



**STATE OF HAWAII**  
**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
[www.hawaii.gov/labor](http://www.hawaii.gov/labor)  
Phone: (808) 586-8842 / Fax: (808) 586-9099  
Email: [dllr.director@hawaii.gov](mailto:dllr.director@hawaii.gov)

February 28, 2009

To: The Honorable Marcus R. Oshiro, Chair  
and Members of the House Committee on Finance

Date: Tuesday, March 3, 2009  
Time: 12:00 p.m.  
Place: Conference Room 308, State Capitol

From: Darwin L.D. Ching, Director  
Department of Labor and Industrial Relations

**Testimony in OPPOSITION**

to

**H.B. 1390 HD 1– Relating to Workers' Compensation**

**I. OVERVIEW OF CURRENT PROPOSED LEGISLATION**

House Bill 1390 HD 1 proposes to amend section 386-21, Hawaii Revised Statutes ("HRS"), by increasing the charges for medical care, services and supplies to not exceed one hundred fifty per cent (150%) of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii, effective January 1, 2010.

**II. CURRENT LAW**

Currently, section 386-21, HRS, allows for charges for medical care, services and supplies to not exceed one hundred ten percent (110%) of fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii.

**III. HOUSE BILL**

The Department opposes H.B. 1390 HD1 as written and offers the following comments:

1. The Department believes that if there is any increase, it should not be given across the board. The Department recognizes that there are health care providers who are already adequately compensated for their services, who would receive an unnecessary increase in allowable charges.

2. The Department recognizes that any increase in reimbursement fees may result in additional costs and higher insurance premiums for employers. In 2008, the National Council on Compensation Insurance, Inc. estimated that an increase to 120% of Medicare would increase costs by only 0.6%, or \$3.1 million. Furthermore, any increase in the reimbursement rate for the State and other large employers who are self insured will result in a dollar-for-dollar increase in costs.

Further, over the last five years, insurance premiums have decreased by almost 50%, and a 10% increase in medical reimbursements should result in a minimal increase in premiums, since medical costs account for only 40% of total workers' compensation costs in Hawaii.

In summary, the Department opposes an across the board increase in allowable charges.



LINDA LINGLE  
GOVERNOR  
  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
Phone Number: (808) 586-2850  
Fax Number: (808) 586-2856  
www.hawaii.gov/dcca

LAWRENCE M. REIFURTH  
DIRECTOR  
  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2009

Tuesday, March 3, 2009  
12:00 p.m.  
Agenda #3

**TESTIMONY ON HOUSE BILL NO. 1390, H.D. 1 – RELATING TO WORKERS’  
COMPENSATION.**

TO THE HONORABLE MARCUS OSHIRO, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”). The Department defers to the Department of Labor and Industrial  
Relations and offers the following comments on this bill.

The purpose of this version of the bill is to increase the limitation on charges for  
medical care, services, and supplies for injured employees to an unspecified  
percentage of the Medicare Resource Based Relative Value Scale system applicable to  
Hawaii effective January 1, 2010. The current limitation of 110% in Hawaii Revised  
Statutes (“HRS”) § 386-21(c) was adopted in 1995.

The workers’ compensation medical fee schedule is also referenced in the  
Insurance Code in HRS § 431:10C-308.5 and applies to medical treatment rendered in  
motor vehicle insurance cases.

The Department believes that it is essential for employees and motor vehicle  
insurance claimants to receive the necessary medical care and services for their

**DCCA Testimony of J.P. Schmidt**  
**H.B. No. 1390, H.D. 1**  
**Page 2**

injuries. Medical providers deserve to be compensated at a reasonable rate. However, the Department has not had the opportunity to evaluate the potential impact on workers' compensation and motor vehicle insurance rates.

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

LINDA LINGLE  
GOVERNOR OF HAWAII



MARIE C. LADERTA  
DIRECTOR

CINDY S. INOUE  
DEPUTY DIRECTOR

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

March 2, 2009

TESTIMONY TO THE  
HOUSE COMMITTEE ON FINANCE  
For Hearing on Tuesday, March 3, 2009  
12:00 p.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

**House Bill No. 1390, H.D. 1**  
**Relating to Workers' Compensation**

TO CHAIR MARCUS R. OSHIRO AND MEMBERS OF THE COMMITTEES:

The purpose of H.B. No. 1390, H.D. 1, is to amend Section 386-21(c) to increase the allowable charges for medical care, services, and supplies from one hundred ten per cent to a percentage to be determined, of the fees prescribed in the Medicare Resource Based Relative Value Scale system applicable to Hawaii.

The Department of Human Resources Development is opposed to an across-the-board increase for those health care providers who are already adequately compensated for their services and for those who charge more for the same services for work-related injuries than they do for their private patients.

In fiscal year 2008, the State expended \$2,218,353 in general funds for medical care, services and supplies. Given the State's current fiscal difficulties, it would not be prudent to pursue enactment at this time.

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 10<sup>TH</sup> FLOOR  
HONOLULU, HAWAII 96819

MUFI HANNEMANN  
MAYOR



KENNETH Y. NAKAMATSU  
DIRECTOR

March 3, 2009

The Honorable Marcus R. Oshiro, Chair  
and Members of the Committee on Finance  
State House of Representatives  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

RE: HOUSE BILL NO. 1390, HD1 RELATING TO WORKERS' COMPENSATION

The City and County of Honolulu opposes House Bill No. 1390, HD 1 amending Section 386-21 of the Hawaii Workers' Compensation Law by increasing the reimbursement rate for medical providers from 110% to a higher percentage (still to be determined) of the Medicare Resource Based Relative Value Scale system. In 1995, the Legislature amended this section of the law to reduce excessive reimbursement rates and establish a comprehensive, nationally recognized system of charges. The law further established procedures for the Director of the Department of Labor and Industrial Relations to adjust the schedule to ensure reasonable allowances for reimbursement.

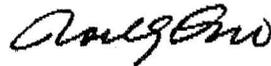
The 1995 Legislature enacted major reforms to the Hawaii Workers' Compensation Law resulting in hundreds of millions of dollars being saved over the last 12 years. The magnitude of the savings can be assessed using data from the State's Department of Labor and Industrial Relations Workers' Compensation Data Book, published annually (see Attachment I). In short, statewide workers' compensation costs 3 years prior to the reform averaged \$331 million annually. Workers' compensation costs for the 12 years immediately following the reform averaged \$253 million annually; a \$78 million annual savings. Put in the proper perspective, over the last 12 years the State of Hawaii has saved \$936 million in workers' compensation costs as a result of the 1995 Legislative changes.

The Twenty-fifth Legislature's proposed changes to the Hawaii Workers' Compensation Law will inevitably increase the cost of workers' compensation in the State of Hawaii back to former high levels. In times of economic turmoil requiring fiscal austerity and innovative solutions, we do not believe this change is in the best interest of the people of our State and that it will further add to the already critical financial crises.

The Honorable Marcus R. Oshiro, Chair  
March 3, 2009  
Page 2

We respectfully urge your committee to file House Bill No. 1390, HD1. We do not believe that there is a need to change the reimbursement rate for the entire workers' compensation medical fee schedule by any amount. With proper justification from the medical community, the Director of Labor and Industrial Relations, under Section 386-21 (c), HRS, can increase allowances for medical care and services that are not considered reasonable or adequate.

Sincerely,



*Ken Y. Nakamatsu*  
KEN Y. NAKAMATSU  
Director of Human Resources

Attachment

## STATEWIDE WORKERS' COMPENSATION COSTS BY TYPE OF PAYMENT

Type of Payment	2000	2001	2002	2003	2004	2005	2006	2007	Type
TTD	55,312,588	62,586,914	65,056,903	67,654,807	63,706,668	59,067,148	54,967,864	56,919,048	TTD
TPD	2,651,756	3,043,394	2,900,452	3,241,339	3,184,548	3,109,906	2,625,563	2,705,692	TPD
PTD	15,507,928	15,118,576	18,395,265	17,626,114	18,093,822	15,955,797	18,599,904	16,765,532	PTD
PPD	57,260,955	57,875,459	65,159,217	68,803,178	69,515,306	66,399,667	64,195,980	63,054,843	PPD
Death	1,962,684	2,735,802	2,360,809	2,325,041	2,148,014	2,010,782	2,182,528	3,052,391	Death
Disfigurement	1,309,482	1,357,202	1,562,803	1,625,475	1,524,271	1,314,094	1,480,269	1,263,750	Disf
Voc Rehab	5,629,397	5,802,764	6,325,020	6,432,282	6,114,837	5,063,253	4,868,366	4,561,823	VR
Medical	91,184,757	103,303,676	105,926,606	106,912,209	106,766,183	97,638,645	93,394,364	98,513,146	Med
Attendant Services	539,633	217,365	140,180	301,787	236,375	219,851	370,655	457,629	AS
Total	231,359,180	252,041,152	267,827,255	274,922,232	271,290,024	250,779,143	242,685,493	247,293,854	Total

Workers' Compensation Reform began July 1, 1995. Major changes were Medical Fee Schedule (Medicare plus 10%), treatment limits, second injury limits on PPD and part-time workers.

Type of Payment	1992	1993	1994	1995	1996	1997	1998	1999	Type
TTD	75,124,541	83,443,021	80,281,234	70,875,583	61,054,623	57,366,809	53,356,078	51,550,709	TTD
TPD	2,335,548	2,769,212	3,072,057	2,774,293	2,829,674	2,825,736	2,878,552	2,743,336	TPD
PTD	13,600,845	11,232,499	19,763,997	15,497,510	17,618,587	16,716,542	15,714,253	15,830,200	PTD
PPD	69,506,346	76,270,234	81,865,987	95,125,484	93,619,941	72,453,667	64,909,092	57,124,045	PPD
Death	2,765,124	2,392,562	2,632,183	2,789,579	2,814,023	2,899,119	2,238,102	2,395,396	Death
Disfigurement	1,763,162	1,869,215	1,681,428	1,759,164	1,942,172	1,808,428	1,384,551	1,341,929	Disf
Voc Rehab	6,639,072	7,866,683	7,892,705	7,871,615	6,574,004	6,179,012	5,534,403	5,359,001	VR
Medical	115,960,185	137,740,829	145,500,111	129,125,665	101,664,903	94,424,669	87,019,208	85,513,448	Med
Attendant Services	307,956	178,355	390,071	303,969	376,739	241,389	190,286	198,250	AS
Total	288,002,779	323,762,610	343,079,773	326,122,862	288,494,666	254,915,371	233,224,525	222,056,314	Total

Source: Workers' Compensation Data Book, State of Hawaii, Department of Industrial Relations, Research and Statistics Office (1992 - 2007)



# Hawaii State Chiropractic Association

P.O. Box 22668 Honolulu, HI 96823-2668

ph: (808) 926-8883 fx: (808) 926-8884

February 27, 2009

The House of Representatives  
Committee on Finance  
Chair Rep. Marcus Oshiro  
Vice Chair Rep Marilyn Lee

Testimony for hearing  
Date: Tuesday, March 3, 2009  
Time: 12:00 pm  
Conference Room 308

Chair Oshiro, Vice Chair Lee, and members of the committee

My name is Gary Saito and I am the President and Executive Director of the Hawaii State Chiropractic Association. We are in **strong support of HB 1390** and wish to make the following comments.

While we would prefer that the Hawaii work comp fee schedule be unhooked from the Medicare fee schedule altogether, we support the intent of this bill because at least it tries to respect the expertise and qualifications of our many treating physicians and other healthcare

Page 2 of 2

The Hawaii work comp fee schedule should never have been married to the Medicare fee schedule in the first place and many voices expressed this opinion 10 years ago. The growing failure of the work comp system to deliver quality care with accessibility to care demonstrates that the reimbursement component of the system is a failure. That so many doctors have abandoned the treatment of injured workers is a statement that reimbursements are not keeping up with the cost of living and the cost of doing business in Hawaii.

An LRB study ordered by the legislature seven years ago to look at the impact of changing the existing work comp fee schedule to 110% of Medicare explicitly determined that compensation should have been much higher.

With the rise in the cost of living over the last 6 years and with the Medicare fee schedule staying the same or decreasing in that time, a fair compensation should be at least 150% of Medicare in today's dollars.

Every year that the Medicare fee schedule lowers its reimbursement rate, providers fall further and further behind in receiving adequate compensation. Years ago, when the law was enacted to tie work comp reimbursements to the Medicare system, many of us predicted that there would be an exodus of providers in the work comp system due to inability to maintain a practice with dwindling dollars, and, today, that outcome is a well-known and painful fact. We need a work comp reimbursement rate that respects the work of the providers and also keeps up with the cost of doing business in Hawaii.

Thank you for allowing us to provide comment on this bill.

Sincerely,



Gary Saito, DC  
President and ED, HSCA



**Property Casualty Insurers  
Association of America**

*Shaping the Future of American Insurance*

1415 L Street, Suite 670, Sacramento, CA 95814-3972

To: Honorable Marcus R. Oshiro, Chair  
House Finance Committee

From: Samuel Sorich, Vice President

Re: **HB 1390 HD1 – Relating to Workers’ Compensation**  
**PCI Position: OPPOSE**

Date: Tuesday, March 3, 2009 (Agenda #3)  
12:00 p.m., Conference Room 308

Aloha Chair Oshiro and Members of the Committee:

The Property Casualty Insurers Association of American (PCI) is opposed to HB 1390 HD1, because the bill is unnecessary and would increase costs for employers and drivers.

Existing law already grants the director of labor and industrial relations broad authority to increase the medical fee schedule when appropriate. The director has exercised that authority, and several medical specialties are now excluded from the general statutory percentage cap. Moreover, it should be emphasized that the Medicare schedule itself has been regularly adjusted to reflect current conditions.

The across-the-board fee increases mandated by HB 1390 HD1 would increase the cost of workers compensation insurance for Hawaii employers and the cost of automobile insurance coverage for Hawaii drivers. These increases are unwise and unwarranted.

PCI requests the Committee hold HB 1390 HD1.

## TESTIMONY OF ALISON POWERS

---

HOUSE COMMITTEE ON FINANCE  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair

Tuesday, March 3, 2009  
12:00 p.m.

### **HB 1390, HD1**

Chair Oshiro, Vice Chair Lee, and members of the Committee, my name is Alison Powers, Executive Director 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 60% of all property and casualty insurance premiums in the state.

Hawaii Insurers Council **opposes** H.B .1390, HD1. This bill changes the medical fee schedule reimbursement from 110% of Medicare to a yet to be determined percentage of Medicare.

We believe this bill is unnecessary because the Director of the Department of Labor and Industrial Relations has the ability to increase certain codes when necessary and the Insurance Commissioner has similar powers to increase certain codes when appropriate. In fact, in 2006, the department adjusted fees for approximately 1,300 CPT codes. Based on the 2007 LRB Workers' Compensation Fee Schedules, Maximum Allowable Fees, and Comparative Reimbursements report, under the 110% Medicare schedule, actual reimbursements are about 110% of the employee group health plan reimbursements. Increasing the fee schedule to a yet to be determined percentage of Medicare will create incentives for 'cost shifting' as we have experienced prior to Act 234 of the 1995 session.

Since 1998, there has been a **35% increase in the top 21 procedures** used in workers' compensation due to annual adjustments in the Hawaii Medicare fee schedule or as a result of DLIR adjustments.

In addition, an across the board increase will also adversely impact personal injury protection reimbursement rates and bodily injury liability, uninsured motorist, and underinsured motorist costs in motor vehicle insurance

We respectfully request that H.B. 1390, HD1 be held.

Thank you for the opportunity to testify.

## GOODSILL ANDERSON QUINN &amp; STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

## GOVERNMENT RELATIONS TEAM:

GARY M. SLOVIN  
CHRISTOPHER G. PABLO  
ANNE T. HORIUCHI  
MIHOKO E. ITO

ALII PLACE, SUITE 1800 • 1099 ALAKEA STREET  
HONOLULU, HAWAII 96813

MAIL ADDRESS: P.O. Box 3196  
HONOLULU, HAWAII 96801

TELEPHONE (808) 547-5600 • FAX (808) 547-5880  
info@goodsill.com • www.goodsill.com

INTERNET:  
gslovin@goodsill.com  
cpablo@goodsill.com  
ahoriuchi@goodsill.com  
meito@goodsill.com

**MEMORANDUM**

**TO:** Representative Marcus Oshiro  
Chair, House Committee Finance  
Via Facsimile: 586-6001

**FROM:** Anne Horiuchi

**DATE:** March 2, 2009

**RE:** **H.B. 1390, HD 1 - Relating to Workers' Compensation**  
**Hearing: Tuesday, March 3, 2009 at 12:00 p.m., Room 308 (Agenda #3)**

---

Dear Chair Oshiro and Members of the Committee on Finance:

I am Anne Horiuchi, testifying on behalf of the American Insurance Association (AIA). AIA represents approximately 350 major insurance companies that provide all lines of property and casualty insurance and write more than \$123 billion annually in premiums. AIA members supply 23 percent of the property/casualty insurance sold in Hawaii. The association is headquartered in Washington, D.C. and has representatives in every state. All AIA news releases are available at [www.aiadc.org](http://www.aiadc.org).

H.B. 1390, HD1 increases the fee schedule of compensation for medical care in workers' compensation cases from 110% to an unspecified percentage of the Medicare Resource Based Relative Value Scale system applicable to Hawaii as prepared by the United States Department of Health and Human Services.

AIA **opposes** this measure as unnecessary, given the ability of the Director of the Department of Labor & Industrial Relations to make determinations of the charges and to adopt fee schedules based upon those determinations. We respectfully request that H.B. 1390, HD1 be held.

Thank you very much for the opportunity to submit testimony on this measure.



HOUSE COMMITTEE ON FINANCE  
Rep. Marcus Oshiro, Chair

Conference Room 308  
March 3, 2009 at 12:00 p.m. (Agenda #3)

Testimony in support of HB 1390 HD 1.

The Healthcare Association of Hawaii advocates for its member organizations that span the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of HB 1390 HD 1, which increases the ceiling for workers compensation payments to health care providers.

Insufficient payments to health care providers that do not cover the actual costs of care have resulted in the reduction or elimination of various programs. In fact, certain hospitals are on the verge of bankruptcy due to lack of sufficient revenue. Access to quality health care for all of Hawaii's residents is now at risk.

The workers compensation fee schedule is set statutorily at a maximum of 110% of the Medicare fee schedule, which itself does not cover the actual costs of care. The inadequacy of workers compensation payments to health care providers is described in a report by the Legislative Reference Bureau entitled, "The Medical Fee Schedule Under the Workers' Compensation Law." The report concludes that, at 110% of the Medicare fee schedule, the workers compensation fee schedule is insufficient. The report describes how low payments cause some providers to refuse workers compensation cases, resulting in reduced access to quality care for patients. The report recommends increasing the workers compensation fee schedule to at least 125% of the Medicare fee schedule. That report is now more than 10 years old. Unfortunately, it is still as relevant today as it was then.

This bill takes a step toward bringing health care providers to stable financial footing. It also improves access to quality care for those who have been injured in workplace accidents.

For the foregoing reasons, the Healthcare Association of Hawaii supports HB 1390 HD 1.

TESTIMONY BEFORE THE HOUSE OF REPRESENTATIVES

COMMITTEE ON FINANCE

Tuesday, March 3, 2009  
12:00 p.m.

HB 1390, HD1  
RELATING TO WORKERS' COMPENSATION

By Marleen Silva  
Director, Workers' Compensation  
Hawaiian Electric Company, Inc.

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Hawaiian Electric Co. Inc., its subsidiaries, Maui Electric Company, LTD., and Hawaii Electric Light Company, Inc. **respectfully oppose H.B. 1390, H.D. 1.** Our companies represent over 2,000 employees.

This bill proposes increasing the fee schedule of compensation for medical care in workers' compensation cases from 110% to 150% of the Medicare Resource Based Relative Value Scale system applicable to Hawaii.

While we can appreciate the intent of the bill, we would not support an "across the board" increase in allowable charges as proposed. A majority of health care providers are already compensated adequately for their services. The existing statutes have a process in place to allow the Director of the DLIR to create an additional fee schedule, or adjust the allowable fees at any time. Health care providers can also submit proposals, with supporting evidence, to the Director to review and determine if a change to their reimbursement rate is warranted.

We recognize that reimbursement rates may have discouraged physicians in some medical specialty areas to treat work injuries, and that subsequently has had a direct impact on the pool of qualified physicians available in the workers' compensation system. However, any increase in the reimbursement rate to health care providers will have an equivalent increase to costs for employers. During last year's legislation, it was reported that estimates of an increase of 120% of Medicare would increase employer costs by 0.6%, or 3.1 million.

For these reasons, we respectfully oppose H.B. 1390, H.D. 1 and request that this measure be held.

Thank you for this opportunity to submit testimony.

February 28, 2009

COMMITTEE ON FINANCE

Chairman Rep. Marcus Oshiro

Vice Chairman Rep. Marilyn B. Lee

RE: Testimony in Support of HB1390, HD1  
Relating to Workers' Compensation  
Hearing, Tuesday, March 03, 2009 12:00PM  
Conference Room 308

FROM: James A. Pleiss, DC  
2045 Main Street, Wailuku, Maui, Hawaii 96793  
808-244-0312

Dear Chairman Oshiro, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to testify in support of HB1390, HD1 which increases the Workers' Compensation Medical Fee Schedule from 110% to an amount agreed upon of the Medicare Resource Based Relative Value Scale.

As you know, in the mid 1990's the Workers' Compensation Medical Fee Schedule was changed to 110% of the Medicare Fee Schedule. Since that time, re-imburement rates based on the 110% of Medicare have for the most part stayed the same, gone up slightly and in many cases have actually gone down. It goes without saying that the cost of living in Hawaii has gone up significantly since the mid 1990's. 110% of Medicare has not kept pace with the increases of the cost of living and the cost of doing business in the State of Hawaii.

On Maui, in my 26 years of experience, the majority of physicians here do not accept Workers' Compensation patients not only because their reimbursement rates for other insurance is higher, but there is significantly more paperwork and burdensome rules and regulations associated with treatment of patients in the Workers' Compensation system. In my conversations with them, they do not want the hassle of treating Workers' Compensation patients simply because it based on 110% of Medicare, and with the additional staff required to adjudicate the claims, it is not worth their time.

The treatment of injured workers is inherently more difficult and usually requires a multidisciplinary approach. When many providers do not participate, it makes it extremely difficult for those that do to provide the best overall case management and referrals to specialists to reach the goal of successfully returning the injured worker back to work.

The Medicare Fee Schedule is not based on the treatment of injuries such as those that occur in the Workers' Compensation system. It is designed for senior citizens or other disabled individuals who have health issues that need treatment. The Medicare Fee

Testimony in Support of HB1390, HD1, Relating to Workers' Compensation  
Hearing, Tuesday, March 03, 2009 12:00 PM  
Conference Room 308  
James A. Pleiss, DC

Schedule is also tied into federal budgets and may go up or down based on issues that are not related to the treatment of injured workers.

At a minimum, the reimbursements for the treatment of injured workers should be 150% of Medicare. However, since Medicare is not an injury reimbursement system, my suggestion would be to base the reimbursements in Workers' Compensation to what 150% of Medicare is for 2009, but do not tie it to the actual Medicare Fee Schedule that goes up or down each year. Rather, set the fee schedule to 150% of Medicare for 2009, then allow the Department of Labor and Industrial Relations to review the fee schedule every 2 years as they currently do, and make recommendations as they see fit. This way, the rationale for reimbursements for the treatment of injured workers will be based locally in Hawaii instead of being tied with the federal Medicare system.

I also support the testimony of the Hawaii State Chiropractic Association.

Thank you for the opportunity to testify before your committee in support of HB1390, HD1.

Sincerely

James A. Pleiss, DC

THE HOUSE OF REPRESENTATIVES  
THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2009

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair

Date: Tuesday, March 3, 2009

Time: 12:00 p.m.

Place: Conference Room 308, State Capitol

TESTIMONY OF ILWU LOCAL 142

RE: HB 1390, H.D. 1, RELATING TO WORKERS' COMPENSATION

Thank you for the opportunity to present testimony regarding this bill. We support the passage of HB 1390, H.D. 1, provided it contains a reasonable and direly-needed increase in compensation for health care providers, such as the 150% of fees found in the Medical Resource Based Relative Value Scale system by the original version of the bill.

In recent years, the problem of obtaining medical care for injured workers has become serious, and it shows no signs of abating. Physicians are reluctant to accept industrial injury claims first because the reimbursement is in many cases lower than under regular prepaid health insurance and because the requirements for medical treatment plans, and other reporting are onerous. Technical requirements are often manipulated to make approval of treatment exceedingly difficult, making doctors unwilling to see this class of patients.

In its original form HB 1390 addressed the former of these problems by authorizing payments for medical care to increase from 110% to 150% of the Medicare Resource Based Relative Value Scale. This modest correction would have been of significant value in encouraging more physicians to take on industrial accident claims. The House Committee on Consumer Protection passed HB 1390, H.D. 1 blanking out the percentage of increase.

There may still be some who suggest that raising medical costs will trigger an increase in employer premiums for workers' compensation insurance. However, in the larger, systemic picture, if quality medical care is not furnished injured workers, disability will be prolonged. In a certain class of cases, where prompt medical treatment is necessary for recovery, there may also be increases in the extent of permanent disability because prompt attention was not given to injuries that should have been addressed earlier. Thus, there is good reason to believe that making medical care more accessible through a modest increases in medical reimbursement will in fact help control and reduce costs overall.

For these reasons, we support the enactment of HB 1390 in its original form with an increase from 110% to 150% of the Medicare Resource Based Relative Value Scale, and urge the Committee on Finance to pass HB 1390, H.D.1 with an insertion of 150% as the appropriate percentage on page 1, line 14 of the bill in its current form.