



# HB 119 HD2

Measure Title:	RELATING TO HEALTH.
Report Title:	Hawaii ABLE Savings Program; Individuals with a Disability and Families
Description:	Establishes the Hawaii ABLE Savings Program by authorizing the Director of Finance to establish savings accounts that empower individuals with a disability and their families to save private funds to support the individual with a disability. Creates the Hawaii ABLE Savings Program Trust Fund. (HB119 HD2)
Companion:	
Package:	None
Current Referral:	HSH, WAM
Introducer(s):	BELATTI

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING  
ON  
HOUSE BILL NO.119, H.D.2

March 19, 2015  
1:45 P.M.

RELATING TO HEALTH

House Bill No. 119, H.D.2, establishes a qualified tax exempt savings program to assist individuals and families to save their private funds to support individuals with disabilities, in conformity with the Federal "ABLE" (Achieving a Better Life Experience) Act just passed in December 2014.

The Department of Budget and Finance supports the intent of this bill; however strongly recommends that the daily administration of a Hawaii ABLE Savings Program be placed within another Department's programmatic agency involved with serving individuals with disabilities. Such a programmatic agency could structure a program that best meets the need of the population which the ABLE Savings Program benefits. Operation of the program would be most efficient if placed within a department closer to the population it is targeted to assist. The Director of Finance is responsible for public funds held in the state treasury; this savings program would contain private funds for the benefit of individuals. Without additional staffing for an ABLE Savings Program, the Department of Budget and Finance's priority to manage the state's financial operations would be negatively impacted and staff would not be able to meet their other critical responsibilities in managing the funds and finances for all executive branch agencies.

The Department of Budget and Finance would be available to provide technical assistance in procuring a financial firm to manage the program, once parameters for a Hawaii ABLE Savings Program are established by the appropriate state agencies. However, we feel it is premature to provide specifics for an ABLE Savings Program until the Federal government issues guidance for these programs and the financial services marketplace creates products that can be utilized by the plans set up by these programs. In closing, we stress that appropriate staffing be considered as a part of the setup of any new ABLE Savings Program in order to properly administer its development and operations.

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



**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  
**March 19, 2015**

The Honorable Suzanne Chun Oakland, Chair  
Senate Committee on Human Services and Housing  
Twenty-Eighth Legislature  
State Capitol  
State of Hawaii  
Honolulu, Hawaii 96813

Dear Senator Chun Oakland and Members of the Committee:

SUBJECT: HB 119 HD2 – Relating to Health

The State Council on Developmental Disabilities (DD) **SUPPORTS HB 119 HD2**. The purpose of this bill is establish the Hawaii ABLE Savings Program by authorizing the Director of Finance to establish savings accounts that empower individuals with a disability and their families to save private funds to support the individual with a disability, and create the Hawaii ABLE Savings Program Trust Fund.

Public Law 113-295, known as the Achieving a Better Life Experience (ABLE) Act, was signed into law by President Obama on December 19, 2014. This law allows people with disabilities to open special accounts where they can save up to \$100,000 without risking eligibility for Social Security and other government programs. Moreover, individuals can keep their Medicaid coverage with an ABLE account.

The ABLE account is modeled after 529 (Section 529 of the Internal Revenue Code) college savings plans, where interest earned on savings will be tax-free. It allows individuals with disabilities the same types of flexible savings accounts that people without disabilities have, such as college savings accounts, health savings accounts, and individual retirement accounts. Furthermore, an ABLE account would enable individuals with a disability to accrue funds to pay for a variety of expenses, such as medical and dental care, education, community-based supports, employment training, assistive technology, housing, and transportation.

Thank you for the opportunity to submit **supportive testimony for HB 119 HD2**.

Sincerely,

Waynette K.Y. Cabral, M.S.W.  
Executive Administrator

Rosie Rowe  
Chair



**TESTIMONY SUBMITTED BY**  
**STUART SPIELMAN, SENIOR POLICY ADVISOR AND COUNSEL**  
**SENATE COMMITTEE ON HUMAN SERVICES AND HOUSING**  
**MARCH 19, 2015, AT 1:45 P.M.**

**H.B. 119, H.D.2 (ESTABLISHING A HAWAII ABLE SAVINGS PROGRAM)**

Chair Chun Oakland and Members of the Committee on Human Services and Housing:

Thank you for the opportunity to submit testimony for Autism Speaks, the nation's leading Autism science and advocacy organization, in **strong support** of H.B. No. 119, H.D.2.

On December 19, 2014, the President signed into law H.R. 5771. Division B, Title I of this legislation was the Stephen Beck, Jr., Achieving a Better Life Experience ("ABLE") Act of 2014, which authorizes qualified ABLE programs. H.B. 119, H.D.2 being considered before your Committee would establish a Hawaii ABLE Savings Program.

The federal law was the culmination of an almost decade-long effort to create a new way for people with disabilities and their families to save for future disability expenses without losing eligibility for means-tested federal programs like Supplemental Security Income (SSI) and Medicaid. In testimony last summer before the Senate Finance Committee Subcommittee on Taxation and IRS Oversight, Bob D'Amelio, a volunteer advocate for Autism Speaks and the father of three children, two of whom are on the autism spectrum, offered this support for the ABLE Act:

An ABLE account would enable families like mine to save for housing, job supports, education, and other services without the fear of losing Social Security or Medicaid benefits. The current section 529 plans fall short for the many individuals with autism and other disabilities who cannot or choose not to go on to college. As much as anything else, the ABLE Act is about fairness. If Christi and I can use a college savings account to provide for our daughter Lindsey's future, why can't we use something similar to take care of Nicholas and Christopher?

I would love to sleep at night knowing that I was doing everything I could to secure the future of my children. My son Christopher is a very smart young man, but he will need a job coach and at some point a residential program. Saddling my daughter Lindsey with a big financial burden is not fair when Christi

and I can provide for Christopher. Lindsey is already mature beyond her ten years of age. She knows that she will be looking after Christopher and keeping tabs on Nicholas for her entire life.

Autism teaches you to be strong, to persevere when others tell you to give up, to celebrate the small steps in life, and to appreciate what you have. But autism demands your time and energy and changes how you live as a family. Parents like Christi and I want to do everything we can for our kids – for all of our kids, disabled or not. The ABLE Act would allow families to make the future more secure for children with disabilities, taking the burden off siblings, other family members, and government. Please take the simple step of passing ABLE. We all will sleep better when it becomes law.

Although Bob D’Amelio lives in North Carolina, he spoke for families around the country. Autism affects 1 in 68 children. ABLE programs, which are modeled after qualified tuition programs (also known as “529 plans”), offer families like D’Amelio’s a new opportunity to meet the future needs of their children.

Most states are considering ABLE programs. Two states, Massachusetts and Louisiana, authorized ABLE programs prior to passage of the federal law. Since the enactment of the federal law, 31 states, including Hawaii, have introduced enabling legislation.

Autism Speaks supports these nationwide efforts to establish ABLE programs, and in particular, strongly supports H.B. No. 119 H.D.2.

Autism Speaks notes that a question was raised in testimony as to where this program should be housed. The Department of Budget and Finance appears to be the most appropriate agency to oversee this program, since it already administers the State’s HI529 Hawaii College Savings Program.

Thank you for affording people with autism and other disabilities a new means to save for disability-related expenses.



**Board of Directors**

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**Executive Director**

Jessica Wong-Sumida

**COMMENTS ON H.B. 119, H.D.2,  
RELATING TO HEALTH  
Thursday, March 19, 2015, 1:45 p.m., Conference Room 016**

**THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015  
COMMITTEE ON HUMAN SERVICES AND HOUSING**

March 16, 2015

The Honorable Suzanne Chun Oakland, Chair  
The Honorable Josh Green, Vice Chair

Dear Chair, Vice Chair, and Members of the Committee:

This Bill would authorize privately-funded savings accounts for the support and maintenance of individuals with disabilities in conformity with Public Law No. 113-295, 26 U.S.C. § 529A (the "ABLE Act").

The Bill would allow any person to make annual tax-free gifts (\$14,000 in 2015) in the form of cash deposits to savings accounts ("ABLE accounts") for individuals who became disabled before age 26. The accounts could be used for qualified disability expenses, including education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses approved by the Secretary of the Treasury. 26 U.S.C. § 529A(e)(5). Aggregate contributions would be limited to \$305,000, the amount Hawaii has determined under 26 U.S.C. § 529(b)(6) for the college savings plan.

Contributions to, distributions from, and earnings on ABLE accounts will not affect the beneficiary's right to receive means-tested public assistance, P.L. 113-295, §103(a), except that SSI benefits would be suspended if (i) a distribution is made for housing expenses or (ii) the ABLE account exceeds \$100,000. Any funds remaining in the ABLE account at the time of the beneficiary's death would be subject to claims by the State Medicaid agency to recover total payments for medical assistance paid after the account was established. 26 U.S.C. § 529A(f). Other Medicaid payments would not

be recoverable, however, and medical expenses paid by Medicaid could be avoided if the ABLE account is used to purchase private health insurance.

Special needs trusts are currently used to supplement public assistance for individuals with disabilities, but distributions must be within the sole discretion of the trustees, and setting up and administering such trusts can be expensive. ABLE savings accounts offer an attractive alternative to those who wish to use their own funds to support individuals with disabilities, at no additional cost to the State, and without losing benefits provided by law.

Thank you for the opportunity to testify.

Respectfully submitted,

Ryan Lee, M.D.  
President

John P. Deller, J.D.  
Legislative Committee





COMMUNITY CHILDREN'S COUNCIL OF HAWAII  
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TEL: (808) 586-5363 • TOLL FREE: 1-800-437-8641 • FAX: (808) 586-5366

March 17, 2015

Senator Suzanne Chun Oakland  
Chair Senate Committee on Human Services and Housing – Hawaii State Capitol

RE: HB 119, HD2- RELATING TO HEALTH

Dear Chair Oakland, and Vice-Chair Green, and Members of the Committees,

The 17 Community Children's Councils (CCCs) of Hawaii **strongly supports HB119, HD2** which establishes the Hawaii ABLE Savings Program by authorizing the Director of Finance to establish savings accounts that empower individuals with a disability and their families to save private funds to support the individual with a disability.

The U.S. Senate overwhelmingly passed the Achieving a Better Life Experience (ABLE) Act of December 2014 by a vote of 76 to 16. First introduced in 2006, and subsequent sessions of Congress, the ABLE Act will allow people with disabilities (with an age of onset up to 26 years old) and their families the opportunity to create a tax-exempt savings account that can be used for maintaining health, independence and quality of life.

Millions of individuals with disabilities and their families depend on a wide variety of public benefits for income, health care and food and housing assistance. Eligibility for these public benefits (SSI, SNAP, Medicaid) require meeting a means or resource test that limits eligibility to individuals to report more than \$2,000 in cash savings, retirement funds and other items of significant value. To remain eligible for these public benefits, an individual must remain below a specified income level which runs counterintuitive to goals that we have for families and the person with the disability i.e. gainful employment etc. The ABLE Act recognizes the extra and significant costs of living with a disability. These include costs, related to raising a child with significant disabilities or a working age adult with disabilities, for accessible housing and transportation, personal assistance services, assistive technology and health care not covered by insurance, Medicaid or Medicare.

The CCCs recognize and thank the legislature in establishing and implementing the ABLE Act to ensure eligible individuals and families will be allowed to establish ABLE savings accounts that will not affect their eligibility for SSI, Medicaid and other public benefits.

The CCCs are community-based bodies comprised of parents, professionals in both public and private agencies and other interested persons who are concerned with specialized services provided to Hawaii's students. Membership is diverse, voluntary and advisory in nature. The CCCs are in rural and urban communities organized around the Complexes in the Department of Education.

We respectfully request your consideration of **HB119, HD2**. Should you have any questions or need additional information, please contact the Community Children's Council Office (CCCO) at 586-5363. Thank you for considering our testimony,

Tom Smith, Co-Chair  
(Original signatures are on file with the CCCO)

Jessica Wong-Sumida, Co-Chair



3/19/15

COMMITTEE ON HUMAN SERVICES AND HOUSING

Senator Suzanne Chun Oakland, Chair

Senator Josh Green, Vice Chair

Conference Room 016

Hawaii State Capitol

415 South Beretania Street

Dear Committee Chair, Vice Chair and Members of the Committee:

My name is Lara Bollinger and I am a Board Certified Behavior Analyst and the Treasurer of the Hawaii Association for Behavior Analysis. I'm writing to you today to lend my **support** to HB 119 which establishes the Hawaii ABLE savings program for families with children with disabilities. I believe this is important to allow families to begin saving now for expenses that come with having a child or adult with disabilities.

Thank you for your time,

Lara Bollinger, M.S.Ed., BCBA

Treasurer, Hawaii Association for Behavior Analysis

**Hawai'i Association for Behavior Analysis (HABA)**

350 Ward Avenue

Ste 106-221

Honolulu, HI 96814

[www.hawaiiaba.org](http://www.hawaiiaba.org)



March 19, 2015

Hawaii ABLE Act (HB119 HD2)

Chair: Senator Suzanne Chun Oakland

Vice-Chair: Senator Josh Green

Senate Committee on Human Services and Housing

**The National Down Syndrome Society Written Testimony before the  
Senate Committee on Human Services and Housing  
March 19, 2015 – 1:45 pm**

The National Down Syndrome Society (NDSS) is the largest nonprofit representing and advocating for people with Down syndrome and their families, with over 375 NDSS affiliate groups spanning all 50 states representing over 400,000 people with Down syndrome. ***NDSS strongly supports the passage of the ABLE Act in Hawaii (HB119 HD2).***

NDSS and Down syndrome advocates have worked tirelessly for eight years to pass the *Stephen J. Beck, Jr. Achieving a Better Life Experience (ABLE) Act* (H.R. 647/S. 313). NDSS DS-Ambassadors, affiliates and advocates in Hawaii were very active in this national effort securing both Senators Schatz and Hirono and Representative Gabbard as cosponsors of the ABLE Act. With 458 cosponsors in the House and Senate (85% of Congress), the ABLE Act was the most bipartisan piece of legislation in the 2013 Congress. Signed into law by President Obama on December 19, 2014, the ABLE Act amends the federal tax code to allow Section 529 tax-exempt savings accounts for disability-related expenses. We anticipate the same level of bipartisanship in the state legislatures as each works toward the passage and implementation of state 529 ABLE accounts.

Currently, people with disabilities cannot have more than \$2,000 worth of assets before critical government support programs they need are cut off. An ABLE account could fund a variety of essential expenses for individuals, including medical and dental care, education, community based supports, employment training, assistive technology, housing and transportation. People with Down syndrome are living longer, healthier and productive lives, working and contributing to society, yet they are forced to take low or no-paying jobs and live in poverty when they have the potential to achieve so much more.

The ABLE Act provides individuals with disabilities the same types of flexible savings tools that all other Americans have through college savings accounts, health savings accounts and individual retirement accounts. Families, who have been able to set up regular 529 college savings accounts for their non-disabled children, now for the first time can save for their children with disabilities.

As the national advocate for the value, acceptance and inclusion of people with Down syndrome, we strongly urge the State of Hawaii to pass Hawaii ABLE Act (HB 119 HD2) to enable individuals with disabilities and their families to save money to live meaningful, productive, and independent lives.

Sincerely,

A handwritten signature in black ink, appearing to read "Sara Hart Weir". The signature is fluid and cursive, with the first name "Sara" being the most prominent.

Sara Hart Weir, MS  
President, National Down Syndrome Society  
666 Broadway, 8<sup>th</sup> Floor  
New York, NY 10012  
(202) 465-3222  
sweir@ndss.org



## **HAWAII DISABILITY RIGHTS CENTER**

**1132 Bishop Street, Suite 2102, Honolulu, Hawaii 96813**

*Phone/TTY: (808) 949-2922 Toll Free: 1-800-882-1057 Fax: (808) 949-2928*

*E-mail: [info@hawaiidisabilityrights.org](mailto:info@hawaiidisabilityrights.org) Website: [www.hawaiidisabilityrights.org](http://www.hawaiidisabilityrights.org)*

### **THE SENATE THE TWENTY-EIGHTH LEGISLATURE REGULAR SESSION OF 2015**

#### **Committee on Human Services and Housing Testimony on H.B. 119, HD2 Relating to Health**

**Thursday, March 19, 2015, 1:45 P.M.  
Conference Room 016**

Chair Chun –Oakland and Members of the Committee:

The Hawaii Disability Rights Center appreciates the opportunity to comment. The federal ABLE law was recently passed with bipartisan support. It will enable individuals with disabilities to have savings accounts to support their needs without jeopardizing any Medicaid eligibility. Our understanding is that the federal law requires state legislation in order to take effect. For that reason this bill seems very timely as it will assist with the implementation of this program. This will allow these individuals to receive private means of support and will lessen their potential dependency on public funds.

Thank you for the opportunity to testify on this measure.



Aubrey Lohelani McKenzie

Miss Hawaii Princess United States 2015

95-510 Wikao St. G106, Mililani, Hawaii 96789

(808) 623-2411

March 18, 2015

To: Committee on Human Services and Housing

Senator Suzanne Chun Oakland, Chair, Senator Josh Green, Vice Chair

Re: HB119/HD 2 –Relating to Health

Hearing Scheduled for March 19, 2015 at 1:45pm

My name is Aubrey McKenzie.

I have Down syndrome.

I have Autism.

I have hearing aids.

I have a single Mom, now.

I have a big sister named Ashley.

I like to take pictures.

I want to make my own money.

I want to save my money.

I want to pay for my housing.

I want to pay for my food.

I need to have SS (Social Security) also.

My Mom is old.

My sister and I need your help.

Please help Aubrey and Ashley.

(Sign Letters) A B L E

Thank you!

Love,

Aubrey McKenzie