



April 30, 2018

Commissioner Heidi Drygas
Alaska Dept. of Labor & Workforce Development
State of Alaska
PO Box 111149
Juneau, Alaska 99811

Dear Commissioner Drygas;

Thank you for the discussion on Thursday, April 26th, between you and Director Marx and our employers group regarding our concerns with the existing language in House Bill 79.

We agree that many of the proposed statute changes in HB 79 will help improve the efficiency of the program. We also believe that you have adequately addressed our immediate concerns as laid out in your April 27 letter. This is a good start; however, we feel some additions to the current bill will not only improve performance of the program but will help return injured workers back to gainful employment and reduce medical costs.

The goal of workers' compensation should be to protect the interests of injured workers, their families, and their employers by making appropriate decisions on claims, providing prompt payment of benefits, and helping injured workers return to gainful work as early as is feasible.

As you mentioned at our meeting last week, the real problem with our workers' compensation program is the high medical costs in Alaska. We couldn't agree more. House Bill 79 includes administrative efficiencies for everyone but does little to address those medical costs. Studies have shown that in states with Evidence Based Treatment Guidelines, that injured workers return to work 13%

faster and with medical costs 37% lower. This is a win-win for the worker and the employer and no change to substantive benefits.

As most other states have found, by adopting evidence-based treatment guidelines and utilization review, Alaska would no longer need the Second Independent Medical Exam (SIME) as it becomes redundant. All other states have shifted away from this unnecessary requirement.

With your support to include these provisions in HB 79, we can all work together towards passage and achieve some efficiencies and cost control in the workers compensation program. We look forward to working with you on this.

Sincerely,

A handwritten signature in blue ink, appearing to read "Curtis Thayer".

Mr. Curtis Thayer
President and CEO, Alaska State Chamber of Commerce

A handwritten signature in blue ink, appearing to read "John MacKinnon".

Mr. John MacKinnon
Executive Director, Associated General Contractors of Alaska

A handwritten signature in blue ink, appearing to read "Chuck Brady".

Mr. Chuck Brady
President, Workers' Compensation Committee of Alaska