



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

LATE TESTIMONY

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER

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Committee on Consumer Protection & Commerce
Conference Room 309
Wednesday, February 18, 2009
2:00 p.m.
House Bill 1390
Relating to Workers' Compensation

Chairman Herkes, Vice Chair Wakai, Members of the Consumer Protection & Commerce Committee:

My name is Timothy Dayton, General Manager of GEICO in Hawaii.

GEICO provides jobs for 170 associates at its Hawaii Branch office and is Hawaii's largest motor vehicle insurer. **GEICO opposes House Bill Number 1432.**

House Bill 1390 would increase the fee schedule of compensation for medical care in workers' compensation case from 110% to 150% of the Medicare Resource Based Relative Value Scale system applicable to Hawaii as prepared by the United States Department of Health and Human Services.

The workers' compensation medical fee schedule is also referred to in H.R.S. 431:10C-308.5 and applies to medical treatment rendered in motor vehicle cases.

Current law allows the director to determine that an allowance under the Medicare program is not reasonable, or not covered. Upon such a showing, the director already has the authority to establish an additional fee schedule or schedules not exceeding the prevalent charge for fees for services actually received by providers to cover charges for the treatment, accommodation, product, or service. It further allows that if a prevalent charge has not been established, the director already has the authority to adopt a reasonable rate to be the same for all providers to be paid for that service or procedure.

This measure would eliminate the current system that allows the Director to make changes to compensation after a hearing, and would replace it with a system that allows a substantive increase of the fee schedule without any showing of that the amounts provided by the current fee schedule are inadequate.

Such a lack of procedural safeguards would likely result in all medical care providers raising their fees for services to 150% of the fee schedule, a significant increase, with no showing of need. It would certainly result in higher rates automobile insurance for Hawaii Insurance consumers. The current system allows the Director the authority he needs upon a proper showing. This proposal is not well-thought-out, and should not pass this committee. **GEICO asks that you vote against passage of HB 1390.**

I very much appreciate the opportunity to testify and am happy to answer any questions.

A handwritten signature in black ink, appearing to read "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton

LATE TESTIMONY



**Property Casualty Insurers
Association of America**

Shaping the Future of American Insurance

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

To: Honorable Robert N. Herkes, Chair
House Consumer Protection and Commerce Committee

From: Samuel Sorich, Vice President

Re: HB 1390 – Relating to Medical Fee Schedules
PCI Position: OPPOSE

Date: Wednesday, February 18, 2009
Conference Room 325, Hawaii State Capitol

Aloha Chair Herkes and Members of the Committee:

The Property Casualty Insurers Association of American (PCI) is opposed to HB 1390 which would dramatically increase the medical fee schedule for medical payments under the workers' compensation system and increase the personal injury protection reimbursement rates in motor vehicle insurance.

Current law already grants both the Director of Labor and Industrial Relations and the Insurance Commissioner broad authority to increase the medical fee schedule when appropriate. The law, however, requires that public hearings be held on the proposal so that interested parties may comment on the proposed changes. HB 1390 would eliminate the requirement that hearings are held and public testimony be heard.

PCI requests the Committee vote "NO" on HB 1390