

---

---

# A BILL FOR AN ACT

RELATING TO UNIVERSAL CHILDREN'S SAVINGS ACCOUNTS.

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

**PART I**

1  
2 SECTION 1. The legislature finds that figures from the  
3 United States Census Bureau indicate that the State of Hawaii is  
4 facing its third consecutive year with an increase in  
5 impoverished residents. The poverty rate in Hawaii rose to over  
6 twelve per cent in 2009, with more than 156,000 people living  
7 below the poverty line. The poverty rate in 2009 was the  
8 highest in Hawaii since 1997, when the poverty rate stood at  
9 nearly fourteen per cent.

10 The legislature finds that nearly thirty per cent of  
11 households headed by a single woman are in poverty. Poverty is  
12 a cyclical problem, passing from generation to generation. It  
13 is more likely that children being raised in poverty by single  
14 mothers will remain in poverty throughout their lives.

15 The legislature also finds that the rate of family savings  
16 is the lowest that it has been since the Great Depression.  
17 Research indicates that over twenty-five per cent of households



1 in Hawaii are "asset poor", meaning those households do not have  
2 enough wealth to meet basic needs for a limited period of time.

3 The legislature also finds that a study conducted by the  
4 Center for Social Development at Washington University in St.  
5 Louis found that students with savings are significantly more  
6 likely to pursue a higher education. Additionally, when savings  
7 were taken into account, academic achievement was no longer a  
8 significant predictor of college attendance.

9 The legislature finds that healthy children and adults are  
10 less likely to live in poverty. Poor health practices in a  
11 child's developmental stages can lead to an unhealthy lifestyle  
12 as an adult, including conditions or habits such as obesity,  
13 smoking, alcoholism, and substance abuse. Children with  
14 unhealthy practices are less likely to pursue higher education.  
15 It is imperative to infuse healthy behavior into the lives of  
16 Hawaii's youth to increase the chances of having a healthier  
17 Hawaii.

18 The legislature finds that the early periodic screening,  
19 diagnosis, and treatment program is a federally mandated set of  
20 services and benefits for all individuals under age twenty-one  
21 who are enrolled in medicaid. All medically necessary  
22 diagnostic and treatment services within the federal definition



1 of medicaid medical assistance must be covered, regardless of  
2 whether those services are otherwise covered under a state  
3 medicaid plan.

4 The legislature also finds that health service initiatives  
5 under the children's health insurance program are activities  
6 that promote public health, promote individual health, improve  
7 or promote a state's capacity to deliver public health services,  
8 or strengthen the human and material resources necessary to  
9 accomplish public health goals. Health service initiatives must  
10 be related to improving the health of children, including  
11 targeted and other low-income children. Health service  
12 initiatives under the children's health insurance program are a  
13 mechanism for states to get creative and utilize more federal  
14 funding. However, no more than ten per cent of a state's  
15 administrative costs may fund the children's health insurance  
16 program.

17 The purpose of this Act is to establish a universal  
18 children's savings account pilot project for medicaid-eligible  
19 children who are enrolled in Hawaii's QUEST program.

20 **PART II**



1 SECTION 2. (a) There is established a universal  
2 children's savings account pilot project within the department  
3 of human services for administrative purposes.

4 (b) The department shall apply with the United States  
5 Centers for Medicare and Medicaid Services to launch a health  
6 services initiative under the children's health insurance  
7 program. Under this program the department shall:

- 8 (1) Establish a children's savings account for every  
9 medicaid-eligible child born from July 1, 2011,  
10 through June 30, 2012, up to age five, who is enrolled  
11 in the State of Hawaii's QUEST program;
- 12 (2) Add a contribution amount to an eligible child's  
13 savings account, following the child's early periodic  
14 screening, diagnosis, and treatment program visits;
- 15 (3) Develop and foster public-private partnerships in the  
16 community to increase the contribution amount for each  
17 eligible child's savings account;
- 18 (4) Promote and educate eligible children and their  
19 families on the importance of annual health visits to  
20 encourage healthier lifestyles and practices; and



1 (5) Promote and educate eligible children and their  
2 families on the importance of developing a savings  
3 account.

4 (c) Eligible children shall not have access to the funds  
5 in the universal children's savings accounts until they reach  
6 eighteen years of age.

7 (d) Funds in universal children's savings accounts shall  
8 be used only for health-related purposes; provided that, should  
9 additional sources of funds become available and be deposited  
10 into the accounts in compliance with applicable laws,  
11 regulations, and rules regarding the use of federal health  
12 services moneys, then the additional deposited funds may be used  
13 for purposes other than health-related purposes only to the  
14 extent that the additional deposits are in excess of the  
15 deposits previously made for health-related purposes.

16 (e) The department may hire staff or contract with an  
17 outside third party to administer this program.

18 SECTION 3. The department shall submit a report to the  
19 legislature no later than twenty days prior to the convening of  
20 the 2012 regular session, which shall include:



- 1           (1) The status of the universal children's savings account
- 2                   pilot project request with the United States Centers
- 3                   for Medicare and Medicaid Services;
- 4           (2) The number of savings accounts opened for eligible
- 5                   children;
- 6           (3) The total dollar amount necessary to open a savings
- 7                   account for each eligible child;
- 8           (4) The budgeted dollar amount for each matching
- 9                   contribution in the year immediately following an
- 10                  early periodic screening, diagnosis, and treatment
- 11                  program visit for every eligible child;
- 12           (5) The number of staff hired;
- 13           (6) The name of any third party administrator contracted
- 14                  to administer the pilot project, and the total dollar
- 15                  amount of the contract;
- 16           (7) The number and names of any private sector or
- 17                  nonprofit partnerships established to support the
- 18                  pilot project;
- 19           (8) Any obstacles or challenges that were encountered; and
- 20           (9) Any other relevant information pertinent to the
- 21                  implementation and execution of the pilot project.



1 SECTION 4. This Act shall take effect upon its approval;  
2 provided that this Act shall be repealed on December 31, 2030.  
3



**Report Title:**

Universal Children's Savings Account Pilot Project; Medicaid;  
QUEST

**Description:**

Creates a universal children's savings account pilot project under the department of human services, open to medicaid-eligible children enrolled in the QUEST program. Repeals 12/31/30. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

