

STAND. COM. REP. NO. **2031**

Honolulu, Hawaii

**FEB 07 2012**

RE: S.B. No. 2204

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 2204 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to increase the  
workers' compensation fee schedule for medical care, services, and  
supplies from one hundred ten to one hundred thirty percent of  
fees prescribed in the Medicare Resources Based Relative Value  
Scale applicable to Hawaii.

Your Committee received testimony in support of this measure  
from the Department of Labor and Industrial Relations; the Hawaii  
Medical Association; the Hawaii Association for Justice; the  
Partners of the Orthopedic Associates of Hawaii, LLP; the  
International Longshore and Warehouse Union (ILWU) Local 142; the  
Hawaii Chapter of the American Physical Therapy Association; and  
nine private individuals. Testimony in opposition to this measure  
was submitted by the Department of Human Resources of the City and  
County of Honolulu; the Hawaiian Electric Co. Inc. and its  
subsidiaries, Maui Electric Company, Ltd., and Hawaii Electric  
Light Company, Inc.; the Hawaii Insurers Council; the American  
Insurance Association; and one private individual. The Department  
of Commerce and Consumer Affairs and the Department of Human  
Resources Development submitted comments.

Your Committee finds that it has become increasingly  
difficult to find doctors willing to accept patients covered by  
the workers' compensation fee schedule because of the resulting

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low reimbursement rates and increased paperwork associated with processing workers' compensation claims. Testimony indicates that many doctors do not have sufficient billing staff and are unable to hire additional staff to handle workers' compensation billing given the current level of reimbursement. A survey conducted by the Hawaii Medical Association found that over sixty-five percent of doctors, who previously accepted workers' compensation cases, now refuse to care for these injuries, even for their established patients.

Furthermore, low reimbursement rates restrict or delay an injured worker's access to immediate comprehensive medical care and management, which is a critical element in handling workers' compensation cases. Your Committee notes the number of testimony in support of this measure submitted by practicing physicians in Hawaii. As such, your Committee believes that increasing the workers' compensation fee schedule for medical treatment and services rendered to injured workers will increase the number of physicians willing to accept cases and thereby increase injured workers' access to care.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2204 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



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CLAYTON HEE, Chair



