

# **Department of Labor, Disability Compensation Division**



**Presentation for:  
Workers' Compensation Working Group**

**November 8, 2017**

# DISABILITY COMPENSATION DIVISION

Workers' Compensation,  
Temporary Disability Insurance,  
Prepaid Health Care



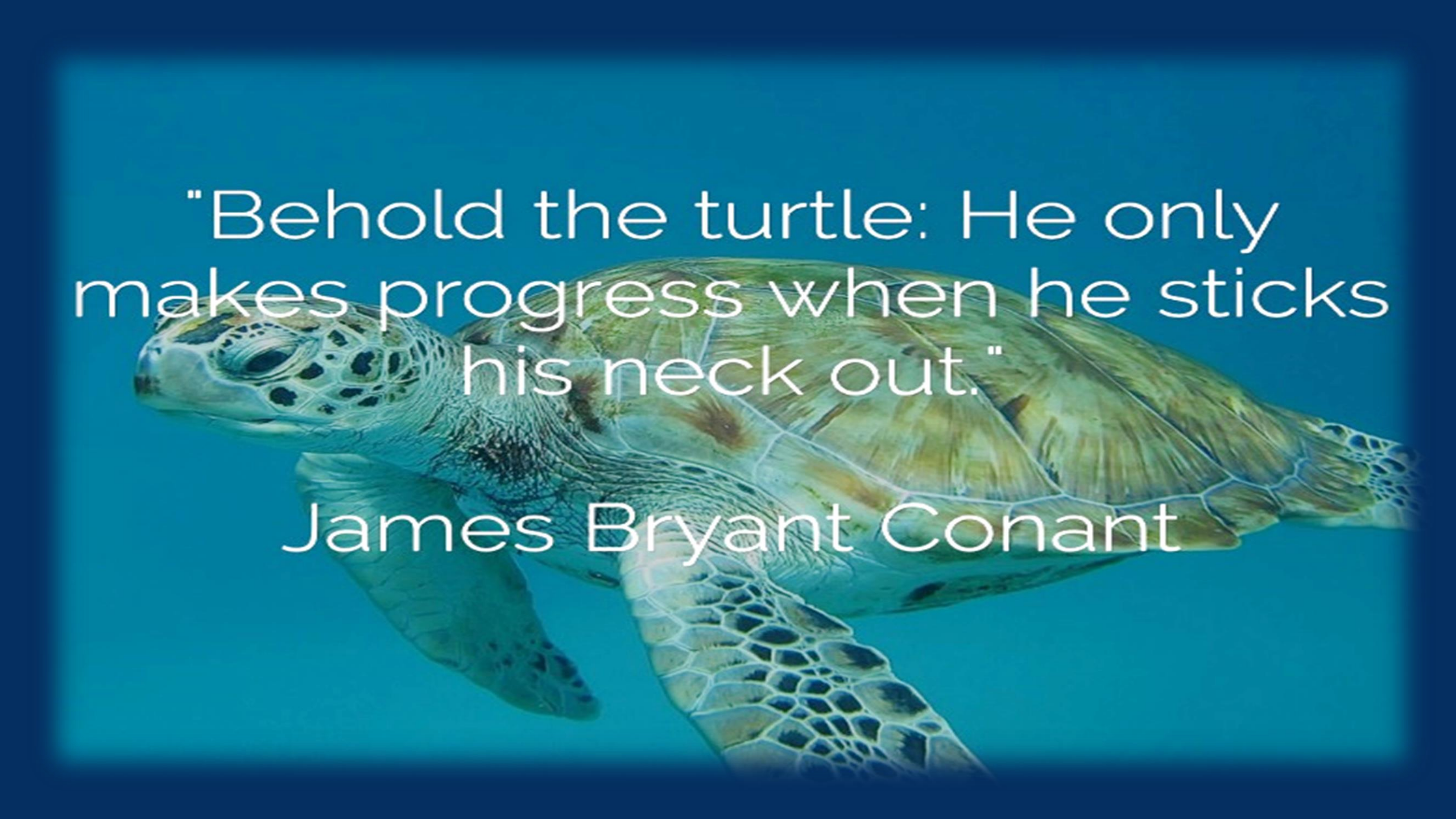
# DCD Modernization Project

## Phase I: Business Processes FY 2015-2017

✓ 1. Gartner Analysis – May 2016 Final Report

□ 2. Optimization



A sea turtle is shown swimming in clear blue water. The turtle's head is on the left, and its body extends towards the right. The shell is a mix of green and brown with distinct scutes. The flippers are visible, and the overall scene is brightly lit, suggesting a shallow, clear underwater environment.

"Behold the turtle: He only makes progress when he sticks his neck out."

James Bryant Conant

***“Change is the key to success”***

- 1) Forms**
- 2) Organizational changes**
  - a) Facilitators**
  - b) Hearings**



# WC-1

“First Report of Injury” –Employer Files

HRS 386-95:

- Within 7 days after employer has knowledge
- Within 48 hours, resulting in death

Employer Accepts or Denies  
Compensability

- HAR 12-10-61, File reports in District office;  
Multiple copies;  
Written in ink or typewritten;  
Allows electronic submissions
- Carrier/Adjustors Submit Reports
  - Electronic (3 carriers – manual verification)
  - Hardcopy; paper and amendments
- Lack of quality –incomplete/inaccurate
- Three non-interactive data systems
- Manual tracking process

REPORTING AND CLAIMS FILING-OPENING CLAIMS

# WC-5

Employee Files

- Employer Fails to File WC-1
- Employer Denies Compensability
- Dependent of deceased Claimant (WC-5A)

HRS 386-71.6 WC benefit facilitator unit

- Physical hardcopy, multiple copies
- No Electronic filing
- Claimant unsure of the process and benefit rights (HRS 386-71.6 Facilitator role)
- DCD's role in collecting WC-5

## **WC-2 Physician Reports**

HRS 386-96

-Within 7 days after the First service

-Interim Reports

-Request For Hearings

-Final Reports, within 7 days of  
termination of treatment

-Penalties for late or non-submission of  
reports

- HAR 12-15-80 provides reporting requirements
- Paper based; burdensome process
- No Electronic filing
- Limited WC Physicians
- Untimely and/or incomplete reports
- Penalties rarely assessed

REPORTING AND CLAIMS FILING – PHYSICIANS REPORTS



## WC-3

### Benefits paid

HRS 386-71, duties and powers of the director in general, ...exercise all powers necessary to facilitate or promote...the prompt and proper payment of compensation.

#### HRS 386-95

- Year End Reports (Due January 31)
- Final Report (Within 30 days after final payment)

-Failure to Report Penalty

HRS 386-154 Special Assessments, captive insurers and self-insured

- Paper Based
- No Electronic Filing
- Multiple years; Carrier/Adjuster changes throughout the course of the claim
- Inaccurate accounting
- 25-30% under/over payments
- Claimant not awarded the correct benefits
- \$5,000 fine for non-reporting

RECORDS AND CLAIMS FILING – RECONCILE AND CLOSE WC CLAIMS

***“Change is the key to success”***

1) Forms

2) **Organizational changes**

a) **Facilitators**

b) **Hearings**





Facilitators

Emergent Cases

- Compensability cases ready to go to hearing

Non-Emergent Cases

- Discovery still needed for compensability cases

Hearings Review

Emergent Cases

- Denied treatment plans (Act 26)
- Termination of TTD (Act 66)

Non-Emergent Cases

- Vocational Rehab
- PPD determination



## Hawaii's Temporary Disability Insurance Law, Chapter 392, HRS

The law requires employer to provide partial “wage replacement” insurance coverage to their eligible employees for nonwork-related injury or sickness.

Eligibility includes at least 14 weeks of Hawaii employment during each of which the employee was paid for 20 hours or more and earned not less than \$400 in the 52 weeks preceding the first day of disability.

The 14 weeks need not be consecutive nor with only one employer.

The employee must also be in current employment to be eligible.

# **Vocational Rehabilitation**

**HRS § 386-25**

**HAR Chapter 14, Title 12**

**Vocational Rehabilitation. (a) The purposes of vocational rehabilitation are to restore an injured worker's earnings capacity as nearly as possible to that level that the worker was earning at the time of injury and to return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner.**  
(underline added)

HRS § 386-25

**“A copy of the completed enrollment form and statement of worker’s rights and responsibilities shall be sent together with the initial evaluation to the employee, the director, and the employer”. (underline added)**

**-- See, 12-14-35 (2), HAR**

**ENROLLMENT REQUIREMENT IN REHABILITATION PROGRAM**

# Chapter 386, Hawaii Revised Statutes

1. **Act 153, § 386-1 Definitions**
2. **Act 172, § 386-79 Medical examinations by employer's physician**
3. **Act 135, § 386-123 Failure to give security for compensation; penalty; injunction**

- Changes to the Workers' Compensation Law





# Medical Fee Schedule Adoption Timeframe

- ✓ February 2017 - Comprehensive survey
- ✓ July 2017 - NCCI & DCCA Actuary
- ✓ October 2017 - Public Hearing
  - Act 101, effective June 21, 2016
  - Medical Fee Schedule, Exhibit A
- November 2017 – Proposed rules to Governor
- December 2017 – Governor final approval
  - January 1, 2018 – MFS Effective



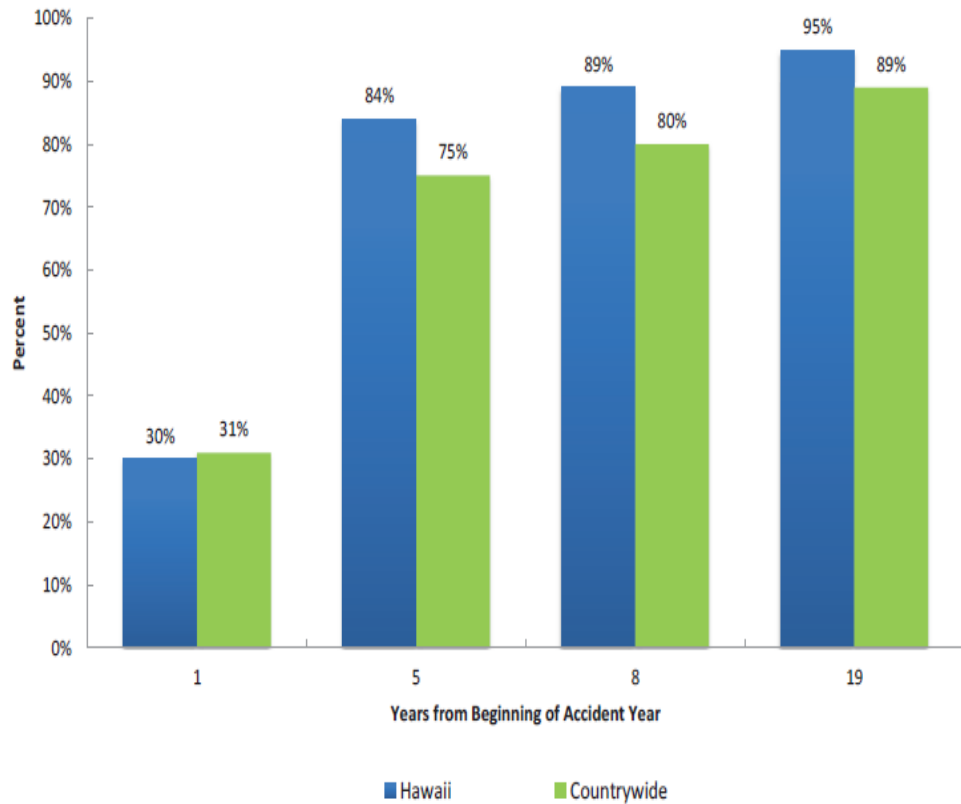
# Workers' Compensation Industry Statistics



## 2015 Data

Chart 3

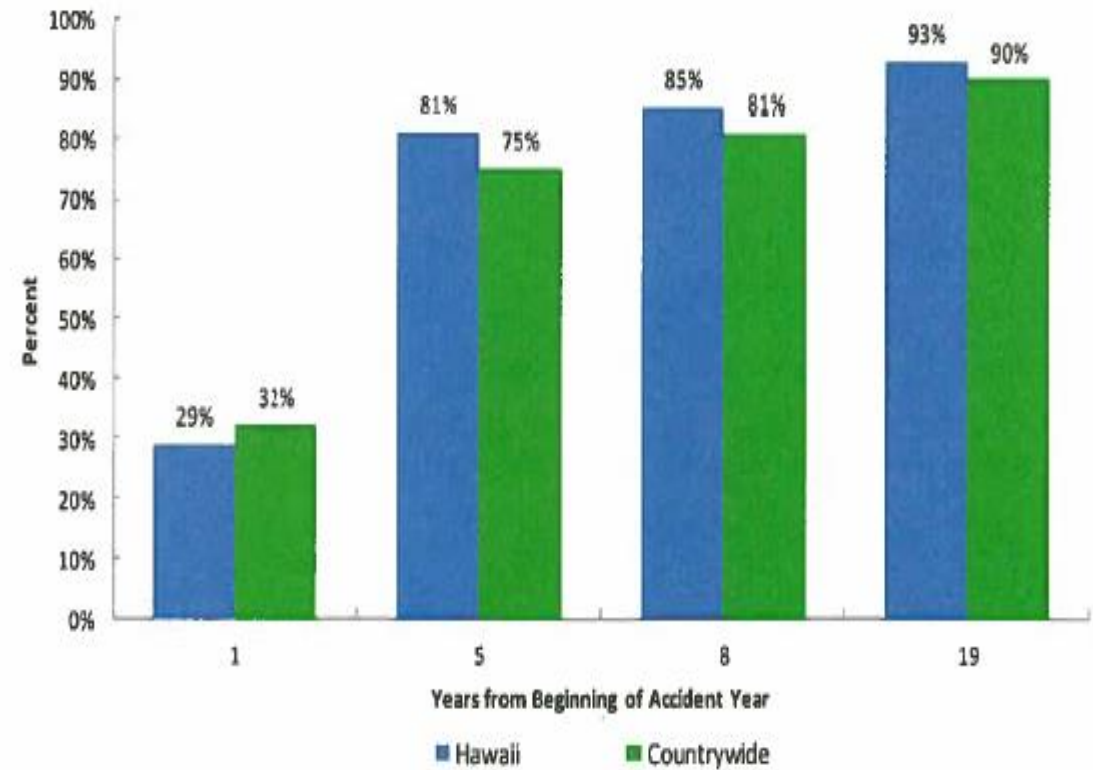
Percentage of Medical Paid by Claim Maturity



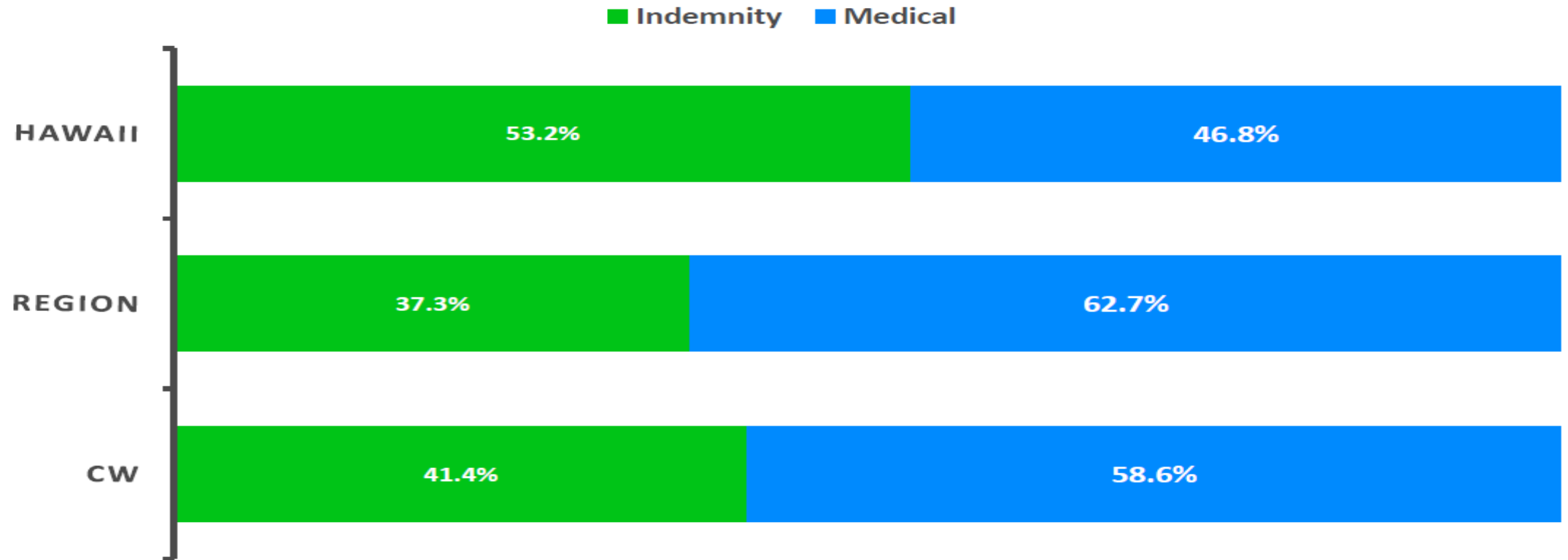
## 2016 Data

Chart 3

Percentage of Medical Paid by Claim Maturity



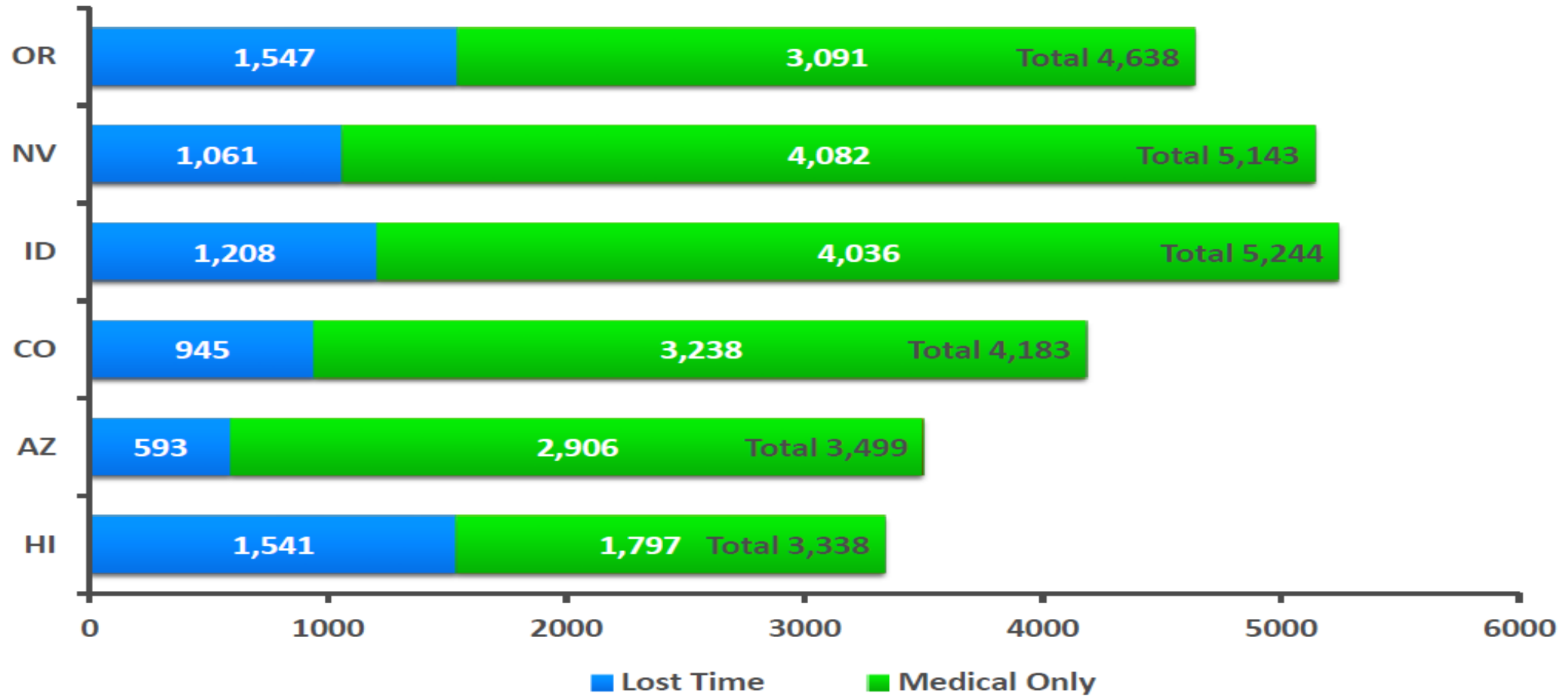
# Indemnity Benefits Constitute the Majority of Total Benefit Costs in Hawaii



Regional states are AZ, CO, ID, NV, and OR  
Based on NCCI's financial data through 12/31/2016

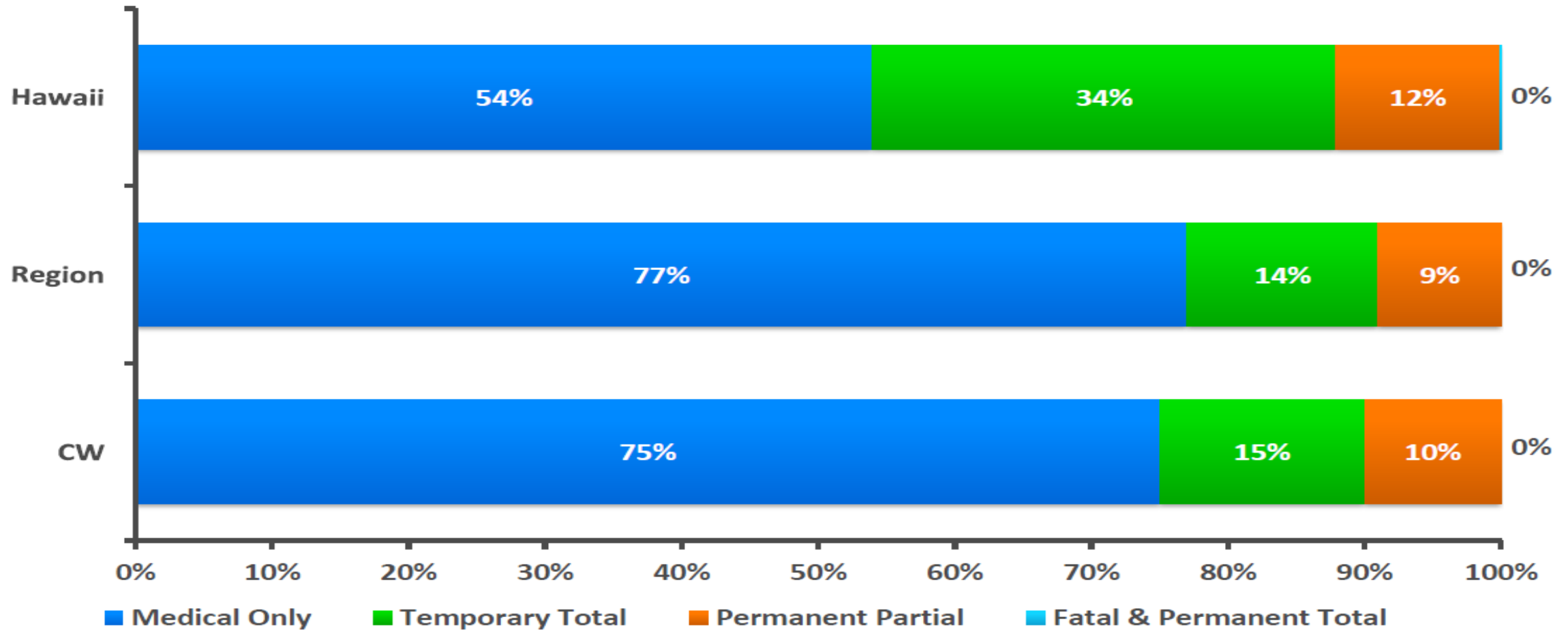
# Hawaii Average Claim Frequency

Frequency per 100,000 Workers—All Claims



Based on NCCI's *Statistical Plan* data

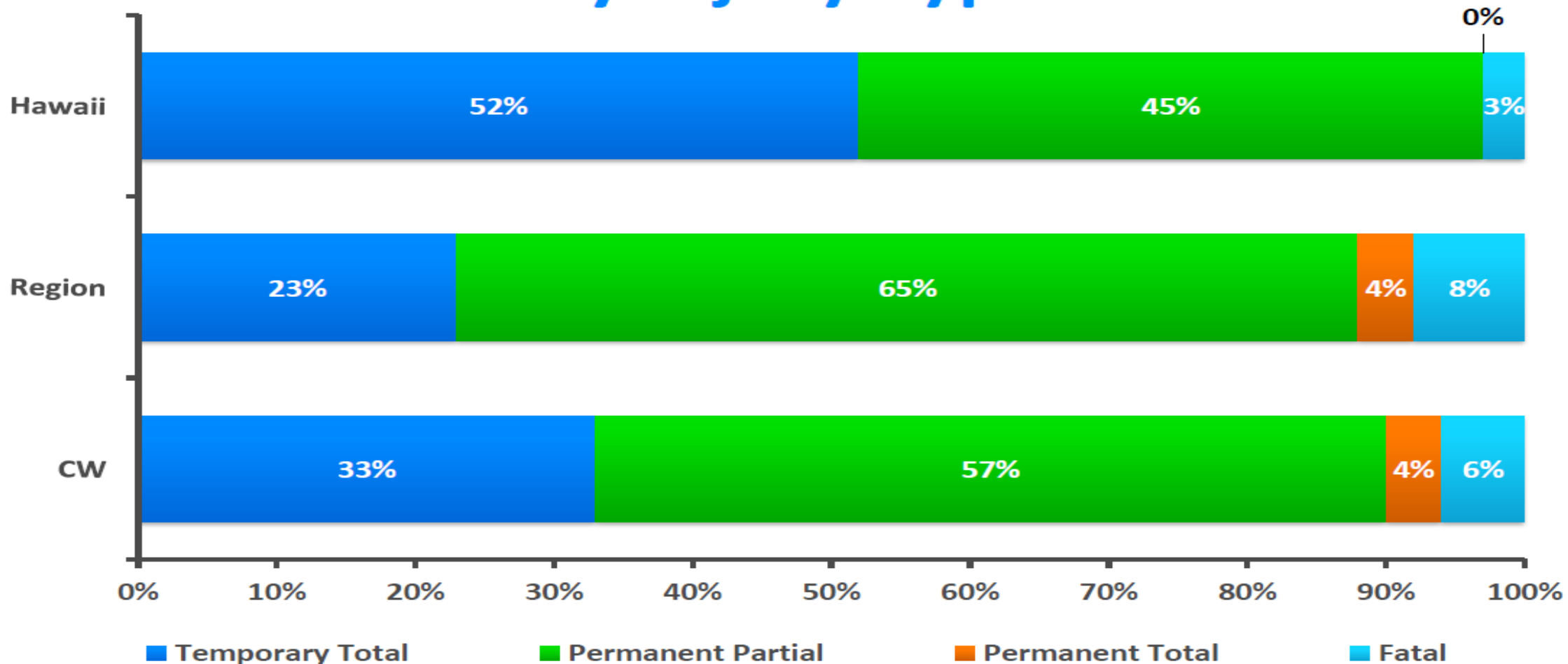
# Hawaii Distribution of Claims by Injury Type



Regional states are AZ, CO, ID, NV, and OR

Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist

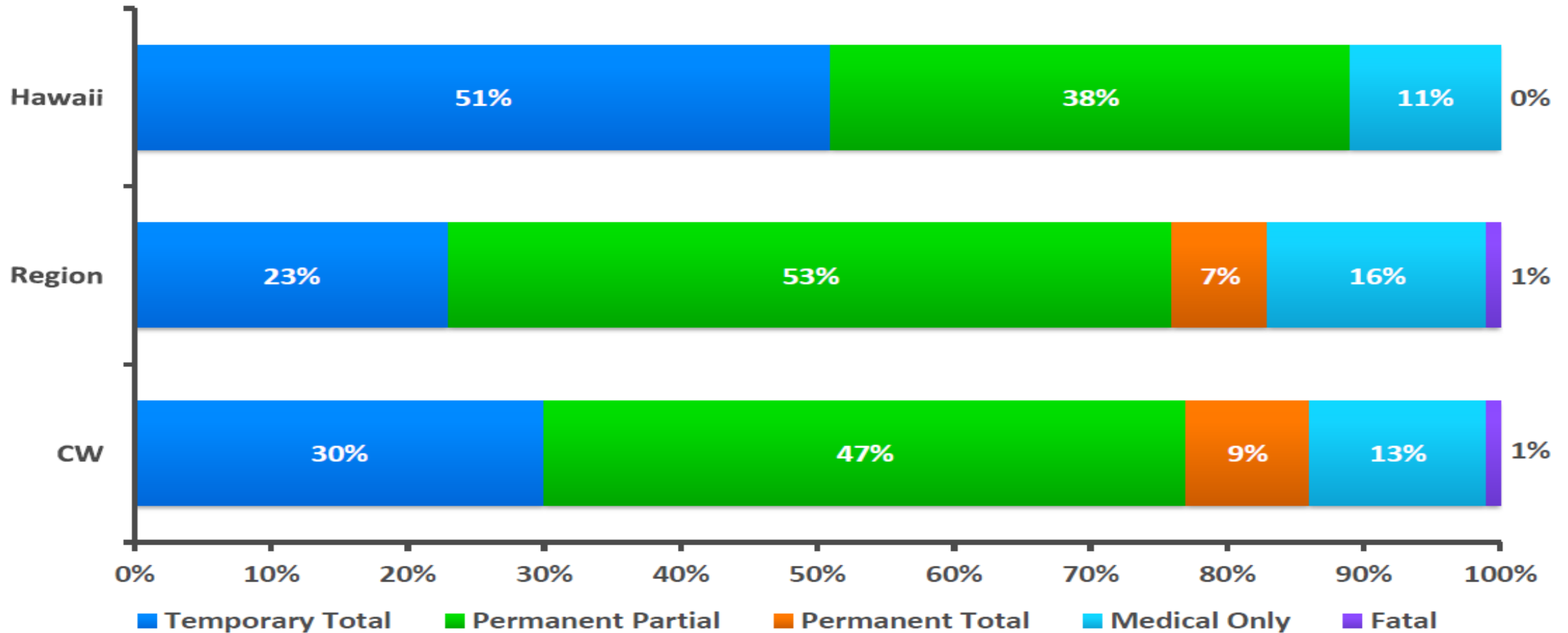
# Hawaii Indemnity Loss Distribution by Injury Type



Regional states are AZ, CO, ID, NV, and OR

Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist

# Hawaii Medical Loss Distribution by Injury Type



Regional states are AZ, CO, ID, NV, and OR

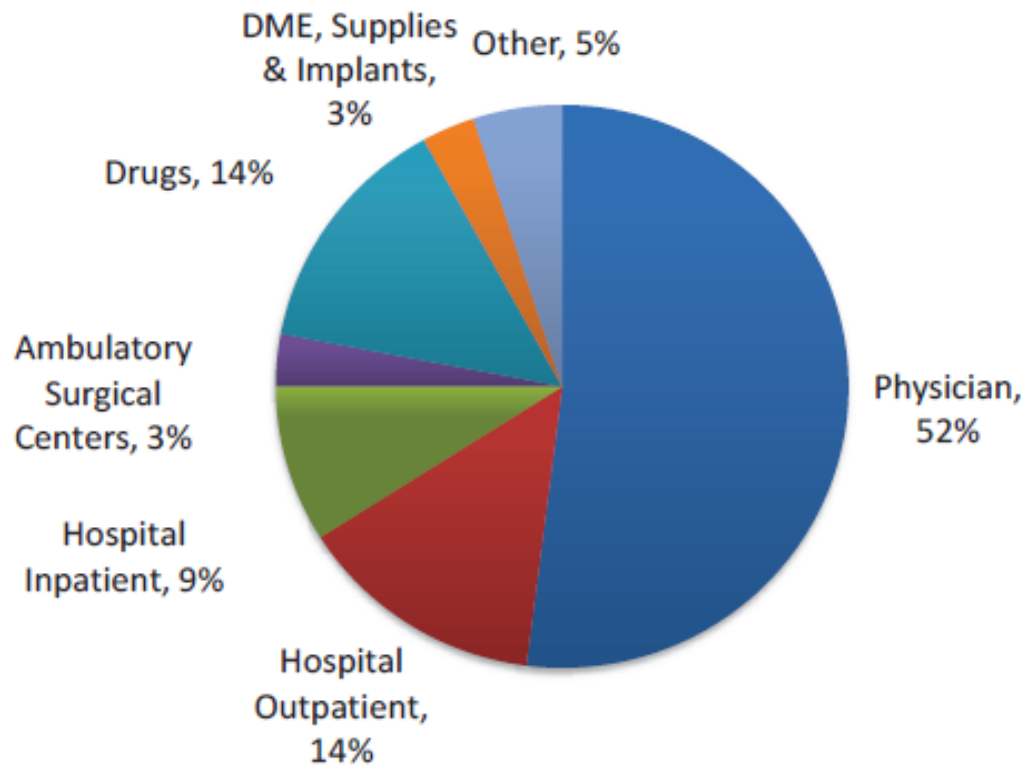
Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist



2015 Data

**Distribution of Medical Payments**

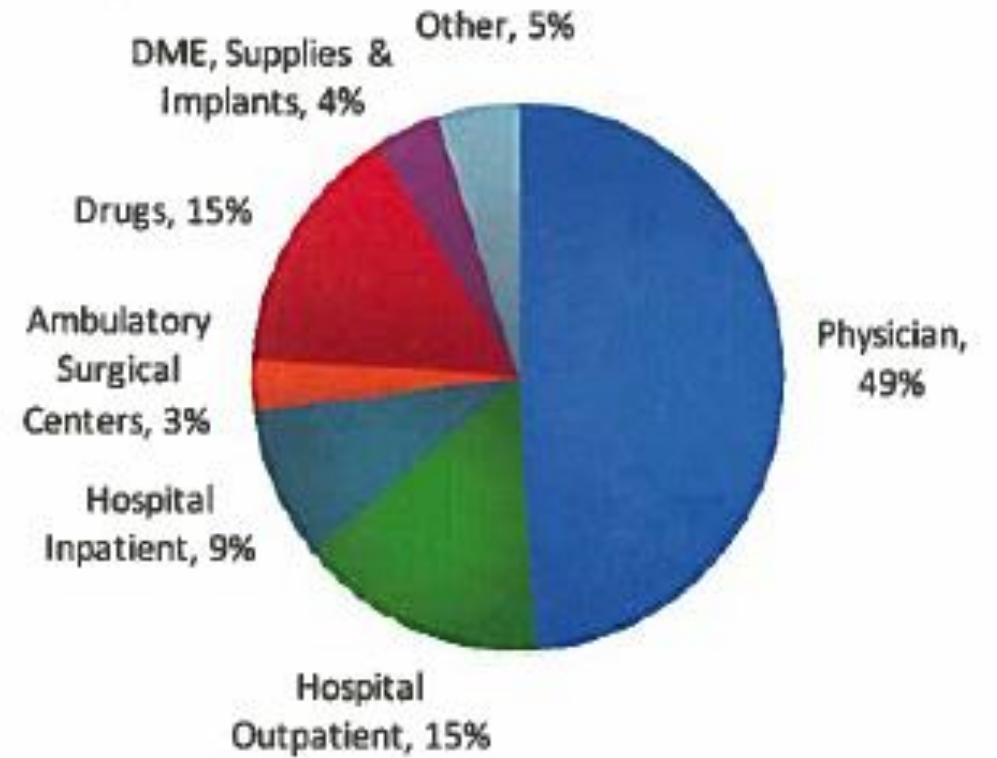
**Hawaii**



2016 Data

**Distribution of Medical Payments**

**Hawaii**



**Top 10 Workers Compensation Drugs by Prescription Counts for Hawaii**

<b>Name of Drug</b>	<b>Type B/G</b>	<b>Category</b>	<b>% of Drug Prescriptions</b>	<b>PPU Hawaii</b>	<b>PPU Region</b>	<b>PPU Countrywide</b>
Hydrocodone Bitartrate-Acetaminophen	G	Analgesics/Antipyretics	8.9%	\$0.77	\$0.47	\$0.58
Meloxicam	G	Analgesics/Antipyretics	4.3%	\$4.24	\$1.91	\$3.29
Oxycodone HCl	G	Analgesics/Antipyretics	4.3%	\$1.35	\$1.03	\$1.27
Ibuprofen	G	Analgesics/Antipyretics	4.0%	\$0.63	\$0.42	\$0.45
Oxycodone HCl-Acetaminophen	G	Analgesics/Antipyretics	3.8%	\$2.49	\$1.39	\$1.76
Gabapentin	G	Anticonvulsants	3.5%	\$1.66	\$0.90	\$1.20
Tramadol HCl	G	Analgesics/Antipyretics	3.3%	\$1.48	\$0.64	\$1.16
Cyclobenzaprine HCl	G	Muscle Relaxants, Skeletal	2.7%	\$1.49	\$0.74	\$1.30
Naproxen	G	Analgesics/Antipyretics	2.4%	\$1.18	\$0.67	\$0.96
Celecoxib	G	Analgesics/Antipyretics	2.4%	\$7.24	\$3.63	\$5.14

**Top 10 Workers Compensation Drugs by Amount Paid for Hawaii**

<b>Name of Drug</b>	<b>Type B/G</b>	<b>Category</b>	<b>% of Drug Payments</b>	<b>PPU Hawaii</b>	<b>PPU Region</b>	<b>PPU Countrywide</b>
Lyrica®	B	Miscellaneous Central Nervous System Agents	5.2%	\$6.48	\$5.98	\$6.24
Meloxicam	G	Analgesics/Antipyretics	5.1%	\$4.24	\$1.91	\$3.29
Oxycodone HCl-Acetaminophen	G	Analgesics/Antipyretics	4.7%	\$2.49	\$1.39	\$1.76
Celecoxib	G	Analgesics/Antipyretics	4.2%	\$7.24	\$3.63	\$5.14
Gabapentin	G	Anticonvulsants	4.0%	\$1.66	\$0.90	\$1.20
Flector®	B	Skin/Mucous Membrane	3.9%	\$12.52	\$10.47	\$10.89
Oxycontin®	B	Analgesics/Antipyretics	3.9%	\$7.08	\$8.30	\$8.43
Hydrocodone Bitartrate-Acetaminophen	G	Analgesics/Antipyretics	3.4%	\$0.77	\$0.47	\$0.58
Lidocaine	G	Antipruritics/Local Anesthesia, Skin/Mucous Membrane	3.3%	\$9.17	\$5.70	\$7.01
Oxycodone HCl	G	Analgesics/Antipyretics	3.2%	\$1.35	\$1.03	\$1.27

### Top 10 Workers Compensation Opioid Drugs by Prescription Counts for Hawaii

Name of Opioid Drug	Type B/G	% of Drug Prescriptions	PPU Hawaii	PPU Region	PPU Countrywide
Hydrocodone Bitartrate-Acetaminophen	G	8.9%	\$0.77	\$0.47	\$0.58
Oxycodone HCl	G	4.3%	\$1.35	\$1.03	\$1.27
Oxycodone HCl-Acetaminophen	G	3.8%	\$2.49	\$1.39	\$1.76
Tramadol HCl	G	3.3%	\$1.48	\$0.64	\$1.16
Morphine Sulfate	G	1.9%	\$2.28	\$1.78	\$2.24
Oxycontin®	B	1.2%	\$7.08	\$8.30	\$8.43
Fentanyl Citrate	G	0.6%	\$0.32	\$16.75	\$4.80
Acetaminophen-Codeine Phosphate	G	0.6%	\$0.51	\$0.40	\$0.47
Hydromorphone HCl	G	0.5%	\$2.60	\$1.19	\$1.97
Fentanyl Transdermal System	G	0.2%	\$28.90	\$16.23	\$21.89

### Top 10 Workers Compensation Opioid Drugs by Amount Paid for Hawaii

Name of Opioid Drug	Type B/G	% of Drug Payments	PPU Hawaii	PPU Region	PPU Countrywide
<b>Oxycodone HCl-Acetaminophen</b>	G	4.7%	\$2.49	\$1.39	\$1.76
<b>Oxycontin®</b>	B	3.9%	\$7.08	\$8.30	\$8.43
<b>Hydrocodone Bitartrate-Acetaminophen</b>	G	3.4%	\$0.77	\$0.47	\$0.58
<b>Oxycodone HCl</b>	G	3.2%	\$1.35	\$1.03	\$1.27
<b>Tramadol HCl</b>	G	2.5%	\$1.48	\$0.64	\$1.16
<b>Morphine Sulfate</b>	G	1.6%	\$2.28	\$1.78	\$2.24
<b>Nucynta ER®</b>	B	0.9%	\$14.02	\$7.91	\$11.65
<b>Nucynta®</b>	B	0.9%	\$5.64	\$5.67	\$6.07
<b>Fentanyl Transdermal System</b>	G	0.5%	\$28.90	\$16.23	\$21.89
<b>Hydromorphone HCl</b>	G	0.4%	\$2.60	\$1.19	\$1.97

# 2018 WC WORD OF THE YEAR



“Change is the only constant in life”

-Heraclitus of Ephesus

“Intelligence is the ability to adapt to change”

-Stephen Hawking



# DCD Modernization Project

Phase I: Business Process Analysis, FY 2015-2017

Phase II: Expand electronic intake and digitize documents, FY 2018-2019

Phase III: Automate workflows and web portal, FY 2020-2021



# GOVERNOR AND ETS PRIORITIES

- ✓ Effective Government
- ✓ Open Government
- ✓ IT Cost Transparency
- ✓ Services-Oriented Infrastructure
- ✓ Efficient Government
- ✓ Cybersecurity
- ✓ IT Governance





ALL IS  
CONNECTED...  
NO ONE  
THING  
CAN  
CHANGE  
BY ITSELF

**-PAUL HAWKEN**

