

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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**DIRECTOR OF LABOR AND INDUSTRIAL RELATIONS'
STATEMENT REGARDING PRESS RELEASE ISSUED BY
THE NATIONAL ACADEMY OF SOCIAL INSURANCE**

Today, the National Academy of Social Insurance (NASI) released their annual study of workers' compensation costs for 2003. The report notes that while Hawaii's workers' compensation costs grew at a slower rate than the national average, Hawaii's costs remained significantly higher than the national average.

Hawaii employers paid 35% higher at \$1.57 per \$100 of payroll for workers' compensation medical and indemnity costs, according to the NASI report. Nationally, employers were paying significantly lower at \$1.16 per \$100 dollars of payroll.

With regard to medical costs, Hawaii paid .07 cents more per \$100 than the national average. With regard to cash payments (wage replacement, disability payments) Hawaii paid .34 cents more per \$100 than the national average. This report again confirms the Department of Labor and Industrial Relations' concern that more of Hawaii's injured workers are staying out of work, negatively impacting their economic and social well being. These workers are left trying to make ends meet by receiving only a partial amount of their salary through the workers' compensation program. The

goal of workers' comp is to provide injured workers with quality medical care so that they can promptly return to work and earn their full salary.

While it's encouraging that our costs for 2003 grew at a slower rate than the rest of the nation, it will continue to mean nothing so long as Hawaii's employers continue to pay some of the highest costs in the nation. This report again highlights the serious need to improve the quality of medical care in Hawaii's workers' compensation system, which will result in lower workers' comp costs borne by Hawaii's employers.

The Lingle-Aiona Administration addressed these issues by requiring health care providers to use evidence based medical treatment guidelines that would have provided quality medical care to injured workers and returned them to work faster. However, in July of 2005 the Hawaii State Legislature overrode the Governor's veto of Senate Bill 1808, which effectively killed the Administration's rules for workers' comp reform that was estimated to save Hawaii's workers' compensation system \$98 million dollars.

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

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CONTACT: Jill Braunstein
(202) 452-8097 (office)
jillbraun@nasi.org

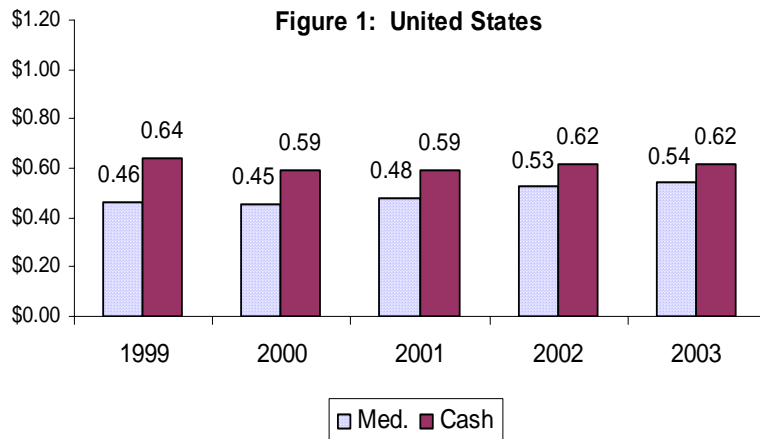
HAWAII WORKERS' COMPENSATION PAYMENTS GREW LESS THAN U.S. AVERAGE IN 2003

*National Spending for Medical Treatment Grew over Five Years,
Hawaii Spending Was More Stable*

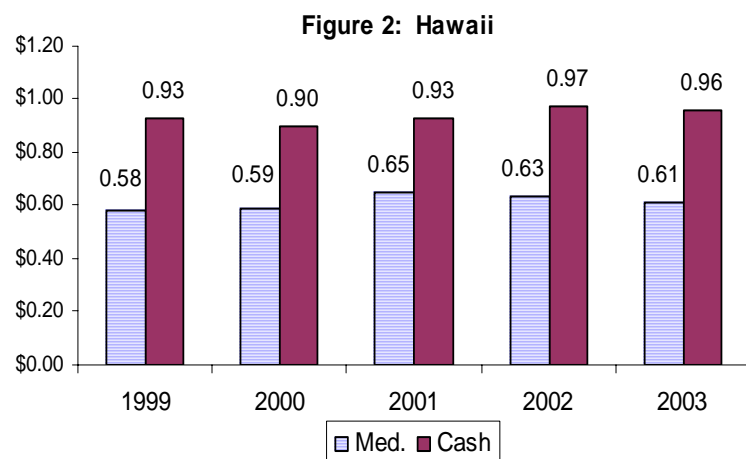
WASHINGTON, DC – In Hawaii, total workers' compensation payments for injured workers' cash benefits and medical care rose by 2.6 percent to \$274.9 million in 2003, according to a report released today by the National Academy of Social Insurance (NASI). Nationally, workers' compensation

Workers' Compensation Medical and Cash Benefits per \$100 of Wages, 1999-2003

payments grew by 3.2 percent to \$54.9 billion in 2003, the latest year for which national data are available.



For the nation as a whole, workers' compensation payments for medical treatment outpaced payments for cash benefits to injured workers. Figure 1 shows the trend in workers' compensation spending per \$100 of aggregate payroll for U.S. workers between 1999 and 2003. Spending for medical care rose from 46 cents to 54 cents per \$100 of payroll, while payments for cash benefits fell slightly from 64 to 62 cents per \$100 of national payroll.



Hawaii spending for medical care and cash benefits to replace workers' lost wages was more stable. In Hawaii payments for workers' compensation medical treatment ranged from 58 cents to 61 cents per \$100 of payroll, and cash benefits were also fairly stable, ranging from 93 cents to 96 cents per \$100 of payroll over the period (Figure 2).

The report, *Workers' Compensation: Benefits, Coverage, and Costs, 2003*, is the eighth in a NASI series that provides the only comprehensive national data on this largely state-run program. The study provides estimates of workers' compensation payments – cash and medical – for each state, the District of Columbia, and the federal programs providing workers' compensation benefits.

NOTE TO REPORTERS AND EDITORS: The full report and state-specific information are available from the Academy's website at www.nasi.org. For a free copy of the *printed* report, contact Jill Braunstein at (202) 452-8097 or by e-mail at jillbraun@nasi.org.

EXPERTS TO CONTACT:

Ishita Sengupta

National Academy of Social Insurance
(202) 452-8097
isengupta@nasi.org

Virginia Reno

National Academy of Social Insurance
(202) 452-8097
vreno@nasi.org

John F. Burton Jr.

Study Panel Chair
Rutgers University
(732) 274-0600
jfburton@rci.rutgers.edu

Robert E. McGarrah, Jr.

worker perspective
AFL-CIO
(202) 637-5335
(202) 431-9838 (cell)
rmcgarra@aflcio.org

Donald Elisburg

worker perspective
Donald Elisburg Law Office
(301) 299-2950
delisbur@infionline.net

Eric J. Oxfeld

employer perspective
UWC – Strategic Services on Unemployment
and Workers' Compensation
(202) 637-3463
oxfelde@uwstrategy.org

Robert Steggert

employer perspective
Marriott International, Inc.
bob.steggert@marriott.com

Barry Llewellyn

National Council of Compensation
Insurance
(201) 386-2627
Barry_Llewellyn@ncci.com

Eric Nordman

National Association of Insurance
Commissioners
(816) 783-8005
enordman@naic.org

The National Academy of Social Insurance is a nonprofit, nonpartisan organization made up of the nation's leading experts on social insurance. Its mission is to promote understanding and informed policymaking on social insurance and related programs through research, public education, training, and the open exchange of ideas.

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