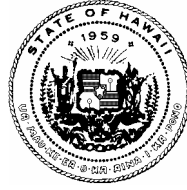


# HB 1695

## HD1

<b>Measure Title:</b>	RELATING TO HEALTH CARE.
<b>Report Title:</b>	Adult Residential Care Homes; State Supplemental Income
<b>Description:</b>	Amends the state supplemental payment amounts for specified types of adult residential care homes and provides for annual adjustment. Changes the public assistance allowance to an unspecified percentage of the current federal poverty level. Effective July 1, 2050. (HB1695 HD1)
<b>Companion:</b>	<u><a href="#">SB2771</a></u>
<b>Package:</b>	None
<b>Current Referral:</b>	HMS, WAM
<b>Introducer(s):</b>	CACHOLA, AQUINO, BROWER, CABANILLA, HANOHANO, C. LEE, MIZUNO, Awana, Carroll, Evans, Ichiyama, Ing, Nakashima, Souki, Takayama

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 18, 2014

**MEMORANDUM:**

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

FROM: Patricia McManaman, Director

SUBJECT: **H.B. 1695, H.D. 1– RELATING TO HEALTH CARE**

Hearing: Tuesday, March 18, 2014; 1:30 p.m.  
Conference Room 016; State Capitol

**PURPOSE:** The purpose of this bill is to amend the state supplemental income for adult residential care homes (ARCHs), expanded ARCHs, and other homes specified in section 346-53, Hawaii Revised Statutes, and changes the public assistance allowance to equal an unspecified percentage of the current poverty level established by the federal government. Effective July 1, 2014.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) has concerns on the fiscal implications of this bill.

This bill would change the assistance payments for the Temporary Assistance for Needy Families (TANF), the Temporary Assistance for Other Needy Families (TAONF), and the Aid to the Aged, Blind, and Disabled (AABD) programs by changing the standard of assistance from the 2006 Federal Poverty Level (FPL) to the current

year FPL and changing the percentage on which the assistance allowance is based. The additional funding necessary, depending on the FPL and the assistance allowance percentage would be in the millions.

The 2014 FPL is 19% higher than the 2006 FPL. Using assistance allowance percentages currently allowed by statute (48% for TANF/TAONF and 34% for AABD), a projected additional funding in the amount of \$13,175,001 would be required for the TANF/TAONF and AABD programs.

Using the 2014 FPL and an assistance allowance percentage of 100% for the AABD program, will require an additional \$8,017,808 in state funds over the current allocation of \$4,029,480, or a total of \$12,047,568 in state funds.

For TANF/TAONF, 100% of the 2014 FPL will require additional funding in the amount of \$121,197,008 over the current allocation of \$66,694,156, for a total projected expenditure of \$187,891,164 (in state and federal funds).

The Department would like to note that tying the standard of assistance to the current FPL every year would not be feasible since we cannot spend more than the authorized allocation. The annual TANF block grant received from the federal government is fixed at \$98.8 million.

This bill also proposes to change the state supplemental payment (SSP) provided to residents of adult residential care homes (ARCHs), expanded ARCHs, and other homes specified in section 346-53, Hawaii Revised Statutes. The DHS will require additional state funds to administer and implement the increases. In calendar year 2013, an average of 2,594 individuals received monthly payments. The State fiscal year 2014 budget for the SSP is \$17,810,955. Additional funding for the SSP that will be necessary, based on the current number of residents in these facilities, would

range from \$312,000 per year for a \$10 monthly increase, to \$936,000 per year for a \$30 monthly increase, and to \$1.56 million per year for a \$50 monthly increase.

Section 3, subsection (c) of H. B. 1695, H.D. 1, also specifies that the monthly SSP shall be changed in December of each year to include percentage increases based upon the consumer price index (CPI.) The Social Security Administration (SSA) automatically increases the federal Supplemental Security Income (SSI) benefits for eligible individuals each year based upon the federal CPI rates, also known as cost of living allowances. The federal CPI rates are generally announced in October, and increases put into effect on January 1 of the following year. Since 2005, the federal CPI has increased from a low of 1.5% to a high of 5.8%, or an average of 2.78%. The annual changes to the SSP based on the federal CPI will require an additional funding to meet this obligation. The amount can be calculated only after the annual CPI rate is released. Should the Legislature decide that an additional percentage increase in the SSP is warranted, the DHS recommends that the SSP increases coincide with the federal SSI rate changes to be in effect on the same date as the federal changes.

In Hawaii, the only CPI available is for Honolulu. There is no CPI for the Neighbor Islands. The Honolulu CPI rate is generally announced in February for the previous calendar year. The SSP is currently added to a resident's monthly Social Security benefits by the Social Security Administration (SSA) through an agreement with the DHS. The SSA requires a minimum of three months to effect any changes to the benefit amounts to be paid to eligible residents. If the Legislature chooses to use the Honolulu CPI as a base, then the SSP increases will incur a five-month delay and will require the issuance of a separate check to eligible residents. The month of June would be the earliest that a SSP increase could go into effect, and the State must pay

an additional \$11.32 per check which will then increase the amount of administrative fees that must be paid. The DHS will also need additional funding for this administrative fee. Because of this delay, the DHS recommends that any SSP increase using the Honolulu CPI be in effect July 1 of each year to coincide with the State fiscal year. Since 2008, the Honolulu CPI increased an average of 2.28%. The DHS will require an additional funding to meet this obligation.

For clarification, the funding for any SSP increases based upon a federal or Honolulu CPI would be in addition to any flat-rate increases made to the current SSP rates as stated in section 346-53(c)(3), (4), (5) and (6), Hawaii Revised Statutes.

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



Senator Chun Oakland, Chair  
Committee on Human Services  
1:30pm, Tuesday March 18, 2014

HB 1695 ( In Support)

My name Elma V. Tierra, Pres. of Adult Foster of the Pacific, representing 450 members all over Oahu & other Island. I have been a Community Family Foster Caregiver for over 12 years, taking care 2 to 3 patients at home. My job requires 24/7 care for my elderly & fragile patients, with no days off or holidays. Based on 365 days a year I get paid \$ 46.01 per day per patient. That comes out to \$ 1.37 per hour which probably makes me one of the lowest paid workers in Hawaii.

In addition, the Community Care Foster Family Homes saves the State and Federal governments millions of dollars each year that they would otherwise have to pay for the care of these clients if they admitted to an institution like nursing home.

The last increase was about 9 years ago, and the cost of living has soaring significantly without any corresponding increase in payments to us caregivers.

I strongly support HB 1695 which would increase the state supplemental payment and provide of annual adjustments. Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Elma V. Tierra', written in a cursive style.

Elma V. Tierra

Pres. Adult Foster Home of the Pacific

**HB1695**

Submitted on: 3/16/2014

Testimony for HMS on Mar 18, 2014 13:30PM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Maria Corazon E. Cariaga	Big Island Adult foster home operators	Support	No

Comments: