

Honolulu, Hawaii

Feb 1, 2008

RE: H.B. No. 2573
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2573 entitled:

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

begs leave to report as follows:

The purpose of this bill is to ensure that employees receive appropriate medical care and services for their injuries by increasing the limitation on charges for medical care for injured employees from 110 percent to 120 percent of the Medicare Resource Based Relative Value Scale System.

The Department of Commerce and Consumer Affairs, Department of Labor and Industrial Relations, Hawaii State Chiropractic Association, ILWU Local 142, Hawaii Medical Association, and Healthcare Association of Hawaii testified in support of this measure. The Hawaii Chapter-American Physical Therapy Association supported the intent of the bill. The Hawaii Insurers Council opposed this measure. The American Insurance Association and Hawaii Employers' Mutual Insurance Company, Inc., commented on this measure.

Treatment of injured employees through the workers' compensation system is meant to return these employees to the workforce as soon as possible while protecting their long term health and well-being. However, complaints of insufficient payments for these types of cases have surfaced for a number of years. One of the biggest complaints regarding inadequate

HB2573 HD1 HSCR LAB HMS 2008-1558



reimbursement for workers' compensation cases has been the statutory limitation on payments that is tied to the Medicare fee schedule. In fact, the inadequacy of workers' compensation payments made to health care providers under the current system has been documented in a report conducted by the Legislative Reference Bureau in 1998 that concluded that the limitation of 110 percent of the Medicare fee schedule for workers' compensation cases was insufficient and recommended increasing the fee schedule to at least 125 percent of the Medicare fee schedule. Your Committee finds that the failure of reimbursements to keep up with increased health care costs and costs of living have resulted in numerous medical professionals choosing not to accept workers' compensation cases. This, in turn, has resulted in fewer treatment options for injured workers.

Your Committee has amended this bill by changing:

- (1) The limitation on workers' compensation cases from 120 percent of the Medicare fee schedule to a blank percent; and
- (2) The effective date to July 1, 2059, to encourage further discussion.

Technical, nonsubstantive amendments have also been made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2573, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2573, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

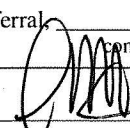


ALEX M. SONSON, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2573	Committee Referral: LAB, CPC, FIN	Date: 01/29/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	X			
2. NAKASONE, Bob (VC)				X
3. EVANS, Cindy		X		
4. HAR, Sharon E.	X			
5. LEE, Marilyn B.	X			
6. LUKE, Sylvia	X			
7. McKELVEY, Angus L.K.	X			
8. NISHIMOTO, Scott Y.	X			
9. SOUKI, Joseph M.				X
10. TAKAMINE, Dwight Y.	X			
11. TAKUMI, Roy M.	X			
12. MEYER, Colleen Rose	X			
13. PINE, Kimberly Marcos	X			
TOTAL (13)	10	1		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				