a long-term care task force to determine the feasibility of consolidating state long-term care programs and services under a single department or agency and the details of such a consolidation; and
 - (B) Establishing the position of Deputy Healthcare Transformation Coordination within the Office of the Governor to coordinate state activities on long-term care relating to financing, access, service delivery, and quality assurance;
- (6) Changing the effective date from July 1, 2012, to July 1, 2050, to ensure further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1689, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1689,



H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Human Services,

Suzanne Chun Oakland

SUZANNE CHUN OAKLAND, Chair



