

# SB126

Measure  
Title:

RELATING TO PERSONS WITH DISABILITIES.

Report  
Title:

Medicaid; Persons with Disabilities; Appropriation

Description:

Establishes a medicaid buy-in program for working people with disabilities. Allows the formation of a medicaid shortfall joint legislative task force to examine issues relating to medicaid shortfalls. Makes matching fund appropriation for employment training and placement. (\$)

Companion:

Package:

None

Current  
Referral:

HMS/HTH, WAM

Introducer(s):

CHUN OAKLAND, GREEN, Fukunaga, Ihara

NEIL ABERCROMBIE  
GOVERNOR



PATRICIA McMANAMAN,  
INTERIM DIRECTOR  
PANKAJ BHANOT  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 10, 2011

**MEMORANDUM**

TO: The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services  
  
The Honorable Josh Green, M.D., Chair  
Senate Committee on Human Service

FROM: Patricia McManaman, Interim Director

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

Hearing: Thursday, February 10, 2011; 1:15 p.m.  
Conference Room 016, State Capitol

**PURPOSE:** The purpose of S.B. 126 is to establish a Medicaid buy-in program for working people with disabilities. The bill also allows the formation of a Medicaid shortfall joint legislative task force to examine issues relating to Medicaid shortfalls and makes a matching fund appropriation for employment training and placement.

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

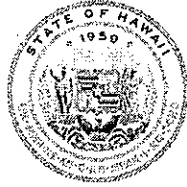
DHS is committed to serving Hawaii vulnerable populations, including the disabled. Under this bill, a disabled individual may have income up to \$4,156 a month (400% FPL) and qualify for Medicaid. A non-disabled individual must have income that does not exceed 100% FPL (\$1039 a month) in order to qualify.

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. 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.

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.



**STATE OF HAWAII**  
STATE COUNCIL  
ON DEVELOPMENTAL DISABILITIES  
919 ALA MOANA BOULEVARD, ROOM 113  
HONOLULU, HAWAII 96814  
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543  
February 10, 2011

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

The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Senate Committee on Health  
Twenty-Sixth Legislature  
State Capitol  
State of Hawaii  
Honolulu, Hawaii 96813

Dear Senators Chun Oakland, Ihara, Green, Nishihara and Members of the Committees:

**SUBJECT: SB 126 – RELATING TO PERSONS WITH DISABILITIES**

The State Council on Developmental Disabilities (DD) **SUPPORTS THE INTENT OF SB 126**. The purposes of this bill are to: (1) establish a Medicaid Buy-in program for working people with disabilities to furnish health care services to certain persons with disabilities who are employed; (2) allow for the formation of a Medicaid shortfall Joint Legislative Task Force to examine issues related to Medicaid shortfalls, including the Medicaid Buy-in program; and (3) make a \$3.1 million matching fund appropriation for employment training and placement, including \$500,000 per year to the University of Hawaii for administration and set-up under the direction of the Department of Human Services (DHS).

The Council supports initiatives to increase employment options and support for individuals with DD and the establishment of an Employment First policy. This is in keeping with one of the goals of the Council's Employment and Education Committee that persons with DD have supports to obtain and sustain employment of their choice.

To this end, the Council has participated in the Hawaii Medicaid Infrastructure Grant, Hawaii State Employment Leadership Network (SELN), and DD Division Provider Action Group on Employment that aim to address issues faced by individuals with DD in obtaining and maintaining employment. The DD Council's Employment and Education Committee serves in an advisory capacity to the Hawaii SELN.

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Jr., Vice Chair  
The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K. Nishihara, Vice Chair

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In addition, the DD Council has actively participated in the development of the renewal application for the DD Medicaid Waiver program implemented through the Department of Health, DD Division, in coordination with DHS as the State Medicaid agency. The DD Medicaid Waiver program provides services to support individuals with DD to live in and be contributing members of the community. Services include habilitation/supported employment (HAB-SE) that address the need for supports to assist individuals to obtain and sustain employment, such as job development, job coaching, and employment supports and training.

The Council supports a Joint Legislative Task Force on Medicaid as indicated on Page 5, lines 4-17. However, there already exists a Medicaid Shortfall Working Group that is addressing Medicaid shortfalls. Rather than establish another group (task force) and duplicate the work of the Working Group, we suggest the following:


1. The existing Medicaid Shortfall Working Group serves to address issues relating to Medicaid shortfalls and the Medicaid Buy-In program.
2. The Working Group include:
  - a. The Chairs of the Committee on Human Services of the respective houses of the Legislature who shall serve as Co-Chairs.
  - b. Legislative members of the Committee on Human Services of the respective houses of the Legislature.
  - c. Current members of the Medicaid Shortfall Working Group
  - d. Other representatives

Thank you for your consideration and the opportunity to submit testimony supporting the intent of SB 126.

Sincerely,



Liz Ann Salvador  
Chair



Waynette K.Y. Cabral, MSW  
Executive Administrator



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Thursday, February 10, 2011

To: The Honorable Suzanne Chun Oakland  
Chair, Senate Committee on Human Services  
  
The Honorable Joshua B. Green, M.D.  
Chair, Senate Committee on Health

From: 'Ohana Health Plan

Re: Senate Bill 126-Relating to Persons with Disabilities

Hearing: Thursday, February 10, 2011, 1:15 p.m.  
Hawai'i State Capitol, Room 016

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Since February 2009, 'Ohana Health Plan has provided services under the Hawai'i QUEST Expanded Access (QExA) program. 'Ohana is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.3 million Medicaid and Medicare members nationwide. 'Ohana is able to take the national experience in providing an 'Ohana care model that addresses local members' healthcare and health coordination needs.

We appreciate this opportunity to submit our comments on Senate Bill 126-Relating to Persons with Disabilities. We limit our comments in support to Section 3 of this bill, which establishes a Joint Legislative Task Force of Medicaid.

Section 3 of this bill will lend stronger legislative support to an ad hoc working group that was established during the last legislative session in response to the Department of Human Services' proposal to delay payments to their five contracted QUEST health care plans by 3-4 months. The Medicaid Shortfall Coalition has been actively meeting since that time and is committed to continuing our work in order to ensure that health care becomes a higher priority as we move forward.

We are also committed to working together proactively to find solutions to reign in costs in our state's Medicaid program, as well as find new ways to bring in additional revenue for the sake of health care for our state's most vulnerable population.

We do have one concern, however, that the title of this bill may be too narrow to encompass the purpose of Section 3, and therefore may be more appropriately placed in a bill titled "Relating to Medicaid".

Thank you for the opportunity to provide these comments on this measure.

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 10, 2011

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Josh Green M.D., Chair  
Senate Committees on Human Services and Health

**Re: SB 126 – Relating to Persons with Disabilities**

Dear Chair Chun Oakland, Chair Green, and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 126 which would establish a Medicaid buy-in program for working people with disabilities and formally create a Medicaid shortfall joint legislative task force to examine issues relating to Medicaid shortfalls. HMSA takes no position on the Medicaid buy-in program portion of this measure. While we are supportive of formalizing the Medicaid shortfall task force, we do believe that the measure should include the makeup of the task force as well.

During the last legislative session QUEST, Hawaii's Medicaid program, was facing an extensive budgetary shortfall. Thankfully the legislature was able to pass an emergency appropriation measure so that contracted QUEST plans would continue to receive payment in a timely manner. While this issue was being discussed, the stakeholders have been meeting regularly to reach a common goal of preventing shortfalls in the program. This group has continued meeting during the legislative interim to examine ways to bend the cost curve for the QUEST program.

Because of the work to date, we believe that it would be prudent to have the task force shift from purely legislative to include representation from: all QUEST contracted health plans, the Hawaii Primary Care Association, the Healthcare Association of Hawaii and the Department of Human Services. Representatives from these organizations have been regularly attending meetings convened by the Senate on the Medicaid shortfall and we would respectfully request their inclusion within this measure.

We do believe that the title of this measure, "relating to persons with disabilities" may be too narrow to include language to create the shortfall task force. We would respectfully request the Committees see fit to potentially remove this language from SB 126 to another vehicle with a broader title. This would prevent any potential conflict between the title and the content of this measure. Thank you for the opportunity to provide testimony today.

Sincerely,

A handwritten signature in black ink, appearing to read "JD".

Jennifer Diesman  
Vice President  
Government Relations

To: The Honorable Suzanne Chun Oakland, Chair  
The Honorable Les Ihara, Vice Chair  
Senate Human Services Committee

The Honorable Josh Green, M.D., Chair  
The Honorable Clarence Nishihara, Vice Chair  
Senate Health Committee

The Honorable David Ige, Chair  
Senate Ways and Means Committee

From: Wanda Villareal, Director of Developmental Services  
Laura Robertson, President/CEO  
Goodwill Industries of Hawaii, Inc.

Date: February 9, 2011

Re: Testimony in Support of SB 126 – Relating to Persons with Disabilities

Goodwill Industries of Hawaii, Inc. ("Goodwill") submits this testimony in support of SB 126, with regards to the Medicaid Buy-In program. Goodwill receives funding from the Department of Health-Developmental Disabilities Division ("DOH-DDD") via a DHS Medicaid Waiver Contract to operate programs for individuals with significant developmental disabilities on Oahu and in East Hawaii (Hilo). Participants in Goodwill's programs and their families are Medicaid Waiver recipients who have limited socioeconomic resources. Medicaid Waiver programs are essential for the public health, safety, welfare and education of individuals with developmental disabilities.

Goodwill is writing in support of this bill because we have come across individuals ready and willing to work, but are discouraged for fear of losing their healthcare benefits through Medicaid. This community of individuals living with intellectual or developmental disabilities represents a nationwide average of 13% of all Buy-In programs across the country but had the highest percentage of their expenditures paid from Medicaid (90%) out of any other group in 2002. Our participants stand at the greatest risk for loss of benefits as many do not have Medicare to also assume portions of their health benefit expenditures as many of those falling under SSDI benefits can claim.

Helping our participants to live full and independent lives is always our goal. We pride ourselves on following the philosophy of person centered planning and putting our participants needs and desires to the forefront of our program. People with disabilities should not feel afraid to work more hours at the jobs that they enjoy, or seek out more fulfilling employment because they are afraid to lose their healthcare benefits. Hawaii has over a 130,000 individuals living with some kind of disability, and we urge you all to support their choice to work and better their lives.

Thank you for this opportunity to testify.





SENATE COMMITTEE ON HUMAN SERVICES  
Sen. Suzanne Chun Oakland, Chair

SENATE COMMITTEE ON HEALTH  
Senator Josh Green, M.D., Chair

Conference Room 016  
Feb. 10, 2011 at 1:15 p.m.

**Supporting SB 126.**

The Healthcare Association of Hawaii (HAH) advocates for its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of SB 126, which establishes a mechanism to create a legislative committee to examine issues relating to the Medicaid shortfall.

Last year the State faced a shortfall in Medicaid funding that would have resulted in multiple months of delayed payments to health plans contracted by the State's Medicaid program to provide services to Medicaid enrollees. A shortfall of that magnitude would have resulted in delayed payments to health care providers. While some of the providers could have absorbed the delays, others would have found themselves in severe financial difficulty. Some of them would have been forced to go out of business.

The Healthcare Association convened a group of health plans, providers, and other interested parties to lobby for an emergency appropriation to reduce the Medicaid shortfall. Last year the Legislature passed SB 1178, which was enacted as Act 33, SLH 2010. This appropriation supported reimbursement for providers, and the financial crisis was averted – but only temporarily.

In the 2011-12 fiscal year the State may face another substantial Medicaid shortfall. The Legislature develops the overall State budget, so it should understand any shortages in Medicaid funding so that they can be addressed. SB 126 creates the mechanism to do so.

The Healthcare Association takes no position on the portion of the bill creating the Medicaid buy-in program.

For the foregoing reasons, the Healthcare Association supports SB 126.

TO: Senator Suzanne Chun Oakland, Senator Les Ihara, Senator Josh Green, and Senator Clarence Nishihara

FROM: Kathleen Rhoads Merriam, UH Master's of Social Work Student

RE: In Support of SB126 Relating to Persons with Disabilities

DATE OF PUBLIC HEARING: 2/10/11 at 1:15p.m., Conference Room 016

Dear Senator Suzanne Chun Oakland, Senator Les Ihara, Senator Josh Green, and Senator Clarence Nishihara,

Mahalo for the opportunity to give my opinion on Senate Bill 126. I believe that passing this bill is a positive step for people with disabilities. I am here today in the role of a student however I have worked with people with disabilities for over 25 years.

People with disabilities are no different than we are...they want to be needed, wanted, and have purpose in their day. Like us, they also would like to have a little extra cash to go to the movies, buy a bento plate, and of course make sure they can pay their rent. Most people want to work but might need a little help. There are so many disincentives to going back to work when one has a disability.

The number one reason people with disabilities do not try work is because of the fear of losing benefits. Not just Medicaid, but Social Security, food stamps, housing, and more. Many programs spend time and energy on rehabilitative services to build up one's daily living skills and confidence only to find that paid work will not be in the interest of the client. Senate Bill 126 will reduce another barrier.

One example of rehabilitation and a work program are Clubhouses. In the last fiscal year the members (clients) made nearly one million dollars (\$903,590.79). This is through part time, very supported forms of employment and shows how much people with disabilities can and want to contribute to our communities when given the opportunity. These are not jobs that one can sustain them. They still need their benefits so that they do not relapse. Relapses after all, cost the state more money. Relapses mean expensive hospital stays, time on the streets, staff costs to re-stabilize and so on.

SB126 is about taking care of our most vulnerable population. In the end I believe it will not cost more because the system now is broken. It does not help people, it hurts people. In fact, it punishes people that are trying to get better. SB 126 congratulates people and positively reinforces good behavior. Mahalo.

TO: The Committee on Human Services, Senator Suzanne Chun Oakland, Chair, Senator Les Ihara, Vice Chair and the Committee on Health, Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair

From: Debra Lambert, Master's of Social Work Student

**Re: In Support of SB126 Relating to Persons with Disabilities**

Date of Public Hearing: 2/10/11 at 1:15pm, Conf. room 016

Dear Senator Suzanne Chun Oakland, Chair, Senator Les Ihara, Vice Chair, Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,

My name is Debra Lambert and I am in support of SB 126. I am a mental health advocate as well as a Master's level student at the University of Hawaii's School of Social Work. I hold a genuine interest in assisting mental health consumers in the community in returning to the workforce. SB 126 enables disabled persons to find work, maintain employment, and contribute tax revenue to the State of Hawai'i. Hawai'i is one of the last states to enact this type of enlightened legislation.

The American Community Survey (2008) identifies 56,364 working age adults with a disability in the State of Hawaii. The problem people with disabilities face is choosing between work and health care. If disabled persons work, they lose medical coverage. The threshold for income that eliminates disabled workers from Medicaid coverage is far too low.

Serious and debilitating illnesses take many people out of the work force or even prevent them from ever entering the workforce. For those willing and able to explore entering the workforce it takes courage and determination. Many of these individuals, particularly with serious and persistent mental illnesses have expressed a desire to re-enter the work force. Removing the obstacle of the loss of health care would clearly support individuals in returning to the workforce.

I know of one individual with a strong desire to work who started a transitional employment work program only to find out that the few hours worked put him over the threshold of income to continue to qualify for his government-sponsored health insurance. By continuing to work, the individual would lose his health insurance, making payments for multiple psychiatric medications each month (required for his stability), out of his reach. The transitional employment agreement is that all employees in this 6-9 month training program must have their own health insurance. By continuing to work, this individual would lose his health insurance and then subsequently not be eligible to continue in this transition employment program. His choice was clear: quit working. A Medicaid Buy-In Program would assist individuals like this one in maintaining employment that would eventually lead to self sufficiency.

It is obviously an error to discourage persons with disabilities from working because they would lose their health insurance. **Passing this bill would enable disabled persons to find work, maintain their employment and their incomes would add tax revenue to the state budget.** This bill would give them a chance to sustain employment long enough to qualify for private or employer sponsored health insurance plans.

As of December 31, 2008 forty-two states were operating a Medicaid buy-in program to extend medical coverage to working people with disabilities. It is time the State of Hawaii follows suit.

Thank you for your time and attention to this matter.