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# A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION MEDICAL FEE SCHEDULES.

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

1           SECTION 1. The auditor shall conduct a study relating to  
2 the workers' compensation system fee schedule in the State that  
3 includes:

4           (1) An evaluation of whether the current rates are  
5           sufficient to provide workers' compensation patients  
6           with access to physicians in the State who are willing  
7           to treat them, including:

8           (A) A comparison of the average rates on Oahu and the  
9           neighbor islands;

10           (B) The number of physicians who treat workers'  
11           compensation patients on Oahu and the neighbor  
12           islands; and

13           (C) Additional costs, if any, that physicians who  
14           treat workers' compensation patients incur in  
15           terms of filing claims, record keeping,  
16           reporting, and compliance requirements;

17           (2) The fiscal impacts of increasing the fee schedule from  
18           one hundred ten per cent to one hundred thirty per



- 1 cent of the medicare resource based relative value  
2 scale applicable to Hawaii, including:
- 3 (A) The effect of the fee increase on access to  
4 medical services;
  - 5 (B) The effect of the fee increase on services and  
6 providers on Oahu; and
  - 7 (C) The effect of the fee increase on services and  
8 providers on the neighbor islands;
- 9 (3) A comparison of state-federal rate schedules,  
10 including:
- 11 (A) Data collection on current prevalent charges used  
12 by various divisions;
  - 13 (B) A ranked listing of the codes billed in workers'  
14 compensation cases; and
  - 15 (C) A comparison of codes and fees in the State's fee  
16 schedule and the federal fee schedule used for  
17 the State, including:
    - 18 (i) The percentage of codes that overlap between  
19 the state and federal schedules;
    - 20 (ii) A comparison of the reimbursement rates for  
21 codes shared in both schedules;



- 1 (iii) A comparison of the reimbursement rates for
- 2 codes not shared;
- 3 (iv) A percentage of the codes in the federal
- 4 schedule and on what basis they are being
- 5 charged; and
- 6 (v) An inquiry into claims that codes not
- 7 appearing in the United States Office of
- 8 Workers' Compensation Programs' fee schedule
- 9 are paid as billed and the basis on which
- 10 these codes are being charged;
- 11 (4) A statistical assessment of independent medical
- 12 examinations conducted in the State and the fees for
- 13 those examinations, including the:
- 14 (A) Prevalence of independent medical examinations,
- 15 including how often they are requested;
- 16 (B) Number of independent medical examinations that
- 17 are found in favor of the employer, by number and
- 18 percentage;
- 19 (C) Number of independent medical examinations that
- 20 are found in favor of the employee, by number and
- 21 percentage;



- 1 (D) Trends or differences between Oahu and the
- 2 neighbor islands;
- 3 (E) Number of physicians who currently perform
- 4 independent medical examinations on Oahu and the
- 5 neighbor islands;
- 6 (F) Average wait time to have an independent medical
- 7 examination scheduled and completed on Oahu and
- 8 the neighbor islands; and
- 9 (G) Appropriateness of fees paid under applicable fee
- 10 schedules;
- 11 (5) A determination of patterns of abuse, if any, among
- 12 the following:
  - 13 (A) Insurers: Relating to denying claims;
  - 14 restricting treatment options; and funneling
  - 15 workers to particular physicians and care
  - 16 providers;
  - 17 (B) Employers: Relating to providing insufficient or
  - 18 no coverage; failing to provide workers with
  - 19 workers' compensation information and rights; and
  - 20 denial of claims;
  - 21 (C) Injured workers: Relating to submitting false
  - 22 claims and preexisting conditions; and



1 (D) Physicians: Relating to findings by physicians  
2 that appear to be more often favorable to the  
3 employer or employee; appropriateness of  
4 treatment provided; and possible over-reliance on  
5 prescribing narcotics; and

6 (6) A determination of whether and how often the director  
7 of labor and industrial relations has established an  
8 additional fee schedule not exceeding the prevalent  
9 charge for fees for services actually received by  
10 providers of health care services to cover charges for  
11 a specific treatment, accommodation, product, or  
12 service pursuant to the director's authority under  
13 section 386-21, Hawaii Revised Statutes.

14 SECTION 2. The auditor shall submit a report of the  
15 findings and recommendations, including any proposed  
16 legislation, to the legislature not later than twenty days prior  
17 to the convening of the regular session of 2014.

18 SECTION 3. This Act shall take effect upon its approval.



**Report Title:**

Workers' Compensation; Medical Fee Schedules

**Description:**

Requires the auditor to conduct a study on various aspects of the workers' compensation medical fee schedules and system in the State, including the sufficiency of current rates to provide access to the State's physicians that are willing to serve workers' compensation patients and fiscal impacts of increasing fee schedules. (SD2 PROPOSED)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

