

SCR54

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: LBR/CPH, WAM
Introducer(s): TOKUDA, DELA CRUZ, KEITH-AGARAN, NISHIHARA, K. RHOADS, Baker, S. Chang, English, Gabbard, Galuteria, Kidani, Shimabukuro, Taniguchi

<u>Sort by</u> <u>Date</u>	Status Text
3/6/2018	S Offered.
3/12/2018	S Referred to LBR/CPH, WAM.
3/16/2018	S The committee(s) on LBR/CPH added the measure to the public hearing scheduled on 03-21-18 9:00AM in conference room 229.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

SCR54



**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, 2018

To: The Honorable Jill N. Tokuda, Chair,
The Honorable J. Kalani English, Vice Chair, and
Members of the Senate Committee on Labor

The Honorable Rosalyn H. Baker, Chair,
The Honorable Jill N. Tokuda, Vice Chair, and
Member of the Senate Committee on Commerce, Consumer Protection and
Health

Date: Wednesday, March 21, 2018
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

From: Leonard Hoshijo, Director
Department of Labor and Industrial Relations (DLIR)

**Re: S.C.R. No. 54 REQUESTING THE AUDITOR TO CONDUCT A STUDY TO ASSESS
THE IMPACT OF MEDICAL BILL REVIEW COST ON THE STATE'S WORKERS'
COMPENSATION SYSTEM**

I. OVERVIEW OF PROPOSED SENATE CONCURRENT RESOLUTION

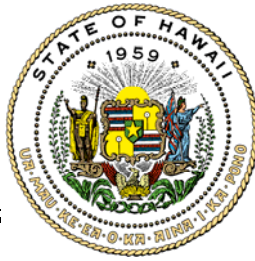
HCR54 requests the State Auditor to study and assess the impact of medical bill review costs on the State's workers' compensation system. The Auditor shall complete the study by November 30, 2018, and submit the study and its findings to the Legislature no later than twenty days prior to the convening of the regular session of 2019.

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 §431-9.

III. COMMENTS ON THE SENATE 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.



SENATE COMMITTEE ON LABOR
The Honorable Jill N. Tokuda, Chair
The Honorable J. Kalani English, Vice Chair

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH
The Honorable Rosalyn H. Baker, Chair
The Honorable Jill N. Tokuda, Vice Chair

**S.C.R. NO. 54, REQUESTING THE AUDITOR TO CONDUCT A STUDY
TO ASSESS THE IMPACT OF MEDICAL BILL REVIEW COSTS ON THE
STATE'S WORKERS' COMPENSATION SYSTEM**

**S.R. NO. 25, REQUESTING THE AUDITOR TO CONDUCT A STUDY TO
ASSESS THE IMPACT OF MEDICAL BILL REVIEW COSTS ON THE
STATE'S WORKERS' COMPENSATION SYSTEM**

Hearing: Wednesday, March 21, 2018, 9:00 a.m.

The Office of the Auditor **has no position** regarding S.C.R. No. 54 and S.R. No. 25, which require the auditor to “study and assess the impact of medical bill review costs on the State’s workers’ compensation system.” **However, we have concerns about our ability to do the requested work.**

We typically perform financial and performance audits, which evaluate the financial or managerial operations of specific agencies or programs. These resolutions ask us to assess the impact of a particular cost item on the entire workers’ compensation system, which involves a wide range of variables and outcomes; this could make an assessment of impact very difficult. We also have concerns as to whether the Department tracks and captures the data on medical review costs necessary to conduct such a review.

Additionally, we do not have the substantive and technical knowledge relating to the standard of service and care for injured employees under the workers’ compensation law called for under the resolutions. We may need to retain the services of a subject matter consultant to assist us on the substantive issues should these resolutions move forward.

Thank you for considering our testimony regarding S.C.R. No. 54 and S.R. No. 25.

SCR-54

Submitted on: 3/20/2018 6:54:59 AM

Testimony for LBR on 3/21/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments: