SB983

Measure Title:	RELATING TO WORKERS' COMPENSATION PRESCRIPTION DRUGS.
Report Title:	Workers' Compensation; Prescription Drugs
Description:	Limits reimbursements for compounded prescription drugs to $1,000 in a thirty-day period. Limits reimbursements for any schedule II drug under chapter 329, Uniform Controlled Substances Act, Hawaii Revised Statues, dispensed by a physician to a one-time thirty-day supply upon the first visit.
Companion:	HB1117
Package:	Governor
Current Referral:	CPH, JDL
Introducer(s):	KOUCHI (Introduced by request of another party)

DAVID Y. IGE
GOVERNOR

JAMES K. NISHIMOTO
DIRECTOR

RYKER WADA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 3, 2017

TESTIMONY TO THE
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

For Hearing on Thursday, February 9, 2017
9:00 a.m., Conference Room 229

BY

JAMES K. NISHIMOTO
DIRECTOR

Senate Bill No. 983
Relating to Workers' Compensation Prescription Drugs

(WRITTEN TESTIMONY ONLY)

TO CHAIRPERSON BAKER, VICE CHAIR NISHIHARA AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to testify in **strong support** of S.B. 983.

The purposes of S.B. 983, are to limit reimbursements for compounded prescription drugs to $1,000 in a thirty-day period; and to limit reimbursements for any schedule II drug under chapter 329, Uniform Controlled Substances Act, Hawaii Revised Statues, dispensed by a physician to a one-time thirty-day supply upon the first visit.

The Department of Human Resources Development ("DHRD") has a fiduciary duty to administer the State's self-insured workers' compensation program and its expenditure of public funds.

DHRD supports this proposal as it will help to reduce medical costs for workers' compensation claims. According to the Department of Labor and Industrial Relations Workers' Compensation Data Books for 2011 and 2015, total medical costs for all Hawaii employers increased 21% from $103.5M in 2011 to $125.6M in 2015. Total

workers' compensation costs over that same period also increased 21%, from $246.7M to $298.2M, showing how much medical costs drive the overall costs for workers' compensation claims. Without measures such as this bill, we expect medical costs to continue to increase in light of the 2015 Hawaii Supreme Court decision, Pulawa v. Oahu Construction Co., Ltd., and Seabright Insurance Company, SCWC-11-0001019 (Hawai'i November 4, 2015) which liberalized the standard for medical treatment from "reasonable and necessary" to "reasonably needed" and allows claimants to "receive[ ] the opportunity for the greatest possible medical rehabilitation."

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR

LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

STATE OF HAWAII
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February 9, 2017

To: The Honorable Rosalyn H. Baker, Chair,
The Honorable Clarence Nishihara, Vice Chair, and
Members of the Senate Committee on Commerce, Consumer Protection, and Health

Date: Thursday, February 9, 2017
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 983 Relating to Workers' Compensation Prescription Drugs

I. OVERVIEW OF PROPOSED LEGISLATION

SB983 proposes to amend Section 386-21.7, Hawaii Revised Statutes (HRS), to establish a reimbursement and supply amount for compounded medication and limit any substance II drugs dispensed by a physician to a one-time thirty-day supply on the first visit:

- A compound prescription drug supply shall not be for more than thirty-days and not exceed $1,000;
- Any drug listed under schedule II of chapter 329, HRS, of the Uniform Controlled Substances Act, dispensed by a physician to an injured worker, shall be limited to an initial thirty-day supply upon the first visit.

The Department supports this measure to help ensure that compound medication and schedule II drugs, which have a high potential for abuse, are prescribed based upon medical necessity and are justifiably reasonable and necessary.

II. CURRENT LAW

Currently, section 386-21.7, HRS, specifies how prescription and compound drugs are reimbursed. The law does not specify limits on supply and costs for

compound drugs and does not preclude the physician from dispensing any drug including schedule II drugs beyond thirty days.

III. COMMENTS ON THE SENATE BILL

1. There are many reasons why an individual may need a compound drug. Difficulty swallowing oral medications like pills/tablets, diluted and formulated solutions for pediatric uses, and allergies are some of the most common. A compound drug is usually prescribed for those who need a medication that is not commercially available and for which no other medication is appropriate.

   However, the Department is concerned with the steady increase in prescriptions for compound preparations and medications in the treatment of injured workers. This increase in use has led to a steady rise in costs, and in some cases, an exorbitantly high cost for compound drugs. The prescriber should have a clear and verifiable rationale for use of compounded drugs. The Department believes this proposal will help to control costs and limit abuse.

2. The abuse of addictive painkillers has become a nation-wide problem. In 2014, 47,055 drug overdose deaths occurred in the U.S., more than any other year in history. Many injured workers are prescribed opioid drugs to help with pain following a serious injury. If an injured worker becomes addicted to his or her “pain meds,” it greatly affects their ability to get back to work, may increase their disability which will lead to higher medical costs, and sadly can have a disabling effect on the injured worker’s family relationships and finances. This proposal limits the initial physician dispensing of any schedule II drugs to a 30 day supply while providing the injured employee with the needed immediate relief. This measure, if enacted, will ensure proper medical supervision and lessen the likelihood of drug addiction and abuse.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8500 • FAX: (808) 768-5563 • INTERNET: www.honolulu.gov/hr

KIRK CALDWELL
MAYOR

CAROLEE C. KUBO
DIRECTOR

NOEL T. ONO
ASSISTANT DIRECTOR

February 9, 2017

The Honorable Rosalyn H. Baker, Chair
The Honorable Clarence K. Nishihara, Vice Chair
and Members of the Committee
on Commerce, Consumer Protection, and Health
The Senate
State Capitol, Room 229
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Baker, Vice-Chair Nishihara, and Members of the Committee:

SUBJECT: Senate Bill No. 983
Relating to Workers' Compensation Prescription Drugs

S.B. 983 would establish a reimbursement and supply limit for compounded medication prescribed under workers' compensation. The measure would also restrict a physician's ability to dispense Schedule II drugs to an initial thirty day supply, commencing with the first visit to the physician. The City and County of Honolulu fully supports the measure.

Establishing a limit for compounded medications is a good first step in addressing the problems created by the dispensing and use of high priced compounded prescription drugs. These medications, while useful in rare cases, are currently being overly prescribed to the detriment of employers and, in many cases, employees as well.

Limiting reimbursement for physicians who dispense Schedule II drugs would likewise benefit injured employees. The individuals would still be able to obtain pain medication from their physicians for the first thirty days when any acute pain from the work injury is likely at its worse. However, the potential for abuse and possible addiction to these serious narcotics would be significantly lessened by the limitations placed on dispensing by the bill. The City accordingly supports S.B. 983 and asks that it be passed out of committee.

Thank you for the opportunity to testify.

Sincerely,

Carolee C. Kubo
Director

HAWAII INSURERS COUNCIL
A trade association of property and casualty insurance companies

Pauahi Tower, Suite 2010
1003 Bishop Street
Honolulu, Hawaii 96813
Telephone (808) 525-5877

Alison H. Ueoka
President

TESTIMONY OF MILIA LEONG

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
Senator Rosalyn H. Baker, Chair
Senator Clarence K. Nishihara, Vice Chair

Thursday, February 9, 2017
9:00 a.m.

SB 983

Chair Baker, Vice Chair Nishihara, and members of the Committee on Commerce, Consumer Protection, and Health, my name is Milia Leong, Vice President, Claims and Medical Management Services of HEMIC and the Workers' Compensation Chair of 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 **supports** the intent of this bill with regards to compounds and fully support the provision on narcotics.

The proposed language allowing compounds in workers' compensation, placing a limit on the time period in which a physician may prescribe them allows an appropriate amount of time for the treating physician to properly evaluate and diagnose the injury. The dollar limit is also key in controlling the high cost and escalating cost of prescription drugs in workers' compensation. We would in fact support a lower aggregate amount of $500. Finally, we have no objection to placing a prescription quantity limit on narcotics.

Thank you for the opportunity to testify.

Chamber of Commerce HAWAII
The Voice of Business

Testimony to the Senate Committee on Commerce, Consumer Protection, and Health
Thursday, February 9, 2017 at 9:00 A.M.
Conference Room 229, State Capitol

RE: SENATE BILL 983 RELATING TO WORKERS' COMPENSATION PRESCRIPTION DRUGS

Chair Baker, Vice Chair Nishihara, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 983, which limits reimbursements for compounded prescription drugs to $1,000 in a thirty-day period; limits reimbursements for any schedule II drug under chapter 329, Uniform Controlled Substances Act, Hawaii Revised Statues, dispensed by a physician to a one-time thirty-day supply upon the first visit.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,400 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This measure establishes price caps for the Hawaii workers' compensation insurance system for drugs. Testimony submitted by the Hawaii Insurers Council in the 2011 legislative session detailed prescription drug markups of anywhere from thirteen percent, to several hundred percent or more, over the average wholesale price after the drugs were repackaged, re-labeled, and distributed by physicians. This practice is not sustainable. We believe that this bill helps to contain costs and provide stability in the system which will eventually help businesses. However, we would like to note that the limit is quite high.

Thank you for the opportunity to testify.

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Hawaii State Legislature
Senate Committee on Commerce, Consumer Protection and Health
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 6, 2017

Filed via electronic testimony submission system

RE: SB 983, WC Pharmaceuticals - NAMIC's Written Testimony in SUPPORT

Dear Senator Rosalyn H. Baker, Chair; Senator Clarence K. Nishihara, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 9, 2017, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC's written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly $225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers' compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

The proposed legislation states:

Section 1 (c), In no instance shall the prescription supply be for more than thirty days and payment shall not exceed $1,000 in a thirty day period.

Section 1 (e), Reimbursement for any drug under schedule II of 8 chapter 329, Uniform Controlled Substances Act, which is dispensed directly by a physician to an injured employee shall be limited to an initial thirty-day supply, commencing upon the first visit with that physician.

NAMIC is pleased to submit written testimony in support of this worker's compensation prescription drug prescribing and dispensing injured worker safety legislation. Misuse and abuse of prescription drug use is at an epidemic level in the nation, and thoughtful legislative action like what is being proposed in this bill is important to the health and welfare of the citizens of the State of Hawaii.

In addition to the laudable pro-public safety objective of the bill, NAMIC also fully supports SB 983, because it is a reasonable workers' compensation cost-containment measure that will help prevent over-pricing and over-prescribing of medication to injured workers, that adversely impacts the cost of workers' compensation insurance.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC's written testimony.
Respectfully,

Christian John Rataj, Esq.
NAMIC Senior Director – State Affairs, Western Region

KAUAI COMMUNITY HEALTH ALLIANCE
HALE LEA MEDICINE

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winkler@kauai-medical.org (email)

February 3, 2017

Re: **OPPOSE** of SB983

Hale Lea Medicine has been serving Kauai's residents for over 25 years, and is one of the few remaining clinics still accepting Workers Compensation insurance ("WC") on the island of Kauai.

We see no reason for limits being placed upon compounded medications if the physician believes these to be appropriate for the patient.

An example of compounded medications that our medical facility prescribes (and is filled by an independent pharmacy with whom we have no financial ties) are pain creams that can be applied topically without the normal risk of adverse reactions from orally administered medicines, and with superior concentrations being achieved in tissues that generate pain and inflammation.

Why should any limit be placed on medicines the treating physician feels are in the best interest of the patient?

The same holds true for CII pain medications. This should be up to the discretion of the medical provider who has a lifetime of study and experience in making these determinations.

Respectfully,

James Winkler, PA-C
Art Brownstein, MD
Steve Rogoff, MD
KAUAI COMMUNITY HEALTH ALLIANCE
HALE LEA MEDICINE

Testimony in opposition to SB983
Senate Committee on Commerce, Consumer Protection & Health
February 9, 2017 at 9am Rm 229

Testimony submitted by: Faye Kennedy, co-chair
3071 Felix St, Honolulu, Hi 96816

Chair Roz Baker and members of the committee

We do not feel it is necessary to impose these limits on physicians dispensing of compounded prescription medicines to one time supply for 30 days. We believe that these physicians have the competence to know patient needs and standards are in place for the well being of patients.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 1:29 PM
To: CPH Testimony
Cc: doc@workstar.com
Subject: Submitted testimony for SB983 on Feb 9, 2017 09:00AM

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Scott McCaffrey, MD	Workstar Injury Recovery Center	Oppose	Yes

Comments: No justification nor evidence that limiting dispensing reduces addiction. In fact, the more physician surveillance and follow up w/ good drug testing reduces this risk. Going elsewhere for meds is an inconvenience, impedes care access and adequate prescriptive treatment.....Scott McCaffrey, MD

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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To: **Sen. Rosalyn Baker, Chair**
Sen. Clarence Nishihara, Vice-Chair
Members of the Committee on Commerce, Consumer Protection and Health

Date: **Thursday, February 9, 2017**
Time: **9:00 a.m.**
Place: **Conference Room 229**
State Capitol
415 South Beretania Street

OPPOSITION TO SB 983

Automated HealthCare Solutions (AHCS) opposes the provision of SB 983 which provides that reimbursement for any Schedule II controlled substance dispensed directly by a physician to an injured employee shall be limited to an initial thirty day supply, commencing upon the first visit with that physician. While AHCS supports the intent of SB 983 to reduce the abuse of addictive painkillers in Hawaii's workers' compensation system, limiting physicians' ability to dispense Schedule II medications – while allowing pharmacies to continue to dispense these same medications – is fundamentally flawed.

SB 983 fails to limit or reduce the amount of Schedule II medications actually dispensed; it just drives the patient from one dispensing point (the physician) to another (the pharmacy). If a patient needs a Schedule II medication beyond a thirty day supply, SB 983 still allows a patient to receive the same medication from any retail or mail order pharmacy. In practice, this bill does little to curb the abuse of Schedule II medications and thus begs the question, what is the true intent of SB 983?

SB 983 poses a major access to care issue for injured workers in Hawaii, by denying them the ability to receive necessary medications directly from their physician after an initial thirty day supply. Setting such an arbitrary time limit on physician dispensed Schedule II medications does nothing except punish injured workers who may lack reliable transportation to get to a pharmacy for future prescription fills, and there is no basis to believe that limiting physician dispensing of these medications to an initial thirty day supply is a medically appropriate window for point-of-care treatment.

When prescriptions are filled through a physician, the physician can more closely monitor the patient's recovery and discontinue medication therapy when it is no longer needed. These built in

safeguards against abuse and diversion do not exist when prescriptions are filled at a pharmacy and are especially important when Schedule II medications are involved. When physicians are able to dispense medication to patients throughout the treatment process, it allows for greater physician oversight and involvement in the patient's recovery and facilitates a quicker return to work, which is vital to the injured worker and the State of Hawaii workforce.

Thank you for your consideration.

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

Senate Bill 983

OPPOSE

Limitation on physician dispensing of schedule 2 medications to a one-time thirty (30) day supply.

According to the JUSTIFICATION SHEET distributed with SB 983:

DLIR **believes** that limiting the size of initial schedule II prescriptions by dispensing doctors will reduce abuse of addictive painkillers while still providing injured employees with the convenient and immediate relief needed.

Opposition is based on the following facts:

1. According to the Centers for Disease Control and Prevention (CDC), existing guidelines on prescribing opioids have been developed by professional organizations such as the **American Pain Society, U. S. Department of Veterans Affairs, American Academy of Pain Medicine and the Washington Agency Medical Group.**
2. Existing guidelines share some common elements, including dosing thresholds, cautious titration, and risk mitigation strategies such as using risk assessment tools, treatment agreements, and urine drug testing.
3. Physician dispensing of Class II has proven the following;

(a) improved safety and effectiveness
(b) improved compliance
(c) decreased overdosing & death
(d) increased surveillance
(e) enhanced communication between the doctor and patient
(f) review, discussion & consideration of the pros & cons of opioid use
(g) peer review implementation &development of opioid usage guidelines

4. The DLIR has suggested a random limitation on a physician's ability to dispense Class II medications without any substantial evidence that their "justification" will be obtained.
5. Their overreaching suggestion, by a governmental agency, in the form of SB 983, will predictably impede access to care, impede a patients ability to obtain their medication and shift reimbursement for medications from physicians to pharmacies.
6. Physicians that accept and treat workers compensation patients already do business in a state that is the fifth costliest to operate a business while being the fifth lowest in physician reimbursement. No wonder we have a physician shortage! If this bill is enacted we will have an epidemic—not a shortage!

7. This strategy does nothing to address addiction, which is the DLIR's justification for limiting a physician's ability to dispense because it still allows the patient to obtain their Class II prescriptions from a pharmacy with less oversight.!
8. The 30-day, one-time limitation is basically an attack on the residents of the State of Hawaii; the hard-working, tax paying (unlike Donald Trump), blue collar workers-- the backbone of our economic engine.
9. So please, tell me what this disastrous, ill-thought bill idesigned to accomplish?
10. Certainly not addiction!

Deborah A. Luckett, MPH
PT Hawaii

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 2:57 PM
To: CPH Testimony
Cc: cynthiad@workstar.com
Subject: *Submitted testimony for SB983 on Feb 9, 2017 09:00AM*

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
inocencia dumlao	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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My name is Paola Grover and I'm currently in the Masters program for Business Administration in Healthcare. This is my 6 class at SNHU. I am currently running a medical practice, and looking toward furthering my carrier in the business field. I hope this class will allow me to explore business from another point of view, and introduce me to the entrepreneur aspect of business. I'm a single mom and my little kids are my motivation to farther my carrier.

I. Market Domain: In this section, you will evaluate the current business environment of your selected market domain. Specifically, you should include the following:
    1. Historical Significance: Analyze historically significant pivot points or factors that led to dramatic changes and innovation in the business environment of your selected market domain.
    2. Factors: Analyze the factors that contributed to the obsolescence or dissolution of notable companies in your selected market domain in the recent past. Make sure to discuss both inhibiting and enabling factors in your analysis.
    3. Impact of Factors: Assess the impact of the factors you analyzed on opportunities for change and innovation in the business environment of your selected market domain.

II.

III.

IV.

V. After considering a general industry that interests you, choose a particular market domain within that industry to expand your research and use as a model throughout the course. A market domain may be defined as a segment of a broader industry with a strategic focus or target of meeting a particular business or customer need in the marketplace. In this course, we use the example of the emergence of the light rail transportation market that is a segment of the larger transportation industry. The market domain may be emerging or established but your chosen domain should provide sufficient public information for your research in the remainder of the course. In future modules in the course, you will select a company, either real or fictitious, that operates in this market domain.

VI. Prepare a short paper that identifies and describes key information of at least five substantive sources of background information on the market domain of your choosing. The sources must include both historical and current information. Consider academic, private, and governmental sources.

VII. Guidelines for Submission: Your paper must be submitted as a 2- to 3-page Microsoft Word document with double spacing, 12-point Times New Roman font, one-inch margins, and at least five sources cited in APA format.

VIII. Instructor Feedback: This activity uses an integrated rubric in Blackboard. Students can view instructor feedback in the Grade Center. For more information, review these instructions.

IX.

Medical billing is an extremely important component of the health care

industry. This article highlights some common medical billing mistakes and the types of services available to ensure the best record of care for patients and the best physician reimbursements for the services rendered.

After years and years of studying, practicing, and preparing for a future in health care, physicians and other medical care providers mark their place in the industry by providing the best cutting-edge care for their patients. These professionals face major challenges every day – from providing life-saving emergency treatment to researching complex diseases – but there is another critical component of a successful medical practice that is not the focus of the skills learned in med school: **medical billing**.

In today's complex world and struggling economy, business issues in the medical industry can take precedence (sometimes even over the treatment of medical conditions) in determining the sustainability of a medical practice. One of the biggest challenges facing physicians today is not solely concerned with patient care; instead, many of today's care providers are concerned with the business side of health care, especially concerning medical billing and coding.

Medical Billing Mistakes

It is estimated that doctors in the U.S. leave approximately $125 billion on the table each year due to poor billing practices. This is a stark reminder for physicians that providing optimal patient care is only one of the big factors in becoming a successful in the industry.

2 of the most common factors contributing to a loss in profits:

- **Billing errors.**
- It is estimated that up to 80% of medical bills contain errors. Insurance companies are very strict on correct medical billing and coding practices, and even the smallest mistake can cause an insurance company to reject a medical billing claim. This starts a long process requiring the doctor to fix the error, submit the claim a second time, and then wait (and hope) for the new claim to be accepted and processed. Medical billing errors can cause a doctor to have to wait several months or more before receiving payment for their services.
- **Failure to stay up-to-date on medical billing rules and regulations.**
- These rules are constantly changing, requiring physicians and administrators to spend time and money on continuing education,

software, or staff training to stay current, having a direct effect on the cash flow and profits of a practice.

Not only are the rules and regulations concerning medical billing changing, but they are also changing for health care as a whole. Updates and major changes administered with the Health Care Reform bill have increased the number of insured Americans by more than 30 million, so proper medical billing procedures are more important than ever.

Sourcing Medical Billing

With the economy in such a delicate state, medical practitioner's patients affected as well as their own private practices. Unemployment, along with higher co-pays and deductibles, results in patients that are unable to afford medical services. In turn, practices end up losing tons of money.

Medical practices now have to worry about insurance companies' unique rules along with new and changing coding standards. With the burden of knowledge being so heavy, they're losing money due to lost or ignored claims, denials, and underpayments.

Hiring a third party hold responsibility for billing services can sometimes be an effective way to increase revenue and gain control of the situation, but others feel that keeping operations in-house is the safest and most cost-effective bet.

Here are the arguments for both sides of the sourcing issue.

Outsourcing Medical Billing

Outsourcing medical billing sounds expensive upfront. However, when everything is added up, it may end up being more beneficial over time. Here's why:

- Most billing services charge on a percent-basis, meaning they will only charge a percentage of the revenue they are bringing in for your company. With this in mind, they are going to be a lot more diligent about faster collections and resubmitting claims. Your current employees don't have time to run through denied claims. A third-party professional is dedicated to this.
- Employing a staff for billing purposes can get expensive. Even to hire just one new person, a practice has to think about the costs of training, the employee's salary, benefits, and taxes, as well as compensation for turnover. Using an outside billing service eliminates the headache of

training and familiarizing a staff with your billing software, procedures, coding, etc. A billing service has already trained professionals, who only make money when you do.
- The amount of time doctors and nurses spend on billing and staffing concerns can be eliminated. This freed-up time can be used to care for patients – which is what you're goal is in the first place.
- Odds are, outsourced billing companies have more billing and coding expertise, and necessary resources. Even if you are still concerned with internally handling billing, an outside service can assist in providing proper software, such as EMR (Electronic Medical Records), packaged billing, and practice management. Sometimes for an added fee, there are companies that provide appointment reminders, electronic eligibility verification, patient follow-up, coding, consulting, and data reporting. For one lump sum, you can outsource services that might have been costly to handle within your practice.
- Certified billing companies are compliant with the latest health care laws, like HIPAA and the Health Care Reform bill, so your staff can rest assured that the law is being followed.

In-House Medical Billing

Many other practices with a manageable amount of patients find that handling all of the medical billing procedures **in-house** is more cost-effective. Here's why:

- Problems can be addressed immediately. With the billing staff only a few feet away in the same office, any problems that may arise with billing issues can be taken care of immediately and physicians will not have to wait to get a hold of a company, wait to get an investigation, or wait to get a response.
- Physicians can control the productivity levels at the office. If workers are not working efficiently or productivity needs to increase, adjustments can be made accordingly since they work directly for that office. With outsourcing, the employees answer to their own company's rules, regulations, managers, and bosses.
- Billing staff has direct communication with physicians and other administrators. If there is a question about medical coding, physicians' notes, or patient information, the billing staff can have

access to the medical professionals who can best address their questions right then and there.

Maintaining an up-to-date and proactive medical billing practice will help physicians and the health care industry as a whole operate at top potential and eliminate costly errors that inhibit their ability to provide the best patient care.

Health Exec News is committed to providing health professionals with the most current news and resources to help them do their jobs better. Check back regularly for the most up-to-date information on medical billing.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 2:54 PM
To: CPH Testimony
Cc: Charissaf@workstar.com
Subject: *Submitted testimony for SB983 on Feb 9, 2017 09:00AM*

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Charissa Freitas	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
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To: CPH Testimony
Cc: kinauh@workstar.com
Subject: Submitted testimony for SB983 on Feb 9, 2017 09:00AM

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Kinau Halemano-Hunt	Individual	Oppose	No

Comments: I support these 4 measures EXCEPT for SB983, which oppose the limit on physician dispensing of Schedule II medications.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 1:24 PM
To: CPH Testimony
Cc: jaysonm@workstar.com
Subject: *Submitted testimony for SB983 on Feb 9, 2017 09:00AM*

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jayson Macadangdang	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 2:57 PM
To: CPH Testimony
Cc: S.SANCHEZ@WORKSTAR.COM
Subject: *Submitted testimony for SB983 on Feb 9, 2017 09:00AM*

SB983
Submitted on: 2/6/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
SHEENAH	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 7:21 PM
To: CPH Testimony
Cc: ter@hawaii.rr.com
Subject: *Submitted testimony for SB983 on Feb 9, 2017 09:00AM*

SB983
Submitted on: 2/3/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Terri Pacheco APRN	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 8, 2017 6:59 AM
To: CPH Testimony
Cc: okamurag006@hawaii.rr.com
Subject: Submitted testimony for SB983 on Feb 9, 2017 09:00AM

SB983
Submitted on: 2/8/2017
Testimony for CPH on Feb 9, 2017 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Okamura M.D,	Individual	Oppose	No

Comments: I am an orthopedic surgeon practicing in Honolulu. Last week I operated on a patient who was referred by his treating physician. He was given a prescription for pain meds prior to his surgery that Long's Drug Store would not honor since his insurance carrier thought he did not require any more pain meds. This is incorrect since he just had surgery that is painful. Long's would fill his prescription for $60.00. He did not have $60.00 since he has been off work. He suffered with the post op pain until he saw me in my office and explained his situation. His pain meds were correctly dispensed from my office. Decreasing reimbursements of medications to below what is given to Long's Drugstore will further drive physicians away from treating work comp patients and would leave these injured workers in a further unfortunate situation.

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