



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 29, 2011

To: The Honorable Karl Rhoads, Chair
and Members of the House Committee on Labor & Public Employment (LAB)

The Honorable Angus McKelvey, Chair
And Members of the House Committee on Economic Revitalization & Business
(ERB)

Date: Tuesday, March 29, 2011
Time: 10:05 a.m.
Place: Conference Room 309, State Capitol

From: Dwight Y. Takamine, Interim Director
Department of Labor and Industrial Relations

Testimony in Support of:

HCR 256 / HR 219

**Requesting the Department of Labor and Industrial Relations and the Department of
Business, Economic Development, and Tourism to Conduct a Study on Workers'
Compensation**

I. OVERVIEW OF PROPOSED LEGISLATION

This resolution requests the Department of Labor and Industrial Relations (DLIR) and the Department of Business, Economic Development, and Tourism (DBEDT) to conduct a study concerning the inequities in workers' compensation (WC) costs between small and large businesses. The resolution also directs the two departments to submit a report of their findings and recommendations, including any proposed legislation, to the Legislature no later than 20 days prior to the convening of the 2012 legislative session.

II. CURRENT LAW

Not specifically applicable.

III. HOUSE CONCURRENT RESOLUTION

The Department of Labor and Industrial Relations (DLIR) supports the intent of this resolution, but offers the following comment:

The DLIR lacks the resources to conduct this study without negatively impacting the current level of services it provides to the public. The Disability Compensation Division (DCD), which administers the WC law, is faced with a \$137,000 reduction to its budget ceiling in H.B. 200 H.D.1. The Senate draft will likely increase the budgetary reduction in the wake of the economic downturn from the crisis in Japan. Existing backlogs in servicing WC claimants with the claims processing and hearings system will increase and will delay the medical and economic protections afforded by the WC law to Hawaii's workforce. The \$137,000 reduction follows on the heels of the Reduction in Force and Budgetary Reduction the division suffered in 2009 and 2010—in FY2010 alone, the staffing of DCD was reduced by 25%.



Testimony by: Patti Taira-Tokuuke, PT
HCR 256/HR 219, Requesting DLIR and DBEDT to Conduct A Study on
Workers' Compensation
Hse LAB/ERB Hearing, Tues. March 29, 2011
Room 309, 10:05 am Position: Support

Chair Rhoads and McKelvey, and Members of the Hse LAB/ERB Committees:

I am Patti Taira-Tokuuke, P.T., member of HAPTA's Legislative Committee and member of its Workers' Compensation Issues Committee. Regretfully, I am not able to be present for this hearing. I live on the Big Island and am working today.

HAPTA represents 250-300 physical therapists and physical therapist assistants employed in hospitals, nursing homes, the Armed Forces, the Department of Education and Department of Health (DOH) systems, and private clinics throughout our community. Physical therapists work with everyone, from infants to the elderly, to restore and improve function and quality of life. We are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum function from neuromusculoskeletal injuries and impairments.

Many physical therapists, working in health care facilities as well in private practice clinics, treat injured workers. Any study of the workers' compensation system that may result in cost-effective measures for business, particularly small business, is appreciated. It would be of value to see the data about the number of small businesses who have not filed claims and have received rate increases, and data that identifies what the worker compensation cost drivers are for small businesses—things like over-long, pending investigations and the scheduling of hearings.

It's suggested that the study look at the past three to five years because it is suspected that during recession years, worker compensation claims tend to decrease because workers are afraid to file a claim for fear of losing their jobs. The impact of this on small business worker compensation rates is not known.

I can be reached at 808-969-3811 if you have any questions. Thank you for the opportunity to testify.