

HCR 168

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

LAB, CPC

HCR168



Submit Testimony

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

Report Title: Workers' Compensation; Medical Bill Review Costs

Description:

Companion:

Package: None

Current Referral: LAB, CPC

Introducer(s): JOHANSON

<u>Sort by Date</u>		Status Text
3/10/2017	H	Offered
3/14/2017	H	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.

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

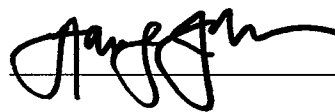
14 WHEREAS, it is important that the State look at ways to
15 prevent medical bill review costs from becoming an unreasonable
16 cost driver of health care in workers' compensation claims,
17 while ensuring the same standard of service and care intended
18 for injured employees under the workers' compensation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



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

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March 21, 2017

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor & 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. 168 Requesting the Auditor to Conduct a Study to Assess the Impact of Medical Bill Review Costs on the State's Workers' Compensation System

I. OVERVIEW OF PROPOSED HOUSE CONCURRENT RESOLUTION

HCR168 requests the State Auditor to study and assess the impact of medical bill review costs on the State's workers' compensation system. The Auditor shall complete the study by November 30, 2017, and submit the study and its findings to the Legislature no later than twenty days prior to the convening of the regular session of 2018.

II. CURRENT LAW

Many employers and workers' compensation insurance carriers use medical bill review services to analyze and adjust workers' compensation charges by providers of health care services. Independent bill reviewers are licensed by the Insurance Division under chapter 431:9.

III. COMMENTS ON THE HOUSE CONCURRENT RESOLUTION

The Department supports efforts to address cost containment in workers' compensation. DLIR is not aware of any cost impacts from the medical bill review process. To the contrary, it is generally found that they produce a substantial cost savings because of the detailed examination of each charge.



HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
The Honorable Aaron Ling Johanson, Chair
The Honorable Daniel Holt, Vice Chair

**H.C.R. No. 168, REQUESTING THE AUDITOR TO CONDUCT A STUDY TO ASSESS
THE IMPACT OF MEDICAL BILL REVIEW COSTS ON THE STATE'S WORKERS'
COMPENSATION SYSTEM**

Hearing: Tuesday, March 21, 2017, 10:40 a.m.

The Office of the Auditor has **no position** regarding H.C.R. No. 168, which directs us to conduct a study to assess the impact of medical bill review costs on the state's workers' compensation system. **However, we have strong concerns about our ability to conduct the work required by the resolution.**

The work called for by the resolution is beyond our expertise and will require us to procure a consultant to assist us in performing the study.

In addition, the resolution directs us to complete the study by November 30, 2017. Given the potential complexity of the subject matter to be studied, we are concerned about our ability to procure a consultant and for the consultant to produce a meaningful study in the time allowed. If the committee wants the Office of the Auditor to conduct this study, we request the committee consider extending the report deadline.

Thank you for considering our testimony related to H.C.R. No. 168.

HCR 168

Late Testimony



LATE

LATE

LATE

**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

COMMENTS ON HCR 168

Automated HealthCare Solutions (AHCS) submits the following comments on House Concurrent Resolution (HCR) 168.

AHCS supports the intent of HCR 168 to ensure reasonable cost containment within the Hawaii workers' compensation system while ensuring the same standard of service and care intended for injured employees under the State's workers' compensation laws.

Thank you for your consideration.

Jennifer Bean
Vice President of Government Affairs
Automated HealthCare Solutions, LLC

WIMAH

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Honolulu, HI 96826
wimah808@gmail.com



LATE

LATE

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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

LATE

Testimony in Support of HCR 168

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 HCR168 states, although much effort has been devoted to studying the impact of many other costs involved in the State's workers' compensation system, little has been done to review the impact of medical bill review costs. Medical bill review service fees are typically charged outside of the contracted fixed claim administration fees, and, according to a July 2015 article by the Risk Advisory Practice of Wells Fargo Insurance, the fees may represent up to fifty percent of the total per claim handling fees, depending on the pricing structure that the claim service provider uses. It is crucial that the State understand the fine print of the various fee structures and the implications on their total medical bill review costs, and it is important that the State look at ways to prevent medical bill review costs from becoming an unreasonable cost driver of health care in workers' compensation claims, while ensuring the same standard of service and care intended for injured employees under the workers' compensation law.

HCR168 would be a good first step to bringing transparency to medical bill review fees and would help the State better understand the various fee structures and impact on the total bill review costs.

Thank you for your consideration.

Scott J. Miscovich, MD
President and Director

LATE

**To: Rep. Aaron Ling Johanson, Chair, Rep. Daniel Holt, Vice-Chair and
Members of the Committee on Labor & Public Employment**

LATE

Date: Tuesday, March 21, 2017

Time: 10:40 a.m.

Place: Conference Room 309

LATE

Testimony in Support of HCR 168

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 HCR168.

HCR168 would be a good first step to bringing transparency to medical bill review fees and would help the State better understand the various fee structures and impact on the total bill review costs.

As HCR168 states, although much effort has been devoted to studying the impact of many other costs involved in the State's workers' compensation system, little has been done to review the impact of medical bill review costs. Medical bill review service fees are typically charged outside of the contracted fixed claim administration fees, and, according to a July 2015 article by the Risk Advisory Practice of Wells Fargo Insurance, the fees may represent up to fifty percent of the total per claim handling fees, depending on the pricing structure that the claim service provider uses. It is crucial that the State understand the fine print of the various fee structures and the implications on their total medical bill review costs, and it is important that the State look at ways to prevent medical bill review costs from becoming an unreasonable cost driver of health care in workers' compensation claims, while ensuring the same standard of service and care intended for injured employees under the workers' compensation law.

Thank you for your consideration.

Cathy Wilson

LATE

LATE

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 168

As HCR168 states, although much effort has been devoted to studying the impact of many other costs involved in the State's workers' compensation system, little has been done to review the impact of medical bill review costs. Medical bill review service fees are typically charged outside of the contracted fixed claim administration fees, and, according to a July 2015 article by the Risk Advisory Practice of Wells Fargo Insurance, the fees may represent up to fifty percent of the total per claim handling fees, depending on the pricing structure that the claim service provider uses. It is crucial that the State understand the fine print of the various fee structures and the implications on their total medical bill review costs, and it is important that the State look at ways to prevent medical bill review costs from becoming an unreasonable cost driver of health care in workers' compensation claims, while ensuring the same standard of service and care intended for injured employees under the workers' compensation law.

HCR168 would be a good first step to bringing transparency to medical bill review fees and would help the State better understand the various fee structures and impact on the total bill review costs.

Thank you for your consideration.

Scott McCaffrey, MD