

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

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

March 11, 2018

TO: The Honorable Senator Josh Green, Chair
Senate Committee on Human Services

FROM: Pankaj Bhanot, Director

SUBJECT: **HB 2530 HD1 – RELATING TO CHILD CARE**

Hearing: Monday, March 12, 2018, 2:45 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) is in strong support of HB2530 HD1 as it is consistent with the administration's proposals HB2360 and SB2787. Senate Committee on Human Services consolidated SB2787 into SB2875 SD1.

PURPOSE: The purpose of HB2530 HD1 is to amend section 346-157, Hawaii Revised Statute (HRS), to remove the requirement that DHS determine the amount of liability insurance coverage required by regulated child care providers; amend sections 3 and 5 of Act 161, Session Laws of Hawaii (SLH) 2017, to remove a reporting requirement, and extends the implementation and enforcement of Act 161, SLH 2017, until July 1, 2019.

The primary focus of the DHS child care licensing program is on the health and safety of all children in child care. The intent of Act 161, SLH 2017, was to strengthen minimum standards of child care to improve health and safety of children by requiring child care providers to obtain and maintain liability insurance coverage. Prior to Act 161, SLH 2017, DHS was prohibited from requiring regulated child care providers to obtain and maintain liability insurance coverage. Act 161 is currently in effect, that is regulated child care providers are required to have liability insurance coverage. However, Act 161 delays enforcement of this provision by DHS.

DHS submitted its report to the twenty-ninth Hawaii State Legislature 2018 in accordance with section 3 of Act 161, SLH 2017. The information DHS obtained through meetings with insurance industry providers, indicates that a variety of insurance products, coverage, exclusions and premiums are available for purchase. Injury from sexual molestation would be excluded from all coverage.

DHS also conducted outreach efforts through its contractor to conduct surveys and convene in-person meetings statewide. Child care providers also contacted members of the Legislature, DHS child care licensing offices, and the Child Care Program Office to ask questions and express their concerns regarding the provisions of Act 161, SLH 2017. Feedback from child care providers indicated that current insurers may not renew existing homeowner policies if child care is being provided on the premises. Child care providers also indicated that home-based child care providers were considering not being registered with DHS due to the new insurance requirement of Act 161, SLH 2017.

DHS expressed concern last session that one potential impact of requiring liability coverage would be a reduction of the number of child care providers willing to provide services, as previously maintaining liability coverage was not required. As of the end of December 2017, Hawaii has about 350 independent home-based child care providers which is a 12 percent decrease of the number of homes that were regulated at the end of December 2016.

Information obtained from other states that require liability insurance coverage indicates that most states only require providers to produce evidence of insurance, and minimum coverage amounts are not established within the child care regulatory requirements. Child care providers did raise privacy concerns as to the amount of information they are required to provide to parents as part of maintaining insurance coverage.

DHS supports the amendment to remove the requirement that DHS determine the amount of liability insurance coverage that shall be required for child care providers. DHS agrees that it is not the appropriate entity to determine the amount of coverage to be maintained by independent small businesses, as DHS does not have expertise in the field of establishing liability insurance coverage.

The issue to balance child safety, which is not necessarily addressed by maintaining liability insurance coverage, and providing parents additional assurance or confidence that their child is in a high quality care, requires further study to determine the best way to provide access to affordable child care, access to affordable insurance coverage, and maintain safe, child care throughout the state.

DHS supports the amendment that the effective date of Act 161 be extended to be effective and enforced July 1, 2019 or later.

DHS also supports additional changes to Act 161 (2017) included in SB2875 SD1 that considers privacy interests of child care providers and repeals language that requires child care providers to disclose a summary of information relating to liability insurance coverage to parents and guardians applying for child care at a child care facility.

Thank you for the opportunity to testify on this measure.

HB-2530-HD-1

Submitted on: 3/11/2018 2:41:50 PM

Testimony for HMS on 3/12/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

HB-2530-HD-1

Submitted on: 3/12/2018 10:11:58 AM

Testimony for HMS on 3/12/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Vera Marie Asato	Testifying for Keiki Ohana Daycare	Support	No

Comments:

Regarding getting insurance. This is fine but would like to have our homeowners insurance exempt from our business. Providers are getting out of the business due to potential losing of their home. I'm one of them ready to leave the business. It should be up to providers how much coverage they want to get.

Debora Ann Kaikala
95-250 Lealea Place
Mililani, Hawaii 96789-1310

March 12, 2018

To: The Honorable Representative, Chair House Committee

From: Debora Ann Kaikala - Family Child Care Provider

Subject HB 2530 HD1 RELATING TO CHILD CARE

Hearing: Monday March 12, 2018

Aloha! My name is Debora Ann Kaikala, I have been a licensed child care provider for 23 years. For the, passed 11 years I have been licensed as, Le'ale'a Na Kamali'i LLC, A Group Home Demonstration Project. I believe that there is only two Group Home Child Care on Oahu.

I am in support of HB 2530. Though it will have a great impact with homeowner insurance policies.

It saddens me that after all these years a bad apple had become rotten due to a person(s) negligence. Trust me Child care is not for everyone. It takes a lot of patience, love and commitment to care for young children. Health and Safety should be the most important objective in this field.

With DHS changes to training, it will help a lot of providers to become educated on the importance of each child's health, safety and development. Providers need to be able to have mentors to help them with any issues that they might have in relating to child care. We need mentors! We lack the support.

The impact is not about liability insurance. As business owners it's common sense to have some type of, liability coverage. Many providers have some type of liability coverage. Homeowners insurance does not cover the liability we need. I have a group home and I cannot let my insurance company know that I have more than 4 children that is allowed by most homeowner insurance policies.

With this in mind, I am asking if we can come up with some type of solution to exempt homeowners from any liabilities that occur while we are conducting child care in our home or rental as long as we can show that we have a business liability insurance coverage.

Thank you for the opportunity to testify on this matter.

Aloha and Mahalo!

Debora Ann Kaikala

