

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

May 2, 2006

1:37 p.m.

MEMBERS PRESENT

Senator Con Bunde, Chair
Senator Ralph Seekins, Vice Chair
Senator Ben Stevens
Senator Bettye Davis

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

CS FOR HOUSE BILL NO. 150(FIN) am
"An Act requiring licensure of occupations relating to radiologic technology, radiation therapy, and nuclear medicine technology; and providing for an effective date."

MOVED SCS CSHB 150(L&C) OUT OF COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 31(FIN)
"An Act relating to the presumption of coverage for a workers' compensation claim for disability as a result of certain diseases for certain occupations."

HEARD AND HELD

SENATE BILL NO. 241
"An Act relating to modifying the qualifications required for workers' compensation self-insurance and permitting employers in the same trade or industry to form an employer association for self-insured workers' compensation coverage; and providing for an effective date."

MOVED CSSB 241(L&C) OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 392(L&C) am
"An Act authorizing the establishment of regional solid waste management authorities."

MOVED CSHB 392(L&C) am OUT OF COMMITTEE

HOUSE BILL NO. 382
"An Act relating to recorking, sealing, or packaging of wine served with a meal and removal of recorked, sealed, or packaged wine from licensed premises."

MOVED HB 382 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 34 am
Relating to promoting Alaska grown produce and food products to
the visitor industry through the Fresher By Far program.

MOVED HCR 34 am OUT OF COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 4(JUD)
Encouraging the establishment of a methamphetamine watch
program.

MOVED CSHCR 4(JUD) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 150

SHORT TITLE: LICENSING RADIOLOGIC TECHNICIANS

SPONSOR(s): REPRESENTATIVE(s) ANDERSON

02/14/05	(H)	READ THE FIRST TIME - REFERRALS
02/14/05	(H)	L&C, JUD, FIN
02/23/05	(H)	L&C AT 3:15 PM CAPITOL 17
02/23/05	(H)	Scheduled But Not Heard
03/02/05	(H)	L&C AT 3:15 PM CAPITOL 17
03/02/05	(H)	Heard & Held
03/02/05	(H)	MINUTE(L&C)
03/18/05	(H)	L&C AT 3:15 PM CAPITOL 17
03/18/05	(H)	Moved CSHB 150(L&C) Out of Committee
03/18/05	(H)	MINUTE(L&C)
03/22/05	(H)	L&C RPT CS(L&C) 2DP 1NR 2AM
03/22/05	(H)	DP: LYNN, ANDERSON;
03/22/05	(H)	NR: CRAWFORD;
03/22/05	(H)	AM: ROKEBERG, KOTT
03/30/05	(H)	JUD AT 1:00 PM CAPITOL 120
03/30/05	(H)	Heard & Held
03/30/05	(H)	MINUTE(JUD)
04/06/05	(H)	JUD AT 1:00 PM CAPITOL 120
04/06/05	(H)	<Bill Hearing Postponed>
04/11/05	(H)	JUD AT 1:00 PM CAPITOL 120
04/11/05	(H)	Heard & Held
04/11/05	(H)	MINUTE(JUD)
01/27/06	(H)	JUD AT 1:00 PM CAPITOL 120
01/27/06	(H)	Scheduled But Not Heard
02/01/06	(H)	JUD AT 1:00 PM CAPITOL 120
02/01/06	(H)	-- Meeting Canceled --
02/03/06	(H)	JUD AT 1:00 PM CAPITOL 120
02/03/06	(H)	Moved CSHB 150(JUD) Out of Committee
02/03/06	(H)	MINUTE(JUD)

02/06/06 (H) JUD RPT CS(JUD) 2DP 1DNP 2NR 1AM
 02/06/06 (H) DP: ANDERSON, MCGUIRE;
 02/06/06 (H) DNP: WILSON;
 02/06/06 (H) NR: GARA, GRUENBERG;
 02/06/06 (H) AM: KOTT
 02/13/06 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/13/06 (H) Heard & Held
 02/13/06 (H) MINUTE(FIN)
 02/21/06 (H) FIN AT 3:00 PM HOUSE FINANCE 519
 02/21/06 (H) Moved CSHB 150(FIN) Out of Committee
 02/21/06 (H) MINUTE(FIN)
 02/27/06 (H) FIN RPT CS(FIN) 2DP 6NR 1AM
 02/27/06 (H) DP: FOSTER, CHENAULT;
 02/27/06 (H) NR: HAWKER, JOULE, STOLTZE, KERTTULA,
 HOLM, MEYER;
 02/27/06 (H) AM: WEYHRAUCH
 04/10/06 (H) TRANSMITTED TO (S)
 04/10/06 (H) VERSION: CSHB 150(FIN) AM
 04/12/06 (S) READ THE FIRST TIME - REFERRALS
 04/12/06 (S) L&C, FIN
 04/25/06 (S) L&C AT 1:30 PM BELTZ 211
 04/25/06 (S) -- Meeting Canceled --
 04/27/06 (S) L&C AT 1:30 PM BELTZ 211
 04/27/06 (S) -- Rescheduled from 04/25/06 --
 05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 31

SHORT TITLE: WORKERS' COMP: DISEASE PRESUMPTION

SPONSOR(S): REPRESENTATIVE(S) ANDERSON

01/10/05 (H) PREFILE RELEASED 12/30/04
 01/10/05 (H) READ THE FIRST TIME - REFERRALS
 01/10/05 (H) L&C, HES, FIN
 02/09/05 (H) L&C AT 3:15 PM CAPITOL 17
 02/09/05 (H) Heard & Held
 02/09/05 (H) MINUTE(L&C)
 03/04/05 (H) SPONSOR SUBSTITUTE INTRODUCED
 03/04/05 (H) READ THE FIRST TIME - REFERRALS
 03/04/05 (H) L&C, HES, FIN
 03/04/05 (H) L&C AT 3:15 PM CAPITOL 17
 03/04/05 (H) Moved Out of Committee
 03/04/05 (H) MINUTE(L&C)
 03/07/05 (H) L&C RPT 4DP 3NR
 03/07/05 (H) DP: CRAWFORD, LYNN, GUTTENBERG,
 ANDERSON;
 03/07/05 (H) NR: KOTT, LEDOUX, ROKEBERG
 03/29/05 (H) HES AT 3:00 PM CAPITOL 106

03/29/05 (H) Moved Out of Committee
 03/29/05 (H) MINUTE(HES)
 04/01/05 (H) HES RPT 2DP 1DNP 1NR
 04/01/05 (H) DP: ANDERSON, MCGUIRE;
 04/01/05 (H) DNP: WILSON;
 04/01/05 (H) NR: KOHRING
 04/21/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/21/05 (H) Moved CSSSHB 31(FIN) Out of Committee
 04/21/05 (H) MINUTE(FIN)
 04/22/05 (H) FIN RPT CS(FIN) 3DP 4NR
 04/22/05 (H) DP: HAWKER, CROFT, STOLTZE;
 04/22/05 (H) NR: WEYHRAUCH, JOULE, KELLY, CHENAULT
 03/30/06 (H) TRANSMITTED TO (S)
 03/30/06 (H) VERSION: CSSSHB 31(FIN)
 03/31/06 (S) READ THE FIRST TIME - REFERRALS
 03/31/06 (S) L&C, FIN
 04/20/06 (S) L&C AT 1:30 PM BELTZ 211
 04/20/06 (S) Heard & Held
 04/20/06 (S) MINUTE(L&C)
 05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: SB 241

SHORT TITLE: JOINT INSURANCE ARRANGEMENTS

SPONSOR(s): SENATOR(s) COWDERY

01/18/06 (S) READ THE FIRST TIME - REFERRALS
 01/18/06 (S) L&C, FIN
 03/28/06 (S) L&C AT 1:30 PM BELTZ 211
 03/28/06 (S) Scheduled But Not Heard
 03/30/06 (S) L&C AT 1:30 PM BELTZ 211
 03/30/06 (S) Heard & Held
 03/30/06 (S) MINUTE(L&C)
 05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 392

SHORT TITLE: SOLID WASTE MANAGEMENT AUTHORITIES

SPONSOR(s): REPRESENTATIVE(s) WILSON

01/25/06 (H) READ THE FIRST TIME - REFERRALS
 01/25/06 (H) CRA, L&C
 02/09/06 (H) CRA AT 8:00 AM CAPITOL 124
 02/09/06 (H) Heard & Held
 02/09/06 (H) MINUTE(CRA)
 02/14/06 (H) CRA AT 8:00 AM CAPITOL 124
 02/14/06 (H) Moved CSHB 392(CRA) Out of Committee
 02/14/06 (H) MINUTE(CRA)
 02/17/06 (H) CRA RPT CS(CRA) NT 4DP 2NR

02/17/06 (H) DP: CISSNA, KOTT, THOMAS, OLSON;
 02/17/06 (H) NR: SALMON, NEUMAN
 03/06/06 (H) L&C AT 3:15 PM CAPITOL 17
 03/06/06 (H) Moved CSHB 392(L&C) Out of Committee
 03/06/06 (H) MINUTE(L&C)
 03/08/06 (H) L&C RPT CS(L&C) 1DP 4NR 1AM
 03/08/06 (H) DP: KOTT;
 03/08/06 (H) NR: CRAWFORD, LYNN, LEDOUX, GUTTENBERG;
 03/08/06 (H) AM: ROKEBERG
 03/24/06 (H) RETURNED TO RLS COMMITTEE
 04/12/06 (H) TRANSMITTED TO (S)
 04/12/06 (H) VERSION: CSHB 392(L&C) AM
 04/13/06 (S) READ THE FIRST TIME - REFERRALS
 04/13/06 (S) CRA, L&C
 04/19/06 (S) CRA AT 1:30 PM BELTZ 211
 04/19/06 (S) -- Meeting Canceled --
 04/21/06 (S) CRA AT 1:30 PM BELTZ 211
 04/21/06 (S) -- Meeting Canceled --
 04/24/06 (S) CRA AT 1:30 PM BELTZ 211
 04/24/06 (S) -- Meeting Canceled --
 04/26/06 (S) CRA AT 1:30 PM BELTZ 211
 04/26/06 (S) Moved CSHB 392(L&C) am Out of Committee
 04/26/06 (S) MINUTE(CRA)
 04/27/06 (S) CRA RPT 4DP
 04/27/06 (S) DP: STEDMAN, WAGONER, STEVENS G,
 KOOKESH
 05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HB 382

SHORT TITLE: RECORKING WINE SERVED WITH A MEAL

SPONSOR(S): REPRESENTATIVE(S) RAMRAS

01/20/06 (H) READ THE FIRST TIME - REFERRALS
 01/20/06 (H) EDT, L&C
 02/06/06 (H) EDT AT 5:00 PM CAPITOL 120
 02/06/06 (H) Moved Out of Committee
 02/06/06 (H) MINUTE(EDT)
 02/08/06 (H) EDT RPT 5DP
 02/08/06 (H) DP: COGHILL, LYNN, CRAWFORD, NEUMAN,
 RAMRAS
 02/13/06 (H) L&C AT 3:15 PM CAPITOL 17
 02/13/06 (H) Moved Out of Committee
 02/13/06 (H) MINUTE(L&C)
 02/15/06 (H) L&C RPT 3DP 3AM
 02/15/06 (H) DP: CRAWFORD, LYNN, ANDERSON;
 02/15/06 (H) AM: KOTT, LEDOUX, GUTTENBERG
 02/27/06 (H) TRANSMITTED TO (S)

02/27/06 (H) VERSION: HB 382
03/01/06 (S) READ THE FIRST TIME - REFERRALS
03/01/06 (S) L&C, FIN
05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HCR 34

SHORT TITLE: ALASKA AGRICULTURAL PRODUCTS FOR TOURISTS
SPONSOR(S): RULES BY REQUEST OF ECON. DEVEL., TRADE, & TOURISM

03/01/06 (H) READ THE FIRST TIME - REFERRALS
03/01/06 (H) EDT
03/13/06 (H) EDT AT 5:00 PM CAPITOL 106
03/13/06 (H) Moved Out of Committee
03/13/06 (H) MINUTE(EDT)
03/17/06 (H) EDT RPT 5DP
03/17/06 (H) DP: LYNN, CRAWFORD, KERTTULA,
DAHLSTROM, NEUMAN
04/06/06 (H) TRANSMITTED TO (S)
04/06/06 (H) VERSION: HCR 34 AM
04/07/06 (S) READ THE FIRST TIME - REFERRALS
04/07/06 (S) L&C
05/02/06 (S) L&C AT 1:30 PM BELTZ 211

BILL: HCR 4

SHORT TITLE: METH WATCH PROGRAM
SPONSOR(S): REPRESENTATIVE(S) RAMRAS

03/04/05 (H) READ THE FIRST TIME - REFERRALS
03/04/05 (H) STA, JUD
03/15/05 (H) STA AT 8:00 AM CAPITOL 106
03/15/05 (H) Moved Out of Committee
03/15/05 (H) MINUTE(STA)
03/16/05 (H) STA RPT 7DP
03/16/05 (H) DP: GARDNER, LYNN, GATTO, GRUENBERG,
RAMRAS, ELKINS, SEATON
04/19/06 (H) JUD AT 1:00 PM CAPITOL 120
04/19/06 (H) Moved CSHCR 4(JUD) Out of Committee
04/19/06 (H) MINUTE(JUD)
04/21/06 (H) JUD RPT CS(JUD) 6DP
04/21/06 (H) DP: GARA, COGHILL, WILSON, ANDERSON,
GRUENBERG, MCGUIRE
04/25/06 (H) TRANSMITTED TO (S)
04/25/06 (H) VERSION: CSHCR 4(JUD)
04/25/06 (S) READ THE FIRST TIME - REFERRALS
04/25/06 (S) L&C, STA
05/02/06 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

REPRESENTATIVE TOM ANDERSON
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of HB 31.

HEATH HILYARD
Staff to Representative Anderson
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Commented on HB 31.

JOHN COMBS, Mayor
City of Palmer
Palmer AK
POSITION STATEMENT: Opposed HB 31.

MIKE DAVIDSON
Paramedic and Firefighter
Municipality of Anchorage
Anchorage AK
POSITION STATEMENT: Supported HB 31.

MARK ERENST, City Manager
Whittier AK
POSITION STATEMENT: Opposed HB 31.

TERRY MCFARLANE, Risk Manager
North Star Borough
Fairbanks AK
POSITION STATEMENT: Opposed HB 31.

MARK DRYGAS, Battalion Chief
Fairbanks Fire Department
Professional Firefighters Association
Fairbanks AK
POSITION STATEMENT: Supported HB 31.

LARRY SEMMENS, Finance Director
City of Kenai
Kenai AK
POSITION STATEMENT: Opposed HB 31.

KEVIN SMITH, Executive Director

Alaska Municipal League's Joint Insurance Association (AMLJIA),
Anchorage AK

POSITION STATEMENT: Opposed HB 31.

PAUL LISANKIE, Director
Division of Workers' Compensation
Department of Labor & Workforce
Development
PO Box 21149
Juneau, AK 99802-1149

POSITION STATEMENT: Commented on HB 31.

REPRESENTATIVE PEGGY WILSON
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 392.

REBECCA ROONEY
Staff to Representative Wilson
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HB 392 for the sponsor.

CINDY ROBERTS
Business Development Specialist
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Supported HB 392.

ROB ALLEN, Interim Executive Director
Southeast Conference
Juneau AK

POSITION STATEMENT: Supported HB 392.

JIM POUND
Staff to Representative Jay Ramras
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Sponsor of HB 392 and HCR 4.

JANE PIERSON
Staff to Representative Jay Ramras
Alaska State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Commented on HCR 34 for the sponsor.

ROBERT VOGEL
Pro-Group Management
No address provided
Nevada

POSITION STATEMENT: Commented on SB 241.

LINDA HALL, Director
Division of Insurance
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Opposed SB 241.

ACTION NARRATIVE

CHAIR CON BUNDE called the Senate Labor and Commerce Standing Committee meeting to order at [1:37:26 PM](#). Present at the call to order were Senators Davis, Ben Stevens and Chair Con Bunde.

^#HB150

CSHB 150(FIN) am -LICENSING RADIOLOGIC TECHNICIANS

CHAIR CON BUNDE announced CSHB 150(FIN) am to be up for consideration.

[1:38:58 PM](#)

SENATOR BEN STEVENS moved to adopt SCS CSHB 150(L&C) am, version M, as the working document. There were no objections and it was so ordered.

HEATH HILYARD, staff to Representative Tom Anderson, sponsor of HB 150, reviewed the seven amendments the committee adopted in the previous meeting that were now incorporated in the SCS.

CHAIR BUNDE asked the Director of the Division of Corporations, Businesses and Professional Licensing, Rick Urion, if he wanted to comment. He answered no.

[1:43:24 PM](#)

SENATOR DAVIS moved to report SCS CSHB 150(L&C) am from committee with individual recommendations and attached fiscal note. Senators Davis, Ben Stevens and Chair Bunde voted yea; so SCS CSHB 150(L&C) am moved from committee.

#

^#hb31

[1:45:24 PM](#)

CSSSHB 31(FIN)-WORKERS' COMP: DISEASE PRESUMPTION

CHAIR CON BUNDE announced CSSSHB 31(FIN) to be up for consideration.

REPRESENTATIVE TOM ANDERSON, sponsor of HB 31, said he didn't have any more information to add.

HEATH HILYARD, staff to Representative Anderson, added that the sponsor's office hadn't received any new materials.

JOHN COMBS, Mayor, City of Palmer, said he had previously been in the insurance business for 23 years. He noted that his brother, Michael Combs, as president of the Alaska Independent Insurance Agents and Brokers, wrote a letter in opposition to HB 31.

MAYOR COMBS said the primary problem in putting the impetus on the municipality for presumption of illness in certain classes of occupations is that the municipalities' attorneys and doctors would have no defense to prove someone didn't develop a disease on the job. He thought the intent of this legislation was noble, but medical coverage is already available to his workers and it is much more appropriate than workers' compensation in cases where something is done over a period of time and it's presumed that it was because of the job.

[1:48:09 PM](#)

CHAIR BUNDE asked if Palmer has a city fire department.

MAYOR COMBS replied yes.

CHAIR BUNDE asked if they have good health insurance coverage in addition to workers' compensation.

MAYOR COMBS replied yes. He explained that workers' compensation was designed for incidents that were sudden and accidental and so the employee doesn't have to sue the employer for coverage. Adopting this legislation would make workers' compensation rates go up and prescreening could also lead to big problems, because the municipality currently doesn't do that for any employee.

[1:50:36 PM](#)

CHAIR BUNDE asked if a firefighter in his community was diagnosed with lung cancer and this bill passed, at what point would he decide it goes to workers' compensation.

MAYOR COMBS replied that person would be on medical leave if he developed lung cancer; a workers' compensation claim would not be submitted.

CHAIR BUNDE asked if passing this bill would make that possible.

MAYOR COMBS replied yes.

CHAIR BUNDE wanted to know if he would still have the option to use the health insurance and would it automatically be a workers' compensation claim.

MAYOR COMBS replied no; workers' compensation covers sudden and accidental and on-the-job claims.

[1:52:14 PM](#)

MIKE DAVIDSON, Professional Firefighters Association, said he is a firefighter and paramedic in the Municipality of Anchorage. He was testifying on the municipalities' behalf today. He wanted to correct some erroneous statements that have been made. The first was that this bill requires medical screening, but it simply says if your city doesn't do medical screening prior to employment, you don't qualify for the presumption. No one in that city would qualify. However, he encouraged those municipalities to start doing medical screenings anyhow for things like hepatitis, tuberculosis and AIDS, because those employees are frequently interacting with the public, often in medical settings, and he felt the public had a right to ensure that those employees were disease-free.

MR. DAVIDSON said he has also heard that the employees can acquire these illnesses through the course of their work, but here are ways to avoid exposures prior to engaging in those activities. In his line of work, despite the best efforts, the largest exposure to disease still occurs through their skin system. He elaborated that he can't wear a plastic suit around his body when he goes into a fire, because the temperature is somewhere between the temperature of your oven and 2000 F. Every time he is in those atmospheres, he is exposed to known carcinogens at a rate much higher than the general public.

Some testimony said that other people can acquire these diseases and that is true, but many of them do not acquire them at rates like 319 percent greater than the average populace for bladder cancer, 270 percent greater than a healthy populace of workers for leukemia, and 227 percent greater than a healthy populace of workers for non-Hodgkin's lymphoma. He concluded:

It's clear from those rates that certainly there must be some connection and the connection in that case would be that all those people acquiring those much greater rates were firefighters versus people who were not.

MR. DAVIDSON said he understood employers' concerns that this could cause an increase in their insurance rates; he also understood them to say they want the firefighters and their families to bear these costs.

He agreed that, as Mayor Combs said, there would be no way for the employer to defend himself, but there would be no way for him under the current system to defend himself particularly given the resources that would be limited essentially to his family. As the head of his family, he has a limited lifespan and his choice is to either spend it with his family versus fighting the red tape of the system.

He supplied the committee with examples of claim numbers from other communities as follows: according to Joseph Martin, Deputy Director of the Public Employee Retirement Agency in Massachusetts, when cancer provisions were enacted in their retirements, over a four-year period, the state had 15 disability claims and 19 death benefit claims. Massachusetts had 14,500 career and 11,000 volunteer firefighters for an average claim rate of .03 percent. Dave Dubois with the California Department of Contract Services stated that when California passed similar legislation, it had 63,000 firefighters with an average claim rate of .07 percent. Bob Hollander, Executive Director, Oklahoma Firefighters Pension Retirement System, said Oklahoma has 12,420 firefighters with an average claim rate of .03 percent. These all result in an average predicted claim rate of .034 percent.

Alaska has approximately 1,000 career and volunteer firefighters, many of whom, because they don't have health screening or don't have ten years of service, would not qualify for any of this coverage. But if all those qualified for this coverage, the average predicted claim rate would be less than one firefighter per year and approximately one firefighter every three years. The cost per claim would be much more difficult to determine and he couldn't come up with figures that he felt were accurate at this time.

[1:58:54 PM](#)

MARK ERENST, City Manager, Whittier, shared Mayor Combs' concerns with increasing the cost of workers' compensation insurance, which is the biggest component of his budget. His city has had large tax increases just to maintain the status quo for providing local services. For instance in the last year, moorage fees went up 50 percent, water and sewer rates went up 65 percent and an ordinance would go before the voters in the next election asking to increase property tax by 140 percent - all just to deal with the status quo.

MR. ERENST said that the presumption in HB 31 goes too far and that health insurance was the proper avenue for dealing with non-work related injuries.

[2:01:16 PM](#)

CHAIR BUNDE asked him to estimate how much his workers' compensation premium would increase with passage of this bill.

MR. ERENST replied that he would get those figures for him. He said Whittier is one of the smallest municipalities in the state that has a property tax and any serious claim would have a tremendous impact on it.

[2:02:26 PM](#)

CHAIR BUNDE asked if its health plan included a long-term disability option.

MR. ERENST replied yes. It has the same program as the State of Alaska - at no cost to the employee.

[2:02:49 PM](#)

TERRY MCFARLANE, Risk Manager, North Star Borough, was concerned about the increased cost of workers' compensation premium if this passes. She said the North Star Borough has four volunteer/paid combination fire departments. Last year it paid about \$180,000 for workers' compensation premium and was given an estimate that this measure could raise rates as much as 20 percent per year.

[2:03:47 PM](#)

MARK DRYGAS, Battalion Chief with the Fairbanks Fire Department, said he is also president of the statewide Alaska Professional Firefighters Association. He pointed out that the presumption that already exists in 38 other states is only in a small number of cases and they are very serious illnesses and after a long time of employment. He related a story about Skip Causey, who rose through the ranks and became a battalion chief at the Fairbanks

Fire Department and who developed non-Hodgkin's lymphoma. He was one of the healthiest individuals he had ever known. There was no doubt that his disease came from firefighting; its rate is four times greater in firefighters than the general public. He died after a year and a half battle with the disease. He came under the city health care that was self-funded and it raised the average rate per employee greatly. While he was alive, the city tried to provide some light duty employment for him and firefighters contributed leave to him.

But still, there is a big difference between being on health care and being on workers' compensation, because he had no disability, no death benefit. For months he would be outside in hospitals. There was no coverage for his family for loss of wages. It had a huge impact on him and his primary concern was taking care of himself, his three boys, and like Mike Davidson said, there is no time in here to put on a legal battle as to whether it happened on the job or didn't. Certainly, this is the only case that I am aware of that would be under this presumption. But this would have made a tremendous difference to Skip Causey and his family. This bill is important; it's important for firefighters. What we do is a dangerous job....

MR. DRYGAS said safeguards for employers were built into the bill. Cancer coverage required 10 years of employment. He said the bill is focused on specific diseases that have a much higher rate amongst firefighters and couldn't be abused.

[2:08:38 PM](#)

CHAIR BUNDE summarized that the difference wasn't in the health care, but the wages and disability benefits.

MR. DRYGAS responded that workers' compensation includes rehabilitation provisions, but one of the primary differences is that it covers income from loss of work.

[2:09:16 PM](#)

LARRY SEMMENS, Finance Director, City of Kenai, opposed HB 31. As with other municipalities, it would impose increased costs. It primarily would affect municipalities, not state agencies. He said:

Municipalities are already struggling with rising insurance costs, notably workers' compensation, as

well as health care costs and PERS costs. From my perspective, municipalities need help from the state, not further increased costs.

He said a presumption ignores other possibilities as to how those diseases were contracted. Why wouldn't lifestyle of the employee be considered, for instance? He had the unfortunate experience of dealing with a death on-the-job workers' compensation claim and he did not want anyone to be unfairly treated for an on-the-job accident. But they cost \$1 million to \$2 million. That has a big impact on workers' compensation rates. That is why he opposed to this bill.

CHAIR BUNDE asked if he had an estimate of what the impact would be on his workers' compensation rate would if this bill became law.

MR. DRYGAS replied he did not.

[2:11:48 PM](#)

KEVIN SMITH, Executive Director, Alaska Municipal League's Joint Insurance Association (AMLJIA), said the association is a not-for-profit self-insurance mechanism for schools, cities and boroughs in Alaska. He said he also serves on the Medical Services Review Committee, a committee that was reconstituted in SB 130 last year to advise the Department of Labor and the Alaska Workers' Compensation Board on the appropriateness, necessity and costliness of medical care and related services. He said that the increasing costs of medical care continue to hobble progress. While the Alaska workers' compensation system continues to need reform, he opposed HB 31. It does nothing to improve the situation. HB 31 really focuses on a single class of employees - municipalities and local governments. The National Counsel on Compensation Insurance has set the manual base rates that are used across the country and estimate the cost would increase by 10 to 20 percent. That estimate excludes section 2 of the bill that is retroactive.

Public safety and rescue personnel represent one-third of Anchorage's employees and a large part of the overall workforce for local government. Raising the workers' compensation rates by another 20 percent for a third of your workforce is a bitter pill to swallow - no matter what community you are in - particularly in light of other challenges faced by municipalities as Mr. Semmens pointed out - PERS, TRS, tax caps, cost of fuel, senior citizens tax exemptions and the like.

The situation is further complicated by the retroactive aspect of the bill. Section 2 applies to the presumption of coverage to claims made on or after the effective date even if the exposure leading to the occupational disease occurred before the effective date of this act.

He said that life-long liability for former employees was never really contemplated in the development of these rates.

It represents an unfunded liability. Coverage for legitimate workers' compensation claims already exists for this class of workers. The statistical relevance of the incident rates of these diseases is inconclusive in many instances. Providing a blanket presumption for communicable diseases like AIDS, HIV, TB, meningitis and hepatitis is also a real stretch. In fact, when the public safety personnel follow departmental procedures, the incidence rate should be lower than the general population. Cancer presumptions are offered only if the employee has been shown to be clear of cancer by a qualifying medical exam, which is a good idea. While municipalities may not be required to give the medical exam, I would think employees would insist on having a medical exam in order to take advantage of the presumption.

In the past, I had misunderstood that EMTs might also be included in the medical screening. If it's only firefighters, I would say that we have roughly 5,600 volunteer and professional paid firefighters in the state of Alaska. We tried to pencil this out last year in terms of how much would cost per medical screening. The rates vary from \$750 to \$1,500 depending on the age of the applicant. If we say 5,600 times \$900, which I think is probably a low estimate on medical screening, you're looking at somewhere upwards north of \$5 million for the medical screening in the first year.

The cancer presumptions are offered if you have this qualifying medical exam, but if you go to the doctor today - if any of us go to the doctor today - there is no guarantee that we won't come out clean and when we come out clean, there is no guarantee we're not going to have cancer. In fact, the American Cancer Society

says there is a little less than one out of two chance for men to contract or die of cancer in their lifetime - for women, the statistic is more than one in three. This is across all categories in all occupations.

As I said, these claims are already covered by the workers' compensation system when they are clearly work-related, but many of the illnesses contemplated here have at their core a genetic or lifestyle component. If a firefighter has a heart attack while lugging a hose or carrying a pump, these claims are covered, but if a firefighter has a heart attack three days after the response to a fire, I think it's a stretch to presume the heart condition is job-related, particularly in light of America's demographics where we're all getting older and we're in general getting heavier. If they are not covered by the comp system, they will generally be covered by the employer-provided health care system.

The International Association of Firefighters Union also makes available a catastrophic health plan. Therefore, if passed, this bill would assure that the cost shifts from the employer-provided or union-provided health care system to the less-efficient and more expensive workers' compensation system.

[2:18:57 PM](#)

You have heard that 38 other states have similar legislation. To be more accurate, that number includes states where these presumptions are included in pension and retirement plans. Up until recently, the Anchorage police and firefighter pension plan included an occupational disability for a heart lung presumption. As best as I can determine, the real number of states whose workers' compensation presumption - it's a workers' comp presumption - is closer to nine.

I think I speak for all the municipalities in Alaska when I say municipalities appreciate our firefighters, our EMTs, our policemen. However, the coverage is already in place for legitimate claims. The cost of complying with presumption in this bill without providing the accompanying funding must not be ignored. It's for these reasons that we oppose HB 31.

[2:19:45 PM](#)

SENATOR BEN STEVENS asked if this subject was discussed in the Medical Services Review Committee for workers' compensation.

MR. SMITH replied no.

SENATOR BEN STEVENS asked if the statistic that one in two men die from cancer referred to men in general or just firefighters.

MR. SMITH replied that statistic was from the American Cancer Society's website. It referred to men across all occupations. Cancer and heart disease are problems for all Americans, not just firefighters.

SENATOR BEN STEVENS asked him to explain what he meant by death and disability coverage is available now for presumption causes in the retirement and pension plans of 38 states versus the nine states.

MR. SMITH explained that Mr. Drygas testified that 38 states had passed legislation similar to HB 31, but as best as he could determine, those 38 states are inclusive of retirement and pension plans, not a peer workers' compensation presumption - the type of workers' compensation that was considered in just nine other states.

SENATOR BEN STEVENS asked if there could be an option in a retirement plan to buy additional coverage for getting cancer later in life.

MR. SMITH replied that it's not so much an option as a negotiated item in the pensions themselves. For example, the Anchorage firefighter and police pension plan has a heart lung disability. Then they moved to the PERS system and he didn't know if that same disability existed under that system. He mentioned that he could almost guarantee that any new hires under Tier 4 would not be offered a pension that included that occupational disability.

[2:23:16 PM](#)

PAUL LISANKIE, Director, Division of Workers' Compensation, Department of Labor and Workforce Development (DOLWD), said he wasn't sure if long-term disability was available. He knew there were non-occupational disability provisions as well as occupational.

He said he wanted them to base this serious policy decision on a clear understanding of what exists and how it would change. He said it is not absolutely correct to say that workers' compensation is only aimed at traumatic injuries.

Since 1959, our definition of injury under the Workers' Compensation Act has included occupational diseases. The way I would characterize it, Mr. Chairman and members of the committee, is that this would kind of stand on its head how an occupational disease is proven and who has to prove it. Currently, if someone wants to make a claim that they have an occupational disease, they have to carry the burden of proof to persuade someone that the disease was caused by the conditions of their employment and that those employment conditions carry with them a greater risk of incurring that disease than those that prevail in employment and living conditions generally. As you might expect, that can be a very difficult burden to carry. It takes some evidence and when you deal with some of these diseases that we're talking about, I'm not sure that science really understands what causes them definitively anyway.

What the bill would do is, in essence, take four major groups of diseases and say, as a matter of law, for the two groups that are impacted by this bill, these diseases are occupational diseases. So, it would remove the burden of making that association. It would be made by matter of law to their employment conditions. And then it would require that to defeat such a claim for benefits, that the self insured employer or the insurer, as the case may be, would have to come forward with a preponderance of the evidence - essentially to prove to someone that it's more likely than not - not withstanding the presumption that it's not caused by the work.

I think it's unfair to characterize the bill as saying that the self-insured employers or insurers have no capability of defeating the claim. I might personally, based on my experience, say that it's going to be difficult, but I don't think that it's fair to say that it's impossible, because the sponsor has made sure to put in the bill that the presumption may be rebutted by a preponderance of the evidence and that evidence could include personal use of tobacco

products, physical fitness, weight, lifestyle, hereditary factors and the other things that you have heard from the some of the testimony that are associated with some of these diseases. So, while I'm not trying to minimize how difficult it might be to rebut such a presumption, the sponsor has given them an opportunity to address it.

2:27:49 PM

There has also been some testimony about the, I guess I would call it, the four groups of conditions that the bill envisions becoming occupational diseases and what you have to do to bring yourself under that presumption. I would like to clarify a few points.

The four groups of conditions are - respiratory disease is one, certain cardio vascular events within a 72-hour period is the second, certain cancers is the third and certain infectious diseases is the fourth. Only one of them, the certain cancer one is the one that requires that you have X-number of years of - I believe it's 10 years of experience - on the job and some type of a baseline physical to establish - I presume in the absence of that condition.

The other, as I read the bill, the others do not have either a requirement for a baseline examination of any sort or a requirement that it only happen after so many years. That, in my experience, is a little bit different than some of the states that I was looking at when I did try and educate myself on this....

I would also like to clarify one thing that's come up in some of the testimony. As I read the bill under that list of certain cancers that would become occupational diseases, lung cancer is not on that list. So, while I don't want to say the entirety of the testimony about the concerns about cancer is erroneous, it just so happens that lung cancer, as I read the bill, is like one cancer that is not actually subject to the presumption you are being asked to put in law.

The two groups that are affected are obviously firefighters. They get the presumption for all four of these disease groups and then there is a final group, peace officers, emergency, medical and rescue

personnel - and they are only on line to get a presumption for those infectious diseases.

I tried to find if there were definitions somewhere of firefighters, peace officers and emergency medical and rescue personnel. The last one has been included in the bill. There is a definition. Peace officers - I found two definitions in Alaska statutes. One is in Title 01, which applies to all legislations. So, I think there is certainly a valid definition of peace officer. Firefighters - I did not actually find a definition that's broadly applicable although there is a definition in Title 9 that has to do with certain liability cases. And that is a fairly broad definition, but is basically if you are employed by a fire department or a volunteer fire department.

2:31:17 PM

Finally, there have been some questions about the scope of the examinations. As I read the bill, Mr. Chairman, the Department of Labor, if this bill becomes law, will be required to make up a determination and publish it, I guess, in a regulation about what type of examination will be a qualifying examination. That will be, I think, kind of an interesting question as it's explored.... On the one hand, the more - I guess what I'm trying to say is I'm not sure how you rule out the existence of certain cancers, but I imagine it could be pretty expensive. For example, brain cancer might be a CAT scan. I mean, that would be pretty expensive. On the other hand, if we make a very broad watered-down thing and say if you had your basic physical, that it was sufficient; then I could see municipalities having a concern there and saying you haven't really ruled out the existence of kidney cancer if you've had a basic physical. So, that will be kind of a conundrum for us.

2:32:20 PM

The other thing is that there is a provision that says.... the nature and quantity of a person's tobacco product use needs to be defined, again, by the Department of Labor. And certain personal use of tobacco would cause that person to lose the presumption for respiratory diseases and cardio vascular events.

MR. LISANKIE said that Washington State has similar language and they have published a grid that says if you have asthma, for instance, you cannot be currently a smoker and you must have been off of cigarettes for at least two years. For the more serious conditions, it says you can't be a smoker and you must have quit at least 15 years ago.

[2:33:50 PM](#)

CHAIR BUNDE asked him to guess what the financial impact would be on rates.

MR. LISANKIE replied that Director Hall usually carries the rate questions.

[2:34:35 PM](#)

SENATOR BEN STEVENS questioned whether qualification for the 10-year exemption on page 2, line 17, applied to cancer only.

MR. LISANKIE replied that was his understanding.

SENATOR BEN STEVENS said it also states that the individual has to have a medical exam either prior to or during employment.

MR. LISANKIE replied yes, that was his reading of the bill.

SENATOR BEN STEVENS asked if an individual had an exam and found he had heart disease or a respiratory disease under (a) and (b), would he still be under the presumption - even if he hadn't worked for the employer for 10 years.

MR. LISANKIE replied that was his understanding of the bill.

REPRESENTATIVE ANDERSON said he would entertain an amendment adding 1(a) and 1(b) to page 2, line 17 so that a presumption wouldn't be applied. He also said he wouldn't oppose deleting peace officers from the bill on page 2, line 28. He would, however, add peace officers to page 3, lines 4 through 8. He intended to target firefighters.

[2:38:35 PM](#)

SENATOR SEEKINS arrived.

CHAIR BUNDE asked if he was suggesting the 10-year employment apply to all presumption for all diseases.

REPRESENTATIVE ANDERSON replied that he would like to confer with Mike Davidson on that.

CHAIR BUNDE said he would like to set HB 31 aside for work on amendments.

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[2:41:00 PM](#) at ease [2:41:24 PM](#)

^#HB392

CSHB 392(L&C) am -SOLID WASTE MANAGEMENT AUTHORITIES

CHAIR CON BUNDE announced CSHB 392(L&C) am to be up for consideration.

REPRESENTATIVE PEGGY WILSON, sponsor of HB 392, introduced her staff to comment on the bill.

REBECCA ROONEY, staff to Representative Wilson, explained that each Alaskan produces about 6.6 to 7 pounds of solid waste a day, which amounts to 90 tons per year in Southeast Alaska. Many waste-to-energy plants and incinerators have closed over the past 10 years. Some communities have resorted to shipping by barge to the Lower 48 super landfills. Recycling and solid waste disposal is expensive here and people pay between \$77 and \$200 per ton to ship solid wastes south while Anchorage pays only \$40 a ton. HB 392 would provide a way for communities to come together to form an authority to do what no one community has been able to do. Working together, they can create economies of scale, reduce administrative costs and afford a state-of-the-art processing facility. The authority would also help the region's economy by keeping jobs in Southeast. Several communities have agreed to be part of the Solid Waste Authority. Upon formation it would decide on where the facility will be and what technologies would be used. It could include things like material recovery or recycling, state-of-the-art landfills, thermal reduction or waste-to-energy type processing plants, space for composting and a way to treat oily soils.

The bill is modeled after the Port Authority and requires that each municipality's voters approve joining it. The Authority has an independent legal existence from the municipalities and the state. It may issue bonds, enter into contracts and borrow money. The board would be responsible for creating by-laws and regulations that would govern the authority and each municipality would representation on the board. It would allow a municipality to withdraw from the authority without dissolving it. However, the withdrawing municipality would remain liable for existing obligations to the authority or the other participating municipalities.

[2:44:56 PM](#)

The Southeast Conference has been spearheading this effort for several years and they have secured funds for three separate studies. The first study was a recommendation on what was the best entity or vehicle to use to create this authority. The authority model is used most often in the Lower 48 and that is what was recommended to Southeast Conference. The second study provided language that is used in HB 392. The third study has not been delivered yet, but they are looking at the different technologies available for this management. The Authority would ultimately decide what kind of technologies to implement. It would also provide data that would be used to make sure that operations are financially feasible.

CHAIR BUNDE said this would put government in competition with a private entity that ran a solid waste enterprise and asked if she had heard opposition to this bill from them.

MS. ROONEY replied no; the only private entity that has come to her is the Juneau Waste Management Facility and it wanted to be a bidder.

[2:46:08 PM](#)

CINDY ROBERTS, Liaison to the Denali Commission, Department of Commerce, Community & Economic Development (DCCED) said her interaction with this legislation is that the Commission was one of the funders of the original study that looked at the type of vehicle that would be best suited to put together these authorities. She said the Department is very pleased to endorse HB 392.

[2:49:06 PM](#)

ROB ALLEN, Interim Executive Director, Southeast Conference, said it has been working on bringing communities together on this issue for several years.

We see this as a mechanism to take care of solid waste in a better manner than we are now. We have good expectations of this being successful and being able to get more into recycling, as well, by bringing a lot more volume of material. So we see it on several levels as being very good for the region with a lot of potential, then, throughout the rest of Alaska if we're successful.

[2:50:05 PM](#) at ease [2:52:38 PM](#)

SENATOR SEEKINS moved to pass CSHB 392(L&C) am from committee with individual recommendations and attached fiscal note(s). Senators Ben Stevens, Davis, Seekins and Chair Bunde voted yea; and CSHB 392(L&C) am moved from committee.

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[2:53:56 PM](#)

^#HB382

HB 382-RECORKING WINE SERVED WITH A MEAL

CHAIR CON BUNDE announced HB 382 to be up for consideration.

JIM POUND, staff to Representative Jay Ramras, sponsor of HB 392, said it is aimed at lowering the blood alcohol content of individuals who would enjoy having a bottled wine with their meal. It accomplishes this by eliminating the desire to consume the entire bottle of wine while at the restaurant. Now, either the entire bottle must be drunk or left behind partially full. The later choice seldom happens. HB 382 would allow the customer to ask that the bottle be recorded or sealed so that it may be transported home. The cork must be replaced so that a corkscrew is required to open it again or sealed as determined by the Alcohol Beverage Control Board (ABC).

He said that HB 382 is a solution to an acceptable practice that already exists - having wine with a meal. Its goal is to assure that it's not too much wine.

[2:55:24 PM](#)

CHAIR BUNDE asked if there was any opposition.

MR. POUND replied he had heard of none.

[2:55:38 PM](#)

SENATOR SEEKINS moved HB 382 from committee with individual recommendations and attached fiscal note(s). Senators Seekins, Ben Stevens and Chair Bunde voted yea; so HB 382 moved from committee.

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[2:56:01 PM](#)

^#HCR34

HCR 34 am -ALASKA AGRICULTURAL PRODUCTS FOR TOURISTS

CHAIR CON BUNDE announced HCR 34 am to be up for consideration.

JANE PIERSON, staff to Representative Jay Ramras, sponsor of HCR 34, said it was a win/win bill for everyone involved. It was established to promote Alaskan-grown produce and food products to the visitor industry. It is the intent of the "Fresher by Far Program" to bring together the Department of Agriculture, farmers, related farm associations, producers, seafood producers, distributors and the visitor industry in restaurants and related culinary support associations to provide visitors to the state of Alaska with wholesome quality Alaska produce and products.

[2:58:08 PM](#)

CHAIR BUNDE if it cost the state any money.

MS. PIERSON replied no.

SENATOR SEEKINS moved to report HCR 34 am from committee with individual recommendations and zero fiscal note. Senators Seekins, Ben Stevens and Chair Bunde voted yea; so HCR 34 am moved from committee.

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[2:59:46 PM](#)

^#sb241

SB 241-JOINT INSURANCE ARRANGEMENTS

CHAIR BUNDE announced CSSB 241(L&C), version G, to be up for consideration. He moved to adopt Amendment 1 and objected for discussion purposes.

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Bailey

A M E N D M E N T 1

OFFERED IN THE SENATE

BY SENATOR BUNDE

TO: CSSB 241(), Draft Version "G"

Page 15, following line 22:

Insert a new subsection to read:

"(d) The state is not liable for, and does not guarantee or insure, the obligations of an association of employers or its members, or an association of self-insured employers or its members, under this chapter."

He explained that his concern was that if this bill becomes law, he did not want the state to become liable if joint insurance arrangements become unsuccessful or defaulted.

CHAIR BUNDE removed his objection. There were no further objections; and so Amendment 1 was adopted.

ROBERT VOGEL, Pro-Group Management, said he was a plant administrator for self-insured groups in Nevada and New Mexico. He offered to answer questions.

CHAIR BUNDE asked if he was aware of any self-insured groups that didn't have the reserves to sustain them and defaulted.

MR. VOGEL replied that he runs four different self-insured groups and in the last 12 to 13 years about two or three groups have run into problems. The most notable were Associated Industries of Kentucky and Tennessee Truckers Association. However, during that time the assessments were made upon members and claims were paid and no one went without payments.

He explained that the United States has had thousands of these groups over the last 40 years in over 37 states. Several groups have had problems, but he pointed out that hundreds of insurance companies have had much bigger problems during that time, as well.

3:03:50 PM

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED) said she wanted to discuss some policy issues today. She said that this committee has had a lot of talks about workers' compensation, which in itself is a compromise between labor and management. Employees got immediate benefits, both medical and wages, in a no fault system. Employers got an exclusive remedy for on-the-job injuries so they are not tied up in expensive litigation. These days she is seeing in their debates that labor is not supporting any kind of reform to the current system; management wants out of the system and describing it as broken.

MS. HALL said she had four primary concerns with this legislation: liquidity, the lack of a guarantee fund, who has the liability, and no requirement for licensing of adjusters or a process to deal with insolvent groups.

MS. HALL took exception to Mr. Vogel's comment about who is going to pay. She understood the Associated Industries of Kentucky had a court-ordered assessment of \$90.7 million of which its members paid about \$68 million in cash and promissory

notes. So, she was not sure there was sufficient money to pay the assessment.

The bill still has no provision for requiring licensing of claims adjusters. This would bring some oversight. Title 21 has specific provisions for rehabilitation and oversight.

[3:06:53 PM](#)

She wanted to rebut some comments that have been made in the past months. It's been indicated that the director would have a huge amount of authority because he can decline applications. However, she would assume if the Legislature passes this legislation, it's because they think it's a good idea. She did not think they would want a director who would just decline all the applications because he/she didn't like the legislation. She didn't think that could be called authority.

She emphasized that the two financial requirements that are most critical that are found in most other states are missing - a guarantee mechanism of some sort and a liquidity requirement.

MS. HALL said she has watched the marketplace for the past three years and how it tried to attract new companies. Since Alaska is such a small market, in most areas we are last in the country. So, Alaska needs an environment that is conducive to people doing business. When it allows cherry picking, such as this bill would provide, it is further damaging the marketplace and its attractiveness to insurers. They have heard testimony saying they wouldn't let everybody in, only the good risks. She asked,

Well, what does that do with the rest of our business? What are we going to have left for them? You do and I do receive on a regular basis concerns, complaints about the assigned risk pool. And we can't have an assigned risk pool without insurance companies, but that is a market of last resort and I don't want to see our businesses end up with no really viable alternatives.

She related that as a regulator, she receives a magazine. She just watched Ohio's workers' compensation fund invest \$50 million in rare coins, \$1 million of which were inventoried badly and stolen for all practical purposes. These are examples of the need for real regulatory oversight.

[3:09:50 PM](#)

MS. HALL said Alaska's marketplace is improving slowly. As an example, its assigned risk pool marketshare has gone down for the first time in a number of years to 15 percent; when she started it was at 19 percent. For the first time in eight years in 2005, Alaska's assigned risk pool did not lose money. That means it is breaking-even and it's no longer a detriment to insurers thinking about coming here to do business.

On guarantee funds assessments, she said that suggestions had been made to increase those up to 4 percent, but for 2006 the guarantee fund did not do an assessment. This will take a while to appear on workers' comp policies, because it's assessed at renewal. Through a variety of means, such as really reviewing claims, looking at judicious settlements of claims and recoupments from insolvent insurer states, they have accumulated enough money, that they did not feel it necessary to do an assessment in 2006. This is another good sign in a marketplace.

Thirdly, she is seeing is an increased interest in Alaska's market and she hasn't had a chance to see any effects from the 2005 reform legislation yet. That takes time to work into the system.

MS. HALL said that she has seen the results of reforms in other states. In California from July of '03 to January '06 there was a 46 percent decrease in workers' comp premiums that appear to be directly related to workers' comp reform, a 60 percent decrease over what it would have been without it. Last week, she saw rates for Pennsylvania had dropped about \$100 million - due to reform. Those are predominantly workplace safety reforms. She encouraged them:

There are things we can do. And I would submit to you that we have not had a lot of support for work comp reform and now we have a number of groups that just want to carve themselves out of it. I think that does a disservice to businesses that don't have the ability to form self-insured groups. I would submit to you - and while I can't make amendments, I have amendments. If we really want to do something for work comp, we need to do something for the cost of the system. It doesn't matter who writes the check to pay for the claim, if it continues to escalate in cost.

We had a proposal last year that was highly controversial and I thought if I was going to be controversial today, I might as well continue that.

Put the A-Con guidelines in! I mean that is a proven in other states' cost saving mechanisms. Probably more realistically, I would propose you have already extended the Work Comp Task Force. That is extended through next year. And I would propose this is a topic that has been on the agenda.... There has not been any recommendation; there has not been any results. Certainly Senator Seekins could speak to that better than I. But I would propose that we put this back in where we put everything else dealing with work comp reform as opposed to passing this bill. With that, I would be happy to answer questions.

An unidentified speaker asked if there was a House companion bill.

CHAIR BUNDE replied yes, HB 51.

[3:14:49 PM](#)

SENATOR BEN STEVENS didn't disagree with anything she said, but he said the Legislature hasn't been able to pass reform that would seriously reduce rates and has also tried to arrest the increasing rates. So, the reason he supports the bill is to support the entities that are paying the increased rates that aren't actually causing or having increased claims. He asked how else they could be given relief.

[3:17:04 PM](#)

CHAIR BUNDE asked Mr. Vogel why he decided not to use licensed adjusters in his plan.

MR. VOGEL replied that the original House bill did not specify a licensed examiner. He assumed that an examiner would be licensed and HB 51 has been amended to include that.

CHAIR BUNDE moved to adopt conceptual Amendment 2 to require a licensed adjuster. There were no objections and Amendment 2 was adopted.

MR. LISANKIE commented that he still had continuing concerns, as the person who would get the calls, with the viability of any insurance group. He was very concerned that there was no guarantee mechanism. He testified earlier that 26 percent of workers in Alaska work for the large self-insurers and that's a significant potential insurance market that is gone already and so he focused on other small population states that allow group self insurance. Six other states and the District of Columbia

have populations of one million or less. Four states do not generally permit group self-insurance, but of that four, South Dakota has a bullet exception for electrical utilities (he wasn't sure why); two do allow group self-insurance, but only with a guarantee fund in one instance and a guarantee mechanism in the other; only one state, Vermont, allows group self-insurance and does not have a guarantee fund or guarantee mechanism.

CHAIR BUNDE asked Mr. Lisankie to give him more details about a guarantee mechanism when the bill is in the Finance Committee and he would adjust it there. He closed public testimony.

[3:22:25 PM](#)

SENATOR SEEKINS moved to pass SB 241 from committee with individual recommendations. Senators Seekins, Ben Stevens and Chair Bunde voted yea; and CSSB 241(L&C) moved from committee.

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[3:23:36 PM](#)

^#HCR4

CSHCR 4(JUD)-METH WATCH PROGRAM

CHAIR CON BUNDE announced CSHCR 4(JUD) to be up for consideration.

REPRESENTATIVE JAY RAMRAS, sponsor of HCR 4, explained that it is a mechanism to attract dollars to an educational program teaching the evils of methamphetamine use - mainly through schools. The second prong was education of retailers about the products necessary to produce the product. He mentioned that Mayor Begich has raised \$200,000, Mayor Whittaker has raised \$20,000, he, personally, had requested \$100,000 from House Finance and Senator Murkowski was working on getting matching federal dollars. He said it is an excellent preventative program.

CHAIR BUNDE noted that it has a zero fiscal note and has no opposition.

[3:27:06 PM](#)

SENATOR SEEKINS moved to pass CSHCR 4(JUD) from committee with individual recommendations and zero fiscal note. Senators Seekins, Ben Stevens and Chair Bunde voted yea; and CSHCR 4(JUD) moved from committee.

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[3:27:53 PM](#)

#HB31

CSSSHB 31(FIN)-WORKERS' COMP: DISEASE PRESUMPTION

CHAIR CON BUNDE announced CSSSHB 31(FIN) to be back up for consideration. He moved to adopt conceptual Amendment 1 and objected for discussion purposes.

CONCEPTUAL AMENDMENT 1

To CSSSHB 31(FIN)

Page 2, line 17:

Replace "(1)(C)" with "(1)(A)-(C)"

Page 2, line 28

Delete "Peace Officers"

Page 3, line 11 (conceptual)

Insert "(e) The provisions of (c)(1)-(5) apply to fire fighters covered under AS 23.30243, peace officers and emergency medical rescue personnel;"

Renumber the remaining sections appropriately

Page 3, line 13 (conceptual)

Insert "(1) for purposes of (b)(1)-(5) of this section..."

HEATH HILYARD, staff to Representative Anderson, sponsor of HB 31, said the amendment was consistent with the sponsor's suggestion. On page 2, line 17, there was some concern that the presumption and the 10-year employment requirement applied only to the cancers listed in (b)(1)(c) through (7), so that presumption was applied to all of the diseases listed on page 2, lines 2 through 12.

On page 2, line 28, peace officers were removed from the presumption for diseases found on page 2. So now that section applies to only firefighters and emergency medical personnel.

The two conceptual pieces say that the presumption applies to peace officers for the infectious diseases found on page 3, lines 4 through 8. That is primarily because those diseases can be acquired on a single exposure at any given time, whereas the cancers and cardio vascular disease are generally after repeated exposure.

Lastly, language on page 3, line 13, was amended to say there must be a pre-employment medical examination to screen for all

of the medical conditions included in the bill rather than only those on page 2. This was suggested by the firefighters.

[3:31:16 PM](#) at ease [3:31:33 PM](#)

CHAIR BUNDE noted that Senator Ben Stevens had stepped out.

SENATOR SEEKINS asked how infectious diseases that are acquired through reckless behavior (like HIV), not as a result of their employment, were addressed on page 3.

MR. HILYARD replied that clearly a pre-employment medical exam would indicate that a person has not been infected with any of those prior to employment. However, verifying the source once a person is employed would be difficult.

SENATOR SEEKINS asked if someone who didn't have contact as part of their job, but did have contact because of their own sexual activity, would still get the presumption.

MR. HILYARD replied yes; that was his understanding. The bill did not have a specific provision that would exempt the exposure.

[3:33:37 PM](#) at ease [3:33:50 PM](#)

CHAIR BUNDE announced that he would hold HB 31 and adjourned the meeting at [3:34:09 PM](#).

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