
HOUSE CONCURRENT RESOLUTION

REQUESTING A FINANCIAL AND MANAGEMENT AUDIT OF THE WORKERS'
COMPENSATION SYSTEM OF THE DEPARTMENT OF HUMAN RESOURCES
DEVELOPMENT AND DEPARTMENT OF EDUCATION.

1 WHEREAS, the State has long adhered to the public policy
2 that it is in the best interests of our citizenry to protect
3 employees when they are ill or injured; and
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5 WHEREAS, wage replacement programs such as the Workers'
6 Compensation Law and the Temporary Disability Insurance Law were
7 enacted specifically because the Legislature acknowledged the
8 importance of making employees "whole" during times of illness
9 and injury, not only for the benefit of the worker, but also for
10 the stability of businesses and our economy, and the health and
11 welfare of our people; and
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13 WHEREAS, Hawaii's workers' compensation law was established
14 to provide benefits in a prompt and accurate manner to employees
15 who sustain a work-related injury or illness; and
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17 WHEREAS, the Department of Labor and Industrial Relations
18 (DLIR), through its Disability Compensation Division (Division),
19 has the overall responsibility of administering the workers'
20 compensation law, including the supervision and execution of
21 prompt and accurate compensation payments; and
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23 WHEREAS, for injured employees to recover from their work-
24 related injuries and get back to work in a timely manner, the
25 processing of workers' compensation claims must be completed as
26 expeditiously as possible; and
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28 WHEREAS, over the years, numerous concerns have been raised
29 over the administration of workers' compensation claims by
30 employers, employees, insurers, and healthcare providers; and

1 WHEREAS, a backlog of open workers' compensation cases has
2 delayed the processing of claims and the rendering of decisions
3 by the Division, prompting DLIR to try to streamline its process
4 and make the filing of claims and dispensing of cases more
5 efficient; and

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7 WHEREAS, the healthcare community has also raised concerns
8 about the difficulty of providing healthcare in workers'
9 compensation cases due to low reimbursement rates; and

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11 WHEREAS, the State of Hawaii, especially the Department of
12 Human Resources Development (DHRD) and Department of Education
13 (DOE), employs thousands of individuals, a certain percentage of
14 whom will experience workplace injuries; and

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16 WHEREAS, questions have been raised about issues and
17 problems arising from the methods used to deal with workers'
18 compensation cases involving government employees and as to
19 whether there is any significant difference in the issues and
20 problems as they affect private sector employees; now,
21 therefore,

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23 BE IT RESOLVED by the House of Representatives of the
24 Twenty-fourth Legislature of the State of Hawaii, Regular
25 Session of 2007, the Senate concurring, that the Legislative
26 Auditor (Auditor) is requested to conduct a financial and
27 management audit of the workers' compensation system as it
28 relates to state employees under the jurisdiction of DHRD and
29 DOE, and identify any problems or issues that may exist within
30 these systems; and

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32 BE IT FURTHER RESOLVED that the Auditor is requested to
33 determine if any differences exist between costs associated with
34 the workers' compensation system afforded to government
35 employees and employers, and the workers' compensation system
36 used by private sector employees and employers; and

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38 BE IT FURTHER RESOLVED that the Auditor submit a report of
39 its findings and recommendations to the Legislature no later
40 than 20 days prior to the convening of the Regular Session of
41 2008; and
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1 BE IT FURTHER RESOLVED that certified copies of this
2 Concurrent Resolution be transmitted to the Legislative Auditor,
3 Director of Human Resources and Development, and Superintendent
4 of Education.

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