

# HB 2415, HD2

Measure Title: RELATING TO MEDICAID.

Report Title: Medicaid; Prescription Drugs; Copayment

Description: Requires certain Medicaid recipients to pay a copayment for prescription drugs covered under the recipients' Medicaid benefits in accordance with a program developed by the Department of Human Services. Requires the Department of Human Services to seek the approval of the Centers for Medicare and Medicaid Services prior to the establishment and implementation of the program. (HB2415 HD2)

Companion:

Package: None

Current Referral: HMS, WAM

Introducer(s): CHONG, ITO, MIZUNO, Carroll, Evans

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA MCMANAMAN  
DIRECTOR

BARBARA A. YAMASHITA  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

March 15, 2012

TO: The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **H.B.2415, H.D. 2 - RELATING TO MEDICAID**

Hearing: Thursday, March 15, 2012; 3:00 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The purpose of the bill is to require certain Medicaid recipients to pay a co-payment for prescription drugs covered under the recipients' Medicaid benefits in accordance with a system developed by the Department of Human Services and requires the Department of Human Services to seek the approval of the Centers for Medicare and Medicaid Services prior to the establishment and implementation of such a system..

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of this bill, but has several concerns. In order to impose co-payments, as specified by this measure, the Department of Human Services (DHS) would first need to secure a waiver from the Centers for Medicare and Medicaid (CMS). As such, the implementation date of this bill must be tied to CMS approval. Second, the DHS may need to make substantial, major modifications to our Med-Quest software to be able to capture income data and transfer the same to the health plans. In turn, the

health plans may also need to make system modifications. These system modifications would address present CMS regulations which provide that co-payments for prescription medications may not exceed 5% of a family's income, and the additional CMS requirement that co-payments may not exceed 10% of the cost of the item prescribed. At this time, the DHS is unable to provide a cost estimate for any such system modifications, but notes this measure contains no appropriation for the same. While it may be possible to obtain a waiver of these requirements, the DHS would first need to submit a waiver request to the CMS.

This bill would lower the age for which co-payment requirements shall not apply from under 21 years to under 19 years. DHS believes that it may be difficult to have CMS approve imposition of a co-payment on individuals 19 years up to 21 years of age due to the federal Early Periodic Screening, Detection and Treatment (EPSDT) program that requires coverage of medically necessary services to those up to 21 years of age.

As an alternative to the proposed measure, the DHS offers to submit a waiver to CMS and to include in the waiver, a request to eliminate the imposition of the income and cost ceilings. We would further seek permission from CMS to tie co-payment costs to those costs currently paid by dual eligible beneficiaries - \$1.10 per each generic prescription and \$3.30 per each brand prescription; this would certainly end the disparity that currently exists between dual eligible and otherwise healthy adults.

Thank you for the opportunity to testify on this bill.



**HB 2415 HD2**  
**Relating to Medicaid**  
Senate Committee on Human Services

March 15, 2012

3:00 p.m.

Room 016

The Office of Hawaiian Affairs (OHA) offers the following comments on HB 2415 HD2, which requires certain Medicaid recipients to pay a copayment for prescription drugs covered under the recipients' Medicaid benefits in accordance with a program developed by the Department of Human Services and requires the Department of Human Services to seek the approval of the Centers for Medicare and Medicaid Services prior to the establishment and implementation of the program.

OHA's strategic plan includes a health priority, which states that to improve the quality and longevity of life, Native Hawaiians will enjoy healthy lifestyles, and experience reduced onset of and better management of chronic diseases to reduce the risks in declining quality of life. There are many Native Hawaiians represented in the Medicaid program, and Native Hawaiians are among the most disadvantaged in the State's disparate health population.

Medicaid recipients are generally unable to absorb the high costs of health care. Requiring Medicaid recipients to pay a copayment for prescription drugs may place vital medication out of reach for patients in need, as there is much evidence of people choosing against medication when under financial burden. Instead of resorting to such an action, OHA urges lawmakers and the industry to look toward health care reform, which promises a more efficient system of delivering medical care and better management of care through a system of coordinated services and providers.

Accordingly, we recommend that the Department of Human Services seek approval from the Centers for Medicare and Medicaid Services for a program that uses new techniques and best practices learned from Health Reform and the 'beacon' communities who are at the forefront of health care reform.

Therefore, OHA urges the committee to HOLD HB 2415 HD2. Mahalo for the opportunity to testify on this important measure.

Testimony of  
John M. Kirimitsu  
Legal & Government Relations Consultant

Before:  
Senate Committee on Human Services  
The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

March 15, 2012  
3:00 pm  
Conference Room 016

**Re: HB 2415 HD2 Relating to Medicaid**

Chair, Vice Chair, and committee members, thank you for this opportunity to provide testimony on HB 2415 HD2 requiring certain Medicaid recipients to pay a copayment for prescription drugs.

**Kaiser Permanente Hawaii would like to offer comments on this bill.**

Kaiser Permanente Hawaii supports the intent of this bill to improve the efficiency of the Medicare system, but has concerns that the adverse consequences of this cost-sharing measure may outweigh its intended benefits.

First and foremost, it is well recognized that imposing mandatory cost-sharing for prescription drugs may result in Medicaid patients foregoing necessary medications, leading to poorer health. These are the state's poorest patients. Even a modest copay for a prescription, which may seem like a bargain to everyday consumers, can represent a fortune to low-income Medicaid recipients with serious ailments, especially if their chronic ailments require multiple medications. Obviously, the lower income population is more vulnerable to adverse consequences from cost-sharing, because they have less disposable income and much of their limited income is reserved for basic needs such as food and shelter. What is more troubling is that this inability to pay cost-sharing may have a counterproductive effect by triggering more expensive forms of treatment such as emergency room or hospitalization. Of significance is that this resulting fiscal impact for the state could be quite substantial, as one avoidable hospitalization for one Medicaid enrollee who skips his medication to save a co-pay can easily exceed the small purported savings from co-pays imposed on thousands of Medicaid recipients.

Similarly, cost-sharing may have a negative impact on those already financially distressed Medicaid health care providers by an increase in lost revenues due to costlier emergency and hospitalization care in treating those patients that forego medications due to copays. This cost-sharing could also result in the reduction of overall revenue from Medicaid for participating providers as payments are reduced by Medicaid to reflect the patient copayment, despite no assurances that the member will pay the copay.

Finally, the state and providers can expect to spend significant amounts on administration to collect on the copayments. Arizona's state Medicaid agency concluded that the state would incur almost 16.5 million in administrative costs to collect a mere 5.6 million in copayments. The Arizona study also noted that the administrative costs in collecting the copays do not take into account the increased healthcare costs resulting from reduced use of medications by patients in need, which inevitably leads to increased costs from emergency room visits and other more expensive services.

Thank you for the opportunity to comment.

# HMSA



Blue Cross  
Blue Shield  
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

March 15, 2012

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair

Senate Committee on Human Services

**Re: HB 2415, HD2 – Relating to Medicaid**

Dear Chair Chun Oakland, Vice Chair Ihara and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to support HB 2415, HD2 which mandates the Department of Human Services (DHS) to require certain Medicaid recipients to pay a copay for prescription drugs.

We fully appreciate the intent of this Bill to create efficiencies in the State's Medicaid system. We believe that copays may reduce waste, allowing unused monies to address budget shortages in other areas of the Medicaid program. In addition, this seems to be in line with our Medicaid contract with DHS which includes an onsite readiness review by DHS to, among other things, review our ability to handle co-shares for its members.

We also recognize that the imposition of copays potentially may result in a segment of the population inappropriately reducing their use of medications. However, that possibility may be mitigated if DHS allows participating plans to individually structure a formulary that ensures medication compliance.

Thank you for this opportunity to support this legislation.

Sincerely,

Jennifer Diesman  
Vice President  
Government Relations



**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Human Services**  
The Hon. Suzanne Chun Oakland, Chair  
The Hon. Les Ihara, Jr., Vice Chair

**Testimony in Opposition to HB 2415, HD 2**  
**Relating to Medicaid**  
**Submitted by Robert Hirokawa, Chief Executive Officer**  
**March 15, 2012, 3:00pm, Conference Room 016**

The Hawai'i Primary Care Association, representing community health centers in Hawai'i, **opposes** House Bill 2415, HD 2, Relating to Medicaid. As written, this bill requires certain Medicaid recipients to pay a copayment for prescription drugs currently covered under their Medicaid benefits.

On a basic level, the Primary Care Association respects and appreciates the financial burdens currently facing the state and the goal that this bill will lower the costs associated with prescription medications incurred by the state. Using this measure to offset those burdens though does not come without its own problems, which far outweigh any potential benefits.

In community health centers in Hawaii, 72% of patients are below the federal poverty line. Already faced with dire financial constraints of their own, imposing an additional copayment on the poorest segment of the population will force them to make tough decisions about continuing needed treatments. Many patients simply do not have the cash available to meet such a burden, already faced with trying to provide food and shelter on a daily basis.

On a larger scale, imposing such measures could have catastrophic effects on the greater Hawaiian healthcare network. Discontinued treatments could allow for ailments to devolve into chronic conditions or result in costly emergency room utilization. Further, especially in the case of behavioral health patients, stopping treatment could induce individuals to become public health or safety concerns.

Finally, from a logistical standpoint, this bill would impose excessive burdens on several levels in Hawaii. At the state level, this bill would require the Department of Human Services to closely monitor income levels, copayment processing capabilities, and administrative costs measuring into the tens of millions of dollars. At the provider level, it would require practices to collect and process copayments, a task they are ill-equipped to undertake.

The Hawaii Primary Care Association opposes this bill and thanks you for the opportunity to testify.





# WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI.

TO: The Honorable Senator Suzanne Chun Oakland,  
Chair Human Services Committee  
The Honorable Senator Les Ihara,  
Vice Chair Human Services Committee

FROM: Sheila Beckham  
CEO, Waikiki Health Center

RE: HB2415

DATE: March 14, 2012

On behalf of Waikiki Health Center, I strongly oppose requiring Medicaid patients to make co-payments on prescribed medications. It is our experience, that for those near the poverty level, when given a choice between purchasing food or medication—food wins.

Most of our patients do not understand the biochemistry nor do they understand the on-going benefit of taking prescribed medications for chronic conditions. If they were required to pay for each of their medications, I can say with certainty that a high percentage will not pick up their medications. This will inevitably result in folks getting sicker, increased use of the emergency room and or being admitted for in-patient services.

I encourage you to oppose medication co-payments for those in the Medicaid population.

Thank you for the opportunity to present this testimony.



## WAIKIKI HEALTH CENTER

REACHING OUT FROM THE HEART OF WAIKIKI

TO: The Honorable Senator Suzanne Chun Oakland, Chair Human Services Committee  
The Honorable Senator Les Ihara, Vice Chair Human Services Committee

FROM: Marc Gannon, LSW, MBA  
Chief Administrative Officer, Waikiki Health Center

RE: HB2415

DATE: March 14, 2012

Thank you for the opportunity to testify in opposition to HB2415 relating to Medicaid.

On behalf of Waikiki Health Center, and the patients we serve, I strongly oppose requiring Medicaid patients to make co-payments on prescribed medications.

Those near the poverty level constantly struggle with difficult purchasing decisions, being forced to decide among all the necessities such as food, rent, clothing, and medications. Many of our patients do not understand the importance of taking prescribed medications, particularly medications for chronic conditions. If they were required to pay, many will opt to forgo medication management. This will inevitably result in Medicaid patients getting sicker, increased use of the emergency room and, increased hospital admissions.

I encourage you to oppose mandatory medication co-payments for those in the Medicaid population.

Again, thank you for the opportunity to submit this testimony.



**HO'OLA LAHUI HAWAI'I**  
P.O. Box 3990; Lihū'e, Hawai'i  
Phone: 808.240.0100 Fax: 808.246.9551

**March 15, 2012**

**COMMITTEE ON HUMAN SERVICES**

**Senator Suzanne Chun Oakland, Chair**

**Senator Les Ihara, Jr., Vice Chair**

**Testimony in Opposition to HB 2415, HD2**  
**Relating to Medicaid**

Ho'ola Lahui Hawaii **OPPOSES** this bill to require the Department of Human Services to ask the Centers for Medicaid and Medicare to amend the State Plan for Medicaid to allow the charging of co-pays for certain patients with Medicaid.

The intent of this bill is to offset costs associated with pharmaceuticals and to share costs with the patient. A laudable goal in itself, however, the patients that will be affected by this change are not able to afford co-pays--that is why they are currently enrolled in the Medicaid program.

This will be a huge burden on the patients who will have to decide if they can afford needed medications or simply go without necessary treatment. Going without necessary treatment will have a devastating effect on the entire health care system as patients with chronic health conditions will not get better costing the system even more money and in the process compromising the health and possible life of the patient. An additional financial barrier to an already challenged population only serves to further harm the individuals in need.

As an organization that currently serves a large number of Medicaid patients and provides pharmacy services to them, we see this as a monumental problem that puts an additional burden on our pharmacy to collect co-pays from patients who cannot afford to pay them. This is contrary to our service philosophy to assist patients with their health care needs. Our patients will suffer as a result of this bill. The potential financial impact to our organization could potentially force us to stop providing pharmacy services as fewer patients will no doubt use our pharmacy because they cannot afford the co-payments.

We strongly urge the committee to defer this measure.

David Peters  
Chief Executive Officer



The Honorable Senator Suzanne Chun Oakland, Chair  
The Honorable Senator Les Ihara, Jr., Vice Chair  
Committee on Human Services

March 15, 2012; 3:00 p.m.  
Hawai'i State Capitol; Conference Room 016

**RE: HB 2415 HD2 Relating to Medicaid**

Aloha, Senator Chun Oakland, Vice-Chair Ihara and Members of the Committee:

The Hawai'i Pharmacists Association takes no position on HB 2415 HD2; however, would like to offer comments.

We are in support of Section 2 of the bill that requires the Department of Human Services to seek the approval of the Centers for Medicare and Medicaid Services prior to the establishment and implementation of a Medicaid prescription drug benefit co-payment system, provided that providers are allowed to condition service on the payment of the co-payment.

Despite the fact that co-payment is meant to be the responsibility of the recipient, the Pharmacy is responsible for collecting co-payments. Federal law prohibits Medicaid providers from denying care or services "for an individual's inability to pay a deduction, cost-sharing, or similar charge," unless approval has been received from the Centers for Medicare & Medicaid Services to allow providers to withhold their services when co-payments go unpaid. Federal regulations also prohibit states from reimbursing providers for uncollected co-payments.

Additionally, we are concerned about the impact this bill may have on medication adherence.

Thank you for the opportunity to provide comments.

Respectfully,

Jeani Jow, Pharm.D., BCPS  
President

Selma Yamamoto, Pharm.D., BCPS  
Immediate Past-President

Nicole Pagoyo, Pharm.D.  
President-Elect

Aloha,

As co-medical director of the Moloka'i Community Health Center, I strongly oppose House Bill 2415 HD2 which creates co-payments for Medicaid recipients. As the largest provider system of health care for Medicaid recipients, Hawaii's community health centers will be disproportionately affected by the co-payments proposed in House Bill 2415 HD2. Imposing co-payments on lower income, poor, unemployed, or homeless people will deter them from seeking medical treatment and complying with prescription medication. This will result in worsening health conditions and an increase in emergency room treatments, both which damage the overall system of health care that the state is trying desperately to transform. Co-payments are not part of the answer to transformation. Rather than penalize poor people in order for them to receive health care, the state and legislature should look at efficiencies within government and Medicaid managed care plan operations.

Moreover, the proposed co-payments will worsen existing health inequities, as a majority of CHC patients are from disadvantaged and disadvantaged groups, including Native Hawaiians, Filipinos, and Pacific Islanders. Thus, an increasing healthcare burden will result in even more poverty and chronic stress for members of those groups, further adding to health inequities, and increasing the chances that such people will be unable to work their way out of disadvantage.

Community health centers are mandated to provide comprehensive primary care and preventive care, including health, oral and mental health/substance abuse services to persons of all ages, regardless of their ability to pay. Many of the cutbacks in funding for other state programs, such as the Adult Mental Health Division and Medicaid dental care for adults, have left community health centers as the only safety net open to indigent people in need. 47% of community health center patients in 2009 were Medicaid enrollees (QUEST), which represents a 26% increase in Medicaid patients seen over 2008. Further, patients with mental health needs grew by 46% in 2009. Seventy two percent of CHC patients are below poverty, and 84% are below 200% of poverty.

Mahalo for the opportunity to testify. Please contact me if I can be of information to the Committees.

'O wau iho me ka ha'aha'a,

Kawika Liu, MD, PhD, JD  
Co-medical director  
Moloka'i Community Health Center

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 14, 2012 4:14 PM  
**To:** HMS Testimony  
**Cc:** emartinez@hawaii.rr.com  
**Subject:** Testimony for HB2415 on 3/15/2012 3:00:00 PM

Testimony for HMS 3/15/2012 3:00:00 PM HB2415

Conference room: 016  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Elizabeth Martinez  
Organization: Waimanalo Health Center  
E-mail: [emartinez@hawaii.rr.com](mailto:emartinez@hawaii.rr.com)  
Submitted on: 3/14/2012

**Comments:**

As a member of the Board of Waimanalo Health Center, I oppose House Bill 2415 HD2 which creates co-payments for Medicaid recipients. Imposing co-payments on lower income, poor, unemployed, or homeless people will deter them from seeking medical treatment and complying with prescription medication. This will result in worsening health conditions and an increase in emergency room treatments, both which damage the overall system of health care that the state is trying desperately to transform.

As the largest provider system of health care for indigent Medicaid recipients, Hawaii's community health centers will be disproportionately affected by the co-payments proposed in House Bill 2415 HD2. Co-payments are not part of the answer to transformation. Rather than penalize poor people in order for them to receive health care, the state and legislature should look at efficiencies within government and Medicaid managed care plan operations.

Of community health center patients,  
47% of patients were Medicaid enrollees (QUEST, 2009) and 72% are below poverty level and a whopping 84% below the 200% poverty level.  
This measure just complicates and confuses things for people in desperate straits.

Please vote no on SB2415 HD2.  
Thank you!

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 14, 2012 2:51 PM  
**To:** HMS Testimony  
**Cc:** robertscottwall@yahoo.com  
**Subject:** Testimony for HB2415 on 3/15/2012 3:00:00 PM

**Categories:** Red Category

Testimony for HMS 3/15/2012 3:00:00 PM HB2415

Conference room: 016  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Scott Wall  
Organization: United Self Help  
E-mail: [robertscottwall@yahoo.com](mailto:robertscottwall@yahoo.com)  
Submitted on: 3/14/2012

**Comments:**

Aloha Sen. Chun-Oakland and members of the committee.

My name is Scott Wall and I am speaking on behalf of United Self Help. We oppose this bill. Although we find it reasonable to expect the disabled population to do what they can to help support our devastated health care system we think more thought must go into the mechanism for the delivery of that support.

Most people would think that \$1.10 or \$3.30 would not be unreasonable for a prescription co-payment. The first week of the month neither would I. Therein lies the rub. Prescriptions are normally given out in a thirty day supply. Months however vary in length and slowly but surely the week you run out of your meds works it's way down to the end of the month.

Most all of the disabled live on Social Security. Now Social Security is a blessing, let there be no doubt. Social Security however gives us just enough to live on. Most SSI recipients live on \$660 a month. Even with subsidized housing and food stamps how many of you can even imagine living on \$660 a month?

Well we do, just. We buy all our groceries and incidentals right off and save our dimes and nickles just to get through the month. Many of us have multiple chronic conditions and require any number of medications.

When (not if but when,) the time comes that our prescriptions expire in the third or fourth week of the month, and there are multiple prescriptions often we simply don't have five or ten or more dollars in cash.

Even though we are more than willing to do our part in supporting health care if we don't have that five or ten dollars for the co-pay then we will just have to stall off refilling our prescriptions until the first of the month.

Now if that is diabetes or heart medications we might just die, we certainly might end up rehospitalized at what cost to the taxpayers? If the patient has Schizophrenia or Borderline Disorder and goes without their medication for a week or ten days they could very well end up a danger to themselves or others. Once again at what cost to the taxpayers.

We are willing to do our part but a safer and more controlled means of allowing us to make our contribution has to be created. This fashion is simply not safe.

Mahalo,  
Scott Wall



MAILING ADDRESS

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TDD: 808-323-2889

Federal ID  
99-0108896

March 15, 2012

Senators & Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Greetings and Aloha,

RE: HB 2415

My name is Gretchen Lawson; I am the President/CEO for the Arc of Kona, a private, not for profit organization supporting people with disability so they may contribute to their communities. I am testifying to request that proposed language for SB 126 be added to HB 2415. Currently, state programs and policies create disincentives for persons with disabilities to become employed, to maintain employment, or to further their employment goals.

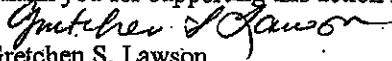
Through national and state research, the following has been determined:

- A Medicaid Buy-In in Hawaii could generate up to *\$300,000 fiscal benefit in its first year* of implementation and *\$2.5 million fiscal benefit over 5 years*.
- National experience has shown that *Medicaid users who work cost 30% less than those who do not work*, approximately.
- *Forty-five states have Medicaid Buy-Ins* for working people with disabilities.
- *Approximately 70%-75% of those enrolling in a Medicaid Buy-Ins are already receiving Medicaid*, but in Hawaii, are now sitting at home and not working, because they cannot do without health coverage. A buy-in will enable them to pay taxes, and contribute to the cost of their Medicaid benefit!

It is advantageous to the economic development of the State and in the best interests of its citizens with disabilities to have programs and policies that support employment. We support the creation of a task force to develop and implement a Medicaid Buy-In for working people with disabilities in 2014 in conjunction with the Affordable Care Act policy changes. I recommend that the make-up of the task force reflect people facing this healthcare challenges and the agencies that serve them.

Please find the attached proposed legislation, and thank you for considering this important policy change as part of the HB 2415 legislation.

Thank you for supporting this action for HB 2415

  
Gretchen S. Lawson  
President/CEO  
Enclosure: HB2415-draft



The  
**Arc of Kona**  
www.arcofkona.org

"Expanding the Possibilities"  
"Ho'o Nui Ka Hiki"

# DRAFT

THE SENATE  
NO. 126

S.B.

S.D.

2

A BILL FOR AN ACT  
2

H.D.

RELATING TO PERSONS WITH DISABILITIES.  
BE IT ENACTED BY THE LEGISLATURE OF  
THE STATE OF HAWAII:

SECTION I. The legislature finds that:

- (a) A significant portion of the population of Hawaii receives federal or state benefits for disabling conditions;
- (b) Current state programs and policies, including state-designed Medicaid waiver programs, create disincentives for persons with disabilities to become employed, to maintain employment, or to further their employment goals;
- (c) Since 2005, Hawaii has been the recipient of a grant from the federal Centers for Medicare and Medicaid Services for the development of a Medicaid Infrastructure program to design and implement a buy-in program for individuals with disabilities who are employed and purchase Medicaid coverage authorized under the 1999 Ticket to Work and Work Incentives Improvement Act;
- (d) Besides the 1999 Ticket to Work and Work Incentives

Improvement Act, other potential federal options for the creation a buy-in program include:

(1) The 1997 Balanced Budget Act; and

(2) 1115 waiver of the Social Security Act;

(e) It is advantageous to economic development of the State and in the best interests of its citizens with disabilities to have programs and policies that support employment; and

(f) It is the intent of the legislature that all state agencies work with citizens to identify and remove barriers to employment for persons with disabilities.

(g) Hawaii will join the 45 other states that now have a Medicaid Buy-in for working people with disabilities.

SECTION 2. (a) The speaker of the House of Representatives and the president of the senate shall establish a joint legislative task force to assist the administration in the development and the implementation of a Medicaid buy-in program for working persons with disabilities.

(b) The chairpersons of the committees with jurisdiction over human services of the respective houses of the legislature shall co-chair the joint legislative task force. This task force will be comprised of individuals from the disability community across the state, including but not limited to, the following organizations:

(1) Department of Human Services, Med-Quest Division;

(2) Department of Human Services, Vocational Rehabilitation & Services for the Blind Division and Ho‘opono;

(3) Department of Health, Developmental Disabilities Division;

(4) Department of Health, Adult Mental Health Division;

(5) Each of the Quest Expanded Access (QExA) plans;

(6) State Rehabilitation Council;

(7) State Council on Developmental Disabilities;

(8) University of Hawaii, Center on Disability Studies;

(9) Department of Labor and Industrial Relations, Workforce Development Council;

(10) Hawaii Waiver Providers Association;

(11) One or more Mental Health Clubhouses;

(12) Hawaii Center for Independent Living;

(13) Hawaii Disability Rights Center;

(14) National Federation of the Blind, Hawaii Chapter;

(15) Hawaii Association of the Blind;

(3) The legislature will provide any and all comments back to the task force and administration before the closure of the legislative session in 2013.

(d) Members of the task force shall serve without compensation and shall receive no reimbursement for expenses. Chapter 84, Hawaii Revised Statutes, shall not apply to the members of the task Force; and

(e) The task force shall exist until the implementation of the buy-in in 2014...

SECTION 3. The legislative reference bureau shall assist the joint legislative task force in preparing its report; provided that the chairpersons of the task force submit a draft of the report to the legislative reference bureau no later than November 1, 2012, for the report to the 2013 regular session of the legislature.

SECTION 4. (a) The administration shall design and implement a program to allow individuals with disabilities to purchase or maintain Medicaid coverage to support obtaining or maintaining employment. The program shall be known as the Medicaid Buy-In Program for Workers with Disabilities, or any other suitable name, as agreed upon by the task force and the administration; and

(b) The administration shall implement the Medicaid Buy-In Program for Workers with Disabilities no later than July 1, 2014.

## WILLIAM M. MIHALKE

Senators & Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Aloha mai e,

**RE: HB 2415**

I am testifying to request that proposed language for SB 126 be added to HB 2415. Currently, state programs and policies create disincentives for persons with disabilities to become employed, to maintain employment, or to further their employment goals.

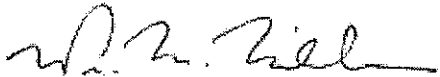
Through national and state research, the following has been determined:

- A Medicaid Buy-In in Hawaii could generate up to *\$300,000 fiscal benefit in its first year of implementation and \$2.5 million fiscal benefit over 5 years.*
- National experience has shown that *Medicaid users who work cost 30% less than those who do not work, approximately.*
- *Forty-five states have Medicaid Buy-Ins for working people with disabilities.*
- *Approximately 70%-75% of those enrolling in a Medicaid Buy-Ins are already receiving Medicaid, but in Hawaii, are now sitting at home and not working, because they cannot do without health coverage. A buy-in will enable them to pay taxes, and contribute to the cost of their Medicaid benefit!*

It is advantageous to the economic development of the State and in the best interests of its citizens with disabilities to have programs and policies that support employment. We support the creation of a task force to develop and implement a Medicaid Buy-In for working people with disabilities in 2014 in conjunction with the Affordable Care Act policy changes. I recommend that the make-up of the task force reflect people facing this healthcare challenges and the agencies that serve them.

Please find the attached proposed legislation, and thank you for considering this important policy change as part of the HB 2415 legislation.

Me ka aloha pumehana,



William M. Mihalke

# DRAFT

THE SENATE

**A BILL FOR AN ACT**

**S.B. NO. 126**

**S.D. 2**

**H.D. 2**

RELATING TO PERSONS WITH DISABILITIES.

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

SECTION 1. The legislature finds that:

- (a) A significant portion of the population of Hawaii receives federal or state benefits for disabling conditions;
- (b) Current state programs and policies, including state-designed Medicaid waiver programs, create disincentives for persons with disabilities to become employed, to maintain employment, or to further their employment goals;
- (c) Since 2005, Hawaii has been the recipient of a grant from the federal Centers for Medicare and Medicaid Services for the development of a Medicaid Infrastructure program to design and implement a buy-in program for individuals with disabilities who are employed and purchase Medicaid coverage authorized under the 1999 Ticket to Work and Work Incentives Improvement Act;
- (d) Besides the 1999 Ticket to Work and Work Incentives Improvement Act, other potential federal options for the creation a buy-in program include:
  - (1) The 1997 Balanced Budget Act; and
  - (2) 1115 waiver of the Social Security Act;
- (e) It is advantageous to economic development of the State and in the best interests of its citizens with disabilities to have programs and policies that support employment; and
- (f) It is the intent of the legislature that all state agencies work with citizens to identify and remove barriers to employment for persons with disabilities.

(g) Hawaii will join the 45 other states that now have a Medicaid Buy-in for working people with disabilities.

SECTION 2. (a) The speaker of the house of representatives and the president of the senate shall establish a joint legislative task force to assist the administration in the development and the implementation of a Medicaid buy-in program for working persons with disabilities.

(b) The chairpersons of the committees with jurisdiction over human services of the respective houses of the legislature shall co-chair the joint legislative task force. This task force will be comprised of individuals from the disability community across the state, including but not limited to, the following organizations:

- (1) Department of Human Services, Med-Quest Division;
- (2) Department of Human Services, Vocational Rehabilitation & Services for the Blind Division and Ho‘opono;
- (3) Department of Health, Developmental Disabilities Division;
- (4) Department of Health, Adult Mental Health Division;
- (5) Each of the Quest Expanded Access (QExA) plans;
- (6) State Rehabilitation Council;
- (7) State Council on Developmental Disabilities;
- (8) University of Hawaii, Center on Disability Studies;
- (9) Department of Labor and Industrial Relations, Workforce Development Council;
- (10) Hawaii Waiver Providers Association;
- (11) One or more Mental Health Clubhouses;
- (12) Hawaii Center for Independent Living;



- (13) Hawaii Disability Rights Center;
- (14) National Federation of the Blind, Hawaii Chapter;
- (15) Hawaii Association of the Blind;
- (16) Department of Health Disability Communications Access Board; and
- (17) Aloha State Association of the Deaf;
- (18) Hawaii Youth Helping Youth from the Hawaii Families as Allies;
- (19) Aloha Independent Living Hawaii; and
- (20) Consumer Family and Youth Alliance; and
- (21) One or more persons from the neighbor island counties of Maui, Hawaii, and Kauai

(c) The joint legislative task force shall:

- (1) Thoroughly develop and recommend to the administration a Medicaid buy-in program, to be submitted for approval to the Centers for Medicare & Medicaid Services (CMS), for working people with disabilities to ensure that the program provides health care services to qualified persons who are employed, as demonstrated by proof of income in the form of pay stubs, tax returns, or other official documentation, and have disabilities, as defined by the Department of Human Services, but for its current income and asset limits, which are to be raised under this work incentive;
- (2) Submit a final report of its findings and program recommendations to the administration and the legislature no later than twenty days prior to the convening of the regular session of 2013; and
- (3) The legislature will provide any and all comments back to the task force and administration before the closure of the legislative session in 2013.

(d) Members of the task force shall serve without compensation and shall receive no reimbursement for expenses. Chapter 84, Hawaii Revised Statutes, shall not apply to the members of the task Force; and

(e) The task force shall exist until the implementation of the buy-in in 2014...

SECTION 3. The legislative reference bureau shall assist the joint legislative task force in preparing its report; provided that the chairpersons of the task force submit a draft of the report to the legislative reference bureau no later than November 1, 2012, for the report to the 2013 regular session of the legislature.

SECTION 4. (a) The administration shall design and implement a program to allow individuals with disabilities to purchase or maintain Medicaid coverage to support obtaining or maintaining employment. The program shall be known as the Medicaid Buy-In Program for Workers with Disabilities, or any other suitable name, as agreed upon by the task force and the administration; and

(b) The administration shall implement the Medicaid Buy-In Program for Workers with Disabilities no later than July 1, 2014.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 14, 2012 1:44 PM  
**To:** HMS Testimony  
**Cc:** rontthi@gmail.com  
**Subject:** Testimony for HB2415 on 3/15/2012 3:00:00 PM

Testimony for HMS 3/15/2012 3:00:00 PM HB2415

Conference room: 016  
Testifier position: Oppose  
Testifier will be present: No  
Submitted by: Ronald Taniguchi, Pharm.D.  
Organization: Individual  
E-mail: [rontthi@gmail.com](mailto:rontthi@gmail.com)  
Submitted on: 3/14/2012

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 12, 2012 3:01 PM  
**To:** HMS Testimony  
**Cc:** babyjean@hotmail.com  
**Subject:** Testimony for HB2415 on 3/15/2012 3:00:00 PM

Testimony for HMS 3/15/2012 3:00:00 PM HB2415

Conference room: 016  
Testifier position: Oppose  
Testifier will be present: Yes  
Submitted by: Ronnie Perry  
Organization: Individual  
E-mail: [babyjean@hotmail.com](mailto:babyjean@hotmail.com)  
Submitted on: 3/12/2012

**Comments:**

I strongly OPPOSE this bill. People who are eligible for Medicaid are those that do not have much money to spare. This bill will require the sickest patients to spend their limited resources on medications, therefore reducing the money they have to spend on other important essentials such as food and housing. This bill is the a bill that I would call "penny wise and pound foolish" as the cost of people not being able to get their medications will result in more emergency visits and much more suffering. Please oppose this bill.

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**From:** Suzie Anderson [suzie.mig@gmail.com]  
**Sent:** Thursday, March 15, 2012 1:26 PM  
**To:** HMS Testimony  
**Subject:** Testimony for SB126 to be included in HB2415

Comments:

I appreciate the opportunity to comment on SB126 Hawaii Medicaid Buy-In to be included in HB 2415. I support this legislation on behalf of all persons with disabilities in our State. I currently work as a private consultant in educating persons receiving SSI/SSDI benefits on how work affects their benefits including Medicaid/Medicare. I have 30 years experience working with people with disabilities with the past 14 years being here in Hawaii. During my employment with Social Security and the Ticket to Work program, I worked with the Hawaii MIG in promoting work incentives and benefits education in our State. I can say that at least weekly I have heard from beneficiaries and recipients of all ages with disabilities who want to return to work but fear losing their Medicaid benefits. For so many, just a few hours of work would cause them to lose their Medicaid. They really do want to return to productive lives and get off of the cash benefits but still need health coverage and would gladly pay a premium to have Medicaid when no other health insurance is available. I urge you to pass this very important Bill so that our State can be in line with the many States on the Mainland that already have Medicaid Buy-In programs in place. Thank you for the opportunity to comment.

Respectfully submitted,  
Suzie Anderson  
Hawaii Kai, Honolulu HI