



Alaska Timber Insurance Exchange

2417 Tongass Avenue, Suite 214
Ketchikan, Alaska 99901
FAX (907) 225-9454
(907) 225-9451

January 28, 2014

The Honorable Kurt Olson
House of Representative
State Capitol Room 24
Juneau, AK 99801-1182

Dear Representative Olson:

The Alaska Timber Insurance Exchange (ATIE) supports enactment of House Bill 141 (HB 141). It is believed that HB 141 will help lower workers' compensation insurance costs for Alaskan employers by reducing workers' compensation medical costs when medical treatment or services are provided outside of Alaska. The bill would specify that the fee or charge for medical treatments or services provided outside of Alaska could not exceed the fee or charge for a treatment or service set by the workers' compensation statute of the state where the service is rendered.

Exhibit 1, at the end of this document, illustrates the potential cost savings. The exhibit compares the maximum amount payable for several procedures using the Alaska Workers' Compensation Fee Schedule, adjusted downward for where the service takes place, and the maximum amount payable using the workers' compensation fee for the state where the treatment or service was performed.

Employers in Alaska are subject to some of the highest workers' compensation insurance rates in the United States. The most current Oregon Workers' Compensation Premium Ranking released in October 2012 by the State of Oregon Department of Consumer and Business Services reports that Alaska has the highest workers' compensation premium rates in the United States. This report was based upon premium rates in effect during 2012.

Per the National Council on Compensation Insurance, medical benefits make up 76% of the total benefit costs in Alaska. This compares to medical benefits making up 59% of total benefit costs on a countrywide basis.

Alaska Timber Insurance Exchange

Any reduction to amounts paid for workers' compensation medical treatment or services would be helpful in lowering workers' compensation costs for Alaskan employers.

ATIE is small workers' compensation insurance company that is owned by its policyholders. It functions similarly to a cooperative in that most profits generated are returned to its policyholders in the form of dividends.

For policy years 2008 to 2012, ATIE paid dividends equal to 26% of the premiums collected. Any reduction in workers' compensation medical costs for ATIE will directly benefit its employer owners.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Hinch", followed by a long horizontal line extending to the right.

Michael Hinch
General Manager

CC: Alaska Timber Insurance Exchange Board of Governors
Alaska Timber Insurance Exchange Policyholders

**Fee Schedule Comparison by Where Medical Treatment or Service Provided
Exhibit 1**

| CPT Code | Description | Seattle, Washington | | Portland, Oregon | | Boise, Idaho | |
|----------|---|------------------------|----------------------------|------------------------|------------------------|------------------------|-----------------------|
| | | Alaska WC Fee Schedule | Washington WC Fee Schedule | Alaska WC Fee Schedule | Oregon WC Fee Schedule | Alaska WC Fee Schedule | Idaho WC Fee Schedule |
| 63042 | Laminotomy w/decompression, lumbar | \$ 9,567.19 | \$ 2,154.94 | \$ 9,041.52 | \$ 3,035.99 | \$ 8,737.80 | \$ 5,034.15 |
| 97110 | Physical Therapy, 1+ areas, 15 min | \$ 78.62 | \$ 53.68 | \$ 74.30 | \$ 53.38 | \$ 71.81 | \$ 44.10 |
| 29888 | Arthroscopic ligament repair | \$ 7,192.93 | \$ 1,648.03 | \$ 6,797.72 | \$ 2,305.25 | \$ 6,569.37 | \$ 3,242.20 |
| 29881 | Arthroscopy w/meniscectomy | \$ 4,224.42 | \$ 912.56 | \$ 3,992.31 | \$ 1,270.75 | \$ 3,858.20 | \$ 2,091.70 |
| 99283 | ER evaluation, moderate complexity | \$ 326.67 | \$ 97.95 | \$ 308.73 | \$ 116.97 | \$ 298.35 | \$ 121.10 |
| 63056 | Spinal cord/Nerve root decompression, lumbar | \$ 10,457.16 | \$ 2,446.58 | \$ 9,882.59 | \$ 3,452.78 | \$ 9,550.62 | \$ 5,732.10 |
| 22612 | Spinal fusion, lumbar | \$ 10,608.37 | \$ 2,635.84 | \$ 10,025.49 | \$ 3,713.36 | \$ 9,688.72 | \$ 6,166.80 |
| 99213 | Office visit, expanded, 15 mins | \$ 139.21 | \$ 121.75 | \$ 131.56 | \$ 141.56 | \$ 127.15 | \$ 142.80 |
| 63044 | Laminotomy w/decompression, add'l lumbar interspace | \$ 3,170.52 | \$ 1,076.36 | \$ 2,996.32 | N/A | \$ 2,895.67 | N/A |
| 20103 | Exploratory surgery, traumatic wound, extremity | \$ 2,290.20 | \$ 1,003.31 | \$ 2,164.37 | \$ 1,498.40 | \$ 2,091.66 | \$ 1,454.71 |