
SENATE RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY TO 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, 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
30 are often not considered when comparing total provider service
31 costs; and
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1 WHEREAS, the manner in which the claim service provider
2 structures these fees can result in a considerable fee
3 differential and cost to the State; and
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5 WHEREAS, it is crucial that the State understand the fine
6 print of the various fee structures and the implications on
7 their total medical bill review costs; and
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9 WHEREAS, studying the pricing of medical bill review will
10 help control the cost of the State's workers' compensation
11 system; and
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13 WHEREAS, it is important that the State look at ways to
14 prevent medical bill review costs from becoming an unreasonable
15 cost driver of health care in workers' compensation claims,
16 while ensuring the same standard of service and care intended
17 for injured employees under the workers' compensation law; now,
18 therefore,
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20 BE IT RESOLVED by the Senate of the Twenty-ninth
21 Legislature of the State of Hawaii, Regular Session of 2018,
22 that the Auditor is requested to study and assess the impact of
23 medical bill review costs on the State's workers' compensation
24 system; and
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26 BE IT FURTHER RESOLVED that the Auditor is requested to
27 submit a preliminary report on the progress of the study and its
28 findings to the Legislature by January 1, 2019; and
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30 BE IT FURTHER RESOLVED that the State Health Planning and
31 Development Agency is requested to make the all-payer claims
32 database available to assist the Auditor in compiling data on
33 medical bill review costs; and
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35 BE IT FURTHER RESOLVED that certified copies of this
36 Resolution be transmitted to the Auditor, Director of Labor and
37 Industrial Relations, Director of Human Resources Development,
38 and Administrator of the State Health Planning and Development
39 Agency.

