



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

January 24, 2018

TO: The Honorable Representative Aaron Ling Johanson, Chair
House Committee on Labor & Public Employment

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 1647 – RELATING TO HEALTH**

Hearing: Thursday, January 25, 2018, 9:00 a.m.
Conference Room 309, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the intent of the measure and offers comments.

PURPOSE: The purpose of the bill requires DHS to compile information regarding employers with employees who receive public assistance. Requires DHS to submit an annual report to legislature on the 50 employers with the highest number of employees receiving public assistance. Requires DLIR to share employment data.

DHS agrees that understanding and containing the state's health care costs are issues that the Legislature and the public would benefit from a deeper understanding, in addition to appreciating the complexities of underemployment, poverty wages, economic impacts on society, business, and the state budget.

This session DHS has two legislative proposals that address similar concerns: HB2361 Relating to Health Analytics that establishes the Health Analytics Program in the Med-QUEST Division of the DHS and authorizes DHS to maintain an all-payers medical claims data base, and HB2366 Relating to Poverty that requires DHS to use an integrated and multigenerational approach to delivering human services to reduce the incidence of intergenerational poverty and dependence on public benefits.

It is correct that many of our adult recipients of public benefits are employed. Most program rules require adults who do not have a disability to be employed or in an activity that will lead to employment, or if minors, to be in school or be employed. However, please note:

- Employer information is not required for program eligibility and is not currently captured by our IT systems on a consistent basis. Additionally, for some programs, such as Medicaid, we cannot require applicants to provide information that is not required for program eligibility;
- Consequently, while we do receive income verification information from various sources, we are not currently able to retrieve employer information consistently to compile such a report;
- With regard to minor children who are employed, and who are also receiving medical insurance coverage through Medicaid/CHIP, the children may be in families with household incomes up to 308 percent of the federal poverty level, which is \$72,324 for a family of four; and
- As a condition of receiving medical insurance coverage, Medicaid is always the payer of last resort; that is if there are primary medical insurance coverages available to the recipient through employment for example, the primary insurance coverage pays first before Medicaid pays.

From a different policy perspective that supports employment, DHS has established programs with employers to hire public benefit recipients, many of whom are just entering the work force and benefit from the employment experience toward income progression. Limited employer information is collected from employers who hire First-To-Work (FTW) Program participants for positions subsidized with Temporary Assistance for Needy Families (TANF) funds; however, the limited data does not include other employees hired for unsubsidized positions, information that would be required to compare hiring or other business practices.

Further, we have concerns that this proposal may negatively impact programs that support employment opportunities for recipients as employers may be discouraged from hiring recipients to fill vacancies and discontinue their partnership with DHS.

DHS further defers to the Department of Labor and Industrial Relations that administers the Hawaii Prepaid Care Law as well as the data sharing information. Also, please consider that through provisions of the Hawaii Prepaid Care Law, employers in the state are shoulder a significant cost of health insurance in Hawaii.

Lastly, the title of the measure may be overbroad and unconstitutional pursuant to article III, section 14 of the State Constitution as there are multiple subjects in the bill, and the current bill language pertains to chapter 346, Hawaii Revised Statutes, which relate to DHS rather than the Department of Health as the title suggests.

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



**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: dlir.director@hawaii.gov

January 24, 2018

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Thursday, January 25, 2018
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Leonard Hoshijo, Acting Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1647 RELATING TO HEALTH

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal seeks to add a new section to chapter 346, Hawaii Revised Statutes (HRS), requiring the Department of Human Services (DHS) to compile information regarding employers with employees who receive public assistance. The measure requires DLIR's Unemployment Insurance Division (UI) to assist DHS in the form of sharing employment data to achieve this purpose.

DLIR supports the intent of the measure as it believes some employers have abused public assistance programs by providing their employees with low wages and poor benefits with the intention or expectation that the employees will enroll in public assistance programs to subsidize their income, but defers to DHS as this is a change in DHS's statute.

II. CURRENT LAW

The current law does not require DHS access to UI data as proposed in this measure. The U.S. Department of Labor (U.S.DOL) has long interpreted methods of administration to require the confidentiality of UI information and to follow the congressional mandate that UI information be used only for the purpose for which it is directed. According to §383-95 and §12-5-211 to §12-5-220 of the Hawaii

Administrative Rules (HAR), disclosure of information from workers, employers, or other persons or groups while administering the state employment security program shall be held confidential and shall not be disclosed unless authorized requesting agencies have entered into a written agreement with the Department.

Should this proposal be enacted, an information sharing agreement with DHS would be required to satisfy its limited purposes. As a condition for the data exchange, DHS would have to provide relevant recipients' personal identifying information to crossmatch against the UI employer and wage records. While all expenses associated with providing the data must be reimbursed by the requesting agency in accordance to federal requirements, the actual costs of furnishing the information are dependent upon the terms of the final agreement executed between DHS and DLIR.

III. **COMMENTS ON THE HOUSE BILL**

DLIR supports the intent of this bill and is willing to work with DHS to determine how the legislative purpose can be achieved within the statutory disclosure provisions contained in Chapter 383, HRS and within cost or resource restrictions.