

**RESOLUTION NUMBER 13-01**  
**RESOLUTION IN SUPPORT OF ADDRESSING SYSTEM COSTS**  
**UNDER THE ALASKA WORKERS' COMPENSATION ACT**

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WHEREAS, the Alaska Workers' Compensation Board (Board) is a public organization that is accountable through its members to the residents, the Legislature, and the Governor of Alaska;

WHEREAS, the Board acts as the lead state agency for adjudicating disputes under the Alaska Workers' Compensation Act, to ensure quick, efficient, and fair payments of benefits to injured workers at a reasonable cost to employers;

WHEREAS, Alaska's workers' compensation premium rates are the highest in the nation according to the October 2012 Oregon Workers' Compensation Premium Rate Ranking Summary;

WHEREAS, medical costs comprise \$.75 of each dollar spent on workers' compensation benefits;

WHEREAS, medical benefit costs have risen 25% over the last 5 years despite a 14.2% decline in the frequency of workers' compensation claims over the same period;

WHEREAS, research is clear that inappropriate opioid use is an epidemic damaging lives and driving up costs, as stated in the August 28, 2013 joint policy recommendations of the International Association of Industrial Accident Boards and Commissions, the American College of Occupational and Environmental Medicine; the National Association of Insurance Commissioners, the National Alliance for Model State Drug Laws, and the National Council of Insurance Legislators;

WHEREAS, rehabilitation and reemployment of injured workers costs employers \$12.9 million in CY2012, with fewer than 8% of eligible injured workers successfully completing retraining;

NOW THEREFORE BE IT RESOLVED that the Board respectfully requests that the Alaska State Legislature amend the Alaska Workers' Compensation Act to provide the following:

1. That all fees and charges for medical treatment be subject to regulation by the Board;
2. That the physician fee schedule be based on Centers for Medicare and Medicaid Services (CMS) resource based relative value scale (RBRVS) increased by a board specified conversion factor;
3. That the outpatient hospital/ambulatory surgical center fee schedule be based on CMS ambulatory payment classification increased by a board specified conversion factor;

4. That the inpatient hospital fee schedule be based on CMS Medicare severity diagnostic related group (MSDRG) increased by a board specified base rate;
5. That the Board evaluate board specified conversion factors and rates every two years;
6. That air ambulance services be reimbursed at a board specified rate;
7. That medical providers be required to bill payers within 180 days of date of service;
8. That medical providers must submit a claim for disputed payment within 60 days of the disputed payment;
9. That reimbursement for out-of-state services be the lower of the workers' compensation fee schedule in the jurisdiction where the service is provided or the workers' compensation fee schedule adopted in Alaska;
10. That durable medical equipment not included in a covered medical procedure be reimbursed at manufacturer's invoice plus a board specified markup.
11. That reimbursement for prescription drugs be based on manufacturer's invoice plus a board specified mark-up and dispensing fee;
12. That prescription drugs dispensed by a physician include the manufacturer's national drug code (NDC) assigned by the U.S. Food and Drug Administration, and are subject to the same prescription drug formulary as retail pharmacies; and
13. Authorize the Board to adopt regulations relating to the prescription of opioids.

BE IT FURTHER RESOLVED that the Board respectfully requests that the Alaska State Legislature amend the Alaska Workers' Compensation Act to authorize the department, in adopting or amending a regulation that incorporates a document or other material by reference, to incorporate future amended versions of a document or other material if it is one of the following:

1. *Current Procedural Terminology Codes*, produced by the American Medical Association;
2. *Healthcare Common Procedure Coding System*, produced by the American Medical Association;
3. *International Classification of Diseases*, published by the American Medical Association;
4. *Relative Value Guide*, produced by the American Society of Anesthesiologists;
5. *Diagnostic and Statistical Manual of Mental Disorders*, produced by the American Psychiatric Association;
6. *Current Dental Terminology*, published by the American Dental Association;
7. *Resource Based Relative Value Scale*, produced by CMS;
8. *Ambulatory Payment Classifications*, produced by CMS;
9. *Medicare Severity Diagnosis Related Groups (MSDRG)*, produced by CMS;
10. *National Correct Coding Initiative Edits* produced by CMS; or
11. Any other document or material the board incorporates by reference.

BE IT FURTHER RESOLVED that that the Board respectfully requests that the Alaska State Legislature amend the Alaska Workers' Compensation Act to provide the following:

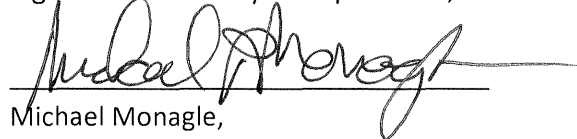
1. Transition from emphasis on retraining to emphasis on stay-at-work/return-to-work and on a voluntary basis, provide an initial consultation with the employer, the employee, and the employee's treating physician to determine the physical demands of the employer and the physical capacities of the employee to determine whether a stay-at-work/return-to-work plan can be implemented.
2. A repeal of the 90 day mandatory reemployment evaluation under AS 23.30.041, and return to evaluations on the request of either the employer or the employee.
3. Adopt the following:
  - a. Strengthen criteria by eliminating reemployment services by non-credentialed individuals and eliminating reemployment services being administered by firms not principally owned by credentialed individuals.
  - b. Authorize the Board to establish fees for reemployment specialist services.
  - c. Increase the benefit under .041(l) from \$13,300 to \$18,600, and adjust to cpi annually.
  - d. If found eligible, provide two choices
    - i. accept retraining with limit of 2 years and maximum benefit under .041(l), or
    - ii. accept a one-time cash payment of the maximum benefit under .041(l) plus 50%.
4. Increase evaluation time from 30 days to 60 days.
5. Provide statutory provision for RBA reconsideration with 30 days of decision.
6. Amend the statute to allow employers to controvert based on noncooperation & follow regular claim process.

BE IT FURTHER RESOLVED that copies of the Resolution be promptly transmitted to the Governor, the President of the Senate, the Speaker of the House, and the Chairman of the Senate and House Labor and Commerce Committees.

CERTIFICATION

The Alaska Workers' Compensation Board held a meeting duly and regularly called, noticed, and convened this 27<sup>th</sup> day of September, 2013, and the foregoing Resolution was adopted at said meeting.

Signed this 27<sup>th</sup> day of September, 2013

  
Michael Monagle,

Chair

  
Stacy Allen,

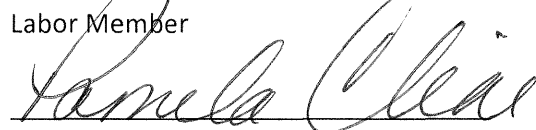
Labor Member

  
Brad S. Austin,

Labor Member

  
Brad S. Austin,

Labor Member

  
Pamela Cline,

Labor Member

  
Pamela Cline,

Labor Member

  
Chuck Collins,

Industry Member

  
Chuck Collins,

Industry Member

  
Linda Hutchings,

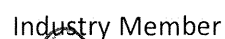
Industry Member

  
Linda Hutchings,

Industry Member

  
David Kester,

Industry Member

  
David Kester,

Industry Member

  
Sarah Lefebvre,

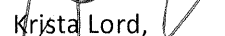
Industry Member

  
Sarah Lefebvre,

Industry Member

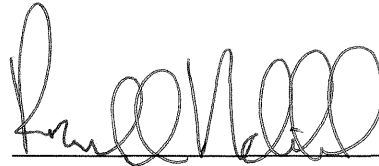
  
Krista Lord,

Industry Member

  
Krista Lord,

Industry Member

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Ronald Nalikak,

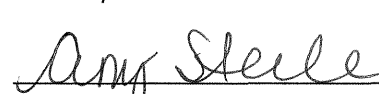
Industry Member

  
Industry Member

ABSENT

Michael O'Connor,

Industry Member

  
Amy Steele,

Industry Member


  
Industry Member

  
Mark G. Talbert,

Labor Member

  
Mark G. Talbert,

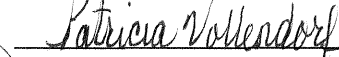
Labor Member

  
Rick Traini,

Labor Member

  
Rick Traini,

Labor Member

  
Patricia Vollendorf,

Labor Member

  
Patricia Vollendorf,

Labor Member

  
Robert Weel,

Industry Member

  
Industry Member

  
Industry Member

  
Zeb Woodman,

Labor Member

  
Zeb Woodman,

Labor Member