

April 9 2014

Dear Representative Austerman and Stoltz and Honorable members of the House Finance
Finance Committee,

I am speaking opposed to HB 316.

The cost of workers' Compensation in Alaska is the highest Nationally. Indeed an article in the Anchorage Daily News and Fairbanks News Miner on March 27 and 28 report that a Committee on Economic research ranked 4 Alaskan cities at the top of the most expensive cities for health care in the US. A top reason for this is noted as the high cost of recruitment and retention of medical providers. In addition the high cost of shipping, heat, buildings etc which reflect the higher costs and prices in Alaska across industry. Overpayment of medical providers was not listed.

Cutting pay to providers in order to reduce workers' compensation costs in Alaska is not the answer. In my clinic it will simply result in the financial inability to rehabilitate injured workers. The RBRVS system proposed is the one used by Medicare and results in paying 65% of the cost of a visit in my clinic. Similarly the other payers using RBRVS like Medicaid, VA and TriCare also pay less than the cost of a visit. Those of you familiar with health care especially in the Anchorage area have seen an exodus of providers who simply to not take Medicare patients. If we now add workers compensation to this type of formula we will see the same. Currently, the reasonable payment of private payers at my clinic has allowed management strategies of cost shifting so that we can still care for Medicare, Medicaid, VA, Tricare patients. If workers compensation lowers payment, we could easily lose the ability to treat all of those patients and simply treat patients with private insurance.

A fix to lower workers compensation rates in Alaska would be to reduce the number and severity of injuries with injury prevention programs which research in my field has validated and by early access to rehabilitation professionals when injuries occur to reduce chronicity and cost of workers' compensation claims. Importantly, addressing the shortage of medical providers in Alaska would significantly reduce my costs. Thank you for your consideration to not support HB 316,

Sincerely,



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