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TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-SIXTH LEGISLATURE  
Regular Session of 2012

Wednesday, April 11, 2012  
9:35 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 42, S.D. 1 –  
REQUESTING THE LEGISLATIVE REFERENCE BUREAU CONDUCT A STUDY TO  
DETERMINE WAYS, OTHER THAN TAX INCENTIVES, TO ENCOURAGE  
EMPLOYERS TO PROVIDE AND PAY FOR LONG-TERM CARE INSURANCE AND  
INDIVIDUALS TO PURCHASE LONG-TERM CARE INSURANCE.**

TO THE HONORABLE DAVID IGE, CHAIR, 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 supports the intent of this concurrent resolution.

The purpose of this concurrent resolution is to request the Legislative Reference  
Bureau to conduct a study to determine ways, other than tax incentives, to encourage  
employers to provide and pay for long-term care insurance and individuals to purchase  
long-term care insurance.

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

Charlotte A. Carter-Yamauchi  
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## Written Comments

### **SCR 42, SD 1 REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY TO DETERMINE WAYS, OTHER THAN TAX INCENTIVES, TO ENCOURAGE EMPLOYERS TO PROVIDE AND PAY FOR LONG-TERM CARE INSURANCE AND INDIVIDUALS TO PURCHASE LONG-TERM CARE INSURANCE**

Comments by the Legislative Reference Bureau  
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the Senate Committee on Ways and Means

Wednesday, April 11, 2012, 9:35 a.m.  
Conference Room 211

Chair Ige and Members of the Committee:

I am Charlotte Carter-Yamauchi, Acting Director of the Legislative Reference Bureau.

Thank you for this opportunity to provide comments on S.C.R. No. 42, S.D. 1.

Among other things, the Concurrent Resolution requests the Legislative Reference Bureau to:

- (1) Conduct a study to determine ways, other than tax incentives, to encourage employers to provide and pay for long-term care insurance and individuals to purchase long-term care insurance;
- (2) Seek the input of businesses on employer supported, feasible methods to encourage employers to provide and pay for long-term care insurance; and
- (3) Submit its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2013;

While the Bureau takes no position on the merits of the measure, we note that the genesis of this requested study seems to come from one of the recommendations contained in the Executive Summary of the Hawaii Long-Term Care Commission's Final Report. While the report states that a study should be conducted to assess ways to encourage employers to

provide and pay for long-term care insurance, it offers no guidance as to what options should be studied. We note that there are a number of other measures moving that address long-term care needs - - most of them also based upon the Long-Term Care Commission's recommendations. In particular, H.B. No.1689, S.D. 2, which, among other things:

- (1) Establishes a long-term care financing task force to determine whether the public supports a tax to implement a long-term care insurance program for all residents of the State, and requires the task force to contract for the performance of an actuarial analysis;
- (2) Requires the Executive Office on Aging to conduct an education campaign to promote awareness of and provide information on long-term care;
- (3) Establishes a long-term care task force to identify state long-term care programs and services and to determine the feasibility of consolidating those programs and services under a single executive department or division;
- (4) Establishes a deputy healthcare transformation coordinator position to coordinate state activities on long-term care; and
- (5) Appropriates moneys to fund the public education campaign, task force, actuarial analysis, and the deputy healthcare transformation coordinator position.

Further, S.C.R. No. 44, S.D. 1, requests the Insurance Commissioner to study the viability of using accelerated death benefits and viatical settlements as a source of funding long-term care needs.

To avoid the duplication of efforts and inefficient use of resources, we would assume that these issues and incentives would not be included under the scope of S.C.R. No. 42, S.D. 1. However, beyond these options or a tax credit incentive, we are uncertain what other options may be contemplated, particularly in view of the potentially broad scope of the subject matter and the relatively short time period in which to complete the study. Accordingly, the Bureau requests that specific guidance be provided regarding what options should be analyzed.

Thank you again for the opportunity to provide written comments on this measure.