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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AND PROCUREMENT  
AUDIT OF THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT TO  
REVIEW ITS COMPLIANCE WITH THE HAWAII PUBLIC PROCUREMENT  
CODE AND ITS MANAGEMENT OF WORKERS' COMPENSATION-RELATED  
PRESCRIPTION DRUG CLAIMS.

1           WHEREAS, the Department of Human Resources Development  
2 (DHRD) is responsible for managing statewide human resources  
3 programs, including workers' compensation administration for  
4 state employees; and

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6           WHEREAS, the State's workers' compensation system relies on  
7 accurate, timely, and compliant bill review services to ensure  
8 that medical payments, treatment approvals, and related  
9 processes adhere to applicable laws and state established- fee  
10 schedules; and

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12           WHEREAS, concerns have been raised that DHRD may not have  
13 followed the Hawaii Public Procurement Code, Chapter 103D,  
14 Hawaii Revised Statutes, when selecting contractors to provide  
15 workers' compensation bill review or related services; and

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17           WHEREAS, it is in the State's interest to ensure that all  
18 procurement, including professional services related to workers'  
19 compensation, are conducted transparently, competitively, and in  
20 a manner that promotes fairness and best value to taxpayers; and

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22           WHEREAS, inadequate procurement practices can result in  
23 excessive costs, reduced accountability, and long-term  
24 inefficiencies affecting both the State and injured employees  
25 who rely on timely- processing of claims; and  
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1           WHEREAS, injured employees are entitled under state law to  
2 timely medical care, prescription medications, and benefits  
3 necessary for recovery and return to work; and  
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5           WHEREAS, concerns have been raised that DHRD has adopted  
6 practices that result in overzealous denials, delays, or  
7 repeated requests for justification of legitimate workers'  
8 compensation prescription drug claims, midlevel office visits,  
9 surgical implants, treatment plans and certain acupuncture codes  
10 (collectively "WC Claims"), creating barriers to care for  
11 injured workers; and  
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13           WHEREAS, such practices may be inconsistent with the intent  
14 and requirements of Chapter 386, Hawaii Revised Statutes (HRS),  
15 and related Hawaii Administrative Rules (HAR) governing timely  
16 provision of medical benefits, physician authority, and employer  
17 obligations; and  
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19           WHEREAS, workers' compensation law envisions a system in  
20 which necessary prescription medications are furnished promptly  
21 when required by the nature of an industrial injury, and delays,  
22 administrative or otherwise, can undermine statutory protections  
23 for injured workers; and  
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25           WHEREAS, while DHRD may assert that its heightened scrutiny  
26 of prescription drug and other WC Claims is intended to reduce  
27 costs and protect taxpayer funds, these practices may instead  
28 impose unintended adverse consequences on medical providers,  
29 particularly physicians who dispense medications directly to  
30 patients as permitted under Hawaii law; and  
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32           WHEREAS, recurring denials or prolonged delays of payment  
33 for WC Claims have been reported to cause financial strain on  
34 medical practitioners, discouraging them from continuing to  
35 treat injured workers or from offering point of- -care  
36 dispensing services that can improve patient compliance and  
37 outcomes; and  
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39           WHEREAS, these delays and denials can also lead to  
40 disrupted continuity of care, forcing injured workers to wait  
41 for medication approvals, seek alternative providers, or



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1 experience gaps in pain management or other medically necessary  
2 treatment; and

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4 WHEREAS, prescribing physicians, pharmacists, and injured  
5 workers have expressed concern that burdensome administrative  
6 barriers imposed by DHRD may compromise the effectiveness,  
7 reliability, and fairness of the State's workers' compensation  
8 system; and

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10 WHEREAS, persistent delays and denials in payments may also  
11 signal broader systemic issues, including inadequate internal  
12 controls, insufficient claims management practices, or  
13 intentional avoidance of statutory obligations; and

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15 WHEREAS, if DHRD's practices contradict statutory and  
16 regulatory standards, or impair access to reasonable and  
17 necessary care, such actions warrant independent review and  
18 corrective recommendations; and

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20 WHEREAS, the Legislature finds that these issues, combined  
21 with concerns about DHRD's procurement of bill r-eview services,  
22 justify a comprehensive audit to evaluate compliance,  
23 efficiency, cost impacts, and the effect of current practices on  
24 injured workers and medical providers; and

25  
26 WHEREAS, the Auditor has the authority to conduct  
27 performance audits, procurement compliance audits, and  
28 management audits, including investigations into the use of  
29 sole-source, small-purchase, or non-competitive procurement  
30 methods; now, therefore,

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32 BE IT RESOLVED by the House of Representatives of the  
33 Thirty-third Legislature of the State of Hawaii, Regular Session  
34 of 2026, the Senate concurring, that the Auditor is requested to  
35 conduct a performance and procurement audit of the Department of  
36 Human Resources Development; and

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38 BE IT FURTHER RESOLVED that the audit include, but not be  
39 limited to:

- 40 1. A review of all procurement actions taken by DHRD for  
41 workers' compensation related services over the past five  
42 fiscal years;



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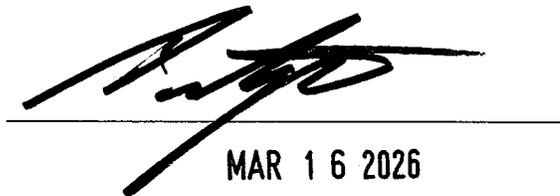
- 1        2. An assessment of whether DHRD complied with applicable
- 2            procurement statutes, rules, and policies;
- 3        3. An evaluation of the justification and documentation used
- 4            for any sole source, emergency, or small purchase
- 5            procurements;
- 6        4. An analysis of the effectiveness, cost efficiency, and
- 7            oversight of the contractors selected;
- 8        5. Recommendations for improving procurement controls,
- 9            management practices, and accountability within DHRD;
- 10       6. A determination of the extent of delays, denials and
- 11           defaults in contravention of the intent of our workers'
- 12           compensation laws;
- 13       7. The adequacy of existing enforcement mechanisms and
- 14           penalties for noncompliance;
- 15       8. The effectiveness of current monitoring systems used to
- 16           detect payment delays;
- 17       9. The sufficiency of reporting and documentation requirements
- 18           imposed on employers and carriers; and
- 19 Any systemic issues contributing to repeated or prolonged
- 20 nonpayment of benefits; and

21  
 22        BE IT FURTHER RESOLVED that Auditor is requested to submit  
 23 a report of its findings and recommendations, including any  
 24 proposed legislation, to the Legislature no later than twenty  
 25 days prior to the convening of the Regular Session of 2027; and  
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27        BE IT FURTHER RESOLVED that certified copies of this  
 28 Concurrent Resolution be transmitted to the Auditor, the  
 29 Director of Human Resources Development, the Director of Labor  
 30 and Industrial Relations, and the Governor.

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OFFERED BY:

  
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 MAR 16 2026