

# **SB 104**

Measure Title: RELATING TO LONG TERM CARE.

Report Title: Kupuna Caucus; Long Term Care; Long Term Care Insurance Program; Executive Office on Aging; Appropriation (\$)

Description: Requires the director of the executive office on aging to contract for the performance of an actuarial analysis for a limited, mandatory, public long term care insurance program for the State's working population. Requires a report to the legislature. Appropriates funds for the actuarial analysis.

Companion:

Package: Kupuna

Current Referral: HMS/CPN, WAM

Introducer(s): CHUN OAKLAND, GALUTERIA, IHARA, Baker, Espero, Shimabukuro, L. Thielen

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



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EXECUTIVE OFFICE ON AGING  
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**Committee on Human Services**

**Committee on Commerce and Consumer Protection**

**SB104, RELATING TO LONG TERM CARE**

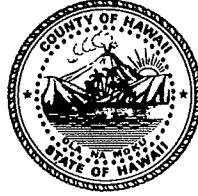
**Testimony of Wes Lum  
Director, Executive Office on Aging  
Attached Agency to Department of Health**

**Thursday, January 31, 2013; Conference Room 229**

**10:15 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 insurance program for the State.
- 4 **Fiscal Implications:** Appropriates \$380,000 for FY2013-2014 for the performance of an actuarial
- 5 analysis.
- 6 **Purpose and Justification:** This proposal is based on a recommendation of the Hawaii Long-
- 7 term Care Commission. We note that the Governor's Biennium Budget appropriates \$380,000 for
- 8 a feasibility study and actuarial analysis of a limited, mandatory, public long term care insurance
- 9 program for the State. Should this measure pass out of your committee, we would recommend
- 10 that a feasibility study be part of the mandate. The feasibility study should be conducted
- 11 simultaneously with the actuarial analysis to craft the details of the social insurance proposal, thus
- 12 addressing (1) the policy options which were identified in the Long-term Care Commission's
- 13 report and (2) the potential costs of the policy options. Thank you for the opportunity to testify.

William P. Kenoi  
Mayor



Alan R. Parker  
Executive on Aging

## County of Hawai'i

### OFFICE OF AGING

Aging and Disability Resource Center, 1055 Kino'ole Street, Suite 101, Hilo, Hawai'i 96720-3872  
Phone (808) 961-8600 • Fax (808) 961-8603 • Email: hcoa@hawaiiantel.net  
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January 30, 2013

TESTIMONY TO: Senate Committee on Human Services  
Senator Suzanne Chun Oakland, Chair  
Senator Josh Green, M.D., Vice Chair  
Senate Committee on Commerce and Consumer Protection  
Senator Rosalyn H. Baker, Chair  
Senator Brickwood Galuteria, Vice Chair

SUBJECT: **SB 104 - RELATING TO LONG TERM CARE**  
Thursday, January 31, 2013  
10:15 a.m.  
Hawai'i State Capitol, conference room 229

Honorable Chairs and Members of the Committee:

Thank you for the opportunity to submit written testimony in **strong support** of SB 104 – RELATING TO LONG TERM CARE (LTC) that requires the Executive Office on Aging to contract for the performance of an actuarial analysis and report for a limited, mandatory, public long-term care program for the State's working population. I am Alan Parker, Executive on Aging for the Hawai'i County Office of Aging (HCOA).

According to the Hawai'i Long Term Care commission, a limited, mandatory, public long term care insurance program may be the only option that will provide insurance coverage to a large majority of people and benefit those with a wide range of income and assets. An actuarial analysis is needed to provide the basis for a determination on a mandatory tax to implement this program.

We must act now. The senior population is growing rapidly. In Hawai'i County alone the number of individuals over the age of 60 is projected to double in the next 20 years; from 40,376 in 2010 to close to 80,000 in 2030.

Thank you for the opportunity to provide testimony in strong support of SB 104.

Sincerely,

A handwritten signature in cursive script that reads "A. Parker".

Alan R. Parker  
Executive on Aging





To: Committee on Human Services  
Senator Suzanne Chun Oakland, Chair

Committee on Commerce and Consumer Protection  
Senator Rosalyn H. Baker, Chair

Date: January 31, 2013, Conference Room 229, 10:15 a.m.

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

Chair Chun Oakland, Chair Baker, 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 - Relating to Long Term Care**. This bill appropriates \$380,000 for an actuarial analysis for a limited, mandatory, public long-term care insurance 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.<sup>1</sup>
2. Approximately 69% of people who turned 65 in 2005 will need long-term care before they die.<sup>2</sup>
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.<sup>3</sup>
4. Only 12% of Hawaii residents over 40 years old have a long-term care insurance policy.<sup>4</sup> The reason cited for not purchasing a policy is the cost, and the preoccupation with meeting daily living expenses.<sup>5</sup>

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,<sup>6</sup> 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.<sup>7</sup> 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.<sup>1</sup>

#### 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:<sup>8</sup>

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 survey<sup>5</sup> 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.

#### Proposed Amendments to SB 104

The bill should be amended to clarify that the program would provide benefits to the working population that contributed to the plan. The bill references that the program would provide a measure of financial protection to individuals that are uninsurable, however, if individuals have not contributed they would not be able to receive benefits. Additional amendments are suggested based on recommendations in the Hawaii Long Term Care Commission Report and the subjects covered in the 2002 "Actuarial Report to the Executive Office on Aging on the Proposed Hawaii Long-Term Care Financing Program."

AARP proposes that SB 104 be amended as follows:

1. Section 1, paragraph 2 be amended by adding the following:

The legislature also finds that a public insurance program designed to provide modest income support financed through mandatory contributions by the working-age

population would provide a measure of financial protection for those individuals who are ~~uninsurable and~~ require long term care. In principle, a proposed public insurance program would be similar to social security. Much like social security, a public insurance program would not be intended to meet all long term care needs, but would instead supplement private initiatives such as private long term care insurance.

2. Section 2, subsection (b) be amended as follows:

(b) The actuarial analysis shall contain a statement by the actuary certifying that the techniques and methods used are generally accepted within the actuarial profession and that the assumptions and cost estimates used are reasonable. The analysis shall include:

- (1) ~~The amount of the mandatory tax required to implement a mandatory long term care insurance program in the State;~~ A projection of the contribution rates necessary to keep the trust fund dedicated to providing long-term care benefits actuarially sound over the short-range and long-range future periods;
- (2) ~~A statement on whether the mandatory tax should be an income tax, payroll tax, or dedicated percentage of a general excise tax; Method of collecting premium (e.g., payroll deduction, income tax filing, mailed invoice, etc.)~~
- (3) An estimate of the expected future income to and disbursements to be made from the trust fund in future years;
- (4) A projection of the amount of benefit each resident of the State would derive from paying into a trust fund dedicated to providing long term care benefits;
- (5) An estimate on how long the ~~tax~~ contributions would need to be collected before benefits could be paid out; ~~and~~
- (6) An estimate of the likely impact on Medicaid rolls, if any;
- (7) A statement on the minimum and maximum age for employed persons to be eligible to enroll (e.g., ages 30-60).
- (8) Definition of "employment" for purposes of determining eligibility of benefits.
- (9) Minimum period of premium payment before eligibility of benefits.
- (10) A statement on the length of covered benefit (e.g., 1 or 2 years)
- (11) A statement on the amount of cash benefit, and whether it varies by disability level, and whether it has an inflation adjustment over time.
- (12) A statement on whether individuals need to pay in for life, until retirement, or until they have paid in for a specified number of years.
- (13) A statement on whether premiums should be level or increase with inflation over time.
- (14) Whether low income individuals should be exempted from participation.
- (15) A statement on how the program should be administered.
- (16) A statement of actuarial assumptions and methods used to determine costs and a detailed explanation of any change in actuarial assumptions or methods.

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.

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<sup>1</sup> AARP Across the States, 2012, Profiles of Long-Term Services and Supports

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

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

<sup>4</sup> AARP 2011 State Long-Term Services and Supports Scorecard

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

<sup>6</sup> Hawaii Executive Office on Aging, Section II, Utilization and Expenditure Profiles, 2012.

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

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

Twenty-Seventh Legislature  
Regular Session of 2013

THE SENATE

Committee on Human Services

Senator Suzanne Chun Oakland, Chair

Senator Josh Green, M.D., Vice Chair

Committee on Commerce and Consumer Protection

Senator Rosalyn H. Baker, Chair

Senator Brickwood Galuteria, Vice Chair

State Capitol, Conference Room 229  
Thursday, January 31, 2013; 10:15 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 104  
RELATING TO LONG TERM CARE**

The ILWU Local 142 **strongly supports** S.B. 104, which requires the Executive Office on Aging to contract for the performance of an actuarial analysis for a limited, mandatory, public long-term care insurance program. Also appropriates funds for the actuarial analysis.

Very few Hawaii residents can afford the cost of long-term care, which now runs about \$10,000 a month for nursing home care. Yet more and more people will find themselves needing long-term care as they live longer but are not able to live independently.

Over the past two decades, the Legislature has considered several long-term care financing vehicles. The first was Family Hope, which would have taxed wage earners and established a fund for vested participants to tap into for long-term care needs. The Executive Office on Aging took the lead and worked with advocates, but Family Hope measures failed to pass the Legislature. Tax credits also were promoted to encourage the purchase of long-term care insurance, but those failed. Care Plus was proposed as a simple program to tax each wage earner \$10 a month and allow them to access up to \$70 a month after a 10-year vesting period. Care Plus was never implemented.

S.B. 104 does not propose specific long-term care financing but does propose funding an actuarial analysis that will recommend a program to provide for long-term care needs. We know the program must be mandatory (no one can opt out), public (government-supported) and limited (full coverage would be unaffordable). We believe it is possible to develop a program that will be affordable yet help to support the long-term care needs of Hawaii's people.

The ILWU urges passage of S.B. 104. Thank you for the opportunity to share our views on this important matter.





HAWAII

Senate Committees on HMS & CPN  
Hearing Date: January 31, 2013  
Time: 10:15 am Room 229

**RE: SB 104 – Relating to Long Term Care**

Chair Chun-Oakland, Chair Baker, 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 104 is a product of one of the 2012 Long Term Care Commission's recommendations **to study a public insurance program to provide modest support through mandatory contributions**. Funding was not appropriated last session nor did the LTC Commission have the funding to undertake a sound financial analysis.

This measure directs the Director of the Executive Office on Aging to contract for an "actuarial analysis for a limited, mandatory, public long term care insurance programs for the State's working population" and appropriates \$380,000 for the actuarial analysis.

We **do not support** this measure because in principal, we are opposed to a mandatory (tax) financing program. There is a difference in the scope of the actuarial work done back in the early 1990's under the Waihee administration for the Family Hope Program that was not enacted and again in 2002 with the Care Plus Program that the Legislature passed but vetoed by Governor Lingle.

Population/aging statistics have changed over the past 20 years and this proposed actuarial study is very broad in scope. The amount appropriated has to be realistic to ensure a sound study.

No other state has a mandated taxing program.

Other considerations were **not** recommended by the 2012 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.

LTC issues are very complex with many factors involved and there is no magic bullet. If a LTC mandatory tax program gets approved in Hawaii, then the federal Medicaid/LTC public-private partnership program (Alaska, Utah, New Mexico, Mississippi, Michigan, Delaware & Hawaii have no plans) and tax incentives for LTC insurance premiums should also be enacted.

Mahalo for allowing us to share our views.

Cynthia Takenaka, Executive Director  
Phone: 394-3451

To: Committee on Human Services, Senator Suzanne Chun Oakland, Chair, and  
Committee on Commerce and Consumer Protection, Senator Roz Baker, Chair  
Date: Thursday, January 31, 2013, State Capitol Conference Room 229, 10:15a.m.  
Re: SB 104-Relating to Long Term Care

Chair Chun Oakland, Chair Baker, and Committee Members:

Thank you for the opportunity to submit written testimony in **STRONG SUPPORT** of SB 104 relating to Long Term Care. My name is Rochelle Ribbentrop and I am a retired RN. I live at Volcano, Hawaii Island. The passage of this bill is vital as:

Long Term Care services are unaffordable. My husband and I planned for all contingencies in retired life but we never realized that long term care provisions would be necessary. At this point, we are ill-prepared and cannot afford to purchase private long term care insurance. Even more upsetting is the fact that our family cannot afford long term insurance as well.

We have two daughters who work very hard, along with their husbands, to provide for their family. There is nothing to put aside beyond paying for current expenses. They have young families and the impossible task of helping my husband and me with future long term expenses is not an option.

A long term insurance program, available to the public, would certainly help us understand how we can pay toward future long term care costs. An affordable long term care insurance program is something we can support although premiums and benefits of the insurance program would need to be explained.

We were so foolish. My husband and I thought that we would live long healthy lives until the end of our days. We have now battled heart disease and cancer and have won! However, we look at our future with wizened eyes. We are not prepared to pay for long term insurance. We did not even realize we needed such insurance and now that it is an issue, we are not able to afford it.

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

Rochelle Ribbentrop  
Volcano, Hawaii Island

To: Committee on Human Services, Senator Suzanne Chun Oakland, Chair, and Committee on Commerce and Consumer Protection, Senator Roz Baker, Chair

Date: Thursday, January 31, 2013, State Capitol Conference Room 229, 10:15 a.m.

Re: SB 104 - Relating to Long Term Care

Chair Chun Oakland, Chair Baker, and Committee Members:

Thank you for the opportunity to submit written testimony in **STRONG SUPPORT** of SB 104 Relating to Long Term Care. My name is Mary D Wagner and I am a concerned Wailuku, Maui citizen.

I strongly support the passage of this bill and believe this bill is vital to all members of our community.

As a boomer, I am someone who has experienced serious health challenges over the recent years. While ill, I was forced to travel to the mainland to seek care and assistance from family (a sibling). I would have preferred to remain in the shelter of my own home while receiving treatment. However, that was not possible for me, but this bill will make it possible for others who may find themselves faced with a similar situation. No one plans to be a burden, financially, physically, or emotionally, to their families. However, a lack of planning, by ourselves and our governmental leaders along with individual circumstances, cause this to happen every day.

Because of my personal experiences, I understand the need for long term care and ask for your consideration and support of SB 104 to ensure that care is available for me and others when the need arises.

The private long-term care insurance industry is shrinking and prices are rising. In addition, carriers are limiting their coverage. According to a September 19, 2012 report by Moody's, since 2010, five key insurance carriers have exited the long-term care market. They include Prudential and MetLife. John Hancock remains as the dominant provider. Long-term care insurance rates are rising and offer fewer benefits.

Long-term care affects the middle class the most as they are the ones who risk losing their properties and lifelong savings to the growing costs of care for themselves or other family members. You should understand that Hawaii families risk losing all assets, even those hard earned retirement funds and long held family properties, to the rising costs of long-term care.

Because private long term insurance providers are fleeing the market and those remaining are escalating prices, it is crucial that the State of Hawaii provide direction and take the lead on this issue. We need to provide a public option for a long-term care insurance program.

Senators, I urge you to support our aging community by voting yes on SB 104.

Mary D Wagner  
Wailuku, Maui

**Heather Chun, MSW**  
420 Poipu Drive  
Honolulu, Hawaii 96825  
Phone: (808) 286-2982  
[Heathmc1400@yahoo.com](mailto:Heathmc1400@yahoo.com)

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To: Committee on Human Services and their Committee Chair, Senator Suzanne Chun Oakland  
Committee on Commerce and Consumer Protection and their Committee Chair, Senator  
Rosalyn H. Baker

Date: Thursday, January 31, 2013, State Capitol Conference Room 229, 10:15am

Re: SB104 Relating to Long-Term Care

Chair Chun Oakland, Chair Baker, and Committee Members:

Thank you for the opportunity to submit testimony in **strong support of SB 104** Relating to Long-Term Care. My name is Heather Chun, and I'm a social worker currently working at the Executive Office on Aging as the Lifespan Respite Care Project Coordinator; this testimony reflects my personal opinion and not that of the Executive Office on Aging.

Based on the most recent U.S. Census, in 2010 there were 195,138 adults over age 60 living in Hawaii. Locally, we're aging much faster than the national average, with a higher life expectancy of 81, and with the fastest growing population being those 85 years and older, increasing at a rate of 190.8% between 1990 and 2010, compared with a national increase of 29.6%. With the aging of the baby boomer generation, this population will grow substantially throughout the next several years and Hawaii's ability to provide long-term supports and services to this population will be hindered without a progressive and strategic plan. By 2040, a quarter of Hawaii's population will consist of people over the age of 65.

According to AARP, approximately 70% of people age 65 or older will need long-term care services in their lifetime. We're living longer and healthier than ever before, however, functional decline is part of the normative aging process and the decline is often hard hitting to Hawaii's families who often don't have the financial resources to pay for long-term care supports and services. AARP Hawaii estimates that costs range from \$17,500 for adult day care services in Hawaii to \$126,000 for nursing home care; these costs are often at the single expense of the families or, if the family's resources have been depleted, by Medicaid, which further limits the availability and access to long-term care supports and services to families.

Without a progressive approach to this increasing need for long-term supports and services, Hawaii will undoubtedly be unprepared for the demands faced by the ensuing demographic shift

of our State. This bill would allow Hawaii to begin exploring alternative options to long-term care financing.

I strongly urge you to pass SB104 and thank you, again, for the opportunity to testify.

Sincerely,

Heather Chun

To: Committee on Human Services, Senator Suzanne Chun Oakland, Chair and  
Committee on Commerce and Consumer Protection , Senator Roz Baker, Chair)  
Date: Thursday, January 31, 2013, State Capitol Conference Room 229, 10:15 A.M.  
Re: SB 104 - Relating to Long Term Care

Chair Suzanne Chun Oakland, Chair Baker, and Committee Members

Thank you for the opportunity to submit written testimony in **STRONG SUPPORT** of SB 104 Relating to Long Term Care.

My name is Gertrude Hara and I am retired individual for myself and live in the Downtown-Chinatown area. The passage of this bill is vital as being a self individual and has obtained for myself a long term program ever since working. Believe for in my situation one day will use, but while willing and able body remains active during retiring. With all this this concerns me is not right now, in applying a claim which not right now but just in case.

This a public long-term care insurance program may go a long way in helping me for my future long term care costs.

In all this, for me long term care is very important and don't know when will file a claim. Such time as present to really consider in having this program. To a well deserve benefit in case of my future status should change. At least for me glad to have this and paying my share monthly. Even while retiring from my employer glad that I have this for me.

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

Gertrude Hara  
Downtown/Chinatown

To: Committee on Human Services, Senator Suzanne Chun Oakland, Chair, and Committee on Commerce and Consumer Protection, Senator Roz Baker, Chair

Date: Thursday, January 31, 2013, State Capitol Conference Room 229, 10:15 a.m.

Re: SB 104 - Relating to Long Term Care

Chair Chun Oakland, Chair Baker, and Committee Members:

Thank you for the opportunity to submit written testimony in **STRONG SUPPORT** of SB 104 Relating to Long Term Care. My name is Mrs. Chalintorn N. Burian Ph.D. and I am a retiree, with a 89 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. 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.

Chalintorn N. Burian, Ph.D.

Positive and Productive Aging Consultant.  
Paauilo-Mauka, Hawaii District

P.O. Box 366

Honokaa

HI 96727

Phone: (808) 775-1064



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [HMS Testimony](#)  
**Cc:** [maucrowe@mailshack.com](mailto:maucrowe@mailshack.com)  
**Subject:** Submitted testimony for SB104 on Jan 31, 2013 10:15AM  
**Date:** Monday, January 28, 2013 8:37:57 AM

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SB104

Submitted on: 1/28/2013

Testimony for HMS/CPN on Jan 31, 2013 10:15AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
James Crowe	Individual	Support	No

Comments: Please support the actuarial study of Public Long-term care. Many Hawaii senior citizens do not have sufficient savings for the cost of long term care as it now exists.

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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

TO: SENATE COMMITTEE ON HUMAN SERVICES  
Senator Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair

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

HEARING: 10:15 am Thursday, January 31, 2013  
Conference Room 229, Hawaii State Capitol

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

DESCRIPTION: This bill appropriates funds to the Executive Office on Aging to contract for 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 **supports SB 104 with suggested amendments.**

**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 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.

**Suggested Amendment:**

We suggest that this bill be amended to fund two studies, both of which are needed before a proposal can be offered for consideration by the Legislature. These two studies are 1) a policy analysis as the basis for crafting a politically viable proposal and 2) an actuarial study to determine the financial viability for 75 year sustainability of the program. These studies,

which require different types of expertise, need to be conducted simultaneously and in collaboration with one another. A more detailed explanation of the two domains of study follows:

**The policy analysis.** First, 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. The goal of this study is to decide the parameters of the program, such as the nature of financing, e.g. 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.