

LINDA LINGLE
GOVERNOR



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813
February 26, 2008

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Tuesday, February 26, 2008
4:30 p.m., Conference Room 308
BY
MARIE C. LADERTA, DIRECTOR

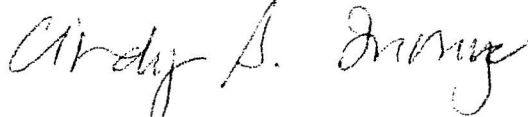
House Bill No. 2388
Relating to Workers' Compensation

TO CHAIR MARCUS R. OSHIRO AND MEMBERS OF THE COMMITTEE:

The purpose of H.B. No. 2388 is to amend Section 386-21(c), Hawaii Revised Statutes, is to require the employer continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

The Department of Human Resources Development supports the intent of Section 386-21, Hawaii Revised Statutes, which ensures that an injured employee receives appropriate medical care promptly as it will assist the injured worker to achieve a speedy recovery and return to gainful employment when able to do so. **However, the Department of Human Resources Development opposes this bill as there are, we believe, adequate safeguards within the statute, administrative rules, and current practices to insure that an individual receives appropriate medical care for so long as the nature of the injury requires.** If the treatment being provided is no longer related to the industrial injury, then those services should be billed to the private medical carrier and not be a burden on the workers' compensation system.

Respectfully submitted,


for MARIE C. LADERTA



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dliir.director@hawaii.gov

February 25, 2008

To: The Honorable Marcus Oshiro, Chair
and Members of the House Committee on Finance

Date: Tuesday, February 26, 2008

Time: 4:30 p.m.

Place: Conference Room 308, State Capitol

From: Darwin L.D. Ching, Director
Department of Labor and Industrial Relations

**Testimony in OPPOSITION
to
H.B. 2388 – Relating to Workers’ Compensation**

I. OVERVIEW OF CURRENT PROPOSED LEGISLATION

House Bill 2388 proposes to amend Section 386-21, Hawaii Revised Statutes (“HRS”), by allowing uninterrupted medical care be provided to injured workers in the event of any dispute between the injured employee and the employer regarding treatment, until the Director determines if medical services shall be discontinued and specifies the date after which medical services are denied.

The employer or its insurer may recover from the claimant’s personal health care provider qualified pursuant to section 386-27, HRS, or from any other appropriate occupational or non-occupational insurer, all the sums paid for medical services rendered after the date designated by the Director in which medical services are denied.

II. CURRENT LAW

Injured workers are currently allowed 15 treatments during the initial 60 calendar days. No treatment plan is required if the employee does not exceed 15 treatments in the first 60 days. If an injured worker needs more than 15 treatments and/or further treatment beyond the initial 60 days, the attending physician must submit a treatment plan in accordance with the Hawaii Administrative Rules (“HAR”), section 12-15-32 of the Workers’ Compensation Medical Fee Schedule. Under this section, the attending

physician must submit a treatment plan to the employer at least 7 calendar days prior to the start of treatment. Treatment plans cannot exceed 15 treatments or extend beyond 120 calendar days.

If the employer opposes the treatment plan, the employer must properly notify the injured worker of the decision to deny further treatments. The employer is responsible for all treatments up to the employer's notice of denial. The injured worker or attending physician may request a review of the employer's denial of the proposed treatment plan within 14 calendar days.

Consequently, a hearing is held and a decision is issued either denying or approving the treatment plan. The employer is required to pay the provider of service if the treatments are determined to be reasonable and necessary or the fees can be disallowed if unreasonable or unnecessary. Disallowed fees shall not be charged to an injured worker. Either party can appeal the decision to the Labor and Industrial Relations Appeals Board.

Currently, the time required to schedule the hearing, notice the parties, conduct the hearing and render a decision takes 3 to 4 months.

III. HOUSE BILL

The Department of Labor and Industrial Relations ("Department") cannot support H.B. 2388 for the following reasons:

1. The Department believes that the phrase in paragraph one in subsection 386-21(c) which states "Effective January 1, 1997, and for each succeeding calendar year thereafter," should not be deleted because this indicates the starting date of when fees were based on one hundred ten percent of the Medicare fees and also indicates that the Medical Fee Schedule in effect as of January 1 will be used throughout that year. This is important since fees listed in the Medicare Fee Schedule may change throughout the year.
2. The bill requires that the Department make a decision within thirty days of filing of a dispute. This proposal does not indicate whether a hearing must be held to address the dispute or if a decision can be rendered without a hearing based on records in file. If a hearing is required, thirty days is insufficient time to schedule a hearing, provide notice to the parties, hold the hearing, and render a decision. The minimum time required would be 2 to 3 months and this would result in delaying the scheduling of hearings for other issues such as compensability, termination of temporary total disability and permanent disability determinations.

3. This proposal allows employers or their insurers to seek reimbursement for sums that were paid for medical services after the medical cut off date from the prepaid health care contractors or from other appropriate occupational or non-occupational insurers. However, if the treatment is for unreasonable and unnecessary care, the prepaid health care contractors will not pay for the unreasonable or unnecessary treatment. In addition, the reimbursement from the prepaid health care contractors may not be the same as allowed under workers' compensation and would also be reduced by the employee's co-payment share. While most health care providers do provide only reasonable and necessary care, we believe that this bill will provide incentives for some health care providers to provide and be reimbursed for unnecessary health care since this bill appears to require the insurance carrier to pay for treatments until the director renders a decision. Unreimbursed costs paid by the insurance carriers will result in higher workers' compensation costs, resulting in a corresponding increase in employer insurance premiums.

4. The number of hearings will likely increase dramatically under this proposal. The Department will require more hearings and support personnel to conduct more hearings to address treatment plans and continued medical care issues. The Department estimates that it will require an additional 6 hearings officers (2 for Honolulu and 1 each for neighbor island offices) and 5 clerk typists statewide to timely service the additional hearings and decisions resulting from the passage of this measure.

The Department estimates this cost to be approximately \$460,652 initially and \$426,552 in salaries annually thereafter.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

888 MILILANI STREET, SUITE 601 • HONOLULU, HAWAII 96813-2991



Randy Perreira *Executive Director*
Tel: 808 543-0011 Fax: 808 528-0922

Nora A. Nomura *Deputy Executive Director*
Tel: 808 543-0003 Fax: 808 528-0922

Derek M. Mizuno *Deputy Executive Director*
Tel: 808 543-0055 Fax: 808 523-6879

The Twenty-Fourth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

Testimony by
HGEA/AFSCME Local 152, AFL-CIO
February 26, 2008

**H.B. 2388 – RELATING TO
WORKERS’ COMPENSATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2388. An injured employee’s medical care in workers’ compensation-related cases is vital to help the injured worker return to work. Such medical care should not be disrupted when there is an unresolved dispute between the injured employee and the employer or the employer’s insurer.

The HGEA/AFSCME believes that an employer should not be able to deny further medical treatment until a final decision on the workers’ compensation claim is rendered by the Director of Labor and Industrial Relations. Thank you for the opportunity to testify in support of H.B. 2388.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nora A. Nomura', written over a horizontal line.

Nora A. Nomura
Deputy Executive Director

HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

Date: Tuesday, February 26, 2008

Time: 4:30 p.m.

Place: Conference Room 308, State Capitol

TESTIMONY FRED GALDONES/ILWU LOCAL 142

RE: HB 2388, RELATING TO WORKERS' COMPENSATION

Thank you for the opportunity to present testimony regarding HB 2388. We support this modest but constructive bill.

Where disputes arise about the approval of medical care, H.B. 2388 mandates the continuation of essential medical care until there is a ruling from the department of labor and industrial relations. The bill also requires that a decision be made within 30 days of the filing of a dispute, which will go far toward assuring that needed care is not denied and that medical progress is not obstructed by legal disputes over coverage.

Disruption of medical care is a major impediment to returning injured workers to gainful employment promptly and efficiently, and HB 2388 addresses this problem in a balanced and equitable fashion.

In conjunction with these protections for the injured worker, HB 2388 carefully provides that if medical services are terminated under workers' compensation insurance, the employer and insurer may recover the costs they have expended from the claimant's individual health care provider. This is a workable remedy, because workers' compensation medical fees are uniformly lower than fees under regular pre-paid health insurance so such reimbursements will be financially feasible. Employers will also benefit because medical care was continuous, thus enhancing the likelihood of a prompt return to gainful employment, which in turn will lower expenditures for temporary disability benefit payments and vocational rehabilitation costs.

HB 2388 is thus a proposal which helps to fulfill the rehabilitative potential of the workers' compensation statute and confers benefits to employees, employers, insurers, and the system itself. It is therefore eminently worthy of adoption, and we urge its passage.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

February 26, 2008

Committee on Finance

4:30 P.M..

Room 308

Testimony on HB 2388 "Relating to Workers Compensation"

Chair Oshiro and Members of the Committee on Finance:

I am Karen Nakamura, Chief Executive Officer and Executive Vice President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is strongly opposed to HB 2388 "Relating to Workers Compensation"

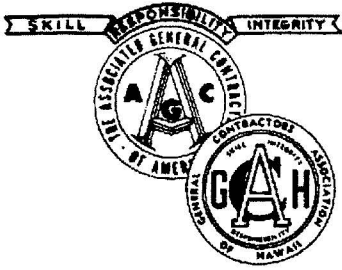
HB 2388 requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued until the Director of the Department of Labor and Industrial Relations decides whether treatment should be continued. The provisions of this bill would give undue advantage to an employee who wishes to prolong the time off the job, even if the employee was deemed able to return to work. The DLIR may not be sufficiently staffed to provide a decision in a timely fashion.

This bill also erodes employers' rights and increases their costs of conducting their businesses because they must pay for treatments that subsequently are deemed unnecessary.

For these reasons, BIA-Hawaii is strongly opposed to HB 2388.

Thank you for the opportunity to express our views on this bill.

Karen I. Nakamura



GENERAL CONTRACTORS ASSOCIATION OF HAWAII

1065 AHUA STREET • HONOLULU, HAWAII 96819-4493 • PHONE 808-833-1681 • FAX 808-839-4167

E-MAIL ADDRESS: gca@gcahawaii.org • WEBSITE: www.gcahawaii.org

February 25, 2008

TO: THE HONORABLE MARCUS R. OSHIRO, CHAIR AND MEMBERS OF THE
COMMITTEE ON FINANCE

SUBJECT: H.B. 2388 RELATING TO WORKERS COMPENSATION

DATE: TUESDAY, February 26, 2008
TIME: 4:30 P.M.
PLACE: Conference Room 308

Dear Chair Oshiro and Members of the Committee on Finance:

The General Contractors Association (GCA), an organization comprised of over five hundred and forty (540) general contractors, subcontractors, and construction related firms, **strongly opposes** the passage of H.B.2388, Relating to Workers Compensation.

H.B. 2388 requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued until the Director of the Department of Labor and Industrial Relations decides whether treatment should be continued. The provisions of this bill would give undue advantage to an employee who wishes to prolong the time off the job, even if the employee was deemed able to return to work. The DLIR may not be sufficiently staffed to provide a decision in a timely fashion.

This bill also erodes employers' rights and increases their costs of conducting their businesses because they must pay for treatments that subsequently are deemed unnecessary.

For these reasons, the GCA **strongly opposed** H.B. 2388.

Thank you for considering our concerns on the above bill.



**Property Casualty Insurers
Association of America**

Shaping the Future of American Insurance

1415 L Street, Suite 670, Sacramento, CA 95814-3972

To: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

From: Samuel Sorich, Vice President

RE: **HB 2388 – Relating to Workers’ Compensation**
PCI Position: Oppose

Date: Tuesday, February 26, 2008
4:30 p.m.; Conference Room 308

The Property Casualty Insurers Association of America (PCI) is an association of property/casualty insurers. There are more than 100 PCI member companies doing business in Hawaii. PCI members are responsible for approximately 45 percent of the property/casualty insurance premiums written in Hawaii.

PCI is opposed to HB 2388 because the bill is unnecessary, costly and impractical.

HB 2388 would require an employer who disputes an employee's medical treatment to continue to pay for the treatment until the director of the department of labor and industrial relations makes a decision that the treatment should be discontinued. The bill would displace the existing system which gives the employee's attending physician the right to administrative review of an employer's dispute of medical treatment. In place of the existing system, HB 2388 would establish a system that would require an employer to continue to pay for disputed treatment and seek an administrative ruling in order to terminate payments. There is no evidence to justify the bill's radical change.

HB 2388 would increase workers compensation costs for Hawaii employers. The bill would require an employer to pay for treatments that may not be related to workplace injuries and may not be effective in helping an employee to return to work. The reimbursement rights that the bill provides to employers are inadequate and costly to effectuate. The resulting unreimbursed costs would unjustly burden employers.

HB 2388 calls for the director to make decisions within 30 days. However, based on testimony from the department of labor and industrial relations, the 30-day time frame appears to be completely impractical, and the bill provides no consequences for missing the 30-day deadline. The reality is that HB 2388 would require the payment for disputed medical treatment for extended periods of time.

PCI requests that the Committee vote No on the bill.



The Voice of Small Business®

Before the House Committee on Finance

DATE: February 26, 2008

TIME: 4:30 p.m.

PLACE: Conference Room 308

Re: HB 2388

Relating to Workers' Compensation

Testimony of Melissa Pavlicek for NFIB Hawaii

Thank you for the opportunity to testify. On behalf of the thousands of business owners who make up the membership of the National Federation of Independent Businesses in Hawaii, we ask that you defer HB 2388. NFIB opposes this measure in its current form.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.

We oppose measures that may tend to increase workers' compensation costs and have unintended negative consequences for employers, employees and the economy. Thank you for the opportunity to testify.



**Associated Builders and Contractors of Hawaii
80 Sand Island Access Road, M-119
Honolulu, Hawaii 96819**

February 25, 2008

TESTIMONY to be PRESENTED to the
HOUSE COMMITTEE ON FINANCE
For hearing on Tuesday, February 26, 2008, 4:30 P.M., Room 308

by

Karl F. Borgstrom, President
ASSOCIATED BUILDERS & CONTRACTORS OF HAWAII

IN OPPOSITION TO

**HOUSE BILL 2388
RELATING TO WORKERS' COMPENSATION**

CHAIR OSHIRO AND MEMBERS OF THE COMMITTEE:

The Associated Builders and Contractors is a professional trade association representing Merit Shop construction contractors, suppliers and service providers throughout the State of Hawaii. As mostly small to moderate sized businesses, our members are negatively impacted by regulatory rules and constraints which increase the cost of doing business unnecessarily.

HB 2386 would require continued medical services to an injured employee to prevent deterioration or further injury to the employee, despite disputes over whether the treatment should be continued, until the director of the DLIR decides whether the treatment should be continued.

Amendments to Hawaii Revised Statutes, Section 386-21, include the mandate that the director make a decision within 30 days of a dispute having been filed, compared to the 2-3 months allowed under current law to resolve these cases. We have reservations with regard to the capacity of the DLIR to meet that 30 day requirement, particularly as one effect of this bill may be to increase the number of cases.

Requiring employers or their carriers to cover costs of medical services when disputed claims are heard and ultimately resolved in favor of the employer may result in the employer or its carrier not being able to recover those costs if the employee's insurance carrier makes the likely, consequent determination that the health care provided in the interim was, in fact, not reasonable and necessary.

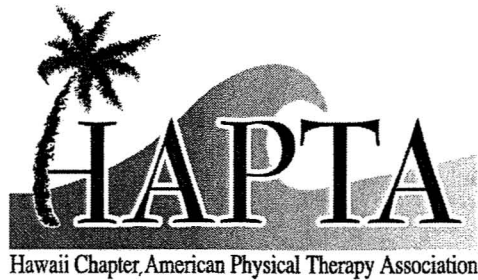
Implementation of these proposed amendments will add to the cost of workers compensation insurance and increase the regulatory burdens on businesses in the State of Hawaii.

For these reasons, Associated Builders and Contractor of Hawaii opposes HB 2388.

Thank you for your consideration; should the need arise, ABC Hawaii will respond to any requests of the Committee for additional information regarding this matter.

**Testimony by:
Derrick Ishihara, PT**

**HB 2388, Relating to Workers'
Compensation
House FIN, Tuesday, Feb. 26, 2008
Room 308, 4:30 pm – Agenda #7**



Position: Support Intent, With Recommendation

Dear Rep. Oshiro and Members of the House FIN Committee:

I am Derrick Ishihara, P.T., a small business owner/physical therapist and member of HAPTA's Legislative Committee. The Hawaii Chapter – American Physical Therapy Association (HAPTA) is comprised of 300 member physical therapists and physical therapist assistants employed in hospitals and health care facilities, the Department of Education school system, and private practice. We are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

HAPTA agrees with the intent of this proposal to "ensure that the injured employee shall continue to receive essential medical services by the treating physician necessary to prevent deterioration of the injured employee's condition or further injury...."

As written however, this bill will not achieve that objective. If the Director can retroactively deny care that has already been delivered, and an insurer can recover from the health care provider "...all the sums paid for medical services from that treatment plan rendered after the date designated by the director..." it would effectively terminate the medical care. No provider of service, medical or otherwise, would perform services without assurances that those services would be reimbursed. As written, HB 2388 does not even give guidelines to providers as to how the director will evaluate these utilization issues.

Recommendation:

To achieve the purposes of this bill, HAPTA recommends the bill be amended to ensure payment for medical services rendered in good faith at least until the date of the Director's decision.

I may be reached at 593-2610 if there are any questions. Thank you for the opportunity to present testimony.



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Honolulu, Hawaii 96813
Telephone (808) 525-5877
Facsimile (808) 525-5879

Alison Powers
Executive Director

TESTIMONY OF ALISON POWERS

HOUSE COMMITTEE ON FINANCE
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Tuesday, February 26, 2008
4:30 p.m.

HB 2388

Chair Oshiro, Vice Chair Lee, and members of the committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 60% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** HB 2388. This bill is in essence Section 2 of HB 855 CD1, 2007 Regular Session, which ultimately was vetoed by the Governor and not overridden.

This bill would require the continuation of medical benefits until the Director renders a decision. This bill creates tremendous potential for abuse and will add unnecessary costs. For example, a medical provider could request treatment for numerous modalities and the employer/insurer would be forced to pay regardless of any other circumstance. The employer/insurer may be required to pay for treatment that is not even related to the work injury. If the director determines that the medical services pursuant to the treatment plan should be or should have been discontinued, the employer should have the right to reimbursement from the provider of service or reimbursement under Section 386-52 (a)(3) in absence of any personal health insurance. If the employer/insurer has to subrogate from the health insurer for

payments, it adds more adversity to the system, which will increase costs. What if the health insurer does not pay because treatment is excluded under their coverage or if they deem the treatment to be unnecessary? It appears then that the employer/insurer would not be able to subrogate and would have to pay for unnecessary treatment regardless of the Director's decision.

The bill mandates that the Director make a decision within 30 days of the filing of the dispute, but does not have any provision in the event the decision is not made within the 30 days. If he does not make a decision within the timeframe, it appears that the employer/insurer still must continue to pay medical benefits.

We respectfully request that HB 2388 be held.

Thank you for the opportunity to testify.

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:

GARY M. SLOVIN, ESQ.
CHRISTOPHER G. PABLO, ESQ.
ANNE T. HORIUCHI, ESQ.
MIHOKO E. ITO, ESQ.
JOANNA J. H. MARKLE*
LISA K. KAKAZU**

* Government Relations Specialist
** Legal Assistant

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lkakazu@goodsill.com

February 25, 2008

TO: Representative Marcus Oshiro
Chair, Committee on Finance
Hawaii State Capitol, Room 306
FINtestimony@Capitol.hawaii.gov

FROM: Anne T. Horiuchi, Esq.
H.B. 2388 Relating to Workers' Compensation
Hearing Date: Tuesday, February 26, 2008 at 4:30 p.m., Agenda #7

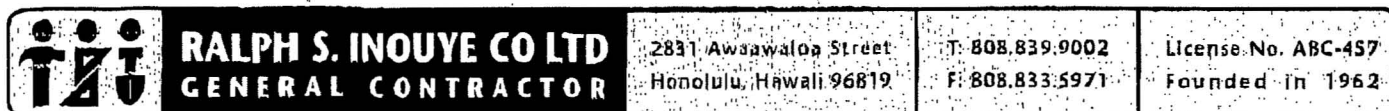
Dear Chair Oshiro and Members of the Committee on Finance:

I am Anne Horiuchi, testifying on behalf of the American Insurance Association (AIA). AIA represents approximately 350 major insurance companies that provide all lines of property and casualty insurance and write more than \$123 billion annually in premiums. AIA members supply 23 percent of the property/casualty insurance sold in Hawaii. The association is headquartered in Washington, D.C., and has representatives in every state.

H.B. 2388 requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the Director of Labor & Industrial Relations decides whether treatment should be continued.

AIA submits that this measure creates the potential for abuse and will result in increased costs. AIA opposes H.B. 2388 and respectfully requests that it be held.

Thank you very much for this opportunity to submit testimony.



February 25, 2008

The Honorable Marcus Oshiro, Chair and Members of the House Committee on Finance

SUBJECT: H.B. 2388 "Relating to Workers Compensation"

Dear Chair Oshiro and Members of the Committee:

Ralph S. Inouye Co., Ltd. (RSI), general contractor, strongly opposes H.B. 2388 which requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued until the Director of the Department of Labor and Industrial Relations decides whether treatment should be continued. The provisions of this bill would give undue advantage to an employee who wishes to prolong the time off the job, even if the employee was deemed able to return to work. The DLIR may not be sufficiently staffed to provide a decision in a timely fashion.

This bill also erodes employers' rights and increases their costs of conducting their businesses because they must pay for treatments that subsequently are deemed unnecessary.

For these reasons, RSI strongly opposed to H.B. 2388.

Thank you for the opportunity to express our concerns on this bill.

Sincerely,

RALPH S. INOUE CO., LTD.



Lance M. Inouye
President

LMI:ma

To: Representative Marcus R Oshiro, Chair
Representative Marilyn L. Lee, Vice Chair
HOUSE FINANCE COMMITTEE

From: Ka'ina Bonacorsi
Maui County Early Childhood Resource Coordinator

Date: Wednesday, February 27, 2008
1:30 p.m., Room 308

Subject: HB2973HD1, Relating to Early Learning

Chair Oshiro, Vice Chair Lee, and members of the House Finance Committee, I am writing to ask that the committee pass HB2973HD1 concerning Keiki First Steps Program. It is a well known fact that providing high quality early childhood education has a profound impact on their future successes.

The Act 259 tasked the Task Force to develop a quality system, and the Act 259 Early Learning Educational Task Force's Report certainly did this with the plan for four year olds (and the intention to address birth to three next). As a community coordinator I am aware of the continuous struggles that many preschool directors or family child interaction program directors have in recruiting and retaining qualified staff to provide the quality education we are looking for. I am also aware of the costs associated with quality care and education and the impact that this will have if preschools and or programs pass this on to the families who are already struggling to invest in the success of their child's future. It is imperative that workforce development and equitable compensation for early childhood educators be factored in to support the proposed system.

I also support the creation of the public-private Early Learning Council that is administratively attached to a state agency. A governing / coordinating body will play an important role in the efficacy of the program. I would like to encourage you to consider including representation from each county and each setting (center based, family child interaction learning, and family child care) on the Early Learning Council. Having such representation on the Task Force was essential in the process that was used to develop the plan and will be pertinent system building and sustainability of the early learning system.

The Task Force has recommended the sum of \$10.45 million as an initial investment into the proposed system. This is a wise investment in our states future; this investment will make a profound impact on our Keiki's future.

Chair, Representative Marcus R. Oshiro
Vice- chair, Representative Marilyn B. Lee
Committee: FIN
From: Society for Human Resource Management (SHRM) Hawaii
(808) 447-1840 or e-mail: shrmhawaii@hawaii.biz.rr.com
Testimony date: Tuesday, 26 February 2008

Opposition to
HB 2388 (HSCR525-08)

SHRM Hawaii is local chapter of a National professional organization of Human Resource professionals. Our 1,000+ local membership includes those from small and large companies, in every industry Hawaii has – all tasked with meeting the needs of employees and employers in a balanced manner, while ensuring compliance with laws affecting the workplace. We (HR Professionals) are the people that implement the legislation you pass, on a day-to-day front line level.

SHRM Hawaii Opposes HB 2388 (HSCR525-08) Requiring the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

As presently written this bill provides no disincentive for employees to receive unnecessary treatments, as they will not be responsible for repaying any of the costs if the DLIR Director determines the employee needed no further treatment and should have returned to work.

This Bill would create an incentive to stay out of work longer as there are no costs or other negative consequences for the employee.

The financial burden of unnecessary treatments would be born by the insurance carriers and employers through higher premiums – which means less money available for wage increases and training programs for those employees that wish to work.

SHRM Hawaii respectfully urges the committee to HOLD HB 2388 until language is written that holds employees financially responsible for treatments deemed unnecessary.

Thank you for the opportunity to testify. SHRM Hawaii offers the assistance of its Legislative Committee members in discussing this matter further.