
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.

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 when selecting
14 contractors to provide workers' compensation bill review or
15 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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27 WHEREAS, injured employees are entitled under state law to
28 timely medical care, prescription medications, and benefits
29 necessary for recovery and return to work; and



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



1 barriers imposed by DHRD may compromise the effectiveness,
2 reliability, and fairness of the State's workers' compensation
3 system; and
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5 WHEREAS, persistent delays and denials in payments may also
6 signal broader systemic issues, including inadequate internal
7 controls, insufficient claims management practices, or
8 intentional avoidance of statutory obligations; and
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10 WHEREAS, if DHRD's practices contradict statutory and
11 regulatory standards, or impair access to reasonable and
12 necessary care, such actions warrant independent review and
13 corrective recommendations; and
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15 WHEREAS, the Legislature finds that these issues, combined
16 with concerns about DHRD's procurement of bill review services,
17 justify a comprehensive audit to evaluate compliance,
18 efficiency, cost impacts, and the effect of current practices on
19 injured workers and medical providers; and
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21 WHEREAS, the Auditor has the authority to conduct
22 performance audits, procurement compliance audits, and
23 management audits, including investigations into the use of
24 sole-source, small-purchase, or non-competitive procurement
25 methods; now, therefore,
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27 BE IT RESOLVED by the House of Representatives of the
28 Thirty-third Legislature of the State of Hawaii, Regular Session
29 of 2026, the Senate concurring, that the Auditor is requested to
30 conduct a performance and procurement audit of the Department of
31 Human Resources Development; and
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33 BE IT FURTHER RESOLVED that the audit include, but not be
34 limited to:
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- 36 (1) A review of all procurement actions taken by DHRD for
37 workers' compensation related services over the past
38 five fiscal years;
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40 (2) An assessment of whether DHRD complied with applicable
41 procurement statutes, rules, and policies;
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- 1 (3) An evaluation of the justification and documentation
2 used for any sole source, emergency, or small purchase
3 procurements;
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- 5 (4) Recommendations for improving procurement controls,
6 management practices, and accountability within DHRD;
7 and
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- 9 (5) Any systemic issues contributing to repeated or
10 prolonged nonpayment of benefits; and
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12 BE IT FURTHER RESOLVED that Auditor is requested to submit
13 a report of its findings and recommendations, including any
14 proposed legislation, to the Legislature no later than twenty
15 days prior to the convening of the Regular Session of 2027; and
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17 BE IT FURTHER RESOLVED that certified copies of this
18 Concurrent Resolution be transmitted to the Governor, Auditor,
19 Director of Human Resources Development, and Director of Labor
20 and Industrial Relations.

