

NEIL ABERCROMBIE
GOVERNOR



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February 24, 2012

TO: The Honorable Clayton Hee, Chair
Senate Committee on Judiciary and Labor

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2810 - RELATING TO EMPLOYMENT EXEMPTION FOR
DOMESTIC SERVICES AUTHORIZED BY THE DEPARTMENT OF
HUMAN SERVICES**

Hearing: Friday, February 24, 2012; 9:30 a.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of the bill is to amend the definition of "employment" in the workers' compensation, temporary disability insurance, and prepaid health care statutes by clarifying the "domestic services" exclusion for services authorized by the Department of Human Services.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill. Sections 386-1, 392-5, and 393-5, Hawaii Revised Statutes, exempt recipients of social service payments with developmental and intellectual disabilities from providing workers' compensation, temporary disability insurance, and prepaid health care. This bill will provide clarification and consistency by also exempting the Department of Human Services (DHS) aged and disabled recipients of home and community-based services, and recipients of DHS state-funded home and community-based services, from having to provide workers' compensation, temporary disability insurance, and prepaid health care. This exemption

will allow greater access to home and community-based services to needy individuals. Without this bill the Department and its contracted health plans will be out of compliance with State labor laws. This will require the Department to utilize money that is currently used to pay for benefits to be used to pay for workers' compensation, health coverage and temporary disability insurance.

If the exemption is not reinstated, through this bill, it is estimated that it will cost approximately \$6 million to pay for the insurance and health care coverage. This amount would have to be taken from services to cover these costs.

Thank you for the opportunity to testify on this bill.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

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In reply, please refer to:
File:

Senate Committee on Judiciary and Labor

February 24, 2012

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

Senate Bill 2810

**WRITTEN
ONLY**

1 **Department's Position:** Support

2 **Fiscal Implications:** No impacts to Department of Health

3 **Purpose and Justification:** The purpose of this bill is to create a "domestic service" exemption for
4 recipients of social service payments with developmental and intellectual disabilities. Due to the nature
5 of their condition, such clients may not be fully able to manage Activities of Daily Living such as
6 chores, cooking, and transportation. This bill waives typical "employer" taxes and maximizes the
7 resources these clients have available for domestic services.

8

9 Thank you for the opportunity to testify.