

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

March 31, 2015
9:00 A.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. The appropriate 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, instead of at Department of Budget and Finance. 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. Our understanding is that the Federal government has yet to issue guidance for these programs and the financial services marketplace to create products that can be utilized by the plans set up by these programs; therefore further legislation may be needed in the future to implement. 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 31, 2015

The Honorable Jill N. Tokuda, Chair
Senate Committee on Ways and Means
Twenty-Eighth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Senator Tokuda 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,

A handwritten signature in black ink, appearing to read "Waynette K.Y. Cabral".

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

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

Rosie Rowe
Chair



Board of Directors

Ryan Lee, M.D., President

Mike Corley

John P. Deller

Carla Gross

Gerald Hew

Paul Lister

Dennis Maher

Alika Maunakea

Executive Director

Jessica Wong-Sumida

**THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015
COMMITTEE ON WAYS AND MEANS**

**COMMENTS ON H.B. 119, H.D.2,
RELATING TO HEALTH**

Tuesday, March 31, 2015, 9:00 a.m., Conference Room 211

March 28, 2015

The Honorable Jill N. Tokuda, Chair

The Honorable Ronald D. Kouchi, 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
1177 Alakea Street • B-100 • Honolulu • HI • 96813
TEL: (808) 586-5363 • TOLL FREE: 1-800-437-8641 • FAX: (808) 586-5366

March 30, 2015

Senator Jill Tokuda
Chair Senate Committee on Ways and Means – Hawaii State Capitol

RE: HB 119, HD2- RELATING TO HEALTH

Dear Chair Tokuda, and Vice-Chair Kouchi, 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



DISABILITY AND COMMUNICATION ACCESS BOARD

919 Ala Moana Boulevard, Room 101 • Honolulu, Hawaii 96814
Ph. (808) 586-8121 (V/TDD) • Fax (808) 586-8129

March 31, 2015

TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

House Bill 119, House Draft 2 – Relating to Health

The Disability and Communication Access Board supports House Bill 119, House Draft 2. The purpose of this bill is to establish the Hawaii ABLE Savings Program to authorize the Director of Finance to establish savings accounts to empower individuals with disabilities and their families to save private funds to support the individual with a disability, and create the Hawaii ABLE Savings Trust Fund.

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

The ABLE Savings Program is modeled after Section 529 of the Internal Revenue Code's 529 College Savings Plans in which interest earned on savings will be tax-free. Individuals with disabilities incur many additional expenses related to increased costs for medical and dental care, costs for medical equipment (i.e., wheelchairs and hearing aids, etc.), assistive technology, as well as modifications to their homes and vehicles. The ABLE savings accounts will allow individuals with disabilities to save funds to cover these additional expenses.

Since the Department of Budget and Finance is already designated as the agency and has experience running the College Savings Plan, they are the appropriate agency to manage the ABLE Saving Program. With their experience in managing a similar type program, there will be a cost savings with start-up time for them to include the ABLE Savings Program.

DCAB's mission is to advocate and promote full inclusion, independence, equal access, and quality of life for persons with disabilities in society. Part of that responsibility includes advocating for the establishment of programs that will improve the lives of individuals with disabilities and their families in our community. The ABLE Savings Program satisfies that objective.

Thank you for the opportunity to testify.

Respectfully submitted,

BARBARA FISCHLOWITZ-LEONG
Chairperson
Legislative Committee

FRANCINE WAI
Executive Director



Easter Seals Hawaii

Administrative Offices
710 Green Street
Honolulu, Hawaii 96813
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March 30, 2015

To: COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

From: Ron Brandvold, President & CEO

Re: **Support for HB119/HD 2 – Relating to Health**
Hearing Scheduled for March 31, 2015 (9:00 am)

For over 60 years, Easter Seals Hawaii has provided exceptional, individualized, family-centered services to empower infants, children, youth and adults with disabilities or special needs to achieve their goals and live independent fulfilling lives. Easter Seals Hawaii is a statewide CARF accredited organization with 15 facilities from Waimea, Kauai to Hilo, Hawaii providing a variety of programs including Early Intervention, Medicaid Waiver Home and Community Based, Employment, and Autism Services.

Easter Seals Hawaii supports **HB 119/HD 2** establishing the Hawaii ABLE Savings Program which would allow individuals with disabilities the same kind of flexible savings tools that others in Hawaii have through college savings accounts, health savings accounts and individual retirement accounts. Individuals with disabilities, including those who are Medicaid eligible, and their families could save private funds to support the individual without risking eligibility for Social Security and government programs.

HB 119/HD 2 follows Congressional passage and Presidential signature of the Stephen J. Beck Jr. Achieving a Better Life Experience (ABLE) Act in December 2014. The ABLE Act and favorable action by this Committee on **HB 119/HD 2** to establish the Hawaii Program recognizes the possibility of additional costs associated with living with a disability. However, it also aligns with other policy objectives intended to encourage the full and competitive employment of individuals with disabilities which benefits not only the individual, but employers, communities, and our State. The Hawaii ABLE Savings Program makes sense.

Easter Seals Hawaii encourages swift passage of **HB 119/HD 2** and establishment and implementation by the Director of Finance in as short a time as possible.

Thank you for the opportunity to provide these comments on behalf of Easter Seals Hawaii.

wam3 - Nicolas

From: Louis Erteschik <Louis@hawaiiidisabilityrights.org>
Sent: Sunday, March 29, 2015 9:04 AM
To: WAM Testimony
Subject: HB119 HD2 March 31 9AM

We are very pleased to see the Legislature act on this measure. It will enable individuals with disabilities to provide for their needs and be less dependent upon government programs. It passed overwhelmingly at the federal level and requires state implementing legislation.

Louis Erteschik
Executive Director
Hawaii Disability Rights Center



March 31, 2015

Hawaii ABLE Act (HB119 HD2)

Chair: Senator Jill N. Tokuda

Vice-Chair: Senator Ronald D. Kouchi

Senate Ways and Means Committee

**The National Down Syndrome Society Written Testimony before the
Senate Ways and Means Committee
March 31, 2015 – 9:00 am**

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
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