

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS
IN SUPPORT OF AND COMMENTING ON HOUSE BILL 1689, HD 1, SD 1,
RELATING TO LONG TERM CARE

March 29, 2012

Via e mail: wamtestimony@capitol.hawaii.gov

Hon. David Y. Ige, Chair
Committee on Ways and Means
State Senate
Hawaii State Capitol, Room 221
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Ige and Committee Members:

Thank you for the opportunity to testify in support of and comment on HB 1689, HD 1, SD 2, relating to Long Term Care.

Our firm represents the American Council of Life Insurers (“ACLI”), a national trade association, who represents more than three hundred (300) legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies account for 90% of the assets and premiums of the United States Life and annuity industry. ACLI member company assets account for 91% of legal reserve company total assets. Two hundred thirty-five (235) ACLI member companies currently do business in the State of Hawaii; and they represent 93% of the life insurance premiums and 92% of the annuity considerations in this State.

The original purpose and intent of HB 1689, HD 1, was to implement the Public Private Long Term Care Partnership Program enacted by Congress in 2006 as part of the Deficit Reduction Act (DRA).

Currently, 44 states have already adopted the partnership program. Hawaii is one of only 6 states that have not adopted the program.

The partnership program allows people to preserve some of their assets and still qualify for Medicaid by purchasing a “partnership” long term care policy or exchanging an existing policy for a partnership policy. It allows individuals to qualify for Medicaid coverage for continued long term care prior to exhausting their assets.

As passed by the prior committee (the Senate Committee on Human Services), however, the bill was amended to insert provisions from 3 other measures, as described below:

1. SB 2321, SD 2, which establishes a task force to build on prior long-term care legislation and ascertain if there is public sentiment for a mandatory tax to implement a long-term care insurance program for all residents of the State; and appropriate funds for travel expenses of the task force and for the actuarial analysis;

2. SB 2308, SD 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; and

3. SB 2306, SD 2, which establishes 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 establishes the position of deputy healthcare transformation coordinator within the Governor's office to coordinate financing, access, services and quality standards relating to the delivery of long term care in the State.

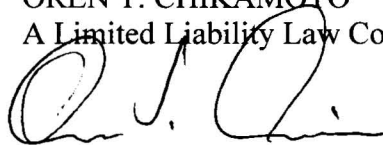
Should your committee be inclined to defer passage of all or any one of these new measures inserted into the bill ACLI would earnestly request that it nonetheless pass those provisions relating to the long-term care partnership program.

As a matter of policy the State of Hawaii should encourage families to provide for their own financial well-being. If a family is unable to support its long-term care needs, the State will need to spend its scarce resources for that purpose. The partnership program will encourage families to finance the cost of long term care themselves.

By adopting the partnership program, therefore, Hawaii will have an additional source and vehicle for funding the cost of long term care for its aging population.

Again, thank you for the opportunity to testify in support of HB 1689, HD 1, SD 2, relating to Long Term Care.

LAW OFFICES OF
OREN T. CHIKAMOTO
A Limited Liability Law Company



Oren T. Chikamoto
737 Bishop Street, Suite 2100
Honolulu, Hawaii 96813
Telephone: (808) 531-1500
Facsimile: (808) 531-1600