

JAN 23 2026

---

---

# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE.

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

1           SECTION 1. The legislature finds that most long-term care  
2 needs are not covered by medicare or most private health  
3 insurance plans, and that the private long-term care insurance  
4 market is unaffordable or unavailable for most working families.  
5 The legislature further finds that middle-income families are at  
6 significant risk because many residents have not saved enough  
7 money to cover long-term care costs and are forced to spend down  
8 limited assets to qualify for public assistance, placing family  
9 members and caregivers at risk for their own future long-term  
10 care needs.

11           The legislature also finds that the State faces a  
12 convergence of demographic and economic pressures, including an  
13 aging population, declining caregiver-to-elder ratios, high  
14 costs of health care, workforce shortages in long-term services  
15 and supports, and inadequate retirement preparedness, all of  
16 which increase reliance on medicaid long-term services and  
17 supports and increase financial hardship for families.



1           The legislature further finds that an alternative,  
2 payroll-based funding mechanism for long-term services and  
3 supports can reduce hardship on families, lessen the long-term  
4 burden on medicaid, and produce positive economic impacts by  
5 improving access to paid care, supporting family caregivers, and  
6 reducing workforce disruptions.

7           The legislature additionally finds that program design  
8 should support consumer choice of setting and services,  
9 including care in the home, community-based settings, assisted  
10 living settings, and skilled nursing facilities, and should  
11 facilitate seamless transitions among public and private sources  
12 of long-term care financing.

13          Accordingly, the purpose of this Act is to establish a  
14 statewide long-term services and supports trust program funded  
15 by an employee payroll premium to provide a meaningful long-term  
16 care benefit, with a benefit unit structure and approved  
17 services modeled on Washington's long-term services and supports  
18 trust program, including portability and prorated vesting for  
19 older workers, and to incorporate enhancements reflected in the  
20 structure of recent long-term care programs in other states,



1 including structured options to promote supplemental private  
2 coverage, regulatory modernization, and consumer education.

3 SECTION 2. The Hawaii Revised Statutes is amended by  
4 adding a new chapter to be appropriately designated and to read  
5 as follows:

6 **"CHAPTER**

7 **HAWAII CARES FUND LONG-TERM SERVICES AND SUPPORTS TRUST PROGRAM**

8 § -1 **Definitions.** As used in this chapter:

9 "Activities of daily living" means the functional  
10 activities of eating, toileting, transferring, bathing,  
11 dressing, continence, and other activities as may be defined by  
12 the department by rule for long-term services and supports  
13 programs.

14 "Approved service" means a long-term service or support  
15 that is eligible for reimbursement under this chapter and  
16 includes:

- 17 (1) Adult day services;
- 18 (2) Care transition coordination;
- 19 (3) Memory care;
- 20 (4) Adaptive equipment and technology;
- 21 (5) Environmental modification;



- 1 (6) Personal emergency response system;
- 2 (7) Home safety evaluation;
- 3 (8) Respite for family caregivers;
- 4 (9) Home-delivered meals;
- 5 (10) Transportation;
- 6 (11) Dementia supports;
- 7 (12) Education and consultation;
- 8 (13) Eligible relative care;
- 9 (14) Professional services;
- 10 (15) Services that assist paid and unpaid family members
- 11 caring for eligible individuals, including training
- 12 for individuals providing care who are not otherwise
- 13 employed as long-term care workers;
- 14 (16) In-home personal care;
- 15 (17) Assisted living services;
- 16 (18) Adult residential care home services; and
- 17 (19) Nursing facility services.

18 "Benefit unit" means a unit of benefits in the amount  
19 determined pursuant to section -7, paid as reimbursement for  
20 approved services provided to an eligible beneficiary on a  
21 specific date.



1 "Commission" means the long-term services and supports  
2 trust commission established pursuant to section -4.

3 "Council" means the long-term services and supports trust  
4 council established pursuant to section -5.

5 "Department" means the department of human services.

6 "Director" means the director of human services.

7 "Eligible beneficiary" means a qualified individual who has  
8 been determined by the department to meet the functional  
9 eligibility requirements of section -7 and who:

- 10 (1) Is a resident of the State; or  
11 (2) Is an out-of-state participant who has elected to  
12 continue participation pursuant to section -13.

13 "Eligible relative care" means personal care services  
14 provided by a qualified family member, as determined by the  
15 department by rule, including services provided pursuant to an  
16 eligible beneficiary's care plan.

17 "Employee" means an individual performing services for an  
18 employer for remuneration, and includes any individual in  
19 employment.



1 "Employer" means any person, including an individual,  
2 partnership, association, corporation, or governmental entity,  
3 that employs one or more employees.

4 "Exempt employee" means an employee with an approved  
5 exemption pursuant to section -10, -11, or -12.

6 "Long-term services and supports" means assistance with  
7 activities of daily living and other services and supports  
8 designed to assist an individual to live independently and  
9 safely, including approved services.

10 "Long-term services and supports provider" means an entity  
11 or individual, including a qualified family member, that  
12 provides approved services and meets provider qualifications and  
13 registration requirements established by the department by rule.

14 "Premium" means the long-term services and supports premium  
15 assessed on wages pursuant to section -9.

16 "Program" means the Hawaii CARES fund long-term services  
17 and supports trust program established under section -2.

18 "Qualified family member" means an individual, including a  
19 family member or other person chosen by an eligible beneficiary,  
20 who satisfies criteria established by the department by rule to



1 provide eligible relative care or other approved services,  
2 including training or competency requirements, as applicable.

3 "Qualified individual" means an individual deemed by the  
4 department of labor and industrial relations to be a qualified  
5 individual pursuant to section -6.

6 "Self-employed person" means a sole proprietor, independent  
7 contractor, partner, joint venturer, or other individual who  
8 derives income from self-employment, as determined by the  
9 department of labor and industrial relations by rule.

10 "Wages" means all remuneration paid by an employer to an  
11 employee for services performed, including commissions, bonuses,  
12 and the cash value of all remuneration paid in any medium other  
13 than cash, as determined by the department of labor and  
14 industrial relations by rule. "Wages" includes remuneration for  
15 services performed within or without the State as may be  
16 necessary to administer section -13.

17 **§ -2 Hawaii CARES fund long-term services and supports**  
18 **trust program; established; purpose.** (a) There is established  
19 within the department the Hawaii CARES fund long-term services  
20 and supports trust program to provide eligible beneficiaries



1 with a lifetime long-term services and supports benefit payable  
2 in benefit units for approved services.

3 (b) The program shall be structured to:

4 (1) Provide meaningful financial assistance for approved  
5 services across home- and community-based settings and  
6 institutional settings;

7 (2) Promote consumer choice of services and settings;

8 (3) Facilitate seamless transitions among private and  
9 public sources of long-term care financing, including  
10 Medicaid long-term services and supports;

11 (4) Support paid and unpaid caregivers, including  
12 qualified family members, through eligible relative  
13 care and caregiver supports; and

14 (5) Encourage innovation and supplemental private coverage  
15 to expand access to affordable long-term care  
16 protection.

17 **§ -3 Departmental duties; coordination among agencies.**

18 (a) The department shall administer benefits under this chapter  
19 and shall:

20 (1) Determine an individual's status as an eligible  
21 beneficiary pursuant to section -7;



- 1           (2) Approve the scope of approved services and establish  
2                    by rule, the types of goods and services that are and  
3                    are not covered within each approved service category,  
4                    in a manner designed to maximize usage of all  
5                    available public and private benefits for eligible  
6                    beneficiaries;
- 7           (3) Develop and implement a provider registration system  
8                    for long-term services and supports providers,  
9                    including standards for provider qualification,  
10                  participation, suspension, and removal;
- 11          (4) Develop standards for qualified family members and  
12                  eligible relative care, including training and  
13                  competency requirements, as appropriate, and  
14                  procedures for reimbursement;
- 15          (5) Disburse benefit payments from the Hawaii CARES trust  
16                  fund pursuant to section    -8;
- 17          (6) Provide customer service, program materials, and  
18                  operational support for applicants, eligible  
19                  beneficiaries, employers, and long-term services and  
20                  supports providers;



1 (7) Collect and analyze program data to monitor program  
2 utilization, equity, workforce impacts, and program  
3 outcomes; and

4 (8) Adopt rules pursuant to chapter 91 as necessary to  
5 implement this chapter.

6 (b) The department of labor and industrial relations shall  
7 administer premium assessment and collection under this chapter  
8 and shall:

9 (1) Assess and collect premiums pursuant to section -9  
10 and deposit premiums as required under section -15;

11 (2) Determine an individual's status as a qualified  
12 individual pursuant to section -6;

13 (3) Administer exemptions and elections of coverage  
14 pursuant to sections -10 through -14;

15 (4) Conduct investigations to determine compliance with  
16 premium payment requirements;

17 (5) Establish employer remittance procedures, reporting  
18 requirements, and record retention standards; and

19 (6) Adopt rules pursuant to chapter 91 as necessary to  
20 implement and administer its duties under this  
21 chapter.



1 (c) The department of commerce and consumer affairs,  
2 through the insurance commissioner, shall implement  
3 section -18(a) and shall coordinate with the department and  
4 the commission to support supplemental private coverage and  
5 consumer protections.

6 (d) The director of finance shall invest moneys in the  
7 Hawaii CARES trust fund pursuant to section -16.

8 (e) The department, the department of labor and industrial  
9 relations, and the department of commerce and consumer affairs  
10 shall enter into memoranda of understanding as necessary to  
11 coordinate eligibility determinations, premium collection, data  
12 sharing, fraud prevention, provider oversight, and consumer  
13 education, consistent with section -23.

14 **§ -4 Long-term services and supports trust commission;**  
15 **establishment.** (a) There is established the long-term services  
16 and supports trust commission to provide policy oversight and  
17 ongoing recommendations regarding implementation and  
18 administration of the program.

19 (b) The commission shall consist of the following fourteen  
20 members:

21 (1) The director, or the director's designee;



- 1           (2) The director of labor and industrial relations, or the
- 2           director's designee;
- 3           (3) The insurance commissioner, or the commissioner's
- 4           designee;
- 5           (4) The director of health, or the director's designee;
- 6           (5) The director of finance, or the director's designee;
- 7           (6) One member of the senate appointed by the president of
- 8           the senate;
- 9           (7) One member of the house of representatives appointed
- 10          by the speaker of the house of representatives; and
- 11          (8) Seven members appointed by the governor to represent,
- 12          collectively:
  - 13           (A) Employees who are premium payers;
  - 14           (B) Employers subject to premium collection
  - 15           requirements;
  - 16           (C) Long-term services and supports providers,
  - 17           including home- and community-based providers;
  - 18           (D) Nursing facility providers;
  - 19           (E) Consumer advocates and family caregivers;
  - 20           (F) Individuals with expertise in aging, disability,
  - 21           and dementia services; and



1 (G) Individuals with expertise in actuarial science,  
2 public finance, or long-term care insurance.

3 (c) Appointed members shall serve terms of four years and  
4 may be reappointed for one additional consecutive four-year  
5 term; provided that initial appointments shall be for staggered  
6 terms, as determined by the governor. Vacancies shall be filled  
7 for the unexpired term in the same manner as the original  
8 appointment.

9 (d) The commission shall elect a chairperson and vice  
10 chairperson from among its members. The commission shall meet  
11 at least quarterly and at other times as necessary.

12 (e) Members of the commission shall serve without  
13 compensation but may be reimbursed for reasonable expenses,  
14 including travel expenses, necessary for the performance of  
15 their duties, subject to the availability of funds.

16 (f) The commission shall:

17 (1) Establish policy recommendations and strategic  
18 priorities for program implementation and  
19 administration;

20 (2) Recommend to the department and department of labor  
21 and industrial relations rules, procedures, and



# S.B. NO. 2931

- 1 operational standards necessary to implement this  
2 chapter;
- 3 (3) Review actuarial audits and valuations and advise the  
4 council regarding actions necessary to maintain  
5 actuarial solvency, benefit adequacy, and  
6 administrative sustainability;
- 7 (4) Monitor benefit utilization, access to approved  
8 services, provider network adequacy, workforce  
9 impacts, and equity outcomes, and recommend  
10 improvements;
- 11 (5) Develop and oversee consumer education and outreach  
12 priorities pursuant to section -19;
- 13 (6) Coordinate with the insurance commissioner and  
14 stakeholders to promote a supplemental private  
15 coverage framework pursuant to section -18;
- 16 (7) Evaluate potential program design enhancements  
17 reflected in other state long-term care program  
18 structure, including options for progressive premium  
19 structures, wage caps, contribution waivers for  
20 low-wage workers, shared employer-employee



1 contribution approaches, and mechanisms to strengthen  
2 portability and benefit adequacy; and  
3 (8) Submit reports, including findings and  
4 recommendations, to the legislature pursuant to  
5 section -20.

6 § -5 **Long-term services and supports trust council;**  
7 **establishment.** (a) There is established the long-term services  
8 and supports trust council. The council shall be responsible  
9 for setting the premium rate within the cap established by  
10 section -9 and determining the annual benefit unit adjustment  
11 pursuant to section -7, based on actuarial analysis and  
12 program experience.

13 (b) The council shall consist of the following five  
14 members:

- 15 (1) The director of finance, or the director's designee,  
16 who shall serve as chairperson;  
17 (2) The director, or the director's designee;  
18 (3) The director of labor and industrial relations, or the  
19 director's designee;  
20 (4) The insurance commissioner, or the commissioner's  
21 designee; and



- 1 (5) One public member with expertise in actuarial science  
2 or public finance, appointed by the governor.
- 3 (c) The council shall:
- 4 (1) Beginning January 1, 2030, and biennially thereafter,  
5 set the premium rate pursuant to section -9 at the  
6 lowest amount necessary to maintain actuarial solvency  
7 of the program; provided that the premium rate shall  
8 not exceed the maximum rate specified in section -9  
9 unless otherwise authorized by the legislature;
- 10 (2) Determine the annual adjustment to the benefit unit  
11 amount pursuant to section -7;
- 12 (3) Require a biennial actuarial audit and valuation of  
13 the program by an independent actuary selected by the  
14 council through a procurement process, and consider  
15 recommendations regarding solvency, benefit adequacy,  
16 contribution sufficiency, and administrative costs;  
17 and
- 18 (4) Submit to the legislature and the commission, no later  
19 than twenty days after setting or adjusting the  
20 premium rate or benefit unit amount, a report  
21 describing the council's determination, the actuarial



1 basis for the determination, and any recommendations  
2 for legislative action.

3 § -6 **Qualified individuals.** (a) Except as provided in  
4 subsection (b), the department of labor and industrial relations  
5 shall deem a person to be a qualified individual under this  
6 chapter if the person has paid premiums required by section -9  
7 for the equivalent of either:

8 (1) A total of ten years; or

9 (2) Three years within the last six years from the date of  
10 application for benefits.

11 (b) A person born before January 1, 1968, who has not met  
12 the duration requirements under subsection (a)(1), may become a  
13 qualified individual with fewer than ten years of premium  
14 payment if the person has paid premiums required by section -9  
15 for at least one year. A person becoming a qualified individual  
16 pursuant to this subsection may receive one-tenth of the maximum  
17 number of lifetime benefit units available under section -7  
18 for each year of premium payments; provided that nothing in this  
19 subsection shall prohibit a person born before January 1, 1968,  
20 who meets the conditions of subsection (a)(2) from receiving the



1 maximum number of lifetime benefit units available under  
2 section -7.

3 (c) When deeming a person to be a qualified individual,  
4 the department of labor and industrial relations shall require  
5 that the person have worked at least five hundred hours during  
6 each of the years counted toward subsection (a)(1), (a)(2), or  
7 (b), as applicable, in a manner determined by the department of  
8 labor and industrial relations by rule.

9 (d) An exempt employee shall not be deemed a qualified  
10 individual unless:

11 (1) The employee's exemption was rescinded pursuant to  
12 section -10; or

13 (2) The employee's exemption was discontinued pursuant to  
14 section -12.

15 (e) An out-of-state participant whose elective coverage  
16 has been canceled by the department of labor and industrial  
17 relations pursuant to section -13 shall not be deemed a  
18 qualified individual.

19 (f) Benefits for eligible beneficiaries residing in the  
20 State shall not be available until January 1, 2030, and benefits  
21 for out-of-state participants who become eligible beneficiaries



1 shall not be available until January 1, 2034; provided that  
2 nothing in this chapter shall require the department to accept  
3 applications for determining an individual's status as an  
4 eligible beneficiary before January 1, 2030.

5       §   -7 **Eligible beneficiaries; benefits available; benefit**

6 **units.** (a) The department shall make determinations regarding  
7 an individual's status as an eligible beneficiary.

8       (b) The department shall determine that an individual  
9 meets the functional eligibility requirements to become an  
10 eligible beneficiary if the department determines that the  
11 individual either:

12       (1) Is unable to perform, without substantial assistance  
13           from another individual, at least three of the  
14           following activities of daily living for at least  
15           ninety days due to loss of functional capacity:  
16           eating, toileting, transferring, bathing, dressing, or  
17           continence; or

18       (2) Requires substantial supervision to protect the  
19           individual from threats to health and safety due to  
20           severe cognitive impairment.



1           (c) The department shall ensure sufficient assessor  
2 capacity and establish procedures to make functional eligibility  
3 determinations within forty-five days from receipt of a  
4 completed request for benefits, except as otherwise provided by  
5 rule for good cause.

6           (d) The benefit unit amount shall be \$100. Beginning  
7 January 1, 2031, and annually thereafter, the benefit unit  
8 amount shall be adjusted by the council at a rate not to exceed  
9 the percentage change in the Consumer Price Index for all urban  
10 consumers for Honolulu, as published by the United States Bureau  
11 of Labor Statistics, for the previous calendar year; provided  
12 that any adjustment shall be subject to revision by the  
13 legislature.

14           (e) Benefit units may be paid as reimbursement for  
15 approved services provided to an eligible beneficiary on a  
16 specific date, in the manner established by the department by  
17 rule.

18           (f) The total lifetime limit of benefit units available to  
19 an eligible beneficiary shall be three hundred sixty-five  
20 benefit units. The department shall:



1 (1) Authorize payment of a partial benefit unit if the  
2 amount due for an approved service is less than the  
3 benefit unit amount; and

4 (2) Allow an eligible beneficiary to combine benefit units  
5 to receive additional approved services per day;  
6 provided that the total number of lifetime benefit  
7 units has not been exceeded.

8 (g) Benefits shall be payable only for approved services  
9 and only after the individual has been determined to be an  
10 eligible beneficiary and the services are consistent with a care  
11 plan or authorization process established by the department by  
12 rule.

13 § -8 **Payment of benefits; provider registration;**  
14 **qualified family member.** (a) The department shall disburse  
15 benefits from the Hawaii CARES trust fund to long-term services  
16 and supports providers, as reimbursement, for approved services  
17 delivered to eligible beneficiaries, in accordance with this  
18 chapter and rules adopted pursuant to this chapter.

19 (b) The department shall establish, by rule:



- 1 (1) Provider registration standards, including provider  
2 qualifications, compliance requirements, billing  
3 standards, and procedures for suspension and removal;
- 4 (2) Procedures for verifying delivery of approved  
5 services;
- 6 (3) Procedures for payment to long-term services and  
7 supports providers and, when appropriate,  
8 reimbursement to eligible beneficiaries for approved  
9 services;
- 10 (4) Standards for qualified family members, including  
11 training and competency requirements and safeguards to  
12 prevent fraud and abuse; and
- 13 (5) Criteria for approval of eligible relative care and  
14 payment for services delivered by qualified family  
15 members, including services delivered outside the  
16 State for eligible beneficiaries who are out-of-state  
17 participants.
- 18 (c) The department shall coordinate payment of benefits  
19 with other private and public sources of funding for long-term  
20 services and supports, including medicaid long-term services and  
21 supports, to the extent allowable under federal and state law,



1 to maximize the benefit available to eligible beneficiaries and  
2 support seamless transitions among funding sources.

3 (d) The department may adopt rules establishing prior  
4 authorization, care planning, and utilization controls necessary  
5 to prevent inappropriate use of benefits, ensure program  
6 integrity, and preserve solvency, while maintaining meaningful  
7 access to approved services.

8 § -9 **Premium assessment; rate; collection.** (a) Unless  
9 otherwise exempted pursuant to this chapter, beginning  
10 January 1, 2027, the department of labor and industrial  
11 relations shall assess for each individual in employment with an  
12 employer a premium based on the amount of the individual's  
13 wages. The initial premium rate shall be 0.58 per cent of the  
14 individual's wages.

15 (b) Beginning January 1, 2030, and biennially thereafter,  
16 the premium rate shall be set by the council at a rate no  
17 greater than 0.58 per cent of wages; provided that the council  
18 shall set the premium rate at the lowest amount necessary to  
19 maintain actuarial solvency. To facilitate premium rate  
20 setting, the council shall require a biennial actuarial audit  
21 and valuation pursuant to section -5.



1 (c) The employer shall collect premiums from employees  
2 through payroll deductions and remit the amounts collected to  
3 the department of labor and industrial relations. In collecting  
4 employee premiums, the employer shall act as the agent of the  
5 employees and shall remit the amounts as required by this  
6 chapter and rules adopted pursuant to this chapter.

7 (d) Premiums shall be collected in the manner and at  
8 intervals as directed by the department of labor and industrial  
9 relations. To the extent feasible, the department of labor and  
10 industrial relations shall use existing premium assessment,  
11 collection, and reporting procedures used for other  
12 payroll- based contributions administered by the department of  
13 labor and industrial relations.

14 (e) The department of labor and industrial relations shall  
15 deposit all premiums collected under this section into the  
16 Hawaii CARES trust fund.

17 (f) An employer may elect to pay all or part of an  
18 employee's premium in addition to, or in lieu of, withholding  
19 from wages, as permitted by rules adopted by the department of  
20 labor and industrial relations; provided that any employer  
21 payment shall be treated as a payment to the program and shall



1 not create an employee entitlement beyond the benefit structure  
2 established by this chapter.

3       **§ -10 Premium assessment; exemption for employees with**  
4 **long-term care insurance.** (a) An employee who attests that the  
5 employee has long-term care insurance purchased before  
6 January 1, 2028, may apply for an exemption from the premium  
7 assessment under section -9.

8       (b) The department of labor and industrial relations shall  
9 accept applications for exemptions only from July 1, 2026,  
10 through December 31, 2027. Only employees who are eighteen  
11 years of age or older may apply for an exemption.

12       (c) The department of labor and industrial relations shall  
13 not be required to verify an employee's attestation that the  
14 employee has long-term care insurance.

15       (d) Approved exemptions shall take effect on the first day  
16 of the calendar quarter immediately following approval of the  
17 exemption.

18       (e) Exempt employees shall not be entitled to a refund of  
19 any premium deductions made before the effective date of an  
20 approved exemption.



1 (f) An exempt employee shall provide written notification  
2 of the approved exemption to all current and future employers.  
3 If an exempt employee fails to notify an employer of an approved  
4 exemption, the exempt employee shall not be entitled to a refund  
5 of any premium deductions made before the written notification  
6 is provided.

7 (g) Employers shall not deduct premiums after being  
8 notified by an employee of an approved exemption. Employers  
9 shall retain written notifications of exemptions received from  
10 employees. Any employer that deducts premiums after being  
11 notified of an approved exemption shall be solely responsible  
12 for refunding to the employee any premiums deducted after the  
13 notification. The employer shall not be entitled to a refund  
14 from the department of labor and industrial relations for any  
15 premiums remitted on behalf of exempt employees.

16 (h) Except as provided in subsection (i), an exempt  
17 employee shall not become a qualified individual or eligible  
18 beneficiary and shall be permanently ineligible for coverage  
19 under this chapter.

20 (i) Before January 1, 2032, an employee who has received  
21 an approved exemption pursuant to this section may rescind the



1 exemption and participate in the program by notifying the  
2 department of labor and industrial relations in a form and  
3 manner established by the department of labor and industrial  
4 relations. Upon notification, the employee shall be subject to  
5 premium assessments under section -9 or -14. The employee  
6 shall not be responsible for premiums that would have been  
7 assessed before the rescission. When deeming a person to be a  
8 qualified individual under section -6, the department of labor  
9 and industrial relations shall not count any year during which  
10 the employee was exempt unless premiums were assessed for part  
11 of the year and the minimum work hour requirement under  
12 section -6 was satisfied.

13 (j) The department of labor and industrial relations shall  
14 adopt rules necessary to implement and administer this section,  
15 including rules governing applications and rescissions.

16 **§ -11 Premium assessment; exemption for certain**  
17 **nonimmigrant visa holders.** (a) An employee holding a  
18 nonimmigrant visa that authorizes temporary work in the United  
19 States, as determined by the department of labor and industrial  
20 relations by rule, shall not be subject to the premium



1 assessment under section -9 unless the employee notifies the  
2 employer that the employee elects to participate in the program.

3 (b) If an employee described in subsection (a) becomes a  
4 lawful permanent resident or a citizen of the United States and  
5 is employed in the State, the employee shall become subject to  
6 the premium assessment under section -9 unless otherwise  
7 exempt pursuant to this chapter.

8 (c) The department of labor and industrial relations shall  
9 adopt rules necessary to implement this section, including rules  
10 governing employee elections and notification to employers.

11 **§ -12 Premium assessment; voluntary exemptions.** (a) An  
12 employee may apply for an exemption from the premium assessment  
13 under section -9 if the employee is:

14 (1) A veteran with a service-connected disability rating  
15 of seventy per cent or greater, as determined by the  
16 United States Department of Veterans Affairs, and  
17 receiving compensation for the disability;

18 (2) The spouse or reciprocal beneficiary of an active duty  
19 service member who is relocating as the result of a  
20 military transfer;



1 (3) Employed in the State but maintaining a permanent  
2 address outside the State; or

3 (4) An active duty service member engaged in off-duty  
4 civilian employment.

5 (b) An employee seeking an exemption shall apply to the  
6 department of labor and industrial relations in a manner  
7 prescribed by the department of labor and industrial relations  
8 by rule.

9 (c) An employer shall not deduct premiums after receiving  
10 written notification from an employee of an approved exemption  
11 under this section.

12 (d) An employee exempt under this section shall not become  
13 a qualified individual or eligible beneficiary and shall be  
14 permanently ineligible for coverage under this chapter unless  
15 the exemption is discontinued pursuant to subsection (e).

16 (e) An exemption under this section shall be discontinued  
17 when the employee no longer meets the requirements for the  
18 exemption. The employee shall discontinue the exemption within  
19 ninety days of the change, and shall notify the department of  
20 labor and industrial relations and the employer within ninety  
21 days.



1 (f) An employee required to discontinue an exemption who  
2 fails to begin paying premiums within ninety days shall be  
3 liable for unpaid premiums that would have been assessed since  
4 the discontinuation, plus interest at one per cent per month, as  
5 determined by the department of labor and industrial relations  
6 by rule.

7 (g) The department of labor and industrial relations shall  
8 adopt rules necessary to implement and administer this section,  
9 including rules on applications, approvals, discontinuations,  
10 and enforcement.

11 **§ -13 Out-of-state participants; reporting; collection**

12 **of premiums.** (a) Beginning January 1, 2030, an employee or  
13 self-employed person who has elected coverage pursuant to  
14 section -14 and who relocates outside of the State may elect  
15 to continue participation in the program if the person:

16 (1) Has been assessed premiums for at least three years  
17 and has worked at least five hundred hours during each  
18 of those years in the State, as determined by the  
19 department of labor and industrial relations by rule;  
20 and



1           (2) Notifies the department of labor and industrial  
2           relations, within one year of establishing a primary  
3           residence outside the State, that the person is no  
4           longer a resident of the State and elects to continue  
5           participation.

6           (b) An out-of-state participant shall report wages or  
7           self-employment earnings to the department of labor and  
8           industrial relations, and remit premiums according to standards  
9           established by the department of labor and industrial relations  
10          by rule; provided that the out-of-state participant shall submit  
11          any documentation required under the standards even if the  
12          out-of-state participant has not earned wages or self-employment  
13          earnings during a reporting period.

14          (c) When an out-of-state participant reaches sixty-seven  
15          years of age, the participant shall not be required to submit  
16          documentation pursuant to subsection (b) unless the participant  
17          continues to earn wages or self-employment earnings; provided  
18          that if the participant continues to earn wages or  
19          self-employment earnings, the participant shall report and remit  
20          premiums pursuant to subsection (b).



1           (d) An out-of-state participant who elects to continue  
2 participation pursuant to subsection (a) shall remain covered by  
3 the program. The department of labor and industrial relations  
4 may cancel elective coverage if the out-of-state participant  
5 fails to make required payments or submit required reports;  
6 provided that the cancellation shall be effective no later than  
7 thirty days from the date of written notice informing the  
8 out-of-state participant of the cancellation.

9           (e) The department of labor and industrial relations shall  
10 adopt rules establishing standards for reporting and remitting  
11 premiums by out-of-state participants, including standards for  
12 verifying wages or self-employment earnings and minimizing  
13 procedural burdens.

14           (f) Entities providing approved services to an eligible  
15 beneficiary outside the State shall comply with section -21  
16 and any additional nondiscrimination standards established by  
17 the department by rule.

18           (g) Any participant who relocated outside of the State may  
19 elect to opt out of continued participation by ceasing to report  
20 wages or self-employment earnings to the department of labor and  
21 industrial relations in the manner established by rule.



1           §   -14   **Election of coverage; self-employed persons.**   (a)

2   Beginning January 1, 2027, any self-employed person may elect  
3   coverage under this chapter. Coverage shall be elected before  
4   January 1, 2030, or within three years of becoming self-employed  
5   for the first time, whichever is later, in a manner established  
6   by the department of labor and industrial relations by rule.

7           (b)   A self-employed person who elects coverage under this  
8   section shall be responsible for payment of one hundred per cent  
9   of all premiums assessed under section   -9 and shall remit  
10  premiums to the department of labor and industrial relations in  
11  the manner established by rule.

12          (c)   A self-employed person who has elected coverage shall  
13  not withdraw from coverage, except as provided in  
14  subsection (d).

15          (d)   A self-employed person who elects coverage shall  
16  continue to pay premiums until the person retires from the  
17  workforce or is no longer self-employed. To cease premium  
18  assessment and collection, the person shall file a notice with  
19  the department of labor and industrial relations, in the manner  
20  established by rule.



1 (e) The department of labor and industrial relations may  
2 cancel elective coverage if the self-employed person fails to  
3 make required payments or submit reports as required. The  
4 department of labor and industrial relations may collect due and  
5 unpaid premiums and may levy an additional premium for the  
6 remainder of the period of coverage. The cancellation shall be  
7 effective no later than thirty days from the date of written  
8 notice informing the self-employed person of the cancellation.

9 § -15 **Hawaii CARES trust fund; established.** (a) There  
10 is established in the state treasury the Hawaii CARES trust  
11 fund, to be administered and expended by the department. All  
12 receipts from employers and employees under section -9 and  
13 out-of-state participants under section -13, delinquent  
14 premiums, penalties, and interest received pursuant to  
15 section -22, and any funds attributable to savings derived  
16 through a waiver with the federal Centers for Medicare and  
17 Medicaid Services pursuant to section -17 shall be deposited  
18 into the fund.

19 (b) Moneys in the fund shall be used to expand long-term  
20 care in the State, including for:

21 (1) Benefit payments under this chapter; and



1           (2) Administrative activities necessary to implement and  
2           administer the program, including activities of the  
3           department, the department of labor and industrial  
4           relations, and the department of commerce and consumer  
5           affairs related to this chapter.

6           (c) Moneys in the fund shall not be used, either in whole  
7           or in part, to supplant existing state or county funds for  
8           programs that meet the definition of approved services.

9           (d) The department shall submit a report to the  
10          legislature no later than twenty days prior to the convening of  
11          each regular session to provide an accounting of the receipts  
12          and expenditures of the fund.

13          (e) If moneys in the fund are appropriated or expended for  
14          any purpose other than as permitted in this chapter, the  
15          legislature shall notify each qualified individual by mail that  
16          the person's premiums were used for an alternate purpose,  
17          describe the alternate purpose, and state the plan for restoring  
18          the funds so that premiums are not increased and benefits are  
19          not reduced.

20          **§ -16 Hawaii CARES trust fund; investment; policies.**

21          (a) The director of finance shall invest moneys in the Hawaii



1 CARES trust fund. The director of finance shall have full  
2 authority to invest, reinvest, manage, contract, sell, or  
3 exchange fund assets, consistent with applicable state law and  
4 prudent investment standards.

5 (b) Investment and operating costs associated with fund  
6 investments shall be paid from the fund. Except for these  
7 expenses, all investment earnings shall be retained in the fund.

8 (c) Except for investment expenses under subsection (b),  
9 disbursements from the fund shall be made only upon the  
10 authorization of the director or the director's designee, and  
11 moneys in the fund shall be expended only for purposes  
12 authorized by this chapter.

13 (d) The director of finance and any board, committee, or  
14 agent acting within the scope of delegated investment authority  
15 shall not be liable for any action or inaction except for  
16 willful dishonesty or intentional violation of law. The  
17 director of finance may purchase liability insurance as  
18 appropriate.

19 § -17 Data access; federal waiver; shared savings. (a)

20 The department shall:



- 1           (1) Seek access to medicare data from the federal Centers  
2           for Medicare and Medicaid Services to analyze  
3           potential savings in medicare expenditures attributed  
4           to the operation of the program;
- 5           (2) Apply for a demonstration waiver from the federal  
6           Centers for Medicare and Medicaid Services to allow  
7           the State to share in savings generated in the federal  
8           match for medicaid long-term services and supports and  
9           in medicare expenditures attributable to the operation  
10          of the program; and
- 11          (3) Submit a report to the legislature on the status of  
12          the waiver, in accordance with section 93-16, no later  
13          than December 1, 2027, and annually thereafter until  
14          the waiver is approved or denied.

15          (b) If the State obtains a waiver that results in shared  
16 savings attributable to long-term services and supports  
17 spending, the amount of shared savings shall be deposited into  
18 the Hawaii CARES trust fund established pursuant to  
19 section -15.

20          § -18 **Supplemental private coverage framework;**  
21 **innovation and regulatory modernization.** (a) The insurance



1 commissioner shall, in consultation with the commission and the  
2 department, establish a regulatory pathway for insurers to offer  
3 supplemental long-term care insurance products designed to  
4 coordinate with the program. The pathway shall, at a minimum,  
5 establish standards for supplemental products that:

- 6 (1) Recognize the public benefit available under this  
7 chapter as a deductible or offset to reduce consumer  
8 premium costs;
- 9 (2) Provide benefits that complement approved services and  
10 are designed to reduce medicaid spend-down risk for  
11 middle-income households;
- 12 (3) Are portable and provide clear consumer disclosures  
13 regarding how benefits interact with benefits under  
14 this chapter; and
- 15 (4) Comply with solvency, marketing conduct, and consumer  
16 protection standards established by the insurance  
17 commissioner.

18 (b) The commission shall establish an innovation and  
19 market modernization working group to:

- 20 (1) Evaluate hybrid insurance models, including life  
21 insurance and long-term care combination products,



1 employer-based voluntary benefits, and other emerging  
2 products;

3 (2) Identify barriers to affordability and availability of  
4 supplemental coverage and recommend regulatory or  
5 statutory changes to address those barriers;

6 (3) Monitor impacts on medicaid long-term services and  
7 supports utilization and spend-down trends and  
8 recommend strategies to align medicaid planning with  
9 private market expansion; and

10 (4) Recommend updates to program design, portability  
11 standards, benefit unit adjustments, and premium  
12 design options, consistent with actuarial solvency.

13 (c) The department shall coordinate with employers,  
14 insurers, labor organizations, and consumer groups to encourage  
15 employer group plan options and voluntary benefits that  
16 complement the program and expand uptake of supplemental  
17 coverage.

18 § -19 **Consumer education and outreach.** (a) The  
19 department, in consultation with the commission, shall implement  
20 a multilingual, multimedia public education campaign to inform  
21 residents and employers regarding:



- 1 (1) The availability and scope of benefits under this
- 2 chapter;
- 3 (2) The distinction between medicare coverage and long-
- 4 term services and supports needs;
- 5 (3) Coordination of benefits among the program, private
- 6 long-term care insurance, medicaid, and other public
- 7 programs;
- 8 (4) Exemptions, elections, and portability provisions;
- 9 (5) Approved services and the process by which eligible
- 10 beneficiaries may access services; and
- 11 (6) Fraud prevention and consumer protections.

12 (b) The department shall prioritize outreach to  
13 populations disproportionately impacted by long-term care costs  
14 and caregiving burdens, including caregivers, older workers,  
15 individuals with disabilities, and low- and moderate-income  
16 households.

17 § -20 **Annual reports; audits.** (a) The commission shall  
18 submit a report to the legislature no later than December 31 of  
19 each year, beginning December 31, 2027, that includes:

- 20 (1) Program implementation status and major administrative
- 21 actions;



- 1 (2) Premium collections, expenditures, and fund balance;
- 2 (3) Benefit utilization data by approved service type and
- 3 setting;
- 4 (4) Demographic and equity analyses of participation and
- 5 benefit utilization;
- 6 (5) Provider network capacity and workforce impacts;
- 7 (6) Actuarial audit and valuation summaries and council
- 8 determinations regarding premium rate and benefit unit
- 9 adjustments; and
- 10 (7) Recommendations for legislative or administrative
- 11 actions to improve solvency, benefit adequacy, and
- 12 access.

13 (b) The auditor shall conduct periodic audits of the  
14 program and the Hawaii CARES trust fund, including financial and  
15 performance audits, as determined appropriate by the auditor,  
16 and shall submit audit findings to the legislature.

17 § -21 **Discrimination prohibited.** Any long-term services  
18 and supports provider and any entity providing services to an  
19 eligible beneficiary under this chapter, including services  
20 delivered outside the State to an eligible beneficiary who is an  
21 out-of-state participant, shall not discriminate in the



1 provision of approved services on any basis prohibited by  
2 federal or state law, including but not limited to race, color,  
3 religion, sex, sexual orientation, gender identity or  
4 expression, age, disability, national origin, ancestry, or  
5 preexisting condition, and shall comply with applicable state  
6 and federal nondiscrimination laws.

7       § -22 **Enforcement; delinquent premiums; penalties.** (a)

8 The department of labor and industrial relations may investigate  
9 employer and individual compliance with premium assessment,  
10 collection, reporting, and remittance requirements under this  
11 chapter.

12       (b) If an employer fails to collect, remit, or report  
13 premiums as required, the department of labor and industrial  
14 relations may assess delinquent premiums, interest, and  
15 penalties in a manner established by rule. Interest shall  
16 accrue on delinquent premiums at one per cent per month unless  
17 otherwise provided by rule consistent with this chapter.

18       (c) The department of labor and industrial relations may  
19 establish by rule penalty schedules, notice procedures, and  
20 collection remedies, including administrative offsets, liens,  
21 and other lawful collection mechanisms, to ensure compliance;



1 provided that due process protections, including notice and  
2 opportunity to be heard, shall be provided.

3 (d) The department of labor and industrial relations shall  
4 adopt rules necessary to implement this section, including rules  
5 regarding employer liability, recordkeeping, audits, and  
6 enforcement coordination with other payroll-based contribution  
7 programs.

8 § -23 **Confidentiality; data sharing.** (a) Personally  
9 identifiable information collected or maintained by the  
10 department, the department of labor and industrial relations, or  
11 the insurance commissioner for purposes of this chapter shall be  
12 confidential and shall not be subject to public inspection,  
13 except as otherwise provided by law.

14 (b) The department, the department of labor and industrial  
15 relations, and the insurance commissioner may share confidential  
16 information with each other as necessary to administer and  
17 enforce this chapter, prevent fraud, coordinate benefits, and  
18 evaluate program performance; provided that information sharing  
19 shall be governed by written agreements and shall include  
20 safeguards to protect confidentiality and data security.



1 (c) Aggregate data that does not identify individuals may  
2 be disclosed in reports required by this chapter.

3 § -24 Rules. The department, the department of labor  
4 and industrial relations, and the insurance commissioner shall  
5 adopt rules pursuant to chapter 91 as necessary to implement  
6 this chapter, including rules regarding eligibility  
7 determinations, benefit payments, provider registration, premium  
8 assessment and collection, exemptions, elections, portability,  
9 fraud prevention, and consumer protections."

10 SECTION 3. There is appropriated out of the general  
11 revenues of the State of Hawaii the sum of \$4,500,000 or so much  
12 thereof as may be necessary for fiscal year 2026-2027 for the  
13 initial establishment and implementation of the Hawaii CARES  
14 fund long-term services and supports trust program, including  
15 information technology systems, rulemaking, staffing, outreach,  
16 and interagency coordination.

17 The sum appropriated shall be expended by the department of  
18 human services for the purposes of this Act.

19 SECTION 4. If any provision of this Act, or the  
20 application thereof to any person or circumstance, is held  
21 invalid, the invalidity does not affect other provisions or

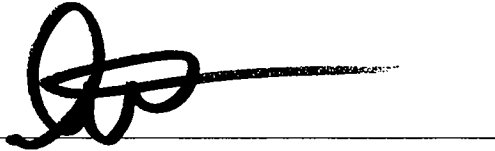


1 applications of the Act that can be given effect without the  
2 invalid provision or application, and to this end the provisions  
3 of this Act are severable.

4 SECTION 5. This Act shall take effect on July 1, 2026.

5

INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a horizontal line extending to the right.

# S.B. NO. 2931

**Report Title:**

DHS; DLIR; Insurance Commissioner; Hawaii CARES Fund Long-Term Services and Supports Trust Program; Payroll Premium; Benefit Units; Exemptions; Out-of-State Participants; Supplemental Insurance; Consumer Education; Reports; Rules; Appropriation

**Description:**

Establishes the Hawaii CARES Fund Long-term Services and Supports Trust Program within the Department of Human Services to be implemented in collaboration with the Department of Labor and Industrial Relations and the Insurance Commissioner, provide eligible beneficiaries with a lifetime benefit for approved long-term services and supports funded through payroll-based premium assessed on wages, with exemptions and optional participation for self-employed persons and certain out-of-state participants. Establishes a trust fund commission and council. Establishes premium assessment and collection requirements. Provides cancellation procedures under certain circumstances. Establishes a supplemental private coverage framework and consumer education requirements. Establishes the Hawaii CARES trust fund and investment requirements. Requires DHS, DLIR, and the Insurance Commissioner to adopt rules. Requires 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.*

