
A BILL FOR AN ACT

RELATING TO LONG-TERM CARE FINANCING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. (a) There is established the joint house of
2 representatives and senate long-term care financing advisory
3 commission to examine the feasibility of different public and
4 private financing options to pay for long-term care services and
5 supports and determine which long-term care financing mechanisms
6 have objective, evidence-based merit.

7 (b) The commission shall be an independent body and the
8 commission's actions, deliberations, inquiries, investigations,
9 findings, conclusions, and recommendations shall not be subject
10 to any direction, oversight, veto, interference, limitation, or
11 restriction by any other state branch, department, or agency,
12 except as provided by chapter 92, Hawaii Revised Statutes, or
13 any other applicable federal or state law. Any expenditure of
14 funds by the commission, including but not limited to any
15 personnel matters or contracting for professional services,
16 shall be subject to the requirements of chapters 37 and 103D,
17 Hawaii Revised Statutes.



6 (2) One member of the senate, to be appointed by the
7 senate president;

8 (3) The following ex officio members, or their designees:

9 (A) The director of health;

10 (B) The director of the executive office on aging;

11 (C) The director of human services;

12 (D) The administrator of the med-QUEST division of
13 the department of human services;

14 (E) The director of taxation;

15 (F) The insurance commissioner;

16 (G) The chief state economist;

17 (H) The executive director of the university of
18 Hawaii economic research organization; and

19 (I) The director of the university of Hawaii at Manoa
20 center on aging; and



4 (A) Two members of the public with demonstrated
5 knowledge and experience with long-term care
6 services and supports delivery or health care
7 economics;

8 (B) One long-term care consumer advocate with
9 demonstrated experience representing the
10 interests of individuals receiving or needing
11 long-term care services and supports; and

12 (C) One direct care worker with demonstrated
13 experience representing the interests of the
14 direct care workforce.

15 (d) The commission shall invite the following individuals
16 to be voting members:

17 (1) The state director of AARP Hawaii;

18 (2) The president and chief executive officer of the

19 Healthcare Association of Hawaii; and

20 (3) One representative of a med-QUEST managed care

21 organization.



4 (f) The commission shall hold its first meeting no later
5 than sixty days after the finalization of its membership. The
6 members of the commission shall elect from amongst themselves a
7 chairperson and vice-chairperson by a simple majority.

8 (g) Members of the commission shall serve without
9 compensation; provided that members who are appointed pursuant
10 to subsections (c) (4) and (d) may request reasonable
11 reimbursement for necessary expenses, including travel expenses,
12 subject to reasonable justification and documentation of the
13 expense and availability of funds.

14 (h) Within thirty calendar days of the finalization of its
15 membership, the commission, through the legislative reference
16 bureau, shall enter into a contract for the services of a part-
17 time project director to provide support for the commission,
18 including but not limited to the solicitation and execution of
19 consulting and other professional service contracts; overseeing
20 and assuring the progress of contracted consultants; regularly
21 advising the commission of consulting work progress; scheduling



1 of briefings, meetings, and public hearings; responding to
2 questions from commission members; initiating inquiries;
3 coordinating and performing legislative and policy drafting; and
4 preparing and drafting consulting service requests for proposals
5 and consulting engagement contracts. The project director
6 shall:

7 (1) Serve at the pleasure of the commission;
8 (2) Have actual demonstrated working knowledge and
9 experience with public health insurance program
10 financing and policy development and analysis; and
11 (3) Work no more than twenty hours per calendar week.

12 (i) The commission, through the legislative reference
13 bureau, shall procure consulting services for actuarial
14 assessment, policy analysis and development, and public
15 education and stakeholder engagement. The consultants
16 contracted pursuant to this subsection shall conduct objective,
17 evidence-based assessments and studies of the feasibility,
18 costs, reliability, long-range solvency, benefits and impacts,
19 and population served and affected by:

20 (1) Alternative public and private long-term care services
21 and supports financing mechanisms for services



1 provided to persons with functional limitations and
2 chronic illnesses needing assistance to perform
3 routine activities of daily living and instrumental
4 activities of daily living;

5 (2) Efforts to mitigate the risk and severity of needing
6 long-term care services and supports and controlling
7 the cost of these services; and

12 (j) In determining the required terms, conditions, and
13 deliverables of the actuarial assessment, policy analysis and
14 development, and public education and stakeholder engagement
15 contracts, the commission shall consider any applicable reports,
16 studies, and draft legislation, including but not limited to:

17 (1) S.B. No. 1088, S.D. 2, H.D. 2, C.D. 1 (Regular Session
18 of 2003);

19 (2) "Financing Long Term Care: A Report to the Hawaii
20 State Legislature", executive office on aging, office
21 of the governor (July 1991);



1 (3) "Feasibility of a Long-Term Services and Supports
2 Insurance Program for Hawaii", executive office on
3 aging, department of health (December 15, 2014);
4 (4) "Long-Term Services and Supports Feasibility Study
5 Commissioned by the Massachusetts Executive Office of
6 Health and Human Services", Milliman Report (April 8,
7 2025); and
8 (5) "Final Report of Findings", kupuna advisory council,
9 long-term care financing permitted interaction group
10 (September 2025).
11 (k) The actuarial assessment consultant contracted by the
12 commission pursuant to subsection (i) shall coordinate with the
13 policy analysis and development and public education and
14 stakeholder engagement consultants to, at a minimum, objectively
15 assess and study:
16 (1) The sufficiency of projected assets and income of
17 alternative long-term care services and supports
18 financing mechanisms to cover projected liabilities
19 and expenses over a seventy-five-year period based on
20 defined economic and demographic assumptions;



- 1 (2) Different alternative forms of beneficiary participation, such as mandatory, voluntary, or optional participation;
- 2 (3) Comprehensive lifetime benefits or otherwise limited benefits;
- 3 (4) Alternative revenue bases for deriving funding, such as payroll, or income, or some other base, and the effect on long-range financial solvency;
- 4 (5) The financial equity and other effects of different caps on the revenue base;
- 5 (6) The near-term and long-range financial and solvency implications of implementing a pay-as-you-go, fully funded, or any other funding mechanism;
- 6 (7) The financial equity and other effects of fixed, flat, progressively graduated, or some other type of beneficiary payment rate or contribution funding mechanism;
- 7 (8) Alternative vesting requirements that would apply for paid benefit eligibility;
- 8 (9) Alternative claim benefit eligibility requirements and criteria;



- 1 (10) The financial feasibility, cost, and effects of
- 2 providing any form of spousal or dependent benefit
- 3 coverage;
- 4 (11) The feasibility, cost, and effects of providing
- 5 supplemental or additional coverage options;
- 6 (12) The cost, feasibility, financial equity, and other
- 7 effects of different alternative transportable or
- 8 portable benefit entitlements for either or both
- 9 claimants already receiving covered care and vested
- 10 non-claimants who relocate to locations outside the
- 11 State;
- 12 (13) The actuarial cost and long-range solvency impact,
- 13 financial and intergenerational equity, and other
- 14 effects of any provision for the return in some form
- 15 of beneficiary payments made in support of the
- 16 financing mechanism in the event that a beneficiary
- 17 dies without having made any claim of benefit or
- 18 claimed benefits are less than paid in payments;
- 19 (14) The projected number of beneficiaries who are expected
- 20 to pay into the financing mechanism and the projected
- 21 number of beneficiaries who will claim benefits and



1 the cost of those benefits, claim frequency,
2 continuance curves, utilization, and claim costs year-
3 by-year for a seventy-five-year period;

4 (15) Income and intergenerational cross-funding;

5 (16) Specified year-by-year assumptions of the number of
6 beneficiaries paying and paid in amounts, investment
7 income, administrative and operating expenses, cash
8 flow, annual fund balances, and claim benefit costs
9 for a seventy-five-year period;

10 (17) Specified year-by-year assumptions for the
11 distribution of attained population age, age and
12 gender, domestic and international migration, births,
13 active life mortality, disabled life mortality, and
14 age and gender related morbidity and mortality for a
15 seventy-five-year period, and other essential
16 assumptions;

17 (18) Specified year-by-year inflation adjusted assumptions
18 about labor force total lives and wage by age and
19 gender trends, and state-adjusted taxable and earned
20 income for a seventy-five-year period;





1 effectively support long-term care in community settings in a
2 manner that is equitable, resilient, sufficiently resourced, not
3 fundamentally reliant on unpaid caregiving, and strategically
4 targeted for clinically appropriate beneficial application. The
5 study shall, at a minimum, examine:

6 (1) The essential role, function, and need for expanded
7 home- and community-based support resources related to
8 wellness, prevention, and continuity of care
9 coordination;

10 (2) The direct and indirect cost of different home- and
11 community-based support services and delivery
12 mechanisms, including but not limited to the value of
13 any associated unpaid caregiving by family, relatives,
14 or others;

15 (3) A cost-benefit analysis and return on investment
16 examination of the extent to which the current home-
17 and community-based support system in the State
18 functionally and objectively meets the need for home-
19 and community-based support services;

20 (4) The clinical appropriateness of current level of care
21 need measures and placement determinations for



1 different levels and forms of home- and community-
2 based support services and how current level of care
3 policies, standards, and practices contribute to
4 clinically inappropriate placement of patients in
5 home- and community-based support care;

6 (5) The transfer of care burden and expense to unpaid
7 caregivers and the full measure of direct and indirect
8 costs borne by unpaid caregivers and the effect of
9 unpaid caregiving on poor quality of care due to lack
10 of training, oversight, and inadequate care resources;

11 (6) Alternative mechanisms to fairly, adequately, and
12 directly compensate persons who render unpaid
13 caregiving;

14 (7) The cost and scarce resource utilization economies of
15 scale inefficiencies, low productivity, high unit
16 costs, and high marginal operating expenses of
17 decentralized home- and community-based support
18 service delivery models;

19 (8) Current care and service resource shortages and the
20 effects on cost, access, quality, accountability,
21 denials, inappropriate placements, unnecessary



1 hospitalizations, institutional placements, emergency
2 room visits, and other factors;

3 (9) Fragmentation, siloing, discontinuity of care,
4 uncoordinated care planning and placement, and the
5 critical need for substantially improved home- and
6 community-based support system navigation and
7 coordinated care planning;

8 (10) Access inequities and unmet needs, including but not
9 limited to waitlisting and service caps and shortages;
10 geographic disparities; and socioeconomic barriers;

11 (11) Effects of federal medicaid funding rules and
12 restrictions that contribute to service instability
13 and limitations, including but not limited to the cost
14 neutrality formulas for waivers;

15 (12) Quality, oversight, and outcome deficiencies,
16 including but not limited to the lack of consistent,
17 standardized, and robust quality and patient outcome
18 focused measures and metrics; the complex web of
19 multiple and often conflicting compliance standards
20 and mandates; inadequate enforcement and regulation;
21 non-existent transparent public accountability



1 reporting; and the need for more effective and
2 stronger surveillance, oversight and affirmative
3 enforcement of requirements to protect against abuse,
4 neglect, and injury in private home- and community-
5 based settings;

6 (13) The woodwork effect on costs resulting from the
7 expansion of home- and community-based support
8 benefits or relaxing of qualifications for receiving
9 home- and community-based support benefits;

10 (14) Significant effective reforms to address the critical
11 direct care workforce shortage, including but not
12 limited to measures that directly address low wages
13 and benefits, lack of training and career advancement
14 pathways, poor job quality, and equity disparities for
15 the predominantly female, people of color, and
16 immigrant workforce;

17 (15) Restoring the original intent and fiscal autonomy of
18 the kupuna caregivers program (Act 102, Session Laws
19 of Hawaii 2017); and



4 (m) The public education and stakeholder engagement
5 consultant contracted by the commission pursuant to subsection
6 (i) shall coordinate with the actuarial assessment and policy
7 analysis and development consultants to, at a minimum:

8 (1) Develop stakeholder and policy landscape position
9 mappings and analysis;

10 (2) Develop comprehensive public education and
11 communication tools;

12 (3) Develop accurate, objective, responsive, and non-
13 partisan community and influencer briefing materials;

14 (4) Develop and implement a robust and active community engagement and stakeholder outreach strategy plan.

15

16 involving multiple statewide neutral town hall
17 information meetings and listening sessions to gather
18 broad public input as part of the objective assessment
19 and study process; and



12 (o) The legislative reference bureau shall provide
13 administrative support to the commission, including assisting
14 with the drafting of the commission's reports to the
15 legislature.

16 (p) The commission shall submit the following reports to
17 the legislature:

18 (1) A preliminary report no later than December 31, 2026;
19 (2) An interim report of any substantial progress no later
20 than December 31, 2027; and



6 (r) For the purposes of this Act, "commission" means the
7 long-term care financing advisory committee.

8 SECTION 2. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$100,000 or so much
10 thereof as may be necessary for fiscal year 2026-2027 for the
11 commission, through the legislative reference bureau, to
12 contract for staffing and other administrative costs to carry
13 out the purposes of this Act, to be allocated as follows:

14 (1) \$60,000 for one part-time project director; and

15 (2) \$40,000 for the staffing and administrative costs

16 associated with drafting proposals for an actuarial

17 assessment consultant contract, policy analysis and

18 development consultant contract, and public education

19 and stakeholder engagement consultant contract.

20 The sum appropriated shall be expended by the legislative
21 reference bureau for the purposes of this Act.



1 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

Liesl Phatos

JAN 22 2026



H.B. NO. 1604

Report Title:

Long-Term Care Financing Advisory Commission; Joint Legislative Committee; Legislative Reference Bureau; Long-Term Care Services and Supports; Home- and Community-Based Care; Consultants; Appropriation

Description:

Establishes a joint legislative Long-Term Care Financing Advisory Commission to examine the feasibility of different financing options for long-term care services and supports. Permits the Commission, through the Legislative Reference Bureau, to contract for services of a part-time project director and prepare proposals for contracts for consultants to support the work of the Commission. Requires the Commission to submit reports to the Legislature. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

