



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Labor and
Workforce Development**

Workers' Compensation Division

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February 2, 2017

The Honorable Neal Foster
House Labor and Workforce Development Finance Subcommittee Chair
State Capitol, Room 410
Juneau, AK 99801

Dear Chair Foster:

Thank you for the opportunity to provide a Division of Workers' Compensation overview before the House Labor and Workforce Development Finance Subcommittee on February 1. In response to the outstanding questions from the overview, I have provided the following responses:

1. Does an employer have a voice in managing the cost of an employee's workers' compensation benefits?

Yes. The Alaska Workers' Compensation Act's (Act) mission is to provide quick, efficient, fair and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to employers. To accomplish this, the Act must balance the statutory mandate to be fair with the statutory mandate that benefits be at a reasonable cost to employers.

Under the Act, an employee may choose a doctor to treat the work injury. Also under the Act, an insurer has the right to have the employee examined by a doctor of its choice. If the employee's doctor and the insurer's doctor disagree about the employee's medical condition, either party may request an examination by a physician chosen by the Alaska Workers' Compensation Board (Board). At a hearing on the merits of the employee's claim, the Board evaluates the medical opinions of all the doctors, and decides which should be given the most weight.

In 2014, to help address rising workers' compensation medical costs, the Alaska Legislature passed HB316, which required that the Workers' Compensation Medical Services Review Committee (MSRC) and Board propose and regulate new workers' compensation fee schedules. The MSRC meets annually to make fee schedule recommendations. These recommendations are then presented to the Board for adoption. As part of this process, the MSRC and the Board hold public meetings at which testimony is taken from providers, employers, insurers, employees, and many others interested in workers' compensation fees for medical treatment. Since the passage of HB316, the MSRC has held 16 meetings, and the Board 4, to discuss and adopt fee schedule changes. All of these meetings were open to the public, and public comment was taken at each meeting.

2. How much does the State of Alaska pay as an employer for workers' compensation benefits?

The State of Alaska, Department of Administration, Division of Risk Management's preliminary numbers for workers' compensation benefits paid in calendar year 2016 is \$13,037,229 for medical costs and \$6,021,324 for indemnity costs. In calendar year 2015, it paid \$11,899,590 in medical costs and \$6,983,366 in indemnity.

Please don't hesitate to contact me if you have additional questions.

Sincerely,
ALASKA WORKERS' COMPENSATION DIVISION

A handwritten signature in cursive script, reading "Marie Marx".

Marie Y. Marx
Director