# **HCR 167**

REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS TO PREPARE AND SUBMIT A PROPOSAL THAT DELINEATES HOW IT WILL INCREASE THE REIMBURSEMENT RATE TO PROVIDERS OF SERVICE FOR WORKERS' COMPENSATION CLAIMANTS.

LAB, CPC



REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL

RELATIONS TO PREPARE AND SUBMIT A PROPOSAL THAT

Measure Title: DELINEATES HOW IT WILL INCREASE THE REIMBURSEMENT RATE

TO PROVIDERS OF SERVICE FOR WORKERS' COMPENSATION

CLAIMANTS.

Report Title: DLIR; workers' compensation; reimbursement rate increases

Description: Companion:

Package: None

Current Referral: LAB, CPC

Introducer(s): JOHANSON

Sort by Date		Status Text
3/10/2017	Н	Offered
3/14/2017	Н	Referred to LAB, CPC, referral sheet 30
3/17/2017 H		Resolution scheduled to be heard by LAB on Tuesday, 03-21-17 10:40AM in conference room 309.

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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS TO PREPARE AND SUBMIT A PROPOSAL THAT DELINEATES HOW IT WILL INCREASE THE REIMBURSEMENT RATE TO PROVIDERS OF SERVICE FOR WORKERS' COMPENSATION CLAIMANTS.

WHEREAS, injured workers need immediate access to physicians and providers for rehabilitative treatment to appropriately return to work as soon as possible; and

WHEREAS, access to workers' compensation treatment is especially limited on neighbor islands where there is already a shortage of physicians; and

WHEREAS, access to medical and rehabilitative treatment for injured workers is restricted because few providers accept workers' compensation patients due to burdensome documentation and reporting, slow approval and payment processing, and inadequate fee reimbursements; and

WHEREAS, the Department of Labor and Industrial Relations, in testimony on S.B. No. 413, Regular Session of 2017, and H.B. No. 808, Regular Session of 2017, stated, "The Department [of Labor and Industrial Relations] favors an increase in the reimbursement rate to providers of service for workers' compensation claimants and is considering other alternatives to the current fee schedule and plans to have a proposal for discussion shortly."; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017, the Senate concurring, that the Department of Labor and Industrial Relations is requested to prepare a proposal that delineates how it will increase the reimbursement rate to providers of service for workers' compensation claimants, including outcome measures; and

BE IT FURTHER RESOLVED that the Department of Labor and Industrial Relations is requested to include the following in its proposal:

- (1) Federally accepted factors to estimate the cost of practice expenses and the average cost of the work itself;
- (2) Recognition of geographic differences in insurance rates; and
- (3) Analysis of increased fees and medical work force participation; and

BE IT FURTHER RESOLVED that the Department of Labor and Industrial Relations is requested to submit its proposal to the Legislature no later than twenty days prior to the convening of the Regular Session of 2018; and

BE IT FURTHER RESOLVED that a certified copy of this Concurrent Resolution be transmitted to the Director of Labor and Industrial Relations.

OFFERED BY:

MAR 1 0 2017

LEONARD HOSHIJO DEPUTY DIRECTOR



# STATE OF HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS 830 PUNCHBOWL STREET, ROOM 321 HONOLULU, HAWAII 96813

www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

March 21, 2017

To: The Honorable Aaron Ling Johanson, Chair,

The Honorable Daniel Holt, Vice Chair, and

Members of the House Committee on Labor and Public Employment

Date: Tuesday, March 21, 2017

Time: 10:40 a.m.

Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director

Department of Labor and Industrial Relations (DLIR)

# Re: H.C.R. No. 167 Requesting the Department of Labor and Industrial Relations to Prepare and Submit a Proposal that Delineates How It Will Increase the Reimbursement Rate to Providers of Service for Workers' Compensation Claimants

# I. OVERVIEW OF PROPOSED HOUSE CONCURRENT RESOLUTION

HCR 167 requests that the Department prepare a proposal that delineates how DLIR will increase the reimbursement rate to providers of service for workers' compensation claimants to include the following items.

- (1) Federally accepted factors to estimate the cost of practice expenses and the average cost of the work itself.
- (2) Recognition of geographic differences in insurance rates.
- (3) Analysis of increased fees and medical work force participation.

The Department <u>supports</u> the intent of the resolution but suggests it is not necessary as the Workers' Compensation Law already provides a mechanism and DLIR is currently in the process of updating allowable medical service and supply charges.

# II. CURRENT LAW

Section 386-21(c), Hawaii Revised Statutes, specifies that the liability of the employer for medical care, services and supplies shall be limited to charges up to

110 percent of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii (Medicare Fee Schedule). The Director may also establish an additional fee schedule if charges under Medicare are considered unreasonable or if a medical treatment, service, accommodation, or product is not covered by Medicare to meet the statutory intent of §386-21 that states, "The rates or fees provided for in this section shall be adequate to ensure at all times the standard of services and care intended by this chapter to injured employees.."

The additional fee schedule is referred to as the Workers' Compensation Supplemental Medical Fee Schedule, or Exhibit A. The law also requires the Director to update the fee schedules every three years or annually, as required.

# III. COMMENTS ON THE HOUSE CONCURRENT RESOLUTION

The Department is concerned with the current shortage of Hawaii physicians, including those who accept workers' compensation cases. The Department supports the intent of the resolution to increase the reimbursement rates with the hope that it will encourage more physicians to treat workers' compensation claimants. In addition, DLIR introduced a measure for which a companion is still progressing through the legislative process that expands the categories of health care providers to treat workers' compensation cases to include Advanced Practice Registered Nurses (APRNs).

The Department is currently surveying Prepaid Health Care providers pursuant to the statute<sup>1</sup> and will be using the data to update the Workers' Compensation Supplemental Medical Fee Schedule, Exhibit A, effective January 1, 2018. Our goal is to help ensure providers of service are compensated appropriately and that medical care and services are available for injured workers.

# **FOOTNOTE**

1 (2) A statistically valid survey by the director of prevalent charges for fees for services actually received by providers of health care services or based upon the information provided to the director by the appropriate state agency having access to prevalent charges for medical fee information.

Note: there is no state agency that has access to prevalent charges.



## EXCELLENCE IN MOTION

HCR 167, Requesting The DLIR To Prepare and Submit a Proposal That Delineates How It Will Increase The Reimbursement Rate To Providers Of Service For Workers' Compensation Claimants.

Chair Johanson and Members of the House LAB Committee:

Thank you for introducing and hearing HCR 167.

It is encouraging to hear that DLIR favors an increase and is considering other alternatives to the current fee schedule. I have not supported what is in the law, Medicare plus 10% or authorizing the Director discretion to create or abolish the supplemental Exhibit A fee schedule.

First and foremost, this may be a substantial step toward increasing access to medical care for the injured worker and appropriate return to work. Many people on the Neighbor Islands find it almost impossible to find a physician willing to take on their WC claim because of decreased reimbursements and increased administrative requirements.

Delays in care often exacerbate the injury, demoralize the injured worker and may mean a disruption of income to maintain living expenses.

Hawaii ranks near the bottom (37 out of 43 states - the other 7 states do not use Medicare based fee schedules) for WC fees paid to providers, but yet we are one of the most expensive states for cost of living and practice expense. I especially appreciate that DLIR's proposal factor in geographic differences in insurance rates, federally accepted factors to estimate the cost of practice expenses and the average cost of the treatment to injured workers.

Secondly, HCR167 calls for transparency on the part of DLIR. Historically, providers must wait until the end of the year to see what the January 1 effective rate structure will be. This is no way to run a business. Many providers are small business owners and need advance notice of fee schedule changes for planning purposes, and for determination of needed cash reserves.

Please feel free to contact at (808) 381-8947 if there are any questions.

Thank you,

Jaco Van Belden

Owner JACO Rehab Honolulu

# EXCELLENCE IN MOTION

HCR 167, Requesting The DLIR To Prepare and Submit a Proposal That Delineates How It Will Increase The Reimbursement Rate To Providers Of Service For Workers' Compensation Claimants.

Chair Johanson and Members of the House LAB Committee:

Thank you for introducing and hearing HCR 167.

It is encouraging to hear that DLIR favors an increase and is considering other alternatives to the current fee schedule. I have not supported what is in the law, Medicare plus 10% or authorizing the Director discretion to create or abolish the supplemental Exhibit A fee schedule.

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Please feel free to contact at 808-381-8947 if there are any questions.

Thank you,

Chair Johanson and Members of the House LAB Committee:

Thank you for introducing and hearing HCR 167.

It is encouraging to hear that DLIR favors an increase and is considering other alternatives to the current fee schedule. I have not supported what is in the law, Medicare plus 10% or authorizing the Director discretion to create or abolish the supplemental Exhibit A fee schedule.

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Please feel free to contact at

if there are any questions.

Thank you,

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We, the undersigned, strongly support HCR167/SCR109 and the Legislature's request to DLIR to submit a proposal on how it will increase the reimbursement rate to providers of service for WC claimants. This is one step towards increasing the injured workers' access to medical care and to receive timely care for appropriate return to work. It is particularly difficult for Neighbor Island injured workers to find a physician willing to take on their WC claim because of the decreased reimbursements and increased administrative requirements. Delays in care often exacerbate the injury, demoralize the injured worker and may disrupt income to maintain living expenses.

Secondly, it calls for transparency on the part of DLIR. Historically, DLIR will announce the changes in fee schedule at the end of the year for a January 1 effective date. Many providers are small business owners and need advance notice of fee schedule changes for planning purposes and for determination of needed cash reserves.

We, the undersigned, appreciate the Legislature's request to DLIR to factor in geographic differences in insurance rates, federally accepted factors to estimate the cost of practice expenses and the average cost of treatment to injured workers, and the analysis of increased fees and medical work force participation.

Your support of HCR167/SCR109 is urged. Thank you.

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	Name (Clearly Print)	Signature	Phone Number	Email Address
	THATCA NAKANO	2-ne	1808)381-8947	NAKANOTO @ GMAIL COM
	April Hubbard	An IMI	(160)334-3354	aprilhubbard 14 aginail. com
	Andra Ferriba	And	808-381-8947	afemebrogmail.com
(	Jennifer RAAM		POR-3438586	jennifer@jacorehab.
	THE STATE OF THE S	Matthew P. Macischen	937-509-5446	matthew marisdren CON
	FACO VAN PELDEN		808-343-8585	Theo @ Freo Rehal. com
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	Jolene Shannon O'Neill	J Shunghon	509-860-2462	Ishannon oneille gmail com
	Edvard Whien	and the	806-386-3788	adinhiera quail. con
	Devon McCord	Dwar Milord	815-342-0826	devonmicard 8825 moil. com
	Cat Culver	cape cul	(808) 2269999	cat cullison@gmail.com
	Motoki Nakamura	playe le	(PS8) 342.7312	Mina Famura 510@ gmoil. com
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	Jonathan Chow	and &	510-325-1621	Jehan 1406 e gnail.com
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Your support of HCR167/SCR109 is urged. Thank you.

Name (Clearly Print)  Deborah T. Rerse  Tenelyn Okumat  Beuta Triplett  Justin Leabetter	Signature  Autop Grynd  Arrivation  Arriva	Phone Number  808-291-3489 674-9998  334-740-0323	debi@retandhawai. Con jenetyn@retoundhawai. com beata@retoundhawai. com justin.r.ledteter@gmail.com
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Your support of HCR167/SCR109 is urged. Thank you

Name (Clearly Print) Marissa Turner inothy Chang McFarlano Signature Many 308 525-2788 Phone Number 618-281-6738 808 489 1883 303-570-2653 5646-166-808 **Email Address** Shawin 862@gmail con bbwoman S@aol·com jemmotavla amarticom KOVAL 434 G G Maril. LOW tchanges (C) cmail con

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GIAN VICUNA MINA MATSUMOTO Name (Clearly Print) Your support of HCR167/SCR109 is urged. Thank you Kennett Cazzera Signature E689 414 (404) 6918-422 (210) Phone Number 415) 309-3372 (858)472-1750 Email Address giand jacore hab. com Pt.m. matsumoto @ Smail, com Amanda, Withoughail com semple of a ychoocon Ben@jacorehab.com

The Twenty-Ninth Legislature Regular Session of 2017

HOUSE OF REPRESENTATIVES
Committee on Labor and Public Employment
Representative Aaron Ling Johanson, Chair

Representative Daniel Holt, Vice Chair State Capitol, Conference Room 309 Tuesday, March 21, 2017; 1040 a.m.

# STATEMENT OF THE ILWU LOCAL 142 ON SCR 109 REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS FOR A REPORT

The ILWU Local 142 supports SCR 109, which requests the Department of Labor and Industrial Relations to prepare and submit a proposal that delineates how it will increase the reimbursement rate to providers of service for workers' compensation claimants.

Section 386-21(a) HRS states "Immediately after a work injury sustained by an employee and so long as reasonably needed the employer shall furnish to the employee all medical care, services, and supplies as the nature of the injury requires." Section 386-21(c) HRS states in relevant part "The rates of fees provided for in this section shall be adequate to ensure at all times the standard of services and care intended by this chapter to injured employees."

This statutory language clearly reflects an intent to provide medical treatment "immediately" and to establish a fee structure that would "ensure at all times the standard of services and care intended by this chapter". This clearly means a fee structure that will provide an incentive rather than a dis-incentive so that more providers are available and willing to provide their services "as the nature of the injury requires". This also means increasing the reimbursement rate, rather than decreasing the reimbursement rate which would create an economic disincentive.

It is a plain fact that there is currently a shortage of doctors in Hawaii. It is equally clear that the shortage about 600 doctors today, will get worse increasing to about 800, by 2020, before it gets better.

This has already had impact on the availability of medical providers on the neighbor islands. From this year, Kauai no longer has a psychologist or a psychiatrist who is willing to provide medical care to an employee with an industrial injury. This problem will only increase, both on the neighbor islands and in other rural and underserved areas in our state. This underscores the importance of having as many professional medical providers to help serve those who get injured at work.

The ILWU Local 142 urges passage of SCR 9. Thank you very much for the opportunity to share our views on this matter.



# HAWAII CHAPTER - AMERICAN PHYSICAL THERAPY ASSOCIATION

(800) 554-5569 x13 • www.hapta.org • info@hapta.org

HCR 167, Requesting the Department of Labor and Industrial Relations to Prepare and Submit A Proposal that Delineates How It Will Increase the Reimbursement Rate to Providers of Service for Workers Compensation Claimants

House LAB Committee Hearing

Tuesday, March 21, 2017 – 10:40 am

Room 309
Position: Strong Support

Chair Johanson and Members of the House Labor Committee:

I am Gregg Pacilio, PT and Board President of the Hawaii Chapter of the American Physical Therapy Association, a non-profit professional organization serving more than 300 member Physical Therapists and Physical Therapist Assistants. Our members are employed in hospitals and health care facilities, the Department of Education school system, and private practice. We are movement specialists and part of the spectrum of care for Hawaii. We provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

HAPTA appreciates the continued discussion about improving access to care for injured workers, particularly on the Neighbor Islands where there is a shortage of physicians. Delays in care often exacerbate the injury, demoralize the injured worker and may mean a disruption of income to maintain living expenses.

We are pleased with DLIR's testimony (HB808/SB413) that it "..favors an increase in the reimbursement rate to providers of service for workers' compensation claimants and is considering other alternatives to the current fee schedule and plans to have a proposal for discussion shortly." Rates and fees that are adequate for standards of services and care intended for injured employees will facilitate access to physicians who may be more willing to accept workers' compensation patients and more appropriately compensate rehabilitative providers of care.

The existing law (HRS Section 386-21) leaves the development of injured worker treatment codes and fees to the discretion of the DLIR Director. In November 2016, the Director proposed eliminating many codes from the Exhibit A schedule and moving them back to the Medicare plus 10 per cent level within the statutes. This was vigorously opposed by the medical and rehabilitative providers. DLIR subsequently withdrew the proposed elimination of Exhibit A schedule and return to Medicare plus 10% on December 30, 2016. Had DLIR prevailed, the change would have been effective January 1, 2017. It should be noted that Hawaii providers pay back a 4% (4.5% on Oahu) GET. So in reality, workers' compensation providers receive Medicare plus 6% (or 5.5%). Most if not all other states do not pay excise or sales tax on medical care or food.

HCR167 seeks to address transparency about how DLIR will develop its proposed plan to increase reimbursement rates for workers' compensation providers. It requests that DLIR include such factors as geographic differences in insurance rates, federally accepted factors to estimate the cost of practice expenses and the average cost of the treatment to injured workers. Hawaii ranks near the bottom (37 out of 43 states – the other 7 states do not use Medicare based fee schedules) for WC fees paid to providers, but yet we are one of the most expensive states for cost of living and practice expense.

Your support of HCR167 is appreciated. Thank you for the opportunity to testify. Please feel free to contact Derrick Ishihara, HAPTA Workers' Compensation Committee Chair at (808) 221-8620 or Herbert Yee, HAPTA Reimbursement Committee member at (808) 348-3763 for further information.

# HCR 167 Late Testimony







March 20, 2017

HCR 167, Requesting The DLIR To Prepare and Submit a Proposal That Delineates How It Will Increase The Reimbursement Rate To Providers Of Service For Workers' Compensation Claimants.

Chair Johanson, Vice Chair Holt and Members of the House LAB Committee:

Thank you for introducing and hearing HCR 167.

It is encouraging to hear that DLIR favors an increase and is considering other alternatives to the current fee schedule. I have not supported what is in the law, Medicare plus 10% or authorizing the Director discretion to create or abolish the supplemental Exhibit A fee schedule.

First and foremost, this may be a substantial step toward increasing access to medical care for the injured worker and appropriate return to work. Many people on the Neighbor Islands find it almost impossible to find a physician willing to take on their WC claim because of decreased reimbursements and increased administrative requirements.

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Secondly, HCR167 calls for transparency on the part of DLIR. Historically, providers must wait until the end of the year to see what the January 1 effective rate structure will be. This is no way to run a business. Many providers are small business owners and need advance notice of fee schedule changes for planning purposes, and for determination of needed cash reserves.

Please feel free to contact at (808) 969-3811 if there are any questions.

Thank you,

Patti Taira-Tokuuke, PT Lehua Physical Therapy 116 Hualalai Street, Suite 101

Nothi Dung-Do-17

Hilo, HI 96720

# **WIMAH**

2909 Waialae Avenue #01 Honolulu, HI 96826 wimah808@gmail.com

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WIMAH Tax ID 46-0870762







To: Rep. Aaron Ling Johanson, Chair

Rep. Daniel Holt, Vice-Chair

Members of the Committee on Labor & Public Employment

Date: Tuesday, March 21, 2017

Time: 10:40 a.m.

**Place: Conference Room 309** 

**State Capitol** 

415 South Beretania Street



# **Testimony in Support of HCR 167**

Work Injury Medical Association of Hawaii (WIMAH) is a nonprofit trade organization of healthcare providers dedicated and devoted to promoting the best practices and policies for the injured workers of Hawaii and the providers who take care of them and to enhance the quality of life of injured workers in this community. WIMAH represents the majority of physicians treating injured workers in the state of Hawaii.

As HCR167 states, injured workers need immediate access to physicians and providers for rehabilitative treatment to appropriately return to work as soon as possible, and yet access to medical and rehabilitative treatment for injured workers is restricted because few providers accept workers' compensation patients due to burdensome documentation and reporting, slow approval and payment processing, and inadequate fee reimbursements.

As Mahatma Gandhi said, "The true measure of any society can be found in how it treats its most vulnerable members." Injured workers are clearly vulnerable from a physical and psychological standpoint. HCR167 would be a good first step to encourage existing providers and additional providers to treat injured workers and help them get the rehabilitative treatment they need to return to work.

Thank you for your consideration.

Scott J. Miscovich, MD President and Director To: Rep. Aaron Ling Johanson, Chair Rep. Daniel Holt, Vice-Chair Members of the Committee on Labor & Public Employment

Date: Tuesday, March 21, 2017

Time: 10:40 a.m.

Place: Conference Room 309

# LATE





# **Testimony in Support of HCR 167**

My name is Cathy Wilson and I am an advocate for injured workers and the providers that take care of them. I would like to submit the following testimony in support of HCR 167.

HCR167 would be a good first step to encourage existing providers and additional providers to treat injured workers and help them get the rehabilitative treatment they need to return to work. As HCR167 states, injured workers need immediate access to physicians and providers for rehabilitative treatment to appropriately return to work as soon as possible, and yet access to medical and rehabilitative treatment for injured workers is restricted because few providers accept workers' compensation patients due to burdensome documentation and reporting, slow approval and payment processing, and inadequate fee reimbursements.

Thank you for allowing me to testify, Cathy Wilson





To: Rep. Aaron Ling Johanson, Chair Rep. Daniel Holt, Vice-Chair

Members of the Committee on Labor & Public Employment

Date: Tuesday, March 21, 2017

Time: 10:40 a.m.

Place: Conference Room 309

**State Capitol** 

**415 South Beretania Street** 

# **Testimony in Support of HCR 167**

As HCR167 states, injured workers need immediate access to physicians and providers for rehabilitative treatment to appropriately return to work as soon as possible, and yet access to medical and rehabilitative treatment for injured workers is restricted because few providers accept workers' compensation patients due to burdensome documentation and reporting, slow approval and payment processing, and inadequate fee reimbursements. HCR167 would be a good first step to encourage existing providers and additional providers to treat injured workers and help them get the rehabilitative treatment they need to return to work.









Chair Johanson and Members of the House LAB Committee:

Thank you for introducing and hearing HCR 167.

It is encouraging to hear that DLIR favors an increase and is considering other alternatives to the current fee schedule. I have not supported what is in the law, Medicare plus 10% or authorizing the Director discretion to create or abolish the supplemental Exhibit A fee schedule.

First and foremost, this may be a substantial step toward increasing access to medical care for the injured worker and appropriate return to work. Many people on the Neighbor Islands find it almost impossible to find a physician willing to take on their WC claim because of decreased reimbursements and increased administrative requirements.

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Please feel free to contact at (808)623-6244 if there are any questions.

Thank you,

Shawnte' Warfield, PT DPT







Chair Johanson and Members of the House LAB Committee:

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Secondly, HCR167 calls for transparency on the part of DLIR. Historically, providers must wait until the end of the year to see what the January 1 effective rate structure will be. This is no way to run a business. Many providers are small business owners and need advance notice of fee schedule changes for planning purposes, and for determination of needed cash reserves.

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Thank you,

Lita Endaya, PT







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Symmetry

PT







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Mary Hughes, PT DPT OCS







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Thank you,

Leah Lagasse, PT DP1