



Chair, Representative Marcus Oshiro
Vice-chair, Representative Marilyn Lee
Committee: Finance
Society for Human Resource Management (SHRM) Hawaii
Testimony date: Wednesday, April 8, 2009

Opposition to SB695 SD1

SHRM Hawaii is the local chapter of a National professional organization of Human Resource professionals. Our 1,200+ Hawaii membership includes those from small and large companies, local, mainland or internationally owned - tasked with meeting the needs of employees and employers in a balanced manner, and ensuring compliance with laws affecting the workplace. We (HR Professionals) are the people that implement the legislation you pass, on a day-to-day front line level.

SHRM Hawaii strongly opposes Senate Bill 695 SD1, which would require the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued. We are concerned about the additional administrative burden this will put on our members.

SHRM Hawaii respectfully urges the committee to kill Senate Bill 695 SD1.

Thank you for the opportunity to testify. SHRM Hawaii offers the assistance of the Legislative Committee in discussing this matter further.

IRON WORKERS STABILIZATION FUND

Fax No. 586-6201 – Finance Committee

April 8, 2009

Honorable Marcus Oshiro, Chair
House Committee on Finance
State Capitol – Room 306
Honolulu, Hawai'i 96813

Iron Workers Stabilization Fund – T. George Paris, Managing Director

Hearing Date – April 8, 2009, time ^{4:30 p.m.} ~~not set~~, Room 309

Support of SB 695, SD 1, Relating to Workers' Compensation

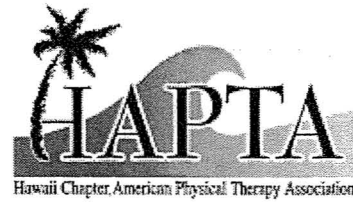
The purpose of this bill is to require an employer to continue medical services to an injured employee despite disputes over whether the treatment should be continued. The disputes are to be resolved by the Director of Labor and Industrial Relations.

Under this measure, the director must make a decision as to whether said services are to be continued, within 30 days of the filing of the dispute. If the director determines that said services should have been denied as of a certain date, the employer or its insurer may recover from the employee's personal health provider. The bill further provides that under no circumstances shall the employee be charged for the disallowed services, unless said services were obtained in violation of section 386-98.

The Iron Workers Stabilization Fund supports this measure.



Testimony by:
Derrick Ishihara, PT



SB 695sd1, Relating to Workers' Compensation
House FIN, April 8, 2009
Room 308, 4:30 pm

Position: Support Intent, With Recommendation

Chair Oshiro and Members of the House FIN Committee:

I am Derrick Ishihara, P.T., a small business owner/physical therapist and member of HAPTA's Legislative Committee. The Hawaii Chapter – American Physical Therapy Association (HAPTA) is comprised of 300 member physical therapists and physical therapist assistants employed in hospitals and health care facilities, the Department of Education and Department of Health systems, and private practice. Our members represent Hawaii at the national American Physical Therapy Association and are delegates for Pediatrics, Women's Health, Parkinson's Disease and other issue sections. We are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum function from neuromusculoskeletal injuries and impairments.

HAPTA agrees with the intent of this measure that seeks to ensure that the injured employee shall continue to receive essential medical services by the treating physician necessary to prevent deterioration of the injured employee's condition or further injury.

We are concerned that if the Director can retroactively deny care that has already been delivered, and an insurer can recover from the health care provider "...all the sums paid for medical services from that treatment plan rendered after the date designated by the director..." it would effectively terminate the medical care. No provider of service, medical or otherwise, would perform services without assurances that those services would be reimbursed. As written, SB 695 does not provide guidelines to providers as to how the director will evaluate these utilization issues.

Recommendation: To achieve the purposes of this bill, HAPTA recommends the bill be amended to ensure payment for medical services rendered in good faith at least until the date of the Director's decision.

I may be reached at 593-2610 if there are any questions. Thank you for the opportunity to present testimony.



Before the House Committee on Finance

DATE: April 8, 2009

TIME: 4:30 p.m.

PLACE: Conference Room 308

Re: SB695 SD1 Relating to Workers' Compensation Testimony of Melissa Pavlicek for NFIB Hawaii

Thank you for the opportunity to testify. On behalf of the business owners who make up the membership of the National Federation of Independent Businesses in Hawaii, we ask that you reject SB 695 SD1. NFIB opposes this measure in its current form.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.

We are concerned about the possible unintended consequences of mandating employers to continue medical services to an injured employee despite disputes over whether treatment is necessary, especially during such challenging economic times. We believe that such legislation will add costs to business which ultimately hurts employees and the economy as a whole.



HIIA

Hawaii Independent Insurance Agents Association

April 8, 2009

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice- Chair
Committee on Finance

From: Sonia M. Leong, Executive Director
Hawaii Independent Insurance Agents Association

Re: SB695, SD1 – Relating to Workers Compensation
Hearing: Wednesday April 8, 2009 4:30 p.m. Conference Room 308

The Hawaii Independent Insurance Agents Association (HIIA) **opposes** SB695, SD1 which will require employers to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

Points of Concern:

- Ensuring uninterrupted medical care under this bill could require payments by the insurer/employer for inappropriate & unnecessary treatments. This bill would allow provider to continue treatments under their own approved treatment plan until the Director's decision is issued.
- If the Director determines that the medical treatments were unreasonable and unnecessary, the insurer/employer will have the burden to pursue reimbursement from the personal health care provider which would cause a delay in closing the Workers Compensation claim.
- The employer's carrier may not be reimbursed fully because the personal health care provider may have a different reimbursement rate.

HIIA is a non profit trade association of independent insurance producers dedicated to assisting the insurance buying public with their insurance needs. Many of our clients are business owners who will be directly affected if this bill is passed. As you are all aware, workers compensation is a very complex issue with so many interrelated factors that one change could tip the delicate balance. The economy is extremely fragile with so many businesses closing their doors because of the high cost of doing business and this may be the tipping point for many.

Thank you for this opportunity to submit testimony.



**Testimony to the House Committee on Finance
Wednesday, April 8, 2009; 4:30 p.m.
Conference Room 308
AGENDA #2**

RE: SENATE BILL 695 SD1 RELATING TO WORKERS' COMPENSATION

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber does not support SB 695 SD1, relating to Workers' Compensation.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure requires the employer to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

The Chamber understands the intent of the bill and businesses recognize that an employee suffering from work-related injuries deservedly warrant proper and necessary treatment. It's important that these benefits be utilized as intended and not in such a way that benefits are activated simply because they exist.

However, passage of this bill may lead to abuse and cause unreasonable and unnecessary treatment for non-related work injuries, and prolong time off the job, even if the employee is deemed able to return to his or her work.

Because of the bill's mandate to require continued medical treatment, this measure may hurt employers including small businesses. Colleagues of the absent employee will unfairly shoulder additional responsibilities, which could have a rippled effect, such as a stressful work environment, lower morale among the employees, and lost productivity. Furthermore, businesses will have to expend additional resources, money, and time to effectuate the reimbursement rights contained in this bill as well as on other issues that may result out of this situation. As a result, the negative consequences of this measure may hinder than promote progress.

Many of our local establishments operate on limited resources, and struggle on a daily basis to keep up with costly regulations. We ask that in these difficult economic times further costs not be imposed on Hawaii's businesses, particularly those affected by the proposed legislation. Implementing laws that will inflict further regulatory requirements will undermine efforts to keep businesses viable or even open during this volatile economic period. We should be promoting incentives rather than mandates so that jobs can be retained and the economy revitalized.

In summary, SB 695, while well-intended, will have a negative impact and may lead to a rise in workers' compensation insurance costs and the overall cost of doing business. We believe further evaluation should be conducted on some of the concerns arising out of this bill versus the purpose before passing legislation that could lead to significant unintended consequences.

Thus, The Chamber respectfully requests this measure be held. Thank you for the opportunity to testify.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

April 8, 2009

Honorable Marcus Oshiro, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: SB 695, SD1 "Relating to Workers' Compensation" (Continued Medical Services)

Chair Oshiro and Members of the Committee on Finance:

I am Karen Nakamura, Executive Vice President and Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly opposes SB 695, SD1 "Relating to Workers' Compensation" because we believe that this bill will encourage abuse and over-treatment of medical care in the workers' compensation system and that will unnecessarily increase costs. SB695 SD1 requires employers to continue medical services to an injured employee despite disputes over whether treatment should be continued, until the director of labor and industrial relations decides whether treatment should be continued.

There will be an increase in medical expenses under workers' compensation insurance because of the automatic 30-day extension of benefits. These costs will be passed on to businesses and consumers in the form of rate increases. Medical costs represent 43.8% of Hawaii's total workers compensation costs according to the National Council on Compensation Insurance (NCCI) in their analysis dated February 29, 2008. Any increases in medical costs will increase total workers compensation costs.

We ask that this bill be held.

Thank you for the opportunity to share our views.



Karen Nakamura
Executive Vice President & Chief Executive Officer