

HB2377 HD1

Measure Title: RELATING TO WORKERS' COMPENSATION.

Report Title: Workers' Compensation; Vocational Rehabilitation; Department of Labor and Industrial Relations

Description: Establishes training options as part of vocational rehabilitation for injured employees when training for employment in another occupational field is required for the employee and as part of the employee's rehabilitation plan. Provides that all professional and clerical employees of the Department of Labor and Industrial Relations Rehabilitation Unit are to be administered by the DLIR Director. (HB2377 HD1)

Companion: [SB2804](#)

Package: Governor

Current Referral: LBR

Introducer(s): SAIKI (Introduced by request of another party)

<u>Sort by</u> <u>Date</u>		Status Text
1/22/2018	H	Pending introduction.
1/24/2018	H	Introduced and Pass First Reading.
1/29/2018	H	Referred to LAB, CPC, FIN, referral sheet 9
2/1/2018	H	Bill scheduled to be heard by LAB on Tuesday, 02-06-18 10:30AM in House conference room 309.
2/6/2018	H	The committees on LAB recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 7 Ayes: Representative(s) Johanson, Holt, Evans, Ichiyama, Keohokalole, Yamashita, Matsumoto; Ayes with reservations: none; Noes: none; and Excused: none.
2/8/2018	H	Reported from LAB (Stand. Com. Rep. No. 171-18) as amended in HD 1, recommending passage on Second Reading and referral to CPC.
2/8/2018	H	Passed Second Reading as amended in HD 1 and referred to the committee(s) on CPC with none voting aye with reservations; none voting no (0) and Representative(s) Quinlan, Tupola excused (2).
2/9/2018	H	Bill scheduled to be heard by CPC on Monday, 02-12-18 2:00PM in House conference room 329.
2/12/2018	H	The committees on CPC recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 9 Ayes: Representative(s) Takumi, Ichiyama, Aquino, Johanson, LoPresti, Mizuno, Say, Tokioka, Yamane; Ayes with reservations: none; 0 Noes: none; and 2 Excused: Representative(s) Ito, McDermott.
2/14/2018	H	Reported from CPC (Stand. Com. Rep. No. 436-18), recommending referral to FIN.
2/14/2018	H	Report adopted; referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Souki excused (1).
2/20/2018	H	Bill scheduled to be heard by FIN on Thursday, 02-22-18 1:30PM in House conference room 308.
2/22/2018	H	The committees on FIN recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 13 Ayes: Representative(s) Luke, Cullen, Cachola, DeCoite, Fukumoto, Gates, Holt, Kobayashi, Lowen, Nakamura, Todd, Yamashita, Ward; Ayes with reservations: none; Noes: none; and 2 Excused: Representative(s) Keohokalole, Tupola.
3/2/2018	H	Reported from FIN (Stand. Com. Rep. No. 944-18), recommending passage on Third Reading.
3/2/2018	H	Passed Third Reading with none voting aye with reservations; none voting no (0) and Representative(s) Ing, San Buenaventura, Say, Yamane excused (4). Transmitted to Senate.
3/6/2018	S	Received from House (Hse. Com. No. 221).
3/6/2018	S	Passed First Reading.
3/6/2018	S	Referred to LBR.
3/16/2018	S	The committee(s) on LBR has scheduled a public hearing on 03-20-18 2:45PM in conference room 229.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

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HB2377 HD1



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

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March 20, 2018

To: The Honorable Jill N. Tokuda, Chair,
The Honorable J. Kalani English, Vice Chair, and
Members of the Senate Committee on Labor

Date: Tuesday, March 20, 2018

Time: 2:45 p.m.

Place: Conference Room 229, State Capitol

From: Leonard Hoshijo, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2377 HD1 RELATING TO WORKERS' COMPENSATION

I. OVERVIEW OF PROPOSED LEGISLATION

HB2377HD1 proposes to amend section 386-25, Hawaii Revised Statutes (HRS), subsection (e) to establish a hierarchy of options for injured workers who may be qualified for re-training. Section 2 of this bill proposes a housekeeping amendment to §386-71.5, and Section 3 changes the effective date to January 1, 2050.

DLIR supports this Departmental measure.

II. CURRENT LAW

Section 386-25, (HRS), states that the, “purposes of vocational rehabilitation are to restore an injured worker's earnings capacity as nearly as possible to that level that the worker was earning at the time of injury and to return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner.”

III. COMMENTS ON THE HOUSE BILL

DLIR recognizes that restoring an injured worker to suitable gainful employment as quickly as possible in a cost-effective manner is challenging with Hawaii's limited labor market. The measure helps return the injured worker to a job as quickly as possible pursuant to the intent of vocational rehabilitation (VR) by establishing a job

placement hierarchy by prioritizing on-the-job and short-term training over long-term training and self-employment. DLIR is concerned with VR plans considering self-employment without the injured worker properly understanding what it takes to start or run a business as well as the time it takes to mature a business to receive comparable pre-injury earnings. Moreover, the Bureau of Labor Statistics' reports that a high percentage of small businesses fail within the first 2 years.

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

March 20, 2018

The Honorable Jill N. Tokuda, Chair
The Honorable J. Kalani English, Vice Chair
and Members of the Committee on Labor
The Senate
State Capitol, Room 229
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Tokuda, Vice Chair English, and Members of the Committee:

SUBJECT: House Bill No. 2377, H.D. 1
Relating to Workers' Compensation

H.B. 2377, H.D. 1, establishes training options as part of vocational rehabilitation for injured employees when training for employment in another occupational field is required for the employee and as part of the employee's rehabilitation plan; and provides that all professional and clerical employees of the Department of Labor and Industrial Relations Rehabilitation (DLIR) Unit are to be administered by the DLIR Director.

The City and County of Honolulu, Department of Human Resources, fully supports this measure.

The City believes that the provisions of H.B. 2377, H.D. 1, are in full accord with one of the Hawaii Workers' Compensation Law's primary purposes for vocational rehabilitation (VR), set forth in Section 386-25, HRS, which is to "return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner." (Emphases added.) For the City's injured employees who are no longer able to return to City employment after six months in the City's Priority Placement Program, additional VR services may be necessary for them to return to the workforce. This bill would help to focus such VR services on returning the injured worker back to suitable gainful employment with the minimum amount of training required for their employment goal, particularly on the job training, which has a higher chance of resulting in employment with the employer providing the training.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in cursive script that reads "Carolee C. Kubo".

Carolee C. Kubo
Director

The House of Representatives
The Twenty-Ninth Legislature
Regular Session of 2018

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Aaron Ling Johanson Chair
Rep. Daniel Holt, Vice Chair

Date: Tuesday, March 20, 2018

Time: 2:45 p.m.

Place: Conference Room 229

**STATEMENT OF ILWU LOCAL 142 ON H.B. 2377, HD 1,
RELATING TO WORKERS' COMPENSATION**

Thank you for the opportunity to present testimony regarding HB 2377, HD 1. We support this bill.

Vocational rehabilitation is a cornerstone of the overall success of any program of work injury adjudication, especially in Hawaii where the primary two goals of our law "are to restore the injured employee and to compensate the employee adequately." Respicio v. Waialua Sugar Company, 67 Hawai'i 16 (1984), citing Riesenfeld, *Study of Workmen's Compensation Law in Hawaii*, Legislative Reference Bureau at 28 (1963).

Good vocational rehabilitation is a precious commodity that rebuilds lives and gives injured workers new vocational identities through imaginative planning, sound placements, compassionate counseling and guidance, and where necessary, education and retraining. For the community as a whole, vocational rehabilitation is a prudent investment in human resources, giving persons who can no longer perform their usual and customary employment new careers. Disability is transformed into ability; dependence on wage replacement income is transformed by creative job seeking and by learning new skills into economic self-sufficiency.

Unlike the original draft of HB 2377 artificial limitations upon the duration of vocational rehabilitation have now been eliminated from HD 1 at the request of the Department of Labor and Industrial Relations itself and the remaining structured approach to vocational rehabilitation progresses in a logical and constructive fashion. A sequential approach from attempting to return the injured worker to her original job, to modified work, other work with the same employer, work in a parallel field, work requiring retraining and/or education, and finally, self-employment is specified, carrying forward and clarifying distinctions contained in our existing law. The status of personnel within the Vocational Rehabilitation Unit of the Department of Labor and Industrial Relations is also clarified to be in the nature of civil service employment and that is also a useful feature of the bill.

We are therefore pleased to support the passage of HB2377, HD 1 in its current form.

