



ANALYSIS OF ALASKA HOUSE BILL 370 AS INTRODUCED MARCH 3, 2014

House Bill (HB) 370, if enacted, may result in savings for workers compensation system costs in Alaska. The magnitude of the savings is uncertain and will depend on how effective the provisions are in reducing the prevalence of controlled substances and opioids in workers compensation cases. The potential savings may be offset to some extent by the additional costs of administering drug tests.

Summary of HB 370

If enacted, HB 370 would implement the following changes:

- Employers would be able to require drug testing of injured workers who are prescribed a controlled substance in schedule I-A¹ (Controlled Substances) for more than 90 consecutive days.
- Physicians would not be able to prescribe more than a 30-day supply of a Controlled Substance, or a controlled opium substance in schedule III-A² or V-A³ (Opioids).

Commentary

If enacted, HB 370 may reduce the number of prescriptions written and filled for Controlled Substances and Opioids in Alaska. There are numerous studies that document the costly impact of the inappropriate use of these types of drugs in the treatment of workers compensation (WC) claims. NCCI anticipates savings on system costs if this provision is successful in reducing the prevalence of these drugs in WC cases. However, the potential savings may be offset to some extent by the additional costs of administering the drug tests.

In the information that follows, NCCI relies primarily on two data sources:

- Detailed medical call data used to calculate the distribution of medical payments is based on NCCI's Medical Data Call for Alaska for Service Year 2012.
- The share of benefit costs attributed to medical benefits is based on NCCI's Financial Call data for Alaska from Policy Years 2009 to 2011 projected to 7/1/2014⁴, which is 75.4%.

¹ Schedule I-A is defined in AS 11.71.140

² Schedule III-A is defined in AS 11.71.160

³ Schedule V-A is defined in AS 11.71.180

⁴ As HB 370 does not contain an explicit effective date, NCCI assumed an effective date of 7/1/2014 for this analysis



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In order to provide some context as to the percentage of costs that may be impacted by the provisions of HB 370, Alaska's WC prescription drug payments represent 5.3% of total WC medical payments. In addition, Controlled Substances and Opioids represent 31.5% of total WC prescription drug payments in Alaska. Hence, Controlled Substances and Opioids represent 1.7% (=5.3% x 31.5%) of total WC medical payments in Alaska and 1.3% (= 1.7% x 75.4%) of total WC benefits in Alaska.

(1)	Controlled Substances and Opioids as a Percent of WC Prescription Drug Payments in Alaska	31.5%
(2)	Prescription Drug Medical Cost Distribution	5.3%
(3)	Controlled Substances and Opioids as a Percent of Medical Costs in Alaska = (1) x (2)	1.7%
(4)	Medical Costs as a Percent of Overall WC Benefit Costs in Alaska	75.4%
(5)	Controlled Substances and Opioids as a Percent of Overall WC Benefit Costs in Alaska = (3) x (4)	1.3%