

HB 1208

RELATING TO THE DEPARTMENT OF LABOR
AND INDUSTRIAL RELATIONS.

LAB, FIN

HB1208



Submit Testimony

Measure Title: RELATING TO THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS.

Report Title: Department of Labor and Industrial Relations; Disability Compensation Division; Appropriation (\$)

Description: Appropriates funds for two full-time equivalent (2.00 FTE) enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws.

Companion:

Package: None

Current Referral: LAB, FIN

Introducer(s): HOLT, JOHANSON

<u>Sort by Date</u>		Status Text
1/24/2017	H	Pending introduction.
1/25/2017	H	Pass First Reading
1/30/2017	H	Referred to LAB, FIN, referral sheet 6
2/3/2017	H	Bill scheduled to be heard by LAB on Tuesday, 02-07-17 9:00AM in House conference room 309.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS.

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

1 SECTION 1. The department of labor and industrial
2 relations, disability compensation division (the "division"),
3 plans, directs, and coordinates statewide activities relating to
4 the interpretation, implementation, and administration of
5 workers' compensation, temporary disability insurance, and
6 prepaid health care laws, rules, regulations, policies, and
7 procedures. The division's mission is to provide economic
8 security and stability for Hawaii's workforce through education,
9 enforcement, and adjudication of the workers' compensation,
10 temporary disability insurance, and prepaid health care laws.

11 The division's primary objectives include ensuring the
12 efficient processing of claims; the timely provision of medical
13 services and payment of benefits to injured workers; employer
14 compliance with workers' compensation, temporary disability
15 insurance, and prepaid health care insurance coverage
16 requirements; and monitoring health plans to ensure employees



1 are provided with the benefits that are required under the
2 prepaid health care law.

3 According to the State of Hawaii Department of Labor and
4 Industrial Relations Annual Report 2012, the division lost
5 thirty-two per cent of its staff between 2009 and 2012, which
6 adversely affected the division's ability to effectively protect
7 the economic and medical security of the working public for whom
8 workers' compensation, temporary disability insurance, and
9 prepaid health care laws were intended to provide. For
10 instance, monitoring employer compliance with workers'
11 compensation, temporary disability insurance, and prepaid health
12 care laws dropped as a result of the loss of two investigator
13 positions; therefore, more employees lost the economic and
14 health care protections afforded to them by these laws.

15 The reinstatement and funding for two investigator
16 positions in the division is essential to investigate the large
17 number of delinquent employers failing to secure and provide
18 workers' compensation, temporary disability insurance, and
19 prepaid health care. These delinquent employers expose the
20 workers' compensation special compensation fund, temporary
21 disability insurance special fund, and the prepaid health care



1 premium supplemental fund to greater risks of having to pay
2 workers' compensation, temporary disability insurance, and
3 prepaid health care to employees who are not covered by their
4 delinquent employers. Inadequate funding for these funds will
5 drive up the costs of workers' compensation and temporary
6 disability insurance for Hawaii's employers. Moreover,
7 shortfalls in the prepaid health care premium supplemental fund
8 would require the appropriation of general fund moneys to
9 sustain the prepaid health care premium supplemental fund.

10 The purpose of this Act is to appropriate funds for two
11 full-time equivalent (2.00 FTE) enforcement specialist IV
12 positions to be primarily responsible for the enforcement of
13 Hawaii's workers' compensation, temporary disability insurance,
14 and prepaid health care laws.

15 SECTION 2. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so much
17 thereof as may be necessary for fiscal year 2017-2018 and the
18 same sum or so much thereof as may be necessary for fiscal year
19 2017-2018 to establish two full-time equivalent (2.00 FTE)
20 enforcement specialist IV permanent positions in the department
21 of labor and industrial relations, disability compensation



1 division, to assist with the enforcement of Hawaii's workers'
2 compensation, temporary disability insurance, and prepaid health
3 care laws.

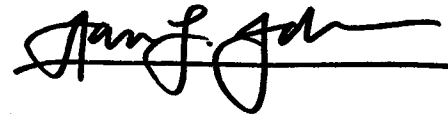
4 The sums appropriated shall be expended by the department
5 of labor and industrial relations for the purposes of this Act.

6 SECTION 3. This Act shall take effect on July 1, 2017.

7

INTRODUCED BY:





JAN 24 2017



H.B. NO. 1208

Report Title:

Department of Labor and Industrial Relations; Disability
Compensation Division; Appropriation

Description:

Appropriates funds for two full-time equivalent (2.00 FTE) enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
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February 7, 2017

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Tuesday, February 7, 2017
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1208 Relating to the Department of Labor and Industrial Relations

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal seeks to appropriate funds for two full-time equivalent enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation (WC), temporary disability insurance (TDI), and prepaid health care (PHC) laws.

The department supports this measure that will help restore the enforcement capability to the division as long as its passage does not adversely impact the priorities identified in the Governor's Executive Budget Request.

II. CURRENT LAW

DLIR's Disability Compensation Division (DCD) is responsible for providing economic security and stability for Hawaii's workforce through education, enforcement, and adjudication of the WC, TDI, and PHC laws. To this end, the division's statewide enforcement section of eight enforcement specialists (five in Honolulu, one in Kauai, one in Hilo, and one in Maui) is tasked with ensuring the 32,000 employers across the state are complying with the WC, TDI, and PHC compliance requirements.

The division has had great difficulty meeting this requirement after losing six of 13 positions or 47% of staffing since FY 2009 because of the state's financial

difficulties. In FY 2017, the legislature authorized one enforcement specialist for Kauai with funding beginning on January 1, 2017. That position was filled on January 1, 2017, and the specialist is being trained and will soon be contributing to the decline in employer non-compliance on Kauai. Unfortunately, the Kona district remains without an enforcement specialist since the incumbent retired and the position was abolished in FY 2012.

III. COMMENTS ON THE HOUSE BILL

The Department supports this measure to increase its enforcement staff that in turn will improve the division's quality and timeliness of services to the public as long as its passage does not adversely impact the priorities identified in the Governor's Executive Budget Request.

If this bill is enacted, the division will establish one enforcement specialist position in Kona and one position in Honolulu.

The estimated cost to fund the two positions is \$112,078. The cost breakdown follows:

- Salary 2x \$50,772 \$101,544
- Current Expenses \$1,034
- Equipment \$9,500

TESTIMONY OF ALISON UEOKA

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

Tuesday, February 7, 2017
9:00 a.m.

HB 1208

Chair Johanson, Vice Chair Holt, and members of the Committee on Labor & Public Employment, my name is Alison Ueoka, President of the Hawaii Insurers Council. The 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 forty percent of all property and casualty insurance premiums in the state.

The Hawaii Insurers Council **supports** this bill as we believe the Department of Labor and Industrial Relations has broad duties and cuts to their staffing has affected their ability to adequately enforce what is in their purview.

We believe an appropriation for two Enforcement Specialist IV positions is appropriate and we urge this committee to pass this bill.

Thank you for the opportunity to testify.

The Twenty-Ninth Legislature
Regular Session of 2017

HOUSE OF REPRESENTATIVES
Committee on Labor & Public Employment
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair
State Capitol, Conference Room 309
Tuesday, February 7, 2017; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1208
RELATING TO THE DEPARTMENT OF LABOR
AND INDUSTRIAL RELATIONS**

The ILWU Local 142 supports H.B. 1208, which appropriates funds for two full time equivalent (2.00 FTE) enforcement specialists IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws.

The Disability Compensation Division has been short-staffed for several years. The Division's primary objectives include ensuring the efficient processing of claims, the timely provision of medical services, payment of benefits to injured workers, and employer compliance with workers' compensation, temporary disability insurance, and prepaid healthcare laws.

The Department of Labor and Industrial Relations has lost up to 32% of its staff in the past several years, and has been attempting to rebuild its staff. The reinstatement and funding for two investigator positions in the division is essential to investigate the large number of delinquent employers failing to secure and provide workers' compensation, temporary disability insurance, and prepaid health care protections to their employees.

These delinquent employers expose the workers' compensation special compensation fund, the temporary disability insurance special fund, and the prepaid health care premium supplementation fund to greater risks of having to pay benefits to workers of these delinquent employers. This in turn, increases the costs of these three statutory programs. H.B. 1208 will help directly address this concern and support compliance with the law for all Hawaii employers.

The ILWU urges passage of H.B. 1208. Thank you for the opportunity to provide testimony on this matter.

Testimony of
Christopher Delaunay
Pacific Resource Partnership

House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

HB 1208 – Relating to the Department of Labor and Industrial Relations
Tuesday, February 7, 2017
9:00 A.M.
State Capitol – Room 309

Aloha Chair Johanson, Vice Chair Holt and members of the Committee:

PRP strongly supports HB 1208, Relating to the Department of Labor and Industrial Relations (DLIR), which appropriates funds for two full-time equivalent (2.00 FTE) enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws for the following reasons.

First of all, Hawaii has the highest construction costs in the United States and the conditions are leading to increase use of illegal workers, unlicensed activity, payroll fraud, non-compliant permits and health and safety issues.

Secondly, according to the State of Hawaii DLIR's Annual Report 2012, the division lost thirty-two percent of its staff between 2009 and 2012. The cut in positions adversely affected the division's ability to effectively protect the economic and medical security of the working public for whom workers' compensation, temporary disability insurance, and prepaid health care laws were intended to provide. Reinstating a couple of the positions would help curb the work of unscrupulous employers who are in violation of Hawaii's workers' compensation laws, and who are profiting at the expense of employers and employees who follow the law.

Thank you for allowing us to share our views and we respectfully request your support on HB 1208.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU
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KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR

NOEL T. ONO
ASSISTANT DIRECTOR

LATE

February 7, 2017

LATE

LATE

The Honorable Aaron Ling Johanson, Chair
The Honorable Daniel Holt, Vice Chair
and Members of the Committee
on Labor & Public Employment
The House of Representatives
State Capitol, Room 309
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Johanson, Vice-Chair Holt and Members of the Committee:

**SUBJECT: House Bill No. 1208
Relating to the Department of Labor and Industrial Relations**

H.B. 1208 appropriates funds for the hiring of two full-time enforcement positions within the State of Hawaii, Department of Labor and Industrial Relations, Disability Compensation Division (DCD).

The funding provided by H.B. 1208 will enable the DCD to better enforce Hawaii's workers' compensation, temporary disability insurance and prepaid health care laws, thereby benefitting employees and employers alike. The City and County of Honolulu, Department of Human Resources, fully supports the measure.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Carolee C. Kubo".

Carolee C. Kubo
Director

cc: Mayor's Office

HB 1208

LATE TESTIMONY

LATE

LATE

LATE

holt1 - Joyleanne

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 7:43 PM
To: LABtestimony
Cc: cwilson@ahcs.com
Subject: *Submitted testimony for HB1208 on Feb 7, 2017 09:00AM*

HB1208

Submitted on: 2/6/2017

Testimony for LAB on Feb 7, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
cathy wilson	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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