

SECTION 528: WORKERS' COMPENSATION PAYMENTS

1. General Description. This section describes the legal requirements of the State of Hawaii Workers' Compensation Law (Chapter 386, Hawaii Revised Statutes (HRS)) as it pertains to State employees, and the payment procedures applicable to claims processed for State employees as approved by the director of Labor and Industrial Relations.
2. Scope. This section covers workers' compensation payments for medical care, services, supplies, and other allowable costs under the Workers' Compensation Law, but does not include payroll-related claims which are covered in Volume III of the State of Hawaii Accounting Manual.
3. Responsibility. The responsibilities for those various processes applicable to Workers' Compensation claims for industrial accident injury/illness reports, claims, billings, etc., which claims result in workers' compensation payment to State employees, are described in Chapter 386, HRS and are summarized below:
 - (a) Department of Labor and Industrial Relations (DLIR). Section 386-71 describes the duties and powers of the director of DLIR, which duties include the responsibility to "...be in charge of all matters of administration pertaining to the operation and application of this chapter. He shall have and exercise all powers necessary to facilitate or promote the efficient execution of this chapter and, in particular, shall supervise, and take all measures necessary for, the prompt and proper payment of compensation."
 - (b) Physicians, Surgeons, and Hospitals. Section 386-96, HRS requires physicians, surgeons, or hospitals that have "...given any treatment or rendered any service to an injured employee..." to make a report on forms prescribed by DLIR.
 - (c) Labor and Industrial Relations Appeals Board. Section 371-4, HRS establishes the Labor and Industrial Relations Appeals Board with the power to decide appeals from decisions and orders of the director of DLIR issued under the Workers' Compensation Law and other labor laws.
 - (d) Insurance Carriers. The State, which is liable to its employees for compensation, may insure with any authorized insurance carrier, per Section 386-128; however, the State currently is a self-insurer and must file supplemental and final reports for each affected employee under the Workers' Compensation Law.

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(e) Attorney General (AG). The State AG is responsible for:

- (1) Notifying departments and agencies to advise an injured employee of the requirement to report any litigation or claim action instituted against a third party. Departmental or agency personnel who are aware of such claim or litigation being instituted by the employee are also responsible for reporting this fact to the AG.
- (2) Processing worker compensation cases appealed from the decision of the director of DLIR to the Labor and Industrial Relations Appeals Board by either the claimant-employee or any department or agency of the State of Hawaii, as stated in Section 386-8, HRS.
- (3) In addition to the above requirements, the AG has issued instructions to the departments and agencies on the procedures to follow in processing workers' compensation cases appealed from the decisions of the director of DLIR.

(f) Department of Accounting and General Services (DAGS).

- (1) The DAGS Administrative Services Office maintains funds control and SUMMARY WARRANT VOUCHER (SWV) control over the State Insurance Management Program, which includes workers' compensation payments (object code 5230) charged to the following two appropriation accounts:

G-XX-017-M Insurance Management Program for General
Fund appropriations

G-XX-328-M Reserve for Payments of Workers' Compensation
Claims and Unemployment Compensation Benefits
Claims for State Federal Funded Employees.

- (2) The DAGS Accounting Division is responsible for pre-auditing workers' compensation payment SWVs and processing them for payment in accordance with procedures similar to all SWV processing.

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4. Departmental and Agency Procedures. Section 386-95 requires every employer (includes all departments and agencies representing the State as the employer) to keep a record of all injuries received by its employees in the course of their employment, and also to make a report to the director of DLIR. The DLIR Disability Compensation Division has issued a "Guide for Completing and Filing Industrial Accident Reports Under Hawaii's Workers' Compensation Law" for employers and insurance carriers. In addition to the above guide and the workers' compensation payment responsibilities set forth in Chapter 386, HRS, the following general procedures should be included in departmental review of claims submitted by employees, physicians, surgeons, hospitals, and others:
- (a) Individual employee's workers' compensation file folders should be established immediately upon notification of injury or accident.
 - (b) Claims should be verified to the employer's report to see if data such as date of injury, type of injury, etc., are in accordance with the employer's report. Discrepancies should be resolved and corrected.
 - (c) Verify the accuracy of the coded allowable medical treatment, services and supplies, and related fees, as claimed on invoices, in accordance with DLIR's current Regulation XXXI, Workers' Compensation Fee Schedule. Inquiries covering the Fee Schedule should be made with the Administrator or the Medical Advisor of the DLIR Disability Compensation Division. Also, discuss and settle differences with the claimant (physician, surgeon, etc.) and note corrections, as appropriate.
 - (d) Prepare SUMMARY WARRANT VOUCHER and charge applicable appropriation accounts as mentioned in paragraph 3(f)(1) above for employees paid from General Fund and Federal funded accounts; also charge the individual Special Funds appropriations of the respective departments and agencies for employees paid from these appropriations.
 - (e) Submit SWV with supporting documents to DAGS for payment.
 - (f) Prepare and submit reports required by the Workers' Compensation Law and by the Hawaii Occupational Safety and Health Law.