

Statement of The Hospital & Healthsystem Association of Pennsylvania

Before the House Labor & Industry Committee

Presented by

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Chairman Gingrich, Chairman Galloway, members of the House Labor & Industry Committee, I am Scott Bishop, senior vice president, legislative advocacy for The Hospital & Healthsystem Association of Pennsylvania (HAP). HAP represents and advocates for nearly 240 acute and specialty care hospitals and health systems across the state and the patients they serve.

I appreciate the opportunity to present why hospitals and health systems across the commonwealth support House Bill 1800 (Mackenzie, R-Lower Macungie Twp.) with the amendments that will be discussed below. The hospital community supports the concepts found in Rep. Mackenzie's legislation because they seek to address workers' compensation costs for employers as well as ensure that injured workers have access to appropriate care. The bill will improve the process and standards used to determine treatments provided as a result of a workers' compensation claim.

While Pennsylvania hospitals are a critical component of the commonwealth's health care delivery system, they also continue to be leading economic contributors and major employers. In fact, in 55 of the 67 Pennsylvania counties, hospitals are among the top five employers. And, according to the most recent data, hospitals' contributions to the state's economy increased by \$7 billion—from \$104 billion during 2013 to \$111 billion during 2014.

During that same period, Pennsylvania hospitals supported nearly 591,000 total jobs, directly and indirectly. A closer look reveals that during 2014:

- Hospitals directly employed 271,000 individuals, with a payroll of \$14.7 billion and a direct economic impact of \$48 billion.
- The business and household spending of hospitals and their employees creates a ripple effect that supports an additional 319,000 jobs and \$13 billion in salaries and wages.

These are family-sustaining jobs with every dollar directly spent by hospitals resulting in an additional \$1.30 spent in other parts of the economy through spin-off investments, resource utilization, and purchasing power. Clearly, health care stays in the local economy and it has a high multiplier effect. In addition, hospitals have long-supported the development of the state's workforce, leading initiatives that include career mentoring, college scholarships, career ladders, and school-based and higher education partnerships.

House Bill 1800 is intended to lower workers' compensation costs by ensuring a fair and more consistent process for resolving disputes related to treatments resulting from a workers' compensation claim.

House Bill 1800 would also ensure that all workers' compensation treatments are consistent with or recommended by evidence-based medical treatment guidelines chosen from nationally recognized treatment guidelines appropriate for ensuring access to appropriate care and for resolving issues relating to treatment for work-related injuries. The legislation would allow for modifications to the guidelines when deemed necessary by a broad-based panel of medical providers.

In addition, the legislation gives injured workers the opportunity to challenge an employer's determination of reasonableness or necessity of treatment for an injury, by filing a request for utilization review with a utilization review organization approved by the Department of Labor and Industry. The utilization review organization would be made up of impartial health care providers to review proposed treatments in cases where there is a dispute raised about the reasonableness or necessity of the treatment. Further, the purpose of the utilization review would be to determine if the treatment is consistent with or recommended by the treatment guidelines supported by the department.

Hospitals also recognize the value that additional peer review of cases considered under the workers' compensation law can bring to the process.

Before concluding, there are two issues that hospitals are asking the General Assembly to consider as amendments to House Bill 1800 as it moves forward in the legislative process:

- Given the significant role hospitals play in the commonwealth's health care system, HAP is asking that hospitals be given the opportunity to make recommendations about which evidence-based medical treatment guidelines the department should adopt, as well as any modifications to them.
- The General Assembly should consider how the processes and guidelines created by House Bill 1800 might also provide an opportunity to incorporate greater use of telemedicine into the care and treatment of injured workers. Hospitals stand ready to help legislators on this front.

In conclusion, HAP and the Pennsylvania hospital and health system community thank Representative Mackenzie for introducing House Bill 1800 as a way to improve the workers' compensation program and help reduce costs. The bill seeks to establish more consistent, evidence-based treatment protocols, while at the same time ensuring a fair process for resolving any disputes that arise in the care of an injured worker. Lastly, it provides an extra level of protection for both employers and employees by allowing for optional peer review in difficult cases.

Thank you again for the opportunity to appear before you today. I would be happy to answer any questions you may have.

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