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Member of the National League of Cities and the National Association of Counties

The Honorable Roger Holland
Senate, Alaska State Legislature

RE: SB131

Dear Senator Holland,

AML appreciates the Legislature's interest in – and commitment to – the health and well-being of those Alaskans serving as firefighters. This public service is a valuable component of the State's own Constitutional obligation to public health and welfare.

We recognize that for those in service there exists greater potential for long-term health impacts due to the risks they bear.

AML members are the largest employers of firefighters in Alaska, even as we recognize the contributions of nonprofits that support volunteer fire departments in our communities and State employees as well. The benefits to employees and volunteers are clear; how employers may need to approach potential costs less so.

Without the additions proposed in SB131, current statute AS 29.30.121(b), many diseases are already covered by workers compensation insurance, and all work-related diseases covered with the demonstration of causal effect thereof. Since the implementation of this statute, insurers have noticed some impact, including at least one brain cancer case that may result in approximately \$4 million paid out. SB131 expands the current list of cancers presumed to be the result of this workplace environment. Doubling the number of cancers eligible for this presumption points to the possibility of greater costs once implemented. It has been noted that there does not exist the data to demonstrate that premiums will increase; the same is true that those increases would be avoided. There's no surety in either direction.

As we can tell from the fiscal note, which only covers State impact – the smallest portion of the overall impact on the sector – it is difficult to determine what costs might look like, for employers. Costs will be expressed in the form of increased premiums paid by employers, to cover future claims. For local governments, where the bulk of their workers comp insurance is provided by pooled public insurance entities, additional claims will be paid out of limited asset bases. Destabilizing these systems of public insurance has knock-on effects to the overall structure of insurance coverage and costs. It wouldn't take many large claims such as the earlier example to threaten the ability of a public insurance pool to cover other kinds of claims, which include property and police professionals.

AML expresses some concern, then, for what feels like an unfunded obligation that falls mainly on municipal employers. Again, we appreciate the Legislature placing a priority on diseases that may be incurred at a greater rate as a result of the workplace environment that firefighters inhabit. The way to address that priority is to fund it appropriately, alongside this presumption.

What that looks like in other states is to establish a Trust. The State – in placing a priority on the health and well-being of firefighters – expresses that priority by making the contributions to a Trust that reflect the potential costs of the presumption that’s been enacted. There are other mechanisms that could be explored, beyond that and for greater impact, but the core tenet is the State pays for that which it presumes for others. In this case, the State would place funding into a designated fund, or account, which can on the one hand earn revenue while it isn’t being used but also be available for use as needed. For workers comp claims submitted under AS 23.30.121(b), the State would reimburse the individual, employer, or insurance carrier.

We would suggest that at this point, if this bill is to move forward, without being able to do any further analysis or modeling and statements thus far that point to a dearth of data, that a starting point for the discussion is at least a \$10 million set-aside, even though we’d like that to be \$30 million. We know our firefighters are worth it.

If there are questions about costs, either a general sense that this bill will have little impact or that we just don’t know what kind of impact it will have, then include the ability for the Trust to sunset after 10 years, or at a reasonable time from which to have a better understanding of the implementation and need. If there are more details to work out, about governance or distribution methodology, then perhaps that piece is taken up by a future Legislature. For now, if this bill is to pass, we ask that you fund the risk appropriately. If, as testimony has indicated, we just don’t know that there will be cost increases or that we hope there is little risk, help us guard against that potentiality by putting in place funding. If it turns out that hoped for projections of little impact is borne out, the funding can revert back into the general fund with everyone better off for it.

AML knows that this is important to municipal employees who are firefighters, and this bill is an expression of the State’s value as well. It is likewise not unimportant to local governments. Setting aside funds to manage the potential risk at least allays the concern that while we may not know everything about its impact right now, Alaskans can be assured of the coverage and avoid any unintended consequences of unforeseen costs.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Nils Andreassen', with a long horizontal line extending to the right.

Nils Andreassen
Executive Director



April 28, 2022

Representative Neal Foster and
Representative Kelly Merrick, Co-Chairs
House Finance Committee
Alaska State Capitol
Juneau, Alaska 99801-1182

SENT BY EMAIL TO: House.Finance@akleg.gov

RE: Oppose HCS SB131

Dear Co-Chairs Foster and Merrick and Finance Committee members,

Please oppose House Committee Substitute for Senate Bill 131. It adds a laundry list of cancer presumptions to the workers' compensation statute for firefighters. The cancers are common and widespread in the general population and often have hereditary or lifestyle causes at their core. For example, according to the Centers for Disease Control and Prevention (CDC), 18 percent of women will be diagnosed with breast cancer regardless of their occupation.

Rather than saddle local governments with the additional workers' compensation costs, Michigan's solution was to create a "first responder presumed coverage fund" that it pays for and administers from the state general fund. We might want to consider this instead of continuing to impose on Alaska's local government tax payers. I think \$10 million to seed a presumption fund would be a good start. Any first responder that is eligible would draw from this fund for their medical and indemnity payments.

The presumption is unnecessary and potentially costly. Currently, if a firefighter contracts cancer and claims that it is work-related, it is up to the employer to demonstrate that it is not. These claims are covered by workers' compensation already. By creating a strict presumption, the claim will most often be covered by the workers' comp. system, even when it is not work-related.

There is no more expensive way to pay for an injury or illness than our current workers' compensation system. Health programs are able to control medical costs through negotiated agreements with health care providers. Alaska workers' compensation cannot. It is interesting to note that both workers' compensation and health benefits are generally provided by the employer, at least with respect to the career firefighter.

We have made some excellent strides in bringing down the costs of workers' compensation in recent years, dropping Alaska from the most expensive in the nation to the tenth most expensive according to the most recent Oregon Workers' Compensation Premium Rate Ranking Summary (January 2021). Clearly, we still have a lot of room for improvement, but the attention that Alaska has paid to our workers' compensation system and the efforts of policy makers, employers, and others have resulted in steady progress. We urge you not to impede this progress.

Sincerely,

Kevin Smith
Executive Director