



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

Date: Thursday, March 17, 2016

Time: 9:30 a.m.

Place: Conference Room 016

State Capitol

415 South Beretania Street

COMMENTS ON HOUSE BILL 2715 HD2

Automated HealthCare Solutions (AHCS) submits the following testimony related to House Bill 2715 HD2.

AHCS supports the intent of SB 2715 HD2 to increase employee health and safety in the workplace and to provide timely and appropriate services for employees injured on the job in a supportive and non-confrontational environment, but opposes specific provisions of the legislation which are detailed below.

SB 2715 HD2 provides, in part:

(a) The department of labor and industrial relations shall contract with an actuarial firm that has experience conducting workers' compensation closed claims studies in the United States, to perform a comprehensive review of:

- (1) Closed claims in the private employment sector in the State;
- (2) Closed claims involving state employees, including those employed by the department of human resources development, the department of education, and the University of Hawaii system; and
- (3) The State's laws and systems regarding workers' compensation.

(b) The study shall report on whether the State's workers' compensation laws and systems are equitable to all parties and whether specific statutory or systemic changes are warranted.

(c) The total cost of the study shall not exceed \$400,000 and shall be paid for by an assessment to the workers' compensation insurers, workers' compensation captive insurers, and workers' compensation self-insureds in the State to be determined according

to market share of premiums or, in the case of workers' compensation self-insureds, using the current basis to determine special comp fund assessments.

In 2015, the Legislature adopted House Concurrent Resolution No. 168, H.D. 2, S.D. 1, which required the Department of Labor and Industrial Relations to convene a working group to streamline the state's workers' compensation process, of which results will be reported to the 2017 Legislature. AHCS believes that it is premature at this time to require the Department to expend the time and resources required to contract with an actuarial firm to perform such a costly and comprehensive study prior to and without the benefit of the recommendations of the working group.

The working group has been tasked by the Legislature to (a) streamline the State's workers' compensation process, including the employer-requested medical examination; and (b) consider streamlining the filing process for workers' compensation claims by converting to a computerized system. Further, the working group, which should be representative of the numerous stakeholders in the workers' compensation system, including DLIR, DHRD, insurers, attorneys representing employers and employees, a mutual benefit society, a health maintenance organization, health care providers and others, should have ample statistics and studies to do its work. Simply put, we do not need more fact-finding; we need some fact-facing.

Lastly, AHCS works with numerous health care providers in this State, all of whom are small businesses. Imposing an additional assessment of up to \$400,000 upon the workers' compensation insurers, workers' compensation captive insurers, and workers' compensation self-insureds in the State will simply increase workers' compensation costs to small businesses, many of whom simply cannot afford it at this time.

Thank you for your consideration.

Jennifer Maurer, Esq.
Vice President of Government Affairs
Automated HealthCare Solutions, LLC



**Testimony to the Senate Committee on Judiciary and Labor
Thursday, March 17, 2016 at 9:30 A.M.
Conference Room 016, State Capitol**

RE: HOUSE BILL 2715 HD2 RELATING TO WORKERS' COMPENSATION

Chair Keith-Agaran, Vice Chair Shimabukuro, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2715 HD2, which requires the Department of Labor and Industrial Relations to contract with an actuarial firm that has experience conducting workers' compensation closed claims studies in the United States to perform a comprehensive review of workers' compensation in the State.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports a study of the workers' compensation claims to determine where the issues are within the system and how to better address them. There is much discussion on how unfair or ineffective the system is but never data to give a clear picture of the problem and work on a solution to resolve them.

Thank you for the opportunity to testify.