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February 3, 2015

**TESTIMONY TO THE
SENATE COMMITTEE ON HEALTH**

For Hearing on Friday, February 6, 2015
2:30 p.m., Conference Room 414

BY

JAMES K. NISHIMOTO
DIRECTOR

Senate Bill No. 170
Relating to Workers' Compensation

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON JOSH GREEN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to provide comments on S.B. 170.

The purpose of S.B. 170 is to authorize groups of health care providers to organize as coordinated care organizations for the provision of medical care, services, and supplies under Hawaii's workers' compensation law.

The Department of Human Resources Development ("DHRD") has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds. In that regard, DHRD respectfully submits these comments on the bill.

First, DHRD supports any effort to increase the number of quality providers who are willing and able to provide medical care, services, and supplies to our work-injured employees. To the extent this measure would help to accomplish that goal and make access to reasonable and necessary health care more available and accessible the intent of this bill is one for which we are supportive.

Second, however, we are concerned about how the proposed subsection 386-D would: 1) exempt the medical services performed by a coordinated care organization from the application of medical fees, schedules, and treatment utilization guidelines promulgated by the Director of Labor and Industrial Relations (“Director”) pursuant to Sections 386-21 and -26, HRS; and 2) provide that a coordinated care organization negotiate fees for medical services with charges not to exceed 140% of fees prescribed in the Medicare Resource-Based Relative Value Scale system applicable to Hawaii. The current ceiling under Section 386-21(c), HRS, is 110% of the Medicare schedule. We note that Act 97 (2013) was enacted to task the State Auditor with assisting the Director to identify “medical or health care services or procedures for which fee adjustments are necessary to ensure that injured employees have better access to treatment.” We further note that the Senate Ways and Means Committee report on wrote in its April 5, 2013 committee report on H.B. 152, S.D. 2, which eventually became Act 97:

Your Committee finds that the administrative adjustment of fees on a case-by-case basis, depending upon need, is preferable public policy to an across-the-board increase by legislative action. Your Committee recognizes that the issue of the workers' compensation medical fee schedule is complex and believes that it does not presently have sufficient understanding of the consequences that could flow from an across-the-board increase[.]

Third, to the extent putative coordinated care organizations would be exempt from any oversight by the Director and his promulgated medical fee schedules would increase our costs for the State’s self-insured workers’ compensation program, DHRD would have to request additional appropriations from the Legislature. Workers’ compensation is a mandatory benefit for injured employees under Chapter 386, Hawaii Revised Statutes.



American
Chiropractic
Association

Governor, District 7 (HI, CA & NV, Guam, American Samoa & Commonwealth of Northern Mariana Islands)

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To: Sen. Josh Green, Chair
Sen. Glenn Wakai, Vice Chair
COMMITTEE ON HEALTH

From: Joseph G. Morelli, Jr., D.C., F.I.C.C.
District VII Governor,
American Chiropractic Association

President,
Hawaii State Chiropractic Association

Date: Friday, February 06, 2015

Time: 2:30 pm

Place: Conference Room 414

Subject: **Testimony in SUPPORT of SB 170** "Relating to Workers' Compensation"

My name is Dr. Joseph G. Morelli, Jr., and I am a Doctor of Chiropractic in Hawaii, practicing Waipahu, on Oahu for the past 37 years. I currently hold the elected office as the District 7 Governor on the Board of Governors of the American Chiropractic Association. Nationally, I represent the local Hawaii Doctors of Chiropractic and also all the Doctors of Chiropractic in California, Nevada, Guam, American Samoa and the Mariana Islands. Additionally, In the State of Hawaii, I hold the elected office of President of the Hawaii State Chiropractic Association.

The American Chiropractic Association is the largest Chiropractic professional representative organization in the world. The Hawaii State Chiropractic is the only state wide representative organization for the Chiropractic profession in Hawaii. I give this as testimony to voice strong support to the intent of **SB 170**.

Coordinated Care Organization development and implementation is a growing trend in health care delivery across the nation. This model of providing health care services is intended to insure patients receive optimal care through coordination of treatment and other necessary services across multiple medical and provider specialties, as a particular patient/condition may warrant.

SB 170 allows for the development and utilization of these coordinated care organizations to operate within the unique delivery system governing the industrial injury patient under the Workers' Compensation system in Hawaii.

Doctors of Chiropractic have been attending industrial injury patients in Hawaii for many years. In addition to being the Attending Physician for an injured worker, we have had great success in cases that require concurrent and/or co-treatment along with other medical specialists. Frequently, industrial injury patients present with medical needs that span various provider areas of specialization. The idea of formally developing "Coordinated Care Organizations" that by their very design, is to have a more direct and responsible interactive approach to the treatment of the injured worker, can only help improve care and optimize clinical outcomes.

Please pass **SB 170** from your committee for the benefit of the health of the on the job injured worker in Hawaii.



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Alison H. Ueoka
Executive Director

TESTIMONY OF ALISON UEOKA

COMMITTEE ON HEALTH
Senator Josh Green, Chair
Senator Glenn Wakai, Vice Chair

Friday, February 6, 2015
2:30 p.m.

SB 170

Chair Green, Vice Chair Wakai, and members of the Committee, my name is Alison Ueoka, Executive Director of the Hawaii Insurers Council. Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately thirty-six percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council supports this bill. Coordinated Care Organizations is a way for employers to assist employees who choose to participate to navigate their way through medical care with the assistance of an attending physician who would be a Medical Doctor or Osteopath. The bill also increases reimbursement rates to those participating providers to 140% of Medicare. We believe this is a good start to improve the delivery of medical services and better manage care of the injured worker and believe that a higher reimbursement rate to these providers may be offset by a faster and more thorough recovery.

Thank you for the opportunity to testify.