

Honolulu, Hawaii

MAR 21 2013

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

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

Madam:

Your Committee on Judiciary and Labor, to which was referred  
H.B. No. 152, H.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 measure is to: amend section  
386-21(c), Hawaii Revised Statutes, to increase the maximum  
liability of the employer for workers' compensation charges for  
medical care, services, and supplies to one hundred thirty percent  
of fees prescribed in the Medicare Resources Based Relative Value  
Scale system applicable to Hawaii.

Your Committee received testimony in support of this measure  
from the Department of Labor and Industrial Relations;  
International Longshore and Warehouse Union, Local 142; Hawaii  
State AFL-CIO; Hawaii Laborers' Union; Kaiser Permanente Hawaii;  
Hawaii Medical Association; Healthcare Association of Hawaii; Work  
Injury Medical Association of Hawaii; Hawaii State Chiropractic  
Association; Hawaii Injured Workers Association; InVision Imaging;  
and three individuals. Testimony in opposition to this measure  
was submitted by the Department of Human Resources Development;  
Department of Human Resources, City and County of Honolulu;  
Property Casualty Insurers Association of America; Hawaiian  
Electric Co., Inc. and its subsidiaries; Hawaii Insurers Council;  
and The Chamber of Commerce of Hawaii. The Department of Commerce  
and Consumer Affairs submitted comments on this measure.



Your Committee finds that existing law restricts the charges for medical care, services, and supplies from exceeding one hundred ten percent of the fees prescribed in the Medicare Resource Based Relative Value Scale that are applicable to Hawaii. However, over time, the reimbursement rates of providers have failed to keep pace with the higher costs of medical care that have led some physicians to opt out of providing treatment to injured workers in the workers' compensation system. The Department of Labor and Industrial Relations indicated in written testimony that the United States Department of Labor's Office of Workers' Compensation Program Medical Fee Schedule conversion factor for Hawaii was one hundred forty three percent of Medicare in 2012, which indicates the need to allow for the charges to be increased beyond the one hundred ten percent currently allowed under law. This measure will increase the reimbursement rate to more adequately align the workers' compensation medical fee schedule with the current cost of health care.

Your Committee notes the concerns raised in the written testimony submitted by the Department of Human Resources Development that this measure may result in significant cost implications on state funds appropriated for workers' compensation. The Department testified that an across-the-board increase for services that fall under the Medicare fee schedule will drive medical costs higher and will likely require an increase in the Department's general fund appropriation under program ID HRD 102 to pay for claims under chapter 386, Hawaii Revised Statutes. The Department testified that this measure would result in an increase of \$468,000 annually, which would require an increase in general fund appropriations. Your Committee encourages your Committee on Ways and Means, should the Committee schedule this measure for a hearing, to consider the fiscal implications this measure may have on the Department of Human Resources Development and appropriately reflect this increase in the state budget.


Your Committee has amended this measure by inserting an effective date of July 1, 2013.

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 H.B. No. 152, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 152,



H.D. 1, S.D. 1, 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



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 152 HD1	JDL, WAM	3/12/13		
<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
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
<b>TOTAL</b>	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes