

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 104

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Human Services and Commerce and Consumer Protection, to which was referred S.B. No. 104 entitled:

"A BILL FOR AN ACT RELATING TO LONG TERM CARE,"

beg leave to report as follows:

The purpose and intent of this measure is to require 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.

Your Committees received testimony in support of this measure from the Executive Office on Aging, County of Hawaii Office on Aging, AARP Hawaii, Policy Advisory Board for Elder Affairs, ILWU Local 142, and six individuals. Your Committees received testimony in opposition to this measure from the National Association of Insurance and Financial Advisors.

Your Committees find that Hawaii's population is aging rapidly. There were approximately 206,000 people over sixty-five years old in Hawaii in 2012. That number will increase by sixty-one percent to 331,000 in 2032. This increase in the aging population will create an increase in need for long term care. Approximately sixty-nine percent of people who turned sixty-five in 2005 will need long term care before they die.

Your Committees further find that Hawaii long term care costs are among the highest in the nation and unaffordable by most



Hawaii residents, as only twelve percent of Hawaii residents over forty have a long term care insurance policy. In response to long term care issues, the Long-term Care Commission submitted its recommendations to the Legislature on January 18, 2012. The Commission recommended a limited mandatory public long care insurance program for employees as a viable way to increase funding for the expanding need for long term care services, which would provide persons meeting the vesting period with a limited but meaningful benefit should they need long term care. No other option considered would raise revenue for long term care and provide coverage to the vast majority of residents.

Your Committees have amended this measure by:

- (1) Changing references from the "public long term care insurance program" to the "public long term care financing program";
- (2) Adding language to require the Director of the Executive Office on Aging to contract for a feasibility study to design a limited, mandatory public long term care financing program for the State;
- (3) Applying the specific requirements for what information shall be included under the actuarial analysis to the feasibility study instead;
- (4) Adding additional policy options that may be analyzed as part of the feasibility study for a limited, mandatory, public long term care financing program;
- (5) Amending the specific requirements for what information shall be analyzed as part of the actuarial analysis to include:
 - (A) Cost projections of the various policy options; and
 - (B) The amount of the mandatory tax required to implement a mandatory long term care financing program in the State;
- (6) Requiring the feasibility study to be completed and submitted to the Director of the Executive Office on Aging by June 30, 2014, and included in the Director's report to the Legislature;



- (7) Inserting language to include the feasibility study, along with the actuarial analysis, as the purpose of the appropriation; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 104, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 104, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Human Services
and Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair

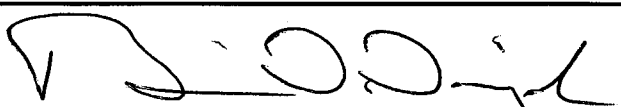


SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Human Services
HMS

Bill / Resolution No.:* SB 104	Committee Referral: HMS/CPN, WAM	Date: 1/31/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
GREEN, Josh (VC)				✓
KIDANI, Michelle N.				✓
TANIGUCHI, Brian T.	✓			
SLOM, Sam		✓		
TOTAL	2	1	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

