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FEB 19 2010

To: Mr. Kurt Olson

From: Attorneys in Workers Compensation
Defense

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Phone:

Date: 2/19/2010

Subject: Re: HB 346

Comments:

February 19, 2010

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

RE: HB 346

Dear Representative Olson:

We are attorneys who represent employers in workers' compensation defense. We are writing to share our concerns about HB 346 ("An Act establishing the Workers' Compensation Advisory Board...").

HB 346 would establish an advisory board consisting of the major stakeholders in the workers' compensation process, 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, the labor, employer, and medical provider representatives would have voting rights at board meetings.

We believe that medical providers should not have voting rights and the voting members of the advisory board should represent only the parties to the employment contract--employees and employers. Employees and employers have the ultimate interest in establishing a fair and equitable workers' compensation benefit structure. While the input of medical providers is important to the process, medical providers do not have the knowledge and necessary experience to vote on changes to the workers' compensation law dealing with nonmedical issues. For this reason, we strongly recommend 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. This is particularly concerning because often times Labor representatives are trained negotiators. If any person who simply owns a business or works in management of a business without any experience in negotiations or knowledge of workers' compensation law is appointed to sit on this committee, Alaska employers would be at a serious disadvantage.

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

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a new committee that is also charged with making recommendations on regulations and all other areas of workers' compensation law.

We also have concerns that only organized labor representatives are being considered to sit on this committee. Organized labor makes up only a small percentage of the workforce. Other aspects of the workforce should be considered and given a voice.

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. Appointment of these members by the Commissioner of Labor, who changes from administration to administration, only reintroduces the political agenda back into the process. WCCA opposes the current recommendations in HB 346 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).

We believe that appointment of members who are very knowledgeable in workers' compensation law and the effects of those laws are essential to the success of a group such as the proposed board, and respectfully request your consideration of the amendments we've outlined above.

Sincerely,

DAVISON & DAVISON, INC.

RUSSELL, WAGG, GABBERT &
BUDZINSKI, P.C.

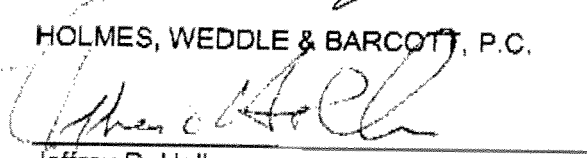

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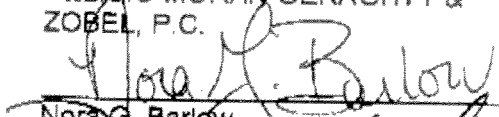
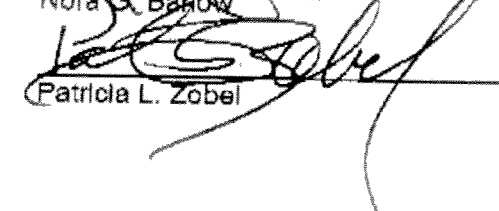
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