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Editorials

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[OUR OPINION]

Workers' comp reform needed to erase 'F' grade

THE ISSUE

State legislative leaders say workers' compensation proposals by the Lingle administration would take benefits away from workers.

WORKERS' compensation costs have been a major headache for Hawaii employers for years, but labor unions have successfully prevented reform. Embracing the hard-line union stance, legislative finance leaders argued in Sunday's Insight section that reform would result in benefits being taken away from workers. Actually, the Lingle administration's reform proposal, rejected by this year's Legislature, would have created a workers' comp system shared by employers and employees.

Hawaii employers paid \$3.48 in workers' comp payments for every \$100 of payroll in 2002, second only to California (\$5.23) and Florida (\$4.50). Those two states responded to the news this year by enacting remedial legislation. Hawaii lawmakers refused to enact a sensible nine-point reform bill proposed by Lingle to address the problem.

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Earlier this month, the Work Loss Data Institute gave Hawaii an "F" for its workers' comp system, pointing out that 22.6 percent of injured workers stayed off the job for more than 30 days, a much higher percentage than those of other states. When a person stays away from work for more than a month because of injury, the cost to the employer exceeds \$50,000, according to the institute.

A more recent study of the National Academy of Social Insurance found that Hawaii employers paid more to replace injured workers than on their medical spending in 2002. The \$268 million spent on workers' comp consisted of \$162 million in payments for lost wages and \$106 million for medical care.

"This latest study confirms what the business community and the Lingle-Aiona administration have known for quite some time -- that our workers' compensation system is broken," said state Labor Director Nelson Befitel.

In a speech this month to the Rotary Club of Honolulu, Governor Lingle chastised the Democratic Legislature for blocking her reform proposal. In Sunday's Star-Bulletin, Brian Taniguchi, chairman of the Senate Ways and Means Committee, and Dwight Takemine, chairman of the House Finance Committee, responded that Lingle's proposal "would have taken away legitimate benefits from workers."

The Lingle proposal would change -- not take away -- the way an employee is able to choose his or her doctor for treatment of serious job-related ailments. An injured or ailing employee is now allowed to reject the employer's choice of physician and choose another doctor.

Under the reform measure, a company could provide employees with a list of at least three employer-designated physicians from whom to choose. After four months of treatment, the employee could see a physician not on the list. That system would prevent abuses such as an employee getting a friendly doctor's sham diagnosis in order to obtain workers' comp benefits.

The reform also includes changes recommended by the state Supreme Court seven years ago to an absurd law that allows employees to collect workers' comp for stress caused by disciplinary actions, regardless of whether the discipline was justified. At the behest of organized labor, Senate Labor Chairman Brian Kanno continues to be the prime obstructionist of the amendment.

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