



## LABORERS' INTERNATIONAL UNION OF NORTH AMERICA **LOCAL 341**

2501 Commercial Drive, Anchorage, AK 99501  
Phone (907) 341-0341 Fax (907) 341-0342  
[www.local341.com](http://www.local341.com)



April 16, 2018

The Honorable Anna MacKinnon & Lyman Hoffman  
Co-Chairs, Senate Finance Committee  
Submitted via email: [Senator.Lyman.Hoffman@akleg.gov](mailto:Senator.Lyman.Hoffman@akleg.gov);  
[Senator.Anna.MacKinnon@akleg.gov](mailto:Senator.Anna.MacKinnon@akleg.gov)

Subject: Letter of Support for HB 79

Dear Co-Chairs MacKinnon and Hoffman:

Because HB 79 would enhance the efficiency of the workers' compensation system and reduce fraud, Laborers' Local 341 urges you to support HB 79. HB 79 addresses two key issues: (1) it takes steps to make the workers' compensation system operate more smoothly to ensure efficiency in the dispute-resolution process; and (2) HB 79 includes a clear definition of independent contractors to fight fraud by businesses that are free-riders in the system.

The efficiency improvements in HB 79 will enhance an already successful workers' compensation system in Alaska. Between 1988 and 2014, for example, the average premium cost to the employer per \$100 of worker's wages has dropped significantly. Similarly the net five-year workers compensation premium level declined in Alaska by 11.4%. In addition, based on the National Council on Compensation Insurance's (NCCI) 2018 filings with the Division of Insurance, there was an overall 7.9% decrease in voluntary loss costs, which are intended to cover anticipated indemnity and medical benefits. HB 79 will take steps to improve this system by speeding up the dispute-resolution process and further reducing administrative costs.

From the public testimony and changes to HB 79, it is clear the Alaska Department of Labor and Workforce Development has collaborated extensively with stakeholders over the past year to incorporate feedback from businesses into the bill. As a result, the bill includes a clear definition of an independent contractor to fight fraud. This is essential to ensure that most employers that play by the rules are not paying for the free-rider employers that fail to provide workers compensation insurance for their misclassified employees.

In public testimony, there have been recent requests to change the bill further. Local 341 opposes these requests to delete sections of the bill related to audits and penalties for employers that break the law. Local 341 also opposes the one-size-fits-all caps on attorneys' fees for attorneys representing workers. These caps would be especially problematic in the cases with small dollar amounts that are still significant to individual workers as well as the especially complex cases.

Please support HB 79 to enhance the efficiency of the workers compensation system and reduce costly fraud. Thank you for your consideration.

Best,

A handwritten signature in cursive script, appearing to read "A.J. Merrick II".

A.J. "Joey" Merrick II

CC: [Senator.Click.Bishop@akleg.gov](mailto:Senator.Click.Bishop@akleg.gov),  
[Senator.Peter.Micciche@akleg.gov](mailto:Senator.Peter.Micciche@akleg.gov),  
[Senator.Natasha.vonImhof@akleg.gov](mailto:Senator.Natasha.vonImhof@akleg.gov),  
[Senator.Donald.Olson@akleg.gov](mailto:Senator.Donald.Olson@akleg.gov),  
[Senator.Gary.Stevens@akleg.gov](mailto:Senator.Gary.Stevens@akleg.gov)