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**Alison Powers**  
Executive Director

## TESTIMONY OF ALISON POWERS

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SENATE COMMITTEE ON WAYS AND MEANS  
Senator David Y. Ige, Chair  
Senator Michelle N. Kidani, Vice Chair

Wednesday, April 4, 2012  
9:10 a.m.

### **HB 2152, HD2, SD1**

Chair Ige, Vice Chair Kidani, and members of the Committee, my name is Alison Powers, Executive Director of Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately 40% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** HB 2152, HD2, SD1. This bill increases the workers' compensation medical fee schedule reimbursement from 110% of Medicare to 130% of Medicare. We believe this bill is unnecessary because the Director of the Department of Labor and Industrial Relations currently has the ability to increase reimbursements. In fact, in 2006, the Department of Labor and Industrial Relations adjusted fees for approximately 1,300 CPT codes. The National Council on Compensation Insurance (NCCI) has recently estimated that this bill would increase workers' compensation costs by 3.4% overall or \$6.2 million (see attached).

For the past several years, workers' compensation premiums have dropped dramatically, to around 50% of what they were a few years ago. However, the trend has changed and loss costs are increasing. The Insurance Commissioner approved a

3.6% loss cost increase effective January 1, 2012. This means that pure losses for workers' compensation are increasing and therefore premiums are increasing. This bill will add costs to a system where decreasing trends appear to be over.

For these reasons, we respectfully request that HB 2152, HD2, SD1 be held.

Thank you for the opportunity to provide comments.



**ANALYSIS OF HAWAII  
HOUSE BILL 2152 / SENATE BILL 2204  
As Introduced on January 20, 2012**

**NCCI estimates that the impact of the changes to the Hawaii workers compensation physician fee schedule, proposed in Hawaii House Bill (HB) 2152 / Senate Bill (SB) 2204 to be effective January 1, 2013, would have a +3.4% (\$6.2M<sup>1</sup>) impact on overall workers compensation system costs in Hawaii. This impact may change significantly as it does not include the Medicare changes effective January 1, 2013 or changes to Hawaii's Supplemental Medical Fee Schedule which are not yet available.**

**Summary of Changes**

HB 2152/SB 2204 proposes that the Hawaii physician fee schedule be based partially on 130% of Medicare's Resource Based Relative Value Scale (RBRVS) and partially on the Hawaii administrative rule (Chapter 12-15 Exhibit A) known as the Supplemental Medical Fee Schedule (SMFS). Currently, the Hawaii physician fee schedule is based partially on 110% of Medicare's RBRVS and partially on the Hawaii SMFS. This bill also proposes to have the Hawaii Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule be based on 130% of Medicare DMEPOS instead of the current 110% of Medicare DMEPOS.

Based on Hawaii workers compensation data licensed to NCCI for service years 2009 and 2010, those costs subject to the current SMFS represent 24.1% of total physician costs; the costs subject to 110% Medicare's RBRVS represent 72.2% of total physician costs and the remaining 3.7% of physician costs is not subject to the physician fee schedule.

**Actuarial Analysis**

**Physicians Fee Schedule**

NCCI's methodology assumes that the difference between the current and proposed Maximum Allowable Reimbursement (MARs) for each procedure is a reasonable estimate of the actual difference in costs due to the proposed changes in the fee schedule.

The MAR for each procedure under the current and proposed physician fee schedule was calculated as follows:

**Current Reimbursement:**

Non-Anesthesia Services:

$$\text{MAR} = \{ [ (\text{Work RVU} \times \text{GPCI}_{\text{Work}}) ] + (\text{PE RVU} \times \text{GPCI}_{\text{PE}}) + (\text{MP RVU} \times \text{GPCI}_{\text{MP}}) \} \times \text{Medicare Conversion Factor (CF)} \times 110\%$$

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<sup>1</sup> Overall system costs are based on NAIC Annual Statement data as provided by A.M. Best. The estimated dollar impact is the percent impact displayed multiplied by the average of the A.M. Best 2009-2010 written premium of \$184M for Hawaii. This figure does not include self-insurance, the policyholder retained portion of deductible policies, or adjustments for subsequent changes in premium levels. The use of premium as the basis for the dollar impact assumes that expenses and other premium adjustments will be affected proportionally to the change in benefit costs. The dollar impact on overall system costs inclusive of self-insurance is estimated to be \$9.5M, where data on self-insurance is approximated using the National Academy of Social Insurance's 2009 publication "Workers Compensation: Benefits, Coverages, and Costs."



**ANALYSIS OF HAWAII  
HOUSE BILL 2152 / SENATE BILL 2204  
As Introduced on January 20, 2012**

SMFS MAR = RVU Published in the Hawaii SMFS x Conversion Factor of \$33.54

Where: RVU = Medicare's Relative Value Unit for Physicians,  
GPCI = Medicare's Geographic Practice Cost Index  
PE = Practice Expense  
MP = Medical Malpractice Insurance  
2011 Medicare CF = \$33.9764

**Anesthesia Services:**

MAR = (Base Units + Time Units) x Medicare Anesthesia CF x 110%

Where: 2011 Medicare Anesthesia CF = \$21.01

Proposed Reimbursement:

**Non-Anesthesia Services:**

MAR = { [ (Work RVU x GPCI<sub>Work</sub>) ] + (PE RVU x GPCI<sub>PE</sub>) + (MP RVU x GPCI<sub>MP</sub>) } x Medicare Conversion Factor (CF) x 130%

SMFS MAR = RVU Published in the Hawaii SMFS x Conversion Factor of \$33.54

Where: RVU = Medicare's Relative Value Unit for Physicians,  
GPCI = Medicare's Geographic Practice Cost Index  
PE = Practice Expense  
MP = Medical Malpractice Insurance  
2011 Medicare CF = \$33.9764

**Anesthesia Services:**

MAR = (Base Units + Time Units) x Medicare Anesthesia CF x 130%

Where: 2011 Medicare Anesthesia CF = \$21.01

Note: The Medicare physician fee schedule that became effective 1/1/2011 is used in calculating the current and proposed reimbursements for procedures which are subject to the Medicare fee schedule. The SMFS that became effective 2/28/2011 is used for the procedures which are subject to the SMFS.

The current and proposed cost for each procedure is the MAR multiplied by the Hawaii frequency for that procedure based on workers compensation data licensed to NCCI for service years 2009 and 2010. The estimated impact on costs subject to the physician fee schedule is the ratio of the total costs of procedures under the proposed fee schedule to the total costs of procedures under the current fee schedule. The direct impact on physician costs due to the proposed physician fee schedule is +13.7%.



**ANALYSIS OF HAWAII  
HOUSE BILL 2152 / SENATE BILL 2204  
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The impacts by service category of the proposed physician fee schedule are shown below:

<b>Service Category</b>	<b>Distribution of Costs<sup>2</sup></b>	<b>Impact Due to Proposed Fee Schedule</b>
Anesthesia	0.9%	+18.2%
Surgery	17.4%	+4.4%
Radiology	15.1%	+10.7%
Pathology	0.4%	+18.2%
Psychological	0.9%	+0.1%
General Medicine	2.0%	+12.3%
Physical Medicine	33.9%	+18.2%
Chiropractic	1.9%	+12.1%
Evaluation & Management	27.5%	+16.1%
<b>Total Physician Costs</b>	<b>100.0%</b>	<b>+13.7%</b>

The above impact on physician costs is then multiplied by the Hawaii percentage of medical costs that are subject to the physician fee schedule (52.5%<sup>2</sup>) to arrive at the impact on medical costs in Hawaii. The resulting impact on medical costs is then multiplied by the percentage of Hawaii benefit costs comprised of medical costs (46.8%<sup>3</sup>) to arrive at the impact on Hawaii overall workers compensation costs of +3.4% (\$6.2M).

**Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)**

DMEPOS costs in Hawaii represent 0.5%<sup>2</sup> of medical costs. To estimate the impact of the DMEPOS fee schedule change, NCCI compared DMEPOS costs using the current fee schedule to DMEPOS costs using the proposed fee schedule. The direct impact on DMEPOS costs is +18.2%. This impact on DMEPOS costs is then multiplied by the Hawaii percentage of medical costs that are subject to the DMEPOS fee schedule (0.5%<sup>2</sup>) to arrive at a +0.1% impact on total medical costs and a negligible impact on overall workers compensation costs in Hawaii.

<sup>2</sup> Based on Hawaii workers compensation data licensed to NCCI for service years 2009 and 2010.

<sup>3</sup> Based on Policy Years 2007-2009 Financial Call data projected to 1/1/2013.



**ANALYSIS OF HAWAII  
HOUSE BILL 2152 / SENATE BILL 2204  
As Introduced on January 20, 2012**

**Summary of Impacts**

The impacts due to the proposed changes in fee schedules are summarized in the following table:

		<b>Impact</b>
(1)	Impact on Physician Costs Due to Proposed Fee Schedule Changes	+13.7%
(2)	Physician Costs as of % of Medical Costs in Hawaii	52.5% <sup>2</sup>
(3)	Impact on DMEPOS Costs Due to Proposed Fee Schedule Changes	+18.2%
(4)	DMEPOS Costs as of % of Medical Costs in Hawaii	0.5% <sup>2</sup>
(5)	<b>Impact of Proposed Fee Schedule Changes on Medical Costs in Hawaii = (1) x (2) + (3) x (4)</b>	<b>+7.3%</b>
(6)	Medical Costs as % of Total Workers Compensation Benefit Costs in Hawaii	46.8% <sup>3</sup>
(7)	<b>Impact on Overall Workers Compensation System Costs in Hawaii due to Proposed Fee Schedule Changes (5) x (6)</b>	<b>+3.4%</b>

<sup>2</sup> Based on Hawaii workers compensation data licensed to NCCI for service years 2009 and 2010.

<sup>3</sup> Based on Policy Years 2007-2009 Financial Call data projected to 1/1/2013.

To: The Honorable David Ige Chair, and the Honorable Michelle Kidani Vice-Chair, and members of the Senate Committee on Ways and Means

Date: 4/4/2012

Time: 9:10 a.m.

Place: Conference Room 211  
State Capitol  
415 South Beretania Street

From: Ann Frost, PT  
Legislative Chair  
HAPTA

RE: H.B. 2152 H.D. 2, S.D. 1 Relating to Worker's Compensation

**Position: Support**

Dear Chair Ige, Vice-Chair Kidani, and Committee Members,

HAPTA supports H.B. 2152 H.D. 2, S.D. 1 which proposes to increase reimbursement to medical providers treating injured workers from 110% to 130% of the Medicare Resource Based Relative Value Scale applicable to Hawaii.

We support this update to a medical fee schedule that was drastically reduced by Act 234 in 1995 and has not been adequately updated in the intervening 17 years.

The largest impact of Act 234 has been to the injured worker who now has difficulty finding a physician willing treat their injuries. More than half of the physicians who participated in the Worker's Comp arena in 1995 are no longer willing to serve these patients as the costs to render care exceed the reimbursement received. When so few physicians are available, access to care and a reasonable selection of physicians especially in certain specialties becomes inadequate to a healthy, functioning system.

Physical Therapists across the State have also been impacted as practice costs such as rents, support staff salaries, health insurance, equipment, and supply costs continue to rise as reimbursement from insurers remain relatively flat.

In a recent national survey with responses from 41 States, the District of Columbia, and OWCP, Hawaii ranked #37 in terms of reimbursement as a percentage of Medicare reimbursement. In other words, a State with cost of living expenses near the top of the nation is ranked near the bottom of the nation in terms of Worker's Compensation reimbursement.

In previously submitted testimony we are told that employers have enjoyed decreases in their Worker's Compensation Insurance premiums of 69% over several years. Although those rates now appear to be stabilizing, the potential benefits of a 3.4% increase (NCCI estimates) in premiums in all fairness should be shared by the stakeholders who have shouldered the burden over the past 17 years.

I urge this legislature to help correct a problem that could affect their own family and friends if left for the next session.

Respectfully submitted,

Ann Frost, PT  
Legislative Chair  
HAPTA



# DENNIS W. S. CHANG

ATTORNEY-AT-LAW

WORKER'S RIGHTS - LABOR LAW  
WORKER'S COMPENSATION  
SOCIAL SECURITY DISABILITY  
LABOR UNION REPRESENTATION  
EMPLOYEES RETIREMENT SYSTEM  
BODILY INJURIES

April 3, 2012

## VIA ELECTRONIC MAIL

To: The Honorable Senator David Y. Ige, Chair, Michelle N. Kidani, Vice Chair  
and Members of the Committee on Ways and Means

Date: Wednesday, April 4, 2012  
Time: 9:10 a.m.  
Place: Conference Room 211, State Capitol  
415 South Beretania Street

From: Dennis W. S. Chang  
Labor and Workers' Compensation Attorney

### **Re: HB 2152, HD2, SD1 Relating to Workers' Compensation**

#### **I. OVERVIEW OF PROPOSED LEGISLATION**

House Bill 2152, HD2, SD1 reinstates the original intent of the bill by increasing the reimbursement rates for medical care, services and supplies for medical providers from 110% to a maximum of 130% of the Medicare Resource Based Relative Value Scale (Medicare) applicable to Hawaii as prepared by the United States Department of Health and Human Services. The current bill does not apply to reimbursement rates for medical services for motor vehicle insurance benefits. The reimbursement rates are effective January 1, 2013 and for each succeeding year thereafter.

#### **II. JUSTIFICATION**

Standing Committee Report No. 2977 dated March 23, 2012 unequivocally states the compelling justification reinstating increasing the rates to a maximum of 130% of Medicare for medical care, services and supplies for medical providers in the workers' compensation (WC) system. After receiving and reviewing extensive testimony, the joint Committees on Health and Judiciary and Labor found "that quality medical care is not available to all injured workers because the level of compensation received by the physicians willing to take individuals with workers' compensation insurance is below that paid for regular prepaid health insurance." *Id.* at 1.

Before the current draft, proponents of HB 2152, HD2 argued that the Director of the Department of Labor and Industrial Relations (Director or Department) could avail himself of other administrative rule making under the statute to amend the reimbursement rates to alleviate any crisis. Aside from a cumbersome administrative process, as the Director candidly

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verified, the Department under his predecessor requested permission to update the Medical Fee Schedule through that process in 2008, but the Governor failed to act upon the request. This type of dilatory tactics created a gross disparity between the actual reimbursement rates and the realistic reimbursement rates for medical providers who are saddled with additional administrative tasks and paperwork.

Calling for a study and delaying immediate relief would only exacerbate the crisis in the lack of quality medical care for injured workers. Based on my long career spanning nearly 35 years and working on both sides as an attorney with a heavy emphasis handling complex WC claims, the crisis is real, especially on the neighbor islands. Ample illustrations of the broken WC system have been repeatedly addressed in prior testimony (I respectfully incorporate my previous testimony and other testimony and respectfully submit that members of the committee skim them for a fuller understanding of the magnitude of the crisis). There is an undeniable crisis in the access of quality medical care for injured workers. However well intended in an attempt to curb increasing medical costs and reduce premiums in 1995, the passage of Act 234 linking reimbursement rates to 110% of Medicare unwittingly caused a slow but sure massive exodus of quality medical providers.

Statistics maintained by the Department also verified that reimbursement rates failed to keep pace with the higher cost of medical care since the passage of Act 234 in 1995. The dwindling number of dedicated remaining medical providers and the injured workers who struggle to find access to care should not be shouldering the brunt of the costs of providing critical medical treatment as a matter of public policy. The provision for WC benefits, as our Hawai'i Supreme Court has articulated in a long line of unwavering of cases, is the cost of doing business, but, ironically, the burden of the costs of providing critical medical care has been shifted onto medical providers and hurting injured workers. However, in the years 2005 to 2010 alone, WC premiums have cumulatively decreased by a record 63%.

Any claimed potential increase of 3.4% in WC premiums by increasing the reimbursement rates from 110% to a maximum of 130% of Medicare to medical providers has been far outweighed by the savings and/or profits made by employers and insurance carriers alike over the years. It should be no surprise that in this context, the Standing Committee Report found that "many medical providers are simply refusing to accept patients with workers' compensation. Injured workers may consequently go untreated or seek out substandard care." *Id.* at 1-2. Objectively reviewed, the Committees also found that a study was unnecessary.

### **III. CONCLUSION**

No injured worker should be denied access to quality medical care. Without the prompt intervention of the Legislature, the number of medical providers in the WC system will continue to decrease with attrition since new medical providers are unwilling to move into the system. Injured workers will be relegated to substandard care, or worse, no care, as found by the Committees. Injured workers are the constituents of every legislator. Or, they could be your family members and close friends who are denied access to quality medical care after sustaining work injuries. The evidence, statistics and common sense demonstrate the current crisis. WC must be reformed since it is nearing collapse into a broken system.

We cannot afford to ignore the untoward consequences of linking medical providers to only 110% of Medicare in 1995. More frightening is the passage of an increase to a cap of

130% of Medicare may be ultimately a "wash" since Medicare reimbursements are decreasing nationally. This is yet another essential reason for reform of one of the utmost important portions of the WC system. Passage of this current measure will be a step in the right direction in repairing parts of our broken WC system. Moreover, for the skeptics, the Director has gone on record to verify that the Department can and has adjusted reimbursement rates based on surveys of prevalent charges when appropriate (unfairly high). There is no reason to doubt that this will continue to be a mission of the Director and Department.

Thank you for the privilege of allowing the submission of these supplementary comments to my previous testimony for your consideration. Your wholehearted support is needed in light of the indisputable crisis.

DWSC:ty

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To: The Honorable David Y. Ige, Chair Senate Committee on Ways and Means  
The Honorable Michelle N. Kidani, Vice Chair

Date: Wednesday, April 4, 2012  
Time: 9:10am  
Place: Conference Room 211

RE: HB 2152 HD2 SD1 Relating to Workers' Compensation

Dear Honorable Chair Ige, Vice Chair Kidani, and members of the Senate Ways and Means Committee:

Thank you for the opportunity to present testimony regarding HB 2152. My name is Frieda S. Takaki and I am writing on behalf of the 34 employee owners of CHART Rehabilitation in ***STRONG SUPPORT*** of HB 2152.

CHART Rehabilitation of Hawaii, is an Employee Stock Ownership Plan (ESOP) organization that has been successfully providing physical and occupational therapy services in Hawaii since 1979.

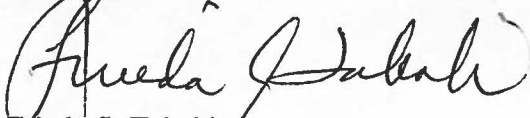
We are in support of HB 2152 for the following reasons:

1. The fee schedule for medical care for injured workers is based on a rate structure that is over a decade old. Access to effective medical services are not always available to all injured workers because the level of compensation received by physicians and other healthcare professionals has not kept pace with inflation and the increasing costs of medical care. In some cases, the reimbursable rates for certain medical procedures and services have actually gone down since 1995 when the 110% of Medicare fee schedule was enacted by our state. We support the increase in the fee schedule to 130% of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii to encourage physicians and other medical providers to provide much needed treatment to injured workers.
2. It is estimated that 70% to 80% of physicians in Hawaii will no longer see workers' compensation patients creating a major barrier to medical care for injured workers.

3. Although the Director of the Department of Labor and Industrial Relations and the Insurance Commissioner have the ability to increase reimbursements, no significant action has been taken in this area.
4. We believe that HB2152 will be a critical step towards a more comprehensive solution to the issues affecting injured workers so that they can return to work in a more expedient and safe manner, thus saving costs for all parties involved.

Thank you again for the opportunity to provide written testimony in support of HB 2152. If you have any further questions regarding our testimony or the workers' compensation medical care environment, please feel free to contact me at 808-523-9043.

Sincerely,

A handwritten signature in black ink, appearing to read "Frieda Takaki". The signature is fluid and cursive, with a large initial "F" and a long, sweeping underline.

Frieda S. Takaki,  
President & CEO



Property Casualty Insurers  
Association of America

Shaping the Future of American Insurance  
1415 L Street, Suite 670, Sacramento, CA 95814-3972

To: The Honorable Senator David Y. Ige, Chair  
Senate Committee on Ways and Means

From: Mark Sektnan, Vice President

Re: **HB 2152 HD2 SD1 – Workers’ Compensation**  
**PCI Position: Oppose - Request Amendment**

Date: Wednesday, April 4, 2012  
9:10 a.m., Conference Room 211

Aloha Chair Ige and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is opposed to HB 2152 HD2 SD1 as currently drafted and recommends that the committee consider returning to the HD2 version of this bill, which would require the Office of the Auditor to conduct a study that analyzes the concerns within the healthcare community about the difficulty in providing healthcare in workers' compensation cases due to their low reimbursement rates.

In earlier versions of this bill, the State's Department of Human Resources Development (DHRD) has noted concerns in previous hearings about the significant cost implications on State funds appropriated for Workers' compensation if this bill were to pass.

As pointed out in DHRD's prior testimony, PCI believes the earlier versions this bill are unnecessary. Title 21, Chapter 386 – 21 (c) of the Hawaii Revised Statutes already gives the Director of the Labor and Industrial Relations Department the authority to increase the allowance under the Medicare fee schedule to ensure "rates or fees provided for in this section shall be adequate to ensure at all times the standard of services and care intended by this chapter to injured employees." The director has exercised this authority and has increased reimbursement rates when those who are asking for the increase are able to justify the need. PCI believes it is appropriate to continue to allow the Director to assess the reimbursement needs and the cost implications of changes to the medical fee schedule to ensure that injured workers are protected and the costs to employers are kept reasonable. It is also important to note that the 110 percent is effectively the floor and not the ceiling for charges.

As originally introduced, this bill would have also applied the increase from 110 percent to 130 percent to medical care provided under a personal auto policy and for medical care provided under a commercial personal injury policy.

Amendments were made in the House Committee on Economic Revitalization and Business to ensure the increase applied only to workers' compensation and not to auto or commercial policies. Concerns have been raised that the amendment was not as clear as it could be.

Because the impact of increased costs to medical care in the workers' compensation system would drive up the cost of workers' compensation, and consequently auto or commercial policies, in Hawaii and because the current system allows the director to weigh the need for additional reimbursement with the potential cost implications and should be maintained, we believe there's a balance in place to address escalating costs while studying proposed increased costs impacts to the system. PCI supports the state auditor's study as a prudent step to analyzing the overall condition of the state's workers' compensation system.

For these reasons, PCI respectfully requests that the committee amend this bill to adopt language from the HD2 version.

**From:** [Scott](#)  
**To:** [WAM Testimony](#)  
**Cc:** [Alan Tice MD](#); [Amendeep Somai](#); [Anthony Hernandez](#); [Arleen Meyers](#); [Art Brownstein MD](#); [Bernard Portner MD](#); [Charles Soma](#); [Charlie Sonido, MD](#); [Chelsea Loo Ph. D.](#); [Christopher Flanders](#); [David R. Griffith](#); [Dennis Lind MD](#); [Derrick Ishihara](#); [Douglas Birch](#); [Fielding and Faye Mercer](#); [Frank Vannatta MD](#); [Gabino L. Baloy MD \(rfbaloy@gmail.com\)](#); [Gary Okamura MD](#); [Gary Whitney, Voc. R.C.](#); [Heidi Kiyota Ph. D.](#); [Inam Rahman](#); [Ira Zunin, MD](#); [Irwin and Joan Koff](#); [Irwin Koff MD](#); [Jack Hsieh](#); [James Barahal](#); [Janessa Ruckle](#); [Jeff Lee MD](#); [Jeff Wang MD](#); [Jeffrey Young](#); [Jerald Garcia](#); [John Juliano](#); [Jordan Popper](#); [Jose De Leon](#); [Joshi Madhup](#); [Joshua Tan](#); [Kathryn Shaefer MD](#); [Kay and Ken Ray](#); [Keith Stepheon](#); [Kent Yamamoto](#); [Kerrey Barton-Taylor](#); [Kevin Higashigawa](#); [Lauren Suzanne Zirbel](#); [Laurie Hamano](#); [Liza Maniquis-Smigel](#); [LMT Bill Seeman](#); [Lyla Prather](#); [Lynn Puana](#); [Maria Ilar](#); [Michael and Kalen Cooper \(chinanet@verizon.net\)](#); [Michael and Kalen Cooper](#); [Nada Mangialetti](#); [Paula.T.Lenny, MD](#); [Peter Galpin](#); [Robert Bergman](#); [Robert Hyman](#); [Robert Medoff](#); [Robert Sloan MD](#); [Ron Gackle MD](#); [Ronald Barrozi](#); [Rudy Puana](#); [Russell Tacata](#); [Ryan Nomura](#); [Salvador Cecilio](#); [Scott McCaffrey](#); [Scott Miscovich](#); [Sorbella Guillermo](#); [Stephen Scheper](#); [Steve Kemble MD](#); [Steven Kaneshiro](#); [Stuart Wakatsuki](#); [Ton Chiang](#); [Vicente Ramo](#); [Warren Loos](#)  
**Subject:** HB 466 and HB 2152  
**Date:** Tuesday, April 03, 2012 12:55:00 PM

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To: Ways and Means Committee Distinguished Members/Chair—Senator David Ige  
From: Scott McCaffrey, MD  
Re: HB 466 and HB 2152

Dear Committee Members and Honorable Chair:

I am writing in strong support of HB 466 which will help protect injured workers from extreme, anti-patient IME's which undermine their reasonable and desired care. HB 2152 is a partial correction to the draconian cuts providers were subjected to (i.e. 53%) in 1995 which forced many doctors out of business and others to flee the WC system.

By passing both bills you will deliver a long overdue message to those injured in the line of their duty—Hawaii's WC System will be there for you and your family when and if you need it!

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This social safety net has suffered almost two decades of benefit deterioration. Thank you for helping restore it to its intended status.

Sincerely,

Scott McCaffrey, MD  
Occupational and Emergency Medicine  
Hawaii Medical Center-West Campus





- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

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TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII  
711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238 ■ Email: [tdayton@geico.com](mailto:tdayton@geico.com)  
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**Senate Committee on Ways and Means**  
Conference Room 211 State Capitol  
Wednesday, April 4, 2012, 9:10 a.m.  
**HB 2152, HD 2, SD1 – Relating to the Medical Fee Schedule**

Chair Ige, Vice-Chair Kidani and Members of the W&AM Committee:

My name is Timothy Dayton and I am General Manager for GEICO.

**GEICO opposes HB 2152.** The Hearing notice specifically states that the Legislation *does not apply to reimbursement rates for motor vehicle insurance benefits*. However, as drafted SD1 is ambiguous regarding the legislative intent for motor vehicle reimbursement rates.

I respectfully request that the Committee either hold this Bill in favor of HD 2 directing that a thorough study be done or at least eliminate the ambiguity in SD1 related to the impact on Hawaii automobile insurance

Thank you for the opportunity to submit this testimony.

Timothy M. Dayton, CPCU

