

Alaska State Medical Association

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March 12, 2014

Honorable Kurt Olson
Alaska House of Representatives
State Capitol Room 24
Juneau, AK 99801

RE: House Bill 316 Version N

Dear Representative Olson:

The Alaska State Medical Association (ASMA) represents physicians statewide and is primarily concerned with the health of all Alaskans.

The Alaska State Medical Association (ASMA) appreciates your past efforts and willingness to work with us and values our relationship with you. The medical community are Alaska businesses many of which are “small businesses” that employ thousands of people, contribute to the economy and also understand the cost of workers’ compensation from a business cost perspective. In short, we appreciate the cost impact of workers’ compensation insurance and are not opposed to looking for responsible ways to reduce the cost burden to businesses while protecting patient care.

Any effort to reform workers’ compensation must ensure patient access to care is protected. In Alaska, historically, the legislature has established the policy around medical fee reimbursement schedules for the workers’ compensation program. The legislative process allowed for robust open and public policy debate with established processes that ensured accountability and avenues for public participation. While the legislative process provides a robust process ASMA also recognizes that some other states do utilize executive branch processes for the establishment of fees schedules.

If the legislature desires to move the establishment of the reimbursement fee schedule from the legislative branch to the executive branch ASMA suggests the process be well defined to ensure the protections afforded to the public in the legislative process are captured in the executive process. ASMA suggests the following concepts be considered for establishing a fee reimbursement schedule:

Accountability

Any final decision for the adoption of the reimbursement fee schedule should be made at the commissioner level. This is a significant policy that impacts injured workers, health care providers and all businesses. When the legislature makes the policy decision the public has elected officials that can be directly held accountable for their decisions. The pressure that accountability adds to a public process is necessary to ensure the public process is meaningful. The workers’ compensation board is a quasi-independent board of eighteen members appointed by the Governor without consideration as to their knowledge or ability to set policy on medical fees. The workers’ compensation board is too far removed from public accountability to ensure the public process is

meaningful. ASMA believes that adding the additional complex task of establishing a medical reimbursement fee schedule to the workers' compensation board is inappropriate. If the process moves to the executive branch, ASMA believes that this accountability can be retained by having a commissioner or commissioners, as direct reports to the Governor, make the final decision. ASMA strongly opposes the Workers' Compensation Board having final decision authority.

Policy

ASMA believes that at a minimum the broad policy objectives that the reimbursement fee schedule is trying to accomplish should be established by the legislature. The current version of the bill instructs the workers' compensation board to establish a reimbursement fee schedule but does not provide any direction as to what the goal of the reimbursement schedule should be. What is the policy that the schedule is attempting to implement? That debate and decision should be legislative. ASMA believes that any fee schedule should be built around the policy of paying commercial rates. Although admittedly a somewhat broad concept we believe it is appropriate to establish the policy as one that sets reimbursement rates at a commercial fee rate, with the executive branch defining the policy, as opposed to adopting non-commercial, discounted or subsidized fee schedules that could impact an injured workers access to care.

Process

While the legislative process is robust in allowing the public to participate the regulatory process is deficient and closed. Department of Law advice to other departments on regulatory process dissuades public discussion or discourse once a regulatory package is released publically. In fact departments are often instructed to not answer questions or provide any additional information during public hearings except for pointing to the actual language in the proposed regulation. This leads to a frustrating and seemingly meaningless public process beyond submitting a written comment. Furthermore, once public hearings are held there is no requirement that the final regulations be similar to the proposed regulations.

ASMA supports the utilization of the Medical Services Review Committee as an advisory committee to mitigate the poor public process utilized by the regulatory process. By engaging stakeholders in public meetings and work sessions we believe that the use of this Committee and the regulatory scheme can provide adequate public input and process.

Additionally, while we believe the workers' compensation board should be removed from the decision process we think making two of the public seats on the Medical Services Review Committee Workers' Compensation Board seats could be a compromise.

ASMA is still analyzing potential impacts related to the provisions related to prescription drugs on page 4 lines 1 -7 and may provide additional information in the future.

Thank you and we look forward to working with you to make Alaska's Workers' Compensation better while protecting patient care and access.

Sincerely,

Jana Cole, MD
President – Alaska State Medical Association

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Michael J. Jensen

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January 2, 2014

State of Alaska Representative
Andy Josephson
733 W. 4th Ave.,
Anchorage, AK 99501

Dear Representative Josephson:

The Alaska Workers Compensation Board has proposed legislation for passage in 2014. This legislation may dramatically effect the ability of workers to obtain treatment. Please see attached copy.

My colleagues and I represent Alaska workers who have been injured and are entitled to medical care pursuant to the Alaska Workers' Compensation Act. We are concerned over the impact the Board's proposed legislation will have on the ability of workers to obtain quality medical care.

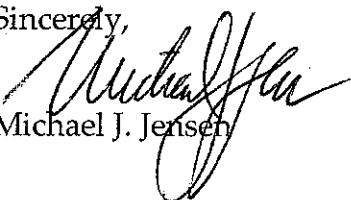
If this proposal is enacted the Board will set the amount doctors, therapist and hospitals will be paid by tying treatment costs to Medicare rates and setting the base rate amount. The Board will determine what medications can be provided to workers and set the prices pharmacies can charge for medications. Specific regulations will be enacted to address the prescription of opioids. It may set the prices for prosthetic devices such as artificial joints, spinal cord stimulators, TNS units, lumbar fixation devices such as screws and plates, artificial limbs and other devices. These costs will only be reimbursed at the manufacturer's invoice price plus a markup amount determined by the Board.

This legislation refers to medical costs being subject to reimbursement not direct payment to the provider. This reimbursement requirement, as well as, tying medical expenses to Medicare rates may shift the cost of medical care from the responsible employer or its insurer to Union health trusts, private insurance, some other form of government insurance such as ANHS, VA, Medicaid or Medicare, the uninsured worker or to be borne by the treating medical provider.

Pursuant to this proposed legislation the Board will be empowered to regulate all fees and charges for medical treatment. This in effect will take away the doctor's discretionary role in the treatment of his or her patient. The unintended effect may be that the Board can second guess the doctor's judgment and mandate the treatment it deems necessary, not the treatment deemed best. Medical care will be replaced by a government program in which treatment is determined not by physicians but by Board members appointed by the Governor.

I am sure the legislature will act thoughtfully when considering this proposed legislation. It should consult with injured workers, Union health trusts, other medical insurers and most importantly the medical community.

Sincerely,


Michael J. Jensen



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Labor + Commerce

Committee on H.B. 316 WC fees for medical treat. Dated 3-7-14
Committee Name
Bill / Subject

The proposal is broad reaching and may have serious ramifications. I urge the legislature to proceed with caution.

The proposed RBRVS based system has its foundation in the Medicare physician fee schedule, which is fundamentally flawed and broken system. It may or may not work in other states but is not a good fit for Alaska given our unique dynamics and challenges including cost of business and medical provider recruitment and retention.

As a business owner it is only thru focused management strategy & cost shifting that my clinic has been able to continue to see patients who's payers use an RBRVS system like Medicare. Workers compensation is a workers program and a safety net to insure workers stay employed or return to work quickly. If payment for medical services does not cover costs this safety net is compromised. Existing RBRVS schedules do not cover our costs.

This bill has a 5 year sunset. Five years of a Medicare type fee schedule could not be absorbed by my clinic and it would greatly affect my small business to serve patients in North Pole.

Given the potential unintended consequences and the negative ramifications this bill could have on small business healthcare providers and patients we serve. I strongly recommend not considering this bill or turning the legislation over to a study committee to fully investigate potential outcomes.

SIGNED: Juliana Ament

Testifier

NORTH POLE PHYSICAL THERAPY AND ALASKA CHAPTER AMERICAN PHYSICAL THERAPY ASSOC.
Representing

157 Lewis St. NP, AK 99705 (907) 488-4978

Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Labor & Commerce
 Committee on HB 316 Committee Name
 Dated 3/7/14
 Bill / Subject

My concern regarding HB 316 is implementation of a fee schedule based on Medicare & Medicaid centers. Currently my practice is able to accept all patients, but with current re-imbursement levels as Medicare / Medicaid, I will not be able to continue my private practice as such. We will have to limit this patient. As a small business owner I will not be able to maintain my practice with Medicare / Medicaid rates.

I, too, am an employer and understand the need for reform, but with the broad reaching proposal as such, my concern is my ability to keep my practice viable.

SIGNED: Ruth Carson
 Testifier

Equinox Physical Therapy APTA
 Representing

PO Box 84109 Fairbanks AK 99708 907-388-2788
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE Labor & Commerce
 Committee on HB 316 Committee Name
Dated 3-7-2014
 Bill / Subject

The proposed changes to workers compensation will diminish provider payments so significantly that it will no longer be feasible for physicians to see work comp patients in our community. To link payments to CMS RVBS (Medicare) would essentially eliminate most physicians from caring for these patients, especially since Congress is now considering a 26% reduction in these payments as of this year.

also, payments for prescription meds, often given at the physician offices, should remain based on AWP (Average wholesale price) NOT on Manufacturer's invoice price (A much lower figure), or we can no longer provide this service.

SIGNED: Richard H Cobden MD
 Testifier
Alaska Physicians, Alaska Orthopedic Society
 Representing
1405 Kellum St #101 Fairbanks AK 99701
 Address / Phone Number
907 374 4636



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the Labor & Commerce
 Committee on House Bill No 316 Committee Name
 Dated 3/7/14
Bill / Subject

We disagree with the House Bill No 316.
 As a Small Business this would hurt us
 as a small PT office with Medicare fees.

SIGNED: Deborah Marsch
 Testifier
Willow Physical Therapy
 Representing
1919 Lathrop St Ste 222 Fairbanks, AK 99701
 Address / Phone Number