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TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Tuesday, March 28, 2017
1:30 p.m.

WRITTEN TESTIMONY ONLY

TESTIMONY ON HOUSE BILL NO. 235, H.D. 1, S.D. 1 – RELATING TO HEALTH.

TO THE HONORABLE JILL N. TOKUDA, 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 supports Section 2.1. of this bill on page 2, lines 12 to 20, as it is identical to the proposed language in S.B. 399, S.D. 1, the Senate version of this bill. The Department opposes the proposed language in Section 2.2. of this bill on page 2, line 21, to page 3, lines 1 to 3, as it will lead to increased costs in the purchasing of motor vehicle insurance.

Currently, motor vehicle insurance policies allow for an aggregate of thirty visits for naturopathic, chiropractic, and acupuncture treatments. Section 2.1. of this bill proposes to amend section 431:10C-103.6(c), Hawai`i Revised Statutes (“HRS”), to allow payments for acupuncture treatments to be tied to the workers’ compensation supplemental fee schedule rather than be set at \$75 a visit for up to thirty visits. The Department supports this as treatments under motor vehicle insurance policies are tied

to the motor vehicle insurance fee schedule which, in turn, follow the workers' compensation supplemental fee schedule.

Section 2.2., on the other hand, proposes to amend section 431:10C-103.6(e), HRS, to delete acupuncture treatments from being bound to the thirty total aggregate visits for naturopathic, chiropractic, and acupuncture treatments. Through this proposed language, the number of total treatments for naturopathic, chiropractic, and acupuncture under a motor vehicle insurance policy is now doubled to sixty.

The doubling of allowed visits to sixty will likely lead to across-the-board increased costs to all motor vehicle insurance policyholders. Presently, the opportunity exists for each policyholder to purchase optional additional coverage to add nonmedical remedial care and to increase the number of acupuncture or chiropractic or naturopathic treatments. See § 431:10C-302(a)(10) and (11), HRS.

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

From: mailinglist@capitol.hawaii.gov
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To: WAM Testimony
Cc: waihoalow@gmail.com
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HB235

Submitted on: 3/25/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Craig Twentyman, PhD, L.Ac.	Hawaii Oriental Medicine & Acupuncture Assn.	Support	No

Comments: Please pass this measure as it has been twenty years since acupuncturists received any increases in payment for services. Thank you for this opportunity to provide testimony for this important bill. Our organization represents many acupuncturists in Hawaii and it is important for them to receive payment that is commensurate with the increases in costs of doing business in Hawaii and at the same time providing quality care for the residents of Hawaii.

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SENATE COMMITTEE ON WAYS AND MEANS

March 28, 2017

House Bill 235, HD1, SD1 Relating to Health

Chair Tokuda, Vice-Chair Dela Cruz, members of the Senate Committee on Ways and Means, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm).

State Farm offers these comments about [HB 235, HD1, SD1](#) Relating to Health, and more specifically, acupuncture treatments permitted under motor vehicle insurance, personal injury protection (PIP) coverage. Current law limits the total combined visits for chiropractic, naturopathic, and acupuncture treatments to thirty, and the cost to \$75 per visit; this bill would allow thirty acupuncture treatments, and allow the costs to be governed by the Workers Compensation Supplemental Fee Schedule (**WCSFS**).

The original 1997 PIP statute was passed to contain automobile insurance costs. Because it recognized a need to prevent non-medical treatments from consuming the \$10,000 PIP limits, the legislature separated chiropractic from other treatments by capping fees for individual visits and limiting the total number. This way, no more than \$2,250 would be paid for chiropractic care, leaving the remaining limits for necessary medical treatment.

In 1998, this section was amended to include acupuncture within the cap, and in 2004, naturopathy was added. The treatment limit for all of these practitioners is 30 visits at \$75 per visit. The legislature's clear intent was to limit all chiropractic, naturopathic, and acupuncture treatments, plus chiropractic x-rays (five at \$50 each), to \$2,500 maximum. This does two things: preserves the rest of the \$10,000 PIP limit for necessary medical treatment, and contains PIP coverage costs. Increasing the number of acupuncture treatments to thirty by themselves, and increasing the per treatment limit to match the **WCSFS** will increase the amount paid on individual claims, and drive up the cost of auto insurance, which has been remarkably stable in Hawaii compared to other states¹. It will exhaust the \$10,000 PIP limit faster, reducing the amount available for other care.

In addition, there is no reason acupuncture treatments be treated differently than chiropractic or naturopathic treatments; if this bill is passed we will surely see efforts to allow thirty visits each for chiropractic and naturopathic, and to increase the fee for these treatments as well, compounding the impact on claims costs and insurance rates. The current limit does not prevent patients from acquiring the treatment they need. Increased claims costs can only result in higher insurance premiums for the residents of Hawaii.

We also wish to point out that the current bill title may be defective. The bill is entitled health and not insurance, specifically auto insurance. We believe that this defect to the title and the underlying substance requires that the measure be held.

Thank you for the opportunity to present this testimony.

ⁱ See, <http://www.iii.org/fact-statistic/auto-insurance>. This links to the Insurance Information Institute website, and a page analyzing the cost of insuring a car. Particularly relevant is a chart entitled “Average Expenditures For Auto Insurance By State, 2009-2013.” From 2009 -2013, Hawaii had the most stable insurance rates in the country, with a net decrease of -6.0%, or \$47.07 per year, compared to increases in nearly all other states. The national average increase during that time period is 6.9%. Source: © 2016 National Association of Insurance Commissioners (NAIC).

TESTIMONY OF ALISON UEOKA

COMMITTEE ON WAYS AND MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

Tuesday, March 28, 2017
1:30 p.m.

HB 235, HD1, SD1

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee on Ways and Means, my name is Alison Ueoka, president 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 forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** this bill to the extent that it will potentially cause auto insurance premiums to increase further.

HB235 HD1, SD1 changes the reimbursement rate for acupuncture treatments to that of the workers compensation medical fee schedule, which may increase the reimbursement rate from the current \$75 per visit. In addition, the bill allows 30 separate acupuncture treatments instead of an aggregate of 30 treatments of chiropractic, naturopathic, and acupuncture.

Allowing an additional 30 treatments for acupuncture could add over \$2,200 to PIP claims. Any additional costs to the motor vehicle insurance system will be borne by its policyholders. Of greater significance is that the added acupuncture reimbursements will increase the likelihood of injured claimants reaching Hawaii's \$5,000 tort threshold. Increased litigation will certainly result in increased premiums.

Although the price of motor vehicle insurance has been stable for many years, there have been recent increases in auto accident frequency in Hawaii and throughout the United States. The rise in distracted driving due to our obsession with our phones is considered a primary factor. Relatively lower gas prices and our unemployment resulting in more miles traveled per vehicle, especially during peak traffic periods, are also contributing factors. In addition, the increase in technology in vehicles is causing an increase in vehicle repair costs. As a result, all major auto insurance carriers have price increases filed and pending before the insurance commissioner. In its present form, this bill may exacerbate the current upward trend in premiums.

We ask that this bill be held or at least amended to delete the provision to allow acupuncture an additional 30 treatments.

Thank you for the opportunity to testify.



Ph: 808-247-9800
Fax: 888-291-1653

Aloha,

I'm a sole proprietor of Windward Acupuncture and have been in practice for nearly 17 years in Kaneohe. The acupuncture benefit for auto accidents has not changed since I've been in practice. However, my rent, cost of supplies, GE tax and all other business expenses have continued to increase. I think it is fair for us to request that acupuncture fees be tied to the same reimbursement that the worker's compensation fee schedule provides.

Beyond that, separating the benefit between acupuncture and chiropractic really frees the patient from having to choose between two effective therapies in their rehabilitation. Often 15 visits (30v split between acupuncture and chiropractic) is NOT adequate to 1) alleviate the initial pain and tension and 2) address flare-ups of the injury that results from going back to normal daily activities such as full time work, sports, housework, yardwork, care taking, etc. Increasing the cap to 30 visits of acupuncture and 30 visits of chiropractic or naturopathic is more adequate to deal with the typical whiplash injuries sustained from car accidents.

Thank you for your time,
Samantha Preis

Institute of Clinical Acupuncture and Oriental Medicine Honolulu, Hawaii

Senate Committee on Ways and Means

March 28, 2017

1:30pm, Conference Room 211

Testimony Supporting HB 235 HD1 SD1 Relating to Health (Acupuncture)

Senator Jill Tokuda, Chair

Senator Donovan Dela Cruz, Vice Chair

Members of the Senate, Committee on Ways and Means

We are writing in SUPPORT of HB 235 HD1 SD1 that would increase reimbursement for acupuncture treatment under Personal Injury Protection (PIP) benefits. We urge the Committees to pass the bill for the following reasons:

1. Acupuncture treatment fees have NOT increased for 20 years while other services have increased over the years;
2. The Centers for Disease Control and Prevention (CDC) is urging primary care doctors to try other pain alternatives before turning to painkillers such as OxyContin and Vicodin (2016);
3. The 2014 Profitability Report from the National Association of Insurance Commissioners stated that Hawaii has a Return on Net Worth of 14.3 percent, one of the highest in the nation (2015 NAIC);
4. Auto Insurance companies collected \$797,403,397 in premiums from Hawaii drivers during 2015 (2015 NAIC);
5. State Farm 2015 Annual Report stated that Net Income in 2014 was \$1,046 (in Millions) and in 2015 was \$2,137 (in Millions);
6. The Insurance Journal stated that "Net income for Berkshire-Hathaway soared nearly 41 percent to 6.4 billion in second quarter 2014";
7. GEICO, a wholly owned subsidiary of Berkshire Hathaway, Inc., has assets of more than \$32 billion (www.geico.com) and lastly
8. Acupuncture students graduate with 3240 hours of education, providing effective treatments and lowering the dependency on pain medication.

Please pass this measure as amended in HB 235 HD1 SD1 current proposal:

SECTION 2. Section 431:10C-103.6, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (c) to read:

"(c) Acupuncture treatments shall be allowed for no more than thirty visits [~~at no more than \$75 a visit~~]. The charges for acupuncture treatments under this section shall be tied to the charges, and any subsequent increases in charges, permissible under the workers' compensation supplemental medical fee schedule."

2. By amending subsection (e) to read:

"(e) The combined total of naturopathic [,-] and chiropractic [~~-and acupuncture~~] treatments may not exceed thirty visits."

These amendments clearly stipulate the fairness and equitableness in compensation for all Licensed Acupuncturists. This will also eliminate the need to return to the Legislature for the same issue time and time again.

It is unfair and unreasonable to not adjust payments for acupuncture services for the last 20 years. Please do not undermine the integrity of an ancient art of medicine that is being validated everyday through the restoration of health and wellness for billions of people, not only in the USA, but also the entire world.

Thank you for the opportunity to testify on this measure.

Respectfully,

Dr. Wai Hoa Low, President/CEO
DAOM, MBA, L.Ac.

100 N. Beretania Street, 203
Honolulu, HI 96817
808-521-2288
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From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 27, 2017 1:38 PM
To: WAM Testimony
Cc: justin_hays@hotmail.com
Subject: Submitted testimony for HB235 on Mar 28, 2017 13:30PM

HB235

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Justin Hays	Maui Acupuncture	Support	No

Comments: I am writing to support HB235. I currently do not accept WC or NF auto because the rates are far too low. The biggest problem is dealing with the adjusters in these segments. Because the adjusters are often working for the same company that has to pay the health care bills, this segment is fraught with claims that go completely unpaid. The result is that the real net pay for these claims is well below the \$75 currently being offered. Over the past 20 years the state has neglected to increase the reimbursement rates. Meanwhile rent prices have gone up 60% (or more!) Until reimbursement rates are increased, Maui Acupuncture will be unable to accept NF auto or WC.

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Advocacy. Leadership. Results.

To: The Honorable Senator Jill N. Tokuda, Chair
The Honorable Senator Donovan M. Dela Cruz, Vice Chair
Senate Committee on Ways and Means

From: Mark Sektnan, Vice President
Property Casualty Insurers Association of America

Re: **HB 235 HD1 SD1 – Relating to Health**
PCI Position: OPPOSE

Date: Tuesday, March 28, 2017
1:30 p.m., Room 211

Aloha Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) opposes **HB 235 HD1 SD1**, which will increase the authorized benefit for acupuncture treatments allowed under personal injury protection benefits provided through motor vehicle insurance. PCI is a national trade association that represents over 1,000 property and casualty insurance companies. In Hawaii, PCI member companies write approximately 42.3 percent of all property casualty insurance written in Hawaii. PCI member companies write 44.7 percent of all personal automobile insurance, 65.3 percent of all commercial automobile insurance and 76.5 percent of the workers' compensation insurance in Hawaii.

In the mid-1990's, the state Legislature took steps to lower the cost of auto insurance in Hawaii. One of the steps was the elimination of benefits for acupuncture under the personal injury protection (PIP) benefits. When acupuncture benefits were added back in the next year, these benefits were grouped under the maximum treatment and maximum reimbursements for chiropractic care. This was done to ensure that the addition of acupuncture benefits did not increase the cost of motor vehicle insurance. Increasing the cost of any one treatment including acupuncture may result in higher costs for automobile insurance.

Amendments recently adopted in the Senate Consumer Protection and Health Committee delete the language which caps the cost of acupuncture to \$75/visit and instead tie the charge, and any subsequent increases in charges, permissible under the Workers' Compensation Supplemental Medical Fee Schedule. While this amendment does not increase the current cost, the Workers' Compensation Supplemental Medical Fee Schedule is likely to increase in the future.

The more troubling amendment is the amendment that removes acupuncture visits from the existing combined cap with chiropractic and naturopath visits. Thus, this amendment adds 30 acupuncture visits to the combined 30 Chiropractic/naturopath visits. This will **potentially add \$2,214.00** (based on today's fee schedule) to a claim who receives both chiropractic (or

naturopathic) services AND acupuncture. Since many chiropractors and naturopaths have an acupuncturist in their office, there is a high chance they will refer their claimants to a full 30 visits of acupuncture.

For these reasons, PCI asks the committee to hold this bill in committee.

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Sent: Saturday, March 25, 2017 11:51 AM
To: WAM Testimony
Cc: joel_hrdng@yahoo.com
Subject: *Submitted testimony for HB235 on Mar 28, 2017 13:30PM*

HB235

Submitted on: 3/25/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Joel Harding	Individual	Support	No

Comments:

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HB235

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Lyna Morimoto	Individual	Support	No

Comments:

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Liberata J. Orallo, LAc, LMT
444 Nahua Street #1805
Honolulu, Hawaii 96815-2977

SENATE COMMITTEE ON WAYS AND MEANS

March 28, 2017

Testimony in Support of HB 235 HD1 SD1

Relating to Health

Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair
Members of the Senate Committee on Ways and Means

Chair Tokuda, Vice Chair Dela Cruz and Members of the Senate Committee on WAM,

My name is Liberata Orallo and I am a licensed acupuncturist for 13 years and hold a Master of Science in Oriental Medicine degree. I am in strong support of HB 235, HD1 SD1 that caps personal injury protection benefits provided through motor vehicle insurance at thirty visits and ties charges, and any subsequent increases in charges, permissible under the workers' compensation supplemental medical fee schedule

Act 251 was the demise of Licensed Acupuncturists throughout the State of Hawaii as it froze reimbursement rates for the past 20 years. Conversely, the rates increased for other alternative provider services. It is time that this discriminatory Act end. Not only has the cost of living increased, but also the cost of doing business and continuing education, yet for 20 years, we still have the same rate of reimbursement. Interestingly enough, the net profits of insurance companies such as State Farm and Geico have increased substantially (*2015 State Farm Annual Report; Insurance Journal 2014*). What is wrong with this picture?

This bill is long overdue and it addresses the needs of the community of acupuncturists in addition to being fair and equitable. The research proves that acupuncture is the most cost effective and efficient way for pain relief. It has been proven scientifically and medically from various organizations such as Harvard Health, the Centers for Disease Control and Prevention, the National Institute of Health et al, that acupuncture is a drug-free approach to pain treatment in light of the dangers of opioids (morphine, Percocet, Vicodin, and OxyContin) overdose that is now an epidemic. This itself should be considered a cost saving approach to insurance companies. It's not a cost driver for no-fault insurance.

Our valuable medicine have become mainstream in American society. As of August 2015, the National Health Statistics Report have estimated that over 3 million people receive acupuncture a year.

I would like to request an amendment to the effective date of the bill to read 7/1/2017 instead of 7/1/2112.

Thank you for the opportunity to present written testimony.

Liberata J. Orallo, LAc, LMT

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 26, 2017 6:37 PM
To: WAM Testimony
Cc: mariyakai@gmail.com
Subject: Submitted testimony for HB235 on Mar 28, 2017 13:30PM

HB235

Submitted on: 3/26/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mariya Gold	Individual	Support	No

Comments: Dear Chair Tokuda and Members of the Committee, I urge you to support HB235. I have been a licensed acupuncturist in the state of Hawaii since 2011. I graduated from the Institute of Clinical Acupuncture and Oriental Medicine in Honolulu. I love our beautiful aloha state and hope to continue offering my healing services to our community. Unfortunately, adequate compensation of my services is something that I must take in to consideration for whether or not I will be able to stay in Hawaii long-term due to both the cost of doing business here and the cost of living combined. As an acupuncture student living in Hawaii I took on a large student loan debt, as many of my cohorts did, even with the part-time job I had at an acupuncture clinic. Going to school for over 4 years to earn the Masters of Science degree in Oriental Medicine and Acupuncture is no small feat. We study not only Chinese Medicine including acupuncture, herbal therapy and medical massage but we also study Biomedicine, including chemistry, biology, and pharmacology. Furthermore, cost of doing business in Hawaii continues to increase. As acupuncturists we deal with expenses such as needle supply and disposal, herbal pharmacy supplies, malpractice insurance, the high cost of rent in Hawaii, and the usual resources for staffing a front desk and insurance biller among others. Acupuncturists are highly trained medical practitioners and should be compensated as such for our services. I think that tying the fee to the Hawaii Worker's Compensation Fee Schedule is a good decision. It will also be beneficial to have the allotment of acupuncture visits as separate from the 30 combined visits of chiropractic and naturapthic medicine. In cases of severe injury, some patients need months of treatment, if not more than that to heal. Mahalo for your support of HB235. With much aloha, Mariya Gold, L.Ac. Kailua Acupuncture Clinic

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HB235

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Submitted By	Organization	Testifier Position	Present at Hearing
Kabba Anand	Individual	Support	No

Comments:

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Cc: otab83@gmail.com
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HB235

Submitted on: 3/27/2017

Testimony for WAM on Mar 28, 2017 13:30PM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Ota, D. Ac.	Individual	Comments Only	No

Comments: I support HB235.

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