

Honolulu, Hawaii

February 11, 2016

RE: H.B. No. 2715

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2715 entitled:

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

begs leave to report as follows:

The purpose of this measure is to overhaul employee health and safety insurance protections in the state by:

- (1) Repealing the Hawaii Employers' Mutual Insurance Company;
- (2) Establishing the State Workers' Compensation Insurance Company, a public body corporate, attached to the Department of Labor and Industrial Relations, and tasked with providing workers' compensation to employees across the State; and
- (3) Requiring employers to self-insure or obtain workers' compensation coverage through the State Workers' Compensation Insurance Company.

The Ironworkers Stabilization Fund testified in support of this measure. ILWU Local 142, Chamber of Commerce Hawaii, National Association of Mutual Insurance Companies, Hawaii Insurers Council (Council), and Property Casualty Insurers Association of America testified in opposition. The Department of Labor and Industrial Relations and General Contractors Association of Hawaii provided comments.

HB2715 HD1 HSCR LAB HMS 2016-1787



Your Committee notes that testimony provided by the Council highlighted the potential benefits of performing a closed claim study prior to taking legislative action to repeal the Hawaii Employers' Mutual Insurance Company and establish the State Workers' Compensation Insurance Company. The Council testified that such a study, similar to the Tillinghast study that was conducted in Hawaii in 1993, may provide the Legislature with a clearer picture on "where cost drivers exists, where backlogs are slowing the process, and what, if any, inequities exist as to either the injured worker or insurer." Given the testimony of the Council, should the Committee on Consumer Protection and Commerce choose to deliberate further on this measure, your Committee respectfully requests that it further examine the merits of such a study.

Your Committee has amended this measure by:

- (1) Requiring the Department of Labor and Industrial Relations to develop, report to the Legislature on, and implement a transition and implementation plan for the repeal of the Hawaii Employers' Mutual Insurance Company and establishment of the State Workers' Compensation Insurance Company;
- (2) Changing its effective date to July 1, 2091, to encourage further discussion; and
- (3) 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. 2715, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2715, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



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



MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 186-16

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2715	Committee Referral: LAB, CPC, FIN	Date: 2/9/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. KEOHOKALOLE, Jarrett (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.		/		
5. ICHIYAMA, Linda	/			
6. JOHANSON, Aaron Ling	/			
7. LoPRESTI, Matthew S.	/			
8. SAN BUENAVENTURA, Joy A.	/			
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. TUPOLA, Andria P.L.	/			
TOTAL (11)	10	1		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				