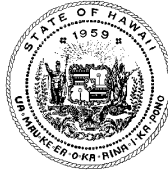


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DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
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Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

and

HOUSE COMMITTEE ON EDUCATION

Thursday, February 8, 2024
10:00 AM

State Capitol, Conference Room 309

In consideration of
HB 2258, RELATING TO WORKERS' COMPENSATION

Chairs Matayoshi and Woodson, Vice Chairs Garrett and La Chica, and the members of the committees.

The Department of Human Resources Development (DHRD) appreciates the intent of HB2258 which transfers the rights, powers, functions, duties, resources, and individual budget of the Department of Education (DOE) relating to workers' compensation for its employees to DHRD. However, we must respectfully oppose this measure.

DHRD is concerned for the following reasons:

- Pursuant to §26-5, HRS, DHRD is responsible for the planning and administration of the State's self-inured and centralized workers' compensation program for all employees of the Executive branch and agencies, excluding DOE. Under §76-11, HRS, DOE is recognized as a separate, independent employer jurisdiction under the control of the Board of Education. As such, DOE promulgates and maintains its own human resources policies and procedures and manages its own human resources information systems (HRIS).
- DHRD does not have jurisdiction over DOE employees and would, therefore, have no legal authority to compel DOE claimants to comply with directives related to the management of their workers' compensation claim.

- Without management authority and access to their HRIS, DHRD would be unable to timely and effectively manage, investigate, and resolve DOE workers' compensation claims, which would likely result in unacceptable delays and penalties.
- Transferring approximately twenty (20) FTE to DHRD would necessitate additional resources and positions, including fiscal/administrative, information technology, and human resources, to support the transferred positions and employees.

Thank you for the opportunity to provide testimony on this measure.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/08/2024
Time: 10:00 AM
Location: 309 VIA VIDEOCONFERENCE
Committee: House Labor & Government
Operations
House Education

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB 2258 RELATING TO WORKERS' COMPENSATION.

Purpose of Bill: Transfers the rights, powers, functions, duties, resources, and individual budget of the department of education relating to workers' compensation for its employees from the department of education to the department of human resources development.

Department's Position:

The Hawaii State Department of Education (Department) provides comments on HB 2258.

The bill states, "...Act 51, Session Laws of Hawaii 2004, transferred the control of certain functions of executive branch agencies that pertained to education personnel and facilities to the Department of Education to increase operational efficiency while reducing bureaucracy. This transfer included giving the Department of Education responsibility over the workers' compensation claims of its employees." However, the Department has been responsible for the workers' compensation (WC) claims for its employees since August 1997. Additionally, the Hawaii Revised Statutes (HRS) §76-11 identifies the Department as a separate jurisdiction from the State.

The bill cites July 1, 2024, as the effective date. This effective date could create significant implementation challenges for the Department as this would include, but not be limited to: the movement of 18 full-time regular employees and positions, equipment, supplies, and funding; procedure and process changes for all Department schools, offices, employees, eligible students, and volunteers; and process changes in

conjunction with the Department of Labor and Industrial Relations. There could also be a delay in the payment and processing of WC benefits mandated by the Hawaii Workers' Compensation Law, HRS Chapter 386, including processing initial claims, wage loss payments, medical services, and prescription costs. Should the Legislature pass this bill, the Department would request an extended transition period to ensure a smooth transition for all involved.

Mahalo for the opportunity to provide testimony on this measure.

Testimony in Support of the Intent of HB2258

Good morning. My name is Fairlene Naone, I am the Director of Workers' Compensation/Third-Party Liability Department for Premier Medical Group Hawaii, founded by Dr. Scott J. Miscovich. We are in support of the intent of HB2258 and make the following comments:

Both workers' compensations offices of DHRD and DOE are dysfunctional and in the simplest terms "broken". The adjusters for both departments often make determination to treatment plans to deny or defer as a stall tactic. In other times, making either handwritten comments on the response to treatment plans or outright telling medical providers staff that the doctors should do this or that type of treatment. Basically, telling a doctor how to treat a patient. It has also been reported by the WC hired nurse case managers that they do not even adhere to their recommendations. Nurse Case Managers are just that, a licensed nurse that have the medical background to explain in layman's terms what the doctors are requesting for and why.

By placing DOE WC into DHRD WC would be putting one dysfunctional office into another dysfunctional office. Recently, there was an exodus of adjusters in both offices of personnel that retired or left. Creating many vacancies. The delay in the appropriate hiring of new personnel has caused many delays where requests for treatment plans have been ignored for months. Many claims were not reviewed and adjudicated for liability timely.

In addition, inappropriate responses to requests were made. One such example is the treatment plan that was submitted by our office for "ONE" office visit to have a patient who had not been seen for over a year, to "Re-establish care to get baseline measurements". The handwritten response to this request asks, "Please provide objective medical reasons for this request". There are two things wrong with this response. First, the handwritten comments are neither a denial nor a deferral of the treatment plan, as directed by HAR Sec. 12-15-32. The second, is the treatment plan requested for the ONE visit to obtain the "measurable objectives". We were requesting one visit to obtain the "objective medical reasons". More samples can be provided upon request.

Another issue that has plagued both offices is the function of receiving treatment plans via fax. At one point or another, their fax machines were not working and after weeks of stating that they did not receive the treatment plans, regardless of a confirmation of receipt, the WC offices started allowing for emailed transmissions.

Lastly, due to the egregiousness of the actions of BOTH offices, many medical providers have decided to either not accept DOE/DHRD patients or NO WC patients at all. Thus, reducing the pool of available medical providers that accept workers' compensation claims either for primary or specialty care.

The passing of this bill would be necessary **AFTER** the disfunctions of the operations have been addressed and/or audited. We are in support of HB2258 in its intent.

Thank you.

Fairlene Naone

HB-2258

Submitted on: 2/7/2024 10:48:06 AM

Testimony for LGO on 2/8/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cathy Wilson	Individual	Comments	Written Testimony Only

Comments:

DHRD has not been able to get staff to support their own WC claims and is years behind on paying their claims. I am not confident DHRD will be able to give better oversight to DOE's WC claims and duties. Perhaps a private company would be a better solution.

HB-2258

Submitted on: 2/7/2024 9:58:56 PM

Testimony for LGO on 2/8/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Malia Keolanui	Individual	Support	Written Testimony Only

Comments:

Malia Keolanui, APRN, submit this testimony in support of HB2258 to transfer the rights, powers, functions, duties, resources, and individual budget of the department of education relating to workers' compensation for its employees from the department of education to the department of human resources development. I am in support of this measure.

LATE