

Honolulu, Hawaii
March 19, 2014

RE: S.B. No. 2923
S.D. 2
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 S.B. No. 2923, S.D. 2, 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 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 due no later than before the 2019 Regular Session;

- (4) Appropriates an unspecified amount for the Department of Labor and Industrial Relations to establish two full-time equivalent positions without regard to Chapter 76, Hawaii Revised Statutes, 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 claims.

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

Your Committee has amended this measure by:

- (1) Removing the provision that the two new Department of Labor and Industrial Relations positions be established without regard to Chapter 76, Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 2923, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, S.D. 2, 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,



MARK M. NAKASHIMA, Chair



