



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

February 25, 2015

Memorandum

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 1236 HD1 - RELATING TO PERSONS WITH DISABILITIES**

Hearing: Thursday, February 26, 2015; 11:00 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of the bill is to establish a Medicaid Buy-In program for workers with disabilities, and appropriate funds for outreach and training relating to the program. Pilot Medicaid Buy-In program is to be established in the Department of Health from July 1, 2016 through June 30, 2018.

DEPARTMENT'S POSITION:

The Department of Human Services (DHS) supports removing barriers to individuals with disabilities seeking employment while maintaining access to Medicaid. However, the DHS has concerns regarding the cost implications of this measure that may replace or adversely impact existing program mandates and priorities identified in the Executive Budget. The DHS provides the following comments on this measure.

Since its inception the DHS has been an active participant on the Medicaid Buy-In Task Force. In collaboration, the Task Force members agreed to pursue a new eligibility group for working

disabled adults which will include an earned income disregard. The approach may be implemented more quickly and be less expensive than a full-fledged Buy-In program while helping many individuals with disabilities.

The DHS supports the language in S.B. 481 SD1 and has already prepared a State Plan Amendment and drafted proposed Hawaii Administrative Rules to add the Working Disabled Adults eligibility group. It is anticipated that the DHS will require a total appropriation of \$1,570,023 (\$729,393 A funds/\$840,630 N funds) in each year of the biennium for the program.

However, DHS understands the State's current fiscal constraints, existing competing priorities, and supports the priorities in the Executive budget.

Thank you for the opportunity to testify on this bill.



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DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of H.B. 1236, H.D. 1
RELATING TO PERSONS WITH DISABILITIES**

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: 2-26-15

Room Number: 308

1 **Fiscal Implications:** Unspecified amount to the Department of Health for a Medicaid Buy-In
2 Pilot Program.

3 **Department Testimony:** The Department of Health (DOH) supports the intent of H.B. 1236,
4 H.D.1, Relating to Persons with Disabilities because working aged adults with disabilities face
5 many challenges to becoming competitively employed, especially the loss of health insurance
6 coverage. DOH is available to collaborate with Med-Quest Division (MQD) if a Medicaid buy-
7 in program is established and funded; HOWEVER, the pilot program described in Section 4 of
8 this bill DOES NOT seem feasible or sustainable to implement especially give the short time
9 frame to develop, implement and evaluate such a pilot.

10 A Medicaid buy-in program would help to address the risk of losing Medicaid health
11 coverage when employed. This initiative would also address the Centers for Medicare and
12 Medicaid Services (CMS) rules for community integration that include an increased need for
13 employment options. Financial disincentive to working (i.e., the risk of losing Medicaid
14 coverage) can be addressed through the ability to buy-in to Medicaid.

15 DOH supports S.B. 481, S.D. 1, allowing MQD to expand Medicaid eligibility for
16 workers with disabilities; thus, allowing employed individuals with disabilities to continue
17 receiving Medicaid supports and services while earning a salary within limits as specified by
18 MQD.

19 Thank you for the opportunity to testify.



STATE OF HAWAII
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TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 26, 2015

The Honorable Sylvia Luke, Chair
House Committee on Finance
Twenty-Eighth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Representative Luke and Members of the Committee:

SUBJECT: HB 1236 HD1 – RELATING PERSONS WITH DISABILITIES

The State Council on Developmental Disabilities (DD) **SUPPORTS THE INTENT OF HB 1236 HD1**. The bill establishes the Department of Human Services (DHS) Medicaid Buy-In Program for workers with disabilities and appropriates funds for outreach and training relating to the program, and establishes and appropriates funds for a Department of Health Medicaid Buy-In pilot program to be effective from July 1, 2016, until June 30, 2018.

Act 200, Session Laws of Hawaii 2012, established a joint legislative Task Force to assist in exploring the development and possible implementation of a Medicaid Buy-In program for working individuals with disabilities based on Hawaii's current Medicaid income and asset limits subject to approval by the Federal Centers for Medicare and Medicaid Services. The Council is a member of the Task Force and has been engaged in discussions on establishing and implementing a Medicaid Buy-In program for individuals with disabilities. The Task Force was in general agreement that the Medicaid Buy-In program was a viable option to pursue to enable workers with disabilities to be employed while protecting them from losing their medical benefits and supports.

We bring to your attention that HB 1236 HD1 reflects HB 1754 HD2 SD2 - Relating to Persons with Disabilities that was pending before the Conference Committee during the 2014 legislative session. That bill represented input and general consensus among the joint legislative Task Force with some resistance by DHS. The intent of the bill seeks to identify and remove barriers to employment for persons with disabilities, to establish a pilot project to support individuals with disabilities to obtain employment, and to prepare and conduct outreach and training programs relating to the Medicaid Buy-In program.

The Honorable Sylvia Luke
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February 26, 2015

During the interim, discussions of the Task Force continued, and DHS offered another option that they would support. The Task Force was in agreement of this option that would be through an amendment in DHS' Hawaii Administrative Rules (HAR) to establish a new Working Disabled Adults eligibility group that would allow Medicaid recipients with disabilities to earn up to \$2,000 per month and maintain their eligibility. DHS prepared the HAR and was targeted to be on a fast track to begin on April 1, 2015. DHS included in their biennium request funds for implementation of the HAR. However, we were informed by DHS that the Governor's Executive Budget did not include DHS' request and as a result, the program has been deferred indefinitely.

To address the above, SB 481 SD1 – Relating to Persons with Disabilities seeks to pursue expanding Medicaid eligibility for workers with disabilities similarly to DHS' initiative to amend its HAR. This bill has been referred to the Senate Ways and Means Committee.

In light of the above, it is imperative that the Legislature consider a proactive approach by moving HB 1236 HD1 forward for further discussion while SB 481 SD1 is moving on the Senate side.

We appreciate the Legislature's involvement with the Task Force and perseverance in addressing options for individuals with disabilities to become employed and maintain their access to Medicaid.

Thank you for the opportunity to submit testimony **supporting the intent of HB 1236 HD1.**

Sincerely,



Waynette K.Y. Cabral, M.S.W.
Executive Administrator



Rosie Rowe
Chair



HAWAII DISABILITY RIGHTS CENTER

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THE HOUSE OF REPRESENTATIVES THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015

Committee on Finance Testimony on H.B. 1236, HD1 Relating to Persons With Disabilities

**Thursday, February 26, 2015, 11:00 A.M.
Conference Room 308**

Chair Luke and Members of the Committee:

While much progress has been made in the past few decades to promote the rights of individuals with disabilities, one area that has lagged behind has been the competitive, integrated employment of individuals with disabilities. While there are many factors accounting for this, one clear barrier is the loss or fear of loss of Medicaid benefits, be it the health care coverage or the home and community based waiver services which accompany the receipt of Medicaid.

For that reason, the Medicaid Buy In Program has long appeared to be a viable option to address this. It would encourage individuals with disabilities to seek gainful employment and enjoy more fulfilling, productive lives. It would also ensure that they would maintain the services that they need to successfully live in the community. We served as a member of the Medicaid Buy In Task Force that has been convened in the interim between the past few last legislative sessions. We note that the members of the Task Force were in general agreement that the Buy In Program should be pursued.

The notable exception to that general consensus in the past few years has been the Department of Human Services. They had been resistant to the Buy In, though they did state that they would support an "Income Disregard" Program which would allow Medicaid recipients with disabilities to earn up to two thousand dollars per month and not lose their eligibility. The Task Force was told that Administrative Rules would be drafted by December 2014 and the program would be operational by April, 2015. We recently learned that the new Administration has shifted course and has not included funding in the Executive Budget for this purpose. In light of that, it may be more



important now for the Legislature to entertain this issue, be it in the form of a Buy In Program or an Income Disregard enacted in statutory form.

Thank you for the opportunity to testify on this measure.



House Committee on Finance

The Hon. Sylvia Luke, Chair

The Hon. Scott Y. Nishimoto, Vice Chair

Testimony in Support of House Bill 1236 HD 1

Relating to Persons with Disabilities

Submitted by Nani Medeiros, Public Affairs and Policy Director

February 26, 2015, 11:00 am, Room 308

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports House Bill 1236, which seeks to establish and appropriate funds for a state Medicaid buy-in program. The HPCA is a strong supporter of this program, as it enables individuals with disabilities to become or further pursue employment opportunities while at the same time ensuring those individuals retain full access to needed benefits.

Thank you for the opportunity to testify.



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February 25, 2015

To: The Honorable Sylvia Luke
Chair, House Committee on Finance

From: 'Ohana Health Plan

Re: HB 1236 HD1, Relating to Persons with Disabilities
In Support

Hearing: Thursday, February 26, 2015 at 11:00 am
Hawai'i State Capitol, Conference Room 308

'Ohana Health Plan ('Ohana) is a member of the WellCare Health Plans, Inc.'s ("WellCare") family of companies and provides healthcare for over 50,000 Hawai'i residents statewide. Since 2009, 'Ohana has utilized WellCare's national experience to develop a Hawai'i -specific care model that addresses local members' healthcare and health coordination needs. By focusing on the state's Medicaid and Medicare population, 'Ohana serves Hawaii's most vulnerable residents: low-income, elderly, disabled, and individuals with complex medical issues. 'Ohana's mission is to help our members' lead better, healthier lives.

'Ohana Health Plan offers our **strong support** of HB1236 HD1, and urges the establishment of a Medicaid buy-in program for workers with disabilities. As one of the largest health plans in the state that specifically serves our disabled community, we are acutely aware of the disconnect between needing certain home and community based services and wanting to be a contributing member of society via formal employment. As these home and community based services are uniquely covered by Medicaid, these community members must choose to remain unemployed or, at best,

underemployed in order to not lose the very services that help keep them independent. The ability to seek and maintain employment is not only good for the health and welfare of the disabled individual, but for the community as a whole. The current Medicaid income limits should not be a barrier to this sub-set of the disabled population that wishes to contribute to our community by participating in gainful employment. For these reasons, 'Ohana Health Plan strongly supports the creation of a Medicaid buy-in program for the state of Hawai'i.

Thank you very much for the opportunity to submit testimony on this measure.



PRESIDENT & CEO
Marian E. Tsuji

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State of Hawaii
House Committee on Finance
The Honorable Representative Sylvia Luke, Chair
The Honorable Scott Nishimoto, Vice Chair
Hawaii State Legislature

February 26, 2015; 11:00 a.m.

Room 308

HB 1236, HD1, Relating to Persons with Disabilities

Good afternoon, Chair Luke, Vice Chair Nishimoto, and Members of the Finance Committee,

Lanakila Pacific **supports the intent** of HB 1236, HD1 to establish a Medicaid Buy-In Program. In light of the discussions with the joint legislative Task Force and DHS, we support the companion SB 481, SD1 which seeks to pursue expanding Medicaid eligibility for workers with disabilities. However, it is imperative that the Legislature consider a proactive approach by moving HB 1236, HD1 forward for further discussion while SB 481 SD1 is moving on the Senate side.

Founded in 1939, Lanakila Pacific is a Hawaii-based non-profit organization. Our programs and social enterprises currently serve over 2,300 Oahu and Kauai residents annually, with services that build independence and self-sufficiency, which in turn supports our greater community. Our programs include employment training and job placement assistance for people with disabilities.

Unfortunately, despite the progress, much more needs to be done to promote employment of people with disabilities. According to the U.S. Bureau of Labor Statistics, in 2012, only 17.8% of people with disabilities were employed compared to 63.9% of those without disabilities. The unemployment rate of people with disabilities was 13.4% in 2012, nearly twice the rate for those with no disability, at 7.9%.

Many people with disabilities want to work but worry that doing so could jeopardize their vital health coverage. Expanding access to Medicaid would provide people with disabilities who are interested in working the opportunity to get or keep health coverage while on the job.

This not only benefits the individual's self-esteem, it also contributes to their self-sufficiency and independence. More people with disabilities working means more consumers to put money back into the economy, more contributing taxpayers, and better use of state resources.

Thank you for the opportunity to provide testimony in support of the intent of this measure.

Respectfully submitted,

Marian E. Tsuji
President & CEO

Mary Beth Lum
Workforce Resources Manager



LATE

Easter Seals Hawaii

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February 25, 2015

TO: Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair

FROM: Ron Brandvold, President and CEO

RE: HB 1236/HD 1 – Relating to Persons with Disabilities

For over 60 years, Easter Seals Hawaii has provided exceptional individualized family-centered services to empower infants, children, youth and adults with disabilities or special needs to achieve their goals and live independent fulfilling lives. Easter Seals Hawaii is a statewide CARF accredited organization with fifteen facilities from Waimea, Kauai to Hilo, Hawaii providing a variety of programs.

More than 30,000 people in Hawaii have disabilities that require lifelong assistance and support. In 2011, only 13% of people in Hawaii with intellectual and developmental Disabilities (ID/DD) were employed in supported or competitive employment. At 13%, Hawaii ranks lowest among the 50 states for percentage of ID/DD persons over 16 yrs who are employed.

New federal rules and initiatives have emerged to increase employment for individuals with disabilities; the mandate of the Final Rule for Medicaid Home and Community Based Services and the recent U.S. Department of Labor, Office of Disability Employment Policy (ODEP) grant award to the State of Hawaii designed to provide technical training and support to enable adoption of state policies and practices that lead to increased integrated employment outcomes for individuals with disabilities.

With this momentum, it is now the time for the State to create more employment opportunities and a brighter future for individuals with disabilities. Thus, Easter Seals Hawaii supports the intent of HB 1236/HD 1 which will establish a Medicaid buy-in program for individuals with disabilities to remove barriers to employment.

Thank you for your leadership on this important issue, for your advocacy on behalf of individuals with disabilities, and for your time and consideration.