

NEIL ABERCROMBIE
GOVERNOR



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STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
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February 5, 2014

**TESTIMONY TO THE
HOUSE COMMITTEE ON JUDICIARY**

For Hearing on Friday, February 7, 2014
2:00 p.m., Conference Room 325

BY

BARBARA A. KRIEG
DIRECTOR

House Bill No. 2579
Relating to Labor

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON KARL RHOADS AND MEMBERS OF THE COMMITTEE:

The purpose of H.B. 2579 is to provide that compromises for workers' compensation claims reached as a result of a third-party liability claim or action do not require the approval of the Director of Labor and Industrial Relations.

The Department of Human Resources Development (DHRD) has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds. **In that capacity, DHRD submits the following comments on this bill.**

First, we believe this bill may help to expedite resolution of Section 386-8, HRS, third party actions brought by an injured employee and/or employer against a third party who causes damages that require payment of workers' compensation benefits.

Second, it is our understanding from the language of the bill that it is not intended to remove the Director's Section 386-73, HRS, original jurisdiction over all controversies and disputes that may arise out of such third party settlements—particularly recognition

and enforcement of the employer's credit against future workers' compensation benefits when the employee receives net proceeds from a settlement. Provided that the legislative intent is consistent with our understanding, we respectfully request that the committee report reflect such intent.

Finally, the two-year repeal date of June 30, 2016 provides an important safeguard should this bill result in any unforeseen negative consequences.

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



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 05, 2014

To: The Honorable Karl Rhodes, Chair,
The Honorable Sharon E. Har, Vice Chair, and
Members of the House Committee on Judiciary

Date: Friday, February 07, 2014
Time: 2:00 p.m.
Place: Conference Room 325, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2579 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

HB 2579 proposes to amend Section 386-78, Hawaii Revised Statutes, by allowing compromises that are a result of a third-party liability claim will not require the approval of the Director. This measure will be repealed on June 30, 2016 and section 386-78(a), HRS, shall be reenacted to the form in which it existed on June 30, 2014.

II. CURRENT LAW

The Director reviews and approves all compromises in regard to a claim for compensation.

III. COMMENTS ON THE HOUSE BILL

The department supports this measure as it will reduce the number of third party generated compromises that normally would be reviewed and approved by the Director and may expedite the entire process of review and approval of compromises.