



# Alaska Public Entity Insurance

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March 7, 2014

The Honorable Kurt Olson, Chair,  
House Labor & Commerce Committee  
Alaska State Capitol  
Juneau, AK 99801  
*Sent by email*

Re: Support for House Bill 316

Dear Chair Olson:

I am the CEO of Alaska Public Entity Insurance (APEI), one of the two joint insurance associations, or pools, in Alaska that provide workers' compensation, property, and liability coverage for Alaska's school districts and municipalities. I am writing in support of HB 316.

APEI did a study in October 2011, shortly after the current statute went into effect, comparing medical costs in our workers' compensation claims already paid for the preceding year with what would be paid under the new law. We found that medical costs for identical services were up approximately 46%. A similar study by the Division of Risk Management found the same 46% medical cost increase with respect to injured state workers. Since medical costs constitute over 70% of claim costs in Alaska, this 2011 change is having a serious impact on premium rates paid by all Alaska employers. APEI rates have been rising at a rate of 10% per year, even though claim frequency is down. Alaska currently pays the highest workers' compensation premiums in the country. High premiums are a drain on resources in both the public and private sectors.

APEI supports the 2009 recommendations of the Alaska Medical Services Review Committee, including use of the Relative Value Scale Method, for setting workers' compensation medical fees in Alaska.

Thank you for the opportunity to comment on HB 316.

Sincerely,

Jeffrey W. Bush, CEO