

JAN 21 2026

A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 386, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "S386- Payment by employer; disputed charges;
5 resolution procedures. (a) The employer shall pay for all
6 medical services required by the employee for a compensable
7 injury and the process of recovery. The employer shall not be
8 required to pay for care unrelated to the compensable injury.

9 (b) The employer shall not controvert a claim for
10 services:

11 (1) Without reasonable cause; or
12 (2) While the claim is pending investigation;
13 provided that a claim shall be presumed compensable when
14 submitted by an employee who is excluded from health care
15 coverage under the Hawaii prepaid health care act.

16 (c) An employer shall notify the medical services provider
17 within thirty calendar days of receipt of the notification or



1 bill, if the employer controverts a claim for services rendered
2 or a bill received pursuant to subsection (a). Failure by the
3 employer to submit timely notice to the medical services
4 provider shall render the employer liable for services provided
5 until the employer notifies the medical services provider that
6 the employer controverts additional services.

7 (d) Any employer who has received a notification of
8 services rendered or a bill from a medical services provider
9 shall be liable for those services and shall pay all charges
10 listed in the notification of services rendered or the bill
11 within thirty calendar days of receipt of the notification or
12 bill, except for items subject to reasonable disagreement
13 between the employer and the medical services provider. If no
14 payment is received by the expiration of the thirty-day period,
15 the medical services provider may increase the total outstanding
16 balance owed for undisputed charges by one per cent per month.

17 (e) If any charge is subject to reasonable disagreement
18 between the employer and medical services provider, within
19 thirty calendar days of receipt of the bill or notification of
20 services rendered, the employer shall:

21 (1) Pay all undisputed charges;



1 (2) Notify the medical services provider of the denial of
2 payment of any disputed charges, and the reason for
3 the denial; and

4 (3) Provide a copy of the denial to the employee.

5 (f) The medical services provider may dispute the
6 employer's denial of payment by filing a bill dispute request
7 with the director no later than thirty calendar days after
8 receipt of the denial of payment. The medical services
9 provider's failure to submit a timely bill dispute request shall
10 be considered acceptance of the employer's denial of payment.

11 (g) The employer's denial of payment shall include the
12 following statement:

13 "IF THE MEDICAL SERVICES PROVIDER DOES NOT AGREE WITH THE
14 EMPLOYER'S STATED REASON FOR DENIAL OF PAYMENT, THE MEDICAL
15 SERVICES PROVIDER MAY FILE A BILL DISPUTE REQUEST WITH THE
16 DIRECTOR OF THE HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL
17 RELATIONS. THE BILL DISPUTE REQUEST SHALL BE CLEARLY IDENTIFIED
18 AS A "BILL DISPUTE REQUEST" IN CAPITAL LETTERS AND IN NO LESS
19 THAN TEN POINT FONT ON THE FRONT OF THE FIRST PAGE OF THE
20 REQUEST AND ON THE FRONT OF THE ENVELOPE IN WHICH THE REQUEST IS
21 SENT AND SHALL INCLUDE A COPY OF THE DISPUTED BILL. ANY BILL



1 DISPUTE REQUEST SHALL BE FILED NO LATER THAN THIRTY CALENDAR
2 DAYS AFTER RECEIPT OF THE EMPLOYER'S DENIAL OF PAYMENT. THE
3 MEDICAL SERVICES PROVIDER'S FAILURE TO SUBMIT A TIMELY BILL
4 DISPUTE REQUEST SHALL BE CONSIDERED ACCEPTANCE OF THE EMPLOYER'S
5 DENIAL OF PAYMENT."

6 (h) If a reasonable disagreement relating to specific
7 charges cannot be resolved, the employer or medical services
8 provider may request intervention by the director in writing
9 with notice to the other party. Both the front page of the bill
10 dispute request and the envelope in which the request is mailed
11 shall be clearly identified as a "BILL DISPUTE REQUEST" in
12 capital letters and in no less than ten-point type. The
13 director shall send notice to the parties and the parties shall
14 negotiate to resolve the disputed charges during the thirty-one
15 calendar days following the date of the notice from the
16 director. If the parties fail to enter into an agreement during
17 the thirty-one calendar days, then within fourteen calendar days
18 after expiration of the thirty-one-day period, either party,
19 with written notice to the other party, may file a second
20 written request with the director to review the bill dispute.
21 Upon receipt of the second request for review, the director



1 shall send the parties a notice requesting that each party file
2 within fourteen days of receipt of the second notice a position
3 statement with the director, including substantiating
4 documentation that describes the services and amounts in dispute
5 and all actions taken to resolve the dispute. The director
6 shall review the positions of both parties and render an
7 administrative decision without a hearing. The director may
8 assess a service fee of up to \$1,000 payable to the general fund
9 against one or more parties who the director finds has failed to
10 negotiate in good faith. Denial of payment without reasonable
11 cause shall be considered failure to negotiate in good faith.

12 (i) An employee shall be liable for reimbursement of
13 benefits or payments received under this section for any
14 controverted claim that is found to be uncompensable, whether
15 received from an employer, insurer, or the special compensation
16 fund. Reimbursement shall be made to the source from which the
17 compensation was received and may include recoupment by the
18 insurer of all payments made for medical care, medical services,
19 vocational rehabilitation services, and all other services
20 rendered for payment under this section."



1 SECTION 2. Section 386-21.2, Hawaii Revised Statutes, is
2 amended by amending subsection (d) to read as follows:

3 "(d) A treatment plan shall be deemed accepted if no later
4 than three days after receipt of the treatment plan, an employer
5 fails to file with the director:

6 (1) An objection to the treatment plan;

7 (2) Any applicable documentary evidence supporting the
8 denial; and

9 (3) A copy of the denied treatment plan,
10 copying the physician and the injured employee."

11 SECTION 3. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 begun before its effective date.

14 SECTION 4. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: 



S.B. NO. 2273

Report Title:

Workers' Compensation; Employers; Treatment Plans; Medical Services Providers; Payment; Disagreement; Dispute Resolution Procedures

Description:

Requires that employers pay all workers' compensation claims for compensable injuries and not deny claims without reasonable cause or during a pending investigation. Creates a presumption of compensability for claims submitted by employees excluded from coverage under the Hawaii prepaid health care act.

Requires that employers notify medical services providers of any billing disagreements and allows providers to charge an additional rate to employers for outstanding balances owed for undisputed charges. Establishes dispute resolution procedures for employers and providers who have a reasonable disagreement over charges. Requires employers to deny a treatment plan within 3 days of receipt of a treatment plan or the treatment plan is deemed accepted.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

