

Honolulu, Hawaii  
Feb 10, 2006

RE: H.B. No. 2646  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2646 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose of this bill is improve the workers' compensation system and decrease the adversarial nature of the workers' compensation system by requiring the State and courts to recognize the validity of labor-management agreements that meet certain specified requirements.

The Chamber of Commerce of Hawaii, Kaiser Permanente, Hawaii Chapter, American Physical Therapy Association, and Society for Human Resource Managers testified in support of this bill. The Department of Human Resources Development did not support this measure. The Department of Labor and Industrial Relations, ILWU Local 142, and Hawaii Employers' Mutual Insurance Company (HEMIC) submitted comments.

Labor-management agreements serve as an innovative and collaborative effort to improve the provision of care through a workers' compensation insurance plan agreed upon by management and labor. This type of approach often provides timely and comprehensive high-quality health care, open and direct communications between labor and management, return-to-work programs and vocational rehabilitation services, and an internal dispute resolution mechanism. Your Committee finds that this type



of system has been used successfully in the past by Oahu Transit Services and that a well-designed system may have a positive impact on Hawaii's workers' compensation system.

However, your Committee notes that past labor-management agreements had difficulties procuring workers' compensation insurance. Accordingly, your Committee has amended this measure by:

- (1) Inserting language requiring HEMIC to serve as the workers' compensation insurer for the labor-management agreement if the labor management-agreement is not able to procure workers' compensation coverage from an insurer in the voluntary insurance market; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2646, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2646, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,

  
KIRK CALDWELL, Chair



