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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
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Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON LABOR
Tuesday, March 31, 2026
10:00AM
State Capitol, Conference Room 309

In consideration of
**HCR172 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.**

Chair Sayama, Vice Chair Lee, and members of the committee:

The Department of Human Resources Development (HRD) opposes HCR172 which requests the auditor to conduct a performance and procurement audit of HRD to review its compliance with the Hawai'i Public Procurement Code and its management of workers' compensation-related prescription claims.

HRD opposes the measure for the following reasons:

- As a self-insured employer representing the State of Hawai'i's Executive Branch, the Hawai'i Public Housing Authority, and the Department of Education's Public Charter Schools, HRD has a fiduciary responsibility to accurately account for all expenses associated with each workers' compensation claim filed. These expenses are inclusive of all workers' compensation benefits such as medical, permanent partial disability, permanent total disability, disfigurement, death, and temporary and partial disability, not just prescription drugs.
- When issuing payments, HRD follows applicable statutes and rules including Hawai'i Revised Statutes (HRS), Chapter 386, and the Hawai'i Administrative Rules (HAR), Title 12, Chapters 10 and 15, which define the parameters of bill payment. HRD also applies §103D-102(b)(2)(D), HRS, which provides that

workers' compensation benefits are part of an entitlement program and do not need a procurement contract.

- Because bill reviews require in-depth knowledge of medical billing codes, HRD utilizes an independent reviewer which has licensed coders who advise on allowable costs based on the medical information submitted by a medical professional, applicable statutory and administrative rules, and Medicare standards. When the bill reviewer controverts a medical invoice, an Explanation of Reimbursement (EOR) is submitted to HRD and the medical provider. EORs clearly state that if disagreements cannot be resolved, a request can be made through the Department of Labor and Industrial Relations, Disability Compensation Division's (DCD) "Bill Dispute" process. By statute, DCD has final authority over disputed treatment, bills, and payments.
- HRD already reports annually on its expenses to auditors for the Department of Transportation, the Department of Health, and the Department of Accounting and General Services, in conjunction with their receipt of federal funds. As far as we are aware, there have been no issues raised or audit findings concerning HRD's management of their workers' compensation claims.

HRD understands its fiduciary obligations, particularly as it relates to the use of general funds and maintains it has been appropriately managing workers' compensation claims and associated expenses in accordance with the applicable statutes and rules.

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



TESTIMONY IN SUPPORT OF H.C.R. NO. 172

REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AND PROCUREMENT AUDIT OF THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

TO: The Honorable Members of the House Committee

FROM: Cathy Wilson

DATE: March 27, 2026

RE: Strong Support for HCR172 – Audit of DHRD Workers' Compensation Processes and Procurement Practices

I. Introduction

I have worked in the workers' compensation arena for over 20 years advocating for injured workers and the providers who take care of them, either by volunteering my time or as part of my job overseeing medical and pharmacy claims. I write in **strong support** of House Concurrent Resolution No. 172, which requests the State Auditor to conduct a comprehensive performance and procurement audit of the Department of Human Resources Development (DHRD). Based on extensive experience with workers' compensation claims administration, I have witnessed firsthand the systemic failures, procurement irregularities, and pattern of claim denials that warrant immediate independent scrutiny.

This testimony addresses two critical areas: (1) DHRD's apparent violations of the Hawaii Public Procurement Code in contracting with Solera Integrated Medical Solutions (IMS) for bill review services without competitive bidding; and (2) the devastating impact of DHRD's overzealous denial practices on injured workers and medical providers.

II. Procurement Code Violations: The IMS Contract Problem

A. Absence of Competitive Procurement

DHRD has utilized IMS as its workers' compensation bill review vendor for years without ever conducting a Request for Proposal (RFP) process as required under Chapter 103D, Hawaii Revised Statutes (HRS). This represents a fundamental violation of the Hawaii Public Procurement Code, which mandates competitive bidding for professional services to ensure transparency, fairness, and best value to taxpayers.

The procurement failures include:

- No documented RFP process for bill review services over the past five fiscal years
- No competitive evaluation of alternative vendors or fee structures
- No public justification for sole-source or small-purchase exemptions
- Continued reliance on non-competitive contracting despite repeated promises to former Labor Committee chairs to conduct proper procurement
- Absence of performance metrics or accountability mechanisms in vendor selection

B. Broken Promises to the Legislature

Most troubling is DHRD's documented promise to a former Labor Committee chair that the department would conduct a proper RFP process for bill review services. This promise was never fulfilled. Such disregard for legislative oversight demonstrates a pattern of noncompliance that undermines public trust and violates the spirit of transparent governance.

The Legislature has a fundamental interest in ensuring that all state procurement—particularly for services affecting thousands of injured workers—is conducted competitively and in accordance with law. DHRD's failure to honor its commitment represents both a procedural violation and a substantive betrayal of the legislative process.

C. Financial and Operational Consequences



Non-competitive procurement practices result in:

- Potentially excessive costs to the State due to lack of competitive pricing
- Reduced accountability and oversight of contractor performance
- Vendor entrenchment without performance-based justification
- Conflicts of interest when bill review companies profit from claim denials
- Long-term inefficiencies that harm both taxpayers and injured workers

The relationship between DHRD and IMS operates without the checks and balances that competitive procurement provides. When a bill review company's financial incentive is to deny or delay claims—and when that company faces no competitive pressure to improve service quality—injured workers inevitably suffer.

III. Systematic Denial and Delay of Legitimate Claims

A. Pattern of Overzealous Denials

DHRD, through its contractor IMS, has adopted practices that result in systematic denials and delays of legitimate workers' compensation claims. These practices affect multiple categories of medical services:

- **Prescription drug claims:** Routine medications are subjected to unnecessary prior authorization requirements and repeated requests for justification
- **Physician-dispensed medications:** Point-of-care dispensing, which improves patient compliance and outcomes, faces aggressive denial rates
- **Mid-level provider office visits:** Consistently downcoded to 80% of fee schedule.
- **Surgical implants:** Even pre-approved surgical procedures face payment denials for required medical devices
- **Treatment plans:** Comprehensive care plans developed by treating physicians are routinely questioned or rejected
- **Acupuncture services:** Legitimate alternative treatments face systematic denial despite coverage under Hawaii law

B. Violations of Chapter 386, HRS

These denial practices appear inconsistent with the fundamental requirements of Hawaii's workers' compensation statute, Chapter 386, HRS, which mandates:

1. Prompt provision of medical services necessary for the nature of the injury
2. Respect for physician authority in determining appropriate treatment
3. Timely payment of medical bills to avoid disruption of care
4. Employer obligations to furnish medical services without unreasonable delay

When DHRD imposes administrative barriers that prevent injured workers from accessing prescription medications, physician visits, or other medically necessary services, the department violates the statutory promise of workers' compensation: that injured workers will receive prompt, appropriate care to facilitate recovery and return to work.

C. Impact on Medical Providers

The financial consequences of DHRD's denial practices extend beyond injured workers to the medical community:

- **Cash flow disruption:** Medical providers receive unlawful denials and downcodes which makes expected revenue non-existent. Providers who dispense medications or provide specialized care face months of unpaid claims.
- **Administrative burden:** Providers spend excessive time responding to redundant requests for medical justification
- **Practice sustainability:** Small practices cannot absorb the cost of providing care without timely reimbursement
- **Provider exodus:** Physicians increasingly refuse to treat workers' compensation patients, specifically DHRD patients, due to payment uncertainty



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- **Access to care crisis:** As providers withdraw from the system, injured workers face difficulty finding willing treatment providers

I have personally witnessed physicians who, after years of treating injured state employees, have ceased accepting workers' compensation cases entirely due to the unpredictable and adversarial payment practices of DHRD and IMS. This exodus of experienced providers directly contradicts the legislative intent that injured workers receive quality medical care.

D. Harm to Injured State Employees

The human cost of these practices is profound. Injured state workers—public servants who were hurt while performing their duties—experience:

- Delayed access to pain medication and other necessary prescriptions
- Interrupted continuity of care when providers withdraw from treatment
- Out-of-pocket expenses for medications denied by DHRD
- Prolonged recovery periods due to gaps in treatment
- Increased disability and lost work time
- Emotional distress from fighting for benefits guaranteed by law

Workers' compensation exists to provide a safety net for employees injured on the job. When that safety net becomes an obstacle course of denials and delays, the system fails its fundamental purpose.

IV. Systemic Issues Requiring Independent Audit

A. Inadequate Internal Controls

The pattern of procurement violations and claim denials suggests serious deficiencies in DHRD's internal control systems:

- Lack of documented policies governing procurement decisions
- Absence of oversight mechanisms to ensure compliance with Chapter 103D, HRS
- Insufficient claims management protocols to prevent systematic denials
- No apparent quality assurance review of IMS's denial decisions
- Inadequate training on statutory obligations under Chapter 386, HRS

B. Potential Intentional Noncompliance

The persistent nature of these problems—particularly DHRD's failure to honor its promise to conduct an RFP—raises questions about whether the department is intentionally avoiding statutory obligations. Possible explanations include:

1. **Cost containment over legal compliance:** DHRD may prioritize reducing expenditures over fulfilling statutory duties to injured workers
2. **Vendor preference:** The department may have undisclosed reasons for maintaining its relationship with IMS despite procurement law violations
3. **Administrative convenience:** Competitive procurement requires effort; noncompliance may reflect institutional inertia
4. **Lack of accountability:** Without external oversight, DHRD faces no consequences for procurement violations

Whatever the explanation, the result is the same: systematic noncompliance with fundamental legal requirements.

C. Need for Independent Review

DHRD cannot be trusted to evaluate its own performance. The department has demonstrated:

- Unwillingness to comply with procurement law



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- Disregard for promises made to legislative oversight committees
- Adoption of practices that harm injured workers and providers
- Lack of transparency in contracting and claims administration

Only an independent audit by the State Auditor can provide the comprehensive, objective review necessary to identify systemic failures and recommend corrective action.

V. Specific Audit Recommendations

HCR172 appropriately requests that the Auditor examine:

A. Procurement Compliance

- All procurement actions for workers' compensation services over the past five fiscal years
- Compliance with Chapter 103D, HRS, and applicable administrative rules
- Justification and documentation for any sole-source, emergency, or small-purchase procurements
- Cost-effectiveness of current contractor arrangements compared to competitive alternatives
- Recommendations for improving procurement controls and accountability

B. Claims Administration Performance

- Extent of delays and denials of legitimate workers' compensation claims
- Analysis of denial rates by claim type (prescriptions, office visits, surgical implants, etc.)
- Comparison of DHRD/IMS denial rates to industry standards and other jurisdictions
- Assessment of whether practices comply with Chapter 386, HRS, and Hawaii Administrative Rules
- Impact of delays and denials on injured workers and medical providers

C. Enforcement and Monitoring

- Adequacy of existing enforcement mechanisms for noncompliant employers
- Effectiveness of monitoring systems to detect payment delays
- Sufficiency of reporting and documentation requirements
- Identification of systemic issues contributing to repeated nonpayment
- Recommendations for strengthening oversight and penalties for noncompliance

VI. Conclusion

HCR172 is not merely justified—it is **urgently necessary**. DHRD has demonstrated a pattern of noncompliance with procurement law, broken promises to the Legislature, and adoption of claims administration practices that harm the very workers the system exists to protect.

The evidence is clear:

- No RFP has been conducted for bill review services despite legal requirements and promises to do so
- IMS continues to serve as DHRD's contractor without competitive justification
- Legitimate workers' compensation claims are systematically denied or delayed
- Injured workers face barriers to medically necessary care
- Medical providers are withdrawing from the workers' compensation system due to payment problems
- DHRD's practices appear to violate both Chapter 103D (procurement) and Chapter 386 (workers' compensation) of the Hawaii Revised Statutes

The State Auditor possesses the independence, expertise, and authority to conduct the comprehensive performance and procurement audit that this situation demands. The findings and recommendations from such an audit will provide the



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Legislature with the information necessary to enact meaningful reforms and restore integrity to Hawaii's workers' compensation system for state employees.

I respectfully urge this Committee to pass HCR172 and ensure that the audit is completed in time to inform legislative action during the 2027 session. Injured state workers—and the taxpayers who fund this system—deserve transparency, accountability, and compliance with the law.

I strongly support HCR172 and respectfully request that this Committee pass this resolution.

Thank you for the opportunity to provide testimony on this critical matter.

Respectfully submitted,

Cathy Wilson

President
Aloha Billing Company

HCR-172

Submitted on: 3/29/2026 11:52:38 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Morioka	Hawaii Injury Recovery Center	Support	Written Testimony Only

Comments:

TESTIMONY IN SUPPORT OF H.C.R. NO. 172
REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AND PROCUREMENT
AUDIT OF
THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

TO: The Honorable Members of the House Labor Committee

DATE: March 29, 2026

RE: Strong Support for HCR172

Chair Sayama and Members of the Labor Committee:

My name is Scott Morioka, MD and I am the President/owner of Hawaii Injury Recovery Center. I am a medical provider who is currently treating injured workers in Hawaii, including many state employees whose claims are administered by the Department of Human Resources Development (DHRD). I am writing in strong support of HCR172, which asks the State Auditor to conduct a performance and procurement audit of DHRD’s workers’ compensation program and its bill review contractor, Solera Integrated Medical Solutions (IMS).

In my day-to-day practice, I have seen a clear pattern of delays and denials that interfere with timely, medically necessary care. Routine prescription medications, including post-operative and pain medications, are subjected to repeated and often redundant “justification” requests. Even when a surgery has been approved, payment for required surgical implants and devices is often delayed or denied. These practices disrupt continuity of care, prolong recovery, and are inconsistent with the intent of Chapter 386, HRS, which envisions prompt provision of reasonable and necessary medical treatment for injured workers.

These patterns also place severe financial strain on medical practices. Months-long delays, downcoding, and denials make it difficult for small and independent practices to continue treating DHRD patients. I personally know physicians who have reduced or stopped seeing DHRD workers’ compensation patients because the payment environment has become so

adversarial and unpredictable. This is creating an access-to-care problem for injured state employees.

I am further concerned by reports that DHRD has relied on IMS for years without conducting a competitive Request for Proposals (RFP), as contemplated by the Hawaii Public Procurement Code in Chapter 103D, HRS. If bill review services affecting thousands of injured workers have never been subjected to open, competitive procurement, the Legislature has a strong interest in understanding why, what it has cost the State, and how this has affected claims handling.

For these reasons, an independent audit by the State Auditor is essential. HCR172 appropriately directs the Auditor to review DHRD's procurement history for workers' compensation services over the past five fiscal years, assess compliance with Chapter 103D, and evaluate how current practices affect delays, denials, and nonpayment of benefits for injured workers and their medical providers.

The findings will give the Legislature the factual basis needed to restore transparency, accountability, and fair access to care in the State's workers' compensation system for its own employees.

I respectfully urge you to pass HCR172. Thank you for the opportunity to testify.

Respectfully submitted,
Scott Morioka, MD (on behalf of Hawaii Injury Recovery Center)

HCR-172

Submitted on: 3/30/2026 9:38:04 AM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Matt Matsunaga	WIMAH	Support	In Person

Comments:

To: Rep. Jackson D. Sayama, Chair

Rep. Mike Lee, Vice Chair

Members of the Committee on Labor

Date: Tuesday, March 31, 2026

Time: 10:00 a.m.

Place: Conference Room 309

Strong Support for HCR 172

I am the attorney for Work Injury Medical Association of Hawaii (WIMAH), an occupational medicine professional organization coordinating the physician community to better serve the injured worker. In that capacity, I have seen a tremendous pattern of delays and denials proffered by DHRD through its billing company (Solera IMS), of legitimate workers' compensation (WC) billings, that simply are unfounded and contrary to applicable law. Although DHRD has a responsibility to act as the State's employer when State employees are injured, DHRD is also obligated to carry out its duties within the confines of Hawaii's workers' compensation laws codified in HRS Chapter 386. In that role, DHRD has done an abysmal job of balancing these interests and engaged in a systemic pattern of overzealous delays and denials of legitimate claims. This has unfortunately resulted in an interference with the medical treatment of injured workers and adverse ramifications to small business physicians, due to not being reimbursed for legitimate billings for services rendered and/or prescription drugs dispensed. Below are some of the resultant impacts being felt by the medical community because of these overzealous delays and denials and the bad faith "reasons" therefor provided by DHRD.

Physicians Should Be Focused on Medical Care, Not Administrative Battles

In a 2025 report, Hawaii was ranked 51st out of all 50 states and the District of Columbia as a desirable place to practice [Growing medical crisis leaves Hawai‘i ranked 51 out of 50](#) . That means Hawaii is the worst state for physicians to practice, according to the study. According to studies and news reports, Hawaii faces a shortage of 833 physicians [Need A Doctor? Hawai‘i’s Physician Shortage Keeps Getting Worse - Honolulu Civil Beat](#). There is a disproportionate shortage of physicians in certain primary care specialties such as Internal Medicine, Pediatrics, Family Medicine, and OB-GYN. The neighbor islands have it the worst with the Big Island and Maui short more than 40%. Even on Oahu, it can take at least 10 months to see a primary care physician for a routine physical exam. [Hawaii’s physician workforce on life support with hundreds of doctors needed | News | kity.com](#). There is also a shortage of physicians who are willing to handle WC patients, due to the administrative and reimbursement challenges. The state does not track an official number of doctors who treat WC patients. However, workforce data and industry experience show that only a small fraction of physicians participate in workers’ compensation care. WIMAH is aware of approximately fewer than 35 physicians in the entire state who are willing to accept WC patients.

Physicians who treat injured workers have a primary responsibility to diagnose, treat, and help patients recover so they can safely return to work and meaningful daily life. However, when physicians are forced to spend substantial time contesting reimbursement denials—especially for medications they personally dispense—the time they spend on care is reduced.

When reimbursement for these medications is delayed or denied, physicians face a difficult choice:

- Absorb financial losses,
- Cease dispensing medications directly, or
- Decline to treat injured workers altogether.

None of these outcomes benefits injured employees.

Spurious Delays and Denials Used by DHRD

DHRD has used numerous alleged reasons for delaying or denying payment for legitimate billings, including the following, all of which have been ruled improper by DLIR in its administrative decisions:

1. Claiming a drug is “not FDA approved”

DHRD has denied payment by asserting that certain prescription drugs are “not FDA approved” and therefore unsafe. While this sounds like a patient-safety concern, it ignores two key facts:

- Some prescription drugs are manufactured under FDA oversight and are legally exempt from FDA pre-market approval, yet are still considered safe and effective.
- Hawaii’s workers’ compensation law does not require prescription drugs to be FDA approved to be reimbursed. In fact, HRS §386-21.7(c) expressly allows reimbursement for compounded prescription drugs, which by definition are not FDA approved.

By using FDA approval as a blanket excuse to deny payment, DHRD is effectively trying to decide which medications a licensed physician may prescribe. That is not DHRD’s role. Medical decisions belong to physicians under Hawaii’s medical licensing laws, not to an employer or claims administrator. This interference delays care and harms injured workers’ recovery.

2. Claiming medications must be listed in advance on a 120-day treatment plan

DHRD has also denied payment by arguing that any prescription medication must be specifically listed in the physician’s 120-day treatment plan in order to be reimbursed. This is simply incorrect.

Hawaii administrative rules clearly list what must be included in a treatment plan, and there is no requirement that specific medications be listed. There is a practical reason for this: treatment evolves.

Over a 120-day period, physicians must:

- Assess the patient,
- Prescribe treatment (which may include labs, therapy, or medications),
- Reevaluate progress, and
- Modify treatment when necessary.

Requiring doctors to predict and lock in specific medications months in advance makes no clinical sense. It prevents physicians from adjusting care when a medication is ineffective or causes side effects, delays recovery, and can actually increase overall costs by slowing return-to-work outcomes.

3. Re-pricing drugs by ignoring their actual National Drug Code (NDC)

DHRD has also denied reimbursement by improperly re-pricing prescription drugs. Even when a prescription drug has:

- Its own National Drug Code (NDC),
- Its own listing in Red Book, and
- Its own Average Wholesale Price (AWP),

DHRD has attempted to ignore that information and instead reimburse the drug as if it were only its active ingredient. This results in severe underpayment and fundamentally misunderstands the law. A prescription drug is not the same thing as its active ingredient. Hawaii law requires reimbursement based on the drug's actual NDC and AWP. The law intends that when a compounded drug has no NDC, then it should be priced by reference to the underlying component prescription drugs.

By conflating “active ingredients” with “underlying prescription drugs,” DHRD is selectively disregarding Red Book pricings to justify underpayment. This is not what the statute permits and undermines fair reimbursement for legitimately dispensed medications.

The State Auditor possesses the independence, expertise, and authority to conduct the comprehensive performance and procurement audit that this situation demands. HCR 172 is badly needed to put an end to DHRD's disregard for Hawaii's workers' compensation laws.

Thank you for your consideration.

Matthew M. Matsunaga



Statement of KRIS KADZIELAWA, Managing Director, Solera Integrated Medical Solutions

Before the COMMITTEE ON LABOR Rep. Jackson D. Sayama, Chair Rep. Mike Lee, Vice Chair and Members of the Committee

Tuesday, March 31, 2026 10:00 a.m. Conference Room 309, State Capitol

In consideration of H.C.R. 172 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

TESTIMONY OFFERING AMENDMENTS TO H.C.R. 172

Aloha Chair Sayama, Vice Chair Lee, and distinguished Members of the Committee:

My name is Kris Kadzielawa, Co-Founder and Managing Director of Solera Integrated Medical Solutions, a Hawaii-based medical payment integrity technology and services provider with over thirty years of partnership with employers, carriers, and state agencies to eliminate waste, fraud, and abuse in workers' compensation systems. We have worked shoulder-to-shoulder with the Department of Human Resources Development (DHRD), the Department of Labor and Industrial Relations (DLIR), and claims teams across the public and private sectors to ensure that injured workers receive timely, medically necessary care while protecting taxpayers and employers from the relentless cost drivers that have plagued Hawaii's system for more than twenty years.

We submit this testimony with **proposed amendments** to H.C.R. 172. This resolution is not a neutral call for transparency. It is a politically orchestrated effort by the physician-dispensing industry and its legislative allies to intimidate DHRD, undermine lawful cost-containment measures, and shield exorbitant profits generated through inflated Average Wholesale Prices (AWP), improper compound billing, and patterns of over-utilization that have nothing to do with patient outcomes and everything to do with financial gain. If the Legislature believes an audit is warranted, it should be a **balanced, comprehensive performance audit** that examines **both** DHRD's procurement **and** the documented billing abuses by certain providers—particularly those who dispense directly from their offices. If

performed, this audit should include all State Workers' Compensation programs including DOE, UH, and The Judiciary.

Hawaii's workers' compensation statutes—HRS §386-21 and §386-21.7—are clear, fair, and work flawlessly for the overwhelming majority of providers, pharmacies, and injured workers. They require employers to furnish “all prescription drugs as the nature of the injury requires” and set reimbursement for compounded drugs at 140% of the original manufacturer's AWP by gram weight of each underlying ingredient, using the National Drug Code (NDC) published in the Red Book on the date of compounding. These rules promote patient safety, regulatory consistency with federal standards under 21 U.S.C. §353a, and cost predictability. Yet, as our repeated testimony on HB 2164 HD1, HB 1648 HD1, SB 2751 SD1, and related measures this session has documented, a small segment of the physician-dispensing community has engaged in systematic gaming:

- **Massive over-billing of compounds.** DHRD has received more than 1,700 bills for compounded drugs priced at over \$800 per ounce—when the correct reimbursement under HRS §386-21.7(c) and (d), based on the original manufacturer NDC of the underlying drugs, is typically under \$26 per ounce. These bills often originate from entities whose products have drawn FDA scrutiny for compounding practices that skirt patient-specific requirements.
- **Extreme mark-ups on repackaged and “novel” drugs.** Examples abound: Methocarbamol purchased by the dispensing physician for approximately \$10 and billed to the employer at \$1,300+, yielding a \$900 profit to the physician after the dispensing company's cut. Similar patterns appear with high-cost antacids, anti-emetics, and stool softeners—drugs for which medical necessity is questionable when far less expensive OTC equivalents exist under mainstream medical practice.
- **Uniform prescribing patterns across dispensers.** The same high-AWP medications appear with striking consistency, suggesting formularies driven not by clinical need but by profit margins. Studies and our own data consistently show that claimants receiving physician-dispensed drugs experience longer disability durations and delayed return-to-work compared with those using pharmacy-dispensed equivalents.
- **Billing irregularities in ancillary services.** We have documented instances of 1:1 physiotherapy billed for hours far exceeding the provider's actual time on site, E/M services exceeding documented face-to-face time, and failure to identify services performed by assistants at the required reduced rate per HAR §12-15-36.

These practices are not isolated. They represent a coordinated business model that funnels **tens of thousands of dollars per claim** into physician offices and dispensing companies—profits that are then recycled into political influence to kill reform bills (including the very measures this Committee has heard this session) and to launch resolutions like H.C.R. 172.

We note with concern that the resolution's apparent sponsor has a well-documented professional relationship representing physician-dispensing interests and a California-based billing company that markets bulk compounds and repackaged kits to Hawaii providers. If DHRD's bill-review contract is to be scrutinized, then the procurement practices of **all** state agencies handling workers' compensation should be reviewed on the same standard—competitively, transparently, and without regard to political pressure.

DHRD's heightened scrutiny of prescription-drug and related claims is not "overzealous denial." It is responsible stewardship of public funds and faithful enforcement of HRS Chapter 386. Delays or denials occur only when documentation fails to support the medical services billed or when billing violates statutory pricing formulas. Injured workers can receive prompt care through the employer's Pharmacy Benefit Manager, an approach we have long advocated and that aligns perfectly with the 30-day limitation on physician dispensing we urged in our testimony on SB 2751 and HB2164.

If the Committee elects to move H.C.R. 172 forward, we respectfully request the following **essential amendments** to ensure the audit is meaningful rather than a one-sided inquisition:

1. Expand the scope to include a full review of provider billing practices, compound pricing compliance, and prescribing patterns across physician-dispensing entities.
2. Expand the scope to include all State Workers' Compensation Programs.
3. Require the Auditor to engage a qualified auditor with a minimum of Certified Professional Medical Auditor (CPMA) credentials and expertise in workers' compensation drug reimbursement.
4. Conduct a direct verification with claimants regarding actual use of dispensed topicals, treatment times for office visits and physiotherapy, and whether they felt pressured to accept medications.
5. Analyze return-to-work data comparing physician-dispensed versus pharmacy-dispensed claims.
6. Examine the financial flows: acquisition cost to dispensing physicians versus billed amounts to employers or the State.

Hawaii's workers' compensation system should serve injured workers, not subsidize a parallel pharmaceutical distribution channel that charges 100 times pharmacy cost. Our clients and claims teams are exhausted after twenty years of resubmissions, novel drug creations designed to evade HRS §386-21.7, and aggressive collection tactics. The solution is not another audit aimed solely at DHRD—it is legislative courage to close the loopholes we have highlighted all session: limit physician dispensing to the first 30 days post-injury, preserve the current fair and effective statutory framework, and reject any attempt to weaken compound-drug pricing safeguards or legitimize 503B outsourcing facility products outside transparent oversight.

We stand ready to provide the Auditor with detailed claims data, FDA warning-letter context on compounding safety issues, and the same evidence we have shared with DLIR and this Committee throughout the session. Solera remains committed to a transparent, accountable system that puts injured workers first and taxpayer dollars to their highest and best use.

Mahalo for the opportunity to testify. We respectfully request that H.C.R. 172 be held or amended as outlined above. I am available for any questions.

Respectfully submitted,

Kris Kadzielawa Co-Founder and Managing Director Solera Integrated Medical Solutions
841 Bishop Street, Suite 2250 Honolulu, HI 96813 O: (808) 531-2273 ext. 25
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HCR-172

Submitted on: 3/30/2026 3:04:50 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Fairlene Naone	Premier Medical Group Hawaii	Support	In Person

Comments:

My name is Fairlene Naone, and I strongly support H.C.R. 172.

I bring over 30 years of experience in the legal field as a paralegal and as the Director of Dr. Scott Miscovich’s Workers’ Compensation Department. Throughout my career, I have worked directly with injured workers, physicians, and the workers’ compensation system on a daily basis. What I have observed over decades is deeply concerning and directly aligns with the need for this audit.

H.C.R. 172 requests a performance and procurement audit of the Department of Human Resources Development (DHRD), specifically examining its compliance with procurement laws and its management of workers’ compensation-related claims, including prescription drug claims . This is not only appropriate—it is necessary.

In my experience, there has been a long-standing pattern of delays, denials, and non-responsiveness that mirrors the concerns outlined in this resolution. Adjusters and administrators frequently fail to respond in a timely manner to treatment plans and medical requests. Instead of clear approvals or denials, providers are often met with silence, repeated requests for justification, or shifting requirements. As a result, care is effectively placed on hold.

These delays are not administrative inconveniences—they have real and serious consequences:

- Injured workers go without necessary medications.
- Treatment plans are stalled or disrupted.
- Pain management is delayed or denied.
- Recovery timelines are extended, and in some cases, conditions worsen.

H.C.R. 172 specifically identifies concerns regarding “overzealous denials, delays, or repeated requests for justification of legitimate workers’ compensation claims...creating barriers to care for injured workers” . This language accurately reflects what providers experience every day.

From the provider perspective, these practices have had a chilling effect. Many specialized physicians no longer wish to treat workers’ compensation patients because of the administrative burden, delayed payments, and uncertainty. This has made it increasingly difficult for injured workers to find qualified providers willing to accept their cases.

Additionally, the resolution raises concerns about procurement practices and whether DHRD has complied with the Hawaii Public Procurement Code when selecting contractors for bill review services . From what I have observed, the outcomes of these systems—particularly excessive denials and delays—raise serious questions about oversight, accountability, and whether these contracted services are functioning as intended.

This is why the audit requested in H.C.R. 172 is so critical.

An independent review is needed to:

- Determine the extent of delays, denials, and nonpayment of claims.
- Evaluate whether current practices comply with Chapter 386 and related rules.
- Assess whether procurement processes were conducted properly.
- Identify systemic issues affecting both providers and injured workers.
- Provide recommendations to restore fairness, transparency, and efficiency.

Importantly, this resolution does not prejudge the outcome—it seeks facts. But based on decades of firsthand experience, I believe the findings will confirm what providers and injured workers have been experiencing for years.

This resolution complements the intent of H.B. 1509. While H.B. 1509 establishes accountability through required timelines for treatment plan responses, H.C.R. 172 seeks to understand why such accountability measures are necessary in the first place. Together, they address both the symptoms and the root causes of dysfunction within the system.

In closing, I respectfully urge this Committee to support H.C.R. 172. An audit is a necessary step toward restoring trust, ensuring compliance with the law, and, most importantly, protecting the health and welfare of injured workers in Hawai'i.

Thank you for the opportunity to testify.

Respectfully submitted,

Fairlene Naone

Executive Assistant

Manager WC/NF Dept.

Scott J. Miscovich, MD, LLC

Premier Medical Group Hawaii

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
House of Representatives
Committee on Labor

Written Testimony by
Hawaii Government Employees Association

March 31, 2026

H.C.R. 172 – 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.

The Hawai'i Government Employees Association (HGEA), AFSCME Local 152, AFL-CIO, strongly supports H.C.R. 172, requesting the Auditor to conduct a performance and procurement audit of the Department of Human Resources Development (DHRD) relating to workers' compensation-related services and prescription drug claims.

Injured employees rely on a fair, efficient, and legally compliant workers' compensation system to ensure they receive timely medical treatment and prescription medications when they are injured in the course of serving the public.

In recent years, we have become aware of growing concerns about delays, denials, and burdensome administrative obstacles in obtaining authorization and payment for legitimate workers' compensation medical and prescription drug claims. These barriers can prolong pain, delay recovery and return to work, and create unnecessary financial and emotional stress for injured employees and their families. When the system fails to function as intended, the costs are borne not only by workers but also by the agencies that depend on them and, ultimately, by taxpayers.

We are also aware that questions have been raised about DHRD's adherence to the Hawai'i Public Procurement Code in selecting vendors for workers' compensation bill review and related services. An audit that examines both compliance with procurement laws and the real-world impact on injured workers is essential to restoring confidence in the state workers' compensation system.

Thank you for the opportunity to provide testimony in support of H.C.R. 172.

Respectfully submitted,



Randy Perreira
Executive Director

HCR-172

Submitted on: 3/29/2026 10:00:40 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
FRANKLIN Ichiro IZUTA	Individual	Support	Written Testimony Only

Comments:

I support HCR 172. Auditing DHRD is necessary so that physicians who care for our State's injured workers can do so in a manner that will enable them to provide care in the most expeditious manner possible. And enable injured workers to receive care and treatment in a timely fashion. Unnecessary delays in either lead to an increase of time lost from work, deterioration of an injury and prolonged periods of recovery, which all ultimately increase claim costs and adversely affect treatment outcomes.

HCR-172

Submitted on: 3/30/2026 10:50:51 AM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Megan Tabarango	Individual	Support	Written Testimony Only

Comments:

To: Labor Committee

Dear Chair Sayama, Vice Chair Lee, and Members of the Labor Committee:

My name is Megan Tabarango, and I handle pharmacy billing for Vintage Medical and Billing LLC here in Hawai‘i. **I am submitting this testimony in strong support of HCR 172**, which requests an independent performance and procurement audit of the Department of Human Resources Development (DHRD) and its workers’ compensation program.

Every day, I see how DHRD and its bill review contractor, Solera Integrated Medical Solutions (IMS), turn what should be a straightforward pharmacy claim into a long, frustrating process that harms injured workers. I cannot share specific patient information because of privacy laws, but I can describe the patterns we see across many cases. Routine workers’ compensation prescriptions that clearly meet Hawaii’s fee schedule and treatment rules are regularly denied, delayed, or subjected to repeated, unnecessary “justification” requests. These are not rare exceptions; this is how the system operates.

The “games” look like this:

- Requests for the same documentation over and over, even after we have already submitted complete records.
- Denials for vague reasons like “not medically necessary” despite clear prescriptions tied to accepted work injuries.
- Long periods of silence after we submit clarifications or appeals, with no clear timeline for resolution.
- Sudden downcoding or partial payments without explanation, forcing us to chase payments on fully compliant claims.

While these may seem like administrative details on paper, they translate into real harm for patients. When pharmacy claims are held up, injured workers wait days or weeks for pain medication, post-operative drugs, or other essential prescriptions. Some are forced to pay out of pocket or go without their medication while we fight through layers of red tape. Others get caught in the middle between our office and the State, confused and frustrated because they did everything right and still cannot get their prescriptions in a timely manner.

For our company, this constant back-and-forth with DHRD and IMS drains staff time and resources. We spend hours tracking down the status of claims, resending the same information, and responding to ever-shifting demands. This is not about correcting legitimate billing errors; it feels like a strategy to delay and discourage payment. Over time, this makes it harder for pharmacies and healthcare providers to continue serving DHRD-covered workers, especially smaller practices that cannot absorb delayed or denied payments.

HCR 172 is a necessary step toward fixing this broken process. An independent audit can answer key questions: Is DHRD following state procurement laws in its relationship with IMS? Are these repeated denials and delays consistent with Chapter 386's requirement to provide prompt and reasonable medical care to injured workers? How often are pharmacy and medical claims being held up, and what impact does that have on patients and providers?

From my viewpoint in pharmacy billing, I can say that the current system is not working for injured state employees or for the professionals trying to care for them. We need transparency, accountability, and clear rules that are actually followed. The audit called for in HCR 172 will give the Legislature the information it needs to enact reforms so that workers' compensation prescription benefits function the way the law intends.

For these reasons, I respectfully urge you to pass HCR 172.

Thank you for the opportunity to testify.

Megan Tabarango

Pharmacy Billing Manager

TESTIMONY IN SUPPORT OF H.C.R. NO. 172

REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AND PROCUREMENT AUDIT OF THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

TO: The Honorable Members of the House Committee
FROM: Carol Orr, M.D., Workers' Compensation Provider, Hilo, Hawaii
DATE: March 27, 2026
RE: Strong Support for HCR172 – Rural Healthcare Access Crisis

House Labor Chair Sayama and Members of the Labor Committee:

My name is Dr. Carol Orr. I practice medicine in Hilo on the Big Island, treating injured workers in a rural community where healthcare access is already limited. I submit this testimony in **strong support** of HCR172, which requests an independent audit of the Department of Human Resources Development's workers' compensation program.

The situation has become untenable. I currently have approximately eighteen inches of stacked, unresolved billing disputes with DHRD—cases where legitimate claims have been denied, downcoded, or simply ignored. Most of these disputes have been sitting with the Department of Labor and Industrial Relations since October 2025, **with no response from DHRD.** We are now approaching six months of administrative paralysis.

In a rural area like East Hawaii, we cannot afford to lose workers' compensation providers. Yet DHRD's systematic denial practices and complete lack of responsiveness are forcing exactly that outcome. The pattern I see daily includes:

- **Routine denials** of medically necessary prescriptions, forcing injured workers to wait days or weeks for medications they need immediately
- **Aggressive downcoding** of office visits and procedures to levels that do not reflect the actual care provided
- **Months-long delays** in responding to dispute resolution requests—or no response at all
- **Unlawful denials** of legitimate claims that comply fully with Hawaii fee schedules and treatment guidelines
- **Administrative gamesmanship** designed to exhaust providers rather than pay valid claims

When a rural provider submits dispute after dispute and receives nothing but silence from DHRD, the message is clear: **the department is more interested in avoiding payment than in complying with the law.**

The human cost is significant. Injured state employees in Hilo and throughout rural Hawaii already face geographic barriers to specialized care. When DHRD's practices drive local providers out of the workers' compensation system, these workers are left with fewer options, longer travel times, and delayed treatment. This is the opposite of what Chapter 386, HRS, envisions—a system that provides **prompt, reasonable, and necessary medical care** to workers injured on the job.

I am also deeply concerned by reports that DHRD has never conducted a competitive Request for Proposals (RFP) for its bill review contractor, Solera Integrated Medical Solutions (IMS), despite promises to the Legislature that it would do so. **If true, this represents a serious violation of the Hawaii Public Procurement Code.** When a vendor operates without competitive oversight and profits by denying claims, injured workers and their providers are placed in an inherently adversarial position with no recourse.

HCR172 is urgently needed. An independent audit by the State Auditor will:

- Determine whether DHRD has complied with Chapter 103D, HRS, in procuring bill review services
- Document the extent of claim delays, denials, and unanswered disputes
- Assess the impact of these practices on rural healthcare access and injured workers
- Provide the Legislature with factual findings necessary to enact meaningful reform

I have eighteen inches of unresolved disputes sitting on my desk. That is eighteen inches of unpaid claims for care I have already provided to injured state workers. That is eighteen inches of administrative failure. And that is exactly why this audit is necessary.

I respectfully urge you to pass HCR172.

Thank you for the opportunity to testify.

Respectfully submitted,

Carol Orr, M.D.

Workers' Compensation Provider

Hilo, Hawaii

Chair Sayama, Vice Chair Lee, and Members of the Labor Committee:

My name is Aileen Bachiller, and I am a billing professional who has worked in the workers' compensation and medical billing industry in Hawai'i for over 18 years. I submit this testimony in strong support of HCR 172, which requests an independent performance and procurement audit of the Department of Human Resources Development's (DHRD) workers' compensation program. I write from the front lines of the billing process, where every denial, delay, and underpayment directly affects injured workers, providers, and the offices that serve them. Across nearly two decades, one theme has been consistent: DHRD is the most difficult and adversarial payer I work with, and my colleagues say the same. Claims that clearly meet Hawai'i's workers' compensation rules and fee schedules are often denied, downcoded, or left unresolved for months, even after multiple resubmissions and appeals. Simple issues that should be fixed with one phone call or corrected bill can drag on for half a year or longer, tying up staff time and leaving legitimate balances unpaid. This is not normal billing noise; it has become a pattern and a culture.

From a billing perspective, the problems we see with DHRD include:

- Routine denials or prolonged "justification" demands for basic prescription medications and physician-dispensed drugs that are clearly related to accepted work injuries and billed within the fee schedule.
- Aggressive downcoding of office visits, especially for mid-level providers, and repeated disputes over codes that are standard and fully documented.
- Denials and delayed payments for surgical implants, treatment plans, and acupuncture services, even when these services were authorized or are clearly covered under Hawaii law.
- Months-long silence on disputes and reconsideration requests, forcing billing staff to track, follow up, and re-work the same claims over and over again.

These practices waste enormous amounts of time for billing offices, clinics, and hospitals and create financial strain for providers who care for state employees. For many small practices, especially those serving rural or lower-income communities, chronic underpayment and long delays in reimbursement make it hard to keep accepting DHRD workers' compensation cases. As a professional in this field, I also see how many billing professionals and front-office staff bear the stress of constantly fighting these claims, staying late, and being caught between frustrated patients and rigid payer rules that are not consistent with the Hawaii statutes.

We also share serious concerns about DHRD's procurement practices, particularly its long-standing relationship with its bill review contractor, Solera Integrated Medical Solutions (IMS). Testimony already submitted to the Legislature describes years of using IMS without a competitive Request for Proposals (RFP), despite promises that a proper procurement process would be conducted. When a bill review company can operate without competition and profits from denying or downcoding claims, and when the State does not regularly test the market for better value or better service, it creates a system where delay and denial are rewarded instead of accuracy and fairness.

From where I sit, this all translates into one clear reality: injured state workers are not getting the smooth, timely, and lawful claims process that Chapter 386, HRS, was designed to guarantee. When we cannot get prescriptions approved, visits paid, or disputes resolved, workers go without medication, delay follow-up visits, or give up on recommended care because they cannot fight the paperwork any longer. That is not just a billing problem; it is a human problem.

HCR 172 is a reasonable and necessary step to fix this. It does not accuse anyone in advance; instead, it asks the State Auditor to look at the facts: whether DHRD has followed Chapter 103D in procuring bill review and related services; how often claims are delayed, denied, or defaulted; and how these practices affect injured workers and the providers who care for them. The audit's findings will give the Legislature a clear record and concrete recommendations to improve oversight, restore fairness, and make sure the workers' compensation system actually works for the public employees who keep Hawai'i running.

As someone who has spent 18 years trying to get legitimate claims paid correctly, I can say with confidence that this audit is overdue. On behalf of billing professionals, providers, and the injured workers we serve, I respectfully urge you to pass HCR 172.

Thank you for the opportunity to testify,

Aileen Bachiller
Medical Billing Professional

HCR-172

Submitted on: 3/30/2026 12:27:25 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

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

Comments:

Testimony in support of H.C.R. No. 172 REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AND PROCUREMENT AUDIT OF THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

To: The Honorable Members of the House Labor Committe

3/30/2026

RE: Strongly in Support of HCR172

My Name is Kyle Cabison and I am a physican on the Island of Hawaii. I have been a primary treating provider for worker's compensation patients for going on four years now. In my time treating work comp patients, the DHRD has been far and away the worst employer/carrier for patients. I have seen lengthy and unnecessary delays causing irreparable harm, I have seen industrial accident related injuries go untreated, and I have also seen what I would classify as retribution by adjusters to patients. Patients of mine have gone months without being paid. While the practices of the DHRD have made these claims difficult to deal with from the provider side, these unfair and illegal practices have caused a few my patients to go into depression as a result of untreated medical issues and financial strain. I have seen medically indicated surgeries go without approval. I have seen medically necessary post-operative medication such as pain medication and antibiotics get denied. It is sad that the State's own workers are treated so poorly by fellow State workers.

The DHRD's use of IMS for for bill review is also problematic for many different reasons. I could go on and on about more specific examples and name specific adjusters that can be very problematic, but the goal of my testimony is to adress the systemic issues by calling for a full review by the State Auditor. Please, for the sake of all State of Hawaii workers pass HCR 172.

Respectfully,

Kyle Cabison, MD

HCR-172

Submitted on: 3/30/2026 12:52:14 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Raymond Maae	Individual	Support	Written Testimony Only

Comments:

TESTIMONY IN SUPPORT OF H.C.R. NO. 172

Dear Chair, Vice Chair, and Members of the Committee,

My name is Raymond Ma'ae, and I am a resident of Kapolei, Oahu. I am writing in strong support of H.C.R. No. 172, which requests an audit of the Department of Human Resources Development (DHRD) regarding its procurement practices and management of workers' compensation prescription drug claims.

I am an injured worker who has relied on the workers' compensation system for medical care and recovery. Unfortunately, my experience has been marked by delays, denials, and repeated administrative hurdles that made it difficult to receive timely treatment and necessary medications.

My original work injury occurred on July 16, 2018. While participating in required physical therapy (PT), I sustained additional injuries to my left shoulder on February 27, 2019, and then to both my neck and left shoulder on October 23, 2019.

Treatment and Medications:

I underwent left heel surgery on July 17, 2019. I required ongoing treatment for my left shoulder and neck injuries, which was formally approved on May 10, 2021 following an Independent Medical Examination on April 14, 2021. Vocational Rehabilitation and return-to-work efforts began in March 2024.

Delays, Denials, and Barriers:

The workers' compensation (WC) insurance carrier denied the treatment plan for my shoulder injury on April 22, 2019. I was forced to retain an attorney on April 24, 2019. Despite the denial, I continued to suffer additional injuries during PT. The claim required a formal WC hearing on January 14, 2020, and was not approved until February 14, 2020—nearly 19 months after the original injury and almost a full year after the shoulder injury. Further delays continued until the shoulder and neck treatment plan was finally approved in May 2021.

Impact on Health, Recovery, Work, and Daily Life:

The injuries and prolonged delays significantly slowed my recovery. The additional injuries during physical therapy worsened my condition. I was unable to return to my regular job, which led to the need for vocational rehabilitation starting in March 2024. Daily activities, mobility, and overall physical function have been limited for years.

Emotional, Financial, and Family Impacts:

The extended battle with the insurance carrier caused substantial emotional stress and financial strain due to delayed income and medical care. This situation also placed a burden on my family during the multi-year period of uncertainty and reduced earning capacity.

This experience reflects a pattern of initial denial, additional injuries caused during treatment, and prolonged delays before receiving necessary medical care and benefits.

My experience reflects the concerns raised in this resolution—that injured workers may face barriers to care due to delays or denials of legitimate claims. These issues can disrupt continuity of care, prolong pain, and make recovery more difficult.

This resolution is important because it does not assign blame, but instead calls for transparency and accountability. An independent audit will help determine whether current practices are consistent with Hawaii law and whether they are truly serving injured workers and taxpayers effectively.

Injured workers deserve a system that provides timely, fair, and medically appropriate care. When that system breaks down, it affects not only our health, but our ability to return to work and support our families.

I respectfully urge you to support H.C.R. No. 172 and ensure that the workers' compensation system works as intended—for the people it is meant to serve.

Thank you for the opportunity to testify.

Sincerely,
Raymond Ma'ae

HCR-172

Submitted on: 3/30/2026 7:36:06 PM

Testimony for LAB on 3/31/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
John Nieto jr	Individual	Support	Written Testimony Only

Comments:

<p>Dear Chair, Vice Chair, and Members of the Committee,My name is John Nieto jr,and I am a resident of Kaneohe,Oahu. I am writing in strong support of H.C.R. No. 172, which requests an audit of the Department of Human Resources Development (DHRD) regarding its procurement practices and its management of workers compensation prescription drug claims;As an injured worker who depends on the workers compensation system for medical care and recovery, I have experienced significant delays, denials, and administrative obstacles that prevented me from receiving timely treatment and necessary medications.I got a torn Achilles at work back in 2014, (DHRD) took 2 months to approve surgery and because of this i was out of work for a year and a half, I also have permanent nerve damage on left leg and foot and had to fight for everything I got approve for, medications and treatments, I was lucky that I got to go back to work full time, because of delay It could have ended my career, im a adult corrections officer. Also was very stress and depressed because of delay, adjuster also ask who was my doctor and when I said his name she told me we dont like me over here, very unprofessional and had to get a lawyer very early because of this, I felt like once they knew who was my doctor, things was ever more delayed, I hope what happen to me will not never happen to anyone else cause it seem like they do it to alot of people will no consequences, thanks for listening and godbless</p> <p>My experience reflects the concerns raised in this resolution namely that injured workers may encounter barriers to care caused by delays or denials of legitimate claims. Such challenges disrupt continuity of care, prolong pain, and make recovery more difficult.This resolution is important because it does not assign blame; instead, it calls for transparency and accountability. An independent audit will help determine whether current practices comply with Hawaii law and whether they serve injured workers and taxpayers effectively. injured workers deserve a system that provides timely, fair, and medically appropriate care. When that system fails, it affects not only our health, but also our ability to return to work and support our families.I respectfully urge you to support H.C.R. No. 172 and help ensure that Hawaii's workers compensation system functions as intended for the people it is meant to serve.Thank you for the opportunity to testify.Sincerely, John Nieto jr</p>

TESTIMONY IN SUPPORT OF H.C.R. NO. 172

Performance and Procurement Audit — Department of Human Resources Development

Submitted by: Christopher Salanoa — Resident of Oahu, Hawaii

General Laborer II, Hawaii Public Housing Authority — Injured Worker, Hawaiian Electric Company (Substation Electrician 2011–present)

Dear Chair, Vice Chair, and Members of the Committee,

My name is Christopher Salanoa. I am a resident of Oahu, a state employee, a husband, and a father. I am Hawaiian/Pacific Islander and Samoan, and I have spent fifteen years navigating a workers' compensation system that the law said would protect me — but didn't.

I am testifying in support of H.C.R. No. 172 because I have lived what this resolution is asking about. I have the documents. I have the diagnoses. I have the dates. And I am asking this Committee to let an independent auditor examine what I lived through — because I know I am not the only one.

I. THE INJURY: WHAT HAPPENED AND WHAT WAS DONE TO ME

I was employed at Hawaiian Electric Company (HECO) as a Substation Electrician from 1993 until my disability forced me off the job in May 2011. I worked there for eighteen years. I loved that work.

What ended my career was not an accident. It was a pattern of racial harassment, physical violence, and institutional protection of the person who harmed me.

A senior coworker — Chester — physically attacked me. He also struck another employee in the head while that employee was driving a company truck. HECO's response was not to discipline Chester or protect the workers he attacked. HECO backed him up. Chester's career continued without interruption. My career ended. And when I reported what he had done to me, Chester retaliated — in writing. That retaliatory letter is part of the documented record, and the Labor and Industrial Relations Appeals Board later ruled in my favor regarding it in 2019.

I was also subjected to years of racial slurs, false charges, and a hostile work environment. I was called a racial slur. I was falsely written up for workplace violence on April 29, 2011 — by the same environment that protected the person who had actually been violent. I applied for transfers to at least three positions and was denied each one.

None of this is disputed. It is documented on official state forms filed under penalty of perjury.

- ▶ *EEOC Charge No. 486-2011-00398 (filed Sept. 13, 2011): Race discrimination (Hawaiian/Pacific Islander), national origin (Samoan), and retaliation. Employer: Hawaiian Electric Company. Period covered: Nov. 17, 2010 – Aug. 1, 2011.*
- ▶ *WC-5 Employee's Claim (filed Nov. 21, 2011): Injury confirmed. Attending physician: Dr. Matthew Littlefield. Disability began: May 2, 2011.*
- ▶ *WC-5 Employee's Claim (filed Oct. 22, 2017): Second filing six years later — the claim still unresolved. Occupation noted: "No longer working there."*

II. THREE INDEPENDENT DIAGNOSES — ALL CONFIRMING THE SAME THING

Within weeks and months of the injury, three separate licensed medical and psychological professionals independently evaluated me and reached the same conclusions. This was not one doctor's opinion. This is a documented medical consensus.

Dr. Matthew Littlefield, MD — Treating Psychiatrist, WC-2 Physician's Report (June 16, 2011):

- **Final Diagnosis:** Major Depressive Disorder and PTSD
- **Cause:** The workplace accident was confirmed as the ONLY cause — checked YES by physician
- **Treatment required:** YES — approximately 6 months to 1 year of therapy and medication management
- **Medications tried:** Zoloft failed due to side effects; Trazodone failed for sleep and nightmares; Ambien helped with sleep
- **Work disability:** YES — the accident resulted in disability for work, confirmed by physician

Dr. Stanley Luke, Ph.D. — Government-Appointed Psychologist, Social Security Evaluation (June 25, 2011):

- **Diagnoses:** Generalized Anxiety Disorder, PTSD, Major Depression. GAF score: 55 (moderate to serious impairment)
- **Functional findings:** Not capable of maintaining regular job attendance; not capable of adapting to even low-stress work
- **Suicide risk:** Intermittent suicidal ideation noted; required close monitoring
- **Prognosis:** Mental condition would likely WORSEN within the next 12 months
- **Important:** This evaluation was ordered by the State of Hawaii — not by me, and not by HECO

By the end of 2011, two independent licensed professionals had both confirmed PTSD, Major Depressive Disorder, and work-related causation. Hawaii law required that I receive timely medical care and prescription medications. That did not happen.

III. EIGHT YEARS TO BE BELIEVED — THEN HECO APPEALED

HECO is a self-insured, self-administered employer for workers' compensation purposes. The company that caused my injury also controlled my claim. The same HECO employee served simultaneously as claims handler and denial decision-maker. There was no separation between the employer's financial interest and the determination of what medical care I needed.

My own attorney failed me. On my sworn WC-5 filed in 2017, I stated under penalty of perjury that my attorney had my papers filed incorrectly, told me I would lose my home if I didn't accept HECO's position, and lied to me at every step. I had no effective legal representation for years while HECO had a full law firm.

In 2012, a workers' compensation hearing that should have protected my rights was cancelled without my knowledge. I did not discover this until 2018 — six years later.

The Director of Labor denied my claim on January 24, 2018. I appealed. The Labor and Industrial Relations Appeals Board issued a decision on April 29, 2019 — finding that I had in fact sustained a mental stress injury on January 8, 2011, arising out of and in the course of my employment with HECO. After eight years of denial and delay, a state tribunal confirmed what two physicians had documented in 2011: my injury was real, caused by my workplace, and the retaliation by Chester against me for reporting him was documented and ruled upon in my favor.

HECO's response to that 2019 ruling was to appeal it — with a full law firm — while I remained unrepresented. They also authorized a Medicare Set-Aside analysis that confirmed I would need ongoing psychiatric and psychological treatment for the rest of my life as a result of this injury. Their own analyst confirmed it. The injury HECO spent years denying, their own documents acknowledged would follow me for decades.

IV. WHAT THIS DID TO MY FAMILY

I need this Committee to understand that a broken workers' compensation system does not only destroy the worker. It reaches into the next generation.

My wife Colette has been beside me for every year of this fight. She has read documents, organized evidence, and held our family together while I fought a system that was designed to exhaust me into surrender. No spouse should have to become their partner's paralegal because the workers' compensation system failed.

I have two sons. Both are graduates of Saint Louis School. Both served in the United States Army. I am proud of them beyond words.

One of my sons dreamed of working at Hawaiian Electric Company — the same company where his father had worked for eighteen years. That dream was taken from him. HECO banned the Salanoa name from ever working there again. My son cried. His dream ended not because of anything he did — but because his father reported workplace violence, filed a legal claim, and refused to be silent.

That is what a broken workers' compensation system costs a family. Not just the worker's career and health — but a son's future. A name. A dream.

V. THE PATTERN CONTINUES AT MY CURRENT STATE EMPLOYER

I now work as a General Laborer II at the Hawaii Public Housing Authority (HPHA), a state agency under DHRD oversight. In March 2025, I filed a formal workplace safety complaint. What followed was not protection. It was adverse action.

My treating physician, Dr. Scott Miscovich, issued medical directives restricting me to the Punchbowl worksite due to documented physical limitations. DHRD refused those directives. In July 2025, DHRD formally denied the physician-ordered accommodation. In March 2026, I received a demand for new medical certification on short notice — as though the years of documented medical history from my treating physician meant nothing.

I go to work in pain. I go because it is better to work and hurt than to stay home and stare at the wall. I go because I want to be a productive person. But no one should have to choose between

their health and their livelihood because the system meant to protect them creates barriers instead.

VI. WHY THIS AUDIT MATTERS

H.C.R. No. 172 asks the Auditor to examine whether DHRD has complied with procurement law, whether claims are being delayed or denied in ways that violate Chapter 386 HRS, whether enforcement mechanisms are adequate, and whether systemic issues are driving repeated nonpayment of benefits to injured workers.

My case answers every one of those questions. Two physicians confirmed my injury in 2011. A government psychologist confirmed it the same year. A state tribunal confirmed it in 2019. HECO's own analysts confirmed ongoing medical need years later. And the journey from injury to any resolution took over a decade — with no independent oversight and no effective enforcement of my rights under Chapter 386, HRS.

Chester kept his job. His career was protected. My career ended. My son's dream was banned. And I am still fighting.

An independent audit creates accountability. Accountability creates change. Change protects the worker who gets hurt tomorrow and does not yet know what is coming.

VII. MY REQUEST

I respectfully urge this Committee to support H.C.R. No. 172. Let the Auditor examine the record. Let the findings go before the Legislature. Let injured workers in Hawaii finally have a system that does what the law says it will do — provide timely, fair, and medically appropriate care to people who were hurt doing their jobs.

I did not get that system.

I am asking you to build it for the people who come after me.

Respectfully submitted,

Christopher Salanoa

Resident of Oahu, Hawaii

General Laborer II, Hawaii Public Housing Authority

Substation Electrician (retired), Hawaiian Electric Company, 1993–2011

EEOC Charge No. 486-2011-00398, WC Case No. DCD 2-12-00702, LIRAB Case No. AB 2019-196