

Honolulu, Hawaii

January 29, 2014

RE: H.B. No. 1974  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1974 entitled:

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

begs leave to report as follows:

The purpose of this measure is to adopt the recommendations made in the Office of the Auditor's Report No. 13-10, *A Report on Methodology for the Department of Labor and Industrial Relations' Workers' Compensation Medical Fee Schedule*. Specifically, this measure:

- (1) Requires the Director of Labor and Industrial Relations to update the Workers' Compensation Medical Fee Schedule annually;
- (2) Enables the Director of Labor and Industrial Relations to establish a maximum allowable fee ceiling for workers' compensation medical fees that exceeds 110 percent of the fees prescribed in the Medicare Resource Based Relative Value Scale for Hawaii;
- (3) Requires the Director of Labor and Industrial Relations to analyze this measure's impact on workers' compensation claimants' access to appropriate treatment and appropriates an unspecified amount to pay for the report no later than the regular session of 2019;



- (4) Makes an unspecified appropriation for the Department of Labor and Industrial Relations to hire two full-time equivalent positions to implement this measure; and
- (5) Includes a five-year sunset date to provide sufficient time to assess the impact on cost and access to medical treatment for workers' compensation cases.

The Auditor's report was produced pursuant to Act 97, Session Laws of Hawaii 2013, and required the Auditor to assist the Director of Labor and Industrial Relations in administratively adjusting the Workers' Compensation Medical Fee Schedule.

The Office of the Auditor; Department of Labor and Industrial Relations; ILWU, Local 142; Hawaii Medical Association; Work Injury Medical Association of Hawaii; and an individual provided testimony in support of this measure. The Chamber of Commerce of Hawaii, Property Casualty Insurers Association of America, and Hawaii Insurers Council provided testimony in opposition to this measure. The Department of Human Resources Development, National Association of Mutual Insurance Companies, and Healthcare Association of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Inserting an appropriation of \$72,600 for the establishment of the positions in the Department of Labor and Industrial Relations;
- (2) Inserting an appropriation of \$150,000 to prepare the report on this measure's impact on workers' compensation claimants' access to appropriate treatment; and
- (3) Making other technical, nonsubstantive amendments for clarity, style, 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. 1974, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1974, 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



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

HSCR 19-14

**Record of Votes of the Committee on Labor & Public Employment**

Bill/Resolution No.: <b>HB 1974</b>	Committee Referral: <b>LAB, FIN</b>	Date: <b>1-24-14</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.				/
5. ICHIYAMA, Linda	/			
6. TAKAYAMA, Gregg	/			
7. ING, Kaniela				/
8. TAKUMI, Roy M.				/
9. YAMANE, Ryan I.	/			
10. <del>YAMASHITA, Kyle T.</del>				
11. JOHANSON, Aaron Ling		/		
<b>TOTAL (11)</b>	<b>6</b>	<b>1</b>	<b>—</b>	<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ 				
<b>Distribution:</b> Original (White) – Committee            Duplicate (Yellow) – Chief Clerk's Office            Duplicate (Pink) – HMSO				