

SB 2494

Measure Title: RELATING TO PERSONAL INJURY PROTECTION BENEFITS.

Report Title: Motor Vehicle Insurance; Personal Injury Protection Benefits; Reimbursement; Drugs, Supplies, and Materials

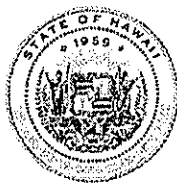
Description: Ensures personal injury protection benefits remain consistent with prepaid health care plans by clearly specifying requirements for the reimbursement of drugs, supplies, and materials.

Companion: HB2584

Package: None

Current Referral: CPN, WAM

Introducer(s): BAKER



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

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TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Wednesday, February 5, 2014
9 a.m.

**TESTIMONY ON SENATE BILL NO. 2494 – RELATING TO PERSONAL INJURY
PROTECTION BENEFITS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). The Department opposes the bill, and submits the following comments:

This bill proposes to conform charges by health care providers for drug prescriptions associated with covered motor vehicle injuries to those reimbursable under prepaid health care plans.

Under HRS §431-10C-308.5, the motor vehicle insurance fee schedule adopts the workers' compensation supplemental fee schedule, which governs the charges and frequency of treatments and their reimbursements. Personal injury protection ("PIP") benefits are, therefore, intimately and uniformly linked to the motor vehicle insurance and workers' compensation supplemental medical fee schedules and not to the individual reimbursement tables of multiple health plans.

We thank the Committee for the opportunity to present testimony on this matter.



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Alison Powers
Executive Director

TESTIMONY OF MIKE ONOFRIETTI

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian Taniguchi, Vice Chair

Wednesday, February 5, 2014
9:00 a.m.

SB 2494

Chair Baker, Vice Chair Taniguchi, and members of the Committee, my name is Michael Tanoue, counsel for the Hawaii Insurers Council, a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately one third of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **supports** this bill. The bill adds a new section regarding the reimbursement of drugs, supplies, and materials under the personal injury protection benefits part of the motor vehicle insurance law in order to contain costs, prevent overprescribing, and prevent price gouging.

We believe by implementing this process, there will be a clear understanding by all involved in the prescribing, delivery, and payment of drugs, supplies, and materials of what is allowed and the rate of reimbursement. This measure will benefit consumers because the minimum statutory personal injury projection limit is \$10,000 and by containing the cost of drugs, supplies, and materials, there will be more benefits available to the injured for other types of treatment.

Thank you for the opportunity to testify.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER

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Senate Committee on Commerce and Consumer Protection
Conference Room 229 State Capitol
Wednesday, February 5, 2014, 9:00 a.m.
SB 2494 – Relating to Personal Injury Protection Benefits

Chair Baker, Vice-Chair Taniguchi and Members of the Senate Committee on Commerce and Consumer Protection:

My name is Tim Dayton and I am General Manager for GEICO, Hawaii's largest insurer of motor vehicles. **GEICO supports SB 2494 which would help to control the costs in motor vehicle insurance Personal Injury Protection (PIP) coverage by specifying requirements for the reimbursement of drugs, supplies, and materials associated with Personal Injury Protection benefits.**

Overprescribing of prescription drugs and drug price gouging has had a growing impact on the limited PIP benefits available to motorists. This results in Hawaii consumers exhausting their PIP coverage benefits on charges that are unnecessary, unreasonably price inflated or on repackaged drugs with even higher prices. This deprives consumers of the intended benefit of their coverage.

Excessive charges will impact the cost of motor vehicle insurance in the future.

As currently written, Senate Bill 2494 aids in maintaining the current affordable premium levels by taking the excessive profit motive out of prescription dispensing and ensuring that charges for prescriptions are reasonable. This is not currently the case. I would like to cite dispensing of Speed Gel as one specific example. As you can see from the attached, GEICO was billed \$832.02 for two (30ml) tubes of this homeopathic spray. I purchased the same product in over the counter form for \$17.99 (50 ml). The only active ingredients found in the Rx version that were not in the over-the-counter version were ginger and Colchicinum. Colchicinum is indicated for patients who are suffering from gout which is unlikely to occur as a result of a motor vehicle injury.

SB 2494 would have a positive impact on GEICO's policyholders and would enable them to receive the intended benefit of the coverages that they have paid insurance premiums to receive. GEICO urges this committee to pass SB 2494.

Thank you for the opportunity to submit this testimony.

A handwritten signature in black ink, appearing to read "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton, CPCU

1500

GEICO
PO BOX 509119

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HEALTH INSURANCE CLAIM FORM

SAN DIEGO, CA 92150

APPROVED BY NATIONAL UNIFORM CLAIM COMMITTEE 08/05

<input type="checkbox"/> PICA										<input type="checkbox"/> PICA									
1. MEDICARE <input type="checkbox"/> MEDICAID <input type="checkbox"/> TRICARE <input type="checkbox"/> CHAMPVA <input type="checkbox"/> GROLP <input type="checkbox"/> FECA <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>										1a. INSURED'S I.D. NUMBER (For Program in Item 1)									
1. MEDICARE <input type="checkbox"/> MEDICAID <input type="checkbox"/> TRICARE <input type="checkbox"/> CHAMPVA <input type="checkbox"/> GROUP HEALTH PLAN <input type="checkbox"/> FECA <input type="checkbox"/> BLK LUNG <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>										1a. INSURED'S I.D. NUMBER (For Program in Item 1)									
2. PATIENT'S NAME (Last Name, First Name, Middle Initial)										3. PATIENT'S BIRTH DATE									
5. PATIENT'S ADDRESS										6. PATIENT RELATIONSHIP TO INSURED									
7. INSURED'S ADDRESS (No., Street)										8. PATIENT STATUS									
9. OTHER INSURED'S NAME (Last Name, First Name, Middle Initial)										10. IS PATIENT'S CONDITION RELATED TO:									
11. INSURED'S POLICY GROUP OR FECA NUMBER										12. PATIENT'S OR AUTHORIZED PERSON'S SIGNATURE									
13. INSURED'S OR AUTHORIZED PERSON'S SIGNATURE										14. DATE OF CURRENT ILLNESS									
15. IF PATIENT HAS HAD SAME OR SIMILAR ILLNESS										16. DATES PATIENT UNABLE TO WORK IN CURRENT OCCUPATION									
17. NAME OF REFERRING PROVIDER OR OTHER SOURCE										18. HOSPITALIZATION DATES RELATED TO CURRENT SERVICES									
19. RESERVED FOR LOCAL USE										20. OUTSIDE LAB CHARGES									
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY										22. MEDICAID RESUBMISSION CODE									
23. PRIOR AUTHORIZATION NUMBER										24. A. DATES(S) OF SERVICE									
25. FEDERAL TAX ID NUMBER										26. PATIENT'S ACCOUNT NO.									
27. ACCEPT ASSIGNMENT?										28. TOTAL CHARGE									
29. SIGNATURE OF PHYSICIAN OR SUPPLIER										30. BALANCE DUE									
31. SIGNATURE OF PHYSICIAN OR SUPPLIER										32. SERVICE FACILITY LOCATION INFORMATION									
33. BILLING PROVIDER INFO & PH #										34. SIGNATURE									