

DAVID Y. IGE  
GOVERNOR



PANKAJ BHANOT  
DIRECTOR

BRIDGET HOLTHUS  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 10, 2017

TO: The Honorable Senator Donna Mercado Kim, Chair  
Senate Committee on Government Operations

The Honorable Senator Rosalyn H. Baker, Chair  
Senate Committee on Commerce, Consumer Protection & Health

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 209 - RELATING TO SOCIAL SECURITY NUMBER PROTECTION**

Hearing: February 10, 2017, 9:35 a.m.  
Conference Room 229, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports the intent of the bill, offers comments, and proposes an amendment.

**PURPOSE:** The purpose of SB 209 is to clarify the circumstances under which the individual's social security number or the last four digits of the social security number of an individual may be requested of the individual.

DHS provides benefits and services to 1 in 4 residents in Hawaii through its major benefit programs that provide financial assistance, Supplemental Nutrition Assistance Program (SNAP), medical insurance coverage (through Med-QUEST), vocational rehabilitation services, and protective services for vulnerable children and adults. Funding for a bulk of DHS programs and services is primarily federal; federal program regulations require DHS to request, report and retain social security numbers. DHS has promulgated its administrative rules to implement federal law and regulations; administrative rules for State only funded programs, were promulgated to be consistent with federal program rules.

DHS requests that "regulation" and "rule" be inserted into (a) (1), to read as follows:

- (1) The social security number or the last four digits of the social security number of an individual are expressly required by state or federal law, state rule, federal regulation, or county ordinance;

Thank you for this opportunity to provide comments on this bill.



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

PRESENTATION OF THE  
OFFICE OF CONSUMER PROTECTION

TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
AND  
TO THE SENATE COMMITTEE ON COMMERCE,  
CONSUMER PROTECTION, AND HEALTH

THE TWENTY-NINTH LEGISLATURE  
Regular Session of 2017

Friday, February 10, 2017  
9:35 a.m.

**TESTIMONY SUPPORTING SENATE BILL NO. 209, RELATING TO SOCIAL  
SECURITY NUMBER PROTECTION.**

TO THE HONORABLE DONNA MERCADO KIM, CHAIR,  
TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEES:

The Department of Commerce and Consumer Affairs, Office of Consumer Protection (“OCP”) supports Senate Bill No. 209, Relating to Social Security Number Protection. My name is Stephen Levins and I am the Executive Director of the OCP.

Senate Bill No. 209 benefits consumers in Hawaii by providing additional protections for Hawaii residents against the unnecessary use of Social Security numbers.

It's axiomatic that reducing the collection, printing, mailing, and display of Social Security numbers is a key element in reducing identity theft. Companies that unnecessarily use them in their business operations place people at a heightened risk of having their identity stolen. For instance, today, when most people's addresses, full names and birth dates are easily found on the Internet, the Social Security number is often the last piece of information preventing thieves from having enough data to steal someone's identity. Widespread needless usage provides criminals with numerous opportunities. Senate Bill No. 209 directly addresses this problem by affirmatively prohibiting businesses operating in Hawaii from requesting, collecting, or mailing Social Security numbers or the last four digits unless one of the enumerated exceptions apply. In essence, the Bill will deter businesses from collecting Social Security numbers for any purposes beyond credit, taxes, employment, investment, health insurance, new bank accounts, or child support, unless required by law. Since the OCP believes that such an approach will help our citizens become less vulnerable to identity theft, it is in strong support of this measure.

Thank you for the opportunity to offer testimony supporting Senate Bill No. 209. I would be happy to answer any questions the Committees may have.

Written Only

DAVID Y. IGE  
GOVERNOR



KATHRYN S. MATAYOSHI  
SUPERINTENDENT

STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 2/10/2017

**Time:** 9:35 AM

**Location:** 229

**Committee:** Senate Government Operations  
Senate Commerce, Consumer Protection,  
and Health

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

**Title of Bill:** SB 0209 RELATING TO SOCIAL SECURITY NUMBER  
PROTECTION.

**Purpose of Bill:** Clarifies the circumstances under which the individual's social security number or the last four digits of the social security number of an individual may be requested of the individual by certain persons or entities.

**Department's Position:**

The Department of Education (DOE) supports the intent of SB209 to protect social security numbers (SSN), but would like to ensure that we can continue our work toward conducting research for purposes of improving Hawaii's education and workforce outcomes. We are in agreement with the amendment offered by the University of Hawaii (UH) to include language protecting the exemptions under section 487J-2(b), Hawaii Revised Statutes (HRS), which expressly states exemptions for documents required as part of an application or enrollment process as well as for entities that conduct social or scientific research. It also exempts government agencies who provide SSNs to other federal, state or local government entities. Furthermore, section 27-7, HRS, directs UH, the DOE and the Department of Labor and Industrial Relations (DLIR) to share data that support research that will improve Hawaii's education and workforce outcomes.

Since 2009, UH, DLIR, and DOE have partnered together, under Hawai'i P-20 Partnerships for Education, to share education and workforce data under section 27-7, HRS, in order to understand the longitudinal impact of education and other initiatives on workforce outcomes. This research linking education data to the Hawai'i workforce can only occur if SSNs are collected.

Thank you for this opportunity to provide testimony on SB 209.





# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony Presented Before the  
Senate Committee on Government Operations  
and  
Senate Committee on Commerce, Consumer Protection, and Health  
February 10, 2017 at 9:35 a.m.  
by  
Risa E. Dickson  
Vice President for Academic Planning and Policy  
University of Hawai'i System

### SB 209 – RELATING TO SOCIAL SECURITY NUMBER PROTECTION

Chairs Kim and Baker, Vice Chairs Ruderman and Nishihara, and members of the committees:

The University of Hawai'i (UH) supports the intent of SB 209, but would like to offer an amendment. On page 1, lines 5 and 6, we suggest the following language be added to clarify the university's role in collecting social security numbers (SSN):

“(a) Notwithstanding any law to the contrary and except as provided in Section 487J-2b,…”

While UH supports the protection of SSN, §487J-2b, Hawai'i Revised Statutes (HRS), expressly states exemptions for documents required as part of an application or enrollment process as well as for entities that conduct social or scientific research. It also exempts government agencies who provide SSN to other federal, state or local government entities. Furthermore, §27-7, HRS, directs the UH, Hawai'i State Department of Education (DOE) and the Department of Labor and Industrial Relations (DLIR) to share data that support research that will improve Hawaii's education and workforce outcomes.

Since 2009, UH, DLIR, and DOE have partnered together, under Hawai'i P-20 Partnerships for Education, to share education and workforce data under §27-7 in order to understand the longitudinal impact of education and other initiatives on workforce outcomes. This research linking education data to the Hawai'i workforce can only occur if SSN are collected.

Thank you for this opportunity to testify.

# SanHi Government Strategies

a limited liability law partnership

Gary M. Slovin  
Mihoko E. Ito  
R. Brian Tsujimura

c/o Ashford & Wriston • 999 Bishop Street, Suite 1400  
Honolulu, Hawaii 96813  
(808) 539-0400  
[governmentaffairs@awlaw.com](mailto:governmentaffairs@awlaw.com)

[gslovin@awlaw.com](mailto:gslovin@awlaw.com)  
[mito@awlaw.com](mailto:mito@awlaw.com)  
[rtsujimura@awlaw.com](mailto:rtsujimura@awlaw.com)

DATE: February 9, 2017

TO: Senator Donna Mercado Kim  
Chair, Committee on Government Operations

Senator Rosalyn Baker  
Chair, Committee on Commerce, Consumer Protection, and Health

*Submitted Via Capitol Website*

RE: **S.B. 209 Relating to Social Security Number Protection**  
**Hearing Date: Friday, February 10, 2017 at 9:35 a.m.**  
**Conference Room: 229**

---

Chair Mercado Kim, Chair Baker, and members of the Joint Committees:

We submit this testimony on behalf of the Consumer Data Industry Association (CDIA). Founded in 1906, CDIA is the international trade association that represents more than 200 data companies. CDIA members represent the nation's leading institutions in credit reporting, mortgage reporting, fraud prevention, risk management, employment reporting, tenant screening, and collection services.

CDIA **opposes** S.B. 209, which clarifies the circumstances under which the individual's social security number or the last four digits of the social security number of an individual may be requested by certain persons or entities.

CDIA appreciates that the intent of this bill is to protect consumer information. CDIA's members are subject to very strict privacy protection standards under the Fair Credit Reporting Act and Gramm Leach Bliley Act.

As drafted, this bill is problematic and unnecessary. The permitted uses listed in Section 1 of the bill do not cover all of the legitimate uses of social security numbers. In addition, while the bill proposes to include protection over the last 4

---

Gary M. Slovin  
Mihoko E. Ito  
R. Brian Tsujimura  
C. Mike Kido  
Tiffany N. Yajima  
Matthew W. Tsujimura



Page 2

numbers of the social security number, these last 4 digits are needed to distinguish consumers from each other – for example, in instances where consumers have the same name.

Businesses require social security numbers for a number of reasons, including fraud prevention and authentication. Consumer reporting agencies use SSNs as the primary identifier of individuals, which enables them to match the information they receive from their business clients with the information stored in their databases on individuals. Because these companies have various commercial, financial, and government agencies furnishing data to them, the SSN is the primary factor that ensures that incoming data is matched correctly. Cross-verification of SSNs can combat and limit the spread of false identification and fraud. Social security numbers also play a critical role in identifying and locating missing family members, owners of lost or stolen property, heirs, pension beneficiaries, organ and tissue donors, suspects, witnesses in criminal and civil matters, tax evaders, and parents and ex-spouses with delinquent child or spousal support obligations.

Hawaii already has a comprehensive law on the books under HRS 487J-2, which addresses the protection of social security numbers and addresses many of the same protections that this bill seeks to impose. Specifically, the law in detail restricts the use, public posting and display of SSNs, while allowing uses for legitimate government or business purposes. Similar laws have been adopted in many other states.

For the above reasons, CDIA opposes this measure and asks that it be held. Thank you for the opportunity to submit testimony on this measure.



An Independent Licensee of the Blue Cross and Blue Shield Association

February 10, 2017

The Honorable Donna Mercado Kim, Chair  
The Honorable Russell E. Ruderman, Vice Chair  
Senate Committees on Government Operations

The Honorable Rosalyn H. Baker, Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Senate Committees on Commerce, Consumer Protection and Health

Re: SB 209 – Relating to Social Security Number Protection

Dear Chair Mercado Kim, Chair Baker, Vice Chair Ruderman, Vice Chair Nishihara, and Committee Members:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on SB 209, which clarifies the circumstances under which an individual's social security number may be requested from the individual. HMSA supports the intent of SB 209 and offers amendments.

HMSA appreciates efforts to protect private personal information in order to prevent identity theft and related malfeasance, and we already are held to the highest standards of the federal Health Information Portability and Accountability Act (HIPAA). Consequently, we appreciate the exception afforded the social security number needs for “health insurance” purposes. That said, we are concerned that while the term “health insurance” may have been appropriate for the traditional health insurer, health plans today engage in a wider range of activities to ensure our members’ health and wellbeing. These would include wellness programs, care coordination, and population management – all of which require data tracking.

To take those critical activities into account, the Committee may wish to consider amending Subsection 7 to read as follows:

(7) The social security number of last four digits of the social security number of an individual are requested, collected, or mailed by a health care organization for the purpose of health care operations and services, including without limitation, medical treatment, health insurance, managed care services, care coordination, and wellness promotion.

For the purposes of this paragraph, “health care organization” means any health care facility, as defined in section 323D-2, or any person or entity in the business of issuing insurance subject to article 10A of chapter 431 or chapter 431, 432D, or 432G.

Thank you for the opportunity to testify on SB 209. Your consideration of our suggested amendment is appreciated.

Sincerely,

Mark K. Oto  
Director, Government Relations

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS IN OPPOSITION TO  
S. B. 209, RELATING TO SOCIAL SECURITY NUMBER PROTECTION

February 10, 2017

Via e mail: [gvotestimonial@capitol.hawaii.gov](mailto:gvotestimonial@capitol.hawaii.gov)

Honorable Senator Donna Mercado Kim, Chair  
Committee on Government Operations  
Honorable Senator Rosalyn H. Baker, Chair  
Committee on Consumer Protection and Health  
State Senate  
Hawaii State Capitol, Conference Room 229  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Mercado Kim, Chair Baker and Committee Members:

Thank you for the opportunity to testify in opposition to SB 209, relating to Social Security Number Protection.

Our firm represents the American Council of Life Insurers (“ACLI”), a Washington, D.C. – based trade association with approximately 290 member companies operating in the United States and abroad. ACLI advocates in state, federal, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing 94 percent of industry assets, 93 percent of life insurance premiums, and 97 percent of annuity considerations in the United States. Two hundred twenty-two (222) ACLI member companies currently do business in the State of Hawaii; and they represent 96% of the life insurance premiums and 99% of the annuity considerations in this State.

Generally, SB 209 makes it unlawful for any person or business to request or collect an individual’s social security number or even the last four digits of an individual’s social security number. For each violation the bill imposes a \$2,500 fine on the person or business requesting this information; in addition the violator is made liable to that individual for his or her actual damages for each violation.

ACLI respectfully submits that permitting the request for or collection of the last four digits of an individual’s SSN will not cause harm to the individual. Most state breach notification laws deem the last four digits of a SSN as non-sensitive information. Accordingly, the bill’s prohibition of requesting or collecting this information should be removed wherever it appears in the bill.

Further, while SB 209 provides certain exceptions where a person or business is allowed to request or collect an individual's SSN, including a request made by a life insurer for the purpose of providing disability income insurance, as currently drafted the exceptions provided in the bill are not broad enough to enable life insurers to request or collect this information in connection with other insurance products offered by life insurers – such as a life insurance policies, long term care policies or annuity contracts.

While SB 209 authorizes a business to request the SSN where the business is “expressly required by state or federal law or county ordinance” to do so, SB 209 would prohibit a life insurer to secure an individual's SSN to comply with laws applicable to life insurers.

For example, life insurers are subject to unclaimed property laws in many States that require a life insurer to conduct checks against the Social Security Death Master File. Indeed, SB 208 has been introduced this legislative session which will require life insurers to use the Social Security Death Master File to obtain notice of death of an insured in the absence of a claim and search for beneficiaries within 90 days. These unclaimed property laws do not expressly require a life insurer to request the SSN from its insured. As a result, the bill's provision prohibiting the life insurer from requesting the insured's SSN may have the unintended consequence of causing a different type of consumer harm - it would actually make it harder for a life insurer to pay death benefits to the insured's beneficiaries who may have forgotten or been unaware of an insured's existing life insurance policy. If a life insurer is unable to collect social security numbers from its insureds, the life insurer will be unable to comply with its legal obligations.

Accordingly, ACLI urges that paragraph (1) of subsection (a) of the new section which SB 209 seeks to add to HRS Chapter 487J (beginning at line 11, on page 1 of the bill), be amended as set forth below:

(1) The social security number ~~or the last four digits of the social security number~~ of an individual ~~are-is~~ expressly required by or is necessary to comply with state or federal law or county ordinance;

In addition, the exclusions provided in SB 209 which allow a person or business to request an individual's SSN do not include an exclusion to make it clear that a life insurer may use an individual's SSN for legitimate business purposes such as to verify the identity of applicants for new coverage or to ensure the insurer has obtained medical records of the right individual in the underwriting process. ACLI, therefore, urges that SB 209 be amended to include an additional exclusion (to appear following line 16, on page 3 of the bill), as set forth below:

(8) The social security number of an individual is requested, collected, or mailed in connection with life insurance, disability income insurance, long term care insurance or annuities.

Again, thank you for the opportunity to testify in opposition to SB 209, relating to Social Security Number Protection.

LAW OFFICES OF  
OREN T. CHIKAMOTO  
A Limited Liability Law Company

Oren T. Chikamoto  
1001 Bishop Street, Suite 1750  
Honolulu, Hawaii 96813  
Telephone: (808) 531-1500  
E mail: [otc@chikamotolaw.com](mailto:otc@chikamotolaw.com)

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 7, 2017 2:57 PM  
**To:** GVO Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for SB209 on Feb 10, 2017 09:35AM\*

**SB209**

Submitted on: 2/7/2017

Testimony for GVO/CPH on Feb 10, 2017 09:35AM in Conference Room 229

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)