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## HOUSE RESOLUTION

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REQUESTING THE AUDITOR TO CONDUCT A STUDY AND AUDIT OF THE  
WORKERS' COMPENSATION SYSTEM IN HAWAII.

1 WHEREAS, the State has long held on the public policy level  
2 that it is in the best interests of our citizenry to protect  
3 employees when they are ill or injured; and  
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5 WHEREAS, wage replacement programs such as the Workers'  
6 Compensation Law and the Temporary Disability Insurance Law were  
7 enacted specifically because the Legislature acknowledged the  
8 importance of making employees "whole" during times of illness  
9 and injury not only for the benefit of the worker, but also for  
10 the stability of businesses and our economy, and for the health  
11 and welfare of our people; and  
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13 WHEREAS, Hawaii's workers' compensation law was established  
14 to provide benefits in a prompt and accurate manner to employees  
15 who sustain a work-related injury or illness; and  
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17 WHEREAS, the Department of Labor and Industrial Relations  
18 (DLIR), through its Disability Compensation Division, has the  
19 overall responsibility of administering the workers'  
20 compensation law including its effective execution and  
21 supervision of prompt and accurate compensation payments; and  
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23 WHEREAS, in order for injured employees to recover from  
24 their work-related injuries and get back to work in a timely  
25 manner, the processing of workers' compensation claims must be  
26 completed as expeditiously as possible; and  
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28 WHEREAS, over the years, numerous concerns have been raised  
29 over the administration of workers' compensation claims by  
30 employers, employees, insurers, and healthcare providers; and



1 WHEREAS, a backlog of open workers' compensation cases has  
2 delayed the processing of claims and the rendering of decisions  
3 by the Disability Compensation Division, prompting DLIR to try  
4 to streamline its process and make the filing of claims and  
5 dispensing of cases more efficient; and  
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7 WHEREAS, the healthcare community has also raised concerns  
8 about the difficulty in providing healthcare in workers'  
9 compensation cases due to their low reimbursement rates; and  
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11 BE IT RESOLVED by the House of Representatives of the  
12 Twenty-fourth Legislature of the State of Hawaii, Regular  
13 Session of 2007, that the Legislative Auditor (Auditor) is  
14 requested to study the workers' compensation system in Hawaii to  
15 determine if any problems exist within the current system; and  
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17 BE IT FURTHER RESOLVED that the Auditor is requested to  
18 also conduct an audit of the workers' compensation claims  
19 process of the Disability Compensation Division of DLIR; and  
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21 BE IT FURTHER RESOLVED that the Auditor is further  
22 requested to study the workers' compensation insurance market in  
23 Hawaii, including the number of providers, the costs associated  
24 with the provision of workers' compensation insurance, the  
25 number of workers' compensation cases and types of cases filed  
26 annually with insurers, the number of contested claims, and the  
27 number of cases involving workers' compensation fraud; and  
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29 BE IT FURTHER RESOLVED that the Auditor include any  
30 remedies made to problems that have affected the workers'  
31 compensation system in the past and any remedies currently being  
32 attempted or contemplated to address any current or future  
33 problems expected with the workers' compensation system; and  
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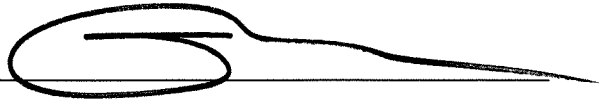
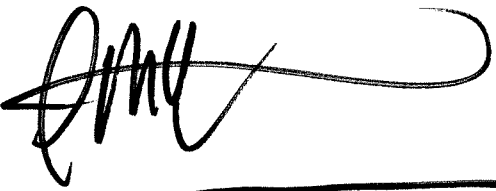
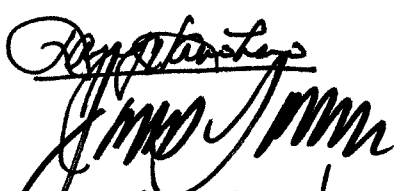


35 BE IT FURTHER RESOLVED that the Auditor submit a report of  
36 its findings and recommendations to the Legislature no later  
37 than 20 days prior to the convening of the Regular Session of  
38 2008; and



1 BE IT FURTHER RESOLVED that certified copies of this  
 2 Resolution be transmitted to the Legislative Auditor and  
 3 Director of Labor and Industrial Relations.  
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OFFERED BY:

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