



To: Committee on Ways and Means
Senator David Y. Ige, Chair

Date: February 22, 2013, Conference Room 211, 9:00 a.m.

Re: **SB104, SD1 – RELATING TO LONG TERM CARE**

Chair Ige and Committee Members:

My name is Steve Tam, Director of Advocacy for AARP Hawaii. AARP is a membership organization of people 50 and older with nearly 150,000 members in Hawaii. AARP fights on issues that matter to Hawaii families, including the high cost of long-term care; 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+.

AARP **strongly supports SB104, SD1 - Relating to Long Term Care**. This bill appropriates \$380,000 for feasibility study and an actuarial analysis for a limited, mandatory, public long-term care financing program for Hawaii's working population.

Hawaii Long-Term Care Commission Recommendation

The Hawaii Long-Term Care Commission in its 2012 Report to the Hawaii Legislature recommended the establishment of a limited, mandatory public long-term care insurance program for the working population, which would be funded by worker premiums rather than state general revenues. The Commission specified that details on the implementation and design of the program would depend upon an actuarial analysis, which the Commission was not able to conduct due to time and cost constraints.

Long-Term Care Challenges Faced by Hawaii

A public long-term care insurance program was recommended to address the many long-term care related challenges being faced by boomers and their children:

1. Hawaii's population is aging rapidly. There were approximately 206,000 people over 65 years old in Hawaii in 2012, and that number will increase by 61% to 331,000 in 2032.¹
2. Approximately 69% of people who turned 65 in 2005 will need long-term care before they die.²
3. Hawaii long-term care costs are among the highest in the nation and unaffordable by most Hawaii residents. E.g., the annual cost of a nursing home is more than double (2.49) times the median age 65+ household income.³
4. Only 12% of Hawaii residents over 40 years old have a long-term care insurance policy.⁴ The reason cited for not purchasing a policy is the cost, and the preoccupation with meeting daily living expenses.⁵
5. Federal health care programs such as Medicare are not designed to cover long-term care costs (other than limited coverage in skilled nursing facilities). Medicaid pays for long-term care, but only for those with limited assets and income.

6. The State's primary long-term care program, Kupuna Care, served approximately 6,981 people in 2012,⁶ which is only a small portion of the senior population that could be potentially served.
7. Unpaid family caregivers, provide the bulk of long-term care services. There are approximately 247,000 caregivers in Hawaii.⁷ The primary caregiver group is 50-64 years old. Unfortunately this group will make up less of the population in the future, as this group accounted for 19.1% of the population in 2012, but will account for only 16.1% of the population in 2032.¹

Broader Solutions Needed to Address Aging Issues

As current programs and services are not able to help most residents needing long-term care, the Long-Term Care Commission recommended a Public Long-Term Care Insurance Program. A key advantage of such a program is that it would benefit the majority of the adult working population. The Commission offered the following approaches, which would need to be addressed by an actuarial analysis:⁸

1. Mandatory premiums would be set at rates below the typical private long-term care insurance policy.
2. Except for the study and startup costs no Hawaii general revenues would be used.
3. The program would be mandatory for working individuals under age 60.
4. Participants would need to pay premiums for 10 years to be eligible for benefits.
5. The benefit period would be limited to 365 days.
6. The daily benefit was targeted at \$70 per day.

Many Residents Would Support a Public Long-Term Care Insurance Program

A new AARP Hawaii survey⁵ conducted in November 2012 found that:

1. 59% of 50+ residents in Hawaii would support a public long-term care insurance where they would pay a monthly premium.
2. 36% would be willing to pay between \$50 and \$74 per month in premiums.
3. 29% would be willing to pay between \$75 and \$124 per month in premiums.
4. 24% would be willing to pay between \$125 and \$199 per month in premiums.

In summary, a public long-term care insurance program provides a long-term care financing solution that would expand the number of people who would receive benefits to help pay for future long-term care costs. An actuarial analysis is necessary to determine the parameters for such a program.

We urge you to support SB 104.

Thank you for the opportunity to testify.

¹ AARP Across the States, 2012, Profiles of Long-Term Services and Supports

² Kemper, Komisar, Alecxih, Long-Term Care an Uncertain Future: What Can Current Retirees Expect, 2005. Inquiry 42(4): 335-350.

³ AARP A New Way of Looking at Private Pay Affordability of Long-Term Services and Supports, 2012

⁴ AARP 2011 State Long-Term Services and Supports Scorecard

⁵ AARP Hawaii Survey of Hawaii 50+ Residents on Long-Term Care, 2012.

⁶ Hawaii Executive Office on Aging, Section II, Utilization and Expenditure Profiles, 2012.

⁷ AARP Valuing the Invaluable, 2011 Update, The Growing Contributions and Costs of Family Caregiving

⁸ Long-Term Care Reform in Hawaii: Report of the Hawaii Long-Term Care Commission, January 18, 2012

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: patcallahan@hawaii.rr.com
Subject: Submitted testimony for SB104 on Feb 22, 2013 09:00AM
Date: Wednesday, February 20, 2013 3:03:35 PM

SB104

Submitted on: 2/20/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Callahan	AARP	Support	No

Comments: Committee on Ways and Means Senator David Y. Ige, Chair Date: Friday, February 22, 2013, Conference Room 211, 9:00 a.m. Re: SB 104, SD1 - Relating to Long Term Care Chair Ige and Committee Members: Thank you for the opportunity to submit written testimony in STRONG SUPPORT of SB 104, SD1 - Relating to Long Term Care. My name is nancy Callahan, and I am a retired teacher and live in Kailua Kona. The passage of this bill is vital as seniors need help in their final years. Long-term care services are largely unaffordable to me and my relatives. I urge you to support not only seniors, but younger generations by voting yes on SB 104, SD1

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: pc70@cornell.edu
Subject: Submitted testimony for SB104 on Feb 22, 2013 09:00AM
Date: Wednesday, February 20, 2013 2:53:47 PM

SB104

Submitted on: 2/20/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
PATRICK CALLAHAN	AARP	Support	No

Comments: To: Committee on Ways and Means Senator David Y. Ige, Chair Date: Friday, February 22, 2013, Conference Room 211, 9:00 a.m. Re: SB 104, SD1 - Relating to Long Term Care Chair Ige and Committee Members: Thank you for the opportunity to submit written testimony in STRONG SUPPORT of SB 104, SD1 - Relating to Long Term Care. My name is Pat Callahan, and I am a retired software engineer and live in Kailua Kona. The passage of this bill is vital as seniors need help in their final years. Long-term care services are largely unaffordable to me and my relatives. I urge you to support not only seniors, but younger generations by voting yes on SB 104, SD1

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Committee on Ways and Means

SB104, SD1, RELATING TO LONG TERM CARE

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

Friday, February 22, 2013; Conference Room 211

9:00 a.m.

1 **EOA's Position:** The Executive Office on Aging (EOA) supports this measure and notes that the
2 Governor's Biennium Budget appropriates \$380,000 for a feasibility study and actuarial analysis
3 of a limited, mandatory, public long term care financing program for the State.

4 **Fiscal Implications:** Appropriates \$380,000 for FY2013-2014 for the performance of a
5 feasibility study and an actuarial analysis.

6 **Purpose and Justification:** We believe that a feasibility study should be conducted
7 simultaneously with an actuarial analysis. The feasibility study would examine the various policy
8 options and the actuary would price out the cost of these options. For example, we would have to
9 know the cost of vesting over ten years vs. over fifteen years, or the cost of a one year benefit vs a
10 two year benefit, so that a mandatory, social long-term care financing program can be designed. A
11 final actuarial report would be an actuarial analysis of the social long-term care program that was
12 designed by the process of conducting the feasibility study. Thank you for the opportunity to
13 testify.

TO: SENATE COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair

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

HEARING: 9:00 am Thursday, Friday February 22, 2013
Conference Room 211, Hawaii State Capitol

SUBJECT: SB 104 SD1 Relating to Long-Term Care (Kupuna Caucus Package)

DESCRIPTION: This bill appropriates funds to the Executive Office on Aging to contract for a policy feasibility study and an actuarial analysis of a proposed mandatory limited public long-term care insurance program for persons employed in Hawaii and requires a report to the Legislature.

POSITION: The Policy Advisory Board for Elder Affairs **strongly supports SB 104 SD 1.**

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 recommended a limited mandatory public long term care insurance program for employees as a viable way to increase funding for the expanding need for long-term care services and which would provide persons meeting the vesting period with a limited but meaningful benefit should they face the need for long term care. No other option considered would raise revenue for long-term care and provide coverage to the vast majority of residents.

This bill appropriates funds to the Executive Office on Aging to contract for an policy feasibility study and an actuarial study which would provide cost estimates for the program to have a 75 year viability and assist in determining the combination of premiums and benefits to meet this goal. This is a necessary first step in obtaining the information needed to offer a proposed bill to establish the program in a future session of the Legislature.

A policy analysis is required to craft details of the social insurance proposal, addressing a set of options and issues which are identified in the Commission Report such as the nature of financing, a flat rate or graduated rate of premium, eligibility criteria for receiving benefits, the length of time and the value of benefits offered and administrative arrangements for managing the insurance funds, mechanisms of assessing eligibility, acceptable providers of needed services, and so forth. The goal should be a proposal which would be most politically viable, would have the strongest support of the community, and would provide meaningful financial help to those most in need.

The actuarial analysis. An actuarial analysis is a technical study of the financial consequences of adopting a program with specific parameters proposed by the policy

analysis. This information is important in considering the needed level of the premiums paid into the program and the level of benefits offered under alternative parameters which the policy analysis is considering. Collaboration between the two studies is very desirable.

Thank you for allowing me to testify on this bill.

To: Committee on Ways and Means, David Y. Ige, Chair and
Senator Michelle Kidani, Vice Chair

Date: Friday, February 22, 2013, State Capitol Conference Room
211, 9:00 a.m.

Re: SB104, SD1 Relating to Long Term Care

Chair Ige, Vice Chair Kidani and Committee Members:

Thank you for the opportunity to submit written testimony in
STRONG SUPPORT of SB104, SD1, Relating to Long Term Care.
My name is Barbara J. Service and I am an AARP volunteer who
lives in Senate District 8 and Representative District 19.

One of the recommendations of the Long Term Care
Commission (2010) was to explore the feasibility of public long-
term care insurance paid by the working population in Hawaii.

It is anticipated that 70 % of those over 65 (as well as many
under 60) will need long-term care and only 12% of those over
40 in Hawaii have such insurance.

Please support the financing of an actuarial analysis to
determine the parameters for a public long-term care insurance
program.

I strongly urge your support of SB104, SD1.

Barbara J. Service

To: Committee on Ways and Means, Senator David Y. Ige, Chair

Date: Friday, February 22, 2013, State Capitol Conference Room 211, 9:00 a.m.

Re: SB 104, SD1 - Relating to Long Term Care

Chair Ige and Committee Members:

Thank you for the opportunity to submit written testimony in STRONG SUPPORT of SB 104, SD1 Relating to Long Term Care. My name is Mrs. Chalintorn N. Burian Ph.D. and I am a retiree, with a 90 year-old who has been bed-ridden due to Parkinson's Disease. I live in the Paauilo-Mauka area on the Big Island. I seek your strong support in passing the bill SB104, SD1. The passage of this bill is vital as:

- Long-term care services are largely unaffordable to me and my relatives, such as now experienced by my mother's situation. Most of my family and relatives need to spend their paychecks on daily living expenses for themselves, their children and grandchildren.

I am of the baby-boomer generation. Lots of us are entering aging at the same time. The study shows that approximately 70% of people age 65 and older will need long-term care services in their lifetime. I don't want to depend upon my family to help with my future long-term care needs. I am aware that there are some private long-term care insurances. However, my family cannot afford to purchase private long-term care insurance, even though it will pay for a large portion of their future long-term care costs. A lot of us are hoping for a public long-term care insurance program which will go a long way in helping our families pay for future long-term care costs. We would support an affordable public long-term care insurance program. Even a modest benefit from a long-term care insurance program would give us more peace of mind.

- I understand that The Hawaii Long-Term Care Commission in its 2012 report to the Legislature indicated that a limited, mandatory public long-term care insurance may be the only option that will provide insurance coverage to a majority of residents and benefit people with a wide range of income and assets. I would like to better understand the premiums and benefits with a public long-term care insurance program. An actuarial analysis would provide a basis for determining the parameters of a public long-term care insurance program.

I urge you to support not only seniors, but younger generations by voting **yes** on SB 104, SD1.

Chalintorn N. Burian, Ph.D.

Paauilo-Mauka, Hawaii District

P.O. Box 366

Honokaa

HI 96727

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: maucrowe@mailshack.com
Subject: Submitted testimony for SB104 on Feb 22, 2013 09:00AM
Date: Wednesday, February 20, 2013 2:10:30 PM

SB104

Submitted on: 2/20/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
james crowe	Individual	Support	No

Comments: I am a senior citizen and caregiver for a senior family member. I am among the 55% on Maui that the Maui news stated today as not able to plan by myself, but worried about the potential upcoming need for long term care.

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February 19, 2013

To: Committee On Ways And Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

From: Karen Muronaka
FACE Senior Issues Committee

Date: Friday, February 22, 2013
Time: 9:00 A.M.
Place: Conference Room 211

RE: Testimony supporting S. B. No. 104 S.D. 1

I support S.B. No. 104, S.D. 1, which requires the director of the executive office on aging to contract for the performance of a feasibility study and an actuarial analysis for a limited, mandatory, public long term care financing program for the State's working population. In particular, it is very important that we become knowledgeable about the items described on pages 4-6, numbers 1 - 18.

I hope the report will eventually lead to affordable Long Term Care Insurance for Hawaii's people. There is no such state supported plan at this time, which leaves us to fend for our own, hoping we will have the means to fund such care after we have depleted our resources, having provided for our children's future and caring for our aging parents whose long term care plan is us, the "sandwich generation".

I urge you to pass this bill and provide the necessary funding for the comprehensive study described in the bill.

Sincerely,

Karen Muronaka
47-271 Hoana St.
Kaneohe, HI 96744
(808) 247-4202
karen.muronaka@gmail.com

TO: Honorable Senator David Ige, Chair
Members of the Senate Ways and Means Committee

DATE: Friday, February 22, 2013
PLACE: State Capitol Conference Room 211
TIME: 9:00 am
SUBJECT: Testimony in support of SB 104 SD 1- Relating to Long Term Care

I strongly support of SB 104 SD 1 – Relating to Long Term Care.

Hawaii's people could really benefit from a long term care financing program which is directed towards a universal and affordable system of long term care. Long term care has been an issue since the late 1980's. The Family Hope Program and the Care Plus Programs were attempts in past years to design long term care insurance programs and unfortunately they were in vain.

A feasibility study and an actuarial analysis are imminently needed in providing a basis necessary to determine to implement, public long term care financing programs for the State's working population.

I support SB 104 SD 1 to fund and allow the Executive Office on Aging to undertake a feasibility study and an actuarial analysis as the basis to implement long term care for Hawaii's people.

Please support SB 104 SD 1.

Thank you very much

Rose Nakamura,

Project Dana

FAITH ACTION FOR COMMUNITY EQUITY
RESULTS OF FACE'S LONG-TERM CARE SURVEY
RELEASED IN HONOR OF GRANDPARENTS' DAY
SEPTEMBER 9, 2012

PURPOSE

This purpose of this survey was to get a baseline understanding of what our members know about the costs of aging-in-place, where our families are getting advice and resources about long-term care and aging-in-place, and if our members need more information on what it will take to plan for and save for aging-in-place in Hawaii.

In addition, hundreds of FACE members work as Home Care Aides and Certified Nursing Assistants as their primary job. Many of these women are reporting to us that potential clients are offering them a few dollars an hour, often less than half of minimum wage, to care for them in their homes. If FACE is going to succeed in making Home Care jobs better jobs in Hawaii, we need to do what we can to make sure that families have all the information they need to plan and save so that they are able to pay for the quality care they expect and deserve.

FINDINGS

- 62% of respondents expect to pay less than \$15.00 per hour for in-home long-term care, even though the average cost for this care is estimated at \$25.25 per hour.¹
- More than half of respondents (53%) expected to pay the full cost of in-home long-term care out-of-pocket.
- 36% of respondents are depending on Medicare and Medicaid to cover the full cost of a Home Care Aide for long-term care.
- 60% of respondents say they have “no access” to guidance on long-term care.
- Respondents are most in need of information about long-term care insurance (67%) and Medicare and Medicaid reimbursement procedures (60%).
- 96% of respondents agree that Home Care Agencies should be licensed by the State of Hawaii.

¹ Genworth Financial 2011 Cost of Care Survey

SURVEY RESULTS

Results of Question #1: **In your opinion, should home care agencies (agencies that place Home Care Aides with families for a fee) be required to be licensed by the State of Hawaii?**

96% of respondents agreed that Home Care Agencies should be licensed by the State of Hawaii.

Results of Question #2: **What training would you expect of a Home Care Aide you employ to care for a family member?**

- a) High School Diploma 96%
- b) CPR and First Aid 98%
- c) Certification/CNA 75%
- d) Some College* 23%
- e) College Degree* 4%

*in a health related field

Results of Question #3: **How much would you expect a Home Care Aide working in your home to be paid per hour?**

- a) Less Than Minimum Wage 3%
- b) \$7.25-\$8.00 per hour 2%
- c) \$8.01-\$10.00 per hour 8%
- d) \$10.01-\$12.00 per hour 21%
- e) \$12.01-\$14.00 per hour 43%
- f) More than \$14.00 per hour 23%

Results of Question #4: **How much would you expect to pay per hour to a Home Care Agency to provide a Home Care Aide to care for a loved one at their home?**

- a) Less Than \$15.00 per hour 62%
- b) \$15.00-\$18.00 per hour 26%
- c) \$18.01-\$21.00 per hour 7%
- d) \$21.01-\$24.00 per hour 1%
- e) \$25.01-\$27.00 2%
- f) More than \$27.00 per hour 2%

Results of Question #5: How will your family pay the cost of a Home Care Aide?

- | | |
|---------------------------------------|-----|
| a) Out-of-Pocket | 75% |
| b) Medicare/Medicaid Reimbursement | 59% |
| c) Private Long-Term Care Insurance | 20% |
| Only Out-of-Pocket | 53% |
| Only Medicare/Medicaid Reimbursement | 36% |
| Only Private Long-Term Care Insurance | 11% |

Results of Question #6: Where does your family get information and guidance for planning your family's long-term health care needs?

- | | |
|------------------------------------|-----|
| a) Private Financial Advisers | 25% |
| b) Bank or Credit Union | 11% |
| c) Union or Retirees Club | 23% |
| d) Community/Cultural Organization | 39% |
| e) Local News | 1% |
| f) No Access | 60% |
| g) (Write in) Internet | 1% |

Results of Question #7: What information would be most helpful to your family in planning for future aging-in-place and long-term health care decisions?

- | | |
|--|-----|
| a) Cost/Pricing for Home Care Services | 48% |
| b) Home Care Agency Referrals | 50% |
| c) Home Care Training Opportunities
For Family Members | 48% |
| d) Medicare/Medicaid Reimbursement | 60% |
| e) Long-Term Care Ins. Providers/Costs | 67% |
| f) A Guide To Determining Appropriate
Level of Care For Loved One | 52% |

Note: 40% of respondents checked all boxes.

CONCLUSION

Our local families are going to need access to a lot more resources for planning for and paying for long-term care and successful aging-in-place in Hawaii. More work is needed to identify more precisely what resources and assistance our families need and how we can assure families access to those resources.

Other states including New York, Virginia and Indiana have created training and certification standards specifically for Home Care Aides who want to provide quality in-home care to those who choose to age-in-place. The State of Hawaii does not recognize or require any specialized training or certification for in-home care, leaving both patients and care provider without guidance or standards.

On Maui and Big Island, our Aging and Disability Resource Centers are leading the way to creating “one-stops” for seniors where they can get information on all federal, state and local programs as well as home care and aging-in-place resources and advice. For the island that already have these one-stops, we need to make sure our seniors are taking advantage of their services. For the island that have not created these one-stops yet, we need to support their creation.

METHODOLOGY

FACE created a 7-question survey which we distributed in person after church services, at FACE meetings and by email using a link to an on-line version through Survey Monkey. We began distribution June 1, 2012 and finished collecting surveys on August 30, 2012. All surveys were completed by FACE members.

Thirty-one of the 200 surveys we collected included handwritten comments. For the purposes of calculating our results, we included comments when they clearly offered alternative answers to the survey questions and did not include other written comments or questions.

When respondents completed paper copies of the survey, they often asked for clarification for some of the questions, most often for questions 4 and 5. Clarification was not available for respondents using the on-line version of the survey.

ABOUT FACE

Faith Action for Community Equity (FACE) is a faith-based grassroots organization in Hawaii founded in 1996. FACE grew out of a sponsoring committee established in the mid-1990s with the assistance of the Center for Community Change. In November 2008 FACE became a statewide organization when our Maui chapter was founded. We currently have a membership base of 27 institutions on Oahu, 24 on Maui, and one statewide institution. Combined on both islands, we are made up of 38 churches, a Buddhist temple, 2 Jewish congregations, 10 community groups and non-profit organizations, and one labor union. FACE’s membership reflects the cultural and socio-economic diversity of our community.

FACE exists to allow its members to live out our common, faith-based values by engaging in actions that challenge the systems that perpetuate poverty and injustice. We balance social, economic and community activity with a deep spiritual commitment. Our spiritual centeredness empowers us to return hope and love to the public arena.

