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DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
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January 29 2008

MEMORANDUM

TO: The Honorable Maile S.L. Simabukuro, Chair
Committee on Human Services and Housing

FROM: Lillian B. Koller, Director

SUBJECT: **H.B. 2039 - RELATING TO HUMAN SERVICES**

Hearing: Tuesday, January 29, 2008; 8:50 a.m.
Conference Room 329, State Capitol

PURPOSE: The purpose of H.B. 2039 is to require the Department of Human Services (DHS) to disregard specified assets for purposes of determining eligibility for certain public assistance benefits.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) does not support this bill as it would adversely impact the priorities set forth in the Executive Supplemental Budget.

DHS currently disregards a majority of the items identified in the bill but, because many of our programs are Federally funded, the Federal government limits what may be disregarded. If we do not abide by these Federal regulations, we would be required to use State funds for these programs. This would greatly increase State expenditures, particularly for the food stamp and medical assistance programs which currently use exclusively (food stamps) or predominantly (medical assistance) Federal funds.

The Department does not object to increased disregards and because most of the specific disregards are identified in Hawaii Administrative Rules (HAR) rather than Hawaii Revised Statutes (HRS), the Department respectfully requests that we be allowed to work with the Legislature to identify and discuss requested disregards rather than amending the HRS. Agreed upon changes could then be implemented by amending the HAR.

Thank you for the opportunity to provide comments on this bill.

HACBED

Hawai`i Alliance for Community-Based Economic Development
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Public Charter School

Kukui & Gary Maunakea-Forth
(O`ahu)
WCRC/Mala Ai`Opio

Wayne Tanna (at large)
Asset Building Coalition &
Chaminade University

Rian Dubach (at large)
American Savings Bank

Tommy Otake (at large)

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January 29, 2008

House Committee on Human Services and Housing
Tuesday, January 29, 2008 at 8:50AM
Conference Room 329
HB 2039 – COMMENTS

Dear Chair Shimabukuro and Committee Members:

The Hawai`i Alliance for Community Based Economic Development (HACBED) is submitting comments on HB 2039 that would require the Department of Human Services to disregard specified assets for purposes of determining eligibility for certain public assistance benefits.

Incredibly, government policies intended to help the poor pose some of the greatest barriers to escaping poverty. Income criteria and “asset tests” are used to determine eligibility. Benefits like Medicaid are reduced or retracted as a recipient’s income and assets increase. Often, the value of the benefits lost outstrips the value gained through work or saving. Thus government often ends up *encouraging* the economically rational person to choose welfare over work.

While we support eliminating asset limits from government programs, we feel it is important to take a comprehensive look at all programs to ensure that eliminating these barriers allows access for families who need it the most. We feel a financial education coordinator as described in **HB 2280** would be able to coordinate these efforts.

Thank you for the opportunity to submit comments.

Sincerely,

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate



Hawai'i Primary Care Association
345 Queen Street, Suite 601 Honolulu, HI 96813
Tel (808) 536-8442 Fax (808) 524-0347

To: **House Committee on Human Services & Housing**
The Hon. Maile S. L. Shimabukuro, Chair
The Hon. Karl Rhoads, Vice Chair

House Committee on Health
The Hon. Josh Green, MD, Chair
The Hon. John Mizuno, Vice Chair

Testimony in Support of House Bill 2039
Relating to Human Services
Submitted by Beth Giesting, CEO
January 29, 2008, 8:50 a.m. agenda, Room 329

The Hawai'i Primary Care Association endorses this measure. It would appropriately remove barriers to eligibility for Med-QUEST and other public benefits. The assets that would be disregarded in determining eligibility would be such items that a prudent person would not discard or spend down in order to get help for the needs of daily life. We believe the most important of these are:

- Ownership of kuleana lands;
- Individual retirement accounts and pension funds;
- Burial plots;
- Household goods and personal effects;
- Work-related equipment;
- The cash-value of life insurance; and
- Automobiles.

Thank you for the opportunity to support this bill.

TESTIMONY IN SUPPORT OF THE INTENT OF HB2039
RELATING TO HUMAN SERVICES

January 29, 2008

The Legal Aid Society of Hawaii hereby provides testimony to the Committee on Human Services and Housing on HB2039 - Relating to Human Services, in support of the intent of the bill.

Founded in 1950, the Legal Aid Society of Hawaii is the oldest provider of legal services in the state. We provided civil legal assistance to those in need through nine offices located in Lihue, Waianae, Honolulu, Kaneohe, Kaunakakai, Lanai City, Wailuku, Kona and Hilo. Over the years we have provided leadership around public benefits issues and on an annual basis update our public benefits manual and provide a two day training on public benefits. We have seen the benefit of linking community based economic development and asset building to legal services as critical to assisting our clients out of poverty and one of the means to do so is the exemption of assets in considering eligibility for public assistance programs.

While we support the intent of this bill and recognize that current administrative rules do not provide the exemption of assets like individual retirement accounts and that the current provisions should be broadened, we are concerned about the impact this bill will have on the current administrative rules which exempt a number of specific assets broader than provided for in this statute. Hawai'i Administrative Rules §17-675-25 through §17-675-30 lists over twenty-four exempted assets for both financial assistance and food stamp programs as well as specific assets for each program. In addition, Hawai'i Administrative Rules §17-1725-9 and §17-675-10, list over thirty-four exempted assets for medical benefit eligibility.

As such we would recommend that the Committee on Human Services and Housing request of the Department of Human Services an analysis of the current exempted assets in comparison to the assets proposed to be exempt under this bill to ensure adequate coverage of currently exempted assets and provide such language.

For these reasons, we support HB2039. Thank you for this opportunity to testify.

Sincerely,

M. Nalani Fujimori
Deputy Director
527-8014