

Workers' Compensation: HB 79

Senate Finance Committee

April 10, 2018



ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS



Workers' Compensation

What is Workers' Compensation?

A system of insurance that protects workers and employers from some of the losses caused by on-the-job accidents and job-related illnesses



Workers' Compensation

The “Grand Bargain”

An employer provides prompt, necessary medical and wage loss benefits to an injured worker for a work-related injury.

In exchange, the injured worker receives limited benefits and gives up the right to sue the employer.



Workers' Compensation

Quick

Efficient

Fair

Predictable

Reasonable
cost



Workers' Compensation

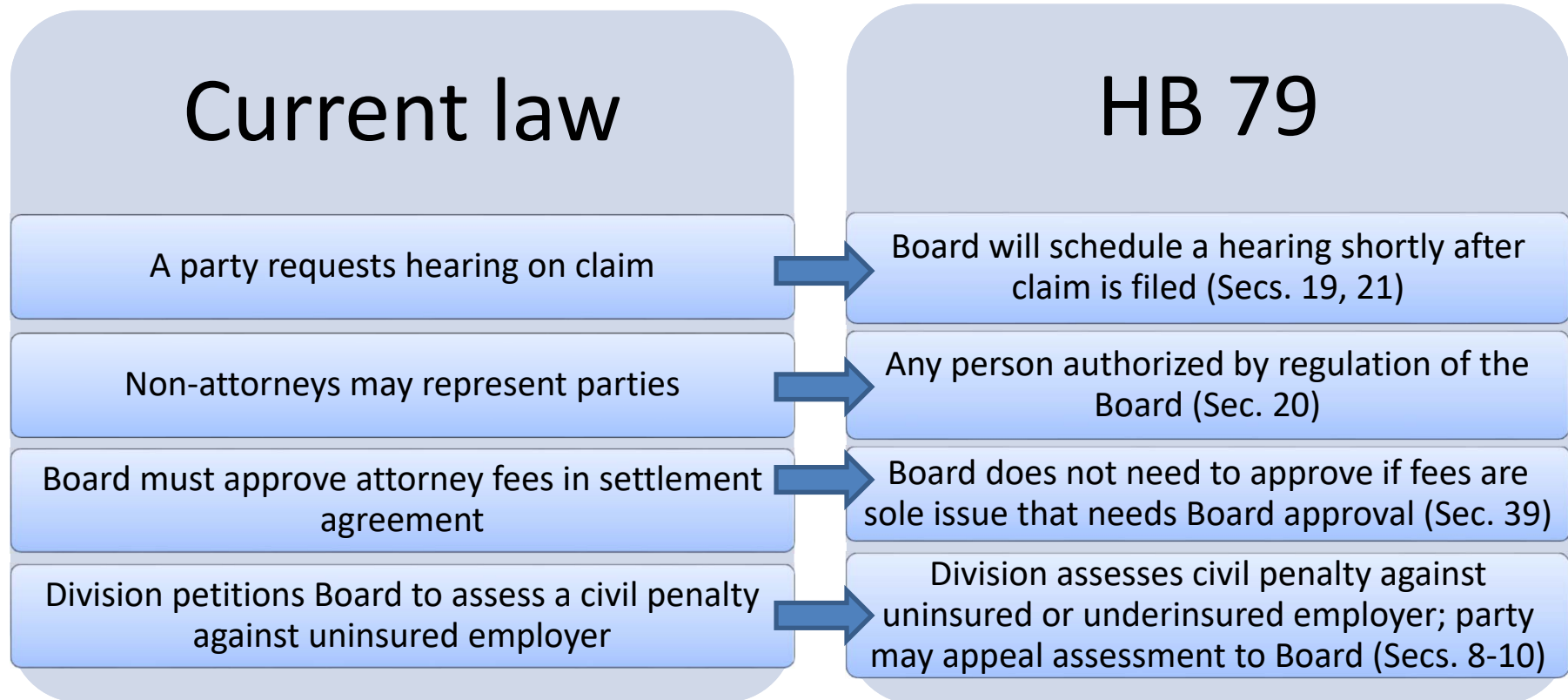
HB 79: Workers' Compensation Efficiencies Bill

- 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



Workers' Compensation

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

Current law

No language addressing if and when a provider's written request for medical care must be preauthorized

No penalty for untimely preauthorization or denial

Medical bills paid within 30 days

HB 79

Requires an employer to preauthorize or deny medical treatment within 60 days of a medical provider's written request (Sec. 14)

Penalty for untimely preauthorization or denial (Secs. 23, 25-26)

NO CHANGE



Workers' Compensation

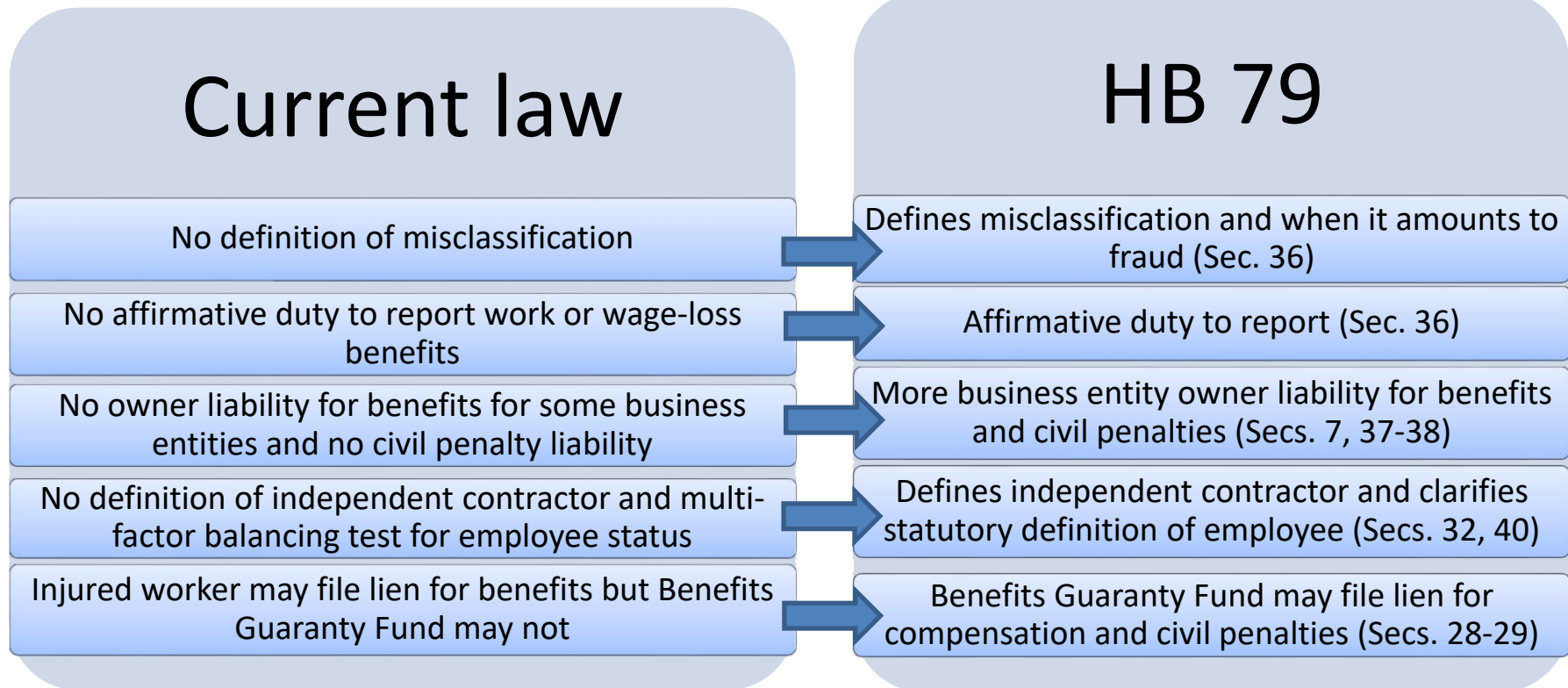
Why the Division is Tackling Misclassification

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



Workers' Compensation

STRENGTHEN FRAUD PROVISIONS: SECS. 7, 9, 10-11, 28-29, 32, 35-38, 40



Workers' Compensation

STRENGTHEN FRAUD PROVISIONS CONT.: SECS. 7, 9, 10-11, 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

7 days to pay penalty

Board suspends failure to insure 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)

30 days to pay penalty or appeal to Board (Secs. 10-11)

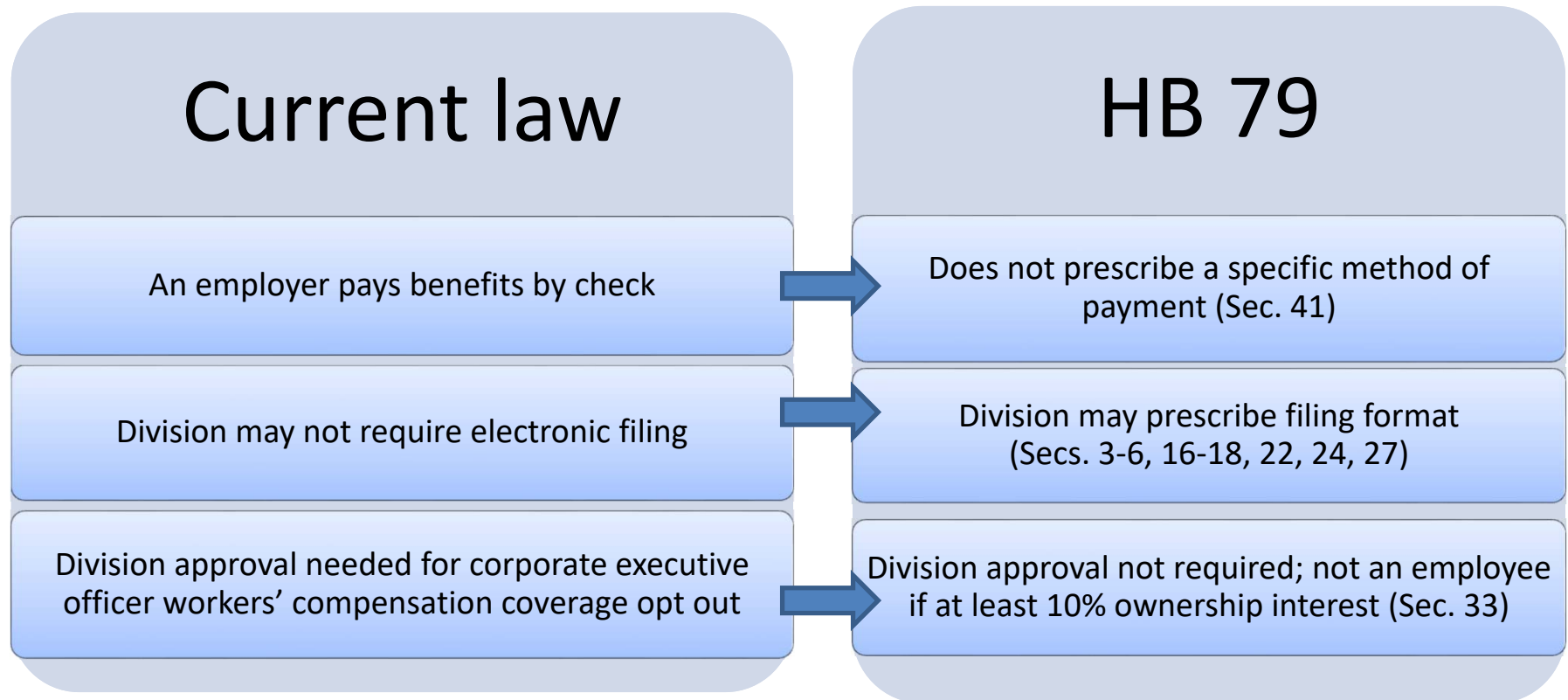
Failure to insure penalties may not be suspended in full or in part (Sec. 11)

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



Workers' Compensation

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

Current law

Some medical publications not listed

No deadline for reporting initial coverage; 10 day deadline for termination of coverage and no penalty if late

Division administers contribution to and reimbursement from Second Injury Fund

HB 79

Adds publications to list (Sec. 15)

30 day deadline to report initial coverage and termination of coverage, and penalty if late (Sec. 13)

Phases out Second Injury Fund (Secs. 2, 30, 34, 41, 43)



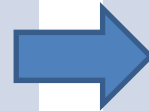
Workers' Compensation

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)



HB 79

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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