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April 11, 2018

Senator Anna MacKinnon, Co-Chair
Senator Lyman Hoffman, Co-Chair
Senate Finance Committee
State Capitol, Room 532
Juneau, Alaska 99801-1182

Re: Support changes to HB79 – Omnibus Workers Compensation bill

Dear Senators MacKinnon & Hoffman.

I am a small business owner, and a commercial insurance broker (for 30 years), and I support improving the Workers Compensation system in Alaska. Alaska has consistently had some of the highest (often THE highest) Workers Compensation costs of any state. This is harmful to the business environment in Alaska, and the problems in the system do little to benefit the injured workers. Reducing costs in the system, improving the care injured workers receive, and making dispute resolution simpler and more efficient, should be the primary goals of any reform to our Workers Compensation laws.

I support passage of HB 79, but with some important changes as follows:

1. Delete sections 9 and 35. Insurance companies do premium audits. Further, the National Council on Compensation Insurance does audits on insurance companies and employers to ensure that the classification rules are adhered to. Having government get involved in this area, with the end game of assessing more fines on employees, is unnecessary and creates a more hostile business environment.
2. Delete section 11. More penalties and more red tape = more hostile business environment.
3. Delete section 13. MORE fines? This system already works pretty well, with insurance companies making the filings. Government does not need to be punitive unless there is an egregious problem to solve!

4. Delete section 19. Eliminating a time period in which a hearing can be requested is going in the wrong direction. For the sake of every party, we should seek quicker, not more protracted, outcomes for injured workers.
5. Delete section 23. Adding surcharges to the system is not going to reduce costs.
6. Add a cap on attorney fees. Without this, there is incentive for attorney's to, often needlessly, interject themselves into the claims resolution process, and drag out the process. This adds significant costs, and slows down claims resolutions, with the primary benefit going to the attorney's wallet, not the injured worker. I've seen this time and time again with my clients. This is a big problem.
7. Adopt evidence-based guidelines and utilization review. These seem self-explanatory.

Fixing some of these issues in the Workers Compensation system is a critical part of improving the business climate in Alaska. Our state is in very tough fiscal times right now. We need to attract more employers and more investment to Alaska. We have enormous opportunities in this area, but we have to get out of our own way. More fines, more government duplication and strong-arming, is just putting up more barriers to our own success and prosperity.

Thank you for considering these suggestions.

Sincerely,

SHATTUCK & GRUMMETT INSURANCE



Rick Shattuck, C.I.C.
Chairman