From: Jack Grieco <jgrieco@risqconsulting.com>
Sent: Monday, April 23, 2018 1:49 PM
To: senator.Lymon.Hoffman@akleg.gov; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Cc: Juli Lucky <Juli.Lucky@akleg.gov>; Sen. Cathy Giessel <Sen.Cathy.Giessel@akleg.gov>
Subject: HB79

Dear Senators,

There appears to be some confusion over the bills being discussed. A key member of our company points out the following:

"I'm concerned with WCCA's analysis of HB 79 in the attached letter. It appears WCCA did not review the bill carefully or fully understand its content. Below are some of my comments.

It was never the intent of the administration that this bill was to be a comprehensive reform bill. It has, since its inception in February 2017, been referred to the division's "Efficiency Bill" improving on the policies and procedures the division has in order to carry out more efficiently the work comp statutes. The bill does not address any substantive changes to benefit levels or increases to system costs.

Section 9 and 35 does not refer to the Division conducting payroll audits that are being completed by insurance companies. The context of these two sections are clearly referring to investigations of the fraud unit in uninsured employer cases and it allows the division to determine the payroll the uninsured employer incurred during the time so as to determine what the premium that employer should have paid during the time they did not have comp. Since 2005, the statute tasks the board to assess a civil fine of up to $1,000 per day per employee during the uninsured period. This has produced arbitrary board decisions and astronomical fines that are unfair and often unrealistic fines for uninsured employers to pay. This bill will allow for the board can assess a penalty to deter such negative behavior by unscrupulous employers and assess a penalty up to three times the premium they would have paid during the time of lapse in coverage. Currently, the division has no way to access this information unless the uninsured employer volunteers it.

Incidentally, when the bill refers to misclassification, it is not referring to a misclassification between codes that insurance companies pick up at audit. It is clear the misclassification the bill is referring to is misclassifying employees into independent contractors. This practice by some unscrupulous employers often leads to uninsured injured employees and is unfair to the law abiding employers that compete against them. I would hope an organization whose mission is to advocate on behalf of employers would welcome the efforts for the State of Alaska to try to alleviate this practice and level the playing field for all employers.

Section 11 allows to properly investigate employer fraud and gives the necessary power and incentive to move cases along and gather the necessary information to bring employer fraud to hearing. Currently, unscrupulous employers play the system and cause unnecessary delays and this practice needs to stop.

Section 13 is necessary as it is the practice of insurance companies to prioritize filing notice to those states that do impose late fees and fines. According to the division, Alaska currently doesn't have a law in statute so Alaska polices are routinely a lower priority for companies to file. This causes waste in investigation costs as the fraud team begins investigating only to find out later that the company was insured all along. All filing is electronic now with the state so there are no notices getting lost in the mail.

Section 19 does not change the statute of limitations. Nowhere in the bill does it mention the statute of limitations. This section will allow for a hearing to be scheduled early on (within 30 days) in the life of the claim, much like every other judicial mater in this State and most, if not all, others. This does do away with the

inefficient practice currently that a party must request a hearing within 2 years after a claim is filed. This has proven to lengthen the litigation process and is not an efficient practice.

I question whether doing away with the 7 day grace period in Section 23 would significantly result in controversions which must have medical evidence to support one or overpayments of compensation.

In addition, this bill does a tremendous amount of good for employers. It does away with the antiquated second injury fund that has been made obsolete for many years with the Americans with Disabilities Act. It allows for faster and efficient electronic payment of benefits (instead of paper checks). It makes all executive officers of a corporation that own 10% or more of stock exempt along with members of LLC's. It is designed to make the entire system more efficient with is a benefit to everyone involved.

I'm supportive of further system cost reform such as treatment guidelines, cost utilizations and reforming and overhauling the current Vocational Rehabilitation benefits and department but this bill was not designed to tackle those issues.

I urge RISQ Consulting and other employers to contact the Co-Chairs, Senators MacKinnon and Hoffman at the Senate Finance Committee and voice support for HB 79. Feel free to utilize any of my comments or I'd be happy to discuss these issues with you and assist where I can."

Thank you,
Jack Grieco

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