
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION.

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

1 SECTION 1. The Office of the Auditor shall conduct a study
2 relating to the workers' compensation system in the State that
3 includes:

4 (1) An evaluation of the sufficiency of current rates in
5 providing access to physicians in the State who are
6 willing to treat workers' compensation patients,
7 including:

8 (A) A comparison of the average rates on Oahu and the
9 neighbor islands;

10 (B) The number of physicians who treat workers'
11 compensation patients on Oahu and the neighbor
12 islands; and

13 (C) Additional costs, if any, that physicians who
14 treat workers' compensation patients incur in
15 terms of filing claims, record keeping,
16 reporting, and compliance requirements;

17 (2) The fiscal impacts of increasing the fee schedule from
18 one hundred ten per cent to one hundred thirty per



- 1 cent of the medicare resource based relative value
- 2 scale applicable to Hawaii, including:
 - 3 (A) The effect of the fee increase on access to
 - 4 medical services;
 - 5 (B) The effect of the fee increase on services and
 - 6 providers on Oahu; and
 - 7 (C) The effect of the fee increase on services and
 - 8 providers on the neighbor islands;
- 9 (3) A comparison of state-federal rate schedules,
- 10 including:
 - 11 (A) Data collection on current prevalent charges used
 - 12 by various divisions;
 - 13 (B) A ranked listing of the codes billed in workers'
 - 14 compensation cases; and
 - 15 (C) A comparison of codes and fees in the State's fee
 - 16 schedule and the federal fee schedule used for
 - 17 the State, including:
 - 18 (i) The percentage of codes that overlap between
 - 19 the state and federal schedules;
 - 20 (ii) A comparison of the reimbursement rates for
 - 21 codes shared in both schedules;



- 1 (iii) A comparison of the reimbursement rates for
- 2 codes not shared;
- 3 (iv) A percentage of the codes in the federal
- 4 schedule and on what basis they are being
- 5 charged; and
- 6 (v) An inquiry into claims that codes not
- 7 appearing in the United States Office of
- 8 Workers' Compensation Programs' fee schedule
- 9 are paid as billed and the basis on which
- 10 these codes are being charged;
- 11 (4) A statistical assessment of independent medical
- 12 examinations conducted in the State, including the:
- 13 (A) Prevalence of independent medical examinations,
- 14 including how often they are requested;
- 15 (B) Number of independent medical examinations that
- 16 are found in favor of the employer, by number and
- 17 percentage;
- 18 (C) Number of independent medical examinations that
- 19 are found in favor of the employee, by number and
- 20 percentage;
- 21 (D) Trends or differences between Oahu and the
- 22 neighbor islands;



1 (E) Number of physicians who currently perform
2 independent medical examinations on Oahu and the
3 neighbor islands; and

4 (F) Average wait time to have an independent medical
5 examination scheduled and completed on Oahu and
6 the neighbor islands; and

7 (5) A review of agreed-upon independent medical
8 examinations under Hawaii's no-fault system,
9 including:

10 (A) An evaluation of the cost-benefits, levels of
11 abuses, and impacts on claims that have resulted
12 from the use of "agreed-upon independent medical
13 examinations" in the State's no-fault system,
14 including:

15 (i) Whether costs under the no-fault system have
16 stabilized since the last round of
17 substantive changes to the system in the
18 mid-1980s; and

19 (ii) Other positive outcomes that have been
20 achieved;

21 (B) A comparison of the results achieved under the
22 no-fault system with the benefits being sought



1 through modifications to the State's workers'
2 compensation system; and

3 (6) A determination of patterns of abuse, if any, among
4 the following:

5 (A) Insurers: Relating to denying claims;
6 restricting treatment options; and funneling
7 workers to particular physicians and care
8 providers;

9 (B) Employers: Relating to providing insufficient or
10 no coverage; failing to provide workers with
11 workers' compensation information and rights; and
12 denial of claims;

13 (C) Injured workers: Relating to submitting false
14 claims; and preexisting conditions; and

15 (D) Physicians: Relating to findings by physicians
16 that appear to be more often favorable to the
17 employer or employee; appropriateness of
18 treatment provided; and possible over-reliance on
19 prescribing narcotics.

20 SECTION 2. The auditor shall submit a report of its
21 findings and recommendations, including any proposed



1 legislation, to the legislature not later than twenty days prior
2 to the convening of the regular session of 2013.

3 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Workers' Compensation;

Description:

Requests the auditor to conduct a study on various aspects of the workers' compensation system in the State, including the sufficiency of current rates to provide access to the State's physicians that are willing to serve workers' compensation patients and fiscal impacts of increasing fee schedules. (SD2)

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