



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

February 4, 2018

TO: The Honorable Josh Green, Chair  
Senate Committee on Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 2050 – RELATING TO PERSONS WITH DISABILITIES**

Hearing: Monday, February 5, 3:45 p.m.  
Room 016, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of this measure, and offers comments.

**PURPOSE:** The purpose of the bill is to require the Department of Human Services (DHS) to implement an earned income disregard program as an intermediate step to implementing a full Medicaid buy-in program.

This is similar to SCR 8 (2017) that expressed legislative support for implementing an earned income disregard as an interim step to implementing a full Medicaid Buy-in program. The Medicaid Buy-In task force, which DHS Med-QUEST division (MQD) has participated in since its inception, has been working to implement a Medicaid Buy-In program in Hawaii. However, despite several bills to implement, the program was not funded and thus, not implemented.

For that reason, the task force recommended taking the interim step of MQD implementing another earned income disregard that would allow individuals with disabilities to earn income and not lose their Medicaid benefits, which they would be at risk of given current Medicaid eligibility rules. While this interim program would not provide the full benefits of a Buy-in program, such as also disregarding the assets of the individual, it would

increase the amount of income an individual could earn while retaining Medicaid eligibility, and is a positive step for these individuals.

In our analyses of implementing the interim step, the primary impact would be to help current Medicaid beneficiaries to become more self-sufficient. While there may be new individuals who would gain coverage with this change, at this time the estimated increase would be covered within the projected population increases. Therefore, no additional appropriation is requested at this time.

We respectfully note that if this bill becomes law, and MQD or the stakeholder community wished to change and make adjustments to the income disregard amount from 138% or to use a different methodology for the income disregard, modifications could only be done by submitting legislation. This would not necessarily allow for the flexibility needed to operate the program.

Finally, this change requires the Centers for Medicare and Medicaid approval. We request that language be added to the bill to reflect that the change would be contingent on appropriate federal approval. Without federal approval, the program may not be eligible for federal matching funds.

SB2050 also has MQD reporting back on the impact of implementing the income disregard as well as annually evaluating the feasibility of implementing a full Medicaid Buy-In program. We are also encouraged to work with the University of Hawaii's Center on Disability Studies. Although this would add to the administrative requirements, it would be feasible for us to do this.

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

**SB-2050**

Submitted on: 2/2/2018 2:47:43 PM

Testimony for HMS on 2/5/2018 3:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Louis Erteschik	Hawaii Disability Rights Center	Support	No

Comments:

We have been part of this discussion for a decade or so at least. We served on the Medicaid Buy In Task Force and have long supported the program on the belief that it will incentivize recipients of Medicaid to work while maintaining some of the essential benefits that enable them to live successfully in the community. We were under the impression that DHS had agreed to implement the Earned Income Disregard program as an interim measure and we thought there were funds appropriated last year. We were surprised to learn that that did not occur, and we are not certain why that is so. In any event , given the history of this proposal this bill is an excellent idea.



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State of Hawaii  
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Committee on Human Services  
The Honorable Senator, Josh Green, Chair  
The Honorable Senator Stanley Chang, Vice Chair

S.B. 2050  
February 5, 2018; 3:45 p.m.  
Conference Room 16

Chair Green, Vice Chair Chang, and members of the Health, and Human Services Committees:

Lanakila Pacific strongly **supports** S.B. 2050 which will require DHS to implement an earned income disregard program for workers with disabilities as an interim step toward a Medicaid buy-in program. Hawaii is one of only four states yet to establish a Medicaid buy-in program. While the task force continues to work toward a comprehensive plan, an earned income disregard program will offer more equitable opportunities for work to our citizens with disabilities, as other states have offered to theirs. Lanakila Pacific is a 79 year old Hawaii-based non-profit organization. Our programs and workforce include employment training, job placement assistance, and competitive jobs for people with disabilities.

We are pleased that the legislature recognizes it is advantageous for the State's economic development and in the best interest of Hawaii's citizens to establish programs that encourage employment. Having said that, more needs to be done to promote employment of people with disabilities. Ensuring that choosing to work is not at the expense of receiving healthcare is a step in the right direction.

According to the U.S. Bureau of Labor Statistics, in 2016, only 17.9% of people with disabilities were employed compared to 65.3% of those without disabilities. Many people with disabilities want to work but worry that doing so could jeopardize their vital health coverage. Protecting Medicaid coverage by increasing the amount of income an individual can earn before becoming ineligible sends a positive message about the value of work. Moreover, it will promote working to the fullest amount of a person's ability and desire to work. It also alleviates the fear that both the employee and often the employer has about over-scheduling which leads to underutilizing an employee in fear of jeopardizing their benefits. This interim step toward Medicaid buy-in will maximize a person's ability to work and build their independence, self-esteem and self-sufficiency.

Thank you for the opportunity to provide testimony in support of this measure.

Respectfully submitted,

Marian E. Tsuji  
President & CEO

Rona Fukumoto  
VP Programs & Mission Advancement