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January 26, 2016

TESTIMONY TO THE
SENATE COMMITTEE ON JUDICIARY AND LABOR

For Hearing on Friday, January 29, 2016
9:00 a.m., Conference Room 016

BY

JAMES K. NISHIMOTO
DIRECTOR

Senate Bill No. 2215
Relating to the Disability Compensation Division

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON GILBERT KEITH-AGARAN AND MEMBERS OF THE SENATE
COMMITTEE ON JUDICIARY AND LABOR:

Thank you for the opportunity to testify in **strong support** of S.B. 2215.

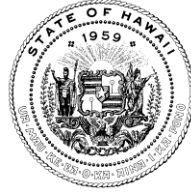
The purpose of S.B. 2215 is to appropriate funds for the hiring of six hearing officer positions and support staff within the department of labor and industrial relations' disability compensation division and to provide the officers and staff with legal and medical training.

The Department of Human Resources Development ("DHRD") has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds.

DHRD believes that additional hearings officers and support staff, with the proper legal and medical training, will allow the Disability Compensation Division to expedite hearings and decisions on contested issues of compensability, medical treatment, and myriad other issues that arise in workers' compensation claims. This would benefit all stakeholders in the workers' compensation system.

DAVID Y. IGE
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SHAN S. TSUTSUI
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DIRECTOR

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January 29, 2016

To: The Honorable Gilbert S.C. Keith-Agaran, Chair,
The Honorable Maile S.L. Shimabukuro, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: Friday, January 29, 2016
Time: 9:00 a.m.
Place: Conference Room 016, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 2215 Relating to the Disability Compensation Division

I. OVERVIEW OF PROPOSED LEGISLATION

S.B. 2215 proposes to appropriate funds for the hiring of six hearing officer positions and support staff within the Department of Labor and Industrial Relations' (department) Disability Compensation Division (DCD) and to provide the officers and staff with legal and medical training.

The department does not object to this measure provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. The FY 17 Executive Budget proposal already contains the following requested positions in DCD:

- 1 Professional Employers Organization Specialist
- 1 Vocational Rehabilitation Specialist
- 2 DC Enforcement Specialists (1 in Kauai; 1 in Kona)
- 1 Auditor

II. CURRENT STATUS

The Disability Compensation Division is currently in a rebuilding process after

suffering 31% of its staff positions being cut since 2009. In 2013, the legislature authorized 14 positions (while abolishing three other positions) and in 2014 authorized one additional position to DCD's staff.

The 2015 legislature appropriated \$905,000 to conduct a business process optimization analysis and case system modernization for the Disability Compensation program. A consultant (Gartner) was contracted to: conduct the Disability Compensation Business Process Optimization Study; and to develop a DC Program Business Case. In the past five months, the contractor has been working on a wholesale review of DCD's current processes, organization, and technology. The contractor is currently developing the Business Case/Modernization plan to execute the recommended process changes identified in their review.

Until the case system modernization project is completed, DCD will be implementing low/no cost changes addressed in the contractor's study. The big improvements will come with the modernization of the DCD program, but those gains will not be realized until FY 18 and FY 19.

DCD is still struggling with its current system and is currently taking up to eight weeks to establish a Workers' Compensation (WC) claim and up to six months to schedule a hearing. Temporary Disability Insurance (TDI) hearings, although fewer in number, are backlogged 3 years in Honolulu and as much as 7 years on the Neighbor Islands.

III. COMMENTS ON THE SENATE BILL

The department appreciates the opportunity to increase its DCD staff to improve its quality and timeliness of services to the public and has no objection to this measure, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget as referenced in the Overview Section of this testimony.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR DESIGNATE

NOEL T. ONO
ASSISTANT DIRECTOR

January 29, 2016

The Honorable Gilbert S.C. Keith-Agaran, Chair
and Members of the Committee on
Judiciary and Labor
The Senate, Conference Room 016
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Keith-Agaran and Members of the Committee:

Subject: Senate Bill No. 2215
Relating to the Disability Compensation Division

S.B. 2215 appropriates funds for the hiring of six full-time hearing officer positions and support staff within the State of Hawaii, Department of Labor and Industrial Relations, Disability Compensation Division (DCD). The measure also provides funding to provide DCD staff with legal and medical training.

The City and County of Honolulu, Department of Human Resources, fully supports the measure. By providing the funds to hire and train additional personnel, S.B. 2215 will enable the DCD to carry out its mission in a more efficient and effective manner.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Carolee C. Kubo".

Carolee C. Kubo
Director

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB2215 on Jan 29, 2016 09:00AM
Date: Thursday, January 28, 2016 9:10:46 AM

SB2215

Submitted on: 1/28/2016

Testimony for JDL on Jan 29, 2016 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Moore	Hawaii Injured Workers Association	Support	No

Comments: Aloha, The Hawaii Injured Workers Association (HIWA) respectfully supports the intent of this legislation to add much needed hearing officers at the Disability Compensation Division (DCD). Injured workers tell HIWA about the lengthy delays in getting hearings at DCD causing many injured workers to go without very needed medical treatment or wage loss causing great hardship to them and their families. More hearing officers with supporting staff need to be appropriately trained in medical and legal issues as these are what they will be reviewing, analyzing, and deciding. We know there are medical and legal experts who can provide such education and training in Hawaii. Please pass this legislation which will benefit injured workers, as well as employers & insurance carriers who request hearings to resolve contested issues. Mahalo for your consideration and support. I am happy to answer any questions. Douglas Moore, HIWA President.

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.

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From: mailinglist@capitol.hawaii.gov
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Cc:
Subject: Submitted testimony for SB2215 on Jan 29, 2016 09:00AM
Date: Thursday, January 28, 2016 10:09:14 AM

SB2215

Submitted on: 1/28/2016

Testimony for JDL on Jan 29, 2016 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
laurie hamano	VMC	Support	No

Comments: This bill will allow for the injured worker to obtain a hearing to review their current issues at quicker and more efficient pace. This in turn will assist the injured to obtain the necessary services available to them by law.

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