SB2478

Measure Title:	RELATING TO LONG-TERM CARE.
Report Title:	Long-term Care; Long-term Care Surcharge on State Tax; General Excise Tax; Use Tax; Appropriation ($)
Description:	Establishes a long-term care surcharge on state tax beginning on 1/1/2018 to pay for claims for defined benefits under the long-term care financing program. Makes an appropriation to the department of taxation for costs of implementation and collection.
Companion:	HB1885
Package:	Kupuna Caucus
Current Referral:	CPH/HMS, WAM
Introducer(s):	BAKER, CHUN OAKLAND, ESPERO, IHARA, NISHIHARA, Galuteria, Kidani

DAVID Y. IGE
GOVERNOR OF HAWAII

TERRI BYERS
DIRECTOR

VIRGINIA PRESSLER, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
EXECUTIVE OFFICE ON AGING
NO. 1 CAPITOL DISTRICT
250 SOUTH HOTEL STREET, SUITE 406
HONOLULU, HAWAII 96813-2831
eoa@doh.hawaii.gov

COMMENTING on SB2478
Relating to Long Term Care

COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
SENATOR ROSALYN H. BAKER, CHAIR
SENATOR MICHELLE N. KIDANI, VICE CHAIR

COMMITTEE ON HUMAN SERVICES
SENATOR SUZANNE CHUN OAKLAND, CHAIR
SENATOR GIL RIVIERE, VICE CHAIR

Testimony of Terri Byers
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing Date: FEBRUARY 10, 2016 Room Number: 229
9:00 A.M.

Comments: EOA would like to provide comments on SB2478, which proposes a surcharge on the General Excise Tax to establish a public insurance program to pay benefits to qualified persons when they experience illnesses and disabilities.

Long term care is a range of services and supports to help individuals meet their personal care needs. Most long-term care is not medical care, but rather assistance with the basic personal tasks of everyday life, called Activities of Daily Living including basic personal hygiene and grooming, dressing and undressing, feeding themselves, getting in and out of bed, going to the bathroom, and walking or using a wheelchair.

Many who need long term services and supports end up in nursing homes. But far more live in their own homes, with loved ones, or elsewhere in communities. We have seen a growing preference among those with disabilities to remain in their own homes, and to stay out of nursing homes for as long as possible. This bill is aimed at making that more feasible.

It is generally agreed that a significant fix for the long term care system would require federal action. Many were thrilled to see the inclusion of long term services and supports in the Affordable Care Act, only to see it repealed in January 2013. While federal action has been halted, this should not stifle efforts at the State level. This issue has long been debated in Hawaii, and it is time that we take progressive action to support Hawaii's families.

Established in 2008 by Act 224, the Hawaii Long Term Care Commission issued its report in January 2012 called "Long Term Care Reform in Hawaii: Report of the Hawaii Long Term Care Commission." As the LTC Commission stated in their report, the long term care system is broken. The Commission made a series of recommendations which included establishing a limited, mandatory public long-term care insurance program in Hawaii.

This bill embodies the recommendation of the Commission. The bill proposes a limited public insurance program with a modest benefit of $70 per day for 365 days (do not need to be consecutive). The benefit is in line with federal and state policy to rebalance our long-term care system to rely more heavily on home and community based services which would allow individuals to "age in place."

The financing mechanism is the most controversial aspect of the bill and we are all aware of the multiple competing priorities. This is an opportunity for the State to honor Hawaii's kupuna.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR

SHANTSUTSUI
LT. GOVERNOR

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Rosalyn H. Baker, Chair
and Members of the Senate Committee on Commerce, Consumer Protection, and Health

The Honorable Suzanne Chun Oakland, Chair
And Members of the Senate Committee on Human Services

Date: February 10, 2016
Time: 9:00 A.M.
Place: Conference Room 229, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 2478, Relating to Long-Term Care.

The Department of Taxation (Department) has serious concerns regarding S.B. 2478, and offers the following comments for your consideration.

S.B. 2478 establishes a long-term care surcharge of 0.5% on general excise tax (GET) and use tax. The long-term care surcharge is intended to fund the long-term care benefits trust fund to be used exclusively to pay defined benefits for long-term care, including administrative expenses. S.B. 2478 requires the Department to compile a machine-readable files from the most recent tax return concerning each taxpayer who has filed a Hawaii resident income tax return (name, address, social security number; filing status; and taxable year and date of filing of the tax return), and transmit the data to the board of trustees of the long-term care financing program no later than December 31 of each year. This measure is effective on July 1, 2016.

First, the Department notes that GET is imposed on the gross proceeds derived from business activity of a taxpayer, and there are currently no tax laws limiting or mandating the passing on of GET to a customer. If the intent of subsection (b) is to provide for a grandfathering provision for contracts in existence prior to the imposition of this surcharge, the Department suggests simplifying the provision by specifying the date by which the contract must have been executed and that the exception will not apply where the additional surcharge may be passed on. For example:

> This section shall not apply to gross income or gross proceeds from binding written contracts entered into prior to July 1, 2015, that do not permit the passing on of increased rates of taxes.

Second, the Department notes that the amendments to sections 237- (e) and 238- (e), HRS, to provide for an additional penalty of 10% for failure to file an additional schedule is unnecessary as the surcharge would apply regardless of what county in the State the income is sourced to. Therefore, the Department suggests that those sections be deleted.

Third, the Department notes that the new Section 238- (c), as written, is incorrect because among other things, there is no use tax rate of 0.15%, and that this section should be amended to read as follows:

> No long-term care surcharge on state tax shall be imposed on any use taxable under this chapter at the one-half per cent tax rate or upon any use that is not subject to taxation or that is exempt from taxation under this chapter.

Fourth, it seems that Section 231-A(a) was modelled after a similar provision relating to the county surcharge. If this is the case the Department suggests amending Section 231-A(a) by adding the appropriate commas to read as follows:

> (a) All long-term care surcharge on state tax collected by the director of taxation shall be paid into the long-term care benefits trust fund quarterly, within ten working days after collection, and shall be placed by the director of finance into a special account.

Fifth, the Department is unable to comply with section 231-B of the bill. It is administratively not feasible for the Department to provide the name, address, social security number, filing status, taxable year, and date of filing of the tax return of all resident taxpayers to the board of trustees of the long-term care financing program no later than December 31 of each year. In addition to disclosing certain confidential taxpayer information to the board of trustees of the long-term care financing program, the bill also requires disclosure of certain taxpayer information to the qualified entity contracted to administer the long-term care financing program. The Department has serious concern regarding the transfer of highly confidential taxpayer data of every single resident taxpayer.

The Department also has serious concerns regarding Section 346C-C(e) which states that all work product and data used by the actuary in preparing the actuarial report for the board of trustees of the long-term care financing program are subject to chapter 92F, as those documents may contain confidential tax information. Thus, the Department is opposed to Section 231-B in its current form. In the alternative, the Department suggests a clearance procedure where the board of trustees can request information about specific applicants for the purpose of qualifying that applicant for the long-term care benefit, similar to a tax clearance.

Sixth, the Department notes that there is a typo in the amendment to Section 235-116, HRS, and Section 231B(b)(2)(A), which refer to Section 346C-4(b), because there is no section 346C-4(b) in the bill. The Department suggests that that these references be corrected.

Seventh, the Department defers to the Department of the Attorney General regarding the constitutionality of the various residency requirements set forth in order to qualify for the benefits under this measure.

Finally, the Department requests that the effective date be amended to be effective as of January 1, 2017 to provide the Department with sufficient time to implement the form, instruction and computer system changes proposed in this bill.

Thank you for the opportunity to provide comments.

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committees on Commerce, Consumer Protection, and Health, and on Human Services

From: Cheryl Kakazu Park, Director

Date: February 10, 2016, 9:00 a.m.
State Capitol, Conference Room 229

Re: Testimony on S.B. No. 2478
Relating to Long-Term Care

Thank you for the opportunity to submit testimony on this bill. The Office of Information Practices ("OIP") takes no position on the substance of this bill, which would establish a long-term care surcharge on state tax to pay for claims for defined benefits under a long-term care financing program. OIP is testifying to recommend a clarifying amendment to a provision regarding public disclosure of records.

Proposed subsection 346C-C(e), at bill page 15, lines 15-19, provides that work products, papers, documents, and data used or prepared in creating an actuarial report of the program are subject to chapter 92F, but "section 92F-13 shall not apply to the actuarial report or the work product, papers, documents, and data used to prepare the report." The effect of this subsection would be to make clear that the report and the related work products, papers, documents, and data are all government records subject to requests under the Uniform Information Practices Act, chapter 92F ("UIPA"), and **also that the UIPA's exceptions to disclosure set forth in section 92F-13 do not apply to those records. In other words,**

the subsection means that all those records are public without exception under the UIPA.

While it is certainly possible to understand the meaning of the section as written, the intent to make all the records public could be stated in a more straightforward and readily understandable way. **OIP would recommend that to create the same legal effect in a more straightforward way, the subsection should read, "The actuarial report and the work product, papers, documents, and data used or prepared by the actuary in preparing the actuarial report shall be public records disclosable pursuant to chapter 92F."**

Thank you for the opportunity to testify.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, USE, MISCELLANEOUS, Long term care surcharge on state tax

BILL NUMBER: SB 2478, HB 1885 (Identical)

INTRODUCED BY: SB by BAKER, CHUN OAKLAND, ESPERO, IHARA, NISHIHARA, Galuteria, Kidani; HB by TAKAYAMA, CHOY, CREAGAN, KAWAKAMI, OSHIRO, TOKIOKA, Cachola, DeCoite, Evans, Mizuno, Souki

EXECUTIVE SUMMARY: This bill establishes a long-term care surcharge of 0.5% onto the state general excise and use tax which would be used as a dedicated source of funding to provide defined benefits for long-term care costs. The funding mechanism is a hike in an already regressive tax, and we can expect an experience similar to that we are having under the Honolulu county surcharge. The result is a defined benefit plan, presumably to cover all residents of the state who need long-term care; we can expect an experience similar to that we are having under ERS. Implementation of this idea could result in an unmitigated disaster.

BRIEF SUMMARY: Adds a new section to HRS chapters 237 and 238 to establish a long-term care surcharge of 0.5% on the state's general excise tax under HRS chapter 237 and the use tax under HRS chapter 238.

The surcharge shall be imposed on the gross proceeds or gross income of all written contracts that require the passing on of the taxes imposed under this chapter; provided that if the gross proceeds or gross income is received as payments beginning in the taxable year in which the taxes become effective on contracts entered into before June 30 of the year prior to the taxable year in which the taxes become effective, and the written contracts do not provide for the passing on of increased rates of taxes, the long-term care surcharge on state tax shall not be imposed on the gross proceeds or gross income covered under the written contracts. The long-term care surcharge on state tax shall be imposed on the gross proceeds or gross income from all contracts entered into on or after June 30 of the year prior to the taxable year in which the taxes become effective, regardless of whether the contract allows for the passing on of any tax or any tax increases.

The surcharge on state tax shall not be imposed on any: (1) gross proceeds taxable at the 0.5 or 0.15 per cent tax rate; and (2) transactions, amounts, persons, gross income, or gross proceeds exempt from the general excise tax.

Directs the director of taxation to revise the general excise tax forms to provide for the clear and separate designation of the imposition and payment of the long-term care surcharge on state tax.

Adds a new section to HRS chapter 231 to require the director of taxation to deposit the long-term care surcharge on state tax into the long-term care benefits trust fund.

Amends HRS chapter 346C to establish a long-term care benefits trust fund which shall be used to pay defined benefits. The trust fund shall be administered by a board of trustees and no transfers shall be made from the long-term care benefits trust fund to any other fund for any purpose. Beginning no earlier than the day following the end of the fifth year of the long-term care surcharge on state tax collections, payment of defined benefits for long-term care services shall begin. The defined benefit shall be $70 a day up to a cumulative period of three hundred sixty-five days; provided that the daily defined benefit may be adjusted from time to time by the board of trustees. Payment of a defined benefit shall begin after the thirtieth day following the date of the approval of the written certification and shall be made to the recipient of a long-term care service, or to the legal representative of the recipient in the name of the recipient, as a reimbursement for long-term care service expenditures. The amount of the defined benefit shall not be qualified by the income of the recipient.

The defined benefit shall be primary to private insurance and Medicaid benefits. If an individual is receiving Medicare benefits for long-term care, the individual shall not be eligible to receive a defined benefit; provided that if Medicare benefits are exhausted, the individual shall be required to qualify under section HRS 346C-8.

Appropriates $______ in general funds in both fiscal 2016 and fiscal 2017 to the department of taxation for start-up costs for the implementation and collection of the long-term care surcharge on state tax.

EFFECTIVE DATE: July 1, 2016

STAFF COMMENTS: This measure proposes to establish a long-term care surcharge of 0.5% that would be piggybacked onto the state general excise and use tax and be used to pay defined benefits.

This surcharge on the general excise tax is patterned after the Honolulu county surcharge, and we should expect an experience similar to that which we have seen under the Honolulu county surcharge. Namely, it will not only increase the cost of living in the state but also increase the cost of doing business. Thus, businesses must build the added cost of the additional rate into their overhead and, therefore, it must be recovered in the cost of the goods and services they sell. The general excise tax is perhaps the worst tax to increase because of its broad-based application. Increases in the cost of living, as well as the cost of doing business in the state, will drive more and more businesses out of operation and with them the jobs Hawaii’s people need. Not only will the general excise tax increase the cost of doing business, but it will affect the cost of all other non-food purchases, be it clothes, textbooks for university students, rent for those people who don’t own their shelter which are generally the poor and middle class, the price at the pump for gasoline - everything right down the line. That is, we know the general excise tax is regressive, with a disproportionate impact on the poor, and this increase will exacerbate those effects. In addition, any such increase may just drive employers out of business, create even more unemployment, and stagnate the economy further.

More importantly, because the general excise tax is a tax on gross income, the business will try to recover as much of the cost of the tax it passes on to the customer. As Oahu taxpayers learned when the 0.5% surcharge on the general excise tax for transit went into effect, the amount passed on to the customer went not from 4% to 4.5% but the charge went from 4.166% to 4.712%. We can expect that another increase in the general excise tax rate actually passed on will be more than the nominal 0.5% increase (from 4.712% to 5.263%).

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs soar and overhead increases, employers will have to find ways to stay in business by either increasing prices to their customers or cutting back on costs. Given the tenuous condition of the marketplace, many businesses will have to resort to the latter. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or in the worst-case scenario, laying off workers. A tax increase could send most companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Finally, a word about the result, which is a defined benefit plan. Defined benefit plans are hardly in use in the private sector, and for good reasons. The universe of payees and/or the payment amounts tend to grow, and the fund can't grow quickly enough to keep up. The state has a defined benefit plan for its employees called the Employees' Retirement System or ERS. As of June 30, 2014, it had a net pension liability accrued liability of $8 billion according to its comprehensive annual financial report. What that means is that while ERS was well-intentioned in the beginning, changes over time have made it a big sore spot; the fund that this bill proposes is, of course, well-intentioned as well, but who's to say whether it can be protected against future changes that would allow it to grow into an unmitigated disaster?

If we don't learn from our mistakes, we are doomed to repeat them.

Digested 02/04/16

HFIA
HAWAII FOOD INDUSTRY ASSOCIATION

Executive Officers:
Derek Kurisu, KTA Superstores - Chairperson
John Erickson, Young's Market Company – Vice Chair
Bob Stout, Times Supermarkets – Secretary/Treasurer
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

TO:
COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice Chair

COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair
Senator Gil Riviere, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, February 10, 2015
TIME: 9:00am
PLACE: Conference Room 229

RE: SB2478

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We oppose this measure. While the intent of the bill is to enhance social benefits, there is a problem because it will also place an economic burden on Hawaii businesses and residents. Please keep in mind that profit margins are already quite sparse for grocers, which generally operate at a profit margin of around one percent. Increasing the GET, even by 0.5 percent, would be detrimental to the state, in particular small or rural island communities that are **less able to absorb the additional cost.**

Hawaii residents already pay very high prices for food and drinks. We are one of only a handful of states that pay taxes on groceries and our food costs can be up to seventy percent more than the national average. Increasing the GET will hurt the economy, drive up grocery costs, punish low-income consumers and burden businesses. It will unnecessarily impose an additional financial burden on people who are struggling to pay for basic necessities and on businesses that are struggling to survive.

For these reasons we ask that this measure be deferred indefinitely.

Thank you for the opportunity to testify.

TO : SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice-Chair

SENATE COMMITTEE ON HUMAN SERVICES
Senator Suzanne Chun Oakland, Chair
Senator Gil Riviero, Vice Chair

FROM: Eldon L. Wegner, Ph.D.,
Policy Advisory Board for Elder Affairs (PABEA)

SUBJECT: **SB 2478 Relating to Long-Term Care**

HEARING: 9:00 am Wednesday, February 10, 2016
Conference Room 229, Hawaii State Capitol

POSITION: The Policy Advisory Board for Elder Affairs **strongly supports SB2478** which would establish a limited mandatory public long-term care insurance program. The program would be financed by a trust fund financed from a .005 percent surcharge to the excise tax. The bill provides specifics on administration of the program and the trust fund and the eligibility criteria for benefits and the types of benefits offered.

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 proposal for a limited public long-term care insurance has a long history of support from the Executive Office on Aging, dating back to the 1980's. The current proposal reflects the primary recommendation from the 2012 report of the latest Long-Term Care Commission established by Legislature. The Commission also recommended that a broad-based public awareness program be designed to call attention to the importance of addressing this issue and to dispel widespread misinformation in the public regarding accessing and paying for long-term care services and supports. I am testifying as a former member of this Commission.

After examining a broad range of options, the Commission concluded that a mandatory limited public insurance program is the only feasible means of providing nearly all Hawaii residents financial support to access long-term care services. The tax supporting the program can be very affordable if everyone contributes throughout their adult lives. Subsequently, the Legislature funded a feasibility study and also a technical actuarial study for a public insurance fund with limited benefits. The current proposal reflects the results from this research.

Dr. Larry Nitz has presented details of the proposal to PABEA on several occasions. The benefits are modest, e.g. $70 a day for a total of 365 days.
This level of help is not intended to fully pay for all needs but would significantly help most families. The program is envisioned as is a public-private shared responsibility, where

costs beyond the benefit would be shared by family savings or, where possible, purchasing a supplemental private insurance policy. Participants in the program would also be eligible for other assistance, such as Kupuna Care, once their insurance coverage was exhausted.

Persons who are below the poverty threshold would continue to receive services through Medicaid. However, one aim of the insurance program is to reduce the need for persons to enroll in Medicaid. Growing the Medicaid rolls is unsustainable and creates a fiscal crisis which impacts the ability of the state to address all other needs.

We will continue to need our state programs such as Kupuna Care and the ADRC's which are largely paid for from general revenues. However, the need for services is already greater than the available general revenues. The proposed mandatory social insurance would ask residents, who would be the future beneficiaries of the services, to contribute through a small increase in the excise tax.

We realize that the political viability of this proposal rests with the public understanding the need for this program and how they would benefit from it. The public awareness campaign has launched and will be intensifying during the coming year. One component is the contract EOA has with Nathan Hokama to design media messages, and another component is grass-roots education efforts by FACE, AARP, unions and other community organizations.

Our state needs to face the oncoming growth in the older population and the need to provide for their needs and a good quality of life. The proposed limited insurance would serve as a major step in meeting this important challenge. We urge you to give it close examination and to take this important step in preparing for the future needs of our population.

I urge you to pass this much needed bill. Thank you for allowing me to offer testimony.

Chamber of Commerce HAWAII
The Voice of Business

Testimony to the Senate Committee on Commerce, Consumer Protection, & Health and Committee on Human Services
Wednesday, February 10, 2016 at 9:00 A.M.
Conference Room 229, State Capitol

RE: SENATE BILL 2478 RELATING TO LONG-TERM CARE

Chairs Baker and Chun Oakland, Vice Chairs Kidani and Riviere, and Members of the Committees:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** SB 2478, which establishes a long-term care surcharge on state tax to pay for claims for defined benefits under the long-term care financing program and makes an appropriation to the department of taxation for costs of implementation and collection.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We understand the intent of this bill to address long-term care needs. At the same time, we oppose this new tax surcharge. This new tax will raise the GE to an effective rate of .5% on Oahu and 4.5% in all other counties. This would be bad for both businesses and consumers as it would increase the cost of doing business and raise prices for consumers.

Last year Hawaii taxpayers paid almost $7 billion in taxes. This bill would raise taxes to about $350 million, and will place a large financial burden on both business and consumers. It will further increase the cost to live in Hawaii especially those who may be affected by the general excises somewhat regressive nature. This may also encourage residents to purchase more things online to avoid the higher tax which would adversely affect Hawaii's local economy and lower revenues in the base itself.

We respectfully ask that this bill be deferred. Thank you for the opportunity to testify.

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	wliou@hawaii.edu
Subject:	*Submitted testimony for SB2478 on Feb 10, 2016 09:00AM*
Date:	Sunday, February 07, 2016 10:21:40 PM

SB2478

Submitted on: 2/7/2016

Testimony for CPH/HMS on Feb 10, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne Liou	Long Term Services and Supports Feasibility Study	Support	No

Comments:

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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Hawai‘i Association of REALTORS®
www.hawaiirealtors.com

808-733-7060
808-737-4977

1259 A‘ala Street, Suite 300
Honolulu, HI 96817

February 10, 2016

The Honorable Rosalyn H. Baker, Chair
Senate Committee on Commerce, Consumer Protection, and Health

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

State Capitol, Room 229
Honolulu, Hawaii 96813

RE: S.B. 2478, Relating to Long-Term Care

HEARING: Wednesday, February 10, 2016 at 9:00 a.m.

Aloha Chair Baker, Chair Chun Oakland, and Members of the Joint Committees:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai‘i Association of REALTORS® (“HAR”), the voice of real estate in Hawai‘i, and its 8,800 members.

HAR **strongly opposes** S.B. 2478 which increases the General Excise Tax (“GET”) from a rate of 4 to 4.5%.

HAR believes that, while long-term care of our elderly population is of great value to the State and our community, the GET increase in this measure will be especially burdensome for low to moderate-income families already working to live day-to-day. Hawaii's excise tax is a regressive tax that weighs more heavily on the poor because lower-income residents are forced to contribute a larger share of their incomes to cover the tax.

The GET burden pyramid is hidden in the prices of goods and services. For example, if a person buys a loaf of bread on O‘ahu for $5.00, the store will typically add the excise tax of 4.712% and charges the person $5.24, so the “visible tax” is 24 cents. In reality, however, the $5.00 price has to cover the tax on goods and services as the bread moves through the production chain albeit at a lesser 0.5%. When it is all added up, the tax is a lot more than 24 cents.

Hawai‘i Association of REALTORS®
www.hawaiirealtors.com

808-733-7060
808-737-4977

1259 A‘ala Street, Suite 300
Honolulu, HI 96817

Hawaii’s general excise tax is unique and while it looks like a sales tax being imposed on every transaction, it is nothing like a retail sales tax found in some forty-four other states. This is because it is not a tax that is paid by the consumer, but one that is imposed on the business for the "privilege of doing business in the state."

HAR believes that Hawaii’s families and businesses continuously struggle to keep up with the cost of living and doing business in Hawai‘i and a GET increase will only add to this burden. An increase of GET will have a regressive impact on families already living paycheck-to-paycheck, our renters, and our seniors.

Mahalo for the opportunity to testify.

Meadow Gold Dairies

Written Testimony by: Glenn Muranaka
SB2478, Relating to Long-Term Care
Senate CPH/HMS Hearing
Weds, Feb. 10, 2016 – 9:00 am
Room 229
Position: Oppose

Chairs Baker and Chun Oakland, and Members of the Senate CPH/HMS Committees:

My name is Glenn Muranaka, President and General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—119 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 330 employees that are committed to providing superior quality products.

The intent to pay for claims for defined benefits under the long-term care financing program is understood and appreciated. However, increasing the GET as the vehicle to fund this is not supported, particularly when the GET is applied to every business transaction per item, ultimately adding to the cost for businesses and consumers.

Hawaii is a difficult place to do business with many challenges such as importing of inputs to manufacture or process items, shipping distribution to Neighbor Islands, high cost of land and water, etc. Please do not pass this measure which will drive the cost of living and doing business in Hawaii.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 944-5911.

PHI Quality Care THROUGH Quality Jobs

400 East Fordham Road, 11th Floor ■ Bronx, NY 10458
Tel: 718.402.7766 ■ Fax: 718.585.6852
E-mail: info@PHInational.org ■ www.PHInational.org

Comments on Hawaii SB 2478, legislation to create a public long term care program

Submitted by Karen Kahn, for PHI

PHI (Paraprofessional Healthcare Institute) works to transform eldercare and disability services. We foster dignity, respect, and independence—for all who receive care and all who provide it. As the nation's leading authority on the direct-care workforce, PHI promotes quality direct-care jobs as the foundation for quality care. Since 1991, PHI has helped organizations, advocates, and policymakers across the U.S. to improve the quality of long-term services and supports (LTSS) through workforce and curriculum development, coaching and consulting services, policy advocacy, and research.

PHI is pleased to submit testimony in support of **SB2478**, a bill designed to help families care for their elders.

Hawaii is experiencing a rapid demographic change. Over the next two decades, the number of adults over the age of 65 is expected to grow by more than 60 percent. In 2035, elders will make up nearly 25 percent of the total Hawaii population.[i] This shift in demographics is putting increased stress on families who provide the vast majority of care for elders.

As the population ages, more people need assistance to manage their daily needs. Among people over 65, 50 percent have multiple chronic health conditions.[ii] For those over 80, one in three will develop functional limitations that will require assistance with activities of daily living, such as bathing, dressing, managing medications, and preparing meals.[iii]

Among older adults, 90 percent express a preference to receive supports at home rather than moving into a care home or a nursing facility. This at-home support is primarily provided by family members. AARP reports that about 40 million Americans care for adults who are aging or living with disabilities, and on average, family caregivers spend over 24 hours a week providing care.[iv]

Providing that support is often a strain on the emotional, physical, and financial well-being of family caregivers. Primary caregivers suffer from high levels of stress, and often are unable to take the time to take care of their own health issues. The financial burden is also large. When caregivers leave the workforce, according to AARP, on average, they lose over $300,000 in life-time income.[v]

SB2478 provides an innovative solution to helping Hawaii's families cope with the many costs of caregiving. By providing a limited benefit of $70 per day for 365 days, the legislation provides a "care floor," ensuring that families can hire paid support to supplement the care they are able to provide.

In addition to directly supporting family caregivers, the bill has benefits that will strengthen Hawaii's caregiving infrastructure. Currently, only those who qualify for Medicaid can access publicly funded long-term services and supports. This forces families to "spend down," essentially impoverishing themselves to get the services they need. Spending down puts an added strain on families, which SB2478, in providing an additional source of funds to invest in long-term care, helps mitigate.

Secondarily, this investment in long-term care will benefit paid caregivers—the home health aides and personal care aides who provide hands-on assistance and ensure that elders can continue to live in their homes with dignity. In Hawaii, the typical wage for a home care worker is $12 per hour, far below the statewide median wage of $18 per hour. Many of these workers live on the edge of poverty, barely able to support their families.

These low wages make it difficult to attract people to the home care profession. But with the rise in the elder population, our analysis of data from the U.S. Department of Labor shows that Hawaii's demand for home care workers will increase by 40 percent over the next decade.[vi] It is essential for Hawaii to attract, train, and retain a compassionate, skilled workforce to help relieve the burden on family caregivers. SB2478 creates a funding stream that will allow the state to make a real investment in building the caregiving workforce needed to ensure all of Hawaii's *kupuna* can age with dignity in the settings of their choice.

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[i] Population and Economic Projections for the State of Hawaii to 2040. Available at: http://files.hawaii.gov/dbedt/economic/data_reports/2040-long-range-forecast/2040-long-range-forecast.pdf

[ii] Eldercare Workforce Alliance. Care Coordination. Issue Brief.

[iii] Redford, Donald et al. (August 2013). The Aging of the Baby Boom and the Growing Care Gap: A Look at the Future Declines in the Availability of Family Caregivers. Insight on the Issues #85. AARP Public Policy Institute.

[iv] AARP (June 2015). Caregiving in the U.S. Available at http://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf

[v] Feinberg, L. and Choula, R. (2012). Understanding the Impact of Family Caregiving on Work. AARP.

[vi] http://phinational.org/policy/states/hawaii/

8 February 2016

SB2478
Relating to Long Term Care
Committee(s) on Commerce, Consumer Protection and Health & Human Services

Dear Chair(s) Baker & Chun Oakland, Vice Chair(s) Kidani and Riviere, and Members of the Committee,

Faith Action for Community Equity offers this testimony in **support of SB2478.** SB2478, and its companion bill HB1885 would provide a social insurance program for long-term care in Hawai'i. The first of its kind in the nation.

FACE is a 501(c)3 non-profit community organization comprised of more than 40 inter-faith institutions statewide, including a labor union and non-profit [affordable] housing developer.

Our support for a social long-term care insurance program was not born over night. In fact, long term care has been a priority of FACE since our inception in 1996. Twice, we have come before this legislature in an attempt to create a social insurance program for long term care. In 2003, a bill passed through both the House and Senate, only to be vetoed by then governor Linda Lingle.

Since this issue was first raised by our membership, we have heard stories describing the ballooning costs of long term care. In addition to the costs, we have also heard the stories of our members leaving their professions behind to become full-time caregivers for a loved one. What we have learned from these stories is that our families *want* to care for their loved ones. And what they want is to care for their loved ones in a setting that will allow them to live comfortably, and age with dignity.

In 2015, we conducted a survey of our membership to gain a better understanding of how their lives are impacted by caregiving. Forty-four percent of those surveyed indicated that they expected to need long term care at some point in their lives, while forty-two percent stated that they were looking to family members to provide that care.

More than just the benefit of $70/day, SB2478 recognizes the value of both the elderly, and the sacrifices that many family caregivers make to care for their loved ones.

Thank you for the opportunity to testify **in support of SB2478.** Feel free to contact FACE at info@facehawaii.org

GRASSROOT INSTITUTE OF HAWAII

February 10, 2016
9:00 AM
Conference Room 312

To: Committee on Commerce, Consumer Protection & Health
Sen. Rosalyn Baker, Chair
Sen. Michelle Kidani, Vice Chair

Senate Committee on Human Services
Sen. Suzanne Chun Oakland, Chair
Sen. Gil Riviere, Vice Chair

From: Grassroot Institute of Hawaii
President Keli'i Akina, Ph.D.

RE: SB 2478 -- RELATING TO LONG-TERM CARE
Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB 2478, which would establish a long-term care surcharge of 0.5% on state tax beginning on 1/1/2018 to pay for claims for defined benefits under the long-term care financing program.

Though we agree that providing for the aging population of the state is an admirable goal, we are concerned that this initiative pushes the state towards an outcome that combines the problems of continued use tax hikes with the failings of the EUTF/ERS and the state's unfunded liabilities.

The most recent edition of the ALEC-Laffer State Economic Competitive Index[1] ranks Hawaii last among all states for its sales tax burden, a rating that significantly contributes to a mediocre

[1] Available at http://www.alec.org/app/uploads/2015/10/RSPS_8th_Edition-Final.pdf.

economic outlook ranking. In a similar way, the Small Business Policy Index[2], which compares state policies and costs related to small business and entrepreneurship puts Hawaii at a dismal 47th, thanks largely to our high consumption taxes. In the same survey, Hawaii was ranked 50th in a ranking of states by sales, gross receipts, and excise taxes. Moreover, at least one study of OECD countries has found that along with corporate and personal taxes, consumption taxes like the state excise tax can be economically harmful over the long-term.[3]

In fact, economic theory recommends using consumption taxes like the excise tax as a way to influence consumer behavior and discourage purchase or use of the product taxed. A report from Deutsche Bank making recommendations to boost economic growth in Europe following the financial crisis posits that ideally any increase in a consumption tax would be offset by no more than an equal decrease in demand. (For our purposes, that means we would hope that a .5% surcharge would cause no more than a .5% drop in demand, purchases, or revenue.) However, as the author of the report concludes, "this result is based on strong assumptions that make realistic implementation impossible"[4] In other words, the inevitable effect of raising the excise tax is to discourage consumption, and any realistic model has to account for the probability that an increase in revenue will be offset by the possibility of a greater decrease in consumption.

Given that the state depends heavily on the excise tax as its revenue source, these continued efforts to tack on surcharges for various projects (no matter how worthy) threaten to kill this particular golden goose. As the Grassroot Institute noted in its multi-year budget analysis,[5] the Council of Revenues has predicted only a 1% increase in revenue growth in 2018, followed by a 2% growth rate thereafter. This can be contrasted with historical spending growth that more than doubles that rate, leading to a widening budget gap. Increasing the tax rate may have short-term benefits, but threaten a long-term slowdown in overall state revenues.

Though the GET does affect local businesses, they are not the only ones burdened by the excise tax. A study from the Institute on Taxation and Economic Policy (ITEP) criticized Hawaii for its regressive taxation practices, ranking it the 15th unfairest tax system in the country. The GET in particular came under criticism as falling particularly heavily on those least able to afford it.

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[2] Available at http://www.sbecouncil.org/wp-content/uploads/2014/12/SBPI2014Final.pdf.

[3] Norman Gemmell, Richard Kneller, & Ismael Sanz, *The Timing and Persistence of Fiscal Policy Impacts on Growth: Evidence from OECD Countries*, 121 Economic Journal F33-F58 (2011).

[4] Frank Zipfel and Caroline Heinrichs. *The Impact of Tax Systems on Economic Growth in Europe*, Deutsch Bank Research, Oct. 5, 2012. Available at http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000295266/The+impact+of+tax+systems+on+economic+growth+in+Europe%3A+An+overview.pdf

[5] See http://new.grassrootinstitute.org/2016/01/state-of-the-state-budget-2016/.

According to ITEP, payment of sales and excise taxes takes up an average of 11% of family income for the poorest 20% of earners.[6]

Finally, there is the fact that the program envisioned in this bill is a defined benefit plan that one must assume will cover all or most of the state's residents. Given the size of the budget sinkhole that a defined benefit plan has created in relation to the ERS and EUTF, the legislature should hesitate before permitting the creation of a similar plan, regardless of what promises are being made about its ability to pay for itself.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli'i Akina, Ph.D.
President, Grassroot Institute of Hawaii

[6] See http://www.itep.org/whopays/states/hawaii.php.

From:	Anthony Lenzer
To:	CPH Testimony
Subject:	SB 2478
Date:	Saturday, February 06, 2016 12:43:54 PM

To: Sen. Rosalyn H. Baker, Chair, Sen. Michelle N. Kidani, Vice Chair
Committee on Commerce, Consumer Protection, and Health
Sen. Suzanne Chun Oakland, Chair, Sen.Gil Riviere, Vice Chair
Committee on Human Services

From: Anthony Lenzer, PhD

Re: Testimony in Strong Support of SB 2478

Hearing: Wednesday, February 10, 2016, 9:00 a.m.
Conference Room 229

Senators Baker and Chun Oakland and Committee Members:

I am a member of several advocacy groups which will be providing supportive testimony for this legislation at today's Hearing. My testimony however, will reflect personal events which deeply affected my family. For several years, my wife had been developing the early stages of dementia. However, her care needs were minimal and family members were able to provide whatever help was necessary. In December 2012, my wife was hospitalized for nine days with a respiratory illness. On returning home, she was much more frail and her dementia have progressed significantly. At that time, my family consisted of my wife, myself, a daughter, and two young granddaughters. My daughter is a schoolteacher, and at the time was home and able to meet my wife's personal care needs. These included help with bathing and toileting. Once my daughter and granddaughters returned to school, our situation became very difficult. Because of balance problems and other physical issues, I was unable to help my wife with her intimate care needs. Had I attempted to do so, we might both have fallen, and one or both of us might have suffered serious injury. Therefore, it was necessary to hire a home health aide, who came in for several hours in the morning to assist my wife with these needs. These three hours of very necessary care cost about $70 a day.

How did we pay for this care? Very fortunately, we had long-term care insurance, which, after a waiting period of 90 days, covered these costs. However, it is important for the Committee to understand that only 10% of people over 65 have long-term care insurance. (1) The 90% who do not must rely on their own or family resources, or eventually turn to Medicaid. If the insurance program described in Senate Bill 2478 were in place, the 90% would be covered for $70 a day for 365 days. My wife – and many others – needed this help every day. 365 days x $70/day = $25,500 per year. How many families in our high cost of living state can afford an extra expense of $25,000 a year?

The need for a public long-term insurance system has been evident for many years. This need becomes even greater each year, as the population aged 85+ grows larger, bringing more chronic illness and disability to our State. I therefore respectfully urge the members of these Committees to support SB 2478. Thank you for the opportunity to testify on this important legislation.

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(1) National Bureau of Economic Research website, February 6, 2016

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Aubrey Tolentino, and I am writing to express my support for SB 2478. I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai`i. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Aubrey Tolentino
sweetkopoja@gmail.com
94-1075 Pupuhi Street,
Waipahu, HI, 96797-4306

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	barbarajservice@gmail.com
Subject:	*Submitted testimony for SB2478 on Feb 10, 2016 09:00AM*
Date:	Tuesday, February 09, 2016 9:01:50 AM

SB2478

Submitted on: 2/9/2016

Testimony for CPH/HMS on Feb 10, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara J. Service	Individual	Support	No

Comments:

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.

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Brittney Shinsato, and I am a 5th semester nursing student of the University of Hawaii at Manoa. I am writing in support of SB 2478.

In a way bill SB 2478 supports those who had once supported us. Growing-up in a multi-generational household, and being the youngest generation, I am consistently aware of the growing dependence of my aging family and their wellness. (Please note the following includes healthcare jargon). For example, my 53-year-old mother cares for my grandparents and my paralyzed aunt all on her own. My aunt is unable to open her hands and has lost all sensation below her diaphragm. Both my mother and father are long-term smokers, with my father having chronic obstructive lung disease, gastroesophageal reflux disease, and constant nausea and pain (for which he uses prescription medications). My grandmother is obese and on hypertensive medications. My grandfather is overweight, a borderline diabetic with hypertension, and has a history of a coronary artery bypass graft.

With all of these health disparities solely within my family, one could only imagine what other families may have to go through as well. When my mother (the main caregiver of my household) reaches her own elderly age, she will be unable to perform her former caregiver activities due to the exhausting demands that have been placed on her mind and body. Having been raised with the cultural belief (which holds true for many cultures across Hawaii), that family always supports one another, I would gain the new responsibility. I do not believe I will be able to provide quality assistance with activities of daily living for both of my parents, my quadriplegic aunt, and my grandparents, all while hopefully working as a full-time nurse. The thought seems impossible.

Therefore, I ask that you consider your own, elderly grandparents, parents, aunts, and uncles while making your decision. As the leaders of the people of Hawaii, the lives of our elderly are in your hands. Thank you for considering my testimony.

Sincerely,

Brittney Shinsato
britt21@hawaii.edu
552 12th Avenue,
Honolulu, HI
96816-2245

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Catharine Page, and I am submitting testimony in support of SB 2478. I believe this bill is an opportunity for our state to show that we care for our kupuna and that the aloha spirit thrives.

I know that like so many of us living here, you probably know someone that has needed long-term care. I hope you support this important piece of legislation.

Thank you for considering my testimony.

Sincerely, Catharine Page
catbpage@gmail.com
5784 Erne Ave
Ewa Beach, HI, 96706-3254

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I strongly support SB 2478 proposing legislation to create a long-term benefits trust fund to set aside funds for Hawai'i residents in need of long-term care at home to access resources to help pay for these costs. Keeping our Kupuna at home will create meaningful lives for both the Kupuna and their family with this care benefit which over the long-term will reduce the cost of care facilities and provide quality of life care. I'm asking Hawaii's legislators to lead on care NOW.

Mahalo Nui Loa ,

Cleota Brown
cleota.brown@gmail.com
47-413 Waihee Road
Kaneohe, HI, 96744-4952

State of Hawai`i
Twenty-Eighth Legislature 2016

Testimony on SB 2478
February 9, 2016

Committee on Commerce, Consumer Protection & Health
Senator Rosalyn Baker, Chair
Senator Michelle Kidani, Vice-Chair

Committee on Human Services
Senator Suzanne Chun Oakland, Chair
Senator Gil Riviere, Vice-Chair

Senator and Chair Baker, Senator and Chair Chun Oakland, and Members of the Committees,

My name is Colette Browne. For the past 25 years I have chaired the Gerontology Program at the Myron B. Thompson School of Social Work at the University of Hawaii. I have worked in the area of long-term care for more than 30 years as a professional social worker and public health educator, and I have worked or been affiliated with two major health care centers here. However, today I testify as a private citizen who has experienced firsthand the challenges and heartbreak associated with the costs of caring for older relatives. My story is repeated by thousands of Hawaii residents everyday that beg for your help.

I speak today in full support of SB2478. This bill offers our kupuna and our families the best hope for providing the care that all of us may need in our future.

I can share with you that even with my background; it is nearly impossible to plan for the well documented and exorbitant costs of long-term care. A growing number of long-term care programs have been built on our islands over the past 10 years offering excellent care. But they are all private pay, with an average cost of $8,000 per month. What happens to the vast majority of our citizens—those individuals who pay their taxes, who go to work every day, and who raise their children to be good citizens—who can't afford these costs? What happens then to our kupuna? This is a crisis we must face.

SB 2478 gives elders and families hope that they can share the costs of long-term care. It is not charity—families will pay through this small tax increase. In turn it will provide increased peace of mind to every state resident.

Hawaii has always been a leader in health care. This is not the first time we have sought policy change with this unresolved need for long term care financing. We have examined this issue for nearly 38 years; with the first long term care report published by the Health and Community Service Council in 1979. Let's do this—it is the right thing to do, and embodies the true meaning of aloha for our kupuna, their families, and our community.

Thank you for giving me this opportunity to provide this testimony on SB2478.

Colette V. Browne
7805 Makaaoa Place
Honolulu, HI 96822

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

This is in support of SB 2478.

We know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai'i. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Craig Watanabe
Sandra Watanabe

February 4, 2016

Senator Rosalyn H Baker, Chair, Commerce, Consumer Protection and Health
Senator Michelle n. Kidani, Vice Chair, , Commerce, Consumer Protection and Health
Senator Suzanne Chun-Oakland, Chair, Human Services
Senator Gil Riviere, Vice Chair, Human Services

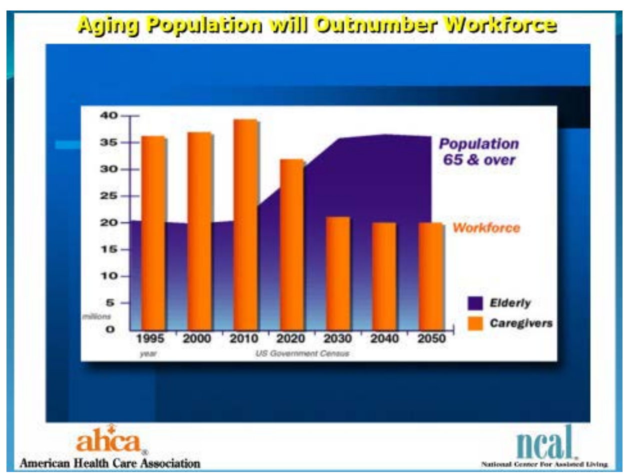
SUBJECT: RELATED TO SB 2478

Dear Senator Baker, Senator Kidani, Senator Chun Oakland, Senator Riviere and Members of the Joint Committees on Commerce, Consumer Protection, Health and Human Services:

I am Cullen Hayashida, former Director of the KCC Kupuna Education Center and presently a senior advisor for several aging related services in Hawaii. Based on my 37 years of involvement with elder care since 1979, I would like to register my observations related to the rapid pace of population aging and the growing demand for a skilled long-term care and support services workforce as it relates to SB2478 on long-term care financing.

1. Population Aging: The growth of Hawaii's population is aging about 2-3 times more rapidly than the national average. Only 3-4 states presently have elder growth rates faster than Hawaii. Part of this is fueled by increased life expectancy and decreased mortality. In addition, it is also greatly affected by the increasing numbers of boomers who are retiring and the net in-migration increase of older adults (60+ yrs old) into Hawaii.

2. Growing Eldercare Workforce Shortage: As noted in this graph, there is a growing shortage of eldercare workers nationally. Hawaii is particularly vulnerable given that we are an archipelago state making it difficult for counties to easier share their workforce. We are experiencing and anticipating a continuing shortfall on geriatricians, nurses, allied health professionals and social workers. Home Care agencies needing paraprofessionals such as certified nurse aides, home health aides, personal care attendants, companion aides are increasingly recognizing that qualified workers are not readily available. Moreover, the lack of attention to the workforce shortage is resulting in increased cost from high turnover rates and continuous efforts at retraining. If this is not addressed with resolve, the impact will be reflected in lower quality care, more abuse, neglect and increased exposure to liability.



3. Strategies to Address Workforce Shortage: What can we do to address this growing workforce shortage challenge? The following are a few that we have been discussing over the years: (1) improving our training methods, (2) importing more workers from the US mainland or from foreign sources, (3)

encouraging more self-responsibility by elders and their families, (4) creating more family caregiver training, (5) promoting active aging programs, (6) promoting end of life and hospice care and (7) promoting the use of assistive technology.

While it is clear that there is no panacea for this looming challenge, those who are very wealthy and those who are very poor have services and financing mechanisms addressing their needs. Those in the middle, however, are finding that their family crises are mounting quickly and spilling over into other arenas. Multiple strategies will be needed and clearly, additional financial resources will be required for any of the proposed solutions noted above. It is for that reason that I support the passage of SB2478 on Long-Term Care Financing. The status quo or a delay cannot be considered a responsible option for Hawaii's people.

Cullen T. Hayashida

Cullen T. Hayashida, Ph.D.

TO:
Senator Rosalyn Baker, Chair
Senator Michelle Kidani, Vice Chair
Committee on Commerce, Consumer Protection, and Health

Senator Suzanne Chin Oakland, Chair
Senator Gil Riviere, Vice Chair
Committee on Human Services

FROM: Cyan Curtis

RE: Hearing: Wednesday, February 10, 2016; 9:00am

SUPPORT SB 2478, RELATING TO LONG-TERM CARE

My name is Cyan Curtis, graduate student in Social Work at the University of Hawai'i at Manoa. I am writing to you today **in support of SB 2478** to create a fund for long-term care in Hawai'i by increasing the general excise tax by .5%. I have volunteer, practicum, and paid experience in the long-term care system and have seen the struggles that families face due to the high costs of long-term care for older adults.

As you are likely aware, Hawai'i is expecting a significant increase in our older adult population, with almost one in three adults over the age of 65 by the year 2035 (Executive Office on Aging, 2011). It is projected that the largest group within our older population will be those over 85, indicating there will soon be a high demand for health services for the oldest and most frail group of elders.

Currently, our healthcare system is not set up in a way that is viable to service those populations who are older, sicker, and without financial resources. One contributing factor is that Medicaid does not pay dollar for dollar in the long- term care system, causing facilities to drive up private-pay costs for non-Medicaid recipients. In addition, the State of Hawai'i cannot depend on families to take on caregiving, as the cost of living is so high that, for many, it is not feasible to quit work. This bill is one way to cover these gaps to and keep the long-term care system in Hawai'i afloat.

We can expect a serious crisis for the aging population and their families if we are not proactive in resolving the financial issues surrounding long-term care. Without state-funded safety net programs like a long-term care fund, the exceedingly high cost of long-term care and other healthcare services will cause major health disparities for our older adult population. Thus, it is imperative to fund long-term care programs to care for our elders and those with increased healthcare needs.

So again, please consider the future of our elders, those with health needs, and their families, and **support SB 2478** to use the general excise tax to create a long-term care fund. Thank you for your consideration on this issue.

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Darlene Rodrigues, and I am a caregiver to my mother who will turn 85 on Monday. I submit this testimony in support of SB 2478.

When my father passed away in 1998, I moved in with my mother -- so that she wouldn't live alone. Only a few years later, she began to show signs of dementia - and was soon diagnosed with Vascular Dementia and Alzheimer's. It was my turn to provide care for her.

Between gerontologist appointments, finding day care, getting her access to the handivan and adjusting to the diagnoses, it was hard not to feel overwhelmed. All this took time, energy and effort. So I did what any sane person would do, I took vacation hours to take care of all this and I asked my boss if I could reduce my hours to 30 hours. Of course, fewer hours meant less pay.

Finding quality care was very important, especially for someone with Alzheimers. We found an excellent program - but it cost $70/day. With my reduced hours at work, this was a strain - but we had to keep her safe and well cared for. I put off paying down my student debt or saving any money. Less than a year later, the company issued layoffs, and I found myself unemployed. Since then, I have only been able to find part time contract work because the hours have to accommodate my mom's care needs. .

In 2011, I found a 30 hour job - I was so excited! I was in the job for less than a year when my mom had a bad fall. She was hospitalized for 10 days and in a rehab center for week. I took off a week from work but quickly realized that healing and recovery from this injury was going to take a long time, longer than my vacation leave would allow. While caring for her, I needed to find a caregiver to hire. With mom's savings we were able to hire someone to come for 3 days a week for four months. And I reduced my hours to 20 hours/week. We were lucky that my mom had some savings so that we could hire a caregiver to help during this time of crisis. But this shouldn't be based on luck - all of us should have the peace of mind that when needed, we can hire some help.

My mom can no longer wash her own clothes, vacuum, cook, or bathe. She needs help managing her medications and healthcare appointments. During these past 8 years, we have spent the little savings we have either hiring caregivers or paying for adult day care. I can only take part time jobs since she need around the clock care.

We have had to put off caring for the house - we just can't afford things like fixing the roof, or other basic maintenance needs. I am still paying off my student loans! If she falls again or has another health emergency requiring care outside of a hospital, how will we be able pay for it? I wonder how other people in this same position are managing?

This time with my mother is also a gift. I have learned patience and that I have my mother's strength. I have learned the meaning of "cherish" and finding joy in the moment. I have been blessed to hear her laugh and see her smile. But it's a gift that comes with a tremendous burden.

My mental and physical health have suffered. I have given up my financial stability to go on this caregiving marathon. I have given up gainful employment, my ability to save for retirement, and paying into social security to care for my sweet, dear mother. All I want to be able to hold the two values my parents taught me, to work at an honest and fair job and to take care of my family.

I worry about the future, but perhaps what saddens me the most is that I am getting a clear message, that society doesn't value caregivers.

That is why this legislation is so inspiring to me - because it brings value to caregiving, it recognizes that we all need to come together, to pool our resources together, to support our ability to care for our elders.

Thank you for considering my testimony in support of SB 2478.

Darlene Rodrigues
darlene.rodrigues@gmail.com

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Davin, and I am writing to express my support for SB 2478. This bill presents an opportunity for the state to show that we care for our kupuna, and would have helped my own family situation had this bill passed when my grandpa had Alzheimers.

My dad passed away when I was in high school, so my grandpa is the one who would drive me home from school and go out fishing with me on the weekends. He also taught me the basic skills that I would need for adulthood: how to drive a car, how to wear a tie, and how to smoke fish.

But then, as I was preparing for my first year at UH Manoa, George was diagnosed with Alzheimer's. Since he had cared for me when I needed him, I wanted to step up and care for him now that he needed me. By my last year of school, I would help watch my grandpa three nights a week, often finishing a paper at 10 PM and then watching over my grandpa from midnight to 3 AM before trying to catch a few hours of sleep for classes the next morning.

This bill would have provided assistance with daily living services for my grandpa, and would have helped to ease the financial burden on my family. I know that like so many of us living here, you probably know someone that has needed long-term care. We are asking you, as our leaders, to lead on care.

Thank you for considering my testimony.

Sincerely,

Davin Aoyagi
daoyagi10@gmail.com
316 B Elelupe Rd.,
Honolulu, HI, 9682

Dawn Morais Ph.D.

I write in strong support of SB 2478.

This bill matters to me personally. My mother passed away recently at the age of 92, cared for at home by my sister. She had long exhausted her savings and was dependent on the care my sister, who lived with her, provided. In the last few years of her life, she required help that went beyond what my sister could provide by herself. My four siblings and I pitched in to meet her needs.

I cannot influence the state of things in Malaysia where my mother lived and died. But in her memory, I can work to help pass Long Term Care Insurance here in Hawaii, which I have called home for the last 16 years.

SB 2478 will ensure that everyone in this rapidly aging community will be able to afford help to meet daily needs so that they can age in place. This is not a luxury. This is a necessity.

One way or another the state is paying for the care of its kupuna in ways that are not good for the economy. It is forcing good professionals out of the workforce and endangering their ability to save for their own retirement years because they opt out to stay at home and care for family members.

The stress on individuals and on the economy will be somewhat relieved if SB2478 is passed. I respectfully ask that you please support this bill.

1, Keahole Place, #3501, Honolulu, Hawaii 96825 dmoraiswebster@gmail.com
808-383-7581

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I write in support of SB 2478. This bill matters to me personally. My mother passed away recently at the age of 92, cared for at home by my sister. She had long exhausted her savings and was dependent on the care my sister, who lived with her, provided. In the last few years of her life, she required help that went beyond what my sister could provide by herself. My four siblings and I pitched in to meet her needs. I cannot influence the state of things in Malaysia where my mother lived and died. But in her memory, I can work to help pass Long Term Care Insurance here in Hawaii which I have called home for the last 16 years. SB 2478 will ensure that everyone in this rapidly aging community will be able to afford help to meet daily needs so that they can age in place. This is not a luxury. This is a necessity. One way or another, the state is paying for the care of its kupuna in ways that are not good for the economy. It is forcing good professionals out of the workforce and endangering their ability to save for the future.

Thank you for your consideration.

Sincerely,

Dawn Morais
dmoraiswebster@gmail.com
808-396-2023

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Deanna Espinas, and I am writing to express my support for SB 2478. This bill is an exciting opportunity for Hawaii to show that we care for our kupuna and that the aloha spirit thrives.

Like so many of us living here, you probably know someone that has needed long-term care.

My family has already experienced the challenge of being primary caregives for three of our elders. Tragically, when I could no longer find a replacement licensed care home for one of my relatives with Alzheimers, I turned to a person who was willing to provide round the clock unlicensed care. It was a desperate decision. When we had to admit that relative for emergency treatment of health complications due to bed sores, authorities were contacted. I was notified about possible consequences leading to prosecution. At that point, I had no choice but to consider immediate resignation from employment and requested the hospital to release the relative to my care pending any further legal action.

I don't know how many families are facing such critical actions in finding appropriate care and services for their love ones. As legislators, we have elected you to be leaders to the people of Hawaii. We are asking you, now, to lead on care and help families across the state face their future with hope.

Sincerely,

Deanna Espinas
espihawaii@juno.com
2103 Palolo Avenue
Honolulu, HI, 96816-3022,

Testimony in Support of Senate Bill 2478

Dear Senator Baker, Chair & Members of Commerce, Consumer Protection & Health Committee & Senator Chun-Oakland, Chair, & Members of Human Services Committee. I want to thank you for the opportunity to speak.

My name is Dr. Clementina Ceria-Ulep, Co-Chair for the FACE Long-Term Care Taskforce of Oahu. I am also the Chair of the Nursing Department at the University of Hawaii at Manoa.

I want to speak in support of Senate Bill 2478. This will create a new piece of care infrastructure for our state - - it will create a long term care benefits trust fund to provide access to a certain amount of resources each day for a year to assist in paying for in-home care.

If passed, Hawaii would be the first in the nation to create such a program - and through this would be leading the nation in establishing public policy that so clearly matches our state‰Ûªs values of caring for our kupuna.

Why is this necessary? A few staggering statistics--every eight seconds, someone in the country turns 65 years old, 10,000/day, 4 million a year. As the demographics of the United States shift, Hawai`i is aging even more rapidly, and living longer than the senior population in any mainland state. In fact, the population of residents over the age of 60 has increased 300 percent since 1959.

We all know that when given the choice, the vast majority of us prefer the notion of staying home to receive care, having better quality of life, rather than moving to a facility as we age. Family members are often incredible caregivers, but providing that care creates financial and emotional stress. Supporting home caregiving means Hawaii can honor the wishes of our seniors, who want to stay at home with their families, as well as help the caregiving families who work so hard to keep their loved ones at home safely.

I would like to give a few examples of caregiving struggles that I have observed. Members of FACE have changed their work schedules--working part-time or retiring early to be caregivers putting themselves at risk for the future. I have a neighbor whose mother needs adult day care services but he does not have the money to pay for it. I have seen friends and family unity break from caregiving burnout. Perhaps even some of us in the room are experiencing the same. These caregivers are the backbone of our care system and desperately need our investment and support. The legislation being introduced would provide such support.

For me, and I hope for all legislators, it is a source of pride to know that Hawaii is at the forefront of long-term care legislation. No other state is as far along, or has invested so much time and research, into conducting the analysis of the funding mechanism under the leadership of University of Hawaii professor, Dr. Larry Nitz, that could adequately support a public social insurance program for long-term care.

The task before you, our lawmakers, is to drive this forward - 2016 is the year to show all of our families, and the country, that Hawaii leads on care. FACE has been working on this issue for 20 years! It's time!

Thank you so much,

Dr. Clementina Ceria-Ulep
clem@hawaii.edu

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Elizabeth Winternitz, and I am writing to express my support for SB 2478. This bill is an exciting opportunity for Hawaiʻi to show that we care for our kupuna and that the aloha spirit thrives. This legislation would create a long-term care benefits trust fund — public money that would be set aside so that all Hawaiʻi residents in need of long-term care at home would be able to access resources to help pay for the costs. By providing care benefit of $70 per day for 365 days, it establishes a much needed "care floor," ensuring that everyone would have access to basic resources to provide care at home. I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai`i. We hope you can lead on care.

Thank you

Elizabeth Winternitz
ewinrus@gmail.com
1212 Nuuanu Ave. #3509
Honolulu, HI, 96817-4039

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Elizabeth Winternitz, and I am writing in support of SB 2478. By providing a care benefit of $70 per day for 365 days, it can ensure that everyone would have access to basic resources to provide care at home.

Thank you for considering my testimony.

Sincerely,

Elizabeth Winternitz
ewinrus@gmail.com
1212 Nuuanu Ave. #3509
Honolulu, HI, 96817-4039

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Gary K. Tanimitsu and I am writing in support of SB 2478.

In 1999, after falling for no apparent reason while walking on several occasions, a neurologist determined that my father had suffered a series of mini-strokes. My Dad's condition deteriorated until it was impossible to keep him at home. My father was 85 when he needed to be admitted to a nursing home in early 2000. After months of suffering the adjustment problems that a life-long loner would have in a very stressful social environment he finally passed in the middle of 2002.

Dad was very unhappy in the nursing home and became so frustrated that he once tried to escape from the facility. Had my father been able to receive the care he needed at home, his suffering would have been greatly lessened. There is no way around the horrors of infirmity, disability, and dementia. However, allowing the vulnerable elderly to age at home would have added a large measure of happiness that my Dad did not have in his final days.

My mother had been living alone in our 3-bedroom home since early 2000 when my father was placed in the nursing home to mid-2001 when her condition deteriorated to such a point that it was necessary to place her in a care home. Medicaid paid for the nursing home bills for both of my parents after I signed an agreement that allowed the State to attach a lien against their house for every payment made. After my Mom passed away in late 2005, and the dust had settled, I owed the State a little over $200,000. I lost my house due to this.

I am grateful to Medicaid for fronting the money necessary to provide both of my parents with the nursing home services they needed. However, had the public long-term care program proposed by SB 2478 been available, I may have been able to keep the house I grew up in. In any event, the program would be more than what I had available at that time, which was nothing.

I wholeheartedly support the passage of SB 2478 for the sake of those who will need the help in the future. Thank you.

Sincerely,

Gary K. Tanimitsu
gktanimitsu@gmail.com
3230 Ala Ilima Street, Apt 302,
Honolulu, HI, 96818-2912

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is HILEAH REIGH, and I am writing to express my support for SB 2478.

This fund isn’t meant to cover a stay in a long-term care facility like a nursing home. Instead, it would support assistance with daily living, like hiring home care aides or installing equipment like walkers and ramps. I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of HawaiæÈi. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Hileah Reigh
hileah@ymail.com
510 Magellan Ave #8,
Honolulu, HI, 96813-1899

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

This testimony is in support of Senate Bill 2478. Our kupuna are living treasures whose experience and wisdom are valuable assets for our society. A community must be judged by the way it cares for its most vulnerable members.

Thank you for considering my testimony,

Javier Mendez
mendezj@hawaii.edu
1326B Alewa Dr.
Honolulu, HI, 96817-1200

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Michele Kather, and I am in support of SB 2478.

I too was a care taker for my grandmother for 5 years helping my mom before she passed on. It was hard. I had to arrange my work schedule just so I can be with her doing the day while my mom worked during the days. Although we were bless that my grandfather had good insurance leaving my grandma with money. It got to a point where it got tough with financial when nurse were needed. Please help this matter.

Thank you for your attention,

Jesse Johnasen
johnasen@yahoo.com
86-257 Kawili St.
Waianae, HI, 96792-2936

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

This testimony is in support of Senate Bill 2478. I support this legislation because I cared for my father and mother until I couldn't anymore. Hawaii elder care homes were unaffordable, so I had to send them to facilities on the mainland and couldn't be there when they died.

Sincerely,
Jonathan Boyne
boyne@hawaii.edu
Kakela Dr., Honolulu, HI, 96822, United States

February 08, 2016

TO: Members of the Senate Committees on CPH/HMS

RE: SB2478 (2016) – SUPPORT

Date: February 10, 2016

FROM: Julie McGee – Individual Citizen, University of Hawaii Graduate Student of Social Work

I, Julie McGee, strongly support the efforts to pass SB2478, which would allow for a long term care financing program to provide a universal and affordable system of providing long term care.

As a full-time contributor to the healthcare workforce in the state of Hawaii, as well as an intern through the graduate program at the University of Hawaii School of Social Work, more than ever do I see a need for policy change revolved around how we afford long term care. With the older adult generation rapidly growing, we have a duty as professionals to make change for the greater good and make long term care affordable and available to those in need.

Affordable long term care for our Kupuna should be a responsibility for those in the work force to help provide the care and safety that they deserve. Therefore, I currently support SB 2478 (2016).

Mahalo nui loa, for your efforts to help provide affordable long term care and taking care of our Kupuna.

Aloha,

Julie McGee, BSW
MSW student
University School of Social Work

February 8, 2016

From: Karen Muronaka

RE: Testimony in Support of Senate Bill 2478

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I am a member of the FACE (Faith Action for Community Equity) Long Term Care Task Force. I strongly support SB 2478. Its provisions allow an elderly person to live in the familiarity and comforts of his/her own home for as long as possible without distressing either the elderly person or his/her caregiving family. The bill provides caregiver(s) up to $70 a day up to a cumulative period of 365 days. This would give the family caregiver(s) the ability to hire a trained, licensed caregiver to attend to the elderly person and yet take care of their own needs such as attending church, shopping for groceries or even taking a relaxing walk in the park. SB 2478 would utilize dedicated funding through a 0.5% GET surcharge administered by a board of trustees.

I urge you to support SB 2478 for the sake of the current and future elderly in Hawaii.

Sincerely,

Karen Muronaka

Address: 46-271 Hoauna St.

Kaneohe, HI 96744

247-4202

Testimony **SB 2478, HB1885**

Lawrence H. Nitz, Ph.D.

Long Term Services and Supports Feasibility Analysis

The program proposed by SB2478 and HB1885 is a response to the 2012 Long Term Care Commission's recommendation for a study to examine the feasibility of a limited benefit, mandatory social insurance program for long-term care in Hawaii. The program is designed to reach out to Hawaii's families with assistance for the care of their kupuna, at a time when care is critical. It is targeted at helping with care for kupuna when they begin to most urgently need long-term assistance. The care criteria are based on need for assistance with two or more activities of daily living (ADLs) or cognitive impairment.

The program in a nutshell:

Program in a Nutshell

- Eligibility—vested with regular filing of Hawaii Resident Income Tax Returns
  - 1/10 of face value of benefit earned per consecutive year filed
  - After one year grace period, 1/10 of face value lost for
- Benefit of up to 365 days service, stretched out as needed
  - "Trigger" of needing assistance with 2 or more ADLs or cognitive impairment
  - No age restriction
  - Secondary to Medicare, Primary to Medicaid, Private LTCI may be used at any time
- Funded by ½ % addition to the Hawaii GET
  - Funds deposited into dedicated Trust Fund Account
  - Trust Fund managed by Trustees with fiduciary responsibility
    - Requires annual public actuarial report
    - Obligated to show Trust Fund solvency for 75 years
  - Initial benefit of $70/day may be adjusted by Trustees to deal with inflation

Frequently Asked Questions--Benefits:[1]

What will be the criterion for awarding benefits? What does "2 or more ADLs"mean? ADLs --, activities of daily living, are the activities without which we cannot go through the day—getting out of bed, getting dressed, taking a shower or bath, getting to the toilet, and eating. It is clear that if we cannot get out of bed without help, or cannot get dressed, or cannot manage continence, we cannot do very much in this world any more. In Hawaii's families, you and I may not be the focus of care; it will be our mothers and fathers, grandparents and other close

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[1] Most figures in the following sections are drawn from the LTSS Report, http://www.hawaiiadrc.org/Portals/_AgencySite/LTSS/LTSS_2.pdf. Additional figures are taken from the Policy Notes listed on the Hawaii ADRC publications page, http://www.hawaiiadrc.org/site/439/reports___publications.aspx.

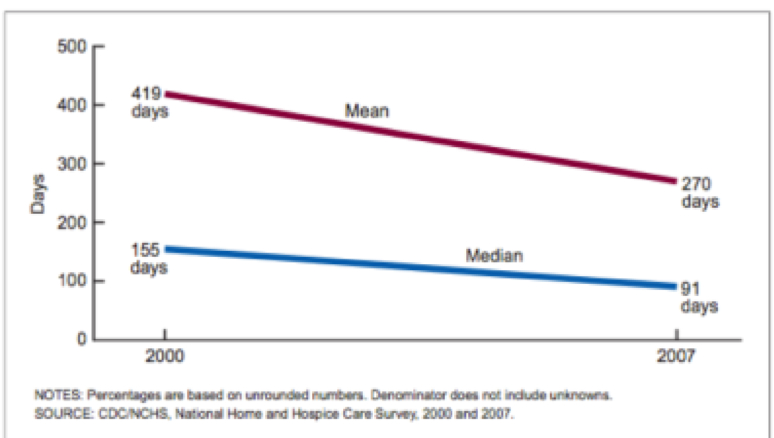
relatives. When a family's kupuna need care most middle-aged folks will still be in the labor force. Few will have golden parachutes. Many will have to leave work to provide care.

Why is there only a 365 day benefit, rather than lifetime? The program created by this bill will provide assistance in the early months of the need for care. With a 365 service day benefit, families will be able to hire part-time care givers to get the day off to a good start, or to help with the tasks that family members cannot do. They can arrange for a kupuna to visit an Adult Day Care Center, and cover much of the center daily cost. They can spread these benefits out—using services as the family schedule requires them. Realistically, it is likely very difficult to get a care worker to come for just an hour—so a little bit longer service visit may be necessary—typically in the 4 hour range.

Most people who need some long term care may not use benefits for very long. The program benefits exceed both the average and median length of care found in the CDC National Home and Hospice Care Surveys.

How long do folks typically need care?

Figure 3. Length service for home health care patients in their own homes aged 85 and over, United States, 2000 and 2007

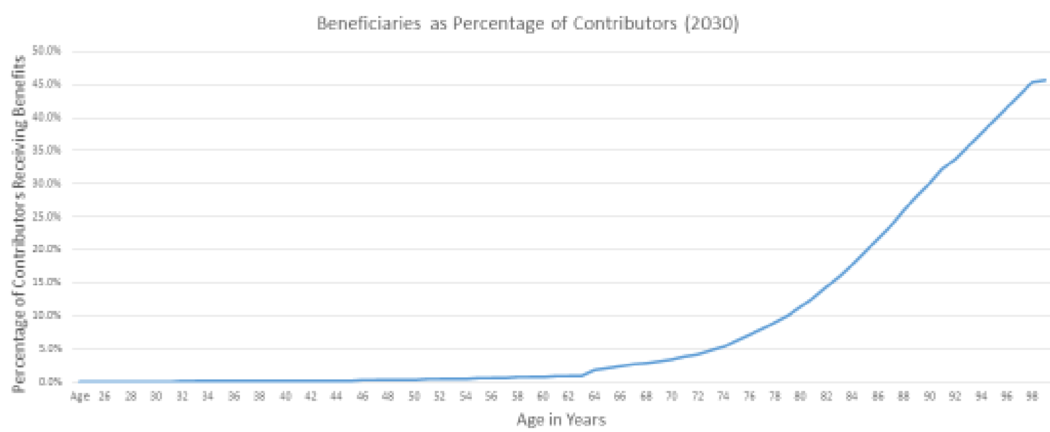


What about benefits after 365 days of service? The mean number of days of home and community care in the US is less than 300. The median is about 90. Relatively few people will need more than 365 separate days of care. Families use extra care givers so they can get to work on time, so they do not have to have someone take early retirement, or similar job changes in order to provide care for Mom or Dad. If a family used a caregiver 5 days a week for 50 weeks, which would use 250 care days—115 days would be left in the allotment to use in the future. Any plan to extend the number of benefit days would require recalculation of the program financing with data on actual utilization. Trustees could not authorize an adjustment that exceeded the proposed financial package.

Is anybody really likely to get benefits? The amount of money needed to pay benefits was determined by an actuarial model that estimated the number of people in the state who are likely to be disabled in each age group over a 75 year time horizon.[2] Under the actuarial model, by about 2025, nearly 30,000 people will be getting benefits annually.

Will young as well as older people be able to receive benefits? The program benefits are not restricted by age. Younger adults who encounter disabling events that affect activities of daily living (ADLs) may also draw benefits. But they will be a small portion of beneficiaries, as shown by computations from the actuarial model. In the following figure, we see that only by age 75 are 5% of the contributors receiving benefits. By age 84, 15 % of the contributors will be in benefit status; by age 95, about 35%.

Does the program deal with elder frailty?



***Why the complicated vesting and de-vesting system*?** Medical migration has become a concern for many states in the South of the U.S.—Florida, Arizona, New Mexico, and so forth. It could become a concern for Hawaii also if we establish a program that does not in effect ask folks to contribute to the pot. There is a constitutional issue here, since states must treat the citizens of other states equitably.

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[2] The actuarial model was developed initially for the State of Hawaii Executive Office on Aging in 1991-1993, and revised in 2002-2003 and again in 2014-2015. The Annandale, VA. Firm of Actuarial Research Corporation developed the underlying statistical tables from the best available sources and procedures that had been tested in work for the Social Security Administration and the Department of Health and Human Services, Assistant Secretary for Planning and Evaluation.. Guidelines for reading the model are given in: http://www.hawaiiadrc.org/Portals/_AgencySite/LTSS/Workbook_t.pdf . Sample output for various prospective

American states have occasionally attempted to restrict rights and benefits to their own residents. A famous Montana case held that a state could restrict inessential services, such as the right to get a hunting or fishing license, but not essential services needed to sustain life or health. Access to college at in-state tuition in another state has been regulated by establishing a very clear set of residency rules. Virtually all other point of time residency restrictions have been found unconstitutional under Article 4 of the Constitution or the 14th Amendment. The vesting program which credits 1/10 of the face benefit for each consecutive year a person has filed a Hawaii Resident Income Tax return avoids a point-in-time residency clause. Everyone is subject to exactly the same rule. The effect of this is that the program does not restrict folks who come from a no-income tax state, such as Alaska, Texas, and Wyoming but it invites these folks to move their tax home to Hawaii. They will then join the program on the same basis as current residents. Thus, the program treats all persons the same.

Why do the benefits start five years after the initiation of the program? This is a one-time adjustment. It will be necessary to have the disbursement system up and running to pay benefits. In addition, while the program is very new, it is probably not good to encourage people to make a claim in the second year or so for just 20% of the face value of the benefit.

What if people leave the state to stay with their children? People do travel, and in many cases they must leave the state to be with their children living on the mainland. The slow de-vesting process allows them to be absent for a while, but not lose all benefits?

What about people not required to file a tax return? One of the tasks set for the Board of Trustees in the bill is to write rules to cover citizens not required to file a tax return (persons with very low incomes and no defined benefit plan retirement benefits, for example.) Because these circumstances may be both detailed and change over time, the rule-making process is probably a better place to make procedural decisions than in enabling legislation.

Why doesn't the program pay for nursing home care? The program does not bar nursing home or institutional services, but we must realize that the benefit will pay only a small part of the daily bill in an institutional setting. For much of the time our kupuna are disabled and need assistance with ADLs, they really want to stay in their homes—to age in place.

Why not just double or triple the benefit so that we are sure that nursing home care will be fully covered? The cost scales pretty directly—triple the benefit would require triple the collections. We must also keep in mind that Hawaii has about half the LTC institutional beds of most other states, thus spaces may be in short supply even with larger benefits.

Can you use the program if you have private long-term care insurance? Yes. You may want to call on the program first because the exclusion period is only 30 days, as opposed to 90 or 100 days typical with private long-term care insurance.

Does it matter if I am a dependent when filing taxes? Hawaii Resident Income Tax form N-11 provides for listing both head of household and spouse. In the event a couple files separate returns, or the partners later file as single persons, the same tax identification number will be carried on all returns filed. Questions about eligibility for persons not obligated to file a Hawaii N-11 return must be addressed by the Trustees, under language of the bill.

How do you receive benefits? The benefit is intended to cover a portion of the cost of services. It is designed to allow hiring additional caregivers in order to protect the careers and retirement rights of family. For fiscal integrity, the payments for services must be documented by receipts, payroll records, care services contracts or the like.

How will I submit a claim? The Trustees will establish working relationships with agencies capable of processing claims from eligible residents. To allow time to set up working payment mechanisms, no claims will be accepted during the first five years of the program. Thereafter, payments will be available according to the vesting schedule.

Can I spread payments over time, depending on when I need services? Yes, the intent of the program is to provide 365 days of services, not 365 calendar days. If you need services only for three days a week, you would use only 156 days of services in a calendar year, and have over 200 days left to use later.

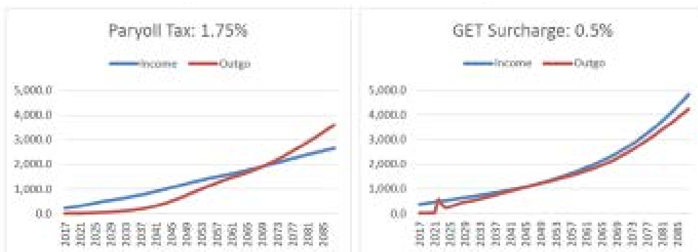
If there are many disabled people in a household isn't there a chance for abuse? The estimates of the need for services come from the distribution of disability across the population. It does not matter where eligible beneficiaries live—the pricing model took their needs into account. The target disability level of 2+ ADLs or cognitive deficit governs determination of need. Some households with two elder members may have two folks receiving care at one time, but usually care will not start for both partners in a marriage at the same time.

Frequently Asked Questions—Funding:

How will program funds stack up against program benefit payments? The key factor in planning for solvency in uncertain times is to assure that the funds paid out of the program do not exceed the funds taken in. Dr. Wayne Liou provided an analysis of the effects of optimistic and pessimistic conditions on the solvency of payroll tax and GET financed programs:

Figure 1: "Solvent" Economic Assumptions

Figure 2: "Pessimistic" Economic Assumptions



The two critical issues illustrated in the graphs above are the size of the tax and the solvency—never paying out more than is taken in. Under optimistic financial assumptions, the payroll tax is solvent for many years at 0.95%, but insolvent under more pessimistic assumptions. The GET based program is more than adequately solvent under optimistic assumptions at 0.4%, and still fully solvent under pessimistic assumptions at a 0.5% GET increment. The lower-right hand illustrations shows the expenditures and income to the find tracking, with the income always slightly in excess of the expenditures. At all times the fund balance is at least three times the amount needed for the next year's benefit payments.

***How does the program provide for stability and solvency*?** The keys to a stable, sustainable social insurance package lie in the design of the financing mechanism and the fiduciary management of the program.

1. A social insurance program needs a dedicated source of funding—it cannot be funded on an occasional basis from anticipated surpluses.
2. The size of the funding source has to be regarded for a long period of time as *fixed.* Program managers must not be able to return to the legislature for additional funding on a regular, frequent basis.
3. Investment assumptions for a Trust Fund must be pegged to quite pessimistic expectations. To project a 7% real interest rate over time would be a case of uncontrolled optimism. Returns must be assumed to be very modest, similar to the long term expectations for US Treasury bond interest rates (2% to 2.7%).
4. In planning, actuaries must assume a relatively high benefit use estimate among the whole population, not just older citizens.
5. Adjustments of benefits cannot be mandated in advance. Financing must plan for inflation adjustments, but they cannot be written into law without threatening fund solvency.

6. Trustees must be fiduciaries in their management of the fund. They must act wholly in the interest of the fund beneficiaries. There must be a standard of solvency which the Trustees are obligated to maintain.
7. Administration of both money coming in and membership in the fund must be manageable. The GET is relatively easy to collect—and over 25% of it is paid by retail purchases of visitors to Hawaii. Establishing a record of residency be virtue of filing a tax return is simple, and an aggregate record of filings can be posted for every person identified on a tax return.

How can we know whether the fund is healthy? Will we be able to see that it is solvent? The Trustees must present a public annual report of the actuary to the legislature. The report must demonstrate that any recent actions of the Trustees in setting benefits, assuming fund earnings in the future, and assessing the growth of the population will result in solvency for the next 75 years.

How will we know that the Trustees will not make ill-considered investment decisions? The investment criteria for the Trustees are defined in the bill. Fund investments must be appropriate for public investments, issued by reliable sources, and sufficiently liquid to allow the fund to meet is benefit payments without substantial loss on sale of such securities.

How can you assure that the Trustees will act as "fiduciaries" rather than as simply disinterested administrators? Detailed technical language in the bill sets out standards of performance and responsibility for the Trustees and standards of reporting for the actuary. This protective language is intended to provide a form of insulation of the tax funding from the stream of benefits. As we know, in the U.S. Social Security system, we have had a string of more or less automatic inflationary adjustments, yet have experienced little or no adjustment by the Congress of the tax rate, the cap on incomes not adjusted, even in the face of increasing life expectancy and thus longer benefit claims.

Why can't we do this with private insurance? We mean, why can't we insure the society with private insurance? Private insurers have obligations to their subscribers to avoid unplanned losses. Thus the private insurer must "underwrite," that is, make a judgement about whether a person can be insured without taking a risk on someone very likely to use benefits. The whole society then cannot be covered by private insurance—High risk applicants cannot be insured and still protect the assets required to cover claims on the folks now holding insurance coverage. There are a couple of very restrictive limits:

a. Applicants have to be healthy and look like they present a small risk of making claims.
b. Private insurance buyers may have to buy when young, then hold for many years.
c. The company must present an attractive price—and to do so may assume very good investment returns for a long time or very low rates of use—which could be wrong.
d. People often try to buy LTCI to fill highest possible lifetime needs—then after retirement may find that they do not have sufficient income or reserves to handle an increase in premiums.

Wouldn't the public/private partnership program to make Medicaid available to folks who carry LTC insurance help out here? The public/private partnership programs may waive an asset test for Medicaid, but the applicants must still meet Medicaid income requirements. Under most circumstances, the limit on income for eligible couples is about $34,000 a year. But at this income level, very few older people can afford to purchase the long term care insurance.

Won't tax credits for long term care insurance do the job of getting people to cover themselves?
For tax credits to work, people must be able to qualify for a policy on health grounds, be able to afford the initial premiums, and to continue paying them long after retirement. Any lapse in this stream of premium payments pretty much defeats the benefit of the tax subsidy.

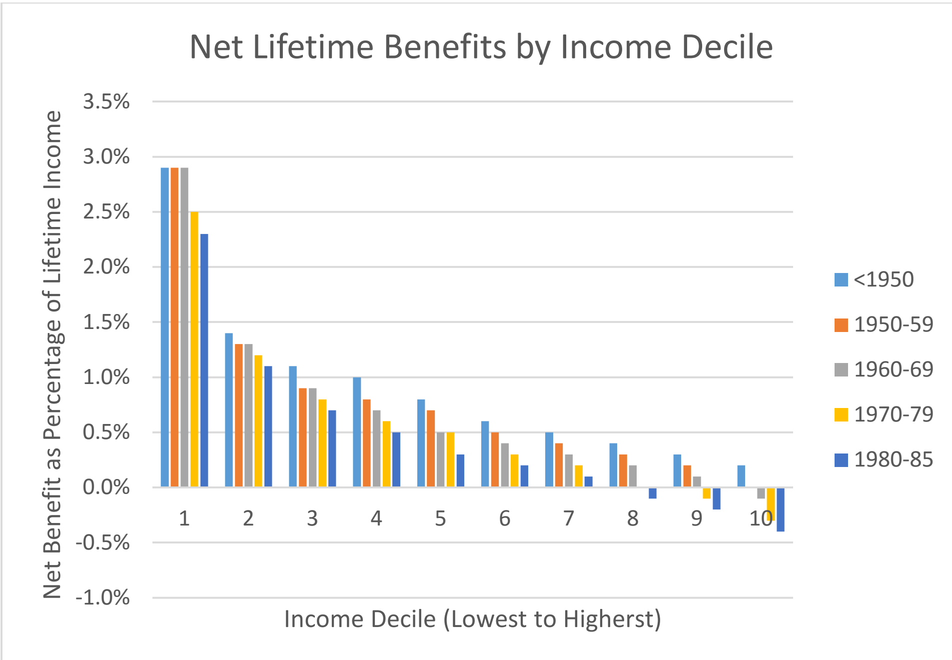
Why not simply use general funds? Using general funds is efficient—it does not tie up much money in advance. But a general fund benefit must be available to all—both residents and visitors. A dedicated Trust Fund with a dedicated source of funding permits creation of an open benefit qualification that nevertheless slows initial demand for services. The program vests the right to benefits at 1/10 of the face value for each year a Hawaii Resident Income Tax Return is filed. Thus it is possible to offer everyone exactly the same path to benefits, whether they were born in Hawaii or moved here as adults later in life. Everyone is welcome to come—but they must make Hawaii their tax home.

Why not a payroll tax? The payroll tax has a few obvious constraints if used to finance a long-term care program:

a. Beneficiaries have to be on a payroll—they have to be working.
b. Employers or their payroll agents must adapt payroll disbursing software.
c. The Tax Department must keep track of funds paid in, in a manner similar to keeping track of payroll deductions for state income taxes.
d. People not working are excluded from the start; people with irregular work will have a difficult time showing consistent commitment.
e. All of the tax is paid by working people in Hawaii. None is exported.
f. To include retirees would mean converting the payroll tax to an income tax and taxing retiree incomes.
g. A payroll-tax based program would be supported only by working people—they would not contribute after leaving the workforce. The number of workers per retired beneficiary would then become a critical financial ratio.

Isn't a sales or general excise tax regressive? Won't the program hurt the poorest residents?
The assertion is commonly made that VAT and General Excise Tax programs are regressive, because poorer people pay a larger share of their income, since they spend more of it. For a social insurance program with benefits available to nearly all of the population, it is necessary to look at expected lifetime benefits and expected lifetime tax. Using the Urban Institute's *DYNASIM* income simulation model for Hawaii, we can show that relative to their lifetime

income, lower income residents will receive higher net lifetime benefits than upper income residents. This is shown in the following figure.



Why a special board of trustees? Why not manage through an agency providing services? The ethical standards for service delivery professions such as social work, public health, community nursing, and the like are very different from those of a fiduciary trustee. The social delivery professions focus on assuring claimants that they receive the services and assistance they need, have access to financing for which they qualify, and to do so fairly without gender, ethnicity, age, or other bias. The fiduciary trustee is obligated to keep program solvent, to monitor the reliability of investment advisors, the control the rate at which benefits may be increased to meet inflation and the like. The fiduciary trustee must be the proverbial "green eyeshade accountant." Since the trustees are required to keep the program solvent for 75 years, they will possibly be at odds with the vision of the social service professionals who are obligated to help people get services.

Won't a tax program take money out of the state and slow the economy? My colleague Dr. Wayne Liou, our health economist, examined the flow of funds going into the GET increment, and the flow going out in services purchased by the benefit. After the startup of the project, the program is projected to create more jobs and greater additional net benefits than lost by taking the tax out of the expenditure stream. The benefit is intended to secure additional care for a family kupuna. It is paying mostly for labor, and occasionally for other means of assistance to the beneficiary. These are jobs that would not have been generated if the family had been to finance them for cash out of "lunch money." The family would generally not hire the assistance needed to care for their member needing help.

Haven't medical costs escalated in recent years? How can the program cover that? LTC home and community services are really not medical costs—they involve no magical equipment and no brand-new drugs. Home and community services are people providing hands-on care to a person with limitations in activities of daily living. This is labor. The inflation rate for basic wages has been low for a decade or more.

Frequently Asked Questions—Urgency and Risks:

Won't the program encourage medical migration to Hawaii? The program actually mandates moving one's tax home to Hawaii and credits benefit eligibility at only 1/10 of the face value for each successive year tax return filed. It is pretty expensive to live in Hawaii. The very poor have a tough time coming here—and may not file income tax returns. When a benefit criterion is set at failing 2 or more ADLs (activities of daily living) or cognitive deficit—we are describing a group which is really not very mobile.

How do we know we will have enough money? The first calculation for the actuary is to determine the population size, age, and likely growth. Then the actuaries can calculate the cost of providing services to everyone in the eligible population who meets the required disability level. This projection involves looking at the target disability level across the whole population. This level of service, and the population projection over time, generates the estimate of the cash needed each year into the future. The tax collection rate is set only after the cost picture has been determined. The collection rate is designed to provide a limited cushion in the fund balance to accommodate minor year-to-year fluctuations in demand, and to allow for but not mandate benefit increases to compensate for inflation.

Isn't there cross-subsidization from the young to the old? After all, current elders become eligible for full benefits in 10 years. Yes, there is some. The alternatives, however, are not very appealing:

a. The program starts with a cohort of young people and reserves the fund assets for each cohort for the benefit of only its members. The model will build potentially large balances, which are themselves a political temptation. It must also use an age-based collection system.
b. The program takes all age groups, but sets different prices for each age group. This would result in effectively a private insurance system without the possibility of underwriting applicants' risks. Avoidance of payment by older cohorts would imperil the program solvency.
c. All of the person-based collection systems fail to capture contributions by visitors to Hawaii.

Can't we depend on our kids to take care of us? Sometimes. But about 21,000 people between the ages of 30 and 64 leave the state every year[3]. This number excludes the young

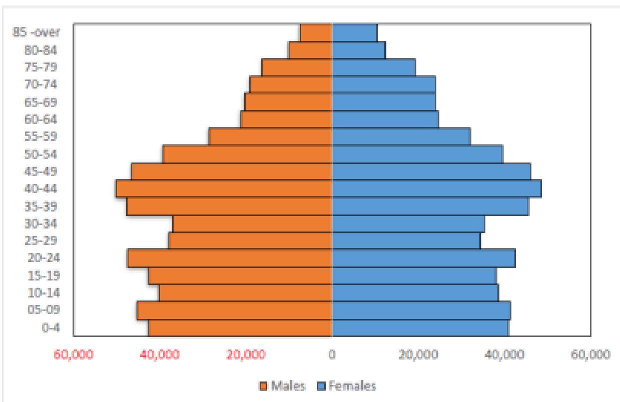
[3]. American FactFinder. B07401. Geographical Mobility in the Past Year by Age for Residence 1 Year Ago in the United States. 2008-2012 American Community Survey 5 –Year Estimates

military personnel on short rotations, and students who have gone away to school. The number in prime working years who have left since 2007 is on the order of 185,000.[4]

Why not wait to see how the problem develops over time? Hawaii's population grows from both birth and migration. Two age profile charts illustrate this effect from 2000 through 2040.[5] Hawaii's population grows as much by addition of adults coming to Hawaii as it does from births.

How old are we now?

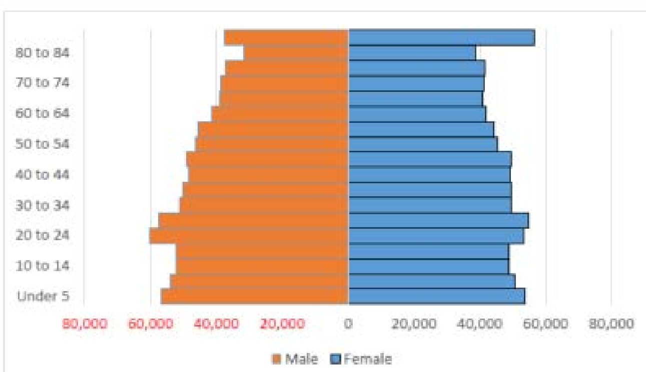
Figure 1. Age Distribution for the Resident Population of Hawaii, 2000



And

How old will we be?

Figure 2. Age Distribution for the Resident Population of Hawaii, 2040



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[4] Computed from the American Community Survey. Tabulation of residents in all other states who had lived in Hawaii in the previous year, over the years 2007-2014. Sourced from IPUMS-USA, University of Minnesota, www.ipums.org

[5]Table A-8. Hawaii State Male Resident Population by 5-year Age Group, 1980-2040
Table A-9. Hawaii State Female Resident Population by 5-year Age Group, 1980-2040, found in http://files.hawaii.gov/dbedt/economic/data_reports/2040-long-range-forecast/2040-long-range-forecast-appendices.xlsx

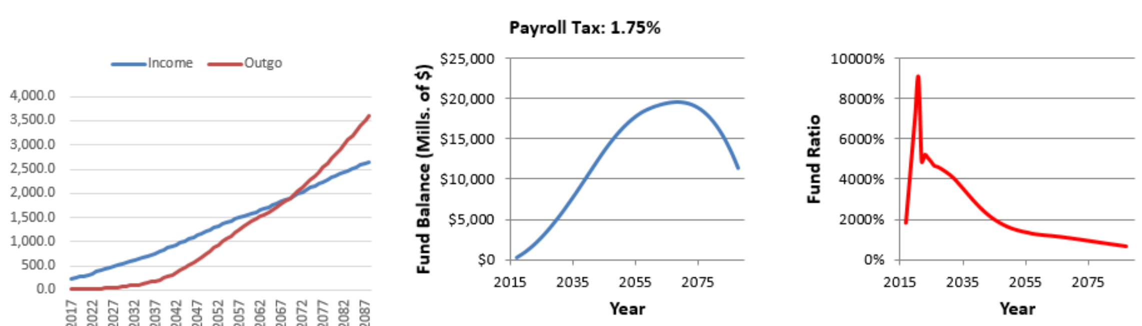
Testimony **SB2478, HB1885**
Wayne Liou, PhD
Long Term Services and Supports Feasibility Study

The long-term services and supports public insurance program proposed by SB2478 and HB1885 is a substantial program that will address the needs of caring for kupuna. Even though the program will work to minimize difficulties involved with long-term care of kupuna, we want to design the program to ensure costs do not exceed benefits. Thus, we must carefully analyze the reliability of financing the program, as well as the social and economic impacts of the program, in order to conclude that the program is indeed beneficial to the State of Hawaiʻi. This testimony will explore the sustainability and the socioeconomic effects of the proposed program.

Financing the Program

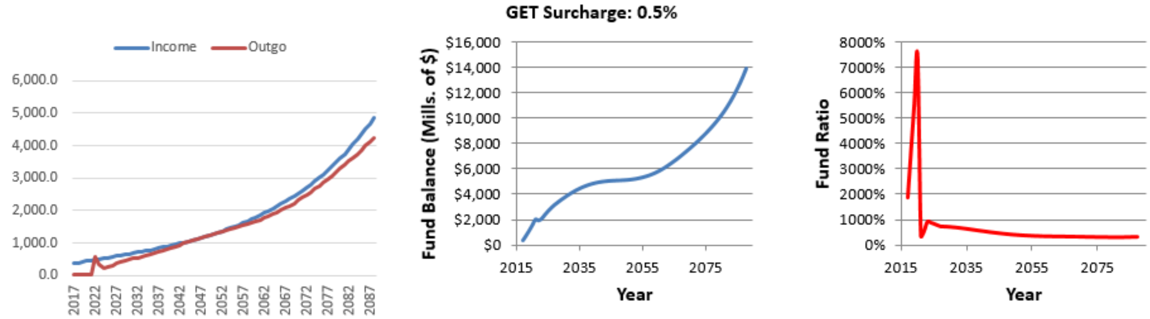
Several funding options to finance the program were explored: an income tax, a payroll tax, and a General Excise Tax (GET) surcharge. There is one major issue with an income tax – an income tax would tax retirement benefits. This would be particularly hurtful to current retirees, who likely have not saved with this additional tax on their benefits in mind. A payroll tax is similar to an income tax, but has the advantage of not taxing retirees. A payroll tax is not without its problems however. One important question is whether current retirees, who would not be making nominal payments to the program under this funding mechanism, should receive any benefits. While this question might inspire lively debate, one thing is clear – this program would be unable to afford to give current retirees benefits. Even without distributing benefits to current retirees, it will be quite difficult to sustain the program with a payroll tax. Figure 1 is an example of what happens to the fund with a payroll tax. Regardless of assumptions on the state of the economy and the amount of benefits paid out, the fund balance will start turning downwards sometime in the future. Under a high payroll tax, good economic conditions, or a small benefit, this downward trajectory will happen much later, but an increase to the payroll tax or a decrease to the benefit will have to happen eventually.

Figure 1.



Compare this to a GET surcharge: with a GET surcharge, the fund is very sustainable (see Figure 2). This happens for a couple reasons. First, retirees continue to make small, but not insignificant, contributions to the fund. Second, visitors to Hawaiʻi, individuals who will likely never use the benefits to the program, will pay up to a third of the fund. Currently, around 30% of GET comes from tourists visiting the State. With a GET surcharge, there is no question about supporting current retirees – it is financially feasible, and since these retirees are making at least a nominal contribution to the fund, they will receive benefits. Figure 2 is based on pessimistic, recession-level projections of the economy. Even if the economy was stuck in a recession for the next 50 years, the fund would continue to grow.

Figure 2



<u>The Economic Impact of a GET Surcharge and a Public Long-Term Care Insurance Program</u>

The economic impact of a GET surcharge was analyzed in two ways: first, a similar GET surcharge, the Honolulu “Rail Tax,” was used as a comparison, and second, a regional input-output model was employed.

When looking at the historical example of a GET surcharge, there is little evidence that 0.5% will have an effect on the economy. The “Rail Tax” was implemented in 2007, and applied only to transactions that occurred in the City and County of Honolulu. To determine the impact of a 0.5% GET surcharge, various measures of the economy were compared between the island of O‘ahu and the Neighbor Islands, before and after the implementation of the surcharge. Figure 3 provides some graphs of tax intake from industries unaffected by the 0.5% GET surcharge. The graphs are all normalized, by island, to 2002. This establishes that all the islands tend to behave similarly, and confirms the ability to compare the affected sectors across islands.

Figure 3

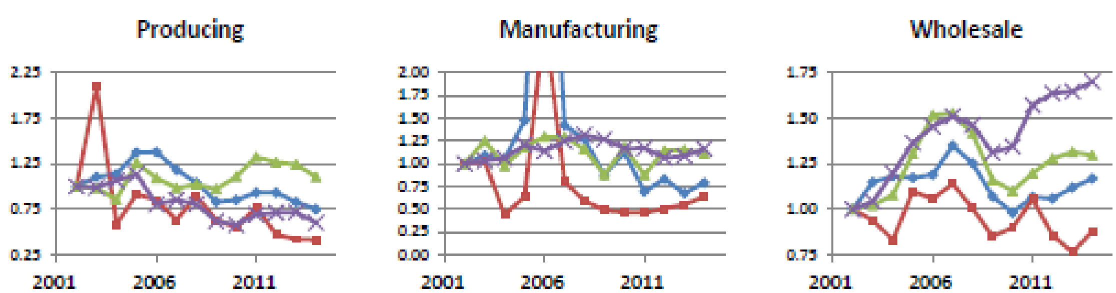
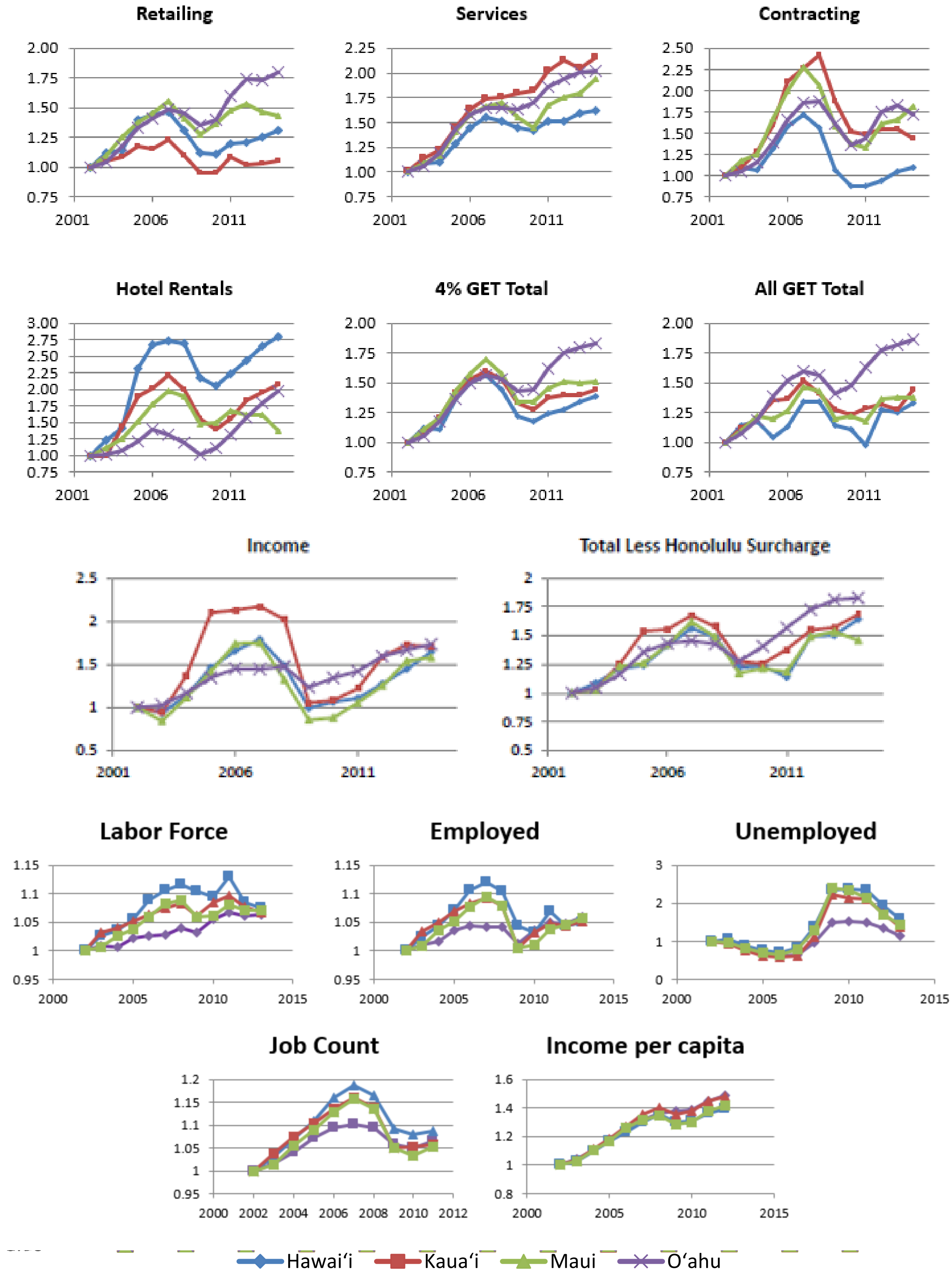


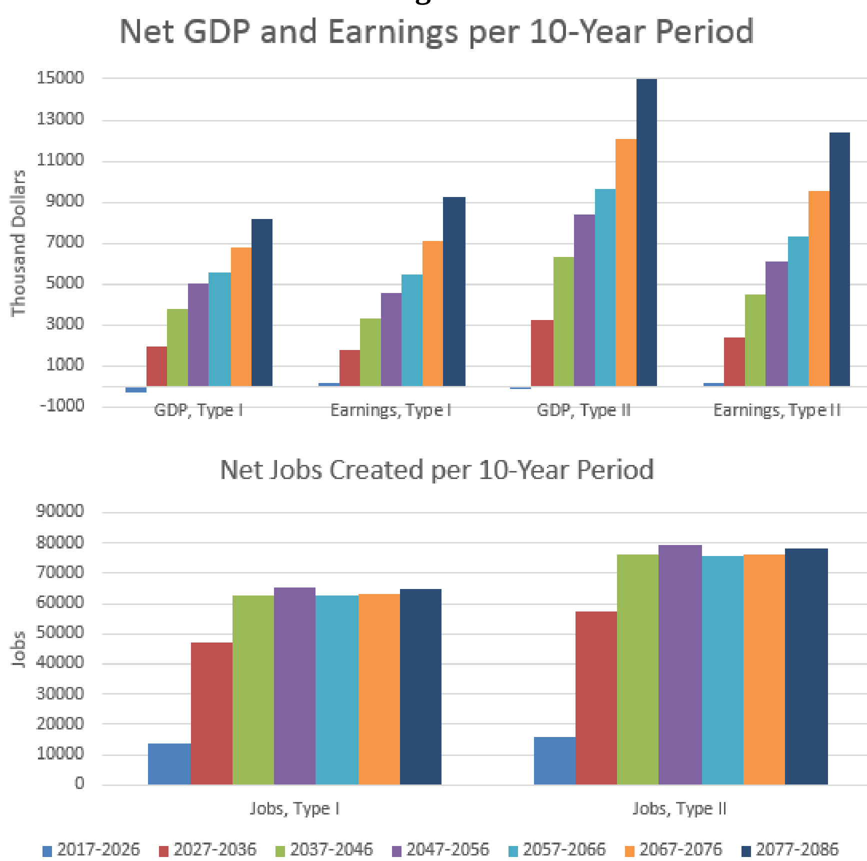
Figure 4 provides graphs for numerous graphs of economic variables – GET collected from the affected industries, income tax and total tax receipts, as well as some labor force variables. Taking all these graphs in Figure 4 together, O‘ahu does not negatively stand out. This provides evidence that a 0.5% GET surcharge is not large enough to have a significant, negative impact.

Figure 4


Retailing
Services
Contracting
Hotel Rentals
4% GET Total
All GET Total
Income
Total Less Honolulu Surcharge
Labor Force
Employed
Unemployed
Job Count
Income per capita
Hawai'i
Kaua'i
Maui
O'ahu

Using a regional input-output model provides a little more nuance to the estimating the negative impact of the tax and the positive impact of distributing benefits. The regional input-output model looks at inter-industry transactions, and estimates the effect of changing the demand of the outputs on the economy. The Type I model assumes that changes in demand only affect the inter-industry usage of inputs, while the Type II model assumes that workers within the affected industries will have an additional impact to the final demand of goods and services; to oversimplify, Type I modelling provides a lower bound for changes to the economy, while Type II modelling provides an upper bound. Figure 5 shows the net benefits to the economy in 10-year blocks. The 0.5% surcharge and the limited initial distribution of benefits leads to a negative GDP and a minimal change to earnings in the first 10 years of the program, but afterwards, the program results in an increase to GDP, earnings, and jobs created.

Figure 5

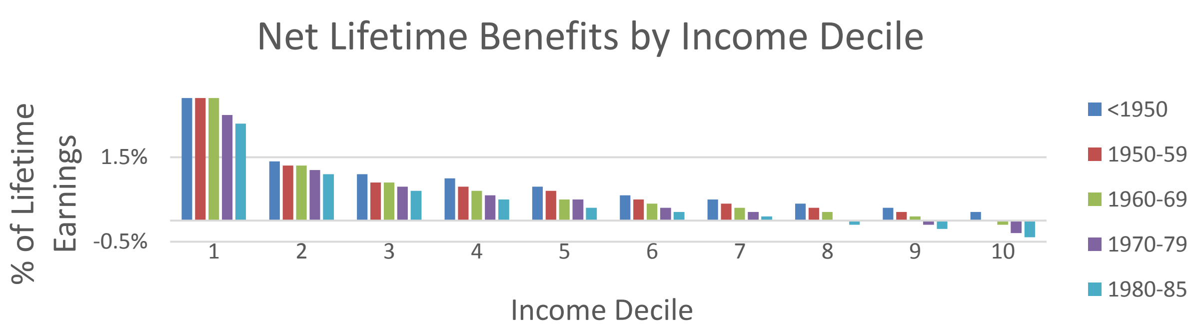


General Excise Taxes and Regressivity

One issue with the GET surcharge was brought up on multiple occasions: almost all sales tax, which the GET surcharge essentially is, are regressive – lower-income households pay a disproportionate amount of their income on sales taxes compared to higher-income households. There are two points that address this complaint: first, if the program is taken as a whole, the average lower-income household benefits significantly, since lower-income households, being in poorer health, are more likely to take advantage of the benefits distributed via the program; second, the program is well-funded enough that lower-income households can get reimbursed to reduce the amount they contribute, negating the regressive nature of the GET surcharge.

There is no question that a GET surcharge tends to be more regressive than either payroll or income tax. However, there are a couple things to make note of. Even though a GET surcharge tends to be more regressive than either payroll or income tax, lower income households will pay more under a payroll tax funding mechanism than under a GET surcharge funding mechanism. This is because of the difficulty in sustaining the program via a payroll tax; a payroll tax needs to be significantly higher than a GET surcharge in order to be sustainable, so lower income households pay approximately twice as much in taxes under a payroll tax funding mechanism. Thus, despite the fact that a payroll tax is less likely to be regressive, the payroll tax will harm lower income households more than the GET surcharge. Further, if we consider the program holistically – taxes *and* benefits – then lower income households benefit more than higher income households, proportionate to income. This is due to the fact that, on average, lower income households have more health issues and are therefore more likely to make use of the benefits of the program. Figure 6 illustrates the net lifetime benefits by income decile; notice that the lower income deciles receive net lifetime benefits that are higher, as a percentage of lifetime earnings, than higher income households.

Figure 6



The issue of regressivity can be avoided altogether by providing tax credits to lower income households. Households making less than $35,000 contribute approximately 3% to the fund; households making less than $50,000 contribute approximately 6%. Reimbursing the full amount of the contributions for households earning less than $50,000 is likely to be unsustainable, and would result in a rather sharp cut-off. The alternative is to have tiered tax credits. In fact, a tiered tax credit for GET contributions already exists for income tax filers. Doing a proportional tax credit as the one that already exists, and crediting households earning less than $50,000 would use up only 1% of the fund. Thus, regressivity of the surcharge can be eliminated via tax credits, and the credits could come from fund itself. Table 1 contains estimates to the amount various reimbursements/credits for different income levels would cost the fund.

Table 1

SHARE OF GET TAX BASE

Bracket (value used for "average" calculations in parentheses)	Less than 10k (5k)	10-15k (12.5k)	15-25k (20k)	25-35k (30k)	35-50k (45k)	50-75k (65k)
Share of GET tax base	0.001821806	0.002732118	0.009180556	0.014295833	0.033155625	0.074937778
Bracket	Less than 10k	Less than 15k	Less than 25k	Less than 35k	Less than 50k	Less than 75k
Cumulative share	0.001821806	0.004553924	0.013734479	0.028030313	0.061185938	0.136123715

TAX CREDIT

Bracket (value used for "average" calculations in parentheses)	< 5k (2.5k)	5-10k (7.5k)	10-15k (12.5k)	15-20k (17.5k)	20-30k (25k)	30-40k (35k)	40-50k (45k)
Current credit per adult on N-11 ($85 per child)	85	75	65	55	45	35	25
Credit for 0.5% surcharge, proportional to current credit	10.63	9.38	8.13	6.88	5.63	4.38	3.13
Share of tax base	0.0011614	0.0010703	0.001174811	0.001566432	0.00164488	0.001779809	0.001740656
Bracket	< 5k	<10k	<15k	<20k	<30k	<40k	<50k
Cumulative share	0.0011614	0.0022317	0.003406523	0.004972955	0.00661783	0.008397642	0.010138299

Dear Chairs Baker and Chun-Oakland, Vice Chairs Kidani and Riviere and Members of the Committee,

My name is Lee Goldberg and I am member of the National Academy of Social Insurance, a small think tank in Washington DC focused on programs like Medicare and Social Security that are designed around ides of shared financing, shared benefits, and pooled risks. As a policy analyst who has worked for numerous progressive groups over the decades and specialized in long term services and supports, I am writing to express my strong support for SB 2478 and HB 1885. These bills are an exciting opportunity for Hawaii to lead the nation in innovative public policy.

This legislation would create a long-term care benefits trust fund — public money that would be set aside so that all Hawaiʻi residents in need of long-term care at home would be able to access resources to help pay for the costs. By providing a care benefit of $70 per day for 365 days, it establishes a much needed “care floor,” ensuring that everyone would have access to basic resources to provide care at home.

As the demand for long-term services and supports (LTSS) increases sharply, only a small percentage of the population that will need nursing or home care has coverage ahead of time through either a private plan or a public program. While a small percentage of people can self-insure, the challenge is to address the needs of the large group in the middle of the income distribution that faces a significant gap between the resources required to maintain their quality of life and what they can actually afford at the time they need care. The growing demand for care, particularly home and community-based care, and the financial burden on state Medicaid programs means this will be both a political and a policy imperative. The current system provides assistance with LTSS once people are already impoverished. A social insurance approach, in contrast, would allow people to spread risk and plan ahead for their LTSS needs. A universal compulsory program that spreads risk broadly could improve access to affordable services, relieve the burden on state Medicaid programs, and provide a mechanism for Hawaiians to take greater personal responsibility for their LTSS needs. Additionally, this minimal benefit provides support for families, particularly those providing care to a loved one or adjusting into a “new normal” that involves care.

By leading in this innovative public policy, there is a lot that we will learn that will influence public policy at the state and federal level. I encourage legislators to show continued leadership by fully supporting and passing SB 2478 and HB 1885.

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Liz Brown and I am in support of SB 2478. It is imperative that our Kupuna get the care they need in there last days. My mother was unable to afford medical care in the United States and ended up moving to the Phillipines so her relatives could take care of her. She was unable to receive long term care due to the expensive nature of it in Hawaii. I support this bill.

Sincerely,

Liza Brown
eb2@hawaii.edu
45697 kam hwy #109
Kaneohe, HI, 96744

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Lusana Hernandez, and I am writing to express my support for SB 2478. Personally, I have dealt with mostly being homebound, frequently bedbound, for over 15 1/2 years, after sudden medical retirement due to multiple disabilities as a result of a freeway accident at age 43. I was an MSW who worked as a clinical psychotherapist & led an active life. It was a severe shock to be suddenly medically retired & unable to care for myself.

As I live alone, have no family here, it has been an extremely challenging time. Unable to drive much of the time, frequently unable to cook, stand long enough to wash up dishes, do laundry, take care of my basic needs (ADLs) due to extreme pain, mobility issues & fatigue, just making sure I eat regularly is a challenge.

I have suffered extreme depression, which has exacerbated & prolonged my other health issues. I used up my savings in attempts to find ways to heal. I certainly could not afford homecare - yet definitely need it. Friends are too busy to help... How many are either working 2 jobs or very long hours? And have families to care for on top of that? To have someone go grocery shopping, cook, do housekeeping, help me get in & out of the tub, all would be of tremendous help in terms of my quality of life.

We speak of the Aloha Spirit... yet if people do not have a huge 'Ohana to help out, they are left to struggle to get by on their own, as I have. And for those who do have 'Ohana to help, the caregivers burn out. I know, because when I worked as a psychotherapist, I had patients who were in the "sandwich generation" - raising a family, while caring for their elderly & frail parents, while working - just too much!

People in Hawai'i live longer than on the mainland - so more & more will be needing care very quickly. We can pretend this isn't true - yet it is. It is also healthier for people to stay at home as long as possible - versus going to a very costly nursing home, with increased isolation & exorbitant costs. As one who has sung Christmas Carols at Nursing Homes, I have seen the pain of existing in a room. (And I have experienced it struggling to stay alive alone, without help).

I know that like so many of us living here, you probably know someone who has needed long-term care. Perhaps even a family member whom you have helped. As legislators, we have elected you to be leaders to the people of Hawaiʻi. We are asking you, now, to lead on care. Let us truly express the Aloha Spirit!

Thank you for considering my testimony.

Sincerely,

Lusana Hernandez
alivewithaloha@gmail.com
Honolulu, HI, 96813

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	lynnehi@aol.com
Subject:	Submitted testimony for SB2478 on Feb 10, 2016 09:00AM
Date:	Friday, February 05, 2016 10:06:31 PM

SB2478

Submitted on: 2/5/2016

Testimony for CPH/HMS on Feb 10, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Oppose	No

Comments: Please accept this as testimony opposed to this bill. The legislature MUST STOP taxing us to death. While this is a laudable program, you need to find a way to pay for it without additional taxes. We have the rail surcharge, the teachers want an additional tax for education, and others want to steal our hard earned money to pay for their pet projects. I sasy no to all. I have to live within my means, and the elected officials have to live within theirs. If you want a program, find a way to fund it without one iota of a tax increase, surcharge, or any other name. lynne matusow, 60 N. Beretania, #1804, honolulu hi 96817 808 531-4260

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.

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Mae Mendelson. I am writing in support of the intent of SB 2478, because we need to bring the issue of long term care financing into higher visibility. It is my hope that eventually we will see the establishment of a long term care benefits trust fund. My desire, as it is with many adults, is to have care provided in my home should I need it. The realization of how difficult this will be financially for most people is not clearly understood even among those who want home care. A public fund will enrich the quality of life for both care recipients and caregivers.

Thank you for considering my testimony,

Mae Mendelson
maeonam@yahoo.com
18 South KALAHEO Avenue
Kailua, HI, 96734-2724

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Marian Heidel and I am writing to express my support for SB 2478. This bill is a great opportunity for Hawaii to show that we care for our Kupuna. By providing a care benefit of $70 per day for 365 days, it establishes a much needed "care floor", ensuring that everyone would have access to basic resources to provide care AT HOME. It would support assistance with daily living, like hiring home care aides or installing equipment like walkers and ramps.

I have several friends, and have heard other testimony, of how difficult it is for them to arrange for occasional help when they can't take off work or need respite days, or can't afford it. The availability of this $70 could help a lot.

The bill asks for an additional .05% GE tax to fund this service, and I don't mind it at all. Hawaii has almost the cheapest tax on ALL the people of any city or state in the USA. How can we expect to receive services when we don't help pay for them? Even if we also were to adopt .05% on the GE tax for education, that is still not too much.

Thank you for considering my testimony,

Marian Heidel

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	marseel@aol.com
Subject:	Submitted testimony for SB2478 on Feb 10, 2016 09:00AM
Date:	Monday, February 08, 2016 2:41:48 PM

SB2478

Submitted on: 2/8/2016

Testimony for CPH/HMS on Feb 10, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Marilyn Seely	Individual	Support	No

Comments: Committees on CPH/HMS Senator Rosalyn H. Baker, Chair Senator Michelle N. Kidani, Vice Chair Senator Suzanne Chun Oakland, Chair Senator Gil Riviere, Vice Chair Re:SB 2478 Senators and Chairs, I am in strong support of SB 2478. Of the many bills for which I have submitted testimony over the years, I can think of none that has such far reaching implications for Kupuna and their families in Hawaii. This ground breaking proposal would establish a sustainable source of funding that essentially says we are willing and able to invest in future needs of our community in a manner that makes a considerable difference in the lives of thousands of people in the state. It also indicates we want to invest in the long term care industry which employs many people who support our elders and their families comprised of young and old alike. It is a bold step for a problem that will only be alleviated by bold ideas and their implementation. We are essentially addressing a public health crisis which left unchecked will have far reaching implications for vulnerable folks as well as the Medicaid program already burdened by increasing numbers of people who fall through the safety net and end up impoverished in order to get basic care they need. I congratulate you for considering this crucial legislation and for your obvious care for our Kupuna and those who support them. With Warm Regards and appreciation, Marilyn Seely

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Michele Kather, and I am writing to express my support for SB 2478.

As a nurse, I have seen so many lives altered from the lack of funds to care for our elderly. It has brought stress from not knowing how the family can afford to take care of their loved ones or if they will be able to keep their homes in the process. Some family members have even become homeless from the devastating effects. A few times, I have even seen people commit suicide from the stress of trying to pay for the care of their loved one and knowing no way out of the situation.

I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai`i. We are asking you, now, to lead on care. Please help us help those who deserve our respect and help.

Thank you for considering my testimony.

Sincerely,

Michele Kather
michelekather@gmail.com
1923 Dudoit Lane
Honolulu, HI, 96815-1776

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I am writing in support of **SB 2478.** I support SB 2478 because I was a full time caregiver to my mother for many years. Fortunately I had family support to help. We couldn't afford to hire anyone and I'm sure there are many caregivers who face the same daunting situation without family support. I was able to work part time but, the financial and emotional burden was overwhelming.

Thank you for considering my testimony,

Michele Nihipali
nihipalim001@hawaii.rr.com

54-074 Kamehameha Hwy. # A
Hauula, HI, 96717-9647

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

Aloha, my name is Midge Wright and I am writing to express my support for SB 2478. This bill (and many other bills) is an exciting opportunity for Hawai'i to show that WE care for "OUR KUPUNA" and WE are willing to take care of them NOW and in the FUTURE.

For me, I have had personal experiences in being a caregiver. I had no choice but to take an early retirement (age 55) after working for 30 years. Things were OK until 2007, when due to his medical bills our finances wasn't enough to cover that and to live comfortably. Again, I felt I had no choice but to take my Social Security at an early age (62) in 2008. But things became very difficult for me in 2009. I was totally confused and overwhelmed with the medical establishment, our finances, and with no help. I had to put him in a Foster Care Home. I knew it would be hard for me to survive on my own and it was, I almost became Homeless. Luckily for me, I had asked for help and got it from my immediate family and to this very day, I am very grateful to two of them, my older brother and my brother-in-law. I have and continue to be OK from 2009 to the present, of course, with help again, but by learning all that I can on getting services just to survive. By survive, I mean to have the 3 BASIC things any human needs, "A ROOF OVER MY HEAD, FOOD ON THE TABLE AND CLOTHES ON MY BACK." I am also "giving back" to help others (mostly KUPUNA and also KEIKI) to make sure they too have their basic needs taken care of first.

Mahalo for taking the time to read my testimony and making the vital vote to TAKE CARE OF "OUR KUPUNA."

Sincerely,
Midgieann L. Wright
midgieannwrght11@gmail.com
39 Hialoa St., #102,
Honolulu, HI, 96817-3214

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I support SB 2478 and the payment of long-term care at home benefits.

My husband was recently disabled. As there are a limited number of caregivers in our area, I had to stop working to care for him at home. While we do have respite care we have had to pay for this care from our own resources as neither private insurance nor Medicare will pay for this care. The cost of this medically necessary care has had a great impact on our resources as neither of us is employed.

I have also been managing the care for my mother, who recently passed away. Following a severe stroke she was paralyzed and had a tracheostomy; she was unable to speak or swallow. ***As she required a high level of care, no nursing home on Oahu could properly care for her.*** Had there been such care available, her insurance could have paid a portion of that care. Instead, we took her home and hired caregivers 24 hours a day, 7 days a week to assist her in her final months. This care was not paid for by any insurance or Medicare and therefore had to be borne by family assets.

My husband needs and mother needed care that is not covered by Medicare, private medical insurance or a long-term care insurance plan. None of these programs support in-home care to the extent that is medically necessary.

As a long-term in-home benefit would be incredibly useful and would have helped with living expenses, I stand in support of SB 2478.

Moya T. D. Gray
moyagray@hawaii.rr.com
1283 Honokahua Street, Honolulu, HI,
96825-3020

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I support SB 2478. As a Kapuna, my family might one day need that support for my care.

Patricia Blair
patriciablair@msn.com
25 Aulike St. Apt. 426
Kailua, HI, 96734-2765

Faith Action for Community Equity (FACE) Oahu Chapter

February 10, 2016

Senate Committee on Commerce, Consumer Protection and Health (CPH)
Senate Committee on Human Services (HMS)

Chairs Baker and Chun-Oakland, Vice Chairs Kidani and Riviere and Members of the Commerce, Consumer Protection & Health and Human Services Committees,

My name is Patrick Zukemura, President of Faith Action for Community Equity (FACE), Oahu Chapter. I am writing to eagerly express my strong support for SB 2478. I believe Hawaii has a unique opportunity to lead the nation in eldercare by passing this legislation.

One of the main reasons I support this legislation is because it provides a “care floor” that you can access very quickly. So many family caregivers I have spoken to have expressed how hard it was to adjust to their role of caregiver. This legislation provides critical support during this adjustment period.

FACE has worked on this issue since the organization’s inception in 1996. We worked on Family Hope and Care Plus. SB 2478 is the culmination of work many of you here today have been involved in. This bill provides benefits for everyone in Hawaii who files a Hawaii State tax return and is eligible. Everyone pays into it through a 1/2 % increase in the general excise tax which makes the program sustainable.

I am proud of the cultural values of our state to care for our Kupuna. This legislation is an extension of our values and it is sound public policy.

I hope we can count on you, our elected leaders, to take this step forward.

Thank you for the opportunity to provide testimony on this very critical issue.

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Pua Gandall-Yamamoto, and I am writing to express my support for SB 2478. This bill is an exciting opportunity for Hawai`i to show that we care for our kupuna and that the aloha spirit thrives.

I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai'i. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Pua Gandall-Yamamoto
PGandallYamamoto@gmail.com
747 7th Avenue
Honolulu, HI, 96816-2127

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I am writing in strong support of SB 2478. Health care, in general, is approaching a crisis situation and the impact on our kupuna is especially critical. This legislation, though meager in its financial support to individuals, will be extremely helpful to many people.

Rev John R. Heidel
jheidel808@icloud.com
1341 Manu Mele Street,
Kaiua, HI, 96734-4320

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Reverend Samuel Domingo and I am writing in support of SB 2478. I am the head pastor at Kilohana United Methodist church.

Caring for our community means something different in Hawaiʻi than it does anywhere else in the country. As people of faith, we know the value of family and community, and the important role our elders play in both. Leviticus 19:32 tells us directly: “Rise in the presence of the aged and honor the elderly face-to-face!” There is a moral imperative in taking care of our elders, and God expects us to do that.

We all know, that when given the choice, most people prefer the notion of staying home to receive care rather than moving to a facility. Family members are often incredible caregivers, but providing that care creates financial and emotional stress. Supporting home caregiving means Hawaiʻi can honor the wishes of our seniors and help the caregiving families who work so hard to keep their loved ones at home safely.

In my church, many family members find out that even if they want to put their loved ones in nursing homes, there are not enough places available. So many of them default to caring for their loved ones at home, and pay the costs to do that out of their own pockets. The bill before - that would create a long-term care benefit of $70/day - would ensure that everyone could access basic resources to provide care at home. One canoe with many paddles will get all of us where we need to go. As a state, we need to pull together to address that cost, so that all of us can help our elders enjoy their senior years at home with their families.

Our church has a very active ministry for the elderly. Church members who are part of the Alzheimers group or the Senior Day Care Program know how important it is to be able to keep their family members at home. I am one of them; my in-laws live with my family, and my father-in-law is in hospice care right now. We had to bring outside help into our home to assist in his care. Our family knows the enormous amount of work it takes to do keep our loved ones at home with us, as well as the cost.

Hawaii’s leadership on this issue is tied directly to our cultural understandings of the role of elders in our communities and the importance of shared responsibility, or kuleana. Our policy makers need to recognize their kuleana to help everyone take better care of their loved ones by passing this bill.

Thank you for your consideration,

Reverend Samuel Domingo
revsamdom@gmail.com

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Robin Doak, and I am writing to express my support for SB 2478. By providing care benefit of $70 per day for 365 days, it establishes a much needed care floor, ensuring that everyone would have access to basic resources to provide care at home.

Thank you for considering my testimony.

Sincerely, Robin Doak
robindoak@gmail.com
92-1264 Makakilo Dr. #84,
Kapolei, HI, 96707-1594

From: Roland Lee

Submitted on: February 9, 2016

Testimony in support of SB2478, Relating to Long-Term Care

Submitted to: The Senate Committee on Commerce, Consumer Protection, and Health and Human Services

Aloha Committee Chair Baker, Committee Chair Chun Oakland, and Members of the Committee,

I support SB2478. According the Hawaii State's Plan on Aging, it is projected that a quarter of Hawaii's population will reach the age of 60 or older by 2020. As most of the Baby Boomers reach this advanced age, there will also be an increased need for long-term care. The problems that Hawaii will be facing in the very near future are the high cost of long-term care and secondly the high demand and low supply for long-term care.

As a resident of Hawaii my entire life, I am witnessing firsthand many friends and family members that are reaching an elder age. They are having difficulty with caring for their loved one and their loved ones have difficulty caring for them because of chronic illnesses. They are also having difficulty caring for their homes, driving, managing their finances, and performing tasks related to daily living. SB2478 if passed into law, will give the elderly an opportunity to stretch their time to reside in long-term care facilities without the unaffordable up front costs for up to a year that could put their financial situation below the poverty guidelines. Thank you for taking my testimony into consideration.

Ronald I. Heller
700 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

phone 808 523 6000 fax 808 523 6001
rheller@torkildson.com

Before the Senate Committees on

COMMERCE, CONSUMER PROTECTION AND HEALTH

and

HUMAN SERVICES

Wednesday Feb. 10, 2016 at 9:00 a.m. Conference Room 229

Testimony of Ronald I. Heller

In Opposition to Senate Bill 2478

Relating to Long-Term Care (General Excise Tax Increase)

Chairs Baker and Chun Oakland, Vice-Chairs Kidani and Riviere, and Members of the Committees:

I am opposed to the proposed increase in the General Excise Tax.

Every year, we hear calls for an increase in the General Excise Tax. Different reasons may be offered – long-term care for the elderly, more support for education, better programs to help the homeless, paying down the State's unfunded liabilities, etc. Almost everyone has some particular program or cause that "needs" more funding. Many see a GE tax increase as the way to do it.

The fact is that Hawaii is already a high-tax state. There are different ways to look at the statistics: tax dollars per capita, percentage of total personal income paid in taxes, taxes as a percentage of gross state product, etc., but no matter which approach you use, our state taxes already put us near the top among the 50 states.

Raising already-high taxes would discourage new investment in Hawaii, hurt our economy and result in the loss of jobs. A tax increase sends the wrong message to the rest of the world. We want to project an image of Hawaii as a good place to do business – a tax increase says exactly the opposite.

Increasing the GE tax is particularly dangerous, because it is a tax on gross receipts, not net income. A business that is making little or no profit pays little or no income tax. In contrast, the GE tax is imposed on every dollar that the business takes in, even if there is no net profit after expenses are paid. Therefore, if we increase the GE tax, even businesses that are losing money, and struggling to keep their doors open, would have to pay higher taxes.

In addition, the GE tax is regressive, with a proportionately higher burden on lower-income individuals and families. When a family spends all of its income to pay rent and buy necessities such as food and clothing, the GE tax applies to all of that spending. If a family can afford to save some of its income, and not spend all of it, there is no immediate GE tax on the portion that goes into savings. Therefore, lower-income families pay a larger percentage of their total income in GE tax than higher-income families do. Increasing the tax would magnify this effect.

In fact, the GE tax may be the <u>worst</u> of all possible taxes to increase. Both the state income tax and the real property tax that funds county operations are deductible for federal income tax purposes – in effect, the federal government picks up a share of the taxpayer's cost. If a taxpayer is in the 25% federal income tax bracket, an additional dollar of state income tax or county real property tax would have a net cost of 75 cents. For most taxpayers, that advantage does not apply to the GE tax. <u>If</u> we must have a tax increase – and I'm not advocating <u>any</u> tax increase – it makes more sense to increase a tax that the federal government subsidizes.

Last but not least, the idea that we can "export" part of the tax burden by collecting more GE tax from tourists is wishful thinking. Although tourists pay GE taxes, those taxes are part of the total cost of Hawaii as a destination. If we increase the price of a visit to Hawaii, that will inevitably affect our ability to attract visitors. Whether we like it or not, Hawaii is competing in a world-wide market; raising taxes makes Hawaii more expensive and therefore less competitive. There is no free lunch – we can't solve our problems by asking people from the rest of the world to come here and pay more.

Some may say that our GE tax rate of "only 4%" is well below the sales tax rates in most other states. That comparison is misleading, however, because it's an apples-to-oranges comparison – our Hawaii GE tax is very different from the typical sales tax found in other states.

In most states, the sales tax covers only the final retail sale of goods – it does not apply at the wholesale level, nor does it apply to services, rents, interest or other forms of income. In contrast, our GE tax <u>does</u> apply at the wholesale level, <u>does</u> apply to services, and <u>does</u> apply to rents, interest and other forms of income.

Our 4% rate may appear low, but a big chunk of the tax burden is hidden in the prices of goods and services. For example, suppose you buy a loaf of bread for $3.00. The store adds 4% tax and charges you $3.12, so the "visible" tax is twelve cents. In reality, however, the State is collecting a lot more than that. The $3.00 price has to cover the store's costs, which include the GE tax added on by the bakery when the store bought the bread at wholesale, the GE tax added on by the landlord when the store paid its rent, the GE tax added on by the seller when the store bought its shelves and display cases, and the GE tax paid by the store to a number of service providers, ranging from repair and building maintenance to accounting services. When you add it all up, the State is eventually going to end up with a lot more than twelve cents out of the $3.12 you paid.

In fact, our "4%" GE tax is equivalent to approximately an 11% sales tax – if we actually had a sales tax that worked like the typical mainland sales tax, the rate would have to be about 11% in order to generate the same tax revenue that our "4%" GE tax produces now. (This is based on a study done for the Tax Review Commission of the State of Hawaii.) If you compare apples to apples – instead of apples to oranges – then we effectively already have an 11% sales tax (and that's <u>before</u> considering the extra tax on Oahu). A "one percentage point" increase could put us at the equivalent of about a 14% to 15% sales tax rate, measured on an apples-to-apples basis.

We need to stimulate economic growth and encourage investment in Hawaii. An increase in the GE tax would do just the opposite.

I urge you to reject any increase in the General Excise Tax.

Respectfully submitted,

Ronald I. Heller

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Ruth Oishi, and I am writing to express my support for SB 2478. This bill is an exciting opportunity for Hawai'i to show that we care for our kupuna and that the aloha spirit thrives.

This legislation would create a long-term care benefits trust fund - public money that would be set aside so that all Hawai'i residents in need of long-term care at home would be able to access resources to help pay for the costs. This fund would support assistance with daily living, like hiring home care aides or installing equipment like walkers and ramps.

I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai'i. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Ruth Oishi
grwillow09@gmail.com
Honolulu, HI, 96821

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Sandra Brooks, and I am writing to express my support for SB 2478.

I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai`i. We are asking you, now, to lead on care. As a disabled senior, I want to stay in my home environment as long as possible. The thought of going into a group assisted care facility is repulsive & frightening to me & many others I've talked with.

Thank you for considering my testimony.

Sandra Brooks
aviananw@yahoo.com
91-1056 Namahoe St. #147
Kapolei, HI, 96707-2792

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Sean Aoyagi, and I am writing to express my support for SB 2478. This bill is an exciting opportunity for Hawai'i to show that we care for our kupuna and that the aloha spirit thrives.

This legislation would create a long-term care benefits trust fund â€" public money that would be set aside so that all Hawai'i residents in need of long-term care at home would be able to access resources to help pay for the costs. By providing care benefit of $70 per day for 365 days, it establishes a much needed care floor, ensuring that everyone would have access to basic resources to provide care at home. This fund isn't meant to cover a stay in a long-term care facility like a nursing home. Instead, it would support assistance with daily living, like hiring home care aides or installing equipment like walkers and ramps.

I know that like so many of us living here, you probably know someone that has needed long-term care. As legislators, we have elected you to be leaders to the people of Hawai'i. We are asking you, now, to lead on care.

Thank you for considering my testimony.

Sincerely,

Sean Aoyagi
bl9willow5@aol.com
316 B Elelupe Rd.,
Honolulu, HI, 96821-2218

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

My name is Stephen Wada, and I am writing to express my support for SB 2478.

For 2 years I took care of both of my parents at the same time. They required assistance with the activities of daily living such as meal preparation, bathing, toileting, assistance with walking and transferring, and transportation to and from doctors visits. My wife and children assisted but we needed to hire outside help during the day when we were at work and school. This bill would make it possible to provide more care in the home. My parents did not want to go to a nursing home. As legislators, we have elected you to be leaders to the people of Hawai`i. We are asking you, now, to take the lead on providing care for our elderly family members so they may be able to remain in their homes with their families.

Thank you for considering my testimony.

Sincerely,

Stephen Wada
wada.stephen@gmail.com
762 Lawelawe Street
Honolulu, HI, 96821-1745

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I am writing to express my support for **SB 2478.** Kupunas and the elderly deserve real access to health care. Please support SB2478 ensuring Kupunas and elderly get care they need. Hawaii is born by the aloha spirit. It time to share the aloha spirit.

Sincerely,

Troy L. Abraham
tabraham08@gmail.com
485 Waianuenue Ave Apt B114
Hilo, HI, 96720-2545

Dear Members of the Senate Committee on Commerce, Consumer Protection and Health and the Members of the Senate Committee on Human Services,

I support SB 2478 because I feel that there are many of us that would prefer to stay in our own homes when we age but will need some assistance in doing so. This bill will create a fund that we can tap into should we need to. Cost of living and medical expenses are rising. No matter how well we think we planned for the future it still may not be enough to live out our days in our own homes. Please help this bill go forward.

Thank you for considering my testimony,

Val Iwamasa
Viwamasa@yahoo.com
Kaneohe, HI
96744