

STAND. COM. REP. NO. 1705-26

Honolulu, Hawaii

APR 02 , 2026

RE: H.C.R. No. 172
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Labor, to which was referred H.C.R. No. 172
entitled:

"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,"

begs leave to report as follows:

The purpose of this measure is to request 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.

Your Committee received testimony in support of this measure
from the Aloha Billing Company; Hawaii Injury Recovery Center;
Work Injury Medical Association of Hawaii; Premier Medical Group
Hawaii; Hawaii Government Employees Association, AFSCME Local 152,
AFL-CIO; and eight individuals. Your Committee received testimony
in opposition to this measure from the Department of Human
Resources Development. Your Committee received comments on this
measure from Solera Integrated Medical Solutions.

2026-2861 HCR172 HD1 HSCR HMSO



Your Committee finds that concerns have been raised regarding whether the Department of Human Resources Development followed required procurement laws when selecting contractors to provide workers' compensation bill review and related services. Prolonged payment delays and heightened administrative barriers may undermine statutory protections for injured workers and disrupt continuity of medical care. Your Committee believes that an independent audit by the Auditor will promote transparency, accountability, and improved management practices while ensuring that workers' compensation benefits are administered fairly, efficiently, and in accordance with state law.

Your Committee has amended this measure by:

- (1) Amending the contents of the audit report;
- (2) Amending its title in accordance with its amended purpose; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 172, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.C.R. No. 172, H.D. 1.

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


JACKSON D. SARAMA, Chair



