



Workers' Compensation Committee of Alaska

PO BOX 200361 ANCHORAGE, ALASKA 99520

January 20, 2011

The Honorable Kurt Olson
State Capitol, Room 24A
Juneau, AK 99801-1182

RE: HB 12

Dear Representative Olson:

I am writing on behalf of the Workers' Compensation Committee of Alaska to share our concerns about HB 12 ("An Act establishing the Workers' Compensation Advisory Board..."). The Workers' Compensation Committee of Alaska (WCCA) is an employer education and advocacy group working since the 1980's as a voice for Alaskan employers in the workers' compensation system. Its membership includes public and private employers both large and small.

HB 12 would establish an advisory board consisting of employee, employer, medical care providers, insurance companies, the commissioner of labor and two legislatures which is charged with advising the Department of Labor on all matters pertaining to the application, revision, and operation of the Alaska Workers' Compensation Act. It appears this legislation evolved from the recommendations of the Medical Services Review Committee (MSRC) issued in November 2009. According to the MSRC report, this statutory advisory board would replace the informal ad hoc process by which labor and management have negotiated Alaska workers' compensation reforms over the past 25 years. The legislation proposes that the board would consist of representatives from organized labor, employers, medical care providers, insurers, the department, and the legislature. Under the bill language, labor, employer, and medical provider representatives would have voting rights at board meetings.

Medical providers, just as insurance companies, have a financial stake in the workers' compensation process and should not be voting members. This is particularly true because the workers' compensation act and Board regulations not only cover medical benefits but also other indemnity benefits which do not directly impact medical providers. The WCCA believes that only the parties to the employment contract—employees and employers—should be voting members of the advisory board. Employees and employers have the ultimate interest in establishing a fair and equitable workers' compensation benefit structure.

For this reason, WCCA also recommends that potential employer-members be selected by an established business organization such as the Alaska State Chamber of Commerce or WCCA to ensure that members have the necessary background and expertise in workers' compensation.

Historically, labor and management selected their own representatives in the ad hoc process. This minimized political agendas, and the stakeholders selected those they thought best represented their interests. WCCA opposes the current recommendations in HB 12 as outlined in AS 23.30.275((b) and recommends that the proposed statute be amended to require the commissioner to look to organized labor and employer organizations such as WCCA or State Chamber of Commerce for their appointments of their respective representatives as outlined in (a)(1)-(a)-(2).

Further, we have concerns that the Advisory committee is being charged with making recommendations and evaluations of all aspects of workers' compensation and is therefore too broad-reaching. It is unreasonable to incorporate the duties of the MSRC into a new committee that is also charged with making recommendations on regulations and all other areas of worker's compensation law.

The Workers' Compensation Committee of Alaska believes the appointment of experienced members is essential to the success of a group such as the proposed board, and respectfully requests your consideration of the amendments we've outlined above.

Sincerely,


Dennis Mellinger
President