



April 10, 2018

Senator Anna Mackinnon, Co-chair
Senator Lyman Hoffman, Co-Chair
Senate Finance Committee
State Capitol, Room 532
Juneau, Alaska

Re: House Bill 79: Omnibus Worker's Compensation

Dear Senators Mackinnon & Hoffman,

F&W Construction Company is a general contractor located in Anchorage, Alaska who has been a part of Alaska's construction industry for 60 years. Our company is a proud member of the Associated General Contractor's of America, a construction trade association representing over 640 of our colleagues.

We appreciate many of the provisions in HB 79, however, we have concerns over some other portions of House Bill 79.

- Sections 9 & 35 – The Department of Labor should not be in the business of doing Premium Audits. This is the insurance carrier's responsibility. We agree that intentional misclassifications should be penalized, but most are inadvertent and should not be penalized. The insurance carrier audits find and correct these. This is not a reduction in administrative costs but is duplicative.
- Section 13 - The responsibility to notify the state is the employers, but in practice, the insurance carrier does this. It presently works very well.
- Section 19 – The provision deletes the statute of limitations on claims and should be deleted.

We would like to see some provisions from Senate Bill 112 added to House Bill 79 that would strengthen it and include reform to the workers' compensation system that will benefit both the injured worker and the employer.

These additions to HB 79 from SB 112 should include:

A cap on attorney fees - With no cap there is less incentive to settle. The Attorney fees come out of any settlement. With no cap on fees, it reduces the amount available from a settlement to go the injured worker.

Evidence Based Medical Guidelines – Direct the Medical Services Review Committee to adopt guidelines that they feel would work best in Alaska. This goes hand in hand with Utilization Review to make sure the care being provided is the best for the injured worker. This would also allow the repeal of the Second Independent Medical Exam.

House Bill 79 is an improvement over current law in many areas but needs some accommodations for the employers. In the current version, there are costs to employers, both direct and administrative. In a robust economy, employers might agree to these increases. As you are aware, the economy is not so robust.

There are several bills this session that directly impact Alaska's employers. Bills for changes to title 23 alone include increases in unemployment benefits and death and permanent partial impairment benefits all with some merit, but all with a cost to the employer. Including some of the provisions mentioned above that were in SB 112 would help lessen some of this. It would add some balance.

We appreciate you taking time to read our concerns and recommendations.

Sincerely,

Saigen Harris
Project Manager
F&W Construction Company