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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY AND 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

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8           WHEREAS, while 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

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13           WHEREAS, spending too much money on medical bill review  
14 costs ultimately takes money away from injured workers; and

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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

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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

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28           WHEREAS, unfortunately, because medical bill review fees  
29 are applied as allocated expenses against the claim files, they



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1 are often not considered when comparing total provider service  
2 costs; and

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4 WHEREAS, the manner in which the claim service provider  
5 structures these fees can result in a considerable fee  
6 differential and cost to the State; and

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8 WHEREAS, it is crucial that the State understand the fine  
9 print of the various fee structures and the implications on  
10 their total medical bill review costs; and

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12 WHEREAS, studying the pricing of medical bill review will  
13 help control the cost of the State's workers' compensation  
14 system; and

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

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23 BE IT RESOLVED by the House of Representatives of the  
24 Thirtieth Legislature of the State of Hawaii, Regular Session of  
25 2019, the Senate concurring, that the Auditor is requested to  
26 study and assess the impact of medical bill review costs on the  
27 State's workers' compensation system; and

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29 BE IT FURTHER RESOLVED that the Auditor complete the study  
30 by November 30, 2019, and submit the study and its findings to  
31 the Legislature no later than twenty days prior to the convening  
32 of the Regular Session of 2020; and

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34 BE IT FURTHER RESOLVED that certified copies of this  
35 Concurrent Resolution be transmitted to the Auditor, Director of  
36 Labor and Industrial Relations, and Director of Human Resources  
37 Development.

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OFFERED BY: 

MAR - 6 2019