

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

February 17, 2023

3:15 p.m.

**MEMBERS PRESENT**

Representative Jesse Sumner, Chair  
Representative Mike Prax  
Representative Stanley Wright  
Representative Zack Fields

**MEMBERS ABSENT**

Representative Justin Ruffridge, Vice Chair  
Representative Dan Saddler  
Representative Ashley Carrick

**COMMITTEE CALENDAR**

HOUSE BILL NO. 63

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), 602(c) and (h), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 57

"An Act relating to review organizations and permitting an emergency medical services provider to establish a review organization; and relating to patient records."

- HEARD & HELD

HOUSE BILL NO. 29

"An Act relating to insurance discrimination."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 63

SHORT TITLE: REPEAL WORKERS' COMP APPEALS COMMISSION  
SPONSOR(s): REPRESENTATIVE(s) RAUSCHER

02/06/23 (H) READ THE FIRST TIME - REFERRALS  
02/06/23 (H) L&C, JUD  
02/17/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 57

SHORT TITLE: EMERGENCY MED. SVCS: REVIEW ORGANIZATIONS  
SPONSOR(s): REPRESENTATIVE(s) WRIGHT

02/03/23 (H) READ THE FIRST TIME - REFERRALS  
02/03/23 (H) L&C, HSS  
02/17/23 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 29

SHORT TITLE: INSURANCE DISCRIMINATION  
SPONSOR(s): REPRESENTATIVE(s) MCCABE

01/19/23 (H) PREFILE RELEASED 1/9/23  
01/19/23 (H) READ THE FIRST TIME - REFERRALS  
01/19/23 (H) L&C, JUD  
02/10/23 (H) L&C AT 3:15 PM BARNES 124  
02/10/23 (H) Heard & Held  
02/10/23 (H) MINUTE(L&C)  
02/17/23 (H) L&C AT 3:15 PM BARNES 124

#### **WITNESS REGISTER**

REPRESENTATIVE GEORGE RAUSCHER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 63.

RYAN MCKEE, Staff  
Representative George Rauscher  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis of HB 63 on behalf of Representative Rauscher, prime sponsor.

ERIC CROFT, Former State House Representative  
Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 63.

NANCY MEADE, General Counsel

Administrative Staff Office  
Office of the Administrative Director  
Alaska Court System  
Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 63.

ALLAN RIORDAN-RANDALL, Staff  
Representative Stanley Wright  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis of HB 57 on behalf of Representative Wright, prime sponsor.

BRIAN WEBB, Emergency Medical Services Officer  
Section of Rural and Community Health Systems  
Division of Public Health  
Department of Health  
Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 57.

DR. MICHAEL LEVY, EMS Medical Director  
Section of Rural and Community Health Systems  
Division of Public Health  
Department of Health  
Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 57.

LORI WING-HEIER, Director  
Juneau Office  
Division of Insurance  
Department of Commerce, Community, and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 29.

REPRESENTATIVE KEVIN MCCABE  
Alaska State Representative  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, answered questions during the hearing on HB 29.

#### **ACTION NARRATIVE**

[3:15:31 PM](#)

**CHAIR JESSE SUMNER** called the House Labor and Commerce Standing Committee meeting to order at 3:15 p.m. Representatives Wright, Prax, and Sumner were present at the call to order. Representative Fields arrived as the meeting was in progress.

**HB 63-REPEAL WORKERS' COMP APPEALS COMMISSION**

[3:16:17 PM](#)

CHAIR SUMNER announced that the first order of business would be HOUSE BILL NO. 63, "An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Workers' Compensation Appeals Commission; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 601(b), 602(c) and (h), and 603(a), Alaska Rules of Appellate Procedure; and providing for an effective date."

[3:16:31 PM](#)

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Representative, as prime sponsor, presented HB 63. He began a PowerPoint presentation [hard copy included in the committee packet] on slides 2 and 3 and stated that HB 63 would save the State of Alaska \$433,000 per year and return jurisdiction for appeals of workers' compensation to the Alaska Superior Court by repealing the Workers' Compensation Appeals Commission. The Workers' Compensation Appeals Commission has two full time employees and returning those cases to the Alaska Superior Court would not cause an undue burden for it. He said that the commission had 49 cases in 2007, but the number of cases has declined over the years, reaching 14 cases in 2022. In 2015, the House Labor and Workforce Finance Subcommittee found the commission to be "ineffective."

[3:18:52 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, continued to slide 4 and reiterated that the bill would repeal the Workers' Compensation Appeals Commission and move those cases back to the Superior Court. The \$433,00 that would be saved would be from the salaries, travel, and per diem of the commission's two full-time employees. He added that the

court system has previously testified that it would be able to absorb the cases without fiscal impact.

MR. MCKEE continued to slides 5 and 6 and reiterated that there has been a sharp decline in the number of cases handled by the commission since 2007, that the commission was found to be ineffective in 2015.

MR. MCKEE continued to slides 7 through 10, stating that although one of the reasons that the commission was created was to reduce the amount of time required to decide cases, that result has not been the case. The proposed legislation would reduce the number of cases sent to the Alaska Supreme Court, as more cases decided by the commission are being appealed than during the time in which cases were being decided by the Superior Court. He said that Workers' Compensation Tax income has declined, causing some of the cost of the commission to be passed onto the general fund.

[3:24:32 PM](#)

ERIC CROFT, Former State House Representative, stated that he has represented workers before the Workers' Compensation Appeals Commission and the court system. He echoed the point that the commission has seen a decrease in the number of cases that it sees. He added that he believes the current work load does not "sustain" the need for having the commission rather than having the cases go through the court system.

[3:28:12 PM](#)

REPRESENTATIVE PRAX asked if the members of the Workers' Compensation Appeals Commission were judges or people with expertise in that area of law.

[3:29:28 PM](#)

NANCY MEADE, General Counsel, Administrative Staff Office, Office of the Administrative Director, Alaska Court System, answered that she is unsure about the specific composition of the commission.

[3:29:56 PM](#)

REPRESENTATIVE PRAX asked if it was correct that the court system said it would be able to absorb these cases.

MS. MEADE answered that she would submit a zero fiscal note for the bill because the number of cases would likely mean at most a single extra case per judge per year. She added that one case would be the average, with most cases being in more populated areas. In response to a follow-up question, she stated that the cases are challenging and time consuming, but the cases are assigned randomly using a computer system.

REPRESENTATIVE PRAX asked if there would be a training cost associated with judges needing to review some of the more arcane parts of the law dealing with workers' compensation.

MS. MEADE answered that no fiscal cost would be incurred, although there would be a cost in terms of spending time on a workers' compensation case rather than another case. She added that this is something that occurs regardless of a given case. In response to a follow-up question, she said that there are other times in which a judge may have to pay extra attention to a case because it deals with an area of law with which judge has less experience.

[3:36:14 PM](#)

CHAIR SUMNER asked how much of the \$433,000 that the bill would save is dedicated personnel expenses.

MR. MCKEE answered that \$433,000 is entirely salary and travel costs for the commission.

[3:37:29 PM](#)

REPRESENTATIVE PRAX asked whether the commissioners are administrative law judges or people with specific expertise in the area of workers' compensation.

MR. MCKEE answered that two of the commissioners have no legal background.

[HB 63 was held over.]

**HB 57-EMERGENCY MED. SVCS: REVIEW ORGANIZATIONS**

[3:38:15 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 57, "An Act relating to review organizations and

permitting an emergency medical services provider to establish a review organization; and relating to patient records."

[3:38:41 PM](#)

REPRESENTATIVE WRIGHT, as prime sponsor, introduced HB 57. He stated that emergency medical service (EMS) providers currently are not included in the legal definition for privacy protections.

[3:40:14 PM](#)

ALLAN RIORDAN-RANDALL, Staff, Representative Stanley Wright, Alaska State Legislature, presented HB 57 on behalf of Representative Wright, prime sponsor. He stated that it would modify sections of AS 18.23.07.0 to add EMS personnel to the definitions for privacy protections. It would reduce excess litigation against EMS personnel and allow them to perform better at their jobs.

[3:42:04 PM](#)

BRIAN WEBB, Emergency Medical Services Officer, Section of Rural and Community Health Systems, Division of Public Health, Department of Health, described EMS providers being without the same privacy protections as other medical providers as an "omission." Legislation to protect this privacy for EMS providers has been enacted in other states. He said that many rural communities have EMS directors that are volunteers. The lack of privacy protections that they would otherwise have causes some to resign.

[3:44:43 PM](#)

REPRESENTATIVE PRAX asked whether medical professionals have professional liability insurance coverage.

MR. WEBB answered that medical professionals do have such coverage but added that that coverage does not carry over when a medical professional is acting as a volunteer EMS director.

[3:46:05 PM](#)

DR. MICHAEL LEVY, EMS Medical Director, Section of Rural and Community Health Systems, Division of Public Health, Department of Health, stated that EMS is a sub-specialty of board certified medicine, demonstrating that it is its own unique branch of the

healthcare system. He said that peer review of best practices in medicine is used to improve the care given by providers that is largely unavailable to EMS providers because they do not have the same privacy protections as other healthcare providers.

[3:48:36 PM](#)

REPRESENTATIVE PRAX asked whether professional liability insurance is available to EMS providers.

DR. LEVY answered that malpractice insurance is available to EMS personnel. He added that the importance of peer review is to improve care, but without privacy protections, EMS personnel could face "discovery" for potential civil proceedings.

[HB 57 was held over.]

### **HB 29-INSURANCE DISCRIMINATION**

[3:51:25 PM](#)

CHAIR SUMNER announced that the final order of business would be HOUSE BILL NO. 29, "Insurance Discrimination."

[3:52:09 PM](#)

REPRESENTATIVE FIELDS asked what the number of umbrella policies available is.

[3:52:27 PM](#)

LORI WING-HEIER, Director, Juneau Office, Alaska Division of Insurance, Department of Commerce, Community, and Economic Development answered that she was unsure of the exact number but noted that there are "not a lot."

[3:52:54 PM](#)

REPRESENTATIVE FIELDS asked whether the legislature should be concerned about the potential of increased prices or reduced insurance availability if it passed a bill requiring insurance companies to make umbrella insurance policies available to its members.

MS. WING-HEIER answered that because Alaska is a small market, anything that affects insurance companies could become a concern. In response to a follow-up question, she said that

there is not an effective way to gauge the potential impact that the bill would have on prices or insurance companies leaving for certain.

[3:55:37 PM](#)

CHAIR SUMNER asked whether HB 29 could potentially affect insurance policies other than just umbrella coverage.

MS. WING-HEIR answered that her department was unable to find any record of a complaint in the State of Alaska for any elected official being unable to find primary homeowner's, automobile liability, or watercraft insurance. The issue seems to arise only when it comes to excess liability insurance. She added that the Department of Administration, Division of Risk Management self-insures for the executive branch and the legislature. In response to a follow-up question, she reiterated that no elected officials submitted a complaint that they were unable to obtain primary insurance.

[3:57:57 PM](#)

REPRESENTATIVE PRAX asked the bill sponsor if he believed the bill could cause some insurance providers to leave the state.

[3:58:45 PM](#)

REPRESENTATIVE KEVIN MCCABE, Alaska State Representative, as prime sponsor of HB 29, answered that such a possibility had been considered. He said that he was unable to find any insurance providers that either could or would answer the question. He gave his opinion that if the bill passes, the most likely scenario is that legislators will have to pay more for umbrella policies than those who are deemed to be "lower risk," in a manner similar to how a person that has received multiple traffic citations has higher insurance premiums than a person who is a "safe" driver.

[3:59:48 PM](#)

REPRESENTATIVE FIELDS asked if Representative McCabe had personally experienced denial of an umbrella insurance policy due to his status as an elected official.

REPRESENTATIVE MCCABE answered that he has. In response to a follow-up question, he said that the insurance company did not

articulate any specifics as to why his status as an elected official caused it to deny him an umbrella policy.

[4:00:55 PM](#)

CHAIR SUMNER asked whether there is anything preventing an Alaskan from buying an umbrella insurance policy in another state.

MS. WING-HEIR answered that the first step in purchasing an umbrella insurance policy is to fill out an application, which includes listing a place of residence. The insurance broker selling the policy would need to have a license to sell insurance in the State of Alaska, and Alaska statutes would apply. In response to a follow-up question, she said a physical address is required and a U.S. Post Office box (P.O. box) would not be accepted.

[4:02:37 PM](#)

REPRESENTATIVE WRIGHT asked what the consequences would be if someone were to use a P.O. box rather than their actual physical address for the purpose of obtaining an umbrella policy.

MS. WING-HEIR answered that such a scenario would potentially constitute as insurance fraud.

[4:03:46 PM](#)

REPRESENTATIVE PRAX commented that insurance companies are very skeptical of fraud and will refuse to pay out a claim if fraud is likely to have occurred.

CHAIR SUMNER replied that the issue is particularly relevant to Alaska, as many Alaskans spend significant time out of state during the winter months.

MS. WING-HEIER added that a physical address can be different from a mailing address; if someone were to own property in another state, that person could purchase an umbrella policy in that state for that property but have the mail sent to his/her Alaska residence without any issues.

[HB 29 was held over.]

[4:07:18 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:07 p.m.