
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

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

1 SECTION 1. Act 188, Session Laws of Hawaii 2016, is
2 amended by amending section 2 to read as follows:

3 "SECTION 2. (a) The auditor shall contract with [~~an~~
4 ~~actuarial firm~~] a suitable entity that has experience conducting
5 workers' compensation closed claims studies in the United States
6 to perform a study of:

7 (1) Closed claims in the private employment sector in the
8 State; [~~and~~]

9 (2) Closed claims involving state employees, including
10 those employed by the department of human resources
11 development, the department of education, and the
12 University of Hawaii system[~~-~~]; and

13 (3) The processing time for closed claims.

14 (b) Of the total cost of the study, a portion equal to the
15 appropriation provided for in section 3 of this Act or any
16 subsequent appropriation for the same purpose shall be paid for
17 by an assessment to the workers' compensation insurers, workers'



1 compensation captive insurers, and workers' compensation self-
2 insureds in the State to be determined according to market share
3 of premiums or, in the case of workers' compensation self-
4 insureds, using the current basis to determine special
5 compensation fund assessments.

6 (c) The auditor shall require the study to be completed by
7 November 30, [~~2017~~] 2018, and the study shall be submitted to
8 the legislature no later than twenty days prior to the convening
9 of the regular session of [~~2018~~] 2019.

10 (d) Prior to contracting with [~~an actuarial firm~~] a
11 suitable entity to perform the study required by this Act, the
12 auditor shall consult and confer with two members of the
13 legislature, one member selected by the president of the senate
14 and one selected by the speaker of the house of representatives.
15 The two members shall ensure that the [~~actuarial firm~~] entity
16 selected and parameters of the study are not biased and do not
17 have an appearance of bias toward any of the numerous
18 stakeholders in the workers' compensation system, including the
19 department of labor and industrial relations, department of
20 human resources development, insurers, attorneys representing



1 employers and employees, mutual benefit societies, health
2 maintenance organizations, and health care providers."

3 SECTION 2. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2017-2018 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2018-2019 for the auditor to contract with a suitable entity to
8 produce a study of closed claims in the State's workers'
9 compensation system as provided for in this Act; provided that
10 no moneys shall be released unless matched dollar-for-dollar by
11 the fees assessed pursuant to section 2(b) of Act 188, Session
12 Laws of Hawaii 2016.

13 The sums appropriated shall be expended by the auditor for
14 the purposes of this Act.

15 SECTION 3. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 4. This Act shall take effect on January 7, 2019.



Report Title:

Workers' Compensation; Closed Claims; Study; Appropriation

Description:

Stipulates that the auditor will contract with a suitable entity to conduct a study of closed claims in the workers' compensation system that includes the study of processing time for closed claims. Extends the deadline for the study to 11/30/2018 and the deadline for the legislative report to twenty days prior to the regular session of 2019. Makes an appropriation for the study. Takes effect 1/7/2059. (SD1)

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