

Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1974  
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1974, H.D. 1, 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 \$150,000 to pay for the report due no later than before the 2019 Regular Session;



- (4) Appropriates \$72,600 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 costs and access to medical treatment for workers' compensation cases.

The Department of Labor and Industrial Relations, Office of the Auditor, Hawaii Medical Association, Work Injury Medical Association of Hawaii, ILWU Local 142, and two individuals provided testimony in support of this measure. The Hawaii Insurers Council; Hawaiian Electric Company, Inc.; Maui Electric Company, Ltd.; Hawaii Electric Light Company, Inc.; Chamber of Commerce of Hawaii; and Property Casualty Insurers Association of America provided testimony in opposition to this measure. The Department of Human Resources Development, City and County of Honolulu Department of Human Resources, Kaiser Permanente, and an individual provided comments on this measure.

Your Committee has amended this measure by:

- (1) Making the appropriations in an unspecified amount; and
- (2) Changing its effective date to July 1, 2030, for the purpose of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1974, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1974, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



SYLVIA LUKE, Chair



