
A BILL FOR AN ACT

RELATING TO AN EARNED INCOME DISREGARD PROGRAM.

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

1 SECTION 1. The legislature finds that Act 200, Session
2 Laws of Hawaii 2012, established a joint legislative task force
3 to explore the possibility of implementing a medicaid buy-in
4 program for individuals with disabilities who are either not
5 working or currently working and would like to earn more income,
6 based upon Hawaii's current medicaid income and asset limits,
7 subject to approval of the federal Centers for Medicare and
8 Medicaid Services. Medicaid buy-in task force meetings have
9 been convened by the legislature on a regular basis since 2012,
10 and several bills have been introduced to implement a medicaid
11 buy-in program. The medicaid buy-in task force has supported
12 the medicaid buy-in program as a means to enable workers with
13 disabilities to be employed while protecting their medical
14 benefits and supports.

15 The legislature also finds that the medicaid buy-in task
16 force has recommended an alternate approach, as an interim step
17 to a medicaid buy-in program, that would allow individuals with



1 disabilities to earn income and not lose their medicaid
2 benefits, which they would be at risk of given current medicaid
3 eligibility rules. While this interim program would not provide
4 the full benefits of a medicaid buy-in program, such as
5 disregarding any assets of the individual, it would increase the
6 amount of income an individual could earn while retaining
7 medicaid eligibility.

8 According to the medicaid buy-in task force, Hawaii is one
9 of four remaining states in the United States that has not
10 adopted this group coverage for working people with
11 disabilities; the other three states are Alabama, Florida, and
12 Tennessee. Persons with disabilities regularly report to case
13 workers that they cannot accept work opportunities because they
14 would lose their benefits. A medicaid buy-in program would
15 allow working people with disabilities to retain the medical
16 coverage they need, as primary or secondary coverage, by paying
17 premiums on a sliding scale, as defined by the state and federal
18 government. While the Hawaii Prepaid Health Care Act guarantees
19 private health insurance to employees who work twenty hours or
20 more a week for four consecutive weeks, the Act does not often
21 meet the needs of working people with disabilities, as most are



1 unable to work the minimum required twenty hours per week. Of
2 those who do meet the qualifying minimum hours for the Prepaid
3 Health Care Act, many also still need to retain their medicaid
4 coverage as secondary coverage to access home and community-
5 based services.

6 The legislature concludes that it is advantageous for
7 economic development in the State and in the best interests of
8 Hawaii's citizens with disabilities to establish programs and
9 policies that encourage their employment. The purpose of this
10 Act is to require the department of human services to implement
11 an earned income disregard program as an intermediate step to
12 implementing a full medicaid buy-in program.

13 SECTION 2. (a) The department of human services shall
14 allow an earned income disregard of one hundred thirty-eight per
15 cent of the federal poverty level for people with disabilities
16 between the ages of sixteen and sixty-four, or a method of
17 similar intent, when determining eligibility for medicaid.

18 (b) The department may adopt or amend its administrative
19 rules in accordance with chapter 91, Hawaii Revised Statutes, as
20 necessary to implement this Act.



1 (c) The department shall annually evaluate the earned
2 income disregard program and assess whether, when, and how a
3 full medicaid buy-in program may be implemented.

4 (d) The department shall submit a report to the
5 legislature no later than twenty days prior to the convening of
6 the regular sessions of 2020, 2021, and 2022, providing an
7 update on the earned income disregard program and the viability
8 of implementing a full medicaid buy-in program. The report
9 shall include the department's findings, recommendations, and
10 any proposed legislation and identify resources needed to
11 implement a full medicaid buy-in program.

12 (e) The department is encouraged to collaborate with the
13 university of Hawaii center on disability studies for technical
14 assistance and program evaluation.

15 SECTION 3. This Act shall take effect upon its approval;
16 provided that the earned income disregard program established in
17 section 2 of this Act shall take effect upon approval by the
18 Centers for Medicare and Medicaid Services.

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H.B. NO. 1454

Report Title:

Medicaid; Earned Income Disregard Program; Deaf and Blind Task Force

Description:

Requires the department of human services to implement an earned income disregard program as an intermediate step to implementing a medicaid buy-in program. Requires reports to the legislature. Takes effect upon approval by the governor and Centers for Medicare and Medicaid Services.

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