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# A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that although workers'  
2 compensation premiums in Hawaii have dropped significantly since  
3 the reforms in the mid-1990s and are now ranked twenty-seven  
4 from the top nationwide, legislation is introduced every year  
5 alleging unfair treatment of injured workers, including slow  
6 processes. In 2015, the legislature adopted House Concurrent  
7 Resolution No. 168, H.D. 2, S.D. 1, which required the  
8 department of labor and industrial relations to convene a  
9 working group to streamline the State's workers' compensation  
10 process, of which results are due to the 2017 legislature.  
11 Despite this action, a closed claims study is warranted to  
12 objectively review whether specific statutory changes are  
13 necessary. The last closed claims study done in Hawaii on  
14 workers' compensation was in 1993 by Tillinghast.

15           The purpose of this Act is to increase employee health and  
16 safety in the workplace and to provide timely and appropriate  
17 services for employees injured on the job in a supportive and  
18 non-confrontational environment by requiring the auditor to



1 conduct a study on closed claims in the State's workers'  
2 compensation system.

3 SECTION 2. (a) The auditor shall contract with an  
4 actuarial firm that has experience conducting workers'  
5 compensation closed claims studies in the United States to  
6 perform a study of:

7 (1) Closed claims in the private employment sector in the  
8 State; and

9 (2) Closed claims involving state employees, including  
10 those employed by the department of human resources  
11 development, the department of education, and the  
12 University of Hawaii system.

13 (b) Of the total cost of the study, a portion equal to the  
14 appropriation provided for in section 3 of this Act shall be  
15 paid for by an assessment to the workers' compensation insurers,  
16 workers' compensation captive insurers, and workers'  
17 compensation self-insureds in the State to be determined  
18 according to market share of premiums or, in the case of  
19 workers' compensation self-insureds, using the current basis to  
20 determine special compensation fund assessments.



1 (c) The auditor shall require the study to be completed by  
2 November 30, 2017, and the study shall be submitted to the  
3 legislature no later than twenty days prior to the convening of  
4 the regular session of 2018.

5 (d) Prior to contracting with an actuarial firm to perform  
6 the study required by this Act, the auditor shall consult and  
7 confer with two members of the legislature, one member selected  
8 by the president of the senate and one selected by the speaker  
9 of the house of representatives. The two members shall ensure  
10 that the actuarial firm selected and parameters of the study are  
11 not biased and do not have an appearance of bias toward any of  
12 the numerous stakeholders in the workers' compensation system,  
13 including the department of labor and industrial relations,  
14 department of human resources development, insurers, attorneys  
15 representing employers and employees, mutual benefit societies,  
16 health maintenance organizations, and health care providers.

17 SECTION 3. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$150,000 or so much  
19 thereof as may be necessary for fiscal year 2016-2017 for the  
20 auditor to contract with an actuarial firm to produce a study of  
21 closed claims in the State's workers' compensation system;



1 provided that no moneys shall be released unless matched dollar-  
2 for-dollar by the fees assessed pursuant to section 2(b) of this  
3 Act.

4 The sum appropriated shall be expended by the auditor for  
5 the purposes of this Act.

6 SECTION 4. This Act shall take effect on July 1, 2016.



**Report Title:**

Closed Claims Study; Auditor; Appropriation

**Description:**

Requires the Auditor to contract with an actuarial firm that has experience conducting workers' compensation closed claims studies in the United States to perform a study of closed claims in the State's workers' compensation system, subject to consultation and conference with two members of the Legislature selected by the House Speaker and the Senate President, respectively. Appropriates funds and requires matching funds.  
(HB2715 CD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

