STAND. COM. REP. NO. 2031

Honolulu, Hawaii

FEB 07 2012

RE: S.B. No. 2204

Honorable Shan S. Tsutsui President of the Senate Twenty-Sixth State Legislature Regular Session of 2012 State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 2204 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the workers' compensation fee schedule for medical care, services, and supplies from one hundred ten to one hundred thirty percent of fees prescribed in the Medicare Resources Based Relative Value Scale applicable to Hawaii.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; the Hawaii Medical Association; the Hawaii Association for Justice; the Partners of the Orthopedic Associates of Hawaii, LLP; the International Longshore and Warehouse Union (ILWU) Local 142; the Hawaii Chapter of the American Physical Therapy Association; and nine private individuals. Testimony in opposition to this measure was submitted by the Department of Human Resources of the City and County of Honolulu; the Hawaiian Electric Co. Inc. and its subsidiaries, Maui Electric Company, Ltd., and Hawaii Electric Light Company, Inc.; the Hawaii Insurers Council; the American Insurance Association; and one private individual. The Department of Commerce and Consumer Affairs and the Department of Human Resources Development submitted comments.

Your Committee finds that it has become increasingly difficult to find doctors willing to accept patients covered by the workers' compensation fee schedule because of the resulting

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low reimbursement rates and increased paperwork associated with processing workers' compensation claims. Testimony indicates that many doctors do not have sufficient billing staff and are unable to hire additional staff to handle workers' compensation billing given the current level of reimbursement. A survey conducted by the Hawaii Medical Association found that over sixty-five percent of doctors, who previously accepted workers' compensation cases, now refuse to care for these injuries, even for their established patients.

Furthermore, low reimbursement rates restrict or delay an injured worker's access to immediate comprehensive medical care and management, which is a critical element in handling workers' compensation cases. Your Committee notes the number of testimony in support of this measure submitted by practicing physicians in Hawaii. As such, your Committee believes that increasing the workers' compensation fee schedule for medical treatment and services rendered to injured workers will increase the number of physicians willing to accept cases and thereby increase injured workers' access to care.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2204 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Judiciary and Labor,

CLAYTON HEE, Chair

The Senate Twenty-Sixth Legislature State of Hawai'i

Record of Votes Committee on Judiciary and Labor JDL

Bill / Resolution No.:*	Committee Referral: Date: /				
SB2204	JDL, WAM 1/26/12				
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)					
SHIMABUKURO, Maile (VC)		\			
GABBARD, Mike		V			
IHARA, Jr., Les		V			
SLOM, Sam					
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TOTAL		5			
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					
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^{*}Only one measure per Record of Votes