SENATE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A STUDY TO ASSESS THE IMPACT OF MEDICAL BILL REVIEW COSTS ON THE STATE'S WORKERS' COMPENSATION SYSTEM.

WHEREAS, although workers' compensation premiums in Hawaii have dropped significantly since the reforms in the mid-1990s, it is important to understand the impact of medical bill review costs, which include pharmacy benefit manager and third party administrator costs, on the State's workers' compensation system; and

WHEREAS, much effort has been devoted to studying the impact of many other costs involved in the State's workers' compensation system, little has been done to review the impact of medical bill review costs; and

WHEREAS, spending too much money on medical bill review costs ultimately takes money away from injured workers; and

WHEREAS, claims administrators should be transparent with their medical bill review fees and should disclose any fees charged to the claim file for their medical bill audit process; and

WHEREAS, medical bill review service fees are typically charged outside of the contracted fixed claim administration fees, and, according to a July 2015 article by the Risk Advisory Practice of Wells Fargo Insurance, the fees may represent up to fifty percent of the total per claim handling fees, depending on the pricing structure that the claim service provider uses; and

WHEREAS, unfortunately, because medical bill review fees are applied as allocated expenses against the claim files, they are often not considered when comparing total provider service costs; and
WHEREAS, the manner in which the claim service provider structures these fees can result in a considerable fee differential and cost to the State; and

WHEREAS, it is crucial that the State understand the fine print of the various fee structures and the implications on their total medical bill review costs; and

WHEREAS, studying the pricing of medical bill review will help control the cost of the State's workers' compensation system; and

WHEREAS, it is important that the State look at ways to prevent medical bill review costs from becoming an unreasonable cost driver of health care in workers' compensation claims, while ensuring the same standard of service and care intended for injured employees under the workers' compensation law; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-ninth Legislature of the State of Hawaii, Regular Session of 2017, the House of Representatives concurring, that the Auditor is requested to study and assess the impact of medical bill review costs on the State's workers' compensation system; and

BE IT FURTHER RESOLVED that the Auditor complete the study by November 30, 2017, and submit the study and its findings to the Legislature no later than twenty days prior to the convening of the regular session of 2018; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Auditor, Director of Labor and Industrial Relations, and Director of Human Resources Development.
S.C.R. NO. 128

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