

# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair: Labor and Commerce
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- Member: Resources, Community & Regional Affairs,  
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Session: January – April  
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### HB 316 Sponsor Statement

For the past decade, Alaska has faced the highest workers compensation rates in the nation. The Alaska Workers' Compensation Board, the Legislature, and the Administration agree that effective reform is needed, and is crucial to Alaska's economic future.

In 2005, the Alaska Legislature passed HB 13, which established a workers' compensation fee schedule based on usual, customary and reasonable rates, set at the 90<sup>th</sup> percentile, with a geographic differential. This made incremental changes for the better, but it wasn't the sweeping reform that Alaska truly needed.

HB 316 proposes a solution to this challenge by introducing a new fee schedule with rational guidelines for setting rates. HB 316 changes the fee schedule from what physicians charge in a geographic area, to what it costs physicians to perform medical procedures. Thirty-two states currently use this model, which incorporates the relative value for services, including physician work, practice expenses, and professional liability insurance, adjusted by the corresponding geographic practice cost index.

At the request of the Alaska Workers' Compensation Advisory Board, HB 316 requires the board to annually review and adjust rates, and to establish a conversion factor for the schedule. By including a provision which sunsets the new schedule in 2019, this legislation provides a reasonable timeline for the board to enact reform, with a built-in safety net.

HB 316 introduces comprehensive reform of Alaska's workers' compensation fee schedule, in an effort to reduce exorbitant costs in both the public and private sectors.

I urge your support of this legislation.

A handwritten signature in black ink, appearing to read "Kurt Olson", followed by a long horizontal line.