



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

February 4, 2026

To: The Honorable Brandon J.C. Elefante, Chair,
The Honorable Rachele Lamosao, Vice Chair, and
Members of the Senate Committee on Labor and Technology

Date: Wednesday, February 4, 2026
Time: 3:01 p.m.
Place: Conference Room 225, State Capitol

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

Re: S.B. 2273 RELATING TO WORKERS' COMPENSATION

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR offers comments** on this measure and respectfully requests further clarification of the intent of this measure.

SB2273 proposes to amend Chapter 386, Hawaii Revised Statutes (HRS) by:

- Adding a new section requiring employers to pay all workers' compensation claims or while pending an investigation and not deny claims without reasonable cause,
- Creating a presumption of compensability for claims submitted by an employee who is excluded from health care coverage under the Hawaii Prepaid Health Care Act,
- Requiring employers to notify medical services providers of any billing disagreements,
- Allowing providers to increase the total outstanding balance owed for undisputed charges by one percent per month,
- Establishing dispute resolution procedures for employers and providers who have a reasonable disagreement over charges, and
- Requiring employers to deny a treatment plan within three days of receipt of a treatment plan else the treatment plan is deemed accepted.

II. CURRENT LAW

§386-21(c) specifies that when a dispute exists between an insurer or self-insured employer and a medical services provider regarding the amount of a fee for medical services, the director may resolve the dispute in a summary manner as the director may prescribe; provided that a provider shall not charge more than the provider's private patient charge for the service rendered.

§386-21.1 specifies that in the event of a controverted claim, the injured employee's private health care plan shall pay for or provide medical care, services and supplies in accordance with the private health care contract. When the claim is accepted or determined to be compensable, the employer shall reimburse the private health care plan and the injured employee in amounts as authorized by this chapter and rules adopted by the director.

§386-21.2 specifies (d) A treatment plan shall be deemed accepted if an employer fails to file with the director: (1) an objection to the treatment plan; (2) any applicable documentary evidence supporting the denial; and (3) a copy of the denied treatment plan, copying the physician and the injured employee.

HAR §12-15-32(b) specifies in part that treatment plans which are reasonable and necessary may not be denied by the employer. However, employer's liability could be deferred if a plan is deemed deficient. Neither the injured employee nor the employer shall be liable for services provided under a deficient treatment plan.

§12-15-32(c) specifies a treatment plan shall be deemed received by an employer when the plan is sent by mail or facsimile with reasonable evidence showing that the received.

§12-15-32(d) specifies in part the employer may file an objection to the treatment plan with documentary evidence supporting the denial. The employer shall be responsible for payment for treatments provided under a complete treatment plan until the date the objection is filed with the director.

§12-15-42(c) specifies in part whenever a request for consultation is received, the employer shall respond within seven calendar days...failure by the employer to respond within seven calendar days shall constitute approval of the request.

§12-15-51(b) specifies in part whenever a request for elective surgery is received, the employer shall respond within seven calendar days, failure by the employer to respond within seven calendar days shall constitute approval of the request.

§12-15-94 provides that:

(a) the employer shall pay for all medical services which the nature of the compensable injury and the process of recovery require. The employer is not required to pay for care unrelated to the compensable injury.

(b) When a provider of service notifies or bills an employer, the employer shall inform the provider within sixty calendar days of such notification or billing should the employer controvert the claim for services. Failure of the employer to notify the

provider of service shall make the employer liable for services rendered until the provider is informed the employer controverts additional services.

(c) The employer, after accepting liability, shall pay all charges billed within sixty calendar days of receipt of such charges except for items where there is a reasonable disagreement. If more than sixty calendar days lapse between the employer's receipt of an undisputed billing and date of payment, payment of billing shall be increased by one per cent per month of the outstanding balance. In the event of disagreement, the employer shall pay for all acknowledged charges and shall notify the provider of service, copying the claimant, of the denial of payment and the reason for denial of payment within sixty calendar days of receipt. Furthermore, the employer's denial must explicitly state that if the provider of service does not agree, the provider of service may file a "BILL DISPUTE REQUEST" to include a copy of the original bill with the director within sixty calendar days after postmark of the employer's objection, and failure to do so shall be construed as acceptance of the employer's denial.

(d) In the event a reasonable disagreement relating to specific charges cannot be resolved, the employer or provider of service may request intervention by the director in writing with notice to the other party. The director shall send the parties a notice and the parties shall negotiate during the thirty-one calendar days following the date of the notice from the director. If the parties fail to come to an agreement during the thirty-one calendar days, then within fourteen calendar days following the thirty-one day negotiating period, either party may file a request, in writing, to the director to review the dispute with notice to the other party. The director shall send the parties a second notice requesting the parties file position statements, with substantiating documentation to specifically include the amount in dispute and a description of actions taken to resolve the dispute, within fourteen calendar days following the date of the second notice from the director. The director shall review the positions of both parties and render an administrative decision without hearing. A service fee of up to \$500 payable to the State of Hawaii General Fund will be assessed at the discretion of the director against either or both parties who fail to negotiate in good faith.

III. COMMENTS ON THE SENATE BILL

SB2273 largely codifies language that already exists in §12-15-94, which currently governs employer payment obligations, dispute resolution procedures, and penalties for late payment.

The Department provides comments and respectfully requests further clarification on the intent of this measure:

1. This measure introduces a presumption of compensability for employees excluded from health care coverage under the Hawaii Prepaid Health Care Act. This presumption may create a potential legal challenge as this will expand the conditions of compensability of a case.
2. Compressing timelines from 60 days to 30 days for billing disputes and from seven to three days for treatment plan objections may give Employers and insurers insufficient time to investigate a claim thoroughly, gather supporting

documentation, and ensure a fair and accurate determination. Additionally, strict timelines and penalties may unintentionally incentivize employers to deny claims prematurely to avoid penalties and to shift costs to employees or providers, consequently undermining fairness and compliance with the statute.

3. Although intended to streamline the workers' compensation process, SB2273 adds procedural steps and dispute resolution requirements that could increase hearings and filings and extend resolution timelines in an already litigious program.
4. As the Disability Compensation Division is now fully automated, SB2273 will require removing language regarding "postmark dates" and "mailing forms" to the director throughout the measure and replacing them with electronic language.

For these reasons, the Department respectfully seeks clarification of this measure, particularly regarding the intent behind the presumption of compensability and its liability implications. Additionally, the Department requests careful consideration of whether the proposed shortened timelines are practical and consistent with procedural fairness.

JOSH GREEN, M. D.
GOVERNOR
KE KIA'ĀINA

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



BRENNA H. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

BRIAN K. FURUTO
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Wednesday, February 4, 2026
3:01PM
State Capitol, Conference Room 225

In consideration of
SB2273, RELATING TO WORKERS' COMPENSATION

Chair Elefante, Vice Chair Lamosao, and the members of the committee:

The Department of Human Resources Development (HRD) offers the following comments and concerns on SB2273.

The purpose of SB2273 is to:

- Require employers pay all workers' compensation claims for compensable injuries and not deny claims without reasonable cause or during an investigation;
- Create the presumption of compensability for claims submitted by employees from coverage under the Hawai'i prepaid health care act;
- Require employers to notify medical services providers of any billing disagreements and allows providers to charge an additional rate to employers for outstanding balances owed for undisputed charges;
- Establish a dispute resolution procedure for employers and providers who have a reasonable disagreement over charges; and
- Require employers to deny a treatment plan within 3 days of receipt of a treatment plan or the treatment plan is deemed accepted.

Our comments and concerns are as follows:

1. HRD has a fiduciary duty to administer the State Executive Branch's self-insured workers' compensation program and the expenditure of public funds for that purpose. In accordance with Section 386-85, HRS, HRD accepts liability for the

vast majority of new claims with only a small minority requiring investigation to confirm the alleged injury arose out of and in the course of employment. Because Section 386-25, HRS, supports that compensability should be presumed when there is no contrary evidence, the measure appears unnecessary.

2. When liability of a claim is being investigated, Section 386.21.1, HRS and Hawai'i Administrative Rules (HAR), Section 12-12-45, provides that medical costs and care are to be paid through the worker's private health care and will be reimbursable by workers' compensation once a claim is accepted or determined compensable.
3. Section 12-15-94, HAR, states that employers are responsible for addressing medical charges within sixty calendar days of receipt, with a provider being able to increase the outstanding balance by one per cent per month should there be a delay between the employer's receipt and payment. A shorter time frame placed on an employer to contest and/or pay the provider may result in increased costs or more bill disputes, leading to further delays in treatment and payment of claims. For the State Executive Branch, because payments are processed through a separate department for which HRD has no jurisdiction, the shorter period to process medical payments places HRD at a disadvantage and exposes us to increased unbudgeted costs.
4. Though timely communication and responses to treatment plans are vital, the proposed compressed time of responding within three days does not allow employers adequate time to gather supporting evidence to properly address treatment requests. With many treatment plans being deficient, the current timeframe to respond within seven days allows employers and providers time to correct treatment requests without formal denials. If response time frames are shortened, it is suspected employers will be forced to deny treatments, which would result in delays until the Department of Labor and Industrial Relations is able to address the treatment request by hearing, thus potentially negatively impacting workers' care.
5. Shortening the time frame for an employer to respond to a treatment plan will also increase costs for HRD because deadlines for response could fall within a three-day weekend thereby requiring HRD to either pay workers overtime.
6. There is no evidence that shortening an employer's response to a treatment request will result in injured workers obtaining suitable medical care quicker. Currently, under Section 12-15-32, HAR, authorization is not required for an injured worker to see a physician, up to 15 sessions, during the first sixty calendar days from incident. Thereafter, treatment plans are for 120 days with most providers being unable to implement treatment immediately because of time needed to coordinate care. In emergency situations, Section 12-15-50, HAR, allows the injured worker to seek care at the "earliest reasonable and

practicable time” with the health care provider being duly compensated in accordance with Section 386-21, HRS.

In lieu of passing this bill, HRD suggests that an updated actuarial study be conducted by the Department of Labor and Industrial Relations through a “closed claims study”, similar to Act 88, SLH 2016, to determine whether specific statutory changes are necessary to the workers’ compensation law.

We are available to answer any questions or provide further information as needed.

COMMITTEE ON LABOR AND TECHNOLOGY

DATE: Wednesday, February 4, 2026
TIME: 3:01 PM
PLACE: State Capitol Rm # 225 & Videoconference

Testimony in Strong Support for SB 2273

Dear Chair Elefante, Vice Chair Lamosao, and the Committee on Labor and Technology:

My name is Gary Okamura, MD and I am an Orthopedic Surgeon who has been treating injured workers in Hawaii's for over decades. I am also the President of Work Injury Medical Association of Hawaii. I am testifying in strong support of SB 2273, Relating to Workers' Compensation.

SB 2273 addresses long-standing, well-documented problems in our workers' compensation system: delayed payments, unexplained denials, and lack of a clear, timely process for resolving billing disputes. These issues directly affect injured employees' access to care and the willingness of qualified providers to participate in the system.

Ensuring timely payment for compensable care

The bill codifies a clear obligation that employers pay for all medical services required for a **compensable** injury and recovery, while clarifying that employers are not responsible for unrelated care. By requiring payment of all undisputed charges within thirty calendar days of receipt of a bill or notification of services, SB 2273 sets a reasonable, predictable standard that helps keep providers in the system and care available to injured workers. Allowing providers to add one per cent per month on outstanding balances for undisputed charges when payment is not timely is an important, modest incentive for compliance that mirrors common-sense business practices.

Preventing unjustified denials and delays

SB 2273 appropriately prohibits employers from controverting medical service claims without reasonable cause or while a claim is still under investigation. This is vital to ensuring that injured workers are not caught in limbo, with needed treatment delayed solely because liability investigations are pending. The bill also creates a presumption of compensability for claims submitted by employees who are excluded from coverage under the Hawaii Prepaid Health Care Act, which closes a dangerous gap where some workers might otherwise fall between systems and go without care.

Transparent dispute process and due process protections

The measure establishes a structured, time-bound process when charges are subject to reasonable disagreement, including: payment of all undisputed charges, written notice of any denial with reasons, and a copy of the denial to the employee within thirty days. It then provides a clear "bill dispute request" process with the Director of Labor and Industrial Relations, including required notice language, deadlines, and documentation, culminating in an administrative decision without a hearing so that disputes are resolved efficiently rather than lingering for

months or years. The director's ability to assess up to a \$1,000 service fee against parties who fail to negotiate in good faith, including denials without reasonable cause, is an important deterrent against abuse and gamesmanship.

At the same time, SB 2273 includes a safeguard that if a controverted claim is ultimately found non-compensable, the employee is liable to reimburse benefits or payments made under this section, including medical, vocational rehabilitation, and other services paid by the employer, insurer, or special compensation fund. This balances stronger access to care with protection against improper claims, ensuring the system remains fair to all stakeholders.

Faster decisions on treatment plans

Finally, the bill amends section 386-21.2(d), HRS, so that a treatment plan is deemed accepted if, within three days of receipt, the employer does not file an objection with supporting documentation and provide a copy of the denied plan to both the physician and the injured employee. This short, definite timeline is critical in real clinical practice: treatment delays of even a few weeks can meaningfully worsen outcomes, prolong disability, and increase ultimate claim costs. By creating a clear "silence means acceptance" rule, SB 2273 promotes timely, evidence-based care and reduces unnecessary friction between payers and providers. For these reasons, and based on my decades of experience seeing how delays, denials, and opaque billing practices harm both patients and providers, I respectfully urge the Committee to pass SB 2273. This bill will make Hawaii's workers' compensation system more fair, transparent, and sustainable for injured workers, employers, and medical providers alike.

Thank you for the opportunity to testify in support of SB 2273.

Gary Okamura, MD

President – WIMAH

WIMAH808@gmail.com

TESTIMONY IN STRONG SUPPORT OF SB 2273 - Relating to Workers' Compensation

Dear Chair Elefante, Vice Chair Lamosao, and the Committee on Labor and Technology:

My name is [Malia Keolanui, APRN], and I am a medical provider who treats injured workers in Hawaii. I am submitting testimony in **strong support of SB 2273**. This bill addresses long-standing problems in our workers' compensation system that directly affect patient care and the ability of providers like me to continue participating in the system.

Timely Payment for Compensable Care - For years, providers have struggled with delayed payments, unexplained denials, and inconsistent communication from employers and insurers. SB 2273 establishes a clear requirement that employers must pay for all medical services related to a compensable injury and must pay all **undisputed charges within 30 days**. This predictable standard is essential for keeping providers in the system and ensuring injured workers continue to have access to care.

The bill also allows providers to add **1% per month** on overdue undisputed balances—a modest, reasonable incentive that encourages timely payment and reflects standard business practice.

Preventing Unjustified Denials and Delays - SB 2273 prohibits employers from denying or controverting medical service claims **without reasonable cause** or while a claim is still under investigation. Too often, injured workers are left in limbo, unable to receive needed treatment because liability investigations drag on.

The bill also creates a **presumption of compensability** for workers excluded from the Hawaii Prepaid Health Care Act, closing a dangerous gap where some employees might otherwise fall through the cracks and go without care.

Clear, Transparent Dispute Resolution - The bill establishes a structured, time-bound process for billing disagreements. Employers must:

- Pay all undisputed charges
- Provide written notice of any denial with reasons
- Send a copy of the denial to the injured employee

If a disagreement remains, SB 2273 creates a clear “bill dispute request” process with the Director of Labor and Industrial Relations, including deadlines, required documentation, and an administrative decision without a hearing. This ensures disputes are resolved efficiently rather than lingering for months or years.

The bill also allows the Director to assess up to a **\$1,000 service fee** against parties who fail to negotiate in good faith—an important deterrent against unreasonable denials or delay tactics.

Faster Decisions on Treatment Plans - In clinical practice, delays in treatment can worsen outcomes and prolong disability. SB 2273 amends HRS §386-21.2(d) so that a treatment plan is **deemed**

accepted if the employer does not deny it within three days and provide supporting documentation to both the physician and the injured worker.

This “silence means acceptance” rule is critical. Providers cannot begin treatment without clear authorization, and bill review companies often refuse payment unless written approval is provided. A firm three-day deadline ensures timely care and reduces unnecessary friction between payers and providers.

Conclusion - Based on my experience treating injured workers, I have seen how delays, denials, and opaque billing practices harm both patients and providers. SB 2273 brings fairness, transparency, and accountability to a system that urgently needs reform. It protects injured workers, supports medical providers, and creates a more sustainable workers’ compensation system for Hawaii. I respectfully urge the Committee to **pass SB 2273**.

Thank you for the opportunity to testify.

Malia Keolanui, APRN

SB-2273

Submitted on: 2/2/2026 12:47:20 PM

Testimony for LBT on 2/4/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Blair	Testifying for Workstar	Oppose	Written Testimony Only

Comments:

TESTIMONY IN STRONG OPPOSITION TO SB 2292 - Relating to Workers' Compensation Medical Treatment

Dear Chair Elefante, Vice Chair Lamosao, and Members of the Committee on Labor and Technology,

My name is **Scott Blair PA-C** and I am a medical provider treating injured workers here in Hawaii. I strongly oppose SB 2292.

Other states, like California, have struggled with similar systems. Their rigid guidelines led to more denials, more appeals, and more administrative burden—not better care. **I would PERSONALLY know this, as I worked as a PA-C in California treating work comp injuries for 4 years from 2018-2022 before moving to Hawaii where I have been treating work comp injuries for 4 years from 2022-2026.** The difference in treatment quality and care for patients in Hawaii is substantially better than for patients in California. In California, we dealt with constant denials for basic care of our work comp patients.

There is a myriad of patients I have treated in Hawaii who have benefited from individualized care for their injuries, that have allowed them to heal and return to work as police officers, landscapers, teachers, and various other occupations because they were able to complete adequate treatment. By putting trust in the medical providers, and not in insurance companies' bottom lines, we can continue to provide top of the line treatment for work comp injuries in Hawaii.

When our company hires providers from out of state, one of their main concerns is “How hard is it to get insurance approval?” I am always able to respond that Hawaii has a great system for allowing patients to receive the care they need and deserve, as recommended by their providers, unlike my experiences working in California.

Work comp injuries and insurance approvals are already hard enough to navigate. The addition of adherence to a specific guideline would deteriorate patient care, add unnecessary paperwork and costs to providers, and further lead to long term loss of medical providers and adequate treatment in the state.

For these reasons, I respectfully urge you to **oppose SB 2292**.

Mahalo for the opportunity to testify.

TESTIMONY IN STRONG SUPPORT OF SB 2273 - Relating to Workers' Compensation

Dear Chair Elefante, Vice Chair Lamosao, and the Committee on Labor and Technology:

My name is **Ka`ohimanu Dang Akiona, MD**, and I am a physician, one of very few remaining who treats injured workers in Hawaii- on Hawaii Island and Moloka`i. I am submitting testimony in **strong support of SB 2273**. This bill addresses long-standing problems in our workers' compensation system that directly affect patient care and the ability of providers like me to continue participating in the system.

Timely Payment for Compensable Care - For years, providers have struggled with delayed payments, unexplained denials, and inconsistent communication from employers and insurers. SB 2273 establishes a clear requirement that employers must pay for all medical services related to a compensable injury and must pay all **undisputed charges within 30 days**. This predictable standard is essential for keeping providers in the system and ensuring injured workers continue to have access to care.

The bill also allows providers to add **1% per month** on overdue undisputed balances—a modest, reasonable incentive that encourages timely payment and reflects standard business practice.

Preventing Unjustified Denials and Delays - SB 2273 prohibits employers from denying or controverting medical service claims **without reasonable cause** or while a claim is still under investigation. Too often, injured workers are left in limbo, unable to receive needed treatment because liability investigations drag on.

The bill also creates a **presumption of compensability** for workers excluded from the Hawaii Prepaid Health Care Act, closing a dangerous gap where some employees might otherwise fall through the cracks and go without care.

Clear, Transparent Dispute Resolution - The bill establishes a structured, time-bound process for billing disagreements. Employers must:

- Pay all undisputed charges
- Provide written notice of any denial with reasons
- Send a copy of the denial to the injured employee

If a disagreement remains, SB 2273 creates a clear “bill dispute request” process with the Director of Labor and Industrial Relations, including deadlines, required documentation, and an administrative decision without a hearing. This ensures disputes are resolved efficiently rather than lingering for months or years.

The bill also allows the Director to assess up to a **\$1,000 service fee** against parties who fail to negotiate in good faith—an important deterrent against unreasonable denials or delay tactics.

Faster Decisions on Treatment Plans - In clinical practice, delays in treatment can worsen outcomes and prolong disability. SB 2273 amends HRS §386-21.2(d) so that a treatment plan is **deemed**

accepted if the employer does not deny it within three days and provide supporting documentation to both the physician and the injured worker.

This “silence means acceptance” rule is critical. Providers cannot begin treatment without clear authorization, and bill review companies often refuse payment unless written approval is provided. A firm three-day deadline ensures timely care and reduces unnecessary friction between payers and providers.

Conclusion - Based on my experience treating injured workers, I have seen how delays, denials, and opaque billing practices harm both patients and providers. SB 2273 brings fairness, transparency, and accountability to a system that urgently needs reform. It protects injured workers, supports medical providers, and creates a more sustainable workers’ compensation system for Hawaii. I respectfully urge the Committee to **pass SB 2273**.

Thank you for the opportunity to testify.

TESTIMONY OF MILIA LEONG

COMMITTEE ON LABOR AND TECHNOLOGY
Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair

Wednesday, February 4, 2026
3:01 p.m.

SB 2273

Chair Elefante, Vice Chair Lamosao, and members of the Committee on Labor and Technology, my name is Milia Leong, Executive Claims Administrator for HEMIC Insurance Managers, Inc., and Chair of the Workers' Compensation Policy Committee 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 (HIC) **opposes** this bill. This bill creates new language for disputed charges and includes a presumption of a compensable claim when submitted by an employee who is excluded from health care coverage under the Hawaii prepaid health care act (PPHCA). The bill further mandates that treatment plans be accepted within 3 days.

HIC has been a part of the House Workers' Compensation Working Group for several years and part of its goal is to streamline processes within the system to provide expedient care for injured employees and to return them to work as soon as possible. The Working Group comprises many stakeholders in the workers' compensation system including the Department of Labor and Industrial Relations, treating physicians, plaintiff attorneys, injured worker representatives, service providers, insurers, and defense attorneys. To that end, the Working Group has addressed this issue in SB 2393 and HB 1509 on treatment plan deadlines and sanctions.

This bill also creates a presumption of coverage based on an employee who is excluded from health care coverage under the Hawaii PPHCA. The workers' compensation system contains extremely broad coverage, and its presumption is that the injury occurred at work. Whether or not the employee is excluded from PPHCA has nothing to do with whether the injury occurred at work.

Therefore, we believe that relevant provisions in this bill are contained in SB 2393 and we ask that this bill be held.

Thank you for the opportunity to testify.



The Senate Committee on Labor and Technology

February 4, 2026

Room 225

3:01 PM

RE: SB 2273, Relating to Workers' Compensation

Attention: Chair Brandon J.C. Elefante, Vice Chair Rachele Lamosao and
Members of the Committee

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **supports SB 2273.**

Timely access to quality medical care is essential for the recovery of injured faculty members, yet the current system often allows administrative delays to hinder necessary treatment. We support this measure because it streamlines the authorization process, ensuring that medical treatment plans are approved quickly so that employees are not left waiting in uncertainty. Additionally, by establishing clear standards for prompt payment and fair dispute resolution, this bill helps ensure that qualified physicians remain available and willing to treat work-related injuries. These improvements are vital to creating a more responsive workers' compensation system that prioritizes the health and well-being of our members.

UHPA supports the passage of SB 2273.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Fern'.

Christian L. Fern

Executive Director

University of Hawaii Professional Assembly

**University of Hawaii
Professional Assembly**



February 3, 2026

Senator Brandon Elefante, Chair
Senator Rachele Lamasao, Vice Chair
Senate Committee on Labor and Technology
Hawaii State Legislature

Comments on SB2273 – Workers’ Compensation

Dear Chair Elefante, Vice Chair Lamasao and Members of the Senate Committee on Labor and Technology,

On behalf of the Kohala Coast Resort Association, our 5,500 employees, and the nearly 20,000 Hawaii Island residents they support, thank you for the opportunity to testify on this important legislation. Mahalo to Senator Joy San Buenaventura for listening to our concerns during the last year, for conducting independent research with the insurers and physicians on Hawaii Island, and for working with us to help create a legislative solution to the challenges we’re experiencing, which we believe will be beneficial for the entire state.

Hawaii Island employers are facing mounting challenges with the workers’ compensation system, including: rising healthcare costs and inconsistent treatment guidelines; inefficient claims processing; medical providers experiencing long payment delays which leads them to not accept this type of insurance; prolonged litigation; delayed medical care for impacted employees, which keeps injured employees out of work longer; and a lack of standardized medical necessity guidelines, which leads to unnecessary procedures and inflated costs.

This causes challenges for everyone within the system.

For Employees: Delays in care lead to worsening injuries, mental health strain, and financial hardship as **Temporary Total Disability (TTD) benefits cover only 67% of wages, making long absences unsustainable for many island families.**

For Employers: Rising premiums and extended time-off erode productivity, morale, and retention.

For Physicians: Delayed approvals and reimbursements disrupt patient care and clinic operations and are causing many physicians to reject Workers’ Compensation coverage.

We would like to propose the following amendments:

AMENDMENT 1 — Add a 14-Day Good-Faith Investigation Period

Insert in §386- (b), after line 10:

“Notwithstanding the foregoing, an employer or insurer shall be permitted a good-faith investigation period of up to fourteen calendar days from the date the claim is reported to the employer. During this period, the employer shall provide coverage for emergency care and initial medical evaluation, but shall not be required to accept or deny the claim until the investigation period concludes.”

Rationale: The bill currently prohibits denial “during a pending investigation,” which is unworkable. This amendment preserves fast access to care while allowing employers to verify facts.

AMENDMENT 2 — Narrow the Presumption of Compensability

Modify §386- (b), lines 11–14, to read:

“Provided that a claim shall be presumed compensable when submitted by an employee excluded from coverage under the Hawaii Prepaid Health Care Act and the injury is reported within seven calendar days of occurrence and occurred on the employer’s premises or during assigned work duties.”

“The presumption of compensability shall not apply where objective medical evidence demonstrates that the employee’s pre-existing condition was the primary cause of the injury, and the work incident was incidental, coincidental, or unrelated.”

Rationale: This prevents the presumption from applying to stale, unwitnessed, off-premises injuries or injuries where a pre-existing condition is the actual cause of the condition.

AMENDMENT 3 — Define “Reasonable Cause” for Denial

Add a new subsection after §386- (b):

“(b-1) For purposes of this section, ‘reasonable cause’ includes but is not limited to: (1) Late reporting of the injury without good cause; (2) Unwitnessed injuries; (3) Evidence of non-work-related causation; (4) Conflicting medical documentation; (5) Evidence of intoxication or violation of safety rules; (6) Inconsistent statements by the employee.”

Rationale: Clear standards reduce litigation and protect employers acting in good faith.

AMENDMENT 4 — Protect Employers When a Pre-Existing Condition Causes the Injury

Add a new subsection after §386- (b-1):

“(b-2) A claim shall not be presumed compensable, and an employer shall not be liable for medical care or benefits, when the injury, illness, or need for treatment is caused solely by a pre-existing medical condition and is not materially contributed to by the employee’s work activities or work environment.

For purposes of this subsection, ‘caused solely by a pre-existing condition’ includes situations in which the employee’s underlying medical condition is the direct and proximate cause of the injury or disability, and the employment did not aggravate, accelerate, or otherwise contribute to the condition.”

AMENDMENT 5 — Protect Employers from Delayed Healing or Interrupted Care Due to Non-Work Factors

Add a new subsection after §386- (a):

“(a-2) An employer or insurer shall not be liable for additional medical care, extended treatment, prolonged disability, or increased costs when the delay in recovery, interruption of care, or worsening of the employee’s condition is caused in whole or in part by factors unrelated to the compensable work injury.

Such unrelated factors include, but are not limited to: (1) Pre-existing medical conditions; (2) Gaps in treatment due to private health insurance coverage issues; (3) Failure by the employee to follow prescribed medical treatment; (4) Non-industrial injuries or illnesses; (5) Personal lifestyle factors or non-work activities that impede recovery.”

***“The employer shall be liable only for the natural and probable consequences of the compensable work injury.

Any increase in disability or medical need resulting from unrelated medical conditions, personal health decisions, or interruptions in care outside the employer’s control shall not be compensable.”***

AMENDMENT 6 — Extend Treatment-Plan Deadline to 7 Business Days

Modify Section 2, page 6, lines 1–7:

Replace “three days” with:

“seven business days”

Add:

“A treatment plan shall not be deemed accepted if the employer demonstrates good-faith efforts to obtain necessary information within the seven-day period.”

Rationale: Three days is unrealistic for insurers and third party administrators. Seven business days still ensures fast care.

AMENDMENT 7 — Cap Provider Penalties

Modify §386- (d), lines 14–17:

Replace:

“may increase the total outstanding balance owed for undisputed charges by one per cent per month”

With:

“may increase the outstanding balance for undisputed charges by up to one per cent per month, not to exceed ten per cent of the original undisputed amount.”

Rationale: Prevents runaway penalties and keeps costs predictable.

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Add a new subsection after §386- (h):

“(h-1) Employers with fewer than twenty-five employees shall receive an additional three business days for all deadlines established in this section. Penalties shall not be assessed for first-time administrative errors.”

Rationale: Small employers lack HR staff and need flexibility.

AMENDMENT 10 — Limit Employee Reimbursement Obligations

Modify §386- (i):

Replace with:

“(i) An employee shall be liable for reimbursement of benefits or payments received under this section only if the claim is determined to be fraudulent or if the employee knowingly misrepresented material facts.”

Rationale: The bill’s current language is unusually harsh and could create hardship for low-income workers.

AMENDMENT 11 - Add a new subsection after §386- (b-2):

“(b-3) Apportionment for Delayed Recovery or Increased Disability Due to Personal Medical Factors

(1) *When a compensable work injury combines with a pre-existing medical condition or personal health factor to delay recovery, prolong disability, or increase the need for medical care, the employer or insurer shall be liable only for that portion of disability or treatment that is reasonably attributable to the compensable work injury.*

(2) *Liability for medical care, temporary disability benefits, permanent disability benefits, or other compensation shall be reduced proportionately to reflect the degree to which non-industrial factors contributed to delayed healing, increased treatment needs, or extended disability.*

(3) *For purposes of this subsection, “personal medical factors” include but are not limited to:*

(A) Pre-existing medical conditions or comorbidities;

(B) Intervening non-industrial injuries or illnesses;

(C) Failure to follow prescribed treatment or medically-recommended restrictions;

(D) Lifestyle factors or personal activities that impede recovery; and

(E) Treatment interruptions or gaps caused by insurance issues or personal decisions unrelated to the employment.

(4) *Apportionment under this subsection may be established by medical opinion based on reasonable medical probability.”*

AMENDMENT 12 - Add a new subsection after §386- (a-2):

“(a-3) Requirement to Seek and Accept the Soonest Available Appointment

(1) *An employee receiving medical treatment under this chapter shall make reasonable efforts to schedule and attend the soonest available appointment with the employee’s treating physician or any specialist to whom the employee is referred.*

(2) *If an employee declines, cancels, or fails to schedule the earliest reasonably available appointment without good cause, the employer or insurer shall not be liable for any additional medical treatment, extended disability, or increased costs resulting from the delay.*

(3) *For purposes of this subsection, “good cause” includes but is not limited to:*

(A) Lack of transportation due to circumstances beyond the employee’s control;

- (B) A conflicting medical emergency;
(C) Provider-initiated rescheduling;
(D) Documented unavailability due to protected leave or legally-required obligations.
(4) Personal preference for a particular physician, office location, appointment slot, or provider convenience shall not constitute good cause.
(5) Any delay in recovery or increased disability caused by failure to attend the soonest reasonably available appointment shall be considered a non-industrial factor for purposes of apportionment under subsection (b-3).”

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“SECTION __. This Act shall be repealed on June 30, 2029, unless reenacted by the Legislature. The Department of Labor and Industrial Relations shall submit annual reports to the Legislature on claim volume, costs, and dispute outcomes.”

Rationale: Allows lawmakers to evaluate real-world impacts before making the changes permanent.

Mahalo for your consideration of these proposed amendments which we believe will aid employers, employees and physicians by strengthening Hawaii’s Workers’ Compensation process.

Sincerely,



Stephanie Donoho, Administrative Director
Kohala Coast Resort Association

Craig Anderson, VP Operations, Mauna Kea Resort –President
Charlie Parker, General Manager, Four Seasons Hualalai – Vice President
Mark Goldrup, General Manager, Waikoloa Beach Marriott – Secretary
Pete Alles, Regional VP and GM, Mauna Lani, Auberge Resorts Collection – Treasurer
Pat Fitzgerald, CEO, Hualalai Investors – Board of Directors
Daniel Scott, Managing Director Rosewood Kona Village – Board of Directors
Samantha Jones, DOSM, Fairmont Orchid – Board of Directors
Scott Head, VP Resort Operations, Waikoloa Land Company – Board of Directors
Jim Russell, Director of Rooms, Hilton Waikoloa Village – Board of Directors
Rob Gunthner, Area VP Resort Operations, Hilton Grand Vacations – Board of Directors



February 3, 2026

Senator Brandon Elefante, Chair
Senator Rachele Lamasao, Vice Chair
Senate Committee on Labor and Technology
Hawaii State Legislature

Comments on SB2273 – Workers’ Compensation

Dear Chair Elefante, Vice Chair Lamasao and Members of the Senate Committee on Labor and Technology,

On behalf of the Four Seasons Resort Hualalai, our 1,300 employees, and the families that they support, thank you for the opportunity to testify on this important legislation. Mahalo to Senator Joy San Buenaventura for listening to our concerns during the last year, for conducting independent research with the insurers and physicians on Hawaii Island, and for working with us to help create a legislative solution to the challenges we’re experiencing, which we believe will be beneficial for the entire state.

Hawaii Island employers are facing mounting challenges with the workers’ compensation system, including: rising healthcare costs and inconsistent treatment guidelines; inefficient claims processing; medical providers experiencing long payment delays which leads them to not accept this type of insurance; prolonged litigation; delayed medical care for impacted employees, which keeps injured employees out of work longer; and a lack of standardized medical necessity guidelines, which leads to unnecessary procedures and inflated costs.

This causes challenges for everyone within the system.

For Employees: Delays in care lead to worsening injuries, mental health strain, and financial hardship as **Temporary Total Disability (TTD) benefits cover only 67% of wages, making long absences unsustainable for many island families.**

For Employers: Rising premiums and extended time-off erode productivity, morale, and retention.

For Physicians: Delayed approvals and reimbursements disrupt patient care and clinic operations and are causing many physicians to reject Workers’ Compensation coverage.

We would like to propose the following amendments:

AMENDMENT 1 — Add a 14Day GoodFaith Investigation Period

Insert in §386 (b), after line 10:



“Notwithstanding the foregoing, an employer or insurer shall be permitted a goodfaith investigation period of up to fourteen calendar days from the date the claim is reported to the employer. During this period, the employer shall provide coverage for emergency care and initial medical evaluation, but shall not be required to accept or deny the claim until the investigation period concludes.”

Rationale: The bill currently prohibits denial “during a pending investigation,” which is unworkable. This amendment preserves fast access to care while allowing employers to verify facts.

AMENDMENT 2 — Narrow the Presumption of Compensability

Modify §386 (b), lines 11–14, to read:

“Provided that a claim shall be presumed compensable when submitted by an employee excluded from coverage under the Hawaii Prepaid Health Care Act and the injury is reported within seven calendar days of occurrence and occurred on the employer’s premises or during assigned work duties.”

“The presumption of compensability shall not apply where objective medical evidence demonstrates that the employee’s preexisting condition was the primary cause of the injury, and the work incident was incidental, coincidental, or unrelated.”

Rationale: This prevents the presumption from applying to stale, unwitnessed, offpremises injuries or injuries where a pre-existing condition is the actual cause of the condition.

AMENDMENT 3 — Define “Reasonable Cause” for Denial

Add a new subsection after §386 (b):

“(b1) For purposes of this section, ‘reasonable cause’ includes but is not limited to: (1) Late reporting of the injury without good cause; (2) Unwitnessed injuries; (3) Evidence of nonworkrelated causation; (4) Conflicting medical documentation; (5) Evidence of intoxication or violation of safety rules; (6) Inconsistent statements by the employee.”

Rationale: Clear standards reduce litigation and protect employers acting in good faith.

AMENDMENT 4 — Protect Employers When a PreExisting Condition Causes the Injury

Add a new subsection after §386 (b1):

“(b2) A claim shall not be presumed compensable, and an employer shall not be liable for medical care or benefits, when the injury, illness, or need for treatment is caused solely by a preexisting medical condition and is not materially contributed to by the employee’s work activities or work environment.

For purposes of this subsection, ‘caused solely by a preexisting condition’ includes situations in which the employee’s underlying medical condition is the direct and proximate cause of the injury or disability, and the employment did not aggravate, accelerate, or otherwise contribute to the condition.”



AMENDMENT 5 — Protect Employers from Delayed Healing or Interrupted Care Due to NonWork Factors

Add a new subsection after §386 (a):

“(a2) An employer or insurer shall not be liable for additional medical care, extended treatment, prolonged disability, or increased costs when the delay in recovery, interruption of care, or worsening of the employee’s condition is caused in whole or in part by factors unrelated to the compensable work injury.

Such unrelated factors include, but are not limited to: (1) Preexisting medical conditions; (2) Gaps in treatment due to private health insurance coverage issues; (3) Failure by the employee to follow prescribed medical treatment; (4) Nonindustrial injuries or illnesses; (5) Personal lifestyle factors or nonwork activities that impede recovery.”

***“The employer shall be liable only for the natural and probable consequences of the compensable work injury.

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AMENDMENT 6 — Extend TreatmentPlan Deadline to 7 Business Days

Modify Section 2, page 6, lines 1–7:

Replace “three days” with:

“seven business days”

Add:

“A treatment plan shall not be deemed accepted if the employer demonstrates goodfaith efforts to obtain necessary information within the seven day period.”

Rationale: Three days is unrealistic for insurers and third party administrators. Seven business days still ensures fast care.

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“may increase the total outstanding balance owed for undisputed charges by one per cent per month”

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Sincerely,

A handwritten signature in black ink, appearing to read "Ashley Poland".
A small version of the stylized tree logo from the Four Seasons brand.

Ashley Poland

Director of People and Culture, People and Culture

Four Seasons Resort Hualalai
72-100 Ka'ūpūlehu Drive
Kailua Kona, HI 96740

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February 3, 2026

Senator Brandon Elefante, Chair
Senator Rachele Lamasao, Vice Chair
Senate Committee on Labor and Technology
Hawaii State Legislature

Comments on SB2273 – Workers’ Compensation

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Sincerely,



Charlie Parker

Regional Vice President & General Manager, Executive Office

Four Seasons Resort Hualalai
72-100 Ka'ūpūlehu Drive
Kailua Kona, HI 96740



841 Bishop Street, Suite 2250 | Honolulu, Hawaii 96813

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Statement of

KRIS KADZIELAWA

Managing Director, Solera Integrated Medical Solutions

Before the

SENATE COMMITTEE ON LABOR AND TECHNOLOGY

Wednesday, February 4, 2026

3:01PM

State Capitol, Conference Room 225

In consideration of

SB2292 RELATING TO WORKERS' COMPENSATION

TESTIMONY IN OPPOSITION TO SB2273.

Chair Elefante, Vice Chair Lamosao, and members of the committee:

Aloha and Mahalo for the opportunity to provide testimony in opposition to SB2273. My name is Kris Kadzielawa, and I am the Managing Director of Solera Integrated Medical Solutions, a medical payment integrity technology and services provider dedicated to ensuring fair, efficient, and high-quality claims processing for employers, insurers, and government programs.

I appreciate the legislature's efforts to refine payment and dispute resolution processes. We share the goal of ensuring timely, fair care for injured workers while maintaining a balanced system that supports employers and promotes accountability. However, after careful review, we must respectfully oppose this measure in its current form, as it risks disrupting that

balance and introducing unintended consequences that could escalate costs and hinder effective oversight.

Existing statutes and administrative rules, such as those in HRS Chapter 386 and Title 12, Chapter 15 of the Hawaii Administrative Rules, already offer comprehensive mechanisms for handling payments, disputes, and treatment plans. These provisions ensure that injured workers receive necessary care promptly, while allowing employers reasonable time to investigate claims and challenge inappropriate billing. For instance, current law requires employers to pay for compensable medical services and provides clear pathways for resolving disagreements through the Department of Labor and Industrial Relations (DLIR), including presumptions that favor workers in certain contexts.

SB2273, while well-intentioned, introduces changes that could inadvertently favor aggressive billing practices at the expense of thorough review. The bill's prohibition on controverting claims during investigations, combined with a presumption of compensability for certain employees, places a higher burden on employers to accept bills without adequate opportunity to verify legitimacy. This is particularly concerning in cases involving novel or compounded medications, where federal oversight has revealed serious issues. Recent FDA inspections of compounding facilities have uncovered deficiencies in aseptic processing, environmental monitoring, and product validation—issues that compromise patient safety and underscore the need for careful scrutiny before payment. For example, observations from FDA Form 483s and warning letters highlight failures in sterilization procedures, improper sampling, and inadequate validation of drug products, leading to risks like microbial contamination. In our experience supporting claims teams, such lapses can result in overutilization of high-cost treatments that offer little therapeutic value, potential for injured worker harm, and driving up expenses without benefiting recovery.

Moreover, the bill's 30-day payment requirement for all charges (with 1% monthly interest on undisputed balances) and streamlined dispute processes, while aiming for efficiency, may encourage frivolous or inflated submissions. Employers could face pressure to pay questionable bills to avoid penalties, diverting resources from genuine care and potentially increasing overall system costs. The amendment to HRS §386-21.2(d), reducing the objection window for treatment plans to just three days, further compresses timelines in a way that may not account for the complexities of gathering medical evidence or coordinating with multiple stakeholders. As noted in similar contexts by the Department of Human Resources Development in their opposition to related measures, these changes could tilt the scales unduly, imposing subjective penalties without clear definitions and straining DLIR's administrative capacity.

Our system's strength lies in its fairness and predictability, which have worked effectively for most providers. Disruptions like those proposed could exacerbate challenges from a small subset of actors who exploit gaps—and relentless resubmissions, sometimes dozens per claim. To truly enhance the system, we recommend preserving current safeguards that allow for reasoned investigations and disputes. If the committee advances this bill, we respectfully suggest amendments to focus solely on clarifying notification timelines, while striking provisions related to presumptions, interest penalties, and fees, as they may contradict established practices and invite abuse.

We urge the committee to hold SB2273 and stand ready to collaborate on balanced reforms that protect workers, control costs, and maintain integrity.

We are available to answer any questions or provide further information.

Respectfully submitted,

Kris Kadzielawa

Co-Founder, Managing Director | Solera IMS | MediHawaii.com

O: +1 808 531 2273 ext. 25 | kris.kadzielawa@solera.com

Solera IMS | 841 Bishop Street, Suite 2250 | Honolulu, Hawaii 96813



SB-2273

Submitted on: 2/1/2026 9:07:57 PM

Testimony for LBT on 2/4/2026 3:01:00 PM

Submitted By	Organization	Testifier Position	Testify
Kyle Cabison	Individual	Support	Written Testimony Only

Comments:

TESTIMONY IN STRONG SUPPORT OF SB 2273 - Relating to Workers' Compensation

Dear Chair Elefante, Vice Chair Lamosao, and the Committee on Labor and Technology:

My name is **Kyle Cabison M.D.**, and I am one of the few medical providers who treats injured workers on the Island of Hawaii. I am submitting testimony in **strong support of SB 2273**. This bill addresses long-standing problems in our workers' compensation system that directly affect patient care and the ability of providers like me to continue participating in the system.

Timely Payment for Compensable Care - For years, providers have struggled with delayed payments, unexplained denials, and inconsistent communication from employers and insurers. SB 2273 establishes a clear requirement that employers must pay for all medical services related to a compensable injury and must pay all **undisputed charges within 30 days**. This predictable standard is essential for keeping providers in the system and ensuring injured workers continue to have access to care.

The bill also allows providers to add **1% per month** on overdue undisputed balances—a modest, reasonable incentive that encourages timely payment and reflects standard business practice.

Preventing Unjustified Denials and Delays - SB 2273 prohibits employers from denying or controverting medical service claims **without reasonable cause** or while a claim is still under investigation. Too often, injured workers are left in limbo, unable to receive needed treatment because liability investigations drag on.

The bill also creates a **presumption of compensability** for workers excluded from the Hawaii Prepaid Health Care Act, closing a dangerous gap where some employees might otherwise fall through the cracks and go without care.

Clear, Transparent Dispute Resolution - The bill establishes a structured, time-bound process for billing disagreements. Employers must:

- Pay all undisputed charges
- Provide written notice of any denial with reasons
- Send a copy of the denial to the injured employee

If a disagreement remains, SB 2273 creates a clear “bill dispute request” process with the Director of Labor and Industrial Relations, including deadlines, required documentation, and an administrative decision without a hearing. This ensures disputes are resolved efficiently rather than lingering for months or years.

The bill also allows the Director to assess up to a **\$1,000 service fee** against parties who fail to negotiate in good faith—an important deterrent against unreasonable denials or delay tactics.

Faster Decisions on Treatment Plans - In clinical practice, delays in treatment can worsen outcomes and prolong disability. SB 2273 amends HRS §386-21.2(d) so that a treatment plan is **deemed accepted if the employer does not deny it within three days** and provide supporting documentation to both the physician and the injured worker.

This “silence means acceptance” rule is critical. Providers cannot begin treatment without clear authorization, and bill review companies often refuse payment unless written approval is provided. A firm three-day deadline ensures timely care and reduces unnecessary friction between payers and providers.

Conclusion - Based on my experience treating injured workers, I have seen how delays, denials, and opaque billing practices harm both patients and providers. SB 2273 brings fairness, transparency, and accountability to a system that urgently needs reform. It protects injured workers, supports medical providers, and creates a more sustainable workers’ compensation system for Hawaii.

I respectfully urge the Committee to **pass SB 2273**.

Thank you for the opportunity to testify,

Kyle Cabison, M.D.

SB-2273

Submitted on: 2/2/2026 8:07:52 PM

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Submitted By	Organization	Testifier Position	Testify
Carol Ann Orr MD	Testifying for Carol A Orr MD LLC	Support	Written Testimony Only

Comments:

TESTIMONY IN SUPPORT OF SB 2273 - Relating to Workers' Compensation

Dear Chair Elefante, Vice Chair Lamosao, and Members of the Committee on Labor and Technology,

My name is Dr. Carol Orr, and I am a physician practicing in Hilo who regularly treats injured workers throughout East Hawai'i. I am writing in strong support of SB 2273 because it addresses longstanding barriers that delay care, create unnecessary disputes, and place an unsustainable burden on the medical providers who serve Hawai'i's workforce.

The Current System Creates Delays That Harm Patients

In my practice, injured workers often wait far too long for decisions that should be straightforward. Claims that are clearly compensable are sometimes held up for weeks or months without explanation. During these delays, patients cannot access timely care, and providers are left without payment for services already rendered. SB 2273 establishes clearer expectations for employers and insurers, ensuring that compensable claims are paid and cannot be denied without legitimate cause.

Timely Treatment Plan Responses Are Essential

One of the most significant challenges we face is the lack of required response times for treatment plans. Bill review companies frequently refuse to reimburse care unless written authorization is provided, even when the law states that a plan is "deemed accepted." Without a firm deadline, providers are left waiting indefinitely, and patients go without necessary treatment. SB 2273's requirement that employers respond within three days is a critical reform that will allow care to begin promptly and prevent avoidable delays.

Improved Communication and Transparency

Under the current system, providers often discover billing disputes only when payment fails to arrive. There is no consistent requirement for employers to notify us of disagreements or missing information. SB 2273 corrects this by requiring direct communication with providers when a bill is contested. This simple change will reduce confusion, prevent unnecessary resubmissions, and allow issues to be resolved more efficiently.

A Fair Process for Billing Disputes

Right now, there is no reliable pathway for resolving billing disagreements. Providers wait months—or years—without clarity. SB 2273 establishes a structured dispute resolution process that benefits both sides by creating predictability and reducing administrative waste.

Supporting Providers in a Time of Severe Shortage

Hawai‘i is already facing a critical shortage of healthcare professionals. On the neighbor islands, this shortage is even more acute. Every additional administrative burden pushes more providers away from treating workers’ compensation patients. SB 2273 helps stabilize the system by:

- Ensuring timely payment for undisputed charges
- Allowing providers to charge an additional rate for long overdue balances
- Reducing unnecessary delays that discourage participation

These reforms are essential if we want to maintain access to care for injured workers, especially in rural communities like Hilo.

Why SB 2273 Matters

For injured workers, this bill means:

- Faster access to treatment
- Fewer delays caused by unclear or missing employer responses
- More certainty during an already stressful process

For providers, it means:

- Clearer rules
- Fairer payment practices
- A more functional and predictable system

SB 2273 is a practical, balanced, and urgently needed update to Hawai‘i’s workers’ compensation system. It strengthens protections for injured workers and supports the medical providers who care for them. These reforms will help ensure that patients receive timely treatment and that providers can continue participating in the system without facing unreasonable financial risk.

For these reasons, I respectfully urge the Committee to pass SB 2273.

Mahalo for your consideration,
Carol Orr, MD
Hilo, Hawai'i

TESTIMONY IN SUPPORT OF SB 2273

Submitted by: **Kathy Plack, Medical Billing Specialist**

Chair Elefante, Vice Chair Lamosao, and Members of the Committee,

My name is **Kathy Plack**, and I manage billing for a wide range of workers' compensation providers across Hawai'i, including physicians, physical therapists, and other healthcare professionals. Because I work directly with the administrative side of workers' compensation every day, I see clearly where the system breaks down and how those breakdowns affect both patients and providers. For this reason, I am offering my **strong support** for SB 2273.

The Current System Creates Barriers for Everyone - The challenges in workers' compensation are not limited to one specialty or one island. Across the board, providers face the same problems: delayed payments, unclear communication, and inconsistent responses to treatment plans. These issues slow down patient care and create financial strain for clinics that are already struggling to keep up with administrative demands.

SB 2273 Addresses the Problems We See Daily - From a billing perspective, several parts of this bill are especially important:

- **Timely decisions on compensable claims** help prevent long periods of uncertainty for both patients and providers.
- **A requirement for employers to communicate billing disagreements** ensures that providers are not left guessing why a claim has gone unpaid.
- **A structured dispute-resolution process** gives clinics a clear path forward when disagreements arise.
- **A three-day response time for treatment plans** is essential. Providers cannot move forward without written authorization, and delays often lead to nonpayment months later.
- **Allowing providers to charge an additional rate for overdue undisputed balances** helps small practices stay financially stable when payments are delayed.

These changes will reduce unnecessary administrative work and help ensure that injured workers receive timely care.

Why This Matters - When payments are delayed or denials are issued without explanation, clinics spend countless hours tracking down information, resubmitting claims, and appealing decisions. This is time that could be spent supporting patient care. SB 2273 brings clarity and accountability to a system that has lacked both for far too long. SB 2273 is a practical and much-needed reform that will improve communication, reduce delays, and support the providers who care for Hawai'i's injured workers. These improvements benefit every specialty and every island.

I respectfully urge the Committee to **pass SB 2273**.

Thank you for your time and consideration,

Kathy Plack

Workers' Compensation Billing Specialist

February 3, 2026

Senator Brandon Elefante, Chair
Senator Rachele Lamasao, Vice Chair
Senate Committee on Labor and Technology
Hawaii State Legislature

Comments on SB2273 – Workers’ Compensation

Dear Chair Elefante, Vice Chair Lamasao and Members of the Senate Committee on Labor and Technology,

As an independent health care provider on Hawaii Island and subject matter expert on the workers compensation process, thank you for the opportunity to testify on this important legislation. Mahalo to Senator Joy San Buenaventura for listening to our concerns during the last year, for conducting independent research with the insurers and physicians on Hawaii Island, and for working with us to help create a legislative solution to the challenges we’re experiencing, which we believe will be beneficial for the entire state.

Hawaii Island employers are facing mounting challenges with the workers’ compensation system, including: rising healthcare costs and inconsistent treatment guidelines; inefficient claims processing; medical providers experiencing long payment delays which leads them to not accept this type of insurance; prolonged litigation; delayed medical care for impacted employees, which keeps injured employees out of work longer; and a lack of standardized medical necessity guidelines, which leads to unnecessary procedures and inflated costs.

This causes challenges for everyone within the system.

For Employees: Delays in care lead to worsening injuries, mental health strain, and financial hardship as **Temporary Total Disability (TTD) benefits cover only 67% of wages, making long absences unsustainable for many island families.**

For Employers: Rising premiums and extended time-off erode productivity, morale, and retention.

For Physicians: Delayed approvals and reimbursements disrupt patient care and clinic operations and are causing many physicians to reject Workers’ Compensation coverage.

We would like to propose the following amendments:

AMENDMENT 1 — Add a 14Day GoodFaith Investigation Period

Insert in §386 (b), after line 10:

“Notwithstanding the foregoing, an employer or insurer shall be permitted a goodfaith investigation period of up to fourteen calendar days from the date the claim is reported to the employer. During this period, the employer shall provide coverage for emergency care and initial medical evaluation, but shall not be required to accept or deny the claim until the investigation period concludes.”

Rationale: The bill currently prohibits denial “during a pending investigation,” which is unworkable. This amendment preserves fast access to care while allowing employers to verify facts.

AMENDMENT 2 — Narrow the Presumption of Compensability

Modify §386 (b), lines 11–14, to read:

“Provided that a claim shall be presumed compensable when submitted by an employee excluded from coverage under the Hawaii Prepaid Health Care Act and the injury is reported within seven calendar days of occurrence and occurred on the employer’s premises or during assigned work duties.”

“The presumption of compensability shall not apply where objective medical evidence demonstrates that the employee’s preexisting condition was the primary cause of the injury, and the work incident was incidental, coincidental, or unrelated.”

Rationale: This prevents the presumption from applying to stale, unwitnessed, offpremises injuries or injuries where a pre-existing condition is the actual cause of the condition.

AMENDMENT 3 — Define “Reasonable Cause” for Denial

Add a new subsection after §386 (b):

“(b1) For purposes of this section, ‘reasonable cause’ includes but is not limited to: (1) Late reporting of the injury without good cause; (2) Unwitnessed injuries; (3) Evidence of nonworkrelated causation; (4) Conflicting medical documentation; (5) Evidence of intoxication or violation of safety rules; (6) Inconsistent statements by the employee.”

Rationale: Clear standards reduce litigation and protect employers acting in good faith.

AMENDMENT 4 — Protect Employers When a PreExisting Condition Causes the Injury

Add a new subsection after §386 (b1):

“(b2) A claim shall not be presumed compensable, and an employer shall not be liable for medical care or benefits, when the injury, illness, or need for treatment is caused solely by a preexisting medical condition and is not materially contributed to by the employee’s work activities or work environment.

For purposes of this subsection, ‘caused solely by a preexisting condition’ includes situations in which the employee’s underlying medical condition is the direct and proximate cause of the injury or disability, and the employment did not aggravate, accelerate, or otherwise contribute to the condition.”

AMENDMENT 5 — Protect Employers from Delayed Healing or Interrupted Care Due to NonWork Factors

Add a new subsection after §386 (a):

“(a2) An employer or insurer shall not be liable for additional medical care, extended treatment, prolonged disability, or increased costs when the delay in recovery, interruption of care, or worsening of the employee’s condition is caused in whole or in part by factors unrelated to the compensable work injury.

Such unrelated factors include, but are not limited to: (1) Preexisting medical conditions; (2) Gaps in treatment due to private health insurance coverage issues; (3) Failure by the employee to follow prescribed medical treatment; (4) Nonindustrial injuries or illnesses; (5) Personal lifestyle factors or nonwork activities that impede recovery.”

***“The employer shall be liable only for the natural and probable consequences of the compensable work injury.

Any increase in disability or medical need resulting from unrelated medical conditions, personal health decisions, or interruptions in care outside the employer’s control shall not be compensable.”***

AMENDMENT 6 — Extend TreatmentPlan Deadline to 7 Business Days

Modify Section 2, page 6, lines 1–7:

Replace “three days” with:

“seven business days”

Add:

“A treatment plan shall not be deemed accepted if the employer demonstrates goodfaith efforts to obtain necessary information within the seven day period.”

Rationale: Three days is unrealistic for insurers and third party administrators. Seven business days still ensures fast care.

AMENDMENT 7 — Cap Provider Penalties

Modify §386 (d), lines 14–17:

Replace:

“may increase the total outstanding balance owed for undisputed charges by one per cent per month”

With:

“may increase the outstanding balance for undisputed charges by up to one per cent per month, not to exceed ten per cent of the original undisputed amount.”

Rationale: Prevents runaway penalties and keeps costs predictable.

AMENDMENT 8 — Standardize Provider Billing Requirements

Add to §386 (d):

“Bills submitted by medical services providers shall comply with standardized billing formats adopted by the director. Failure to submit bills in the required format shall toll the employer’s thirtyday response period.”

Rationale: Ensures employers aren’t penalized for incomplete or unclear bills.

AMENDMENT 9 — SmallBusiness SafeHarbor Protections

Add a new subsection after §386 (h):

“(h1) Employers with fewer than twentyfive employees shall receive an additional three business days for all deadlines established in this section. Penalties shall not be assessed for firsttime administrative errors.”

Rationale: Small employers lack HR staff and need flexibility.

AMENDMENT 10 — Limit Employee Reimbursement Obligations

Modify §386 (i):

Replace with:

“(i) An employee shall be liable for reimbursement of benefits or payments received under this section only if the claim is determined to be fraudulent or if the employee knowingly misrepresented material facts.”

Rationale: The bill’s current language is unusually harsh and could create hardship for lowincome workers.

AMENDMENT 11 - Add a new subsection after §386 (b2):

“(b3) Apportionment for Delayed Recovery or Increased Disability Due to Personal Medical Factors

(1) When a compensable work injury combines with a preexisting medical condition or personal health factor to delay recovery, prolong disability, or increase the need for medical care, the employer or

insurer shall be liable only for that portion of disability or treatment that is reasonably attributable to the compensable work injury.

(2) Liability for medical care, temporary disability benefits, permanent disability benefits, or other compensation shall be reduced proportionately to reflect the degree to which nonindustrial factors contributed to delayed healing, increased treatment needs, or extended disability.

(3) For purposes of this subsection, "personal medical factors" include but are not limited to:

(A) Preexisting medical conditions or comorbidities;

(B) Intervening nonindustrial injuries or illnesses;

(C) Failure to follow prescribed treatment or medically recommended restrictions;

(D) Lifestyle factors or personal activities that impede recovery; and

(E) Treatment interruptions or gaps caused by insurance issues or personal decisions unrelated to the employment.

(4) Apportionment under this subsection may be established by medical opinion based on reasonable medical probability."

AMENDMENT 12 - Add a new subsection after §386 (a2):

"(a3) Requirement to Seek and Accept the Soonest Available Appointment

(1) An employee receiving medical treatment under this chapter shall make reasonable efforts to schedule and attend the soonest available appointment with the employee's treating physician or any specialist to whom the employee is referred.

(2) If an employee declines, cancels, or fails to schedule the earliest reasonably available appointment without good cause, the employer or insurer shall not be liable for any additional medical treatment, extended disability, or increased costs resulting from the delay.

(3) For purposes of this subsection, "good cause" includes but is not limited to:

(A) Lack of transportation due to circumstances beyond the employee's control;

(B) A conflicting medical emergency;

(C) Provider-initiated rescheduling;

(D) Documented unavailability due to protected leave or legally required obligations.

(4) Personal preference for a particular physician, office location, appointment slot, or provider convenience shall not constitute good cause.

(5) Any delay in recovery or increased disability caused by failure to attend the soonest reasonably available appointment shall be considered a nonindustrial factor for purposes of apportionment under subsection (b3)."

AMENDMENT 13 — Add a Sunset Clause

Add a new section at the end of the bill:

"SECTION _. This Act shall be repealed on June 30, 2029, unless reenacted by the Legislature. The Department of Labor and Industrial Relations shall submit annual reports to the Legislature on claim volume, costs, and dispute outcomes."

Rationale: *Allows lawmakers to evaluate realworld impacts before making the changes permanent.*

Mahalo for your consideration of these proposed amendments which we believe will aid employers, employees and physicians by strengthening Hawaii's Workers' Compensation process.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Branchflower PT, DPT". The signature is written in a cursive, flowing style.

Dr. Andrew Branchflower PT, DPT