
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that soft-tissue injury
2 claims are historically one of the most difficult types of
3 injury claims to administer in the workers' compensation system.
4 Research suggests that soft-tissue injury claims are one of the
5 leading cost drivers in the workers' compensation system and the
6 leading cause of disputes over coverages that undermines a fair
7 and unbiased resolution of claims.

8 In 2008 a report on workers' compensation systems by the
9 research and economic analysis division of the department of
10 business, economic development, and tourism, found that some
11 states have used various technological innovations to enhance
12 the operational efficiency and reduce the costs of their
13 workers' compensation systems. These innovations have helped
14 states lower administrative costs and boost efficiency without
15 reducing the quality of services to injured workers. The report
16 suggests that Hawaii can improve its workers' compensation
17 system by adopting similar innovations.



1 The report also suggested that litigation in the workers'
2 compensation system can be costly. Research has identified
3 several factors that encourage litigation, including a lack of
4 oversight by the State and a heavy reliance on the ratings of
5 adversarial experts hired by the parties. Evidence indicates
6 that mechanisms to reduce litigiousness in workers' compensation
7 systems include active supervision by the State and a heavy
8 reliance on the treating physician.

9 Over the last four years, the department of labor and
10 industrial relations has made great strides in reducing the
11 workers' compensation loss costs by 61.4 per cent through the
12 department's proactive efforts to streamline the hearings
13 process and create programs that provide a safe and healthy work
14 environment. In addition, the insurance commissioner recently
15 suggested that greater savings to businesses could be achieved
16 by working harder to reduce the adversarial nature of the
17 workers' compensation system at the legislative level.

18 The legislature finds that a process based on objective
19 evidence provided by the injured worker's treating physician
20 would have a primary benefit of safely and rapidly returning an
21 injured person to work.



1 The adversarial battles between the service providers of
2 the system and the classic confrontation between two sets of
3 costly experts to determine the value and outcomes of soft-
4 tissue injury cases should be resolved by reasonable minds
5 guided by objective evidence. The secondary gain by employers
6 is the injured worker's safe and rapid return to work, which
7 results in a reduction of claim costs that could lead to further
8 premium reductions.

9 The legislature finds that a process governed by reasonable
10 minds is in the best interest of all parties involved in the
11 administration of the workers' compensation system.

12 The purpose of this Act is to establish a pilot program
13 that applies available innovative technology to monitor soft-
14 tissue injury claims in the workers' compensation system.

15 SECTION 2. (a) There is established a soft-tissue injury
16 case monitoring pilot program within the department of human
17 resources development. The department shall monitor at least
18 fifty but not more than one hundred workers' compensation cases
19 involving claims of soft-tissue injury that have been open for
20 more than six months at the time of commencement of the program.
21 The number of cases monitored shall be contingent on the amount
22 of the appropriation in this Act.



1 (b) Each case in this pilot program shall be monitored by
2 innovative technology designed to objectively profile soft-
3 tissue injury recovery data to provide an objective, evidence-
4 based profile of the injury recovery. Each profile shall:

- 5 (1) Include a summary of the percentage of improvement and
6 deficit for each injury motion measured by each
7 medical provider for each injury visit during the life
8 of the workers' compensation claim;
- 9 (2) Identify the point of maximum medical improvement; and
- 10 (3) Identify possible fraudulent behaviors.

11 SECTION 3. The pilot program shall monitor cases for six
12 months from the date of the commencement of the program. The
13 department shall submit a report of its findings to the
14 legislature no later than twenty days prior to the convening of
15 the regular session of 2010.

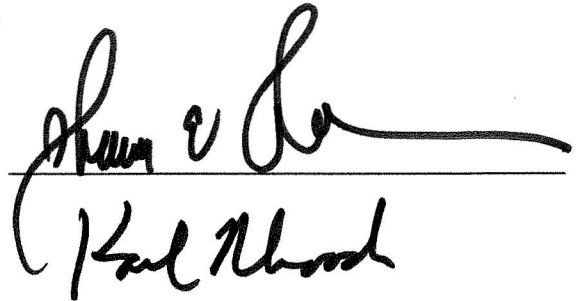
16 SECTION 4. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so much
18 thereof as may be necessary for fiscal year 2009-2010 for the
19 establishment of the soft-tissue injury case monitoring pilot
20 project.

21 The sum appropriated shall be expended by the department of
22 human resources development for the purposes of this Act.



1 SECTION 5. This Act shall take effect on July 1, 2009 and
2 shall be repealed on
3

INTRODUCED BY:


Paul Rhoads

JAN 27 2009



Report Title:

Workers' Compensation; Soft-Tissue Injuries

Description:

Establishes a pilot program in the department of human resources development to monitor workers' compensation cases involving soft-tissue injuries that have been open for more than 6 months.

