

Hawaii flunks workers' comp

Think tank says state has gone 'bad to worse'

Prabha Natarajan, Pacific Business News

Hawaii's workers' compensation system received a failing grade from a national agency this week.

The Work Loss Data Institute, an independent think tank, gave Hawaii an "F" for its performance in 2001 and 2002, noting that it had gone from "bad to worse."

"The measures were bad across the board, but especially on [workplace injury] prevention rates," Hawaii's report card said.

The state reported 10,271 injury cases in 2002, the most recent year for which information is available. As a result, local businesses reported a 24 percent increase in insurance costs in 2003 compared to 2002, paying an average of \$4.87 per \$100 of payroll.

"This latest study confirms that our workers' compensation system is broken," said Nelson Befitel, director of the state Department of Labor and Industrial Relations.

Hawaii has company -- California, Florida, Delaware, New York, Oklahoma, Puerto Rico, Rhode Island, West Virginia and Wyoming also flunked. But Florida and California enacted legislation this year to remedy their workers' compensation laws, while Hawaii didn't.

Gov. Linda Lingle's administration introduced a nine-point reform package during the recent legislative session, but pro-union and Democratic legislators stalled the bills. The AFL-CIO, the umbrella organization for local unions, opposed the legislation, arguing that it was ready to remedy abuses but not approve a blanket reform package.

Also, Lingle received little support from Hawaii's business community, which left it to The Chamber of Commerce of Hawaii to carry out a lone crusade.

"People wanted hard facts and not anecdotal stories -- here it is folks," said Christine Camp Friedman, the chamber's new chairwoman, in reaction to the failing grade. "I hope it galvanizes the business community. I also hope legislators read the report and see how Hawaii ranks in the bottom."

The Work Loss Data Institute report used six categories to evaluate Hawaii and 44 other states and territories based on data reported to the federal Occupational Safety and Health Administration.

Hawaii ranked 43rd out of 45 in two of them: incidence rate --the number of claims that involve days away from work -- and the percentage of those who didn't work after reporting an incident.

In Hawaii, 53 percent of the reported cases resulted in a loss of productivity for employers. This compares to a national average of 31 percent.

Hawaii ranked 27th in duration of disability and delayed recovery rate. Duration of disability in Hawaii usually matched the national average of seven days away from work. Further, more than 22.6 percent, or 2,321 people, took longer than 30 days to return to work. This cost employers \$50,000 or more for each person, the state says.

Hawaii's rate of back strain and carpal tunnel syndrome injuries remained unchanged. But nationally, the two injuries have been a common diagnosis among workers taking longer disability leave. It's also where most of the abuses occur. Lower-back strain resulted in 279,688 cases in the United States in 2002, and typically workers with the complaint took seven days off. Carpal tunnel syndrome has the highest impact on workers' compensation costs due to the length of treatment.

"For many conditions such as broken bones, burns, etc., there is little variability in treatment and return to work because the medical decision-making is fairly clear, and therefore there is little abuse of the system," the report states.

But it added that back pain and carpal tunnel syndrome are responsible for much of the trend for worsening outcomes as well as abuses.

Harold Dias, president of the AFL-CIO in Hawaii, says he hates abusers even more than businesses do.

"They cause more trouble to us," he said. "Businesses and the state takes the easy approach and say since we have abuses let's punish everybody. They want blanket reform to correct a small percentage of abuses."

Dias adds that employers also need to make Hawaii's workplaces safer to lower the number of injuries. As more construction projects take off, there are more incidences of injuries on the job, he said.

He says he is willing to work with the chamber and other entities on reforms to curb abuses. But that's it.

"We feel Hawaii's workers' compensation law is fine," he said.

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