

SB2321 SD1

Measure Title: RELATING TO LONG-TERM CARE INSURANCE.
Report Title: Kupuna Caucus; Task Force; Public Long-term Care Insurance; Long-term Care Commission
Description: Establishes a task force to determine the feasibility of establishing a limited, mandatory, public long-term care insurance program. (SD1)
Companion:
Package: Kupuna
Current Referral: HMS, CPN/WAM
Introducer(s): CHUN OAKLAND

<u>Sort by Date</u>		Status Text
1/20/2012	S	Introduced.
1/23/2012	S	Passed First Reading.
1/23/2012	S	Referred to HMS, CPN.
1/25/2012	S	The committee(s) on HMS has scheduled a public hearing on 01-31-12 1:15PM in conference room 016.
1/27/2012	S	Re-Referred to HMS, CPN/WAM.
1/31/2012	S	The committee(s) on HMS recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in HMS were as follows: 3 Aye(s): Senator(s) Chun Oakland, Ihara, Green; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Slom.
2/9/2012	S	Reported from HMS (Stand. Com. Rep. No. 2081) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN/WAM.
2/9/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN/WAM.
2/24/2012	S	The committee(s) on CPN/WAM will hold a public decision making on 02-29-12 10:00AM in conference room 211.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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KEALI'I S. LOPEZ
DIRECTOR

TO THE SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION
AND WAYS AND MEANS

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Wednesday, February 29, 2012
10 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON SENATE BILL NO. 2321, S.D 1 – RELATING TO LONG-TERM
CARE INSURANCE.**

TO THE HONORABLE ROSALYN BAKER AND DAVID IGE, CHAIRS, AND
MEMBERS OF THE JOINT COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner ("Commissioner"),
testifying on behalf of the Department of Commerce and Consumer Affairs
("Department"). The Department supports the intent of this bill

The purpose of this bill is to establish a task force to determine the feasibility of
establishing and implementing a limited, mandatory, public long-term care insurance
program. This version of the bill requires the director of the executive office on aging to
convene a long-term care financing task force and allows the task force to request staff
assistance from various departments and agencies.

The Department is willing to providing any assistance or staff support to the task
force.

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

NEIL ABERCROMBIE
GOVERNOR OF HAWAII

LORETTA FUDDY, ACSW, MPH
DIRECTOR OF HEALTH



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Committee on Commerce and Consumer Protection

Committee on Ways and Means

SB2321, SD1, RELATING TO LONG TERM CARE INSURANCE.

**Testimony of Wes Lum
Director, Executive Office on Aging
Attached Agency to Department of Health**

Wednesday, February 29, 2012; Conference Room 211

10:00 a.m.

1 **EOA's Position:** The Executive Office on Aging (EOA) supports the intent of this measure,
2 provided that its enactment does not reduce or replace priorities within our Supplemental Budget
3 Request.

4 **Purpose and Justification:** We believe that it would cost between \$30,000 - \$75,000 for
5 technical assistance and studying and analyzing the parameters of a limited, mandatory, public
6 long-term care insurance program. EOA also believes that the average cost for expenses that will
7 be reimbursed to Task Force members are \$43/person/meeting for a Honolulu-based member, and
8 \$270/person/meeting for a neighbor island member. Therefore, we recommend that an
9 appropriation section be added to reflect these expenses.

10 We note that this bill is not part of the Governor's Administrative package. Should there
11 be surplus funds available for this measure, we would be supportive as we agree with the concept
12 of this initiative as this is consistent with EOA's goals and objectives. If the Legislature deems
13 this program necessary, EOA respectfully requests that the Legislature provide the appropriate

- 1 resources, rather than supplant existing resources, for this proposal. Thank you for the opportunity
- 2 to testify.

TO: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice-Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice-Chair

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

HEARING: 10: 00 am Wednesday, February 29, 2012
Conference Room 211, Hawaii State Capitol

SUBJECT: SB 2321 SD 1 Relating to Long-Term Care Insurance

POSITION: The Policy Advisory Board for Elder Affairs **strongly supports** SB 2321 SD1, which would establish a taskforce under the Executive Office on Aging 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 way to increase 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. No other proposal actually raises revenue or would come close to providing near-universal coverage.

- 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, or placement in an expensive residential care setting, 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 allowing me to testify on this bill.



HAWAII

Senate Committees on CPN & WAM
Hearing Date: February 29, 2012
Time: 10:00 am

RE: SB 2321, SD1 – Relating to Long Term Care Insurance

Chair Baker, Chair Ige, and members of the Committees, 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.

SB 2321, SD1, is a product of one of the Long Term Care Commission's recommendations **that proposes to study a public insurance program to provide modest support through mandatory contributions by Hawaii's working age population.**

This task force will be chaired by the Director of the Executive Office on Aging and charged with a formidable task to report back to the 2014 Legislature. There will be 7 members on the task force – 3 each appointed by the House Speaker and by the Senate President, made up of LTC community and insurance industry.

We do **not support** this measure because in principal, we are opposed to mandatory (tax) financing. Considering the magnitude of the scope of work in this measure, **significant funding will also be required for an actuarial study that was not included in the SD1.**

Other considerations were **not** recommended by the LTC Commission. In 2010, 80% of respondents in the Hawaii LTC Survey **avored** tax incentives for the purchase of LTC insurance – 33% chose tax incentives for private LTC insurance more specifically, according to the LTC Commission's final report. The Commission rejected tax incentives for purchasing LTC insurance and did not recommend nor oppose the Medicaid/LTC public-private partnership plan that 44 states have already adopted.

Unlike private insurance, social insurance does not price risk. A mandatory program may require exactly the same amount of premium into the reserve fund regardless of the level of risk each brings into the risk pool. Therefore, as social insurance, it does not reward low risk with a correspondingly lower premium nor does it charge high risk a correspondingly higher premium.

Thus, a mandatory program compels low-risk participants to subsidize high-risk participants. By pricing risk based on objective underwriting, private insurance has the opposite effect of rewarding responsibility and punishing irresponsibility through actuarially equitable premiums.

The LTC problem is very complex with many factors involved and there is no magic bullet.

We ask that you hold this measure. Mahalo for allowing us to share our views.

Cynthia Takenaka, Executive Director
Phone: 394-3451

The Twenty-Sixth Legislature
Regular Session of 2012

THE SENATE

Committee on Commerce and Consumer Protection

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

Committee on Ways and Means

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

State Capitol, Conference Room 211
Wednesday, February 29, 2012; 10:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2321, SD1
RELATING TO LONG-TERM CARE INSURANCE**

The ILWU Local 142 supports S.B. 2321, SD1, which establishes a task force to determine the feasibility of establishing a limited, mandatory, public long-term care insurance program.

The issue of financing long-term care has been studied, discussed, and debated for decades. We are not any closer to a mechanism to provide for financing of long-term care, the cost of which is beyond the reach of most Hawaii residents.

For some seniors, long-term care planning amounts to finding ways to divest themselves of their assets in order to qualify for Medicaid. This becomes a huge burden for the State, which, together with the federal government, must fund Medicaid. Other seniors and their families are simply unaware of the costs associated with long-term care and are shocked and unprepared when they find themselves needing long-term care.

We hope that the task force proposed by S.B. 2321, SD1 will finally come up with a program that will help Hawaii residents with the high cost of long-term care. With that hope, the ILWU urges passage of S.B. 2321, SD1.

Thank you for the opportunity to share our views and concerns.

Aloha chairs and committee members:

I am very honor to participate the hearing committee of SB 2321, SD1. My name is Lu Mu. I am a MSW student of University of Hawaii. I support the SB 2321, SD1 for the following reasons:

Bill SB2321, SD1 provides the task force to determine the feasibility of establishing a limited, mandatory, public long-term care insurance program. This bill provides protections of long-term health care to the uninsured people regardless their financial problems such as low income worker, elderly and disable.

This bill will establish insurance with high coverage to a large majority of people in Hawaii and would benefit people with a wide range of income and assets.

As MSW student, most of my clients are people at risk. Like homeless, most of them are insurable but they need long-term care and services. I believe that this bill will protect the persons who are uninsurable but need long-term care.

For these reasons I support to pass SB 2321, SD1.

Thank you for the opportunity to submit testimony.

Testimony for CPN/WAM 2/29/2012 10:00:00 AM SB2321

Conference room: 211
Testifier position: Comments Only
Testifier will be present: No
Submitted by: Cathleen Pomponio
Organization: Individual
E-mail: c_pomponio@yahoo.com
Submitted on: 2/24/2012

Comments:

I support in full, any good measure that brings about the ability for the individual to purchase affordable Medical Insurance. In asking HMSA for example why companies are able to receive ins. the answer is simply that the people are 'grouped' together. They fall into a basic category of 'employed' and are seen as being more 'fit'. However, there is no evidence to support that an employee is better physically or even mentally fit to assume a position and be entitled to health benefits. In my 40 years of work experience I know that many employees come to work in various states of health and unhealth. Our tendency as human beings is to shuffle people off to 'Buffalo' so to speak when they become somehow compromised and and seen as being 'less effective' on the workplace. It would be better to try to foster the attitude that, well, since everyone at some point in their lives will have some contact with Health Issues; especially over 40 years old; we should scrap the old attitudes; and just move forwards in this new realization to create insurance availability at reasonable costs.

Testimony for CPN/WAM 2/29/2012 10:00:00 AM SB2321

Conference room: 211

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: Brenda.Kosky@gmail.com

Submitted on: 2/27/2012

Comments:

yes this is a good idea.