

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2923  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B.  
No. 2923, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish a more  
efficient mechanism to renew and update health and medical service  
fees payable under the State's workers' compensation medical fee  
schedule.

More specifically, this measure:

- (1) Requires the Director of Labor and Industrial Relations  
to update the workers' compensation medical fee schedule  
annually;
- (2) Authorizes the Director of Labor and Industrial  
Relations to establish a workers' compensation medical  
fee ceiling that exceeds one hundred ten per cent of the  
fees prescribed in the Medicare Resource Based Relative  
Value Scale applicable to Hawaii for evaluation and  
management services;
- (3) Appropriates funds for fiscal year 2014-2015 for two  
full-time equivalent positions in the Department of  
Labor and Industrial Relations; and



- (4) Appropriates funds for fiscal year 2014-2015 for the Department of Labor and Industrial Relations to contract for the performance of an analysis of the impact this measure will have on workers' compensation claimants' access to appropriate treatment.

Your Committee received written comments in support of this measure from Hawaii Medical Association, ILWU Local 142, and two individuals. Written comments in opposition were received from The Chamber of Commerce of Hawaii, Hawaii Insurers Council, Hawaiian Electric Company, and Property Casualty Insurers Association of America. The Department of Human Resources Development, Department of Labor and Industrial Relations, City and County of Honolulu Department of Human Resources, and Work Injury Medical Association of Hawaii submitted written comments on the measure.

Your Committee finds that Act 97, Session Laws of Hawaii 2013, required the Auditor to assist the Director of Labor and Industrial Relations in adjusting and periodically reviewing the adequacy of the workers' compensation medical fee schedule. In Auditor's Report No. 13-10, entitled "A Report on Methodology for the Department of Labor and Industrial Relations' Workers' Compensation Medical Fee Schedule," the Auditor made several recommendations to the Legislature, including:

- (1) Authorizing the Director of Labor and Industrial Relations to establish a maximum allowable fee ceiling annually for eligible evaluation and management services;
- (2) Requiring the Department of Labor and Industrial Relations to assess the cost impact and effect on access to medical services attributable to adoption of the methodology recommended by the Auditor;
- (3) Funding department personnel resources in order to implement the methodology recommended by the Auditor; and
- (4) Providing sufficient resources to the Department of Labor and Industrial Relations to hire one or more contractors to perform ongoing analysis on the impact of adopting the methodology recommended by the Auditor.



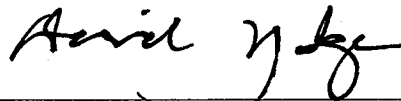
This measure is intended to implement the recommendations made by the Auditor.

Your Committee has amended this measure by:

- (1) Specifying that the report of the Director of Labor and Industrial Relations shall include an analysis of the cost impact of the measure; 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2923, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2923, S.D. 2.

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



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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>SB 2923, SD1</i>	Committee Referral: <i>JDL, WAM</i>	Date: <i>2-25-14</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: <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
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	✓			
	<i>10</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <b>Distribution:</b>            Original            File with Committee Report         </div> <div style="text-align: center;">           Yellow            Clerk's Office         </div> <div style="text-align: center;">           Pink            Drafting Agency         </div> <div style="text-align: center;">           Goldenrod            Committee File Copy         </div> </div>				

\*Only one measure per Record of Votes