

Please Oppose or remove auto insurance from HB 1974, HD 2, Workers' Compensation Medical Fee Schedule

What the proposed legislation would do: HB 1974, HD 2, would accomplish two things:

- 1) It would *require* the Director to update the medical fee schedule *annually*, whether a revision is needed or not; and
- 2) HB 1974, HD 2, would require that the maximum allowable fee ceiling be *higher than 110%* of fees prescribed in the Medicare Resource Based Relative Value Scale.

Why the proposed legislation would be detrimental to the current WC system and would adversely impact auto insurance:

- 1) **The proposed legislation will create needless administrative work for the Director and increase the political pressure on the Department to continually increase the medical fee schedule ceiling** - Current law already allows for an annual update of the fee schedule if one is needed, so mandating an annual medical fee schedule update is unnecessary. Additionally, the proposed legislation will subject the Department to special-interest group political pressures each and every year to increase the medical fee schedule to address their particular financial interests
- 2) **The bill would create a mandated WC medical fee schedule review process, that is inconsistent with the very purpose of fee schedules, i.e. to act as a reasonable cost-containment measure** - HB 1974, HD 2, requires that the maximum allowable fee ceiling be *higher than 110%* of fees prescribed in the Medicare Resource Based Relative Value Scale. Since the bill does not restrict or cap the Director's annual rate increase to the medical fee schedule, there is no cost-containment mechanism in place to keep medical costs from adversely impacting WC insurance rates and auto insurance rates, which rely upon the WC medical fee schedule.
- 3) **HB 1974, HD 2, could hinder WC insurers and auto insurers in their ability to provide their insurance consumers with fair and accurate risk-based insurance rates.** Insurers need a reasonably degree of predictability in medical costs in order to thoroughly and comprehensively underwrite insurance risks and calculate insurance rates. The proposed legislation requires annual review of the medical fee schedule, which could result in unanticipated annual increases in medical costs for insurer, whereas the current law only requires review of the medical fee schedule every three years, unless an annual review is needed.

Please "Vote No" on HB 1974, HD 2, because it could adversely impact WC insurance rates for employers/injured workers and auto insurance rates for motorists. In the alternative, please amend HB 1974, HD 2, to expressly exclude any annual increase to the WC medical fee schedule from applying to auto insurance.