

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 19, 2019

1:30 p.m.

MEMBERS PRESENT

Senator Lora Reinbold, Chair
Senator Mia Costello, Vice Chair
Senator Click Bishop
Senator Chris Birch
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: Health Care & Alaska's Economy

- HEARD

SENATE BILL NO. 65

"An Act relating to the duties of the Department of Labor and Workforce Development; and providing for an effective date."

HEARD AND HELD

CONFIRMATION HEARING:

Workers' Compensation Board
Julie Duquette - North Pole

CONFIRMATION ADVANCED

SENATE BILL NO. 66

"An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 65

SHORT TITLE: DEPT. OF LABOR: TECHNICAL ED. PROGRAMS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/20/19 (S) READ THE FIRST TIME - REFERRALS
02/20/19 (S) L&C, FIN
03/19/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 66

SHORT TITLE: LABOR STANDARDS/SAFETY; WORKER COMP.

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/20/19 (S) READ THE FIRST TIME - REFERRALS
02/20/19 (S) L&C, FIN
03/19/19 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CHARLES SLIVER, M.A., J.D.; Co-Director
Center on Lawyers
School of Law, University of Texas
Austin, Texas 78705

POSITION STATEMENT: Provided a presentation on Health Care & Alaska's Economy.

DAVID HYMAN, M.D., J.D.; Professor of Law
Georgetown University Law Center
Washington, D.C.

POSITION STATEMENT: Provided a presentation on Health Care & Alaska's Economy.

TAMIKA LEDBETTER, PhD; Commissioner Designee
Department of Labor and Workforce Development (DOLWD)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the hearing on SB 65.

JULIE DUQUETTE, Appointee
Workers' Compensation Board
Department of Labor and Workforce Development (DOLWD)
North Pole, Alaska

POSITION STATEMENT: Testified as appointee to the Workers' Compensation Board.

GREY MITCHELL, Director
Division of Workers' Compensation

Central office
Department of Labor and Workforce Development (DOLWD)
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on SB 66.

DON ETHERIDGE, Executive Director
AFLCIO
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on SB 66.

ACTION NARRATIVE

[1:30:05 PM](#)

CHAIR LORA REINBOLD called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gray-Jackson, Costello, Bishop and Chair Reinbold. Senator Birch arrived as the meeting was in progress.

PRESENTATION:

Health Care & Alaska's Economy

[1:32:09 PM](#)

CHAIR REINBOLD announced that the first order of business would be a presentation on Health Care & Alaska's Economy.

[1:33:21 PM](#)

CHARLES SLIVER, M.A., J.D.; Co-Director, Center on Lawyers, School of Law, University of Texas, Austin, Texas, began a presentation on Health Care & Alaska's Economy. He stated that he is also an adjunct scholar at the Cato Institute, [a conservative think tank], and co-author of Overcharged: Why Americans Pay too Much for Healthcare, which is a "soup to nuts" review of the health care system and the pathologies of the same.

[1:33:46 PM](#)

DAVID HYMAN, M.D., J.D.; Professor of Law, Georgetown University Law Center, Washington, D.C., stated he is a professor of Georgetown, he is also an adjunct scholar at the Cato Institute and the American Enterprise Institute. He said he co-authored of Overcharged: Why Americans Pay too Much for Healthcare. He remarked that the Pacific Health Coalition paid for their travel. He offered to provide copies of the book to members.

CHAIR REINBOLD wanted to be sure that legislators could receive the book, but she would check the ethics guidelines.

[1:35:13 PM](#)

MR. SILVER offered to provide a brief overview of the book. He said that the U.S. healthcare system seemed designed to be expensive. The system's third party payers, including insurance companies, Medicare, Medicaid, TRICARE, and other entities dominate the payment system. At the point of delivery, patients typically pay about 11 cents on the dollar for health care. The remaining 89 cents comes from a third party payer. This reduces patients' questions on whether the fees are reasonable. Patients rely on the payers to do so, which creates a principal agent relationship between the providers and payers instead of between the providers and patients. Since the bulk of the payments come from payers, the providers are more concerned about satisfying the payers' requirements rather than what is in the best interest of the patients. The system incentivizes individuals to overconsume and providers are satisfied with the flow of money to them. The payers, such as private insurers, make their money based on the dollar value of the claims. Government payers are not capable of scrutinizing the services but receive electronic forms and process the claims if the forms are filled in correctly. This spiral of spending has led to today's issues. Alaska's health care costs are the highest per capita in the U.S. and the world. He characterized it as a generic problem for the nation.

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DR. HYMAN agreed with Dr. Silver. He offered his belief that many conscientious people work for insurance companies and health care providers, but the incentives often interfere with the outcome. He said that not enough attention was given to delivering high quality care. Second, the "incentive problems" extend to "surprise" medical bills or balanced billing. For example, this issue exists in many states for patients who have surgery in an "in-network" hospital only to later discover that the anesthesiologist is not in network. Patients discover this two or three months later when the insurance declines to pay and patients must fight for payment. In fact, he has written a white paper that discusses this. He offered to further discuss Alaska's issues. He emphasized the importance of competition and market entry as a means to lower prices and enhancing quality and value for patients. Restrictions on market entry, such as a certificate of need, licensure requirements, and scope of practice, and market consolidation make it hard to have effective competition. He suggested that encouraging market

entry is an area Alaska could direct its attention to in order to improve the healthcare system. He further suggested using insurance for true catastrophes instead of for general health care needs.

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SENATOR GRAY-JACKSON said she attended the presentation at the "lunch and learn." She thanked them for the great presentation.

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SENATOR COSTELLO said she previously served on the House Finance Committee and held numerous discussions on transparency. She offered her belief that it is difficult for companies to provide transparency since prices are negotiated for services. She recalled he suggested that patients should ask questions. She said it is virtually impossible to obtain information, that the culture does not promote transparency. She asked for suggestions on how that could change. She said that health care costs drive up budgets, including school district budgets. She did not think the legislature has been able to make headway.

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MR. SILVER referred to his book that may provide some answers. He said some parts of the healthcare system provide a lot of transparency. For example, people can go to a walk in clinic and see the cost for services. He said that a large part of walk-in clinics' business is on a self-pay basis. For example, the Surgery Center of Oklahoma performs complex medical procedures for individuals or employers, who send their employees, but it does so on a cash basis and does not use insurance. The website shows a body and the patient can click on the body part and obtain the cost of the procedure, including hip replacements. When the consumer spends money directly, the provider conducts itself as any business. He offered his belief that self-pay needs to be a big part of the reform. He questioned whether legislating transparency would work. Providers must desire business and advertise its prices, he said.

[1:45:48 PM](#)

DR. HYMAN added that other sectors voluntarily disclose prices without a mandate. He said that the healthcare system makes it difficult for people outside the system to access pricing. He pointed out the disconnect between those who provide the service, who have no idea of the cost, and those who bill for it. Second, all products in front of the counter in a pharmacy have a single price, but the prescription drug costs depend on

the insurance coverage. He offered his belief that the presence of insurance was an important factor in pricing.

He suggested that it might be worthwhile to do some transparency efforts to show how public and private funds are being spent. He cautioned against compelling them to disclose their chargemasters, [which is a list of all billable services. Instead, what is more important is to have the prices bundled for particular types of problems. He offered to talk to the committee in more detail. He referred to his book for some information, but he and Mr. Silver have done additional work on the subject.

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MR. SILVER said that the amount the state spends on Medicaid is driven by the amount that providers demand for treating the recipients. He suggested that the legislature divorce itself from that dependency. It would mean creating a system for catastrophic care insurance that provides an umbrella for people who suffer real catastrophes, or low-frequency high-cost events which is what insurance is designed to do. The rest of the system should be a self-pay one and operate like social security or food stamps. He suggested programs, such as food stamps, give people money with restrictions. Other programs, such as social security and earned income tax credit programs do not have restrictions. Those programs funnel money into the hands of consumers who use the funds for housing, food, gasoline, and education. He said many people do not realize that most of the contributions for good health are through access to clean water and stable housing. In addition, education represents a huge driver of health. Poor people spend their money on other things, which are the social determinants of health, which provide a "lot of bang for the buck." It does not provide nearly the payoff when money is spent on intensive medical treatments, he said.

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DR. HYMAN interjected that positive spillovers occur for family members when the money is spent on the social determinants of health and the benefits are not just limited to the individual.

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SENATOR BISHOP asked how things went the U.S. went so wrong. He said that when his mother was born, her total bill was \$25 and consisted of three lines for five hospital days.

DR. HYMAN said one important starting point was made during WWII to allow employment based health insurance to be provided on a pre-tax basis. He characterized this as a large subsidy through employers. That caused horizontal and vertical inequity, because when an employer does not provide insurance, the individuals do not receive a subsidy. Vertical inequity exists in a progressive tax system that provides a subsidy that is worth more to people with higher salaries.

He said that the basic issue is that the U.S. subsidizes health insurance. In fact, it is the single, largest tax subsidy. The second important point was the adoption of Medicare and Medicaid in the form that it took. He said that the empirical evidence is quite clear that the mid-60s decision to structure these programs on a "tell us what the charges are and we will pay them" approach was an invitation for volume and price effects that have continued ever since.

SENATOR BISHOP pointed out that Alaska does not have the economy of scale to create competition. People stop paying premiums and the overall cost of premiums rise, he said.

[1:53:47 PM](#)

MR. SILVER said people opt out when they are forced to do so. These people become part of the army using retail outlets. He acknowledged that the cost spiral cannot continue and that insurance premiums are unaffordable. He pointed out that Alaska has geographic problems that are difficult to overcome. He suggested that Alaska could be more receptive to market entry by using telehealth options and mobile health care centers. These options could help because lots of places cannot afford a physician. However, some situations will be difficult to solve, he said.

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CHAIR REINBOLD drawing from her time as a chief executive officer for a company, she said she has experience with health care. She expressed concern about the \$2,000 per month premiums for state employees. She offered her belief that the state has serious negotiation issues, which is why she would like contracts negotiated in public. She described issues she and her husband had in terms of selecting health insurance. She emphasized the need to focus on prevention and research to determine the high incidence of cancer, heart disease and sexual assault and domestic violence, which drive up costs. She suggested that hospital audits are available to review costs. She agreed that third party insurance also drives up health care

costs, yet the insurers take little risk whereas doctors absorb the risks. She once posted the salaries of large health care insurers, which she said were outrageous.

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SENATOR BIRCH joined the meeting.

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CHAIR REINBOLD identified another issue as the overutilization of emergency rooms. She recalled hearing that ten per cent of the patients represent 90 percent of the emergency room use. Reducing prescription costs could help. She pointed out that a doctor showed her a phone app that could reduce pharmaceutical costs by identifying the costs at every single pharmacy in Alaska. She emphasized the importance of breaking down the barriers to competition.

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DR. HYMAN offered to address several issues and to meet at a future date. He said that emergency rooms are important and provide a critical part of the health care system but are plagued by overutilization. Doctors treat patient problems that often do not need emergency room facilities. Further, social problems such as people with housing and stability issues, criminal justice system encounters, and substance abuse issues often come to emergency rooms, where treatment is very expensive. He suggested thinking creatively about ways to get those problems out of emergency rooms due to the expense. Often patients are out of network or uninsured. Second, the medical malpractice system and tort reform have had modest effects in some states, but it is not a good way to address defensive medicine. He offered to share articles with the committee. He said that the huge numbers are not borne out by empirical research.

He said that being a passive payer is not an effective strategy, which is why premiums are several thousand per month. He said that most employees are not aware of the cost of the insurance coverage. These employees do not receive any raises, because the funds are used to pay the increased costs for employer paid health care coverage. He suggested people would make different choices with more transparency of premiums.

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CHAIR REINBOLD remarked that a healthy tension exists. Many doctors believe that doctors are micromanaged and overregulated,

whereas lawyers are totally unregulated. She suggested that lawyers are part of the problem in the health care issue.

SB 65-DEPT. OF LABOR: TECHNICAL ED. PROGRAMS

[2:04:58 PM](#)

CHAIR REINBOLD announced that the next order of business would be SENATE BILL NO. 65, "An Act relating to the duties of the Department of Labor and Workforce Development; and providing for an effective date."

[2:05:06 PM](#)

TAMIKA LEDBETTER, PhD; Commissioner Designee, Department of Labor and Workforce Development (DOLWD), Anchorage, said that the department's primary focus is to connect Alaskans to the job opportunities in the state. She highlighted the department's goal to connect more young Alaskans with high-quality career or technical training, and education that can lead to job opportunities in their home regions. Whether those individuals reside in coastal or interior Alaska, the department seeks to identify partnerships with employers and training organizations to prepare Alaskans for these opportunities.

SB 65 would add language in AS Title 44 that directs the Department of Labor and Workforce Development (DOLWD) to coordinate and monitor state career and technical educational programs by cooperating with the Department of Education and Early Development (DEED), the University of Alaska, and any other entities that provide career or technical training. The Department also helps employers find skilled workers and identifies education and training opportunities for their current workforce, she said.

[2:07:08 PM](#)

COMMISSIONER DESIGNEE LEDBETTER said that the Alaska Workforce Investment Board (AWIB) is the lead state planning and coordinating entity for human resource programs in the state. Members represent a diverse cross section of businesses and educational partners in Alaska. In 2010, the AWIB worked in cooperation with the Department of Education and Early Development (DEED) and the University of Alaska to develop the 2010 Alaska Career and Technical Education (CTE) plan, which called for strategies to improve career and technical education and prepare Alaskans with skills needed for postsecondary training and careers in high growth occupations in Alaska. The CTE plan called for increasing efforts to develop career pathways, career counseling, standards for training programs,

coordination, and program delivery. The plan addressed the individual need for career preparedness as well as the broader need for a training and education system that is efficient, effective, and coordinated with current and future workforce needs.

In 2018, these same partners developed the addendum to the Alaska Career and Technical Education Plan. This effort was made to reenergize and reexamine CTE plan strategies to help ensure that a broad spectrum of educational opportunities is communicated to Alaskans, she said.

The CTE coordinator's role is to work to implement the CTE plan strategy, she said. Alaska Vocational Technical Center (AVTEC) provides a premier state training school for customized training directed at specific employers and long-term training. These programs average nine months in duration in fields such as maritime, applied technology, the culinary arts, energy and building technology, and information technology. Another key role that the Department of Labor and Workforce Development (DOLWD) plays is the dissemination of Career and Technical Training Funds through State Training and Employment Program Funds and many federal grant programs, she said.

COMMISSIONER DESIGNEE LEDBETTER said that SB 65 would formalize the DOLWD as the lead agency in coordinating and monitoring state career and technical education.

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SENATOR BIRCH remarked on the level of engagement and the positive impact that continuing technical education has had on Alaska's children. Specifically, he recalled the superintendent of the Juneau School District reported a graduation rate of 82 percent which bumped up to 84 percent for those who took some additional classes in a fifth year. Remarkably, the graduation rate for students with access to technical education component jumped to 93-94 percent. He said that was pleased to see this proposal coming forward.

[2:11:31 PM](#)

SENATOR COSTELLO said that she was encouraged to see the department break down some "silos" because the Department of Education and DOLWD should be working in tandem. One of department's roles is to get Alaska's youth ready for the work force and the other is to train people for work. She said she viewed these roles as a natural link. She asked whether the bill goes far enough. For example, she said that she would like the

department to review current career and technical opportunities at the Anchorage School District's middle and high schools. She asked whether the language should identify more detailed goals.

COMMISSIONER DESIGNEE LEDBETTER suggested that the current language in the bill was fine. She explained that career and technical education does not stop at K-12. The goal is to provide a robust strategy and plan to address CTE training at every level from K-12 on to age 99, if possible, she said. She offered her belief that a career and technical education plan should result in employment or it is a failed plan. The department should lead the way because the employer community is its primary customer. As the department assesses training and workforce needs, it must coordinate with the DEED and the University of Alaska system to ensure that people are trained and educated to fill vacant and new positions that the department brings to Alaska.

SENATOR COSTELLO asked for the local school districts' role.

COMMISSIONER DESIGNEE LEDBETTER said that the CTE coordinator's role is to reach out and work with all schools, private industry, and the university system to ensure that plans are in place. While young people may not know what they want to be as adults, by fifth grade they know exactly what they don't want to be, she said. The department will work to encourage these entities to recognize this opportunity to partner with the DOLWD and not view the coordination as a "hostile takeover." She said that this is something necessary to grow Alaska's workforce.

[2:15:21 PM](#)

SENATOR COSTELLO asked whether she has information on the types of jobs and careers that will be needed in Alaska.

COMMISSIONER DESIGNEE LEDBETTER answered that the department always considers jobs in demand. She said that she would report back to the committee on the specific jobs.

SENATOR COSTELLO recalled the Department of Education and Early Development's commissioner previously spoke before the Senate Education Committee on the role of coding. She asked whether coding jobs were being reviewed by the department.

COMMISSIONER DESIGNEE LEDBETTER answered that the DOLWD worked closely with the Department of Education and Early Development (DEED) on coding academies. She reported that events were held, in Kotzebue and in the Mat-Su Valley. She stated that coding was

one of the industries that would be surfacing in Alaska. The state is poised to take advantage of many opportunities due to its geographic location. Although many younger people have expressed interest in coding, people of all ages could code. She welcomed members to attend the Juneau kickoff event later in the week. In response to Chair Reinbold, she instructed her staff to provide the information on the event to the committee.

[2:18:02 PM](#)

SENATOR BISHOP asked whether she could identify any benchmarks for underperforming school districts and the deliverables she wanted to accomplish. He offered his belief that Alaska does not spend enough on career education in school districts in the state.

COMMISSIONER DESIGNEE LEDBETTER answered that the department already has language in the Alaska Workforce Investment Board plan. The department has stepped up as a leader in career and technical education. This proposal would strengthen that role. She identified career and technical education as one of her primary focuses. The governor has expressed interest in providing these opportunities to Alaska's youth. Adding the duty to coordinate and monitor state career and technical educational programs would bring a richness to the program. CTE means more than just providing a CTE class in a school or hiring a CTE instructor. It must be imbedded in the state. In fact, the reason to educate and train people is to provide them with good paying jobs, which is an investment that will result in a higher qualified workforce.

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CHAIR REINBOLD remarked that she was a firm believer in technical classes. She said the drafting, woodworking, and automotive courses she took were the best classes she had taken in school. She expressed concern that these types of classes were cut from Eagle River High School.

SENATOR COSTELLO reported that the upcoming coding session would be held on March 21 from noon to 4 p.m. at the Alaska State Museum. The coding session did not require previous expertise and industry leaders would be attending.

[2:24:16 PM](#)

CHAIR REINBOLD opened public testimony and after first determining no one wished to testify, closed public testimony on SB 65.

[SB 65 was held in committee.]

[2:25:28 PM](#)

At-ease.

CONFIRMATION HEARING(S):
Workers' Compensation Board

[2:32:31 PM](#)

CHAIR REINBOLD reconvened the meeting and announced that the next order of business would be the Confirmation Hearing for Julie Duquette, appointee to the Workers' Compensation Board.

[2:33:02 PM](#)

JULIE DUQUETTE, Appointee, Workers' Compensation Board, Department of Labor and Workforce Development (DOLWD), North Pole, stated that she currently works for Sladen Plumbing and Heating. She has always worked in construction or in the construction support industry. She expressed an interest in worker safety and for safe work environments for workers. She would like to continue to serve on the Workers' Compensation Board to further assist Alaska and the construction industry.

[2:33:54 PM](#)

SENATOR BIRCH thanked her for her interest in continuing to serve on the Workers' Compensation Board. He said that it is helpful to have knowledgeable people who understand business and the construction industry serving on the board.

SENATOR BISHOP echoed Senator Birch's comments.

[2:34:43 PM](#)

CHAIR REINBOLD opened public testimony and after determining no one wished to testify, closed public testimony on the confirmation hearing for Julie Duquette, appointee to the Workers' Compensation Board.

MS. DUQUETTE said she appreciated the committee's hard work.

CHAIR REINBOLD asked her to provide input on any of the bills that come before the committee.

[2:35:54 PM](#)

CHAIR REINBOLD stated that in accordance with AS 39.05.080, the Senate Labor & Commerce Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Workers' Compensation Board
Julie Duquette - North Pole

[Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.]

[2:36:23 PM](#)

At-ease.

SB 66-LABOR STANDARDS/SAFETY; WORKER COMP.

[2:37:46 PM](#)

CHAIR REINBOLD reconvened the meeting and announced that the next order of business would be SENATE BILL NO. 66, "An Act relating to the division of labor standards and safety; relating to the division of workers' compensation; establishing the division of workers' safety and compensation; and providing for an effective date."

[2:38:05 PM](#)

COMMISSIONER DESIGNEE LEDBETTER said that this bill proposes to merge the Division of Labor Standards, whose focus is to prevent workplace accidents and enforce laws related to workplace safety with the Division of Workers' Compensation, whose focus is to provide efficient administration of benefits to injured workers and to enforce laws related to workers' compensation requirements.

She said that these two divisions' missions complement one another, such that one works to prevent accidents and the other works to provide an efficient system of benefits for injured workers. This bill would further increase the opportunities to remove "silos" and capitalize on efficiencies through a unified management structure. The proposed merger will not impact any statutes or regulations currently administered and enforced by each division. The department seeks to take advantage of position vacancies to explore opportunities to share duties between divisions where it makes sense, streamline processes and reduce unnecessary middle management supervisory functions.

COMMISSIONER DESIGNEE LEDBETTER reviewed the DLWD's fiscal note. The bill would result in immediate administrative efficiencies by reclassifying the Division of Labor Standards and Safety's

director to a deputy director, who will focus attention on operational aspects of the new division's inspection, consultation, and enforcement functions. This would reduce midlevel management in the Division of Occupational Safety and Health component. In addition, the two divisions will consolidate and share administrative duties where it makes sense. Future efficiencies may occur with office space consolidation, increased coordination, and improved service delivery for employers and workers. The bill would create a structure to share resources and find efficiencies over time.

[2:41:08 PM](#)

GREY MITCHELL, Director, Division of Workers' Compensation, Department of Labor and Workforce Development (DOLWD), Juneau, stated the main purpose of SB 66 was to combine the two divisions as previously stated by Commissioner Designee Ledbetter.

[2:41:48 PM](#)

MR. MITCHELL began a sectional analysis of SB 66. He reviewed Sections 1-6:

Section 1: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.20.410(b).

Section 2: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.20.450(a).

Section 3: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.055.

Section 4: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.055(a).

Section 5: Renames the division of labor standards and safety to the division of workers' safety and compensation in AS18.60.235(a).

Section 6: Renames the division of workers' compensation to the division of workers' safety and compensation in AS 23.05.067(a) (1) (B).

[2:43:13 PM](#)

CHAIR REINBOLD said the committee did not need to hear the detailed changes.

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SENATOR COSTELLO asked whether removing "standard" would will have any effect.

MR. MITCHELL answered that the name change does not impact the statutory authority. All of the previous authorities for each division would be incorporated into the new division of Worker Safety and Compensation Division. He said that the standards for wage and hour and mechanical inspections would still occur in the merged division.

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SENATOR COSTELLO asked whether there was any opposition to the bill.

MR. MITCHELL has not heard any opposition to the merger.

[2:45:03 PM](#)

SENATOR BISHOP asked whether the department would absorb the cost to print new letterhead.

MR. MITCHELL answered yes. In further response to Senator Bishop, he agreed to inform the committee if the merger was not working. He said that it wasn't possible to predict what may arise during the merger, but if it became necessary to "beef up" some area to maintain the same level of service, the department would do so. The department does not intend on reducing services to the public and seeks to increase services. For example, currently, a workers' compensation investigator might visit an employer and several days later a wage and hour investigator would appear. However, with a little coordination the department could consolidate the inspections to increase efficiencies and provide better services to the public.

[2:46:56 PM](#)

SENATOR BIRCH said he is not familiar with the two divisions. He asked whether any tension exists between the two agencies.

MR. MITCHELL answered that the department does not see any conflict between the two divisions. Instead, the department views synergy, with one division focused on reducing accidents and minimizing safety hazards and the other division focused on

paying benefits for incidents. Sharing data and administrative oversight between the divisions makes sense, he said.

COMMISSIONER DESIGNEE LEDBETTER answered that the current division director for the Division of Workers' Compensation was previously the director of the Division of Labor Standards and Safety. The current staff has extensive experience in the field, so it provides opportunities to share knowledge and collaborate to build a rich division that would be two halves of the same whole. The department has begun the effort to share and collaborate, she said.

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SENATOR GRAY-JACKSON said she was pleased to see the efficiency of \$283,000 and looked forward to more efficiencies.

[2:50:20 PM](#)

COMMISSIONER DESIGNEE LEDBETTER introduced her staff.

[2:50:49 PM](#)

CHAIR REINBOLD opened public testimony on SB 66.

[2:52:22 PM](#)

DON ETHERIDGE, Executive Director, AFLCIO, Juneau, said one concern the AFLCIO has with the merger of the divisions is that one division's function may not get adequate attention. He said that he hoped that nothing would slip through the cracks.

[2:52:56 PM](#)

CHAIR REINBOLD, after first determining no one else wished to testify, closed public testimony on SB 66.

[2:53:16 PM](#)

CHAIR REINBOLD reviewed upcoming announcements.

[2:53:34 PM](#)

COMMISSIONER DESIGNEE LEDBETTER said that the department has long considered the merger to increase the department's effectiveness and efficiency. She said her focus is to ensure that these changes do not harm the department's current staff. She said she hoped it would proceed in a fashion that was beneficial to all.

[SB 66 was held in committee]

CHAIR REINBOLD reviewed upcoming committee announcements.

2:54:43 PM

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Labor and Commerce Standing Committee meeting at 2:54 p.m.