



JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

KENNETH FINK, MD, MGA, MPH
DIRECTOR OF HEALTH
KA LUNA HO'OKELE

**STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
EXECUTIVE OFFICE ON AGING**
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Executive Office on Aging

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**Testimony in SUPPORT of HB1804 HD1
RELATING TO LONG-TERM CARE FINANCING**

COMMITTEE ON HEALTH AND HUMAN SERVICES
SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATOR ANGUS L.K. MCKELVEY, VICE CHAIR

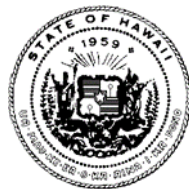
Testimony of Caroline Cadirao
Director, Executive Office on Aging
Attached Agency to the Department of Health

Hearing: Wednesday, March 18, 2026, 1:00 P.M.

Conference Room: 225

- 1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of
- 2 Health (DOH), supports this measure.
- 3 **Purpose:** This measure seeks to examine the feasibility of different public and private financing
- 4 options to pay for long-term care services and supports and determine which financing
- 5 mechanisms have objective, evidence-based merits.
- 6 This measure continues the Long-Term Care Plan recommendations to review various financing
- 7 mechanisms to pay for long-term care.
- 8 **Recommendation:** The Executive Office on Aging will participate as an ex-officio member if
- 9 this measure passes, and we deferred to the DOH for implementation.
- 10 Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



RYAN I. YAMANE
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
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P. O. Box 339
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TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

March 17, 2026

TO: The Honorable Senator Joy A. San Buenaventura
Senate Committee on Health & Human Services

FROM: Ryan I. Yamane, Director

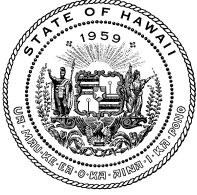
SUBJECT: **HB 1804 HD1 – RELATING TO LONG-TERM CARE FINANCING.**

Hearing: March 18, 2026, Time 1:00 p.m.
Conference Room 225 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the establishment of a joint legislative Long-Term Care Financing Advisory Commission to examine the feasibility of different financing options for long-term care services and supports.

DHS supports the bill's requirement that the Director of DHS and the Administrator of the DHS Med-QUEST Division, or their designees, serve as ex officio members of this commission. DHS looks forward to participating in the important work this group will undertake.

Thank you for the opportunity to provide testimony on this measure.



**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

JOSH GREEN, MD
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KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

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March 16, 2026

TO: SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
Senator Joy A. San Buenaventura, Chair
Senator Angus L.K. McKelvey, Vice Chair
Honorable Members

FROM: John C. (Jack) Lewin, MD, Administrator, SHPDA, and Sr. Advisor to
Governor Josh Green, MD on Healthcare Innovation

RE: **HB 1804-HD1 -- RELATING TO LONG-TERM CARE FINANCING**

HEARING: Wednesday, March 18, 2026 @ 1:00 pm; Conference Room 225

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA strongly supports HB 1804-HD1, with comments.

The State Health Planning and Development Agency (SHPDA) stands in strong support for HB1804-HD1, which establishes a joint legislative Long-Term Care Financing Advisory Commission. This Commission is essential to advancing a comprehensive, data-driven evaluation of feasible financing strategies-including social-insurance-style models, public private partnerships, and sustainable revenue options-to address Hawai'i's long-term care costs, which already exceed national averages.

This bill creates an independent commission appointed by the Senate President and House Speaker, and with ex-officio representation of essential government agencies, to develop a strategic planning process over the coming year. The commission must also understand what other states that are already exploring innovative LTC funding strategies have learned; and it will return to the Legislature next year with a more detailed planning and actuarial budget needed to develop a detailed LTC population-wide funding approach for the Legislature, Governor, and the state to examine and hopefully pursue.

We also note that, given the huge amounts of money currently being spent by the federal government and our state government in various LTC-funded Medicaid (Med-QUEST) services for both home and community-based services (HCBS) and in

institutional/residential services (hundreds of millions of dollars), that this commission should also strategize on cost and shared savings incentives with the federal government as part of the long-term financing strategy.

The next portion of this testimony outlines some of the work in preparation for this commission that has been undertaken by SHPDA's Kūpuna Advisory Council and its Long-Term Care Financing Permitted Interaction Group (LTC PIG), convened over the past year to examine long-term care financing solutions for Hawai'i's rapidly aging population. This work builds on Hawai'i's decades-long leadership in health care reform- from the groundbreaking Prepaid Health Care Act of 1974 to the nation's first attempt in 2003 to establish a publicly funded long-term care insurance program.

The LTC PIG's executive summary reinforces that meaningful reform must address the three pillars of health care: cost, access, and quality. Its findings identify three urgent areas for action:

- Developing reliable and sustainable long-term care funding sources
- Strengthening home and community-based services to support aging in place
- Implementing cost containment strategies that improve care quality while responsibly managing expenditures

To inform you of this work, the group reviewed several significant national and state initiatives, including:

- Hawaii Family HOPE – a mandatory income tax -funded earned -benefit -program adopted by the Legislature in 2003
- Washington State's WA Cares Fund – a payroll tax-funded earned -benefit long-term care program enacted in 2019
- Massachusetts' LTSS Feasibility Study and Reimagine Aging 2030 Plan – actuarial analyses of private and public insurance models
- Minnesota's Own Your Future Initiative – a comprehensive approach integrating LTSS financing, catastrophic coverage, and enhanced Medicare HCBS benefits
- California's Master Plan for Aging – a person centered, equity focused framework for LTSS system transformation
- Hawai'i's own HCBS diversion strategy – exploring ways to transition appropriate nursing facility residents into community--based -settings to generate Medicaid savings
- Milliman actuarial briefings – outlining foundational principles of long-term care financing across public and private models

These briefings underscore a consistent message: Hawai'i must act now. Our senior population is growing faster than the national average, and the cost of care is rising even more rapidly. Without a sustainable financing framework, families will

HB 1804-HD1: testimony of SHPDA (2026), continued.

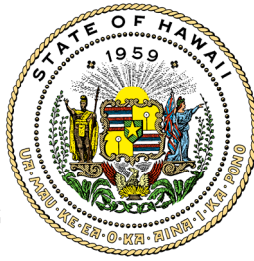
continue to shoulder overwhelming burdens, and the state will face escalating fiscal pressures.

HB1804-HD1 provides the structure needed to continue this critical work. Establishing a Long-Term Care Financing Advisory Commission ensures that policymakers have access to updated data, actuarial expertise, and a coordinated process for evaluating viable long-term care financing solutions. Advancing this effort honors our responsibility to Hawai'i's Kūpuna—those who built the foundation of our communities—and ensures they receive the care, dignity, and support they deserve.

Thank you for hearing HB 1804-HD1.

Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA



SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES
The Honorable Joy A. San Buenaventura, Chair
The Honorable Angus L.K. McKelvey, Vice Chair

H.B. NO. 1804, H.D. 1, RELATING TO LONG-TERM CARE FINANCING

Hearing: Wednesday, March 18, 2026, 1:00 p.m.

The Office of the Auditor offers comments on H.B. No. 1804, H.D. 1, which establishes a long-term care financing advisory commission to examine the feasibility and merits of different public and private financing options to pay for long-term care services. The bill requires the Office of the Auditor to assist the commission with procuring the services of a part-time project director as well as consultants who will assist the commission with “actuarial assessments, policy analysis and development, and public education and stakeholder engagement.” The bill also requires the Office of the Auditor to assist the commission with drafting reports to the Legislature. See Sections 1 (h), (i), and (o).

We have strong reservations about this bill as it relates to the Office of the Auditor.

Generally Accepted Government Auditing Standards require that we are independent of programs that we audit. **Providing support to the commission as proposed in the bill will impair that independence and our ability to later audit the commission or otherwise assess it and the work related to it in the future.**

Moreover, the bill originally required the Legislative Reference Bureau to assist the commission with contracting for commission staff, procuring consultants, and drafting reports to the Legislature. In its testimony before the House Committee on Health, the Legislative Reference Bureau suggested that the Office of the Auditor is the more appropriate agency to support the commission, referring to our assessments of proposals to mandate health insurance coverage under Section 23-51, HRS, as work somehow similar to the commission’s responsibilities. The Legislative Reference Bureau’s suggestion that we are better equipped to support the commission is misinformed. Our assessments of the social and financial impacts relating to proposed health insurance mandates are not analogous to the work that we would be tasked to perform under H.B. No. 1804, H.D. 1.

Audits of state program performance are – and should be – our primary work. We assess whether programs that the Legislature created and funds are effectively and efficiently performing their statutory purpose. That work provides valuable information to the Legislature and the public about whether state policies are being implemented as intended. Our professional staff have the skills, knowledge, and training to audit program performance, which are conducted pursuant to Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Contrary to the Legislative Reference Bureau’s

suggestion, we do not possess specialized skills, knowledge, or training relating to the work tasked to us under H.B. No. 1804, H.D. 1.

We recommend that the tasks of contracting for the services of a part-time director, procuring consulting services for actual assessment, policy analysis and development, and public education and stakeholder engagement, and assisting the commission with drafting reports to the Legislature be reassigned to another agency or office better suited to assist the commission.



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The State Legislature
Senate Committee on Health and Human Services
Wednesday, March 18, 2026
Conference Room 225, 1:00 p.m.

TO: The Honorable Joy San Buenaventura, Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1804, HD1 Relating to Long Term Care Financing

Aloha Chair San Buenaventura, and Members of the Committee:

My name is Keali'i Lopez, and I am the State Director for AARP Hawai'i. AARP is a nonpartisan, social impact organization that advocates for individuals age 50 and older. We have a membership of nearly 38 million nationwide and nearly 135,000 in Hawaii. We advocate at the state and federal level for the issues that matter most to older adults and their families.

AARP Hawai'i is in support of House Bill 1804, HD1 which 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 (LTSS).

AARP's supports reforms that ensure affordable, equitable, and sustainable LTSS financing. Key principles include pursuing combined public-private financing solutions, with individuals, employers, and government all playing a role. This means the development of public social insurance programs are supplemented by private options, broader Medicare contributions, and Medicaid protections for those with the greatest needs.

Ensuring that long term care financing is broad-based and equitable, so services remain affordable for people across all income levels is critical as well as increasing access to home- and community-based services, which are both cost-effective and consistent with consumer choice. HB1804 promotes person-centered, consumer-protective policy development.

AARP's national LTSS scorecards have consistently shown that long-term care is unaffordable, inaccessible, and uneven in quality across states, and that demand will continue rising as the population ages. Hawai'i faces these same systemic pressures—making the forward-looking analysis required by HB1804 both urgent and necessary.

AARP Hawai'i believes HB1804, HD1 is a prudent, data-driven step toward ensuring that our state can support older adults, people with disabilities, and family caregivers with a sustainable

long-term care financing system. By convening experts, public agencies, and consumer advocates, the bill provides the foundation for practical, evidence-based policy solutions.

Thank you for the opportunity to testify in support of H.B. 1804, HD1.



March 18, 2026

Senate Committee on Health and Human Services
Sen. Joy San Buenaventura, Chair
Sen. Angus McKelvey, Vice Chair

RE: HB1804 HD1, Relating to Long-Term Care Financing

Chair San Buenaventura, Vice Chair McKelvey, and members of the committee –

Navian Hawaii is a nonprofit organization supporting the needs of Hawai'i's aging population, including through hospice, palliative care, and integrated support services. We appreciate the opportunity to provide testimony **in support of** HB1804 HD1, Relating to Long-Term Care Financing. This bill would establish a joint legislative Long-Term Care Financing Advisory Commission.

Hawai'i is undergoing a major demographic shift, with a rapidly aging population that will have profound implications for our healthcare infrastructure. In 2023, over 21% of Hawai'i's residents were aged 65 and older - a proportion that has been increasing and is projected to reach one in four by 2035. The fastest-growing segment includes those over 80 years old, a group that will require intensive levels of care, including skilled nursing, palliative, and hospice services.

Despite the growing need, the financing structure for long-term care remains fragmented and insufficiently prepared for the scale of future demand. Much of long-term care is financed either through out-of-pocket spending by families or through Medicaid after individuals have exhausted their personal resources. This dynamic creates financial hardship for many households while also placing long-term fiscal pressure on the State Budget.

This bill provides the Legislature with a structured, data-driven process to evaluate sustainable financing solutions. By examining the feasibility of different financing options the Commission can help identify approaches that improve access to care, support aging in place, and maintain fiscal responsibility.

Thank you for the opportunity to submit testimony.



March 18, 2026 at 1:00 pm
Conference Room 225

Senate Committee on Health and Human Services

To: Chair Joy A. San Buenaventura
Vice Chair Angus L.K. McKelvey

From: Hilton R. Raethel
President and CEO
Healthcare Association of Hawaii

Re: **Testimony in Support**
HB 1804 HD 1, Relating to Long-Term Care Financing

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to **support** this measure, which would establish a Long-Term Care Financing Advisory Commission. Determining a sustainable, fair system for financing long-term supports and services and care—including those provided by skilled nursing facilities, assisted living facilities, home health agencies, and others—has been a difficult task. We appreciate that this measure seeks to advance a thoughtful, comprehensive approach to help ensure that every family has access to high-quality long-term care services.

Establishing a commission like the one in this measure would create an important opportunity to develop solutions that are seriously needed as our population continues to age, and our organization is pleased to potentially join in this effort. We would request one modest amendment to include representation from long-term care providers, such as nursing facilities, assisted living facilities, and other licensed long-term services and supports providers. We believe their practical experience would add valuable context to the commission's work and recommendations.

We look forward to engaging constructively in this process and appreciate the legislature's commitment to addressing long-term care financing.

HAWAII ALLIANCE FOR RETIRED AMERICANS
An Affiliate of Alliance for Retired Americans
(AFL-CIO)

STATEMENT IN SUPPORT OF H.B. 1804, HD1
Relating to Long-Term Care Financing

Hearing: Wednesday, March 18, 2026; 1:00 p.m.
Hawaii State Capitol, Conference Room 225
Via Videoconference

Senate Committee on Health and Human Services
Senator Joy A. San Buenaventura, Chair
Senator Angus L.K. McKelvey, Vice Chair

Chair San Buenaventura, Vice Chair McKelvey, Members of the Senate Committee on Health and Human Services:

The Hawaii Alliance for Retired Americans (HARA) **supports** H.B. 1804, which establishes a joint legislative Long-Term Care Financing Advisory Commission to examine the feasibility of financing options for long-term care services and support. The bill appropriates funds for the option to contract a part-time project director and consultants to support the Commission's purposes.

HARA is an organization of senior organizations that represent some 16,000 retirees in Hawaii. HARA's affiliates include retired members of HGEA, HSTA, ILWU, UPW, Kokua Council, and the Hawaii Caregivers Coalition.

Long-term care has been a concern for Hawaii since the 1990s—and even earlier—as the threat of the “silver tsunami” then loomed with the first “Baby Boomers” approaching the age of 65 in 2011. Today, those age 65 and older make up a quarter of Hawaii's population—and the costs of long-term care for loved ones are threatening to bankrupt families, the State of Hawaii, and seniors themselves.

H.B. 1804 will establish a Long-Term Care Financing Advisory Commission to consider options to help make long-term care more affordable for seniors and families. The State has established commissions in the past and considered programs like Family Hope to institute mechanisms to finance long-term care services and supports. None of them produced a remedy, leaving families to bear the burden themselves or to hope they can qualify for Medicaid, which is funded fully by taxpayer dollars from the State and the Federal government. H.B. 1804 could be a game changer.

While we understand the State Administration's concerns about legislative measures that will require new funding, we can't keep “kicking the can down the road”—as was done with rail. The rail project could have started 20 years ago, but lawmakers hesitated, resulting in grossly increased costs. H.B. 1804 is not even asking to fund long-term care—it's simply a first step to explore options (many of which have already been considered) to support a plan to move the needle on helping to finance long-term care for seniors and their families.

Long-term care—whether institutional care or caregiver support at home or adult day care programs—is an inevitable reality that seniors, families, and lawmakers must face. Hawaii’s population is aging, and the “silver tsunami” that many warned about 30 years ago, must be addressed. The alternative is a generation of seniors, forced to leave the workforce to care for loved ones, facing their own “golden years” without resources with which to live or a massive increase in taxes to cover continually rising Medicaid costs. Action today will help spare many a gloomy future.

The Hawaii Alliance for Retired Americans **supports H.B. 1804 and urges passage of this measure to establish a Long-Term Care Financing Advisory Commission to develop options to address the long-term care affordability crisis.**

Thank you for considering our testimony.

March 16, 2026

Senate Committee on Health and Human Services
Chair Joy A. San Buenaventura
Vice Chair Angus L.K. McKelvey
Members of the Committee

Re: HB 1804 HD 1– Relating to Long-Term Care Financing – SUPPORT

Aloha kākou!

LeadingAge Pacific West is pleased to support House Bill 1804 HD 1 which seeks to address the growing need for sustainable and equitable financing solutions for long-term care services and supports (LTSS), including home and community-based services. The establishment of a Long-Term Care Financing Advisory Commission represents a critical step toward ensuring that Hawai‘i’s aging population can access the care they need in their preferred setting.

LeadingAge Pacific West advocates for quality, mission-driven housing, care and services for older adults. Our nonprofit members include providers of affordable senior housing, residential care facilities for the elderly (assisted living), life plan communities, skilled nursing care, home and community-based services, home health and hospice care.

The bill’s approach, convening a joint legislative commission with the authority to engage expert consultants, aligns with best practices for developing informed, comprehensive policy recommendations. By examining a range of financing options and leveraging independent research through the Legislative Reference Bureau, the commission is well-positioned to provide objective analysis and actionable proposals. This process has the potential to address longstanding gaps in long-term care funding, which remains a significant concern for both providers and the older adult they serve.

We appreciate that HB1804 HD 1 recognizes the importance of home and community-based care, which allows individuals to age in place and often results in better outcomes and higher quality of life. The bill’s reporting requirements further ensure transparency and ongoing legislative engagement as solutions are developed.

Exploring financing mechanisms that support LTSS is consistent with national trends and aligns with LeadingAge Pacific West’s commitment to person-centered care for Hawai‘i’s kupuna and their families. We wish to serve as a resource and engage proactively with policy makers for the benefit of our communities.

For these reasons, LeadingAge Pacific West is pleased to support HB 1804 HD 1 and urges your support on this important measure.

Sincerely,
Amber King
Vice President, Legislative Affairs

Research Information Services

Wednesday, March 18, 2026
Conference Room 225 & Videoconference

Senate Committee on Health and Human Services

To: Chair Joy San Buenaventura
Vice Chair Angus McKelvey

FROM: Melvin Sakurai Ph.D., Research Information Services

RE: **Testimony SUPPORTING HB-1804 HD1 and suggested
Amendment Relating to Long-Term Care Financing
Establishing a joint legislative Long-Term Care Financing Advisory
Commission to examine the feasibility of different financing
options for long-term care services and supports (LTSS).**

My name is Melvin Sakurai and I am a management consultant who has been involved with the issue of financing long-term care for more than three decades; co-leading program design and development for the Governor's Executive Office On Aging and principle author of the 1991 Long-Term Care Financing Report to the Legislature. I also did pro-bono collaborative work on the mandatory financing plan passed by the Legislature in 2003 (SB 1088, SD2, HD2, CD1) that was subsequently vetoed by then Governor Lingle.

I am writing to express **SUPPORT for HB-1804 HD1** that will establish an independent Long-Term Care Financing Advisory Commission within the Legislature with a 3-year agenda to objectively assess and submit legislation for public and private LTSS financing options that are affordable, sustainable, and intergenerationally equitable.

Twenty-one actuarial measures are stipulated for assessing alternative financing mechanisms and 18 program policy factors for home and community-based care system reforms to ensure serious, rigorous, impartially objective and trustworthy findings and legislative and policy recommendations.

The Commission is also tasked with considering **equitable progressively graduated financing mechanisms** that can move Hawai'i away from our current highly regressive (i.e., General Excise Tax) and punishing (Medicaid) sources of LTSS payment that contribute to the crushing cost-of-living for most middle and lower income families in Hawai'i.

Maintaining the Commission as an autonomous and independent body is essential and crucial so that it can fairly and objectively assess prospective financing mechanisms for essential long-term care services. It is absolutely critical to maintain the Commission as an independent body that is not subject to oversight or management of any kind by outside influences, including any agency to which the commission is attached for administrative purposes. Otherwise, there is the very real possibility of creating a rubber stamp entity whose very recommendations will be suspect as partisan.

The imperative need for this Commission to get the ball rolling again and catch up with what other states like Washington (that has already established WA Cares to finance long-term care), Massachusetts, Minnesota, and California are already doing is underscored by the undeniable **existential fiscal crisis** of paying for essential LTSS care in Hawai'i and across the nation:

- A year of nursing home care now **exceeds \$230,000** and the cost of comparable skilled care at home can be even more,

2024 LTSS Census, Occupancy, & Cost: Urban Honolulu or Hawaii (costs are higher for Outer Islands)										
LTC Setting & Support Services	Number of Licensed Facilities	Number of Licensed Beds	Licensed Beds Not Available Mainly Due to Staffing ¹	Average Daily Census (ADC)	Average Daily Occupancy	Average Annual Facility Length of Stay, days (ALOS)	Type of Bed	Average Daily/Hourly Rate	Average Per-Person Monthly Cost ²	Average Per-Person Annual Cost
SNF/ICF ¹		4,132	450	3,168	76.7%	116.0	Private	\$637	\$19,375	\$232,505
							Semi-Private	\$582	\$17,703	\$212,430
							Ward	\$573	\$17,429	\$209,145
SNF only ¹		101	33							
ICF/ICF ¹		127	27				Private	\$586	\$17,824	\$213,890
							Semi-Private	\$531	\$16,151	\$193,815
							Ward	\$500	\$15,208	\$182,500
Community Access Hospital "swing" beds ²	9	119								
ARCH/Expanded ARCH (primarily private pay)--E-ARCH Level 2, cost share/SSI in-eligible patient ³	465	2,288					\$122	\$3,795	\$45,542 \$54,000 -- \$90,000	
Assisted Living Facility	17	2,593					\$372	\$11,315	\$135,780	
CCFFH-Community Care Foster Family Homes Medicaid rates (2 Medicaid, 1 private pay)--CCFFH Level 2, cost share/SSI in-eligible ³	1,285	3,256					\$122	\$3,795	\$45,542 \$36,000 -- \$72,000	
Homemaker Services ⁴							\$25	\$4,316	\$51,786	
Home Health Aide							\$29	\$5,125	\$61,501	

¹ State Health Planning & Development Agency, Healthcare Utilization Report Hawaii 2023; ALOS = Total Facility Inpatient Days/Annual Admissions--this is not a patient centered length of stay measure.

² Office of Healthcare Assurance, Hawaii Department of Health and QUEST, Fee for Service Rates for Home and Community-Based Services (HCBS) Effective January 1, 2025 (MEMO NO. QI-2501A update to QI-2501). **These are Hawaii MedQUEST payment rates that are often questioned as to financial adequacy and anecdotally, result in significant cost shift to private-pay patients (especially for ARCH and CFFH care--private-pay rates as a whole are**

³Inclusive of SSI + Hawaii Optional State Supplement (OSS) less Personal Needs Allowance (\$1676/month) and Medicaid Service Payment per diem (\$68.36/day; \$2,119.16/month). **The estimated Private Pay rate range for E-ARCHs is \$150-\$250+/day, \$4,500-\$7,500/month; \$3,000-\$6,000/month for CCFFHs. The disparity between public and private pay rates and limited number of persons able to afford out of pocket private pay rates directly restricts access, creates staffing shortages, disincentivizes resource development/expansion, forces the use of unqualified staffing models, and creates significant efficiency and financial waste due to patient waitlisting in acute hospital beds (especially the Medicaid eligible).** MedQuest Hawaii Medicaid MEMORANDUM MEMO NO. QI-2501A (Effective January 1, 2025) Supplemental Security Income (SSI) in Hawaii - SSA Publication SSA Pub. No. 05-11108; Genworth 2024 Cost of Care Survey for Hawaii; Kupuna Care Pair--Community Care Foster Family Homes; House Concurrent Resolution HCR94 (2024)

⁴Home services assume **44 hours/week**

- Hawaii's total annual LTSS bill exceeds \$3.2 Billion, almost 75% of that (\$2.3 Billion) falling on more than 160,000 unpaid family caregivers,

	Total Annual LTSS Payments by Payment Source: Hawaii							TOTAL
	Medicare	Net Medicaid ²		Private LTC Insurance ³	Estimated ⁴ Out-of-Pocket Private Pay	Est. Value of Unpaid Care for HCBS ⁵	Older Americans Act AAA	
	Federal Share	Hawaii Share						
TOTAL LTSS	\$18,929,617	\$313,027,760	\$210,080,128	\$118,686,480	\$142,995,759	\$2,325,600,000	\$33,605,066	\$3,162,924,810
Payer Percentage Share of Total	0.60%	9.90%	6.64%	3.75%	4.52%	73.53%	1.06%	100.00%
TOTAL INSTITUTIONAL LTSS	\$16,187,684 ¹	\$157,149,766	\$105,466,822					\$262,616,588
TOTAL NON-INSTITUTIONAL HCBS LTSS	\$2,741,933 ¹	\$155,877,994	\$104,613,306			\$2,325,600,000	\$16,802,533	\$2,602,893,833

¹CMS Medicare Geographic Variation by National, State & County (2023)

²Rough estimate derived from: FY2023 Medicaid Financial Management Report, Medicaid Budget & Expenditure System/State Children's Health Insurance Program Budget & Expenditure System (MBES/SBES) and AARP Medicaid LTSS Balance: Spending (2022)

³National Association of Insurance Commissioners, NAIC Long-Term Care Insurance Experience Reports for 2023, 2025.

A proxy estimate of out-of-pocket LTSS spending is used because data are not available for Hawaii. Nationally, approximately 17% of total U.S. LTSS spending was in the form of private out-of-pocket expenditures--83% came for all other sources. We can estimate the total LTSS spend (including out-of-pocket payments) knowing that total LTSS payments were \$694,329,015 (not including out of pocket payments) by solving the equation .83(x) = \$694,329,015 (where 'x' is the total all inclusive LTSS spend including out-of-pocket payments), giving a total LTSS expenditure of \$836,541,025 and a proxy out-of-pocket estimate of \$142,995,759 (which is \$836,544,025 - \$694,329,015). KFF, 10 things about long-term services and support (LTSS), July 2024; CMS, Office of the Actuary, 2022 National Health Expenditure Accounts.

AARP, Hawaii Ranks High for Long-Term Care Services, But More Support Needed for Family Caregivers (2023 Scorecard data)--estimates 154,000 unpaid family care givers providing 144 Million hours @ \$16.15/hr. (25th percentile, CNA wage).

Hawaii Executive Office on Aging, Aging & Disabilities Database, WellSky, ACLOAAPS, Older Americans Act Performance System report FY2023 vs. 2024

- More than 50% of Hawaiʻi families earning between \$25,000 and \$125,000 annually have no means of paying for or protecting against catastrophic LTSS expenses¹ except to become impoverished to qualify for Medicaid.

Sources of LTSS Coverage for Hawaii Families by Annual Income ¹						
Annual Family Income	Percent of Population	MedQUEST	Alternative Care	Older American's Act	Out-of-Pocket	Private LTC Insurance
<\$10,000	2.80%	X	not affordable	n/a	not affordable	not affordable
\$10,000-\$24,999	6.60%	X	marginally affordable	temporary grant	not affordable	not affordable
\$25,000-\$49,999	16.10%	n/a ²	marginally affordable	temporary grant	not affordable	not affordable
\$50,000-\$74,999	14.10%	n/a ²	marginally affordable	temporary grant	not affordable	not affordable
\$75,000-\$99,999	10.30%	n/a ²	n/a	n/a	not affordable	not affordable
\$100,000-\$124,000	9.90%	n/a ²	n/a	n/a	marginally affordable	not affordable
\$125,000-\$149,999	7.60%	n/a ²	n/a	n/a	X	X
>\$150,000	30.40%	n/a ²	n/a	n/a	X	X

¹U.S. Census Bureau (2023) Table ID: B19001. American Community Survey (ACS), Household Income in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)
²Medicaid benefits are income qualified and "spend down" is required for incomes above maximum allowable limits.

The current political climate makes it self-evident that the question is no longer IF the State can pay¹ but rather, HOW can Hawaiʻi most affordably and fairly pay¹ or face making the heart breaking calculation of how much suffering and deprivation it is possible to toll.

Suggested Amendments

May I take the opportunity to support changing the agency to which the Commission is attached for administrative purposes from the Legislative Auditor back to the Legislative Reference Bureau.

In addition, I'd like to support amending Sections 1(h), (i), (o) and Section 2 of HB1804 HD1 to address and correct uncertainties and misunderstandings by:

1. Making explicit that the host agency will only have purely ministerial and no subject matter support responsibilities,
2. Preserving the Commission's independence and autonomy,
3. Clarifying the 2-stage Commission funding approach and inserting specified first year costs, and

4. Relieving the host agency of any implied responsibility or liability for commission actions.

SECTION 1

(h) Within thirty calendar days of the finalization of its membership, the commission, ~~through the auditor,~~ shall select, appoint and enter into a contract for the services of a part-time project director. The legislative reference bureau shall, in a purely ministerial and administrative capacity, execute the contract for such services as directed by the commission. The commission shall maintain sole authority over the selection, hiring, and performance evaluation of the project director who shall ~~to~~ provide support for the commission, including but not limited to the solicitation and execution of consulting and other professional service contracts; overseeing and assuring the progress of contracted consultants; regularly advising the commission of consulting work progress; scheduling of briefings, meetings, and public hearings; responding to questions from commission members; initiating inquiries; coordinating and performing commission reports, legislative and policy drafting; and preparing and drafting consulting service requests for proposals and consulting engagement contracts.

(i) The commission, ~~through the auditor,~~ shall have exclusive decision making authority to procure consulting services for actuarial assessment, policy analysis and development, and public education and stakeholder engagement. The role of the legislative reference bureau in this procurement shall be limited to administrative processing and the execution of contracts as directed by the commission, without oversight or veto power. The consultants contracted

pursuant to this subsection shall conduct objective, evidence-based assessments and studies of the feasibility, costs, reliability, long-range solvency, benefits and impacts, and population served and affected by:

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

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

- (1) \$60,000 for one part-time project director; and
- (2) \$40,000 for the staffing and administrative costs associated with drafting request for proposals for an actuarial assessment consultant contract, policy analysis and development consultant contract, and public education and stakeholder engagement consultant contract, and detailed annual operating and administrative budgets for the commission.

The commission shall submit a request for appropriation to the Legislature on or before December 31, 2026, for the reasonable, adequate, and appropriate costs of the three consulting contracts and the operating and administrative costs of the commission for the duration of its existence.

The sum appropriated shall be expended by the ~~legislative auditor~~ legislative reference bureau for the purposes of this Act. All appropriated funds shall

be held for the exclusive use and benefit of the commission. Upon receipt of a written directive or invoice approved by the commission or its project director, the legislative reference bureau, in a ministerial capacity, process and issue payment within thirty business days. The legislative reference bureau shall have no discretionary authority to withhold, delay, or deny the disbursement of funds nor subject the commission's expenditures to any independent audit or performance review. The commission's determination of necessity and appropriateness of an expenditure shall be final.

Other Administrative Attachment of the Commission: Attachment of the Commission to any Executive branch department whose head or designee is a voting member of the Commission (e.g., the Executive Office on Aging as was suggested by LRB) would seem to create an appearance of undue influence as HD1 is currently drafted especially if Section 1(o) is left intact and not amended.

Thank you for your consideration of my comments and your support for advancing HB 1804 HDL.

HB-1804-HD-1

Submitted on: 3/14/2026 4:53:56 PM

Testimony for HHS on 3/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marilyn Seely	Individual	Support	Written Testimony Only

Comments:

Sen Buenaventura, Chair

Senator McKelvey, Vice Chair

and members of the Committee

on Health and Human Services

I strongly support this bill which creates a working group of stakeholders to examine the feasibility of paying for long term care as a first step in a rigorous examination by highly skilled consultants. This process will result in a series of reports over two plus years time outlining mechanisms for legislative action that are objective and based on evidence-based merit.

Attempts have been made in Hawaii to develop proposals to help the growing number of disabled citizens who do not currently have resources to pay for this care. This has been a long standing issue here and in other states. The federal government has provided care for those in with low incomes leaving the larger share of the population to fend for themselves using their own resources by funding care or providing it themselves at an enormous cost.

This is long overdue. Recognition should be made for this legislative body that passed a bill addressing this in 2004 that was vetoed by Governor Lingle. We need to finish this business as soon as possible to remedy the lack of assistance to elders and their families that affects 2/3 of Hawaii's citizens. Perhaps you who read this have experience with the issue. Please use that to help you decide your vote on this bill. I thank each of you for considering this.

Mahalo, Marilyn Seely, senior citizen, caregiver, and dedicated advocate for improving long term care for all.

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Testimony on HB1804 HD1

Senate Health and Human Services Committee Hearing

Establishing the Long-Term Care Financing Advisory Commission

Lawrence H. Nitz, Ph.D. lnitz@Hawaii.edu

Chair San Buenaventura

Vice Chair Angus McKelvey

Senator Members

Hawaii has crafted social insurance programs to provide financial protection for our oldest residents when they need critical assistance with Activities of Daily Living. The Medicaid program assists families who meet the standard “medically indigent.” This requires the family to essentially give up its assets to meet qualifications for the assistance, subject to some reserves for a spouse living in the community. For most other families, this option is a non-starter. Not because they are protecting cash, but because the family home is the home of an extended family.

The social insurance programs Hawaii proposed in the past, through the Executive Office on Aging, provided a way to fund care for an elder, without threatening the viability of an extended family. Creating a social insurance program requires a few simple steps:

1. Establish a level of services that would help a family for a year or two of typically expensive long-term care.
2. Contract with a qualified national health actuarial firm to establish pricing for this program. Commit to a stable, tax-based fund that will provide stability for at least 75 years.
3. Develop a population micro-simulation to track a model of the Hawaii population over a 75 years timespan. This means the model must follow individuals from their current age through death and then add back in births and folks moving here. This model will track expected usage, economic events, changes in migration, income and tax flows.
4. The key here is that the Financing Advisory Commission must be wholly responsible for these projects. This means that the Commission members must be fiduciaries. The Commission must be responsible for the actuarial projections, and more

importantly, the commission members must verify that the proposed program works in the population model.

The draft bill puts the Commission in a state agency for administrative purposes, but not for substantive guidance. This placement recognizes that Hawaii is a small state—the kinds of services required to create a social insurance program are simply not available in any state office. Several candidate offices have said that they do not want to provide policy guidance. In this they are correct.

Please preserve the independence of the Long-Term Care Financing Advisory Commission.

Testifier note: I have, as a University of Hawaii faculty member, directed or co-directed three social insurance projects. The most recent complete insurance program passed the Hawaii State Legislature, but was not funded by incoming Governor Lingle.

HB-1804-HD-1

Submitted on: 3/16/2026 2:25:52 PM

Testimony for HHS on 3/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Vicky Cayetano	Individual	Support	Written Testimony Only

Comments:

Dear Chair Buenaventura, Vice Chair McKelvey and Committee Members ,

I stand in support of HB1804 HD1, with the caveat that the autonomy and independence of the commission is crucial to a successful and unbiased outcome. It is **critical** that the commission can **fairly** and **objectively** assess financing mechanisms for essential long- term care services and that it be an independent body that is not subject to oversight or management of any kind including any agency to which the commission is attached for administrative purposes.

Thank you very much for your consideration.

Respectfully,

Vicky Cayetano

HB-1804-HD-1

Submitted on: 3/17/2026 10:41:30 AM

Testimony for HHS on 3/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
John A. H. Tomoso	Individual	Support	Written Testimony Only

Comments:

RE: HB1804 HD1

Aloha mai,

This Bill is a very important step in the future of long term care (LTC) in Hawai'i. I agree, with the rest of the Aging Network, we would all benefit from this work. I know it is a long and hard process, but we have to make progress now, for strategic and good public policy or face consequences, as we continue to age, with or without quality of life, that we can only imagine.

I am in continuing strong support of this Bill.

Mahalo a nui,

John A H Tomoso +, MSW, ACSW

51 Ku'ula St., Kahului, HI 96732-2906

jjohn.a.h.tomoso@gmail.com

HB-1804-HD-1

Submitted on: 3/17/2026 11:03:16 AM

Testimony for HHS on 3/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lila Mower	Individual	Support	Written Testimony Only

Comments:

I strongly support this measure and request that your committee moves this forward to the next committee. Mahalo.

LATE

HB-1804-HD-1

Submitted on: 3/17/2026 4:04:06 PM

Testimony for HHS on 3/18/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rick Tabor	Individual	Support	Written Testimony Only

Comments:

Thank you, Chair and Members of the Committee for hearing HB1804 HD1 Establishes a joint legislative Long-Term Care Financing Advisory Commission.

My name is Rick Tabor.

I strongly support of HB1804 HD1.

I'm a retired mental health clinician, past in-home care operation manager, and veteran field medical Navy hospital corpsman.

HB1804 HD1 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 Auditor, 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.

Thank you for your time, consideration and all you do for Hawaii.

Mahalo Nui Loa,

-Rick Tabor

Honolulu, Hawaii