

Introduced By:

City Manager

Date:

February 26, 2014

Action:

Adopted

Vote:

4 Yes, 0 No, 2 Absent

CITY OF SOLDOTNA  
RESOLUTION 2014-008

A RESOLUTION SUPPORTING HOUSE BILL 141, WORKERS' COMPENSATION  
MEDICAL FEES

WHEREAS, Alaskan employers pay the highest rates for worker's compensation insurance in the nation; and

WHEREAS, if employees go out of state to have health care treatment, the health care provider is authorized to bill at the State of Alaska rate rather than the lower rate established in the provider's state; and

WHEREAS, HB 141 eliminates that potential to bill at a higher rate for the services and provides that the reimbursement shall be billed under the worker's compensation statutes of the state where services are provided; and

WHEREAS, some out of state providers were not aware of the potential to bill at the higher rate when services were provided in the past and are now back billing at the higher rate; and

WHEREAS, HB 141 requires providers to submit bills within 180 days after services are rendered;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. The Soldotna City Council urges the 28<sup>th</sup> Alaska State Legislature to enact HB141, "An Act setting the fee for medical treatment or services performed outside the state under Alaska Workers' Compensation Act, requiring a provider of medical treatment or services under the Alaska Workers' Compensation Act to submit bills for treatment or services to employers within 180 days after the date the treatment or services are rendered, and limiting the time for appealing an employer's denial or reduction of a bill; and providing for an effective date".

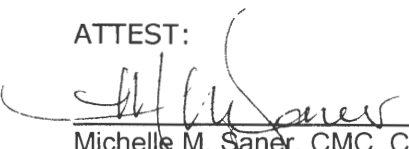
Section 2. That a copy of this resolution will be sent to House Labor & Commerce Committee Chair, Representative Kurt Olson.

Section 3. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 26TH DAY OF FEBRUARY, 2014.

  
Nels Anderson, Mayor

ATTEST:

  
Michelle M. Saner, CMC, City Clerk

Ayes: Whitney, Daniels, Baxter, Sprague

Noes: None

Absent: Bos, Murphy

14RES008

***Mark Dixon***

**City of Soldotna • City Manager**

177 N Birch St • Soldotna, AK 99669  
(907) 714-1227



## **MEMORANDUM**

**TO: Mayor and City Council**

**DATE: February 19, 2014**

**SUBJECT: HB 141**

Alaska has the highest worker's compensation premiums in the nation. HB 141 eliminates the ability of out of state providers to bill at the State of Alaska reimbursement rates which are notably higher than those in the lower 48. Health care providers will be limited to their states reimbursement rates.

Many health care providers [and there is a firm specializing in doing this for providers] are going back and back billing for prior services resulting in substantial costs to many employers in the State. This bill would require billings to be made within 180 days of service.

This is the first in a series of bills being submitted by Rep. Olson in an attempt to reduce worker's compensation premiums in the state. There will be up to four new bills introduced between the date of this memo and our Council meeting. I will have copies of those bills for consideration at our meeting. Since we have no meeting on March 12 and the meeting on March 26 will be too late for the City to take a position, any position on these yet to be introduced bills must be made on February 26.

# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair: Labor and Commerce
- Vice Chair: Rules
- Member: Resources, Community & Regional Affairs,  
Economic Development Trade & Tourism,  
Fisheries, Legislative Budget & Audit

Session: January - April  
State Capitol, Room 24  
Juneau, AK 99801-1182  
Phone: 907-465-2693  
Fax: 907-465-3835



Official Business

Interim: May - December  
145 Main Street Loop, Ste. 221  
Kenai, AK 99611  
Phone: 907-283-2690  
Fax: 907-283-2763

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### HB 141 Sectional Analysis

Section 1 amends AS 23.30.097(a) to apply to fees rendered in the state (b) adds that fees rendered in another state may not exceed the fee or charge for a treatment or service set by the workers' compensation statutes of the state where the services are rendered.

Section 2 adds a new subsection to AS 23.30.097 that allows the provider to receive payment for services if the bill for those services is received by the employer within 180 days after the later of the date of service, or the date the provider knew of the claim as it related to employment. Limits the appeal process for providers to 60 days after receiving notice of a denial or reduction of a bill.

Section 3 adds a new section determining applicability.

Section 4 adds a new section which allows providers a 180 day window to submit bills for services after the effective date of this act. Allows providers to appeal a bill denied or reduced before the effective date, if the appeal is filed within 60 days after the effective date of this act.

Section 5 adds a new section stating 23.30.097 (a), (h),(i) are retroactive.

Section 6 adds that this Act would take effect immediately under AS 01.10.070(c).

Please note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill; the bill itself is the best statement of its contents.

# ALASKA STATE LEGISLATURE

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### HB 141 Sponsor Statement

HB 141 provides stability for Alaskan businesses by defining rates for workers compensation procedures performed out of state, and establishing billing timelines. Although workers compensation rates vary widely from state to state, and procedure to procedure, Alaskan employers consistently pay the highest premium rates in the nation.

HB 141 eliminates the potential for workers compensation claims that are treated in another state to bill at Alaska's higher rates. This legislation specifies that reimbursement for services is billed under the workers compensation statutes of the state where services are rendered.

HB 141 requires a provider of medical treatment to submit bills to the employer within 180 days after the services are rendered. This eliminates the ability for providers to back bill for claims that were paid and presumed by the employer to be closed, years after the fact, which can be financially devastating for employers. This legislation provides predictability, and therefore stability to Alaskan businesses as they budget and plan for the future.



## 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,



Michael Hinchey  
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/menisectomy	\$ 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

