



Worker's Compensation Committee of Alaska

PO BOX 200361 ANCHORAGE, ALASKA 99520

April 5, 2011

The Honorable Cathy Giessel
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

RE: SB 116

Dear Senator Giessel:

The Workers' Compensation Committee of Alaska is a statewide advocacy group of employers which has been working for a fair, just, and affordable Workers' Compensation system in Alaska since 1988. The WCCA would like to respectfully register its opposition to Senate Bill 116.

Section 1. Mediation Alaska employers and injured workers have already been using mediation for a number of years as one of many tools for resolving disputed workers' compensation claims. This bill would place limits on mediation, allow only state employees of the Workers' Compensation Division to serve as mediators, and give the state mediator the exclusive power to determine whether or not mediation was successful. The WCCA believes these limitations would not serve either employees or employers well.

Section 2. Collective bargaining agreements Several other states currently offer employers and employees a statutory right to collectively bargain for work injury claims to be handled outside the traditional workers' compensation system. The success of this method in other jurisdictions is predicated on both management and labor giving up certain rights under the traditional system, in order to gain economies of time and cost. The primary benefit to the employer under most of these systems is the ability to choose exclusive medical providers for work injuries, and to negotiate the fees of those providers. The primary benefit to the employee is streamlined mediation or arbitration of disputes, resulting in faster delivery of benefits.

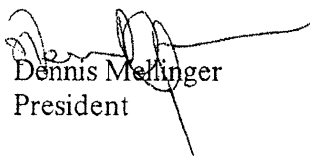
Under SB 116 as proposed, an employer and union may agree upon exclusive medical providers and negotiate the providers' fees. While this may sound like a potential cost savings for employers, anyone with group medical coverage in Alaska can tell you that negotiating medical fees for specialty providers, especially orthopedic surgeons, is not a reality in this state. In 2005, the legislature gave employers the right to establish voluntary preferred provider lists and negotiate provider fees for work injuries. This has

proved almost impossible to actually implement in a relatively small medical community which feels no economic need to accept less than the very generous fees allowed under Alaska workers' compensation.

The arbitration and mediation provisions of SB 116 would remove an employer's right to independent medical evaluations and disallow any medical opinion other than the employee's physician. The bill is being touted as a way to control medical costs. Nothing could be further from the truth. Backers of this bill have admitted that the only medical costs being reduced under the bill are those associated with the employer's right to an independent medical examination and the Alaska Workers' Compensation Board's right to a Second Independent Medical Evaluation—both are disallowed under this system.

The Workers' Compensation Committee of Alaska believes the potential benefits of this bill for both employers and employees are very few, when weighed against the due process protections that would be lost.

Sincerely,



Dennis Mellinger
President