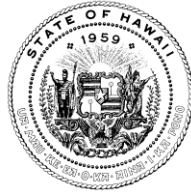


DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dilir.director@hawaii.gov

February 10, 2016

To: The Honorable Mark M. Nakashima, Chair,
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Friday, February 12, 2016
Time: 10:00 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 2361 Relating to Making an Appropriation for the
Premium Supplementation Trust Fund**

I. OVERVIEW OF PROPOSED LEGISLATION

HB 2161 proposes to ensure the Premium Supplementation Trust Fund (Trust Fund) remains solvent in Fiscal Year (FY) 2016-17 to carry out the purposes of the Prepaid Health Care Act by appropriating out of the general revenues of the State of Hawaii the sum of \$500,000 or some much as necessary for FY 2016-17 to be deposited into the Trust Fund.

Thank you for scheduling this Administration proposal. The department strongly supports this measure.

II. CURRENT STATUS

The purpose of the Trust Fund is to pay premium supplementation to qualified employers and to pay health care expenses of eligible employees of non-complying or insolvent employers.

The Legislature created the Trust Fund in 1974 through a one-time \$500,000 appropriation from the General Fund.

III. COMMENTS ON THE HOUSE BILL

The department strongly supports this measure, as this appropriation will allow employees of non-complying and insolvent employers to be reimbursed for their medical expenses, which at times can severely impact the economic security of workers and their families. The proposal will also permit qualifying employers to receive premium supplementations.

The Trust Fund's balance began declining when premium supplementations awarded to qualifying employers began increasing starting in 2004. Between 2004 and February 2016, the Fund's balance declined from \$3,478,617 to \$109,385. During the past two fiscal years (July 1, 2013 to June 30, 2015), the Trust Fund paid over \$900,000 in premium supplementations.

In FY 2014-15, over \$497,000 was paid from the Trust Fund and at the end of the fiscal year (June 30, 2015), only \$270,480 remained in the fund.

The Fund's balance as of February 5, 2016 is \$109,385.

At this current rate, the fund will become insolvent during FY2016-17.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Labor & Public Employment and
Committee on Public Safety
Friday, February 12, 2016 at 10:00 A.M.
Conference Room 309, State Capitol**

**RE: HOUSE BILL 2361 MAKING AN APPROPRIATION FOR THE PREMIUM
SUPPLEMENTATION TRUST FUND**

Chairs Nakashima and Takayama, Vice Chairs Keohokalole and Yamashita, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2361, which makes an appropriation to replenish funds in the Premium Supplementation Trust Fund to cover the costs of health care expenses for eligible employees and for premium supplementation for employers that are entitled to premium supplementation under the Prepaid Health Care Law.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

There are already many rules and regulations that make it a challenge for small businesses to thrive in Hawaii. HB 2361 would help alleviate some of those challenges and provide support to small businesses by replenishing funds to help cover health care expenses for employees. Since 1974, Hawaii's employers have turned to this trust fund to help cover steadily rising insurance premium costs. This bill would ensure that employers have the necessary support to provide quality health care for their employees.

Thank you for the opportunity to testify.