

Honolulu, Hawaii  
February 12, 2013

RE: H.B. No. 1176  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1176 entitled:

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

begs leave to report as follows:

The purpose of this measure is to improve the process by which disagreements between an employer and a medical services provider over the amount of medical service fees is resolved. Specifically, this measure, among other things:

- (1) Authorizes the employer and provider of services to notify the Director of Labor and Industrial Relations (Director) in the event of a reasonable disagreement relating to specific medical service charges;
- (2) Requires that the notice of the dispute is done in writing and that the parties negotiate during the 31 calendar days following the date of the notice to the Director;
- (3) Allows parties to request the Director to render an administrative decision without a hearing in the event the parties fail to reach an agreement within the 31-day negotiation period;



- (4) Allows the Director to assess a service fee of up to \$500 against either or both parties who fail to negotiate in good faith; and
- (5) Establishes that the administrative decision rendered by the Director is final and nonappealable.

The Department of Labor and Industrial Relations; the ILWU Local 142; Automated HealthCare Solutions, LLC; Work Injury Medical Association of Hawaii; and Hawaii Laborers' Union supported this measure. The Department of Human Resources Development; Department of Human Resources of the City and County of Honolulu; Solera Integrated Medical Solutions; Hawaii Insurers Council; Hawaiian Electric Co., Inc.; Maui Electric Company, Ltd.; and Hawaii Electric Light Company, Inc., opposed this measure. The Chamber of Commerce of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Retaining the language covering disputes between an insurer or self-insured employer and a medical provider regarding the amount of a fee for medical services;
- (2) Clarifying that an administrative decision by the Director is not appealable under section 386-73, Hawaii Revised Statutes (HRS), relating to the Director's original jurisdiction controversies, or section 386-87, HRS, relating to appeals to the appellate board; and
- (3) Making technical, nonsubstantive amendments for the purposes of style, clarity, and consistency.

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. 1176, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1176, H.D. 1, and be referred to the Committee on Finance.



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

  
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MARK M. NAKASHIMA, Chair



