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February 4, 2018

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

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2787 – RELATING TO CHILD CARE PROVIDERS**

Hearing: Monday, February 5, 2018, 3:45 p.m.
Conference Room 016, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this administration bill.

PURPOSE: The purpose of the bill 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, to delay implementation and enforcement of the liability insurance requirement of Act 161, and to give additional time to establish affordable child care insurance coverage.

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 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 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 amending the effective date of Act 161 and delaying the effective and enforcement dates to July 1, 2019 or later.

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

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Submitted on: 2/4/2018 11:44:00 AM

Testimony for HMS on 2/5/2018 3:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Vera Marie Asato	Keiki Ohana Daycare	Support	Yes

Comments:

Chair Senator Josh Green of Human Service Committee

Senate Bill 2787

February 5, 2018

My name is Vera Marie Asato. I'm a licenced Home Childcare Provider. Ive been doing home childcare for over 15 years. Im testifying in support of SB 2787.

I do feel that home childcare providers should get insurance but dont feel that it should be left up to the state to determine the amount. This should be determind by the providers. Ever providers situation is different.

Thank you for the opportunity to testify in support for this bill.

Vera Marie Asato

94-1023 Mawaho Street

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808-688-2525

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Submitted on: 2/4/2018 1:32:34 PM

Testimony for HMS on 2/5/2018 3:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
DEBORA ANN N KAIKALA	1965	Support	Yes

Comments:

I support to extend the implementation and enforcement dates of Act161 until further notice. I understand why Act161 was introduced though it has impacted the inability of homeowners to obtain homeowners insurance. I understand it's clearly an unintended consequence of Act161. But it would help to propose a bill, that would exempt homeowners liability insurance from any liabilities while operating a home child care business. There has been states that have exempt homeowners insurance. We should now look forward into having insurance business that would cover exclusively for home child care business. We should be able to have options to select companies, which is very limited to due the risk and cost for child care providers. Therefore, please extend this bill until the solution can be resolved. Mahalo Debora Kaikala

SB-2787

Submitted on: 2/4/2018 2:39:29 PM

Testimony for HMS on 2/5/2018 3:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Shim	Kuliouou Child Care	Support	No

Comments: