



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

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GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

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April 2, 2026

TO: SENATE COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

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

RE: **HB 1804-HD1-SD1 -- RELATING TO LONG-TERM CARE FINANCING**

HEARING: Monday, April 6, 2026 @ 10:32 am; Conference Room 211

POSITION: SUPPORT with COMMENTS

Testimony:

SHPDA stands in strong support for HB 1804-HD1-SD1, 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 in 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.

HB 1804-HD1-SD1: testimony of SHPDA (2026), continued

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-SD1: testimony of SHPDA (2026), continued

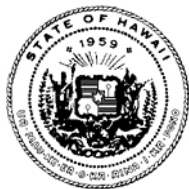
continue to shoulder overwhelming burdens, and the state will face escalating fiscal pressures.

This bill 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 HB1804-HD1-SD1. Mahalo for the opportunity to testify.

■ -- Jack Lewin, MD, Administrator, SHPDA

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TRISTA SPEER
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

April 4, 2026

TO: The Honorable Senator Denovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Ryan I. Yamane, Director

SUBJECT: **HB 1804 HD1 SD1 – RELATING TO LONG-TERM CARE FINANCING.**

Hearing: April 6, 2026, Time 10:32 a.m.
Conference Room 211 & Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) continues to support 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. However, DHS defers to the Department of Health, and its resource needs to support a commission per the SD1 amendments.

If the measure passes, 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.

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



CAROLINE CADIRAO
DIRECTOR
Executive Office on Aging

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**Testimony COMMENTING on HB1804 HD1, SD1
RELATING TO LONG-TERM CARE FINANCING**

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

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

Hearing: Monday, April 6, 2026, 10:32 A.M.

Conference Room: 211

- 1 **EOA Position:** The Executive Office on Aging (EOA), an attached agency to the Department of
- 2 Health (DOH), appreciates the intent of HB1804 and provides comments.
- 3 **Fiscal Implications:** Appropriates funds to contract for staffing and other administrative costs.
- 4 **Purpose:** This measure proposes establishing a joint legislative Long-Term Care Financing
- 5 Advisory Commission to examine the feasibility of different financing options for long-term care
- 6 services and supports. The proposal aligns with the Long-Term Care Plan's recommendation to
- 7 further evaluate sustainable and viable financing strategies for long-term care.
- 8 EOA is concerned over the prescriptive nature of the bill. It is unclear who will administer the
- 9 funds and oversight of the commission. Work in previous years around LTC financing in 2003
- 10 called Care Plus still has merit. Another actuarial study would require the expertise of economist
- 11 preferably at the University of Hawaii.

1 **Recommendation:** If this measure (SD1) is adopted, the Executive Office on Aging (EOA) is
2 willing to participate as an ex-officio member of the Commission. If the legislature feels that a
3 broad approach with flexibility and review of current models is necessary, the Executive Office
4 on Aging is willing to administer funding and to work with stakeholders to review LTC
5 financing models and provide recommendations on moving forward in the next biennium.
6 Thank you for the opportunity to testify.



April 6, 2026 at 10:32 am
Conference Room 211

Senate Committee on Ways and Means

To: Chair Donovan M. Dela Cruz
Vice Chair Sharon Y. Moriwaki

From: Paige Heckathorn Choy
VP, Government Affairs
Healthcare Association of Hawaii

Re: **Testimony in Support**
HB 1804 HD 1 SD 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.



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The State Legislature
Senate Committee on Ways and Means
Monday, April 6, 2026
Conference Room 211, 10:32 a.m.

TO: The Honorable Donovan Dela Cruz Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1804, HD1, SD1 Relating to Long Term Care Financing

Aloha Chair Dela Cruz, 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, SD1 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, SD1 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, SD1.



April 6, 2026

Senate Committee on Ways and Means
Sen. Donovan Dela Cruz, Chair
Sen. Sharon Moriwaki, Vice Chair

RE: HB1804 HD1 SD1, Relating to Long-Term Care Financing

Chair Dela Cruz, Vice Chair Moriwaki, 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 SD1, 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.

April 2, 2026

Senate Committee on Ways and Means
Chair Donovan M. Dela Cruz
Vice Chair Sharon Y. Moriwaki
Members of the Committee

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

Aloha kākou!

LeadingAge Pacific West is pleased to support House Bill 1804 HD 1 SD 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 is a leading advocate 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 SD 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 SD 1 and urges your support for this important measure.

Sincerely,
Amber King
Vice President, Legislative Affairs

HB-1804-SD-1

Submitted on: 4/2/2026 9:47:55 AM

Testimony for WAM on 4/6/2026 10:32:00 AM

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

Comments:

Hearing, April 6, 2026

Senator Del Cruz, Senator Moriwaki and members of the Senate Ways and Means Committee

It is with heartfelt gratitude that you have agreed to hear this bill, HB 1804 HD1 SD1. This and similar legislation has been in the works here in Hawaii since 1990 in an attempt to right a major gap in funding for long term care for those too affluent to qualify for available assistance or not poor enough to qualify for Medicaid assistance. In general, long term care is simply too expensive for the majority of Hawaii's citizens. The cost is growing, the number of those needing assistance is growing and their individual needs are rising. Individual family members have been stepping up to the plate taking on enormous responsibilities often to the detriment of their own health. I trust some of you know these issues from a personal perspective. Continuing the total dependence on families will simply not work. The burden is too great. It must be shared with those loved ones closest to elderly long term care users who will always do what they can for their families but deserve to be supported by outside funding.

We must look carefully at all available resources, some known and some unknown that will supply a stable realistic funding source or sources to do the right thing for our kupuna. This bill represents a multiyear process for the detailed work necessary to present a future proposal addressing this issue with the precise information needed to be assured of actual costs and proposed services. wam

As a caregiver for an 89 year old disabled spouse I live these day to day challenges and although we will not likely be recipients of a future program I will have the great satisfaction of knowing I contributed to helping those who will benefit from your support.

Mahalo, Marilyn Seely, Former director, Executive Office on Aging, Hawaii.

HB-1804-SD-1

Submitted on: 4/2/2026 2:06:58 PM

Testimony for WAM on 4/6/2026 10:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Sara Lenzer Medeiros	Individual	Support	Written Testimony Only

Comments:

Aloha!

I am Sara Lenzer Medeiros, a 60+ year resident of Hawai'i. I have lived in Kailua-Kona for 30 years, and grew up on Oahu. I am writing to urge you to support these important bills to help families pay for long term care. A hearing on this issue is really important to not only those of us who will be facing the prospect of needing care, but also those families who are facing this right now.

I grew up in a multi-generation family. And my children had the benefit of that very same opportunity. My son and his young family are soon to move home, move into my house and begin living in the same type of configuration! We are very excited about this as it is a rewarding way to live and age. We also have a daughter who is living on Oahu, and is disabled, who now is able to live independently. Though, we are also concerned with her future care needs.

It doesn't come easy as you can imagine. A large part of living this way is knowing that it is really only temporary. What I mean is that at some point, the elder or disabled person will need additional help, that their family can no longer cope on their own. Just being able to perform things like keeping up with the activities of daily living and healthcare can be a terrific struggle that can become extremely stressful and difficult.

For the family dynamic that I was fortunate to grow up in, my mother wasn't working. My Grandma Lou (Baba we called her) had her own little ohana behind our house. She was very independent until she wasn't. My mother became her caregiver. It was a full time and often difficult job. It was hard I know for my mother to do this with little or no help. Both fortunately, and unfortunately (it's possible at the same time) my Baba (aged 90) died when I was a teenager, through complications with TB that she had suffered from as a child. TB was rampant here in Hawai'i at that time while she was growing up.

My parents, knew that this situation wasn't an easy one. They purchased a Long Term Care Insurance policy (LTCI) for both of them through my Dad's work at UH. It was very very expensive! So expensive that when I grew up, I never bought one. The cost is just prohibitive. My father, being one of the first Gerontologists in Hawai'i, knew they had to figure out how to pay for their care so when one of them was left, they could still be in the house they had loved and lived in for so many years. Especially needing to support children who were minors, etc. if it happened that way. So they did.

I know many families (like my own now) can't possibly afford LTCI, if they even know it is available! We all know kupuna who have turned over all their assets to their children so that they are "impoverished" enough to qualify for assistance through medicare and medicaid, and are able to get some help when they need it. The care is minimal and scary for everyone concerned. But it's something. When my mother needed that care, although they had a good policy, my father had to struggle with the insurance company to finally get them to pay for the support she needed! And he knew the words and arguments to say!

These two bills, SB 2554 and HB1804 would go along way toward helping families and individuals feel reassured that they can give the care to their loved ones when the time comes. Although the bills only establish an advisory commission to examine the complexities, it is an important step toward figuring out how to grapple with this issue! It's not even a solution, but a step toward finding something reasonable for seniors and their families. Therefore, I strongly urge you to consider and support these two (and other) bills.

Thank you for your consideration.

Malama Pono!

Sara Lenzer Medeiros
73-1788 Hao Street
Kailua Kona, Hawai'i 96740
Kanealaohana@twc.com

Research Information Services

Monday, April 6, 2026
Conference Room 211 & Videoconference

Senate Ways and Means Committee

To: Chair Donovan Dela Cruz
Vice Chair Sharon Moriwaki

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

RE: **Testimony SUPPORTING HB-1804 HD1 SD1 and suggested Amendments 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 SD1** 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.

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 in Hawai'i 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**

³ Inclusive 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)*

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

- Hawai'i'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**.
Update: The newly released research study report by AARP, *Caregiving in the US*, July 2025, estimates that **260,000**, unpaid caregivers in Hawai'i contribute **200 million hours of care annually** conservatively valued at **\$4.9 Billion**. The plight of Hawai'i's unpaid caregivers has worsened unconscionably beyond any moral reason and demands attention.

	Total Annual LTSS Payments by Payment Source: Hawaii							TOTAL
	Medicare	Net Medicaid ²		Private LTC Insurance ³	Estimated Out-of-Pocket Private Pay ⁴	Est. Value of Unpaid Care for HCBS ⁵	Older Americans Act AAA ⁶	
		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.

⁴A 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 \$836,544,025 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.

⁵AARP, 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).

⁶Hawaii Executive Office on Aging, Aging & Disabilities Database, WelISky, ACLQAAPS, Older Americans Act Performance System report FY2023 vs. 2024

- More than 50% of Hawai'i families earning between \$25,000 and \$125,000 annually have no means of paying for or protecting against catastrophic LTSS expenses—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 pay—but rather, HOW can Hawai'i most affordably and fairly pay—or face making the heart breaking calculation of how much suffering and deprivation it is possible to toll.

Suggested Amendments

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 following suggested amendment of Section 1(b) seeks to strengthen the Commission's independence and autonomy:

Section 1

(b) The commission shall be an independent body and the commission's actions, deliberations, inquiries, investigations, findings, conclusions, and drafting of reports or policy recommendations shall not be subject to any direction, oversight, veto, interference, limitation, or restriction by any other state branch, department, or agency, except as provided by chapter 92, Hawai'i Revised Statutes, or any other applicable federal or state law.

Notwithstanding any law to the contrary, including section 26-35, Hawai'i Revised Statutes, the commission shall be placed within the department of health for administrative purposes only. The department of health shall provide only ministerial and administrative support to the commission to ensure the fulfillment of the commission's duties, including but not limited to: the processing of payroll; the execution of procurement contracts as directed by the commission; the payment of fiscal vouchers and member reimbursements; and other related or similar functions. The department of health shall not provide substantive or subject-matter support, and shall not be responsible for the drafting of the commission's research, requests for proposals, or reports.

The house of representatives and the senate may provide initial administrative and clerical support to the commission to facilitate the timely appointment and contracting of the project director pursuant to subsection (h). Any expenditure of funds by the commission, including but not limited to any personnel matters or contracting for professional services, shall be subject to the requirements of chapters 37 and 103D, Hawai'i Revised Statutes.

In addition, I'd like to suggest amending Sections 1(h) and 1(i) to facilitate timely and expeditious contracting of the part-time Project Director to support the Commission:

(h) Within thirty calendar days of the finalization of its membership, the commission shall enter into a contract for the services of a part-time project director 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 legislative, report, and policy drafting; and preparing and drafting consulting service requests for proposals and consulting engagement contracts. The procurement of the project director shall be exempt from the requirements of chapter 103D, Hawai'i Revised Statutes; provided that the commission shall ensure a competitive and transparent selection process based on merit. The commission shall maintain sole authority over the selection, hiring, and performance evaluation of the project director. The project director shall:

(i) The commission shall have exclusive decision making authority to procure consulting services for actuarial assessment, policy analysis and development, and public education and stakeholder engagement. 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:

Finally, I would like to suggest that the two-stage funding intention of the Commission's work may need to be made more transparent and explicit by amending Section 2 as follows:

SECTION 2. There is appropriated out of the general revenues of the State of Hawai'i 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 department of health 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 department of health, in a ministerial capacity, process and issue payment within thirty business days. The department of health 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.

Administrative Attachment of the Commission: Attachment of the Commission to any agency or Executive branch department whose head or designee is a voting member of the Commission would, at minimum, seem to create an appearance of undue influence.

Contrary to statements that have circulated:

- The Governor does not have to appoint Commission members (if the Act specifies the members),
- The host agency Director or Administrator need not be an ex officio member of the Commission (and in fact, is prohibited from supervising or controlling the Commission), and

- The host department or agency's role can be strictly ministerial (handling the "checks and balances" of the money without touching the content).

Here's what the law says:

1. **Hawai'i Constitutional "Special Purpose" provision:** Article V, Section 6 of the Hawai'i State Constitution provides that: *"Temporary commissions or agencies for special purposes may be established by law and need not be allocated within a principal department."*

This means that a commission with a set end date (which the LTC Financing Advisory Commission does have) and with a defined scope or special purpose (which the Commission's charge to examine financing mechanisms and community-based care system reforms—does satisfy) gives the Legislature much broader flexibility and authority.

2. **Appointments and composition:** HRS § 26-34 does require the Governor to appoint members of boards and commissions with Senate advice and consent. However:

- Because HRS § 26-34 begins with *"Except as otherwise provided by law,"* the specific enacting bill for the Commission legally overrides the general requirement for gubernatorial appointment,
- The Legislature has often named specific individuals or roles in numerous enacting bills (e.g., "The Speaker of the House shall appoint two members..."),
- Hawai'i Attorney General Opinion **AG Op. 96-01** confirms that the Legislature can alter the composition and appointment method of a Commission via new legislation without violating the Governor's general appointment powers, provided it's a temporary body (which the Commission is). Further Legislative Reference Bureau (LRB) notes on Separation of Powers suggest that while the Legislature cannot perform purely executive functions, they *can* appoint members to advisory or temporary "special purpose" bodies without the Governor's involvement, provided the body **does not exercise substantial "sovereign power" (like rulemaking or adjudication)**—which the Commission DOES NOT.

3. **Attachment to Department or Agency for purely administrative purposes:** Attachment of the Commission to a Department or Agency is not restricted and limited as some have represented:

- **Attachment Authority:** Under HRS § 26-35, an entity can be placed within a department "for administrative purposes."

- **Ex Officio Status:** There is no requirement in Hawai'i law that a department head or agency administrator must be a member of an attached commission. Their role is defined by the enacting statute. If the bill doesn't name them, they aren't on it.
- **Ministerial vs. Subject Matter Support:** While HRS § 26-35(a)(4) says the department head usually approves the hiring of staff for the Commission, the Legislature frequently bypasses this by stating in the bill: *"The commission shall be placed within [Agency] for administrative purposes only; provided that the [Agency] shall provide only ministerial support and shall not provide subject matter expertise or report drafting."*—which is exactly what HB1804 HD1 and my suggested amendments does do.

Thank you for your consideration of my comments and your support for advancing HB 1804 HDI SD1.

April 2, 2026

TO: SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

FROM: Lawrence H. Nitz, Ph.D.

House Bill 1804-HD1-SD1

Hearing: Monday, April 6, 120:30 AM, Conference Room 211

Position: Support

I have been engaged in each of the three major Long Term Services and Supports financing proposals over the past thirty years. My engagements were either by assignment to the project from my Dean at the University of Hawaii at Manoa College of Social Sciences, or as Principal Investigator through the Executive Office on Aging and the responsible LTC Financing Commission at the time. My responsibilities included interacting with the actuarial team for the project and supervising the policy microsimulations that tested the downstream effects of various benefit packages on Hawaii's elders and their families.

Thank you for hearing this bill. The bill establishes a Long-Term Care Advisory Commission to assess affordable, sustainable long-term care financing mechanisms to cover the costs of long-term care that Hawaii families cannot meet.

The National Institute on Aging's multi-year National Survey of Caregivers, part of the National Health and Aging Trends study, identifies several complications of caregiving, particularly for caregivers who are employed.

Informal caregiving is the foundation of long-term care for the older population in the United States. At least 90% of persons receiving help with daily activities receive some informal care, and about two-thirds receive only informal care (Freedman et al. 2013; Kaye, Harrington & LaPlante 2010; Spillman 2009; Spillman & Black 2005). Reliance on informal

care is even higher among those who have spouses or adult children, who are the most common source of informal care. Previous research has found that collectively, informal caregivers to older Americans living in non-institutional settings provide 75%-80% of total care hours, indicating their paramount importance in the long-term care system and the substantial amount of care that would have to be provided otherwise in their absence (Spillman 2009; Johnson & Wiener 2006).

Research has shown that the financial, emotional, and physical demands of caregiving can be high and that the resulting stress or burden can threaten the ability of caregivers to maintain their efforts. Kasper et al. (1994) found that perspectives on caregiving, including stress, were factors in the decision to end caregiving. Spillman & Long (2009) found that having a highly stressed caregiver was associated with a greater risk of long-stay nursing home entry over a two-year follow-up period and that financial and physical strain were important predictors of perceived high stress from caregiving. A substantial literature has examined caregiving-related stress, burden, and their consequences, especially among caregivers to people with cognitive impairment (Pinquart & Sorensen 2003, 2007).

At some point, caregivers are forced to give up their assistance to another, whether from burnout, a progression of care needs, the care needs of other family members, or more intense commitments on their “day job.” These are not unexpected changes—they are consequences of increasing age and frailty. Some might say, “There is always Medicaid!” The income restrictions of Medicaid may bind a spouse remaining in the community as soon as the person receiving care needs any institutional services.

Care to help out—to bridge the gap between family care at the expense of a family member and supported care through federal programs—is predictable and fundable for a population. [House Bill 1804](#) that will establish an independent **Long-Term Care Financing Advisory Commission** in the Legislature with a 3-year agenda. This is a first step toward insuring assistance as the ability to provide care as a society of volunteers shrinks.

HB-1804-SD-1

Submitted on: 4/5/2026 8:45:20 AM

Testimony for WAM on 4/6/2026 10:32:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!! MAHALO!