

PRELIMINARY COST IMPACT ANALYSIS

Alaska Senate Bill 103 As Introduced on 3/16/2011

NCCI has completed a preliminary cost impact analysis of Alaska Senate Bill 103 (SB 103). This analysis includes a description of the change, an indication as to the approximate magnitude and direction of its cost impact, and identifies potential unintended consequences or other notable items.

The analysis was completed in an expedited manner and is considered preliminary. NCCI may supplement this document with a complete and final analysis of the proposal at a later date. It is possible that the estimated impact of the final analysis will differ materially from what is provided in this document. Note that the absence of an update to the preliminary analysis does not signify that this is NCCI's final assessment of the cost impact of the proposal.

Preliminary Cost/Directional Impact

If SB 103 is enacted, the impact on Alaska's firefighter class codes and the overall workers compensation system costs would be negligible¹. However, there may be some savings in litigation costs for these class codes.

Summary and Comments

Currently, a firefighter needs to receive a qualifying medical examination upon becoming a firefighter, and receive an annual medical examination showing no evidence of disease during each of the first 7 years of employment to have certain illnesses presumed to be work related.

SB 103 proposes to amend the medical examination requirements in AS 23.30.121(b), which ascertains the eligibility for presumption of compensability for a firefighter hired before August 19, 2008. According to SB 103, medical examinations provided by the department employing the firefighter would satisfy the requirements for presumption as long as the result shows no evidence of disease during the first 7 years of employment.

When NCCI estimated the impact of Alaska House Bill 200 (HB 200) in 2008, that introduced the presumption of compensability for firefighters, the analysis implicitly assumed there would be no cost difference for firefighters hired before and after August 19, 2008.

¹ Negligible means the impact is within +/-0.2%.

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In the analysis of HB 200, NCCI noted that additional disputes might result over the rebuttable presumption of compensability included in the bill. If SB 103 is enacted, the disputes that arise out of the medical examination requirements could be reduced, and some savings in litigation costs for the firefighter class codes might be realized.

Miscellaneous

The changes to Alaska's Administrative Code, that went into effect on February 20, 2011, codified the specific requirements for medical examination for certain firefighters and defined the use and exposure to tobacco for presumption removal.