

---

# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY TO ASSESS THE IMPACT  
OF MEDICAL BILL REVIEW COSTS ON THE STATE'S WORKERS'  
COMPENSATION SYSTEM.

1           WHEREAS, although workers' compensation premiums in Hawaii  
2 have dropped significantly since the reforms in the mid-1990s,  
3 it is important to understand the impact of medical bill review  
4 costs, which include pharmacy benefit manager and third party  
5 administrator costs, on the State's workers' compensation  
6 system; and  
7

8           WHEREAS, much effort has been devoted to studying the  
9 impact of many other costs involved in the State's workers'  
10 compensation system, little has been done to review the impact  
11 of medical bill review costs; and  
12

13           WHEREAS, spending too much money on medical bill review  
14 costs ultimately takes money away from injured workers; and  
15

16           WHEREAS, claims administrators should be transparent with  
17 their medical bill review fees and should disclose any fees  
18 charged to the claim file for their medical bill audit process;  
19 and  
20

21           WHEREAS, medical bill review service fees are typically  
22 charged outside of the contracted fixed claim administration  
23 fees, and, according to a July 2015 article by the Risk Advisory  
24 Practice of Wells Fargo Insurance, the fees may represent up to  
25 fifty percent of the total per claim handling fees, depending on  
26 the pricing structure that the claim service provider uses; and  
27

28           WHEREAS, unfortunately, because medical bill review fees  
29 are applied as allocated expenses against the claim files, they  
30 are often not considered when comparing total provider service  
31 costs; and



# H.C.R. NO. 168

1  
 2 WHEREAS, the manner in which the claim service provider  
 3 structures these fees can result in a considerable fee  
 4 differential and cost to the State; and

5  
 6 WHEREAS, it is crucial that the State understand the fine  
 7 print of the various fee structures and the implications on  
 8 their total medical bill review costs; and

9  
 10 WHEREAS, studying the pricing of medical bill review will  
 11 help control the cost of the State's workers' compensation  
 12 system; and


13  
 14 WHEREAS, it is important that the State look at ways to  
 15 prevent medical bill review costs from becoming an unreasonable  
 16 cost driver of health care in workers' compensation claims,  
 17 while ensuring the same standard of service and care intended  
 18 for injured employees under the workers' compensation law; now,  
 19 therefore,

20  
 21 BE IT RESOLVED by the House of Representatives of the  
 22 Twenty-ninth Legislature of the State of Hawaii, Regular Session  
 23 of 2017, the Senate concurring, that the Auditor is requested to  
 24 study and assess the impact of medical bill review costs on the  
 25 State's workers' compensation system; and

26  
 27 BE IT FURTHER RESOLVED that the Auditor complete the study  
 28 by November 30, 2017, and submit the study and its findings to  
 29 the Legislature no later than twenty days prior to the convening  
 30 of the regular session of 2018; and

31  
 32 BE IT FURTHER RESOLVED that certified copies of this  
 33 Concurrent Resolution be transmitted to the Auditor, Director of  
 34 Labor and Industrial Relations, and Director of Human Resources  
 35 Development.

36  
 37  
 38

OFFERED BY:  \_\_\_\_\_

MAR 10 2017

