



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

NEWS RELEASE

LINDA LINGLE
GOVERNOR

NELSON B. BEFITEL, DIRECTOR
COLLEEN Y. LaCLAIR, DEPUTY DIRECTOR
Phone: (808) 586-8844
Fax: (808) 586-9099

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**STATE APPROVES COLLECTIVELY BARGAINED WORKERS'
COMPENSATION AGREEMENT WITH INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS, AND ELECTRICAL
CONTRACTORS ASSOCIATION OF HAWAII**

Governor Lingle, Department of Labor and Industrial Relations, IBEW, ECAH sign commitment to utilize alternative workers' compensation system

HONOLULU - The Department of Labor and Industrial Relations (DLIR) announced today a Collectively Bargained Workers' Compensation Agreement (CWBCA) between the International Brotherhood of Electrical Workers (IBEW) and the Electrical Contractors Association of Hawai'i (ECAH). The agreement is designed to improve Hawai'i's workers' compensation system for both employers and employees.

At a signing ceremony at the State Capitol, Governor Linda Lingle, DLIR Director Nelson B. Befitel, IBEW local 1186 Business Manager and Financial Secretary Gerald Yuh, ECAH President Steve Watanabe, and six electrical contractors signed a proclamation promoting use of the CWBCA as an alternative workers' compensation system.

Under Hawai'i's workers' compensation laws, unions may negotiate a collective bargaining agreement with contractors that covers issues such as treatment plans, vocational rehabilitation programs, return to work programs, and how claims should be resolved. The DLIR director must approve the CBWCA to ensure it meets requirements of the state Workers' Compensation law.

Earlier this year, the IBEW, ECAH and Seabright Insurance Company approached the state about creating and approving the CBWCA. DLIR worked with the parties to ensure that the agreement provided benefits equal to those provided by state law.

The attraction of this agreement to ECAH contractors is not only the ability to provide prompt, quality medical care for employees so they can return to work in a more timely manner, but also the possibility of reduced premiums and other savings. Insurance carriers base workers' compensation premiums on an employer's payroll. ECAH's unionized contractors are likely to pay higher wages than their non-union counterparts and are therefore charged higher premiums, which can place them at a competitive disadvantage.

The CBWCA benefits employees by expediting the claims process. It also eases the adversarial relationship between employees and employers that is inherent in the state's workers' compensation and leads to delays in receiving care or benefits.

The CBWCA, includes four fundamental concepts:

Alternative Dispute Resolution (ADR)

The use of ADR will allow parties to solve problems quickly and without the involvement of attorneys through a three-tiered program of an ombudsman, mediation and arbitration. When parties resolve their disputes outside the DLIR's hearings process, claims are likely to be settled in a more timely and efficient matter. Similar forms of ADR have proven efficient and cost-effective in resolving claims outside of the workers' compensation system.

Evidence-Based Treatment Guidelines – ODG Treatment Guidelines

The use of treatment regimens based on medical evidence, specifically Official Disability Guidelines (ODG), ensures injured workers are provided with quality care so they can promptly return to work and not suffer unnecessary financial burdens resulting from prolonged absences. These guidelines have recently been adopted or mandated for use in various jurisdictions across the country and throughout the world.

Creating a Physician Network of Credible Healthcare Providers

The CBWCA requires that injured workers be treated by medical providers who are part of a physician network agreed upon by the IBEW and ECAH. The CBWCA establishes a physician network on all islands, and all IBEW members who are employed by a participating signatory contractor will be treated by these providers for their workers' compensation injuries.

This helps ensure that only the most qualified medical providers are treating IBEW members, while precluding those who have not provided quality care or have unnecessarily prolonged treatment of injured workers. This process will likely reduce disputes over treatment plans and the need for employers to hire independent medical examiners.

Overall concept of involving both employer and employees in decision making

One of the keys to the CBWCA is providing both employers and employees a say on vocational rehabilitation, return-to-work programs, how workers should be treated for their injuries and how claims and disputes should be resolved. The agreement allows employers and employees to be involved throughout the decision-making process.

"We believe CBWCA can be a successful model for many organizations and the state in improving Hawai'i's workers' compensation system by promoting cooperation and trust among employees, employers and those who serve as an integral part of the workers' compensation process," said Befitel.

The Lingle-Aiona Administration has fought for workers' compensation reform through proposed legislation and administrative rule changes for the last three-and-a-half years, but the legislature did not support these efforts. The agreement between the IBEW and ECAH incorporates many of the Administration's original concepts.

"The signing of CBWCA is significant because it shows that our concepts to reform Hawai'i's workers' compensation system are effective and are good for employees as well as employers," said Governor Lingle.

Six of ECAH's signatory contractors have initially agreed to enter into the CBWCA.

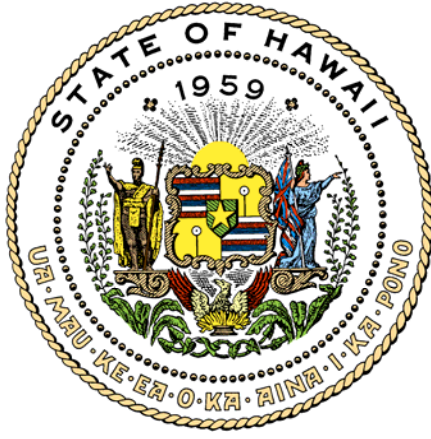
Those contractors include:

1. M. Watanabe Electrical Contractor
2. AA Electric, Ltd.
3. Wasa Electrical Service, Inc.
4. D. Suehiro Electric, Inc.
5. American Electric Co. Ltd.
6. RMH Electrical

The IBEW has approximately 1,600 workers employed by ECAH's 116 electrical contractors. It is anticipated that many other ECAH contractors will enter into the agreement by the end of the year.

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For more information, contact:
James P. Hardway
Special Assistant to the Director
Phone: (808) 586-8845
Fax: (808) 586-9099
Email: jhardway@hawaii.gov



Proclamation

COLLECTIVELY BARGAINED WORKERS' COMPENSATION AGREEMENT

In a time when there is increased concern about ensuring that injured workers have access to quality medical treatment so they may be able to return to work promptly, the State of Hawai'i, Local Union No. 1186 of the International Brotherhood of Electrical Workers (IBEW) and the Electrical Contractors Association of Hawai'i (ECAH) have come together to create a model of Collectively Bargained Workers' Compensation Agreement that is both fair and equitable to both employers and their employees.

The IBEW with approximately 1,600 workers and the six ECAH contractors herein have agreed to enter into this Workers' Compensation Agreement and anticipate many other ECAH contractors will enter into the Agreement.

This Agreement establishes a physician network of healthcare providers that will help to ensure only the most qualified medical providers are treating IBEW members. It also provides an alternative dispute resolution process that allows the parties to resolve their disputes through an ombudsman, mediation and arbitration, which will likely lead to claims being resolved in a more timely and efficient manner.

This Agreement requires medical providers to utilize Evidence Based Official Disability Guidelines Treatments to ensure that injured workers receive quality treatment that has been medically tested to produce the best outcomes.

This Agreement incorporates the important concept of involving both employers and employees in the decision making processes regarding the selection of physicians, treatment plans, vocational rehabilitation, return to work programs and claims and disputes resolution.

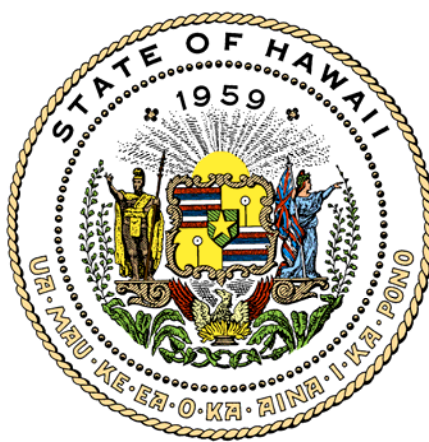
The Department of Labor and Industrial Relations (DLIR) has assisted the IBEW and ECAH in establishing and approving the fundamental principles in the Agreement. This could be a successful model for many organizations in improving the workers' compensation system through cooperation and trust between employees, employers and those who serve as an integral part of the workers' compensation process.

THEREFORE, I, LINDA LINGLE, Governor of the State of Hawai'i and **I, JAMES R. "DUKE" AIONA, JR.**, Lieutenant Governor, do hereby recognize and fully commit to the Collectively Bargained Workers' Compensation Agreement negotiated between the State of Hawai'i, Local Union No. 1186 of the International Brotherhood of Electrical Workers and the Electrical Contractors Association of Hawai'i.

DONE at the State Capitol, in the Executive Chambers, Honolulu, State of Hawai'i, this first day of September, 2006.

Linda Lingle
Governor, State of Hawai'i

James R. "Duke" Aiona, Jr.
Lieutenant Governor, State of Hawai'i



Proclamation

Addendum

We, the undersigned partners represented by the signatures below, fully commit to the Collectively Bargained Workers' Compensation Agreement negotiated between Local Union No. 1186 of the International Brotherhood of Electrical Workers and the Electrical Contractors Association of Hawai'i.

DONE at the State Capitol, in the Executive Chambers, Honolulu, State of Hawai'i, this first day of September, 2006.

Nelson B. Befitel
Director
Department of Labor and Industrial Relations

Steve Watanabe
President
Electrical Contractors Association of Hawai'i

Gerald Yuh
Business Manager/Financial Secretary
Local Union 1186, IBEW

Ronald Yee
President
Wasa Electrical Service, Inc.

Daryl Suehiro
President
D. Suehiro Electric, Inc.

Robert DeWitz
CEO
American Electric Company, Ltd.

Robert Hanamoto
President
RMH Electric Company, Inc.

Rodney Chun
Chairman
AA Electric, Ltd.