

HOUSE FINANCE COMMITTEE
February 5, 2018
1:32 p.m.

1:32:54 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:32 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

Representative Steve Thompson

ALSO PRESENT

Representative Sam Kito, Sponsor; Crystal Koeneman, Staff,
Representative Sam Kito; Alexei Painter, Analyst,
Legislative Finance Division; Greg Cashen, Deputy
Commissioner, Department of Labor and Workforce
Development; Marie Marx, Director, Workers' Compensation,
Department of Labor and Workforce Development.

PRESENT VIA TELECONFERENCE

Heather Hebdon, Alaska Public Offices Commission,
Anchorage; Charles McKee, Self, Anchorage.

SUMMARY

HB 79 OMNIBUS WORKERS' COMPENSATION

HB 79 was HEARD and HELD in committee for further consideration.

HB 91 APOC REGISTRATION FEES; LOBBYIST TAX

CSHB 91(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Administration.

Co-Chair Foster reviewed the meeting agenda.

#hb91

HOUSE BILL NO. 91

"An Act relating to fees for certain persons filing disclosure statements or other reports with the Alaska Public Offices Commission; relating to a tax on legislative lobbyists; and providing for an effective date."

[1:33:59 PM](#)

REPRESENTATIVE SAM KITO, SPONSOR, shared that the intent of the legislation was to help provide the resources needed by the Alaska Public Offices Commission (APOC) to do the work of protecting the public interest by being able to have receipts to support their operations. He said that the bill reflected and estimated level of receipt collection of approximately \$250 thousand; the receipts collected in past years had been as much as \$113 thousand. He said that the commission could only charge fees as identified in statute; current fees for registration for each lobbyist client was \$250, which generated \$113 thousand per year. He relayed that the commission had struggled to maintain staff to provide necessary audits. Auditing each campaign and each lobbyist was time consuming and sometimes resulted in accumulating penalties, which were then forgiven because the accumulation occurred under circumstances beyond the auditees control. The additional receipt authority would help to support operations and would aid in righting the state's fiscal situation.

[1:37:10 PM](#)

Vice-Chair Gara understood the additional revenue the bill would raise, and he supported the bill. He believed the

bill would enable the commission to hire staff to operate APOC efficiently. He surmised that implementation of the bill would raise the cost of running the commission to \$245 thousand per year.

Representative Kito replied that at present there was receipt authority available to the commission of up to \$145,000. He stated that providing the receipt authority would not give the commission excess authority and the commission would still need to present to the legislature before adding additional staff. Currently, the commission did not have the authority to be able to generate additional revenue.

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Co-Chair Foster noted that Representative Guttenberg and Representative Pruitt had joined the meeting.

Vice-Chair Gara understood the bill would increase the receipt authority of designated general funds (DGF). He asked about the \$220 thousand under Personnel Services on the fiscal note.

CRYSTAL KOENEMAN, STAFF, REPRESENTATIVE SAM KITO, answered that the fiscal note indicated that funding was necessary on the personal services line to decrease the vacancy in APOC; by reducing the vacancy they would be able to better provide service to the public.

Representative Wilson asked whether the money funds would be DGF.

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Representative Kito answered that the funds would be DGF and made available to the level of the APOC. He added that if the fund exceeded the costs of facilitating the program, they could return to the legislature for an audit of the program.

Representative Wilson asked about the agency's current receipt authority. She asked whether the bill would increase the amount of receipt authority.

Representative Kito responded increasing the receipt authority would allow APOC to decrease the amount of general fund that they were expending.

Representative Wilson wanted to make sure that the money from an increase in the fees would be used as the legislation intended. She referred to Page 1 of the bill and asked about "non-group" entities and how much they would pay in registration fees.

Representative Kito answered that all entities would pay the same registration fees.

Ms. Koeneman elaborated that any non-group entity with an annual operating budget of \$250, or less, would be exempt. They would be able to fundraise to take in additional monies but if their annual operating expense was under \$250, they would be exempt.

Representative Wilson understood that the language did not pertain to volunteer groups, without operating expenses.

Ms. Koeneman replied in the affirmative; the language included personal services and office space.

Representative Kawasaki spoke to people that may not have the ability to pay if the fee was increased. He wondered whether the fees could be waived.

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Representative Kito answered that there was a currently a process whereby a candidate could file an exempt campaign where they were not subject to any of the fees that applies to candidates. He understood that the election filing fee would still need to be paid but they would be exempt from paying the registration fee to APOC.

Representative Kawasaki asked for clarification on the answer from APOC.

HEATHER HEBDON, ALASKA PUBLIC OFFICES COMMISSION, ANCHORAGE (via teleconference), asked for Representative Kawasaki to repeat the question.

Representative Kawasaki complied.

Ms. Hebdon replied that there was a provision in statute that allowed for an exempt campaign; campaigns that had limited financial activity of less than \$5,000 during the duration of the campaign could file an exemption statement and not have to report. She said that the exemption was not available on a statewide level and only applied to a municipal or judicial retention candidate.

Representative Kawasaki asked whether anyone had ever come to APOC wanting to file but had been unable to pay the filing fee.

Ms. Hebdon answered that it was a new fee, which meant that there was not history of such a circumstance.

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Representative Ortiz asked whether there had been a further reduction in appropriated APOC funds since FY16.

Ms. Hebdon replied that the agency had received a cut in program authority the previous session, from \$242.6 million to \$143.3 million. She said that the fees had been unrealized as there had not been fees in statute to allow receipt authority up to the full \$242.6 million.

Representative Ortiz surmised that the agency had remained flat funded since FY16, and receipt authority had been reduced for receipts that had never been collected anyway.

Ms. Hebdon answered in the affirmative.

Representative Ortiz asked how long the current \$250 lobbying registration fee been in place.

Ms. Hebdon did not know the origination date, but the fee had been increased to \$250 in 2003.

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Representative Guttenberg offered a hypothetical of someone exceeding the \$250 in operating expenses, but in in-kind donations, he wondered where this would fit in under the bill.

Ms. Hebdon did not believe the hypothetical was the proper definition of non-group entity. She said a non-group entity

was defined as a person, other than an individual, whose primary purpose was to influence an election. Those people had to meet certain criteria and could not participate in business activities, they did not have shareholders and were independent from the influence of business corporations. She said that to her knowledge only one non-group entity had ever registered with APOC, but that Citizens United had rendered the definition obsolete and groups no longer had to go through the steps to achieve non-group status, instead they registered as an entity and could make unlimited independent expenditures.

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Vice-Chair Gara did not believe in holding a bill for a technical question that could be fixed on the floor. He pointed to an exemption on Page 2, line 3 for municipal office holders. He surmised that APOC did not have a fee for Tribal office holders.

Ms. Hebdon answered that the office did not regulate Tribal elections.

Vice-Chair Gara surmised that village office holders would not be charged a fee.

Ms. Hebdon answered in the affirmative.

Vice-Chair Gara spoke to the fee for a lobbying contract. He understood that the fee was for each contract and not per lobbyist.

Ms. Hebdon replied in the affirmative; the fee was per client.

Representative Wilson surmised that a group of volunteers that raised \$3,500 for a local election would be charged the same fee as a larger organization that raised tens of thousands of dollars.

Ms. Hebdon answered in the affirmative.

Representative explained that the fee was not a tax. He said registering to participate in the process would cost the same for small or large entities. He said that the fee was nominal at \$100 and would not apply to those who qualifies for an exemption.

Representative Wilson thought that the tier for lobbyists was questionable. She asked whether it would take longer for APOC to track a donation of \$100,000, rather than \$4,000.

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Ms. Hebdon answered that the amount did not necessarily change the number of reports submitted, but it changed the amount of audit hours tracking the transactional history.

Representative Wilson asked why the amount had been selected for the lobbyist tiers.

Representative Wilson answered that the lobbying side began at \$250 per client. He believed that the \$100 was nominal, but \$250 was not for an organization raising only \$1000 was not. The ranges of client volume reviewed by APOC fit more effectively to have a tiered structure for lobbyists that allowed a nominal fee to be identified for clients spending less money to lobby the legislature.

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Co-Chair Seaton asked whether independent expenditure groups were not covered in the bill because of Citizens United.

Ms. Hebdon believed they would be covered under the term "group."

Co-Chair Seaton asked whether the term "non-group entity" did not apply because every non-group entity would be under the definition of a "group." definition of a group.

Ms. Hebdon answered that, technically, it would be defined as a person, which included a group.

Co-Chair Seaton expressed curiosity about fees not being collected because a credit or debit card could not be used.

Ms. Hebdon answered that the issue had been fixed; lobbyists could now use a credit card. The issue had been that the agency had lacked a programmer to process electronic payments.

Co-Chair Seaton asked for verification that that electronic payment process included candidate payments.

Ms. Hebdon answered that currently the only people that paid fees to APOC were lobbyists.

Co-Chair Seaton understood that if the bill passed, anyone paying fees to APOC could do so with a credit card.

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Ms. Hebdon answered in the affirmative.

Representative Kawasaki asked how the fees would be assessed on individuals that were paid monthly, salary and hourly.

Ms. Hebdon deferred to the sponsor. Currently everyone paid the same fee regardless of how they were compensated. He said that APOC would entertain regulation in order to clarify any nuances.

Representative Pruitt asked for the definition of "representational lobbyist."

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Ms. Hebdon replied that representational lobbyists filed registration but did not submit reports and received no compensation or fees other than reimbursement for travel and personal living expenses.

Vice-Chair Gara asked whether a lobbyist on a contract could avoid the fee.

Ms. Hebdon answered that they would pay a fee regardless of salary.

Representative Kito understood there was a conceptual and other amendment. He did not object to either.

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Representative Kawasaki MOVED to ADOPT Amendment 1:

Page 3, lines 2-5:

Delete all material and insert:

"(1) \$150 for a contract with a value of less than \$10,000;
(2) \$350 for a contract with a value of at least \$10,000 but less than \$25,000;
(3) \$650 for a contract with a value of at least \$25,000 but less than \$45,000; and
(4) \$850 for a contract with a value of \$45,000 or more."

Representative Wilson OBJECTED for discussion.

Representative Kawasaki explained that the amendment would keep the original concept of a progressive system being in place for contracts.

Representative Wilson wondered how the sponsor felt about the figures in the amendment.

Representative Kito replied that he had not worked on the numbers in the amendment, but he did not disagree with the concept. He agreed that there were lobbying clients that did not spend as much in Juneau and believed that it was appropriate to be sure that they were not making excessive payments to come to Juneau.

Representative Wilson WITHDREW her OBJECTION.

There being NO OBJECTION, Amendment 1 was ADOPTED.

Co-Chair Foster MOVED to ADOPT Conceptual Amendment 2 to alter the bill's effective date from January 1, 2018 to January 1, 2019.

There being NO OBJECTION, it was so ordered.

[2:13:06 PM](#)

Representative Pruitt offered Conceptual Amendment 3. He explained the requirement that APOC have an office in every senate district was not currently enforced and was also unnecessary. He moved that the statutory language requiring an APOC office in every senate district be removed from regulations.

Co-Chair Seaton OBJECTED for discussion.

[2:14:17 PM](#)

AT EASE

[2:14:51 PM](#)

RECONVENED

Representative Pruitt WITHDREW the conceptual amendment.

Vice-Chair Gara reviewed the fiscal note from the Department of Administration, OMB Component Number 70. The note reflected operating expenditures of \$226.6 through FY24.

Representative Wilson pointed to Page 2 of the fiscal note related to the vacancy rate. She understood that although the agency did not have the authority to use the funds for personal services, the fiscal note implied that maybe it could; she expressed confusion about the vacancy as addressed in the fiscal note.

[2:17:18 PM](#)

Ms. Hebdon relayed that the agency would be looking at adding at least one more position.

Representative Wilson wondered how a change in the vacancy rate would affect the legislation.

Representative Kito answered that the department was authorized a certain number of positions not funded to the full level of positions. He said that if the vacancy rate were reduced it would create an opportunity for one of the positions to be filled utilizing the receipts that were collected.

Representative Wilson felt that vacancy rates were usually addressed in appropriation bills. She expressed confusion about the 2 positions reflected in the note.

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Representative Kito answered that adding 2 positions would increase the PCN count, but they would still not have the funding to fill the position. If the filled positions were existing PCNs, the vacancy rate would remain the same. He related that the challenge was that a certain number of PCNs had been authorized but there was not funding to fund the PCNs.

Representative Wilson wanted assurances that the bill was not acting as an appropriation bill.

[2:20:42 PM](#)

Co-Chair Seaton explained that if the bill passed there would be \$220,500 appropriated for personal services within APOC. He asserted that the bill did not circumvent the appropriation process.

Representative Wilson understood.

[2:22:45 PM](#)

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, shared that the fiscal note in itself was not an appropriation, but typically fiscal notes were incorporated into the operating budget during conference committee. He stated that the additional funding included in the fiscal note would be added into the budget were the bill to pass.

Representative Wilson understood. She maintained concern that the vacancy rate was being discussed under the bill rather than in the operating budget process.

Mr. Painter answered that the budgeted vacancy rate would not necessarily change. However, currently there was funding for 5 of the 7 positions. The bill would give the funding for the remaining 2 positions.

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Vice-Chair Gara understood that there were vacancy factors, and then there were vacancies of positions that could be funded. He did not recognize the discussion of vacancy factor in the fiscal note that Representative Wilson had suggested.

Co-Chair Seaton MOVED to REPORT CSHB 91(FIN) out of committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

Representative Wilson OBJECTED. She expressed concern with the tier levels for lobbyists. She WITHDREW her OBJECTION.

CSHB 91(FIN) was REPORTED out of committee with a "do pass" recommendation and with

[2:27:30 PM](#)

AT EASE

[2:31:28 PM](#)

RECONVENED

#hb79

HOUSE BILL NO. 79

"An Act relating to workers' compensation; repealing the second injury fund upon satisfaction of claims; relating to service fees and civil penalties for the workers' safety programs and the workers' compensation program; relating to the liability of specified officers and members of specified business entities for payment of workers' compensation benefits and civil penalties; relating to civil penalties for underinsuring or failing to insure or provide security for workers' compensation liability; relating to preauthorization and timely payment for medical treatment and services provided to injured employees; relating to incorporation of reference materials in workers' compensation regulations; relating to proceedings before the Workers' Compensation Board; providing for methods of payment for workers' compensation benefits; relating to the workers' compensation benefits guaranty fund authority to claim a lien; excluding independent contractors from workers' compensation coverage; establishing the circumstances under which certain nonemployee executive corporate officers and members of limited liability companies may obtain workers' compensation coverage; relating to the duties of injured employees to report income or work; relating to misclassification of employees and deceptive leasing; defining 'employee'; relating to the Workers' Compensation Board's approval of attorney fees in a settlement agreement; and providing for an effective date."

[2:31:40 PM](#)

Co-Chair Foster invited testifiers to the table.

GREG CASHEN, DEPUTY COMMISSIONER, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, introduced the PowerPoint presentation, "Workers' Compensation: HB 79" dated February 5, 2018 (copy on file). He spoke to Slide 3:

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

Mr. Cashen shared that the legislature had consistently endeavored to create a workers' compensation system that delivered benefits quickly, efficiently, fairly, and predictably to injured workers at a reasonable cost to employers, as mandated by statute. He said that the system had not been significantly reformed in over 10 years; the improvements in the bill addressed rising costs, recent legal development, and new approaches to improve the systems efficiency and fairness. He said that the bill focused mainly on efficiencies and modernization of the currently system, while recognizing that benefit issues like reemployment also needed attention. He related that reemployment benefits were being addressed in separate legislation. He described the various ways the department had worked with stakeholders to craft a comprehensive bill.

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MARIE MARX, DIRECTOR, WORKERS' COMPENSATION, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, turned to Slide 2. She highlighted the pillars of the Alaska Workers' Compensation System as listed on the slide:

- Quick
- Efficient
- Fair
- Predictable

- Reasonable Cost

Ms. Marx asserted that balancing these pillars guided the divisions administration. She explained that that the division ensured compliance with the state workers' compensation act, conducted workers' compensation hearings, operated an appeals program, processed Fishermen's Fund claims, and administered vocational rehabilitation benefits and training program for injured workers.

[2:35:37 PM](#)

Ms. Marx explained that HB 79 addressed all the statutory pillars, focusing especially on fairness, quickness, and efficiency in the workers' compensation process.

[2:36:24 PM](#)

Ms. Marx addressed Slide 4 [Secretary Note: The numbered items under "Current Law" correlate with the numbered items under "HB 79" for the duration of this transcription]:

**Speeds Up Dispute Resolution:
Secs. 8-10, 19-21, 39**

Current law

1. A party requests hearing on claim
2. Non-attorneys may represent parties
3. Board must approve attorney fees in settlement agreement
4. Division petitions Board to assess a civil penalty against uninsured employer

HB 79

1. Board will schedule a hearing shortly after claim is filed (Secs. 19, 21)
2. Any person authorized by regulation of the Board (Sec. 20)
3. Board does not need to approve if fees are sole issue that needs Board approval (Sec. 39)
4. Division assesses civil penalty against uninsured or underinsured employer; party may appeal assessment to Board (Secs. 8-10)

Ms. Marx explained that the board conducted hearings as part of a panel but separately had regulatory authority.

[2:37:45 PM](#)

Ms. Marx spoke to Slide 5:

**Improve the Delivery of Medical Care:
Secs. 14, 23, 25-26**

Current law

1. No language addressing if and when a provider's written request for medical care must be preauthorized
2. No penalty for untimely preauthorization or denial
3. Medical bills paid within 30 days

HB 79

1. Requires an employer to preauthorize or deny medical treatment within 60 days of a medical provider's written request (Sec. 14)
2. Penalty for untimely preauthorization or denial (Secs. 23, 25-26)
3. NO CHANGE

[2:38:24 PM](#)

Ms. Marx moved to Slide 6;

Why the Division is Tackling Misclassification

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

Ms. Marx stated that a great disservice was done to both workers and law-abiding businesses when the issue was ignored. She said that when workers were misclassified, workers died or were severely injured, and uninsured losses could put companies out of business. She relayed that the bill defined "independent contractor" and did not keep true independent contractors from existing and flourishing. The bill did not change the definition but clarified what was already in place, which would help workers clearly understand what it meant to be an independent contractor.

[2:39:31 PM](#)

Ms. Marx advanced to Slide 7:

Strengthen Fraud Provisions:

Secs. 7, 9, 11, 25-26, 29, 32-35, 37

Current Law

1. No definition of misclassification
2. No affirmative duty to report work or wage-loss benefits
3. No owner liability for benefits for some business entities and no civil penalty liability
4. No definition of independent contractor and multi-factor balancing test for employee status
5. Injured worker may file lien for benefits but Benefits Guaranty Fund may not

HB 79

1. Defines misclassification and when it amounts to
2. fraud (Sec. 33)
3. Affirmative duty to report (Secs. 33)
4. More business entity owner liability for benefits and civil penalties (Secs. 7, 34-35)
5. Defines independent contractor and clarifies statutory definition of employee (Sec. 29, 37)
6. Benefits Guaranty Fund may file lien for compensation and civil penalties (Secs. 25-26)

Representative Wilson asked whether the same definition for "independent contractor" was used as found in statute.

Ms. Marx answered that there was currently no definition, which had been a problem. The bill would add a definition, which had been reached through a collaborative process involving many stakeholders.

Representative Wilson asked for verification that a definition for "independent contractor" was located nowhere in statute.

Ms. Marx could not speak to other departments. She clarified that under the Alaska Workers' Compensation there was no definition of "independent contractor." She said that the goal of defining something for workers' compensation was different than defining something for the Internal Revenue Service (IRS).

Representative Wilson thought there had been several definitions of "independent contractor" in statute. She wanted to be as consistent as possible between departments.

[2:42:46 PM](#)

Ms. Marx answered that the bill was clear that the definition only applied to the Alaska Workers' Compensation Act.

Representative Pruitt wanted to know why the definition differed between the IRS and the Worker's Compensation Act.

Ms. Marx answered that the goal of the act was to protect injured workers and employers from huge uninsured losses, which differed greatly from the goals of the IRS. She said that every state in the nation worked this way. She stated that there was simply not a "one size fits all" definitions because of the narrow application of the term.

Representative Pruitt understood that there could be varying definitions of "independent contractor" based on who needed to pay taxes in a certain way, and still another definition based on how they should be covered under the Workers' Compensation Act. He felt that there could be a uniform definition across state systems.

Ms. Marx used the definition of "resident" as a parallel. There were many different definitions of "resident" that were used under different circumstances. She submitted that the definition of "independent contractor" for workers' compensation purposes should be very narrow, considering that the issue was protecting injured workers and employers from huge uninsured losses that would put them out of business.

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Ms. Marx addressed Slide 8:

Strengthen Fraud Provisions CONT.:
Secs. 7, 9, 11, 25-26, 28, 31-35, 37

Current Law

1. No penalty assessed for an employer who has engaged in fraudulent misclassification
2. Maximum penalty of \$1,000 for each uninsured employee workday

3. Board suspends penalties in full or in part and no guidelines for suspension
4. No interest paid on payment plans

HB 79

1. Division may assess a penalty (Secs. 9, 32)
2. Maximum civil penalty of three times the premium an employer should have paid (Sec. 9)
3. Penalties may not be suspended in full or in part (Sec. 11)
4. Interest on payment plans (Sec. 11)

[2:50:11 PM](#)

Co-Chair Seaton asked whether the penalties on Slide 8, pertained solely to civil penalties.

Ms. Marx answered in the affirmative. She elaborated that she was talking about an employee's failure to maintain workers' compensation insurance as required by law. She furthered that those penalties went into the injured worker fund. The fund needed the ability to file liens because often by the time it came to collect penalties that were due the assets were depleted.

Co-Chair Seaton understood that if an employee did not have workers' compensation insurance then administrative costs would need to be recovered.

Ms. Marx answered in the affirmative. Whenever there was an uninsured injury the employer was required to pay the benefits whether there was insurance or not. If employers did not pay, those amounts were paid by the injured worker fund, which in turn sought reimbursement of the costs from the employer.

Ms. Marx turned to Slide 9:

Reduce Administrative Costs:

Secs. 2-6, 13, 15, 19, 21, 24, 27, 30-31, 38, 40

Current Law

1. An employer pays benefits by check
2. Division may not require electronic filing
3. Division approval needed for corporate executive officer workers' compensation coverage opt out

HB 79

1. Does not prescribe a specific method of payment (Sec. 38)
2. Division may prescribe filing format (Secs. 3-6, 19, 21, 24)
3. Division approval not required; not an employee if at least 10% ownership interest (Sec. 30)

[2:54:57 PM](#)

Ms. Marx moved to Slide 10:

Reduce Administrative Costs CONT.:

Secs. 2-6, 13, 15, 19, 21, 24, 27, 30-31, 38, 40

Current Law

1. Some medical publications not listed
2. No deadline for reporting initial coverage; 10 day deadline for termination of coverage and no penalty if late
3. Division administers contribution to and reimbursement from Second Injury Fund

HB 79

1. Adds publications to list (Sec. 15)
2. 30 day deadline to report initial coverage and termination of coverage, and penalty if late (Sec. 13)
3. Phases out Second Injury Fund (Secs. 2, 27, 31, 38, 40)

Ms. Marx turned to Slide 11:

Ensure Adequate Funding:

Sec. 1

Current Law

1. Workers' compensation insurers pay a fee of 2.7% of net workers' compensation premium written
2. 1.82% to WSCAA and .88% to Alaska Comprehensive Health Insurance Fund (ACHI)

HB 79

1. NO CHANGE
2. 2.5% to WSCAA and .2% to ACHI

[2:57:12 PM](#)

Co-Chair Foster hoped that electronic filing issues related to limited internet in rural Alaska had been considered.

Ms. Marx answered that reports of injury were filed by either insurance companies, or third party administrators, or self-insured employers. She shared that injured workers never filed directly with the division. She furthered that if an injured worker was not given a response form from the employer, a paper form was available from the division in order to file directly. She related that the bill would allow the division to clarify for insurance companies and self-employed insurers to standardize the business process.

Representative Wilson pointed to Section 1, page 9 of the bill. She asked whether there were instances there an attorney for an employee could be paid for by the state.

Ms. Marx answered that there was a statutory provision in the Workers' Compensation Act that allowed for a guardian to be appointed for the purpose of resolving the workers' compensation claim.

Representative Wilson thought that it could be important to allow for non-attorneys to represent an injured worker. She thought that people who could not afford an attorney could be at a disadvantage.

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Ms. Marx replied that the balance was between allowing those who had filed claims to work their way through the system and working to keep system operations efficient. She added that most tribunals had process guidelines related to who could efficiently represent parties before them. She suggested that there could be an amendment to provide a list of allowable representation included non-attorneys. She said that in her experience non-attorneys made the process less efficient.

Representative Wilson thought that the injured worker should be prioritized over efficiency.

Ms. Marx responded that there were systems in place to assist injured workers. She said that the division had staff whose job was to provide assistance to unrepresented parties. She related that the division had a duty under the law to inform injured workers about their right to

benefits, and how to pursue their right to compensation under the law. She reiterated her suggesting of crafting a list of allowable representatives.

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Co-Chair Foster noted Paloma Harbour, Director, Division of Administrative Services, Department of Labor and Workforce Development was available for questions as well.

Representative Kawasaki referenced Slide 11. He noted that the handouts were different than the presentation. Ms. Marx agreed and noted she had made a correction on the record.

Representative Guttenberg asked whether it had been disruptive for claimants to be represented by a non-attorney.

Ms. Marx asked for clarification.

Representative Guttenberg wondered whether non-attorney representation had been productive for claimants.

[3:06:55 PM](#)

Ms. Marx replied that, in her experience, non-attorney representatives did not understand procedures and available benefits, which made it difficult to bring cases to resolution in a timely fashion, if at all. She asserted that the bill would provide for a more efficient process.

[3:08:37 PM](#)

Representative Pruitt referenced letters from several parties who initially had concern but were now supportive. He wondered if the letters were still valid.

Ms. Marx understood that the stakeholder groups that wrote the letters maintained their support of the legislation.

[3:10:00 PM](#)

Co-Chair Foster OPENED public testimony.

CHARLES MCKEE, SELF, ANCHORAGE (via teleconference), shared that he was currently navigating the system. He relayed his

case number. He offered a series of personal comments on the issue of workers' compensation.

Co-Chair Foster CLOSED public testimony. He asked members to submit any amendments to his office by Monday, January 12, 2018.

HB 79 was HEARD and HELD in committee for further consideration.

[3:16:15 PM](#)

AT EASE

[3:17:05 PM](#)

RECONVENED

Co-Chair Foster relayed that amendments on HB 79 were due on Tuesday, February 6 at 5pm and the bill would be heard again on Thursday.

#

ADJOURNMENT

[3:17:55 PM](#)

The meeting was adjourned at 3:17 p.m.