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TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Thursday, February 23, 2017
1:35 p.m.

TESTIMONY ON SENATE BILL NO. 399, 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 the intent of the bill as amended, and provides the following comments.

A companion to H.B. 235, this bill has been amended and would tie the charges for acupuncture treatments under this section to the charges and any future increases in charges under the workers’ compensation supplemental medical fee schedule. The Department prefers the approach in this measure compared to the current approach in H.B. No. 235, H.D. 1. The Department is concerned that the approach in both H.B. No. 235, H.D. 1 and the original version of this measure would potentially lead to increasing costs for insurance coverage tied to acupuncture and related chiropractic and naturopathic services.

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

**SENATE COMMITTEE ON
WAYS AND MEANS**

February 23, 2017

Senate Bill 399, 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 Senate Bill 399, SD1 Relating to Health, and more specifically, acupuncture treatments permitted under motor vehicle insurance, personal injury protection (PIP) coverage. Current law limits the total visits for these treatments to thirty, and the cost to \$75 per visit; this bill would remove the cap and increase the personal injury protection benefits for acupuncture to the maximum amount allowable under the Workers' Compensation Supplemental Medical Fee Schedule.

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 \$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 per treatment limit to the maximum allowable under the Workers' Compensation Supplemental Medical Fee Schedule 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 for acupuncture treatments to be paid at a code different than chiropractic or naturopathic treatments; if this bill is passed we will surely see efforts to increase chiropractic and naturopathic 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.

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.

¹ 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 ROBERT TOYOFUKU ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN SUPPORT OF S.B NO. 399, SD1**

February 23, 2017

1:35 p.m.

CR 211

To: Chairwoman Jill N. Tokuda and Members of the Senate Committee on Ways and Means:

My name is Bob Toyofuku and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in support of S.B. No 399, SD 1, relating to Motor Vehicle Insurance; Personal Injury Protections Benefits; Acupuncture Treatments.

S.B. 399, SD 1 increases the fee schedule for acupuncture treatment and services rendered under personal injury protection benefits provided through motor vehicle insurance. It has become increasingly difficult to find acupuncturists willing to accept patients injured in motor vehicle accidents, due to the low reimbursement amount. HAJ supports making adequate medical and palliative care available to patients injured in motor vehicle collisions by treating acupuncture fees similarly to other services governed by the Medical Fee Schedule.

Thank you for allowing me to testify in support of this measure. Please feel free to contact me should you have any questions or desire additional information.