

A Bill for an Act Relating to Workers' Compensation Program Commission.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that Hawaii's workers' compensation law is one of the basic laws intended to provide income and medical benefits for persons who suffer work-connected injuries. The legislature finds that Hawaii's law, much like laws in other states, embraces several basic objectives as follows: (1) broad coverage of employees' work-related injuries and diseases, (2) substantial protection against interruption of income, (3) provision of medical coverage and rehabilitation services, (4) emphasis upon job-safety and prevention of accidents, and (5) an efficient, effective, and equitable system for the financing of the program and the delivery of such benefits as mandated by law. The legislature finds that despite the seemingly simple and straightforward objectives of the workers' compensation program, the program has stirred considerable debate and controversy in a number of areas. Areas at issue include the rate-making mechanism and the nature and levels of benefits which are compensable by type of injury. The legislature finds that issues associated with the workers' compensation program are likely to heighten in the months and years ahead, due among other considerations to the increasing costs associated with the operation and administration of the workers' compensation program. The legislature finds that the workers' compensation program in Hawaii is a multi-million dollar program involving thousands of persons. For example, according to data reported in "Work Injury Statistics 1978", a publication of the Hawaii state department of labor and industrial relations, in 1978, 57,138 workers' compensation cases were processed in Hawaii with costs totalling over \$32,000,000.

The legislature further finds that workers' compensation has gained an increasingly prominent place on the agendas of various state legislatures.

The legislature finds and concludes that a comprehensive review of Hawaii's workers' compensation law by a specially designated study group is a prudent action and one which is clearly in the general public interest. The purpose of this Act is to establish a temporary commission to carefully and comprehensively review Hawaii's law and to prepare a report of findings and recommendations in consonance with the basic objectives of workers' compensation laws and with a special emphasis upon ways to reduce or stabilize costs while at the same time maintaining benefits at existing levels, or ideally, providing increased benefits at reduced employer cost.

SECTION 2. There is created a workers' compensation program commission, hereafter in this Act referred to as "the commission", placed in the department of labor

and industrial relations for administrative purposes, which shall perform a study and report on the state workers' compensation program in line with the concerns noted in the foregoing section. The commission shall consist of nine voting members as follows: the director of labor and industrial relations or the director's designee; the assistant insurance commissioner; the chairman of the workers' compensation appeals board or the chairman's designee; and six members who shall be appointed by the governor not subject to section 26-34, Hawaii Revised Statutes; provided that of the six members appointed by the governor, one member shall represent "big business" (employers in the private sector who meet requirements of Hawaii law to be self-insured), one member shall represent "small business" (employers in the private sector who must provide insurance coverage through a third party arrangement), one member shall represent Hawaii's insurance industry, one member shall represent Hawaii's public employee unions, one member shall represent Hawaii's non-public construction employee unions; and one member shall represent Hawaii's non-public general trades employee unions. Any vacancy in the commission shall not affect its powers and shall be filled in the same manner in which the original position was filled. The commission shall elect a chairperson and vice-chairperson from among its members. A majority of the members of the commission shall constitute a quorum.

SECTION 3. The commission may appoint and fix the compensation of such personnel as it deems necessary. Such personnel shall not be subject to the provisions of chapters 76 and 77, Hawaii Revised Statutes. The commission shall have the power to appoint an advisory committee or committees from time to time to which employees of the State and counties and the non-public sector shall be eligible.

SECTION 4. Members of the commission shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

SECTION 5. The commission may hold hearings and make investigations. For these purposes, the commission shall have such powers as may be provided by law with respect to issuance of subpoenas and compelling the attendance of witnesses to secure information necessary to carry out the purposes of this Act. Subpoenas shall be signed by the chairperson of the commission and may be served by any person designated by the chairperson. Any member of the commission may administer oaths or affirmations to any person called before it. Any person subpoenaed to appear before the commission shall be entitled to receive fees and travel expenses as are allowed witnesses in civil actions in the circuit courts of the State.

SECTION 6. The commission shall have power to examine all government records and may secure directly from any state or county agency, information, suggestions, estimates, and statistics which are necessary in order to carry out the purposes of this Act. Each department shall make its records available and shall furnish information, suggestions, estimates, and statistics directly to the commission, upon written request of the chairperson or vice-chairperson.

SECTION 7. Prior to the convening of the regular session of 1981, the commission shall submit a preliminary report of its findings to the governor and the legislature. Within ten days after the 1982 regular session of the Eleventh State Legislature is convened and organized, the commission shall submit a final report of its findings and recommendations to the governor and the legislature. Ninety days after the submission of its final report, the commission shall cease to exist.

ACT 217

SECTION 8. This Act shall take effect upon its approval.

(Approved June 7, 1980.)