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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
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Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Monday, March 10, 2025
3:00 PM
State Capitol, Conference Room 224

In consideration of
HB423 HD2, RELATING TO WORKERS' COMPENSATION

Chair Aquino, Vice Chair Lee, and the members of the committee.

The Department of Human Resources Development (HRD) is in **support** of HB423, HD2.

HB423, HD2 seeks to:

1. Clarify the process for selecting a certified provider of vocational rehabilitation services.
2. Require providers to automatically approve vocational rehabilitation services for an injured employee if those services are likely necessary for suitable gainful employment.

As the self-insured, centralized administrator of workers' compensation benefits for the State, DHRD appreciates the intent of this measure in streamlining the vocational rehabilitation provider selection process. While we believe this bill facilitates a more efficient referral process, if the intent is also to transition an injured worker to suitable gainful employment in a timely and cost-effective manner, DHRD respectfully recommends the following amendment to **§386-25(f), Hawaii Revised Statutes (HRS)**:

(f) A provider shall file the employee's plan with the approval of the employee no later than **90 days after the provider submits an initial evaluation report, unless the employer, provider, and injured worker agree to an extension of that deadline to a specific date by which the vocational plan must be completed.** Upon receipt of the plan from the provider, an employee shall have **ten days** to review and sign the plan. The plan shall be submitted to the employer and the employee and filed with the director within **two days** from the date of the

employee's signature. A plan shall include a statement of the feasibility of the vocational goal, using the process of: *[language to follow in the bill]*.

DHRD's recommendation aligns with **34 C.F.R. § 361.45(e)**, which states:

"The individualized plan for employment must be developed as soon as possible, but no later than 90 days after the date of determination of eligibility, unless the State unit and the eligible individual agree to the extension of that deadline to a specific date by which the individualized plan for employment must be completed."

The Code of Federal Regulations serves as the regulatory authority for vocational rehabilitation programs in other settings, ensuring that vocational plans are developed in a timely manner while allowing reasonable flexibility when needed.

Incorporating this amendment into **HB423, HD2** will not only enhance the clarity of vocational rehabilitation provider selection but also reinforce the bill's core intent—ensuring that services remain focused on securing gainful employment. Additionally, it establishes shared responsibility among the injured worker, vocational rehabilitation provider, and employer to manage costs and time efficiently.

Thank you for the opportunity to provide testimony. We are available to answer questions as necessary.



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Alison H. Ueoka
President

TESTIMONY OF MILIA LEONG

COMMITTEE ON LABOR AND TECHNOLOGY
Senator Henry J.C. Aquino, Chair
Senator Chris Lee, Vice Chair

Monday, March 10, 2025
3:00 p.m.

HB 423, HD2

Chair Aquino, Vice Chair Lee, and members of the Committee on Labor and Technology, my name is Milia Leong, Executive Claims Administrator for HEMIC Insurance Managers, Inc. and the Workers' Compensation Policy Committee Chair for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill. Providing a specific timeline for selection of a rehabilitation counselor will avoid any unnecessary delays in the vocational rehabilitation process and ensures the injured workers timely return to gainful employment.

Thank you for the opportunity to testify.

LATE



Hawaii Medical Association

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SENATE COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair

Senator Chris Lee, Vice Chair

Date: March 10, 2025

From: Hawaii Medical Association (HMA)

Jerald Garcia MD - Chair, HMA Public Policy Committee

RE HB 423 HD 2 RELATING TO WORKERS' COMPENSATION - Workers' Compensation; Vocational Rehabilitation Services

Position: Support

This measure would clarify the process for selecting a certified provider of rehabilitation services and require providers to automatically approve vocational rehabilitation (VR) services for an injured employee if those services will likely be required for suitable gainful employment.

Patients with work-related injury or illness need prompt evaluation, diagnosis and treatment. Timely access to a VR program, typically provided by an Occupational Therapist as part of a public or private VR agency, is necessary to support the patient's recovery and safe return to gainful employment to the best of their abilities. HMA supports this measure that clarifies the process for VR services following Initial Evaluation, allowing automatic approval for these needed, time-sensitive services that support Hawaii patients with work related illness or injury.

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

2025 Hawaii Medical Association Officers

Elizabeth Ann Ignacio, MD, President • Nadine Tenn-Salle, MD, President Elect • Angela Pratt, MD, Immediate Past President
Jerris Hedges, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

2025 Hawaii Medical Association Public Policy Coordination Team

Jerald Garcia, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

REFERENCES AND QUICK LINKS

State of Hawaii. [Disability Compensation Division](#). About Workers' Compensation (WC). Accessed February 4 2025.

Yorton S. Lawmaker Posts Rare Win For Injured Workers — And Pushes For More. [Honolulu Civil Beat](#). [July 31 2024](#). Accessed February 4 2025.

Matayoshi CC. How to get worker's comp for work-related injury, illness. KHON.com. Apr 8 2024. Accessed February 4 2025.

U.S. Department of Interior. Office of the Secretary. Return to work (limited light duty, alternative work assignments and modified permanent job offers) handbook. April 18 2023. Accessed February 4 2025.

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LATE



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

March 10, 2025

To: The Honorable Henry J.C. Aquino, Chair,
The Honorable Chris Lee, Vice Chair, and
Members of the Senate Committee on Labor and Technology

Date: Monday, March 10, 2025
Time: 3:00 p.m.
Place: Conference Room 224, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: **H.B. 423 H.D.2 RELATING TO WORKERS' COMPENSATION**

I. **OVERVIEW OF PROPOSED LEGISLATION**

The DLIR offers comments and suggests amendments to HB423 HD2. This measure proposes to amend § 386-25, Hawaii Revised Statutes (HRS), by:

- Clarifying the process of selecting a certified provider of rehabilitation services, and
- Requiring providers to automatically approve vocational rehabilitation services for an injured employee when it is determined that vocational rehabilitation services are needed for the injured employee to return to suitable gainful employment.

II. **CURRENT LAW**

§386-25 provides in part that the purposes of vocational rehabilitation include restoring an injured worker's earnings capacity as nearly as possible to that level that the worker was earning at the time of injury and to return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner.

§386-25(d) requires a provider to submit an initial evaluation report of the employee to the employer and the director within forty-five days of the date of referral or selection. The evaluation shall determine whether the employee requires vocational rehabilitation services to return to suitable gainful employment, identify the necessary services, and state whether the provider can provide these services.

III. COMMENTS ON THE HOUSE BILL

The DLIR agrees that early intervention and participation in a Vocational Rehabilitation (VR) program can contribute greatly to a successful return to work for injured employees. The stated purpose of this measure comports with the intent of §386-25 to assist the injured employee return to the active labor force and restore the employees earning capacity to nearly as possible to the level they earned at time of injury, as quickly as possible, and in a cost-effective manner.

The DLIR appreciates the intent of this measure to provide a streamlined process to assist these injured employees back to the labor force and suggests the following improvements:

- Pg. 4 lines 15-17 specifies that the injured employee shall select a certified provider within thirty days after the referral is made by the director. However, injured employees also self-refer themselves to VR services and are not referred by the director, therefore, the DLIR recommends striking “by the director” on line 17.
- Pg. 7, line 7 in the proposed subsection (e) states a provider shall automatically approve vocational rehabilitation services by determining if an injured employee will require services to return to work. The department notes that the Initial Evaluation report determines the feasibility of an injured employee to receive vocational rehabilitation services pursuant to the existing subsection (d) (§386-25(d)). Therefore, the DLIR recommends adding “after completion of the initial evaluation report.” to the proposed subsection (e) on line 11.