

# SB 2309

Measure Title: RELATING TO LONG-TERM CARE.

Report Title: Long-Term Care Partnership Program

Description: Implements the long-term care partnership program, allowing individuals to qualify for medicaid coverage for continued long-term care prior to exhausting their assets.

Companion:

Package: Kupuna

Current Referral: HMS, WAM

Introducer(s): CHUN OAKLAND, GALUTERIA, GREEN, SHIMABUKURO, Espero, Ihara

TO: COMMITTEE ON HUMAN SERVICES  
Sen. Suzanne Chun Oakland, Chair  
Sen. Les Ihara, Vice-Chair

FROM: Eldon L. Wegner, Ph.D.  
POLICY ADVISORY BOARD FOR ELDER AFFAIRS (PABEA)

HEARING: 1: 15 pm Tuesday, January 31, 2012  
Conference Room 016, Hawaii State Capitol

SUBJECT: SB 2309 Relating to Long-Term Care

POSITION: The Policy Advisory Board for Elder Affairs **opposes** SB 2309, which would implement a long-term care partnership, allowing individuals who purchase private long-term insurance to qualify for Medicaid coverage for continued care prior to exhausting their assets.

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 decided to note this program as a possible incentive to purchasing private long-term care insurance way of financing long-term care, however, the Commission decided against recommending this program.
- Studies in other states which adopted this program found that it did not increase the numbers purchasing private long-term care insurance, thus not serving the intended purpose. Apparently, those who enrolled were persons who would have purchased private insurance regardless of the program.
- Furthermore, those who did participate in the program were overwhelmingly affluent. Thus, effect of the program is to protect the assets of affluent individuals so they could pass them to their beneficiaries. This result is not consistent with the intended purpose of Medicaid to provide services to the indigent.
- The purpose of initiatives to finance long-term care should be to reduce the dependency on Medicaid rather than to increase its enrollees. Medicaid is a welfare program and the funding for Medicaid already fall short of being able to provide the much needed medical and long-term care services by the truly needy.
- Thus, we oppose this proposal as perhaps well-intended, but having detrimental effects in benefiting only the relatively affluent at the expense of resources needed by the truly needy and increasing the burden on public revenues.

Thank you for allowing me to testify on this bill.



HAWAII

Senate Committee on Human Services  
Hearing Date: January 31, 2011  
Time: 1:15 pm

**RE: SB 2309 – Relating to Long Term Care**

Chair Chun-Oakland, Vice Chair Ihara and members of the Committee, the National Association of Insurance and Financial Advisors (NAIFA) Hawaii is made up of life and health insurance agents throughout Hawaii, who primarily market life, annuities, long term care and disability income insurance products.

**We support this measure to implement the “Hawaii Partnership for Long Term Care Program”.**

The LTC partnership has been adopted by 44 states to reduce Medicaid expenditures by delaying or eliminating reliance on Medicaid. 6 states have no plan – Alaska, Utah, New Mexico, Mississippi, Michigan and Hawaii. Originally, 4 states – California, New York, Connecticut, Indiana – began a demonstration project funded by the Robert Wood Johnson Foundation in 1987. The Deficit Reduction Act of 2005 allows states to create a LTC partnership plan.

The LTC partnership program once enacted by the Hawaii Legislature will allow consumers to purchase “certified” LTC insurance partnership policies that include inflation protection for those under age 76. DHS will administer the program. The state will establish minimum coverages, set the percentage of assets to determine eligibility and enter into agreements with insurer(s) that will be selected.

Consumers who are financially able will then purchase amounts of LTC insurance that will be used pay for their LTC benefits before being able to access Medicaid. Currently, individuals cannot have more than \$2000 in assets (plus their home) to meet the eligibility threshold. These LTC partnership policies will allow the policyholders to protect some or all of their assets from the Medicaid spend down requirements during the eligibility process. They will no longer have to become impoverished to qualify for Medicaid. Also, there will be income requirements for the policyholders that the state will determine.

Policyholders will take responsibility for their initial phase of LTC through private insurance before accessing Medicaid. Consumer education and agent training are key components in the complexity of LTC insurance choices. Current Hawaii law is in place to ensure agent training – Act 233, 2007 SLH – a one time 8 hour training course and ongoing training of 4 hours every 24 months (431:10H-106.5, HRS).

Mahalo for the opportunity to testify.

Cynthia Takenaka, Executive Director  
Phone: 391-3451

## ChunOakland2 - Tyrell

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 25, 2012 5:48 PM  
**To:** HMS Testimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for SB2309 on 1/31/2012 1:15:00 PM

Testimony for HMS 1/31/2012 1:15:00 PM SB2309

Conference room: 016  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Scott Wall  
Organization: Individual  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 1/25/2012

Comments:

## ChunOakland2 - Tyrell

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 26, 2012 8:42 PM  
**To:** HMS Testimony  
**Cc:** lkakatsu@hawaii.rr.com  
**Subject:** Testimony for SB2309 on 1/31/2012 1:15:00 PM

Testimony for HMS 1/31/2012 1:15:00 PM SB2309

Conference room: 016  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Lynn Murakami-Akatsuka  
Organization: Individual  
E-mail: [lkakatsu@hawaii.rr.com](mailto:lkakatsu@hawaii.rr.com)  
Submitted on: 1/26/2012

**Comments:**

Strongly support SB 2309 supports individuals acquiring long term care insurance as a preventive measure for their aging needs and to have continued long term care (qualifying them for medicaid coverage)once their assets are exhausted without being penalized for having assets. Currently it seems very imbalanced. You either have to be very wealthy to cover your long term care needs or near poverty to qualify for Medicaid coverage. It doesn't help the middle class or those who plan in advance through acquiring long term care insurance. Our parents who are in their 70's, 80's, and 90's didn't anticipate the high cost of care for nursing homes, etc. and weren't prepared financially.