

Honolulu, Hawaii

Feb 10, 2006

RE: H.B. No. 2694
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2694 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose of this bill is to improve Hawaii's workers' compensation system by changing the reimbursement rate for medical services provided by neurosurgeons and orthopedic surgeons under the State Workers' Compensation Law to an unspecified percentage of the Medicare Resource Based Value Scale System Rates.

The Hawaii Medical Association, Hawaii Chapter of the American Physical Therapy Association, and two concerned individuals testified in support of this bill. The Department of Human Resources Development, Kaiser Permanente, and Hawaii Employers' Mutual Insurance Company testified in support of the intent of this measure. The Hawaii Insurers Council opposed this bill. The Department of Labor and Industrial Relations and ILWU Local 142 offered comments.

Your Committee finds that access to workers' compensation care provided by neurosurgeons and orthopedic surgeons can be limited in Hawaii. Many physicians have raised concerns over the low reimbursement rates and inordinate amount of paperwork for workers' compensation cases and cite these concerns as reasons for not accepting these types of cases. In 1995, in an attempt to control rising workers' compensation costs, the Legislature

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enacted Act 234 which established the workers' compensation fee schedule at a fee not to exceed 110 percent of the fees prescribed in the Medicare Resource Based Value Scale System applicable to Hawaii as prepared by the United States Department of Health and Human Services. Since then, rising medical costs have caused this percentage to be inadequate for the provision of workers' compensation services. A declining number of workers' compensation health care providers negatively impacts an injured worker's access to timely and quality treatment which can sometimes exacerbate the injury and delay the worker's return to work.

While your Committee understands that neurosurgeons and orthopedic surgeons are the medical practitioners who are predominantly affected by the current fee schedule, all medical professions face some of the same challenges. Accordingly, your Committee has amended this bill to include all health care providers of workers' compensation services by:

- (1) Clarifying that effective January 1, 2007, the fees for all medical services shall not exceed _____ percent of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii, as prepared by the United States Department of Health and Human Services; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2694, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


KIRK CALDWELL, Chair



