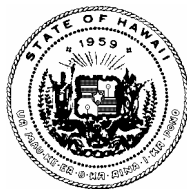


SB 126

SD 1



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

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

March 3, 2011

MEMORANDUM

TO: The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Patricia McManaman, Interim Director

SUBJECT: **S.B. 126, S.D. 1 - RELATING TO PERSONS WITH DISABILITIES**

Hearing: Thursday, March 3, 2011; 3:20 p.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of S.B. 126, S.D. 1, is to establish a Medicaid buy-in program for working people with disabilities. The bill also appropriates general funds for an employment training and placement program.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) respectfully opposes this bill.

DHS is committed to serving Hawaii vulnerable populations, including the disabled. As proposed under this bill, a disabled individual may have income up to \$4,156 a month (400% FPL) and qualify for Medicaid. A non-disabled individual must have income that does not exceed 100% FPL (\$1039 a month) in order to qualify.

DHS currently allows automatic income disregards that allow employed disabled individuals with earnings that exceed 200% FPL to be eligible for coverage without a premium share. In addition, other paid work-related expenses are also deductible.

Thus, disabled individuals can have incomes more than twice that of non-disabled individuals and be eligible for the same medical assistance programs.

Individuals employed over 20 hours a week are eligible for medical insurance from their employers through the Hawaii Pre-Paid Health Care Act. Thus, disabled individuals who work less than 20 hours per week could receive hourly wages of nearly \$48 an hour and remain eligible for Medicaid under this proposed bill.

It is unclear as to how Section 3 of this bill which appropriates \$3,100,000 in general funds relates to the Medicaid buy-in provisions of this bill. Section 3 would appropriate funds for an employment training and placement program, including funds to administer the program to the University of Hawaii.

DHS already has a Medicaid waiver with the federal Centers for Medicare & Medicaid Services (CMS) for persons with intellectual and developmental disabilities. One of the services included in the current Medicaid waiver is Supported Employment.

The Department of Health (DOH), in partnership with DHS, is in the process of renewing the current Medicaid waiver. The Supported Employment benefit will continue in the Medicaid waiver renewal.

Further, Supported Employment Services for persons with developmental disabilities is currently and more appropriately administered by the Department of Health's Developmental Disabilities Division.

The Department of Human Services (DHS) is concerned about the cost implications generated by this proposal. Given the State's current fiscal situation and the significant shortfalls in our health care payments program (HMS 401), DHS cannot support increases in general fund appropriations beyond what Governor Abercrombie has proposed in the Executive Biennium Budget for 2012-2013 for DHS.

DHS faces a substantial budget shortfall in its Medicaid program, and expanding eligibility as described in this bill, will only require further benefit reductions to other medical assistance recipients with incomes under 100 % FPL.

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

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 02, 2011 4:10 PM
To: WAM Testimony
Cc: babyjean@hotmail.com
Subject: Testimony for SB126 on 3/3/2011 3:20:00 PM

Testimony for WAM 3/3/2011 3:20:00 PM SB126

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Ronnie Perry
Organization: Individual
Address:
Phone:
E-mail: babyjean@hotmail.com
Submitted on: 3/2/2011

Comments: