

Hawaii State Legislature
House Committee on Labor and Public Employment
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

February 5, 2017

Filed via electronic testimony submission system

RE: HB 808, WC: United States Department of Labor Office Workers' Compensation Programs Fee Schedule - NAMIC's Written Testimony OF CONCERN

Dear Representative Aaron Ling Johanson, Chair; Representative Daniel Holt, Vice-Chair; and honorable committee members:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the February 7, 2017, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation. NAMIC's written comments need not be read into the record, so long as they are referenced as a formal submission and are provided to the committee for consideration.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 84 members who write property/casualty/workers' compensation in the State of Hawaii, which represents 28% of the insurance marketplace.

Unfortunately, NAMIC does not have specific information, at this time, as to what would be the likely cost-driver implication of the proposed legislation on workers' compensation insurance for employers in the State of Hawaii. However, at a visceral level, NAMIC is concerned that the proposed fee schedule could have meaningful cost implications that the state legislature should consider as part of the legislative analysis of the bill.

Additionally, NAMIC has some concerns about the statement in Section 1 of the bill that "few providers accept workers' compensation patients due to burdensome documentation and

reporting, slow approval and payment processing, and inadequate fee reimbursements.”
[Emphasis added]

Although NAMIC appreciates that some may feel like this is the case, we question the statistical support for these unfounded contentions. Workers’ compensation insurance documentation requirements, claims processing and payment timelines, and fee reimbursements are set forth in statute and have been interpreted by case law, with direct and thorough state agency regulatory oversight, so NAMIC questions the validity of the contention that there is problem and/or that the proposed use of United States Department of Labor Office Workers’ Compensation Programs Fee Schedule would have any positive impact upon the administrative aspects of the workers’ compensation system.

NAMIC also has concerns about the prudence of adopting the Office Workers’ Compensation Programs (OWCP) fee schedule as prepared by the United States Department of Labor.

Specifically, NAMIC respectfully requests that the following questions be expressly considered:

- 1) What evidence is there that adoption of this federal government fee schedule is reasonable and necessary to address the medical access needs of injured workers in Hawaii?
- 2) Has there been a detailed analysis of the underlying medical services pricing rationale that is the methodological basis for the OWCP fee schedule?
- 3) How many other states have adopted the OWCP fee schedule and what have been the price implications for workers’ compensation insurance in those states since adoption of the federal fee schedule?

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.
Respectfully,



Christian John Rataj, Esq.
NAMIC Senior Director – State Affairs, Western Region