



April 23, 2018

Senator Anna MacKinnon, Co-Chair  
Senator Lyman Hoffman, Co-Chair  
Senate Finance Committee  
State Capitol, Room 532  
Juneau, Alaska 99801-1182

Dear Senators MacKinnon & Hoffman,

Re: House Bill 79 – Omnibus Workers' Compensation

The Alaska Chamber would like to express its concerns with House Bill 79, having to do with workers' compensation and requests changes be made to the bill.

The Alaska Chamber is a non-profit founded in 1953 working to promote a positive business environment in Alaska. The Chamber is the voice of small and large businesses representing hundreds of employers and local chambers across Alaska. Our member companies employ over 100,000 hard-working Alaskans. The Chamber has had a long-standing priority to reform the current workers' compensation system so that it is improved for both injured workers and their employers.

House Bill 79 has been touted as an omnibus workers' compensation reform package, but from our perspective it only seeks to create fines, fees, and only add to the bureaucracy. Before the introduction of HB 79 and all throughout this process the Administration never consulted the business community on their thoughts and how this might have an adverse impact on them. After a thorough review of the latest version of HB 79 the Alaska Chamber found more than a few sections that would negatively impact Alaska businesses. We would like to see Sections 9, 11, 13, 19, 23, and 35 removed from the bill. Section 26 should be amended so that instead of a 25% penalty be instituted that after the 60 days if the employer does not take any action that the treatment is deemed approved. I've enclosed additional information on why we would like to see these sections removed.

The Alaska Chamber would also like to see provisions added to House Bill 79 that would strengthen it in making meaningful reform to the workers' compensation system for the benefit of both the injured worker and their employer. These suggested provisions can be found within a draft version of Senate Bill 112 (attached). Currently there is no statutory cap on attorney fees in Alaska, and we're seeing examples of where the attorney makes anywhere from double to nine times what the injured worker receives from their settlement. With no cap there is no incentive for the claimant attorney to work towards a settlement in a timely manner and can charge whatever will be awarded to them, often upwards of \$450/hour plus expenses. Frequently, they are the one's driving the litigation at no benefit

to the injured worker. As you are most likely already acutely aware, the cost of healthcare in Alaska is of serious concern to its residents. Medical treatment regarding workers' compensation is no exception. To get a handle on those costs while ensuring the injured worker still receives quality care the Chamber would like to see evidence-based medical guidelines instituted in Alaska. Every other state has some form of guidelines either by adopting a pre-existing version developed by a third party or by implementing their own state. We propose giving the Medical Services Review Committee the direction to adopt guidelines that they feel would work best. Along with these guidelines utilization review would need to be implemented to confirm those treatment guidelines are the most effective. With this new system in place Alaska would no longer need the Second Independent Medical Exam (SIME) as it becomes redundant. In addition, all other states have shifted away from this unneeded program. I have attached

The Alaska Chamber appreciates your consideration of our concerns on House Bill 79 and what we see would be beneficial additions to the bill.

Thank you,

A handwritten signature in blue ink, appearing to read 'Curtis W. Thayer', with a stylized, flowing script.

Curtis W. Thayer  
President & CEO

Enclosure

Cc: Senate Finance Committee