



## ASSOCIATED GENERAL CONTRACTORS of ALASKA

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April 9, 2018

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

Re: House Bill 79 – Omnibus Workers’ Compensation

Dear Senators MacKinnon & Hoffman,

The Associated General Contractors of Alaska (AGC) is a construction trade association representing over 640 contractors, specialty contractors, suppliers and manufacturers in Alaska. Within our membership is much of Alaska’s industrial and commercial construction industry. On behalf of the AGC of Alaska, we offer the following comments on HB 79.

We appreciate many of the provisions in HB 79, including those that speed up dispute resolution, improve the delivery of medical care to injured workers, reduce the states administrative costs and the new definition of Independent Contractor. We have concerns over some other portions of House Bill 79.

These include:

Sections 9 & 35 – The Department of Labor should not be in the business of doing Premium Audits. This is the insurance carrier’s responsibility. We agree that intentional misclassifications should be penalized, but most are inadvertent and should not be penalized. The insurance carrier audits find and correct these. This is not a reduction in administrative costs but is duplicative.

Section 13 - The responsibility to notify the state is the employers, but in practice, the insurance carrier does this. It presently works very well.

Section 19 – The provision deletes the statute of limitations on claims and should be deleted.

We would like to see some provisions from Senate Bill 112 added to House Bill 79 that would strengthen it and include reform to the workers' compensation system that will benefit both the injured worker and the employer.

These additions to HB 79 from SB 112 should include:

A cap on attorney fees - With no cap there is less incentive to settle. The Attorney fees come out of any settlement. With no cap on fees, it reduces the amount available from a settlement to go the injured worker.

Evidence Based Medical Guidelines – Direct the Medical Services Review Committee to adopt guidelines that they feel would work best in Alaska. This goes hand in hand with Utilization Review to make sure the care being provided is the best for the injured worker. This would also allow the repeal of the Second Independent Medical Exam.

House Bill 79 is an improvement over current law in many areas but needs some accommodations for the employers. In the current version, there are costs to employers, both direct and administrative. In a robust economy, employers might agree to these increases. As you are aware, the economy is not so robust.

There are several bills this session that directly impact Alaska's employers. Bills for changes to title 23 alone include increases in unemployment benefits and death and permanent partial impairment benefits all with some merit, but all with a cost to the employer. Including some of the provisions mentioned above that were in SB 112 would help lessen some of this.

Sincerely,

A handwritten signature in blue ink, appearing to read "John MacKinnon".

John MacKinnon  
Executive Director,  
Associated General Contractors of Alaska