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TO THE HOUSE COMMITTEES ON HEALTH AND  
HUMAN SERVICES

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Tuesday, January 31, 2012  
10:00 a.m.

**TESTIMONY ON HOUSE BILL NO. 2696 – RELATING TO LONG-TERM CARE  
INSURANCE.**

TO THE HONORABLE RYAN I. YAMANE AND JOHN M. MIZUNO, CHAIRS, AND  
MEMBERS OF THE COMMITTEES:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"), testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department opposes the section of the bill that assigns the Insurance Commissioner to convene the task force. The Insurance Division is willing to assist the task force by assuming a supporting role to, among other things, assist with the determination of the cost of the long-term care benefits.

However, the Commissioner should avoid an apparent conflict that would be created by leading the task force. If the task force's recommendation and result is the creation of a long-term care insurance program that competes with the existing private commercial market, it will impact the existing private marketplace. As the regulator of the private marketplace, the Commissioner should avoid a conflict by taking the lead in the creation of a non-private entity that will enter the regulated marketplace.

We thank this Committee for the opportunity to present testimony on this matter.

**TO :** COMMITTEE ON HEALTH  
Rep. Ryan I. Yamane, Chair  
Rep. Dee Morikawa, Vice Chair

COMMITTEE ON HUMAN SERVICES  
Rep. John M. Mizuno, Chair  
Rep. Jo Jordan, Vice Chair

**FROM:** Eldon L. Wegner, Ph.D.,  
PABEA (Policy Advisory Board for Elder Affairs)

**SUBJECT: HB 2696 Relating to Health**

**HEARING:** 10 am Tuesday, January 31, 2012  
Conference Room 329, Hawaii State Capitol

**POSITION:** The Policy Advisory Board for Elder Affairs **supports approval** of HB 2696 which would establish a taskforce to determine the feasibility of creating a limited, mandatory, public long-term care insurance program.

**RATIONALE:**

The Policy Board for Elder Affairs has a statutory obligation to advocate on behalf of the senior citizens of Hawaii. While we advise the Executive Office on Aging, we do not speak on behalf of the Executive Office of Aging.

The Long-Term Care Commission submitted its recommendations to the Legislature on January 18, 2012. The Commission recommends consideration of a limited mandatory public long term care insurance program as a viable solution to increasing funding for the expanding need for long-term care services and which will provide nearly every Hawaii resident with a limited but meaningful benefit should they face the need for long term care.

- The principle is that individuals need to contribute throughout their productive years towards the risk of facing the unbearable costs of long-term care;
- By making participation mandatory and providing a limited but meaningful benefit, the cost of the premium would be kept extremely modest;
- A benefit, for example of 70 per day for one year, would significantly assist frail persons to remain in their homes and reduce or at least delay the need for enrollment in Medicaid, thus having financial benefits for the family and state;
- Private long-term care insurance would provide supplemental, additional care at lower premiums than today for those who can qualify and can afford to purchase it.
- The Commission report identifies a list of significant issues which need consideration in fashioning a concrete proposal which would be politically viable and financially feasible. This bill would establish the taskforce to undertake this task.

Thank you for the opportunity to provide testimony supporting this bill.



To: Committee on Health  
Representative Ryan I. Yamane, Chair

Committee on Human Services  
Representative John M. Mizuno, Chair

Date: January 31, 2012, Conference Room 329, 10:00 a.m.

Re: **HB2696 – RELATING TO LONG-TERM CARE INSURANCE**

Chair Yamane, Chair Mizuno, and Committee Members:

My name is Barbara Kim Stanton, State Director of AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. We are committed to championing access to affordable, quality health care for all generations, providing the tools needed to save for retirement, and serving as a reliable information source on issues critical to Americans age 50+.

SB2321 proposes a Task Force to determine the feasibility of establishing a limited, mandatory, public long-term care program. AARP is providing **comments** on this bill. While not opposed to such a program in principle, indeed AARP actively supported the CLASS Act as part of the Patient Protection and Affordable Care Act, further study is needed as to the feasibility of a state public long-term care insurance program, given the current political and economic environment. We believe that rather than a Task Force, the legislature should direct the DCCA, DHS, DOH and other administrative entities as appropriate to take the necessary steps to move towards the study and implementation of the LTC Commission's recommendation relating to limited, mandatory, public long term-care insurance program.

As the Report clearly outlines, Hawaii's system of LTC has serious problems. According to the Commission's Report, the cost of a private pay nursing home in Hawaii exceeds \$132,000 annually. That is a staggering \$11,000, on a monthly basis, and well beyond the financial reach of most Hawaii residents.

Individuals can purchase coverage for long-term care costs through a long-term care (LTC) insurance policy. In recent years these policies have become more comprehensive, and insurers may now cover home health care, respite care, adult day services, assisted living, personal care, and hospice care. LTC insurance that provides meaningful coverage and consumer protections, may be unaffordable for many people. The National Association of Insurance Commissioners in its 2010 "Shopper's Guide to Long-Term Care Insurance" reported that the average annual premiums for basic long-term care insurance (\$100 daily benefit amount, four years of coverage, a 20-day elimination period, 5% compound inflation protection option, and a nonforfeiture benefits option) was \$798 for a 40-year old; \$1,087 for a 50-year old; and \$2,130 for a 65-year old.

Thank you for the opportunity to provide our testimony.