

Workers' Compensation: SB 40

Senate Labor and Commerce Committee

February 14, 2017



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



Workers' Compensation

Quick

Efficient

Fair

Predictable

Reasonable
cost



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Workers' Compensation

SB 40: 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



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Workers' Compensation

SPEED UP DISPUTE RESOLUTION: SECS. 10-13, 18-20, 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

SB 40

Board will schedule a hearing shortly after claim is filed

Non-attorneys may not represent parties

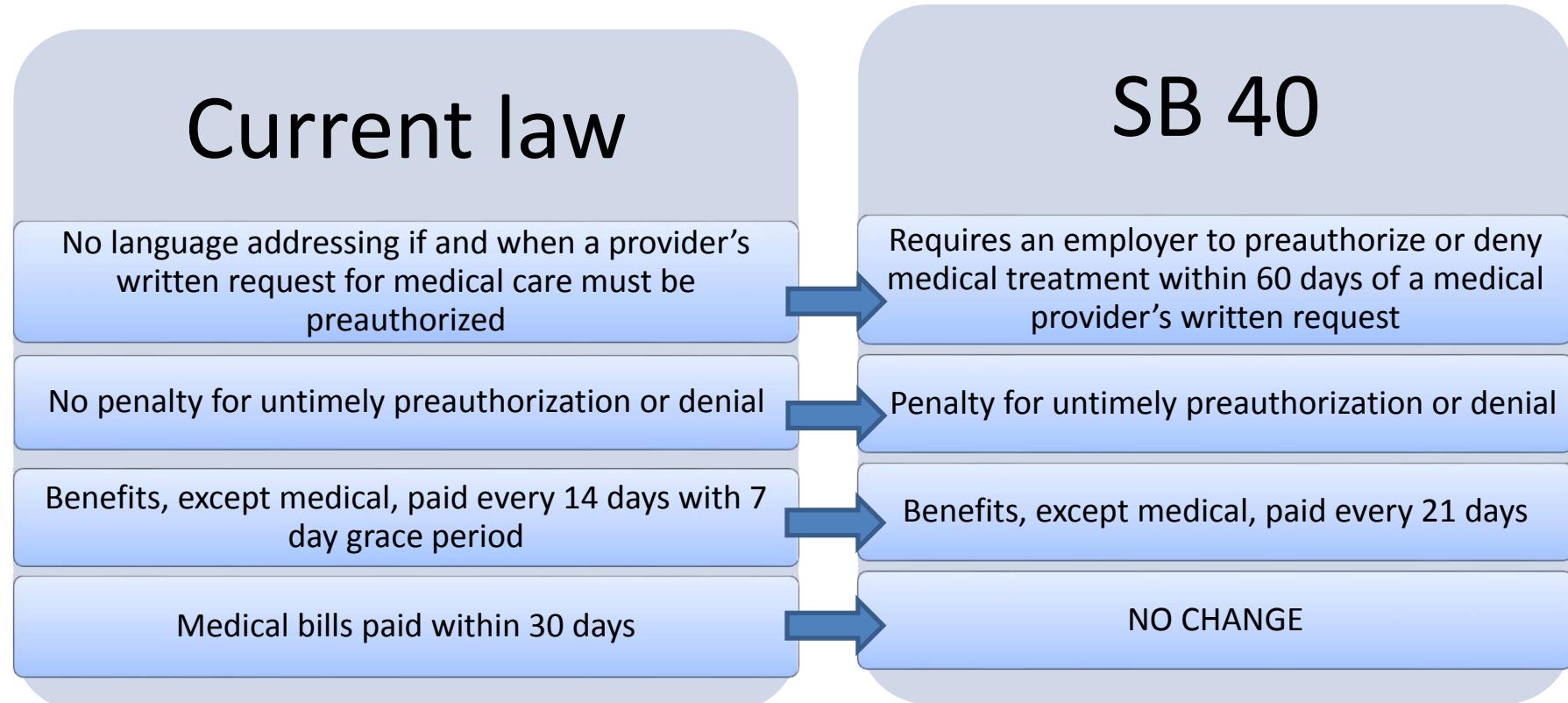
Board does not need to approve if fees are sole issue that needs Board approval

Division assesses civil penalty and party may appeal assessment to Board



Workers' Compensation

IMPROVE THE DELIVERY OF MEDICAL CARE: SECS. 16, 22, 24-25



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. 9, 11, 14, 28-29, 31, 34-38, 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 at the onset of a claim for benefits but Benefits Guaranty Fund may not

SB 40

Defines misclassification and when it amounts to fraud

Affirmative duty to report

More business entity owner liability for benefits and civil penalties

Defines independent contractor and clarifies statutory definition of employee

Benefits Guaranty Fund may file lien for compensation and civil penalties



Workers' Compensation

STRENGTHEN FRAUD PROVISIONS CONT.: SECS. 9, 11, 14, 28-29, 31, 34-38, 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

SB 40

Division may assess a penalty

Maximum civil penalty of three times premium

Penalties may not be suspended in full or in part

Interest on payment plans



Workers' Compensation

REDUCE ADMINISTRATIVE COSTS: SECS. 2-8, 15, 17, 21, 23, 26-27, 30, 32-33

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

SB 40

An employer may pay benefits electronically

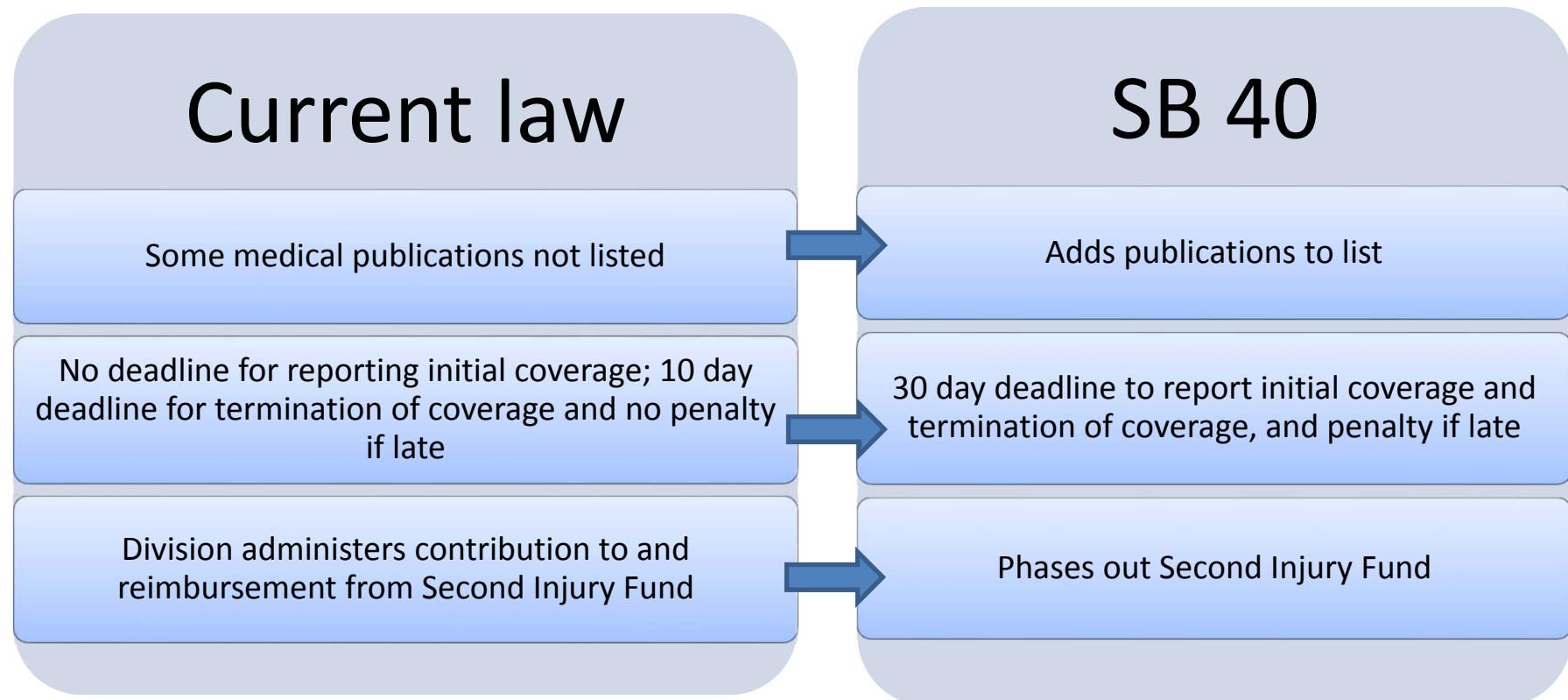
Division may prescribe filing format

Division approval not required; not an employee if at least 10% ownership interest



Workers' Compensation

REDUCE ADMINISTRATIVE COSTS CONT.: SECS. 2-8, 15, 17, 21, 23, 26-27, 30, 32-33



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 WCSAA and .88% to general fund

SB 40

NO CHANGE

2.5% to WCSAA and .2% to general fund



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FOR THE JOBS OF TODAY—AND
TOMORROW.**

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