

Late Testimonies

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LATE

February 11, 2020

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Stacelynn K.M. Eli, Vice Chair, and
Members of the House Committee on Labor and Public Employment

Date: Tuesday, February 11, 2020
Time: 9:10 a.m.
Place: Conference Room 309, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1699 RELATING TO HEALTH CARE

I. OVERVIEW OF PROPOSED LEGISLATION

HB1699 amends section 387-6, Hawaii Revised Statutes (HRS), by requiring employers to include the total amount of the premium cost of health care paid by the employer on behalf of the employee and their dependents, if applicable, on the employee's final pay stub for the calendar year.

DLIR supports the intent of this measure, offers comments, and seeks clarification.

II. CURRENT LAW

Section 387-6, HRS, requires employers to provide basic pay information on an employee's pay statement. There is no law that requires the employer's portion of the health care premium to be reported on the employee's pay statement.

III. COMMENTS ON THE HOUSE BILL

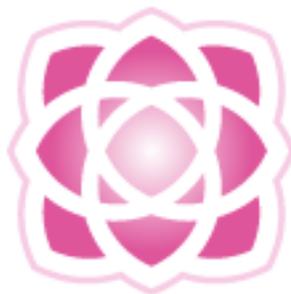
The DLIR supports the intent of requiring employers to report the total annual premium cost of health care paid by the employer on behalf of the employee and their dependents, if applicable, on the final pay statement for the calendar year.

Section 388-7(4), HRS, of the Payment of Wages and Other Compensation Law, and Section 12-21-5, Hawaii Administrative Rules, also require employers to furnish a pay

statement to employees at every payday. Chapter 388 applies to all employers in the State, except for the State, county and federal government. Since certain employees may not be covered by Chapter 387, HRS, when their employer is subject to the federal Fair Labor Standards Act of 1938, the DLIR recommends that this proposal also be inserted in Section 388-7(4), HRS, which would apply to all non-government employers in the State.

When an employee separates from employment prior to the end of the calendar year, it is not clear whether the employer is required to report the total health care premium the employer paid on the employee's final pay statement upon separation.

The DLIR is unsure if the intent of the measure is to verify the accuracy of the employer's contribution of the premium cost.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309
TUESDAY, FEBRUARY 11, 2020 AT 9:10 A.M.**

To The Honorable Aaron Ling Johanson, Chair;
The Honorable Stacelynn K.M. Eli, Vice Chair; and
Members of the Committee on Labor & Public Employment,

COMMENTS ON HB1699 RELATING TO HEALTH CARE

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our comments on HB1699.

While we appreciate the intent of this bill to show employees the value of employer paid health care premiums, we are concerned about the implementation. While employee healthcare deductions are always shown on the paystub, the employer portion often is not because it is a different type of expense. As employers pay the premium directly, the payroll companies would not know if the reported amount was correct.

Further, many companies do not do payroll in house and rely on third-party payroll companies that may be a statewide or national company. We don't know how this would work with their system and it may be difficult to implement. There may be other ways to accomplish the same thing, but we are not clear from the bill if other ways were explored.

We appreciate the opportunity to testify on this matter.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.