

January 29, 2018

Senator Mia Costello, Chair
Senator Cathy Giessel, Bill Sponsor
Senate Labor and Commerce Committee
State Capitol Room 125
Juneau AK, 99801

Sent via email

Re: Senate Bill 112, Workers' Compensation Reform – NAMIC's letter of support

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony for the public hearing on SB 112. NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies representing 40 percent of the total market. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC member companies serve more than 170 million policyholders and write nearly \$225 billion in annual premiums. Our members write a substantial percentage of the workers' compensation insurance in the state of Alaska.

To start, NAMIC would like to thank Senator Giessel for introducing this pro-injured worker and pro-employer workers' compensation reform bill. Citizens and businesses in the state desperately need and deserve a more efficient and cost-effective workers' compensation system. The proposed legislation would address a multitude of necessary reforms that will benefit all workers' compensation stakeholders.

NAMIC supports SB 112, because it will increase the quality of care for injured worker in a way that will also increase the systemic efficiency of the system, modernize workers' compensation practices, and streamline the administrative process. Comprehensive reform, like SB 112, is necessary to improve affordability of workers' compensation insurance for small businesses and improve medical care of injured workers. States that have addressed broad-based reform have seen significant improvements in their overall workers' compensation system. Even in states that don't benefit from full market-competition in workers' compensation insurance have benefitted from systemic reform. For example, when Montana, as state fund system, adopted reforms insurance premium rates dropped by 20%.

One of the key features of the proposed legislation is the provision relating to objective evidence-based treatment guidelines based on the most recent version of the American College of Occupational and Environmental Medicine's Occupational Medicine Practice Guidelines published by Reed Group. NAMIC commends the bill sponsor for imposing objective standards and for requiring that if medical treatment outside the evidence-based treatment guidelines is recommended to the employee, the employer or insurer may request that the office of administrative hearings appoint a third party to conduct an independent utilization review and make recommendations to the office of administrative hearings on the treatment recommended for the employee.



We also support the provision that addresses placing controls upon long-term treatment plans. NAMIC specifically supports the provision that states, “if medical treatment is recommended after two years from the date of injury to the employee, the employee may not be afforded the presumption of compensability under AS 23.30.120(a).”

NAMIC also supports the reasoned and balanced approach proposed in regard to prescribing and dispensing a controlled substance to an employee for a compensable injury, reform to the workers' compensation prehearings process, and revisions to the administrative burden of proof and the credibility of witnesses in workers' compensation matters.

We also support the proposed reform to the permanent total disability provision in the law to limit benefits when the employee begins receiving social security, pension, or other retirement benefits, so that there is no double-recovery of benefits. Further, we believe that the proposed provision relating to temporary total disability benefits is fair and consistent with common sense and common experience relating to workplace injuries. Specifically, we support the inclusion of the temporal limitation of coverage to “an aggregate total of 104 weeks for each claim”.

Finally, NAMIC commends the legislature for addressing the often-litigated issue of who is an “independent contractor” and whether said worker is covered by workers’ compensation. NAMIC is hopeful that this detailed provision and exclusion for independent contractors will eliminate some of the costly and protracted litigation that has adversely impacted affordability of workers’ compensation insurance.

For the aforementioned reasons, **NAMIC respectfully requests a YES VOTE ON SB 112, because workers’ compensation insurance reform is long past due.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.

Respectfully,

Christian John Rataj, Esq.
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