
A BILL FOR AN ACT

RELATING TO MOTOR VEHICLE INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature notes that section
2 431:10C-308.5, Hawaii Revised Statutes, limits charges for, and
3 the frequency of medical treatment covered by personal injury
4 protection benefits. The motor vehicle insurer has an
5 obligation to limit payment of the insured's benefits for
6 treatment accordingly.

7 Whenever, according to these limits, the payment to the
8 provider must be less than the amount billed, insurers issue a
9 statement of denial of benefits to not only the provider, but
10 also to the insured. This procedure is required under the
11 Hawaii supreme court's ruling in *Orthopedic Associates of*
12 *Hawaii, Inc. v. Hawaiian Insurance & Guaranty Co., Ltd.*, No.
13 24634, slip. op. (Dec. 7, 2005). As a result, some of the
14 larger insurers are issuing several thousand denials each month.
15 In addition to the increased costs to insurers, this procedure
16 has prompted many calls from insureds who do not understand the
17 process and are concerned that the insurer might be denying them
18 access to medical treatment.



1 This Act is intended to clarify and reform the procedure to
2 be followed when an insurer receives a demand for payment and
3 does not dispute the treatment rendered, but finds the billing
4 to exceed the charges permitted by law. This Act is not
5 intended to affect the amount billed or the amount owed under
6 personal injury protection.

7 Specifically, this Act makes clear that any adjustment to
8 payment of the amount billed is an acceptance of the treatment
9 and not a denial of benefit. Therefore, section 431:10C-304(3),
10 which requires a written denial of benefit, is not applicable to
11 an adjustment of the amount billed under personal injury
12 protection benefits and the insurer need not issue a denial.
13 This Act also provides that the insurer's obligation is to "pay
14 all undisputed charges" and "negotiate in good faith with the
15 provider on the disputed charges".

16 SECTION 2. Section 431:10C-308.5, Hawaii Revised Statutes,
17 is amended by amending subsection (e) to read as follows:

18 "(e) In the event of a dispute between the provider and
19 the insurer over the amount of a charge or the correct fee or
20 procedure code to be used under the workers' compensation
21 supplemental medical fee schedule, the insurer shall:



1 (1) Pay all undisputed charges within thirty days after
2 the insurer has received reasonable proof of the fact
3 and amount of benefits accrued and demand for payment
4 thereof; and

5 (2) Negotiate in good faith with the provider on the
6 disputed charges for a period up to sixty days after
7 the insurer has received reasonable proof of the fact
8 and amount of benefits accrued and demand for payment
9 thereof.

10 If the provider and the insurer are unable to resolve the
11 dispute~~[7]~~ after a period of sixty days pursuant to paragraph
12 (2), the provider, insurer, or claimant may submit the dispute
13 to the commissioner, arbitration, or court of competent
14 jurisdiction. The parties shall include documentation of the
15 efforts of the insurer and the provider to reach a negotiated
16 resolution of the dispute. The requirements of this section
17 shall supersede the requirements of section 431:10C-304(3) with
18 respect to all disputes about the amount of a charge or the
19 correct fee or procedure code to be used under the workers'
20 compensation supplemental medical fee schedule. An insurer who
21 disputes the amount of a charge or the correct fee or procedure
22 code under this section shall not be deemed to have denied a



1 claim for benefits under section 431:10C-304(3); provided that
2 the insurer shall pay what the insurer believes is the amount
3 owed and shall furnish a written explanation of any adjustments
4 to the provider and to the claimant at no charge, if requested.
5 The provider, claimant, or insurer may submit any dispute
6 involving the amount of a charge or the correct fee or procedure
7 code to the commissioner, to arbitration, or to a court of
8 competent jurisdiction."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect upon its approval.



H. B. 2606 H.O. 1

Report Title:

Motor Vehicle Insurance; Medical Fee Schedule Payment Procedures

Description:

Sets out the procedures for paying automobile personal injury protection coverage benefits in cases where the provider's bill for medical services does not conform to the fee schedule or there is a dispute between the provider and insurer on compliance. (HB2606 HD1)

