STAND. COM. REP. NO. 3352

Honolulu, Hawaii

MAR 3 0 2026

RE: H.B. No. 1515
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred H.B. No. 1515, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

(1) Authorize an attending physician to request a functional capacity examination and refer an injured employee for the examination without first obtaining permission from the employee's employer in order to assess the employee's ability to return to work; and

(2) Allow licensed occupational and physical therapists to be deemed qualified to perform functional capacity examinations.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Department of Human Resources Development, Hawaii Insurers Council, University of Hawaii Professional Assembly, Hawaii Medical Association, American Physical Therapy Association-Hawaii, and one individual.

Your Committee received testimony in opposition to this measure from the Society for Human Resource Management-Hawaii.

Your Committee received comments on this measure from one individual.

Your Committee finds that functional capacity examinations perform a critical function in evaluating whether an injured worker may return to work or proceed with vocational rehabilitation when returning to full duty is not possible. Your Committee also finds that under the existing system, functional capacity examinations are often delayed due to denials or pending approvals from insurers or adjusters, prolonging the injured worker's return to work. This measure will streamline the process for automatic approval of functional capacity examinations when requested by the attending physician under certain conditions to reduce unnecessary delays and improve outcomes for injured workers.

Your Committee acknowledges the concern raised by the American Physical Therapy Association-Hawaii that this measure, in its current form, authorizes an injured employee's attending physician to order a functional capacity examination only after a determination that the worker is permanently unable to return to usual customary employment. Allowing a functional capacity examination to be ordered at or after medical stabilization, whenever work capacity is in question, would enable earlier, function-based decision-making and may reduce an injured employee's prolonged disability and the associated costs. Thus, amendments to this measure are necessary to address this concern.

Your Committee has amended this measure by:

(1) Authorizing an injured employee's attending physician to request a functional capacity examination after the employee has reached medical stabilization and the employee's capacity to work is in question, rather than when the physician determines that the employee is permanently unable to return to the employee's usual and customary employment;

(2) Inserting an effective date of January 1, 2077, to encourage further discussion; and

(3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the concern raised by the Society for Human Resource Management-Hawaii (SHRM) that authorizing an attending physician to request a functional capacity examination and refer an injured employee for that examination without first obtaining employer input bypasses the collaborative framework that currently exists among employers, insurers, and medical providers. Your Committee further notes the concern raised by SHRM that expanding the categories of providers qualified to perform a functional capacity examination, without the corresponding safeguards to ensure consistency and standardization, may create variability in assessments that can complicate claims management and return-to-work planning. Your Committee finds that these concerns merit further considerations and reportedly requests that subsequent Committees to which this measure is referred examine the issues.

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1515, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1515, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Labor and Technology,

BRANDON J.C. ELEFANTE, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:*	Committee Referral:	Date:
HB 1515 HD2	LBT, WAM	3·23·26

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
ELEFANTE, Brandon J.C. (C)	✓			
LAMOSAO, Rachele (VC)	✓			
IHARA, Jr., Les				✓
MORIWAKI, Sharon Y.	✓			
FEVELLA, Kurt				✓
TOTAL	3	0	0	2

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/02/26