

Workers' Compensation: HB 79

Senate Labor and Commerce Committee

April 2, 2018



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



Workers' Compensation

Quick

Efficient

Fair

Predictable

Reasonable
cost



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Workers' Compensation

HB 79: Workers' Compensation Efficiencies Bill

- Speed up dispute resolution
- Improve the delivery of medical care to injured workers
- Strengthen provisions to prevent workers' compensation fraud by employers and employees
- Reduce administrative costs
- Ensure adequate funding for the administration of the workers' compensation and workers' safety programs



Workers' Compensation

SPEED UP DISPUTE RESOLUTION: SECS. 8-10, 19-21, 39

Current law

A party requests hearing on claim

Non-attorneys may represent parties

Board must approve attorney fees in settlement agreement

Division petitions Board to assess a civil penalty against uninsured employer

HB 79

Board will schedule a hearing shortly after claim is filed (Secs. 19, 21)

Any person authorized by regulation of the Board (Sec. 20)

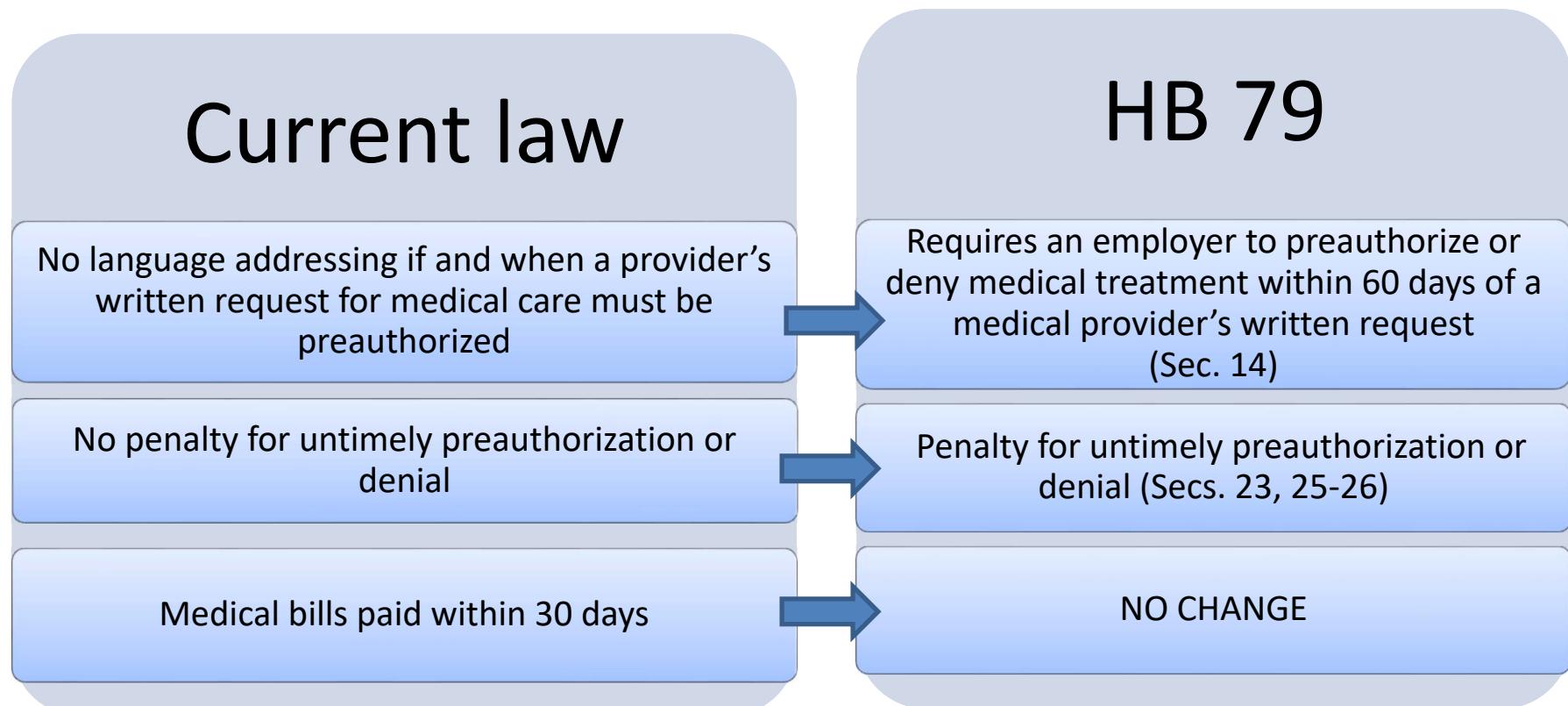
Board does not need to approve if fees are sole issue that needs Board approval (Sec. 39)

Division assesses civil penalty against uninsured or underinsured employer; party may appeal assessment to Board (Secs. 8-10)



Workers' Compensation

IMPROVE THE DELIVERY OF MEDICAL CARE: SECS. 14, 23, 25-26



Workers' Compensation

Why the Division is Tackling Misclassification

- Worker safety
- Risk of uninsured losses
- Law-abiding employers bear greater financial burden



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Workers' Compensation

STRENGTHEN FRAUD PROVISIONS: SECS. 7, 9, 11, 28-29, 32, 35-38, 40

Current law

No definition of misclassification

No affirmative duty to report work or wage-loss benefits

No owner liability for benefits for some business entities and no civil penalty liability

No definition of independent contractor and multi-factor balancing test for employee status

Injured worker may file lien for benefits but Benefits Guaranty Fund may not

HB 79

Defines misclassification and when it amounts to fraud (Sec. 36)

Affirmative duty to report (Sec. 36)

More business entity owner liability for benefits and civil penalties (Secs. 7, 37-38)

Defines independent contractor and clarifies statutory definition of employee (Secs. 32, 40)

Benefits Guaranty Fund may file lien for compensation and civil penalties (Secs. 28-29)



Workers' Compensation

STRENGTHEN FRAUD PROVISIONS CONT.: SECS. 7, 9, 11, 28-29, 32, 35-38, 40

Current law

No penalty assessed for an employer who has engaged in fraudulent misclassification

Maximum penalty of \$1,000 for each uninsured employee workday

Board suspends penalties in full or in part and no guidelines for suspension

No interest paid on payment plans

HB 79

Division may assess a penalty (Secs. 9, 35)

Maximum civil penalty of three times the premium an employer should have paid (Sec. 9)

Penalties may not be suspended in full or in part (Sec. 11)

Interest on payment plans (Sec. 11)



Workers' Compensation

REDUCE ADMINISTRATIVE COSTS: SECS. 2-6, 13, 15-18, 22, 24, 27, 30, 33-34, 41, 43

Current law

An employer pays benefits by check

Division may not require electronic filing

Division approval needed for corporate executive officer workers' compensation coverage opt out

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Does not prescribe a specific method of payment (Sec. 41)

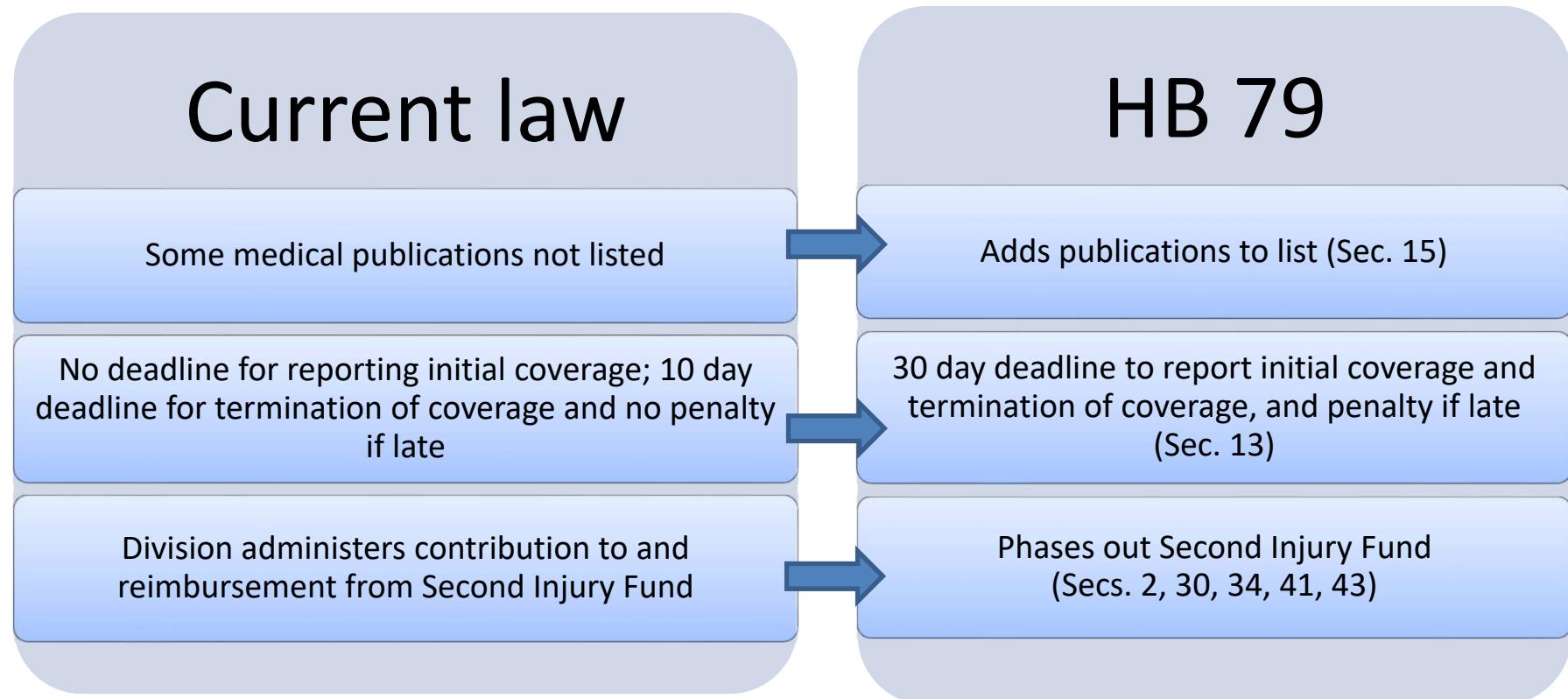
Division may prescribe filing format (Secs. 3-6, 16-18, 22, 24, 27)

Division approval not required; not an employee if at least 10% ownership interest (Sec. 33)



Workers' Compensation

REDUCE ADMINISTRATIVE COSTS CONT.: SECS. 2-6, 13, 15-18, 22, 24, 27, 30, 33-34, 41, 43



Workers' Compensation

ENSURE ADEQUATE FUNDING: SEC. 1

Current law

Workers' compensation insurers pay a fee of 2.7% of net workers' compensation premium written

1.82% to WSCAA and .88% to Alaska Comprehensive Health Insurance Fund (ACHI)

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NO CHANGE

2.5% to WSCAA and .2% to ACHI



WE'RE PREPARING ALASKANS
FOR THE JOBS OF TODAY—AND
TOMORROW.

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