

STAND. COM. REP. NO.

1401

Honolulu, Hawaii

APR 05 2013

RE: H.B. No. 152
H.D. 1
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 152, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this bill is to increase the cap on charges used by the Director of Labor and Industrial Relations to establish the workers' compensation medical fee schedule, from one hundred ten per cent to one hundred thirty per cent of the Medicare Resource Based Relative Value Scale.

Your Committee prepared and heard a proposed Senate Draft 2 (S.D. 2), which replaced the contents of the bill as received, and required the Auditor to conduct a study of the workers' compensation fee schedule.

Testimony in support of the proposed S.D. 2 was submitted by the Hawaii Insurers Council. Testimony in opposition was submitted by GEICO. Comments were received from the Department of Commerce and Consumer Affairs and the Department of Human Resources of the City and County of Honolulu.

After consideration of the testimony, your Committee has amended the measure by replacing its contents with provisions that:

HB152 SD2 SSCR LRB 13-2581.doc



- (1) Require the Auditor to assist the Director of Labor and Industrial Relations in administratively adjusting the medical fee schedule by:
 - (A) Identifying:
 - (i) Those medical or health care services or procedures for which fee adjustments are necessary to ensure that injured employees have better access to treatment; and
 - (ii) A methodology for conducting the statistically valid surveys of prevailing charges that are necessary for adjustment of the fees; and
 - (B) Recommending adjusted fees to the Director after applying the methodology;
- (2) Make available to the Director a limited opportunity to expedite the adjustment of fees identified by the Auditor; and
- (3) Require the Auditor to recommend to the Director and Legislature a formalized process for the mandatory periodic review of the adequacy of the medical fee schedule.

Your Committee finds that the administrative adjustment of fees on a case-by-case basis, depending upon need, is preferable public policy to an across-the-board increase by legislative action. Your Committee recognizes that the issue of the workers' compensation medical fee schedule is complex and believes that it does not presently have sufficient understanding of the consequences that could flow from an across-the-board increase, as contemplated by this measure as received. Accordingly, your Committee initially proposed a study by the Auditor.

However, having found the testimony of injured employees particularly persuasive, your Committee has rejected the study approach taken by the proposed S.D. 2. Rather, your Committee has determined that action, based upon careful evaluation, is necessary, rather than an Auditor's study.

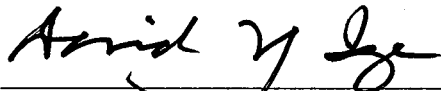
Your Committee believes that the measure, as amended, establishes a substantive opportunity for the adjustment of



medical or health care fees and also provides medical and health care service providers with the opportunity to participate in a fee adjustment process that is not currently available under existing law. Your Committee understands that the Director of Labor and Industrial Relations presently feels constrained in using the Director's existing authority to administratively adjust fees on a broad scale. Your Committee believes that this measure provides the assistance the Director of Labor and Industrial Relations needs to make the necessary adjustments.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 152, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 152, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>HB 152, HD 1, SD 1</i>	Committee Referral: <i>JPL, WAM</i>	Date: <i>4-5-13</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	<i>13</i>	<i>0</i>	<i>0</i>	<i>0</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes