

**HB**

**419**

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB419

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected University of Alaska  
 Title \_\_\_\_\_ BRU Statewide  
 Worker's Comp \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Labor & Commerce by Request  
 Requester \_\_\_\_\_ Component Serial No \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	83.0	83.0	83.0	83.0	83.0
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE**

1002 Federal Receipts	3.2	3.2	3.2	3.2	3.2
1003 GF Match					
1004 GF	62.3	62.3	62.3	62.3	62.3
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	17.5	17.5	17.5	17.5	17.5
<b>TOTAL</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

Estimate of any current year (FY00) cost: none

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

Estimated impact based on 8.3 percent increase as determined by Carolyn Pearl, State Relations Executive, National Council on Compensation Insurance, Inc.

Prepared by Pat Pitney, Director Phone 474-2602  
 Division UA Budget and Institutional Research Date 3/27/00  
 Approved by Commis Pat Pitney, Director Date 3/27/00  
 Agency UA Budget and Institutional Research

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# FISCAL NOTE

II Version: CSHB 419 (L&C)  
(H) Publish Date: 3/29/00

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO.

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Workers' Compensation  
Sponsor: House L&C  
Requestor: House L&C

Department Affected: Labor & Workforce Development  
BRU: Workers' Compensation  
Component: Workers' Compensation

COMPONENT SERIAL NO. 344

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	6.7	6.7	6.7	6.7	6.7	6.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>
<b>CAPITAL</b>						
<b>CHANGE IN REVENUE FUND SOURCE #</b>						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.7	6.7	6.7	6.7	6.7	6.7
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)						
<b>TOTAL</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

**ANALYSIS:** (Attach a separate page if necessary)  
  
Please See Attached

Prepared by: Paul Grossi, Director Phone: 465-2790  
Division: Workers' Compensation Date/Time: 3/7/00 9:18 AM  
Approved by Commissioner: Ed Flanagan, Commissioner  
Agency: Department of Labor Date: 3/7/00

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## COMMITTEE COPY

## FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 419

**Title:** An Act relating to the Alaska Workers' Compensation Act, including the weekly rate of compensation and minimum and maximum compensation rates, specifying components of a reemployment plan, adjusting benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers and orphans, and for funerals, calculation of gross weekly earnings for seasonal and temporary workers and for workers with overtime or premium pay, setting time limits for requesting a hearing or rehabilitation benefits, setting time limits for claims for compensation and for the rehabilitation process, setting time limits for payment of medical bills, waiver of rehabilitation benefits, obtaining medical releases and resolving discovery disputes, setting an interest rate for late compensation, and providing for updating the medical fee schedule; and providing for an effective date.

This bill will require that the Division of Workers' Compensation obtain an updated usual, customary, and reasonable medical fee schedule annually. It is anticipated that the additional cost for updating the schedule annually would be approximately \$6.7 per year. It is believed that the change in frequency of medical fee schedule updates will be the only increased cost associated with this bill.

# FISCAL NOTE

Bil. ersion: CSHB 419 (L&C)

(H) Publish Date: 3/29/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time 03/13/2000 Dept. Affected All State Agencies  
 Title "An act relating to workers' compensation reform. BRU  
 \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Rules Committee  
 Requester House Labor & Commerce Committee Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
<b>TOTAL</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst *Joan Brown* Phone 465-4681  
 Division Office of Management and Budget Date/Time 3/13/00 12:23 PM  
 Approved by Director Annalee McConner *Annalee McConner* Date 03/07/2000  
 Agency Governor's Office

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COMMITTEE COPY

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstra 105 9	Comm & Econ Dev 6 2	Correcio ns 93 0	Coun System 13 5	Ed & Early Dev 11 2	Environm ental Conserva tion 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 19 9	Law 8 3	Legisla ure 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 77 2	Revenue 9 1	Transportati on & Public Facilities 194 2	Total	
1002	Fed Rcpts	Fed	14	01	22		12	26	106	300	137	01		43	26	02	17	33	10	750	
1016	Fed Incentive Payments Indirect Cost	Fed																03		03	
1133	Reimbursement	Fed			22	00	12	26	106	300	137	01	00	43	26	02	17	01	37	10	01
1003	GF Match	GF	04	01			02	06	02	144	08	00		07	03	03	06			01	187
1004	GF	GF	461	10	842	135	40	14	125	443	22	47	53	22	225	32	704	12	537	3724	
1005	GF/PR	GF	104	20			02	09	13	09	02	01		55			13	05	42	275	
1037	GF/Mental Health	GF	149		36		00			71		00								256	
1118	Pioneers Homes Rcpts	GF	24																	24	
		GF Total	742	31	878	135	44	29	140	667	32	48	53	29	283	35	723	17	580	4466	
1007	IA Rcpts	Other	68	08	03		31	03	28	160	26	33		04	29		22	04	25	444	
	Advance College																				
1011	Tuition Payment Fund Donated Commodity /	Other																00		00	
1014	Handling Fee	Other					01													01	
1017	Benefit Systems Rcpts	Other	23																	23	
1018	Exxon Valdez Oil Spill	Other						00	09						02					11	
1021	Ag Loan Fund	Other													10					10	
1023	FICA Admin Fund	Other	01																	01	
1024	Fish & Game Fund	Other							7.9			00					06			85	
1025	Science & Tech	Other		02																02	
1026	Hwy Working Capital International Airports	Other																		149	
1027	Revenue Fund	Other																00	340	340	
1029	PERS	Other	37																	37	
1031	Second Injury Fund Disabled Fishermans	Other									01									01	
1032	Reserve Acct	Other									01									01	
1033	Surplus Property	Other	03																	03	
1034	TERS	Other	15																	15	
	Vets Revolving Loan																				
1035	Fund	Other		00																00	
	Comm Fish Revolving																				
1036	Loan Fund	Other		04																04	
	Real Estate Surety																				
1040	Fund	Other		00																00	

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstra tion 105 9	Comm & Econ Dev 62	Correctio ns 930	Court System 135	Ed & Early Dev 112	Environm ental Conserva tion 100	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 199	Law 8 3	Legisla ture 5 3	Military & Veterans Affairs 80	Natural Resources 40 4	Office of the Governor 37	Public Safety 77 2	Revenue 9 1	Transporta tion & Public Facilities 194 2	Total
	Judicial Retirement																			
1042	System	Other	00																	00
	Nail Guard Retirement																			
1045	System	Other	01																	01
	Student Revolving Loan																			
1046	Fund	Other																00		00
	Training & Building																			
1049	Fund	Other									01									01
	Perm Fund Dividend																			
1050	Fund	Other															02	06		08
	Rural Dev Initiative																			
1051	Fund	Other		00																00
1052	Oil/Haz Response Fund	Other						25												25
1053	LTTF	Other																00		00
1055	IA Oil & Haz	Other							00			01		02	00		01			04
1057	Small Bus Loan Fund	Other		00																00
1061	CIP Rcpts	Other	02	02	06		00	06	11	08				02	22			03	747	809
1066	Public School Fund	Other																00		00
	Mining Revolving Loan																			
1067	Fund	Other		00																00
	Child Care Revolving																			
1068	Loan Fund	Other		00																00
	Historical District																			
1069	Revolving Loan Fund	Other		00																00
	Fisheries Enhancement																			
1070	Revolving Loan Fund	Other		01																01
	Alternative Energy																			
1071	Revolving Loan Fund	Other		00																00
	Clean Water Loan Fund																			
1075	Marine Hwy System	Other						01												01
	Storage Tank Assl																			
1076	Fund	Other																		83
	Storage Tank Assl																			
1079	Fund	Other						02												02
1081	ISF	Other	12 8																	128
1092	MHTAAR	Other	0 1		0 1					15					06					23
	Clean Air Protection																			
1093	Fund	Other						06												06

110419 and SB278

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstr tion 105 9	Comn & Econ Dev 62	Correcio ns 93 0	Court System 13 5	Ed & Environ Early Dev 11 2	Environm ental Conserva tion 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 19 9	Law 8 3	Legislat ure 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 77 2	Revenue 9 1	Transporta on & Public Facilities 194 2	Total
		Mental Health Trust																		
1094	Admin	Other																0 1		0 1
		Children's Trust Fund																		
1098	Earnings	Other																0 0		0 0
		Alaska Drinking Water																		
1100	Fund	Other						0 1												0 1
		Aerospace Dev Corp																		
1101	Rcpts	Other		0 0																0 0
1102	AIDEA Rcpts	Other		0 5																0 5
1103	AHFC Rcpts	Other																1 7		1 7
		Municipal Bond Bank																		
1104	Rcpts	Other																0 0		0 0
1105	Perm Fund Corp Rcpts	Other													1 0			0 6		1 6
		Post-Secondary Ed																		
1106	Comm Rcpts	Other					2 1													2 1
1108	SDPR	Other	2 2		2 0		0 3	0 1	1 1	2 2	0 1	0 0			1 6		0 1	0 0	0 8	10 5
1109	Test Fishenes Rcpts	Other							1 4											1 4
		International Trade & Bus Endowment																		
1115	Income	Other		0 0																0 0
1141	RCA Rcpts	Other		0 8																0 8
1147	Public Bldg Fund	Other	0 2																	0 2
		Other	30 3	3 0	3 0	0 0	5 6	4 5	1 5 2	20 5	3 0	3 4	0 0	0 8	9 5	0 0	3 2	3 7	13 5 2	240 8
		Grand	105 9	6 2	93 0	13 5	11 2	10 0	39 8	117 2	19 9	8 3	5 3	8 0	40 4	3 7	77 2	9 1	194 2	762 9

## Agenda for Rules meeting 4-14-2000

1. Call to order
2. Roll Call (Records will call out names)
3. HB 419 "Worker's Compensation"  
Janet Seitz from Rep. Rokeberg's office will present the bill.

(If she and Rokeberg are both not there, Conor Sullivan will present the bill)

4. Adopt Rules CS
5. Available to answer questions are:
  - ✓◆ Alan Wilson from the Homebuilder's Association and
  - ✓◆ Dwight Perkins, Deputy Commissioner for the Department of Labor
6. Accept motion to move CS HB 180 (RLS), and move.
7. Adjourn

John -

We have a short  
Rules Meeting in Judiciary.  
Waiting for you..

Conan

**CS FOR HOUSE BILL NO. 419(RLS)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the weekly rate of compensation and minimum and maximum  
2 compensation rates for workers' compensation; specifying components of a workers'  
3 compensation reemployment plan; adjusting workers' compensation benefits for  
4 permanent partial impairment, for reemployment plans, for rehabilitation benefits,  
5 for widows, widowers, and orphans, and for funerals; relating to permanent total  
6 disability of an employee receiving rehabilitation benefits; relating to calculation  
7 of gross weekly earnings for workers' compensation benefits for seasonal and  
8 temporary workers and for workers with overtime or premium pay; setting time  
9 limits for requesting a hearing on claims for workers' compensation, for selecting  
10 a rehabilitation specialist, and for payment of medical bills; relating to termination  
11 and to waiver of rehabilitation benefits, obtaining medical releases, and resolving  
12 discovery disputes relating to workers' compensation; setting an interest rate for

1 late payments of workers' compensation; providing for updating the workers'  
2 compensation medical fee schedule; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 INTENT. It is the intent of the legislature that

7 (1) AS 23.30 be interpreted so as to ensure the quick, efficient, fair, and  
8 predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost  
9 to the employers who are subject to the provisions of AS 23.30;

10 (2) AS 23.30 not be construed by the courts in favor of any party;

11 (3) workers' compensation cases be decided on the merits, except when  
12 otherwise provided by statute;

13 (4) increases in benefits be tied to the state average weekly wage so as to more  
14 fairly compensate injured workers and that the benefit rate in effect at the time of injury remain  
15 the benefit rate for the life of the claim without regard to any changes that may occur in the  
16 state average weekly wage subsequent to the year of injury;

17 (5) AS 23.30.041 be amended to clarify existing language and to mandate  
18 compliance by the board, the reemployment administrator, and the parties with the deadlines in  
19 AS 23.30.041;

20 (6) vocational rehabilitation clearly be a voluntary process that allows claimants  
21 to waive their rights to receive reemployment benefits;

22 (7) claimants be entitled to permanent impairment benefits and reduced  
23 compensation while involved in the reemployment process so as to encourage injured workers  
24 to complete that process as quickly as possible and return to the workplace in an expeditious  
25 and efficient manner;

26 (8) claimants provide releases of information that allow employers and insurers  
27 and their agents to obtain promptly information needed to investigate and adjust claims;

28 (9) medical information relevant to a claim be discoverable and be promptly  
29 provided; and

30 (10) the discovery process be improved to encourage the quick and efficient

1 resolution of discovery disputes under AS 23.30.

2 \* Sec. 2. AS 23.30.041(g) is amended to read:

3 (g) Within 15 [10] days after the employee receives the administrator's  
4 notification of eligibility for benefits, an employee who desires to use these benefits  
5 shall give written notice to the employer of the employee's selection of a rehabilitation  
6 specialist who shall provide a complete reemployment benefits plan. Failure to give  
7 notice required by this subsection constitutes noncooperation under (n) of this  
8 section. If the employer disagrees with the employee's choice of rehabilitation specialist  
9 to develop the plan and the disagreement cannot be resolved, then the administrator shall  
10 assign a rehabilitation specialist. The employer and employee each have one right of  
11 refusal of a rehabilitation specialist.

12 \* Sec. 3. AS 23.30.041(h) is amended to read:

13 (h) Within 90 days after the rehabilitation specialist's selection under (g) of this  
14 section, the reemployment plan must be formulated and approved. The reemployment  
15 plan must require continuous participation by the employee and must maximize the  
16 usage of the employee's transferrable skills. The reemployment plan must include at  
17 least the following:

- 18 (1) a determination of the occupational goal in the labor market;
- 19 (2) an inventory of the employee's technical skills, transferrable skills,  
20 physical and intellectual capacities, academic achievement, emotional condition, and  
21 family support;
- 22 (3) a plan to acquire the occupational skills to be employable;
- 23 (4) the cost estimate of the reemployment plan, including provider fees;  
24 and [;] the cost [AMOUNT] of tuition, books, tools, and supplies, [;] transportation, [;]  
25 temporary lodging, [;] or job modification devices;
- 26 (5) the estimated length of time that the plan will take;
- 27 (6) the date that the plan will commence;
- 28 (7) the estimated time of medical stability as predicted by a treating  
29 physician or by a physician who has examined the employee at the request of the  
30 employer or the board, or by referral of the treating physician;
- 31 (8) a detailed description and plan schedule; and
- 32 (9) a finding by the rehabilitation specialist that the inventory under (2)

1 of this subsection indicates that the employee can be reasonably expected to  
2 satisfactorily complete the plan and perform in a new occupation within the time and  
3 cost limitations of the plan.

4 \* Sec. 4. AS 23.30.041(k) is amended to read:

5 (k) Benefits related to the reemployment plan may not extend past two years  
6 from date of plan approval or acceptance, whichever date occurs first, at which time the  
7 benefits expire. If an employee reaches medical stability before completion of the plan,  
8 temporary total disability benefits shall cease and permanent impairment benefits shall  
9 then be paid at the employee's temporary total disability rate. If the employee's  
10 permanent impairment benefits are exhausted before the completion or termination of  
11 the reemployment plan, the employer shall provide ~~compensation~~ [WAGES] equal to  
12 70 [60] percent of the employee's spendable weekly wages, but not to exceed 105  
13 percent of the average weekly wage [\$525], until the completion or termination of the  
14 plan, except that any compensation paid under this subsection is reduced by wages  
15 earned by the employee while participating in the plan to the extent that the wages  
16 earned, when combined with the compensation paid under this subsection, exceed  
17 the employee's temporary total disability rate. If permanent partial disability  
18 benefits have been paid in a lump sum before the employee requested or was found  
19 eligible for reemployment benefits, payment of benefits under this subsection is  
20 suspended until permanent partial disability benefits would have ceased, had those  
21 benefits been paid at the employee's temporary total disability rate, notwithstanding  
22 the provisions of AS 23.30.155(j). A permanent impairment benefit remaining unpaid  
23 upon the completion or termination of the plan shall be paid to the employee in a single  
24 lump sum. An employee may not be considered permanently totally disabled so  
25 long as the employee is involved in the rehabilitation process under this chapter.

26 The fees of the rehabilitation specialist or rehabilitation professional shall be paid by the  
27 employer and may not be included in determining the cost of the reemployment plan.

28 \* Sec. 5. AS 23.30.041(l) is amended to read:

29 (l) The cost of the reemployment plan incurred under this section shall be the  
30 responsibility of the employer, shall be paid on an expense incurred basis, and may not  
31 exceed \$13,300 [\$10,000].

32 \* Sec. 6. AS 23.30.041(n) is amended to read:

1 (n) After the employee has elected to participate in reemployment benefits, if  
2 the employer believes the employee has not cooperated, the employer may terminate  
3 reemployment benefits on the date of noncooperation. Noncooperation means

4 (1) unreasonable failure to

5 (A) [(1)] keep appointments;

6 (B) [(2)] maintain passing grades;

7 (C) [(3)] attend designated programs;

8 (D) [(4)] maintain contact with the rehabilitation specialist;

9 (E) [(5)] cooperate with the rehabilitation specialist in developing  
10 a reemployment plan and participating in activities relating to reemployability on  
11 a full-time basis;

12 (F) [(6)] comply with the employee's responsibilities outlined in  
13 the reemployment plan; or

14 (G) [(7)] participate in any planned reemployment activity as  
15 determined by the administrator; or

16 (2) failure to give written notice to the employer of the employee's  
17 choice of rehabilitation specialists within 15 days after receiving notice of eligibility  
18 for benefits from the administrator as required by (g) of this section.

19 \* Sec. 7. AS 23.30.041 is amended by adding a new subsection to read:

20 (r) Notwithstanding AS 23.30.012, after medical stability has been determined  
21 and a physician has predicted that the employee may have a permanent impairment that  
22 may cause the employee to have permanent physical capacities that are less than the  
23 physical demands of the employee's job at the time of injury, an employee may waive  
24 any benefits or rights under this section, including an eligibility evaluation and benefits  
25 related to a reemployment plan. To waive any benefits or rights under this section, an  
26 employee must file a statement under oath with the board to notify the parties of the  
27 waiver and to specify the scope of benefits or rights that the employee seeks to waive.  
28 The statement must be on a form prescribed or approved by the board. The board shall  
29 serve the notice of waiver on all parties to the claim within 10 days after filing. The  
30 waiver is effective upon service to the party. A waiver effective under this subsection  
31 discharges the liability of the employer for the benefits or rights contained in this  
32 section. The waiver may not be modified under AS 23.30.130.

1 \* **Sec. 8.** AS 23.30.095(f) is amended to read:

2 (f) All fees and other charges for medical treatment or service shall be subject  
3 to regulation by the board but may not exceed usual, customary, and reasonable fees for  
4 the treatment or service in the community in which it is rendered, as determined by the  
5 board. An employee may not be required to pay a fee or charge for medical treatment  
6 or service. The board shall adopt updated usual, customary, and reasonable  
7 medical fee schedules at least once each year.

8 \* **Sec. 9.** AS 23.30.095 is amended by adding new subsections to read:

9 (l) An employer shall pay an employee's bills for medical treatment under this  
10 chapter, excluding prescription charges or transportation for medical treatment, within  
11 30 days after the date that the employer receives the health care provider's bill or a  
12 completed report, whichever is later.

13 (m) Unless the employer controverts a charge, an employer shall reimburse an  
14 employee's prescription charges under this chapter within 30 days after the employer  
15 received the health care provider's completed report and an itemization of the  
16 prescription charges for the employee. Unless the employer controverts a charge, an  
17 employer shall reimburse any transportation expenses for medical treatment under this  
18 chapter within 30 days after the employer received the health care provider's completed  
19 report and an itemization of the dates, destination, and transportation expenses for each  
20 date of travel for medical treatment. If the employer does not plan to make or does not  
21 make payment or reimbursement in full as required by this subsection, the employer  
22 shall notify in writing the employee and the employee's health care provider that  
23 payment will not be timely made and the reasons for the nonpayment. The notification  
24 must be provided on or before the date that payment is due under this subsection or (l)  
25 of this section.

26 \* **Sec. 10.** AS 23.30.105(a) is amended to read:

27 (a) The right to compensation for disability under this chapter is barred unless  
28 a claim for it is filed within two years after the employee has knowledge of the nature  
29 of the employee's disability and its relation to the employment and after disablement.  
30 However, the maximum time for filing the claim in any event other than arising out of  
31 an occupational disease shall be four years from the date of injury, and the right to  
32 compensation for death is barred unless a claim therefor is filed within one year after

1 the death, except that if payment of compensation has been made without an award on  
2 account of the injury or death, a claim may be filed within two years after the date of  
3 the last payment of benefits under AS 23.30.041, 23.30.180 [AS 23.30.180], 23.30.185,  
4 23.30.190, 23.30.200, or 23.30.215. It is additionally provided that, in the case of latent  
5 defects pertinent to and causing compensable disability, the injured employee has full  
6 right to claim as shall be determined by the board, time limitations notwithstanding.

7 \* Sec. 11. AS 23.30.107(a) is amended to read:

8 (a) Upon written request, an employee shall provide written authority to the  
9 employer, carrier, rehabilitation specialist, or reemployment benefits administrator to  
10 obtain medical and rehabilitation information relative to the employee's injury. The  
11 request must include notice of the employee's right to file a petition for a protective  
12 order with the board and must be served by certified mail to the employee's  
13 address on the notice of injury or by hand delivery to the employee. This  
14 subsection may not be construed to authorize an employer, carrier, rehabilitation  
15 specialist, or reemployment benefits administrator to request medical or other  
16 information that is not applicable to the employee's injury.

17 \* Sec. 12. AS 23.30 is amended by adding a new section to read:

18 **Sec. 23.30.108. Prehearings on discovery matters; objections to requests for**  
19 **release of information; sanctions for noncompliance.** (a) If an employee objects to  
20 a request for written authority under AS 23.30.107, the employee must file a petition  
21 with the board seeking a protective order within 14 days after service of the request.  
22 If the employee fails to file a petition and fails to deliver the written authority as  
23 required by AS 23.30.107 within 14 days after service of the request, the employee's  
24 rights to benefits under this chapter are suspended until the written authority is delivered.

25 (b) If a petition seeking a protective order is filed, the board shall set a  
26 prehearing within 21 days after the filing date of the petition. At a prehearing conducted  
27 by the board's designee, the board's designee has the authority to resolve disputes  
28 concerning the written authority. If the board or the board's designee orders delivery  
29 of the written authority and if the employee refuses to deliver it within 10 days after  
30 being ordered to do so, the employee's rights to benefits under this chapter are  
31 suspended until the written authority is delivered. During any period of suspension  
32 under this subsection, the employee's benefits under this chapter are forfeited unless the

1 board, or the court determining an action brought for the recovery of damages under this  
2 chapter, determines that good cause existed for the refusal to provide the written  
3 authority.

4 (c) At a prehearing on discovery matters conducted by the board's designee, the  
5 board's designee shall direct parties to sign releases or produce documents, or both, if  
6 the parties present releases or documents that are likely to lead to admissible evidence  
7 relative to an employee's injury. If a party refuses to comply with an order by the  
8 board's designee or the board concerning discovery matters, the board may impose  
9 appropriate sanctions in addition to any forfeiture of benefits, including dismissing the  
10 party's claim, petition, or defense. If a discovery dispute comes before the board for  
11 review of a determination by the board's designee, the board may not consider any  
12 evidence or argument that was not presented to the board's designee, but shall determine  
13 the issue solely on the basis of the written record. The decision by the board on a  
14 discovery dispute shall be made within 30 days. The board shall uphold the designee's  
15 decision except when the board's designee's determination is an abuse of discretion.

16 \* Sec. 13. AS 23.30.110 is amended by adding a new subsection to read:

17 (h) The filing of a hearing request under (c) of this section suspends the running  
18 of the two-year time period specified in (c) of this section. However, if the employee  
19 subsequently requests a continuance of the hearing and the request is approved by the  
20 board, the granting of the continuance renders the request for hearing inoperative, and  
21 the two-year time period specified in (c) of this section continues to run again from the  
22 date of the board's notice to the employee of the board's granting of the continuance and  
23 of its effect. If the employee fails to again request a hearing before the conclusion of  
24 the two-year time period in (c) of this section, the claim is denied.

25 \* Sec. 14. AS 23.30.155 is amended by adding a new subsection to read:

26 (p) An employer shall pay interest on compensation that is not paid when due.  
27 Interest required under this subsection accrues at the rate specified in AS 09.30.070(a)  
28 that is in effect on the date the compensation is due.

29 \* Sec. 15. AS 23.30.175(a) is amended to read:

30 (a) The weekly rate of compensation for disability or death may not exceed the  
31 maximum compensation rate, may not be less than 22 percent of the maximum  
32 compensation rate, [\$700] and initially may not be less than \$110. However, if the

1 board determines that the employee's spendable weekly wages are less than \$110 a week  
2 as computed under AS 23.30.220, or less than 22 percent of the maximum  
3 compensation rate [\$154] a week in the case of an employee who has furnished  
4 documentary proof of the employee's wages, it shall issue an order adjusting the weekly  
5 rate of compensation to a rate equal to the employee's spendable weekly wages. If the  
6 employer can verify that the employee's spendable weekly wages are less than 22  
7 percent of the maximum compensation rate [\$154], the employer may adjust the  
8 weekly rate of compensation to a rate equal to the employee's spendable weekly wages  
9 without an order of the board. If the employee's spendable weekly wages are greater  
10 than 22 percent of the maximum compensation rate [\$154], but 80 percent of the  
11 employee's spendable weekly wages is less than 22 percent of the maximum  
12 compensation rate [\$154], the employee's weekly rate of compensation shall be 22  
13 percent of the maximum compensation rate [\$154]. Prior payments made in excess  
14 of the adjusted rate shall be deducted from the unpaid compensation in the manner the  
15 board determines. In any case, the employer shall pay timely compensation. In this  
16 subsection, "maximum compensation rate" means 120 percent of the average  
17 weekly wage, calculated under (d) of this section, applicable on the date of injury  
18 of the employee.

19 \* Sec. 16. AS 23.30.175 is amended by adding a new subsection to read:

20 (d) By December 1 of each year, the commissioner shall determine the average  
21 weekly wage in this state by dividing the average annual wage in this state for the  
22 preceding calendar year by 52. The resulting figure is the average weekly wage in this  
23 state applicable for the period beginning January 1 and ending December 31 of the  
24 following calendar year. The average annual wage calculation required under this  
25 subsection shall include the wages of all employees in the state, both public and private,  
26 who are covered by this chapter.

27 \* Sec. 17. AS 23.30.190(a) is amended to read:

28 (a) In case of impairment partial in character but permanent in quality, and not  
29 resulting in permanent total disability, the compensation is \$177,000 [\$135,000]  
30 multiplied by the employee's percentage of permanent impairment of the whole person.  
31 The percentage of permanent impairment of the whole person is the percentage of  
32 impairment to the particular body part, system, or function converted to the percentage

1 of impairment to the whole person as provided under (b) of this section. The  
2 compensation is payable in a single lump sum, except as otherwise provided in  
3 AS 23.30.041, but the compensation may not be discounted for any present value  
4 considerations.

5 \* Sec. 18. AS 23.30.215(a) is amended to read:

6 (a) If the injury causes death, the compensation is known as a death benefit and  
7 is payable in the following amounts to or for the benefit of the following persons:

8 (1) reasonable and necessary funeral expenses not exceeding \$3,300  
9 [\$2,500];

10 (2) if there is a widow or widower or a child or children of the deceased,  
11 the following percentages of the spendable weekly wages of the deceased:

12 (A) 80 percent for the widow or widower with no children;

13 (B) 50 [40] percent for the widow or widower with one child and  
14 40 percent for the child;

15 (C) 30 [25] percent for the widow or widower with two or more  
16 children and 70 [55] percent divided equally among the children;

17 (D) 100 [80] percent for an only child when there is no widow  
18 or widower;

19 (E) 100 [80] percent, divided equally, if there are two or more  
20 children and no widow or widower;

21 (3) if the widow or widower remarries, the widow or widower is entitled  
22 to be paid in one sum an amount equal to the compensation to which the widow or  
23 widower would otherwise be entitled in the two years commencing on the date of  
24 remarriage as full and final settlement of all sums due the widow or widower;

25 (4) if there is no widow or widower or child or children, then for the  
26 support of father, mother, grandchildren, brothers and sisters, if dependent upon the  
27 deceased at the time of injury, 42 percent of the spendable weekly wage of the deceased  
28 to such beneficiaries, share and share alike, not to exceed \$20,000 in the aggregate.

29 \* Sec. 19. AS 23.30.220(a) is amended to read:

30 (a) Computation of compensation under this chapter shall be on the basis of an  
31 employee's spendable weekly wage at the time of injury. An employee's spendable  
32 weekly wage is the employee's gross weekly earnings minus payroll tax deductions. An

1 employee's gross weekly earnings shall be calculated as follows:

2 (1) if at the time of injury the employee's earnings are calculated by the  
3 week, the weekly amount is the employee's gross weekly earnings;

4 (2) if at the time of injury the employee's earnings are calculated by the  
5 month, the employee's gross weekly earnings are the monthly earnings multiplied by 12  
6 and divided by 52;

7 (3) if at the time of injury the employee's earnings are calculated by the  
8 year, the employee's gross weekly earnings are the yearly earnings divided by 52;

9 (4) if at the time of injury the

10 (A) employee's earnings are calculated by the day, hour, or by  
11 the output of the employee, the employee's gross weekly earnings are the  
12 employee's earnings most favorable to the employee computed by dividing by  
13 the employee's earnings, [NOT] including overtime or premium pay, earned  
14 during any period of 13 consecutive calendar weeks within the 52 weeks  
15 immediately preceding the injury;

16 (B) employee has been employed for less than 13 calendar weeks  
17 immediately preceding the injury, then, notwithstanding (1) - (3) of this  
18 subsection and (A) of this paragraph, the employee's gross weekly earnings are  
19 computed by determining the amount that the employee would have earned,  
20 [NOT] including overtime or premium pay, had the employee been employed by  
21 the employer for 13 calendar weeks immediately preceding the injury and  
22 dividing this sum by 13;

23 (5) if at the time of injury the employee's earnings have not been fixed  
24 or cannot be ascertained, the employee's earnings for the purpose of calculating  
25 compensation are the usual wage for similar services when the services are rendered by  
26 paid employees;

27 (6) if at the time of injury the employment is exclusively seasonal or  
28 temporary, then, notwithstanding (1) - (5) of this subsection. the gross weekly earnings  
29 are 1/50 [1/50th] of the total wages that the employee has earned from all occupations  
30 during the 12 calendar months [YEAR] immediately preceding the injury;

31 (7) when the employee is working under concurrent contracts with two  
32 or more employers, the employee's earnings from all employers is considered as if

1 earned from the employer liable for compensation;

2 (8) if an employee when injured is a minor, an apprentice, or a trainee  
3 in a formal training program, as determined by the board, whose wages under normal  
4 conditions would increase during the period of disability, the projected increase may be  
5 considered by the board in computing the gross weekly earnings of the employee;

6 (9) if the employee is injured while performing duties as a volunteer  
7 ambulance attendant, volunteer police officer, or volunteer fire fighter, then,  
8 notwithstanding (1) - (6) of this subsection, the gross weekly earnings for calculating  
9 compensation shall be the minimum gross weekly earnings paid a full-time ambulance  
10 attendant, police officer, or fire fighter employed in the political subdivision where the  
11 injury occurred, or, if the political subdivision has no full-time ambulance attendants,  
12 police officers, or fire fighters, at a reasonable figure previously set by the political  
13 subdivision to make this determination, but in no case may the gross weekly earnings  
14 for calculating compensation be less than the minimum wage computed on the basis of  
15 40 hours work per week;

16 (10) if an employee is entitled to compensation under AS 23.30.180 and  
17 the board determines that calculation of the employee's gross weekly earnings under (1) -  
18 (7) of this subsection does not fairly reflect the employee's earnings during the period  
19 of disability, the board shall determine gross weekly earnings by considering the nature  
20 of the employee's work, work history, and resulting disability, but compensation  
21 calculated under this paragraph may not exceed the employee's gross weekly earnings  
22 at the time of injury.

23 \* Sec. 20. The uncoded law of the State of Alaska is amended by adding a new section  
24 to read:

25 TRANSITION: REGULATIONS. The agency affected by the changes made by this  
26 Act may proceed to adopt regulations under AS 23.30.005 to implement the changes. The  
27 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the  
28 effective date of secs. 2 - 19 of this Act.

29 \* Sec. 21. Section 20 of this Act takes effect immediately under AS 01.10.070(c).

30 \* Sec. 22. Except as provided in sec. 21 of this Act, this Act takes effect July 1, 2000.

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB419

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) \_\_\_\_\_ Dept Affected University of Alaska  
 Title \_\_\_\_\_ BRU Statewide  
 Worker's Comp \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Labor & Commerce by Request  
 Requester \_\_\_\_\_ Component Senal No \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	83.0	83.0	83.0	83.0	83.0
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------

**FUND SOURCE**

1002 Federal Receipts	3.2	3.2	3.2	3.2	3.2
1003 GF Match					
1004 GF	62.3	62.3	62.3	62.3	62.3
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	17.5	17.5	17.5	17.5	17.5
<b>TOTAL</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

Estimate of any current year (FY00) cost: none

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

Estimated impact based on 8.3 percent increase as determined by Carolyn Pearl, State Relations Executive, National Council on Compensation Insurance, Inc.

Prepared by Pat Pitney, Director Phone 474-2602  
 Division UA Budget and Institutional Research Date 3/27/00  
 Approved by Commis Pat Pitney, Director Date 3/27/00  
 Agency UA Budget and Institutional Research

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# FISCAL NOTE

No. \_\_\_\_\_  
 II Version: CSHB 419(L&C)  
 (H) Publish Date: 3/29/00

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO.**

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Workers' Compensation  
 \_\_\_\_\_  
 Sponsor: House L&C  
 Requestor: House L&C

Department Affected: Labor & Workforce Development  
 BRU: Workers' Compensation  
 Component: Workers' Compensation

COMPONENT SERIAL NO. 344

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	6.7	6.7	6.7	6.7	6.7	6.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>
<b>CAPITAL</b>						
<b>CHANGE IN REVENUE FUND SOURCE #</b>						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.7	6.7	6.7	6.7	6.7	6.7
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)						
<b>TOTAL</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

**ANALYSIS:** (Attach a separate page if necessary)

Please See Attached

Prepared by: Paul Grossi, Director *Paul Grossi* Phone: 465-2790  
 Division: Workers' Compensation Date/Time: 3/7/00 9:18 AM  
 Approved by Commissioner: Ed Flanagan, Commissioner *Ed Flanagan*  
 Agency: Department of Labor Date: 3/7/00

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## FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 419

**Title:** An Act relating to the Alaska Workers' Compensation Act, including the weekly rate of compensation and minimum and maximum compensation rates, specifying components of a reemployment plan, adjusting benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers and orphans, and for funerals, calculation of gross weekly earnings for seasonal and temporary workers and for workers with overtime or premium pay, setting time limits for requesting a hearing or rehabilitation benefits, setting time limits for claims for compensation and for the rehabilitation process, setting time limits for payment of medical bills, waiver of rehabilitation benefits, obtaining medical releases and resolving discovery disputes, setting an interest rate for late compensation, and providing for updating the medical fee schedule; and providing for an effective date.

This bill will require that the Division of Workers' Compensation obtain an updated usual, customary, and reasonable medical fee schedule annually. It is anticipated that the additional cost for updating the schedule annually would be approximately \$6.7 per year. It is believed that the change in frequency of medical fee schedule updates will be the only increased cost associated with this bill.

# FISCAL NOTE

Bil. ersion: CSHB 419(L&C)  
(H) Publish Date: 3/29/00

## STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time 03/13/2000 Dept. Affected All State Agencies  
 Title "An act relating to workers' compensation reform. BRU  
 \_\_\_\_\_  
 \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Rules Committee  
 Requester House Labor & Commerce Committee Component No. \_\_\_\_\_

### Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
<b>TOTAL</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

Estimate of any current year (FY2000) cost: 0.0

### POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst *Joan Brown* Phone 465-4681  
 Division Office of Management and Budget Date/Time 3/13/00 12:23 PM  
 Approved by Director Annalee McConnell *Annalee McConnell* Date 03/07/2000  
 Agency Governor's Office

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Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra tion 105 9	Comm & Econ Dev 6 2	Correcio ns 93 0	Court System 13 5	Ed & Early Dev 11 2	Environm ental Conserva tion 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 19 9	Law 8 3	Legisla ure 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 77 2	Revenue 9 1	Transporta tion & Public Facilities 194 2	Total
1042	Judicial Retirement System	Other	00																	00
1045	Nail Guard Retirement System	Other	01																	01
1046	Student Revolving Loan Fund	Other																00		00
1049	Training & Building Fund	Other								0.1										01
1050	Perm Fund Dividend Fund	Other															02	06		08
1051	Rural Dev Initiative Fund	Other		00																00
1052	OH/Haz Response Fund	Other						25												25
1053	ILTF	Other																00		00
1055	IA Oil & Haz	Other							00			01		02	00		01			04
1057	Small Bus Loan Fund	Other		00																00
1061	CIP Rcpts	Other	02	02	06		00	06	11	08				02	22			03	747	809
1068	Public School Fund	Other																00		00
1067	Mining Revolving Loan Fund	Other		00																00
1068	Child Care Revolving Loan Fund	Other		00																00
1069	Historical District Revolving Loan Fund	Other		00																00
1070	Fisheries Enhancement Revolving Loan Fund	Other		01																01
1071	Alternative Energy Revolving Loan Fund	Other		00																00
1075	Clean Water Loan Fund	Other						01												01
1076	Marine Hwy System Fund	Other																	83	83
1079	Storage Tank Asst Fund	Other						02												02
1081	ISF	Other	12 8																	12 8
1092	MHTAAR	Other	0 1		0 1					1 5					0 6					2 3
1093	Clean Air Protection Fund	Other						06												06

HB419 and SB278

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstra	Comm &	Correcio	Court	Ed & Environm	Fish &	Health &	Labor &	Law, Legislat	Military &	Natural	Office of	Public	Revenue	Transportat	Total		
			tion	Econ	ns	System	ental	Game	Social	Workforce	83,	ve	Veterans	Resources	the	Safety	91		on & Public	
			1059	Dev	930	135	Dev	Conserva	398	tion	1172	199		404	Governor	772		1942		
	Mental Health Trust																			
1094	Admin	Other														01		01		
	Children's Trust Fund																			
1098	Earnings	Other														00		00		
	Alaska Drinking Water																			
1100	Fund	Other						01										01		
	Aerospace Dev Corp																			
1101	Rcpls	Other		00															00	
1102	AIDEA Rcpls	Other		05															05	
1103	MHC Rcpls	Other																	17	
	Municipal Bond Bank																			
1104	Rcpls	Other																	00	
1105	Perm Fund Corp Rcpls	Other											10			06			16	
	Post-Secondary Ed																			
1106	Comm Rcpls	Other					21												21	
1108	SDPR	Other	22		20		03	01	11	22	01	00			16	01	00	06	105	
1109	Test Fishenes Rcpls	Other							14										14	
	International Trade & Bus Endowment																			
1115	Income	Other		00															00	
1141	RCA Rcpls	Other		06															06	
1147	Public Bldg Fund	Other	02																02	
		Other	303	30	30	00	56	45	152	205	30	34	00	08	95	00	32	37	1352	2409
		Grand	1059	62	930	135	112	100	398	1172	199	83	53	80	404	37	772	91	1942	7629

Ford  
4/12/00

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 419(JUD)

1 Page 1, line 3, following "plan;":

2 Insert "relating to the liability of an employer for workers' compensation coverage  
3 for a subcontractor;"

4 Page 6, following line 2:

5 Insert a new bill section to read:

6 **\*\* Sec. 8. AS 23.30.045(a) is amended to read:**

7 (a) An employer is liable for and shall secure the payment to employees of  
8 the compensation payable under AS 23.30.041, 23.30.050, 23.30.095, 23.30.145, and  
9 23.30.180 - 23.30.215. If the employer is a subcontractor,

10 (1) the contractor is liable for and shall secure the payment of the  
11 compensation to employees of the subcontractor unless the subcontractor secures the  
12 payment; and

13 (2) the contractor is not liable for and is not required to secure  
14 payment of compensation to the subcontractor, if the contractor does not have  
15 any employees."

✓  
sub

16 Renumber the following bill sections accordingly.

17 Page 13, line 10:

18 Delete "secs. 2 - 19"

19 Insert "secs. 2 - 20"

20 Page 13, line 11:

21 Delete "Section 20"

1           Insert "Section 21"

2   Page 13, line 12:

3           Delete "sec. 21"

4           Insert "sec. 22"

DRAFTED ~~FOR~~<sup>BY</sup> THE HOMEBUILDER'S ASSOC.  
in re: Amendment proposed in H. Finance

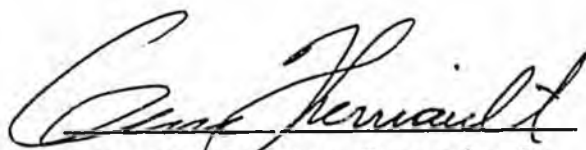
**Proposed Letter of Intent  
HB 419**

In adopting amendment # 1 to this bill, the legislature is acting to clarify the existing statute. When a contractor employs a subcontractor who does not have any employees, certain members of the insurance industry are demanding premiums from such contractors. These demands are not based on any specific statutory authority. It is the intent of the legislature to clearly state that when a subcontractor does not have any employees, the contractor who employs that subcontractor is not required to purchase workers compensation insurance for that subcontractor. This legislature believes that the current language in the statute is clear and explicitly refers to "employees of the subcontractor." This legislature believes that this reading of the current language should be used to resolve any current disputes between members of the insurance industry and contractors in the state over workers compensation coverage for subcontractors who do not have any employees. This legislature believes that amendment # 1 clarifies that the contractor of a subcontractor who has no employees is not responsible for providing workers compensation for that subcontractor. This legislature believes that under the current statutes and the proposed amendment, insurance companies have no legal right to demand premiums from a contractor who employs a subcontractor when that subcontractor does not have any employees.

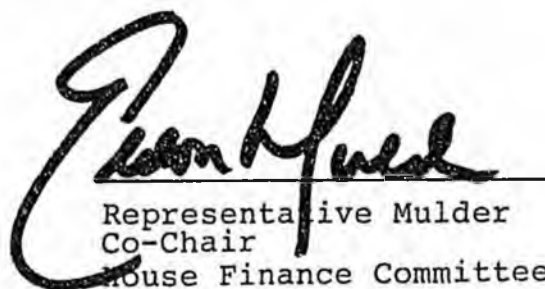
LETTER OF INTENT

CSHB 419 (FIN)

In adopting amendment # 1 to this bill, the legislature is acting to clarify the existing statute. When a contractor employs a subcontractor who does not have any employees, certain members of the insurance industry are demanding premiums from such contractors. These demands are not based on any specific statutory authority. It is the intent of the legislature to clearly state that when a subcontractor does not have any employees, the contractor who employs that subcontractor is not required to purchase workers compensation insurance for that subcontractor. This legislature believes that the current language in the statute is clear and explicitly refers to "employees of the subcontractor." This legislature believes that this reading of the current language should be used to resolve any current disputes between members of the insurance industry and contractors in the state over workers compensation coverage for subcontractors who do not have any employees. This legislature believes that amendment # 1 clarifies that the contractor of a subcontractor who has no employees is not responsible for providing workers compensation for that subcontractor. This legislature believes that under the current statutes and the proposed amendment, insurance companies have no legal right to demand premiums from a contractor who employs a subcontractor when that subcontractor does not have any employees.



Representative Therriault  
Co-Chair  
House Finance Committee



Representative Mulder  
Co-Chair  
House Finance Committee

HB 419

**1998 stats on reemployment benefits**

850 requests for eligibility

621 by employees

237 by employers

287 employees were found eligible for retraining

25 completed retraining plans

107 were settled with compromise and releases

The rest of the employees were in various other status:

Still in training programs

dropped out

case appealed

plan approval pending

medically disabled (plan pending)

claim controverted

others

*Provided By Dept. of Labor*

P.O. Box 230029  
Anchorage, AK 99523-0029  
(907) 346-2474  
FAX (907) 346-8345  
Email: mtlservices@gci.net

**MTL SERVICES**

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MAR 21 2000

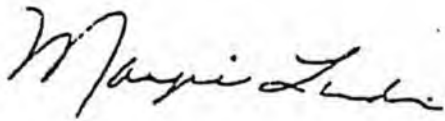
# Fax

**To:** Representative Norman Rokeberg      **From:** Marjorie T. Linder  
**Fax:** (907) 465-2040      **Pages:** 3 to follow  
**Phone:** (800) 773-4968      **Date:** 03/20/00  
**Re:** Testimony you requested      **CC:** [Click here and type name]

Urgent     For Review     Please Comment     Please Reply     Please Recycle

• **Comments:**

Thank you for asking me to submit today's testimony to the House Labor and Commerce Committee regarding HB 419. I've also supplied an example of what a worker who waives the reemployment benefit before medical stability can't know that he is waiving. His PPI can not be defined until after medical stability. The length and cost of his reemployment plan can not be determined until his PPI is determined. I suspect this waiver business won't hold up in the courts.



Margie Linder

TO: Representative Norman Rokeberg  
Chairman, House Labor and Commerce Committee  
FR: Marjorie T. Linder, M.A., CRC  
RE: Testimony regarding HB 419  
DATE: March 20, 2000

---

I am Marjorie Linder, a vocational rehabilitation counselor in the workers' compensation system. I served on the WCCA in 1988 and helped draft Section .041 of the current law. Because of my past involvement, I offer a unique perspective. I know that I had good intentions with these law changes, but, like Frankenstein, I helped to create a monster.

In 1988, there was the perception that the law was unbalanced in favor of injured workers. Premiums were on the rise. Thus, the law was overhauled and, since then, employers have enjoyed a 41.5% reduction in premiums, according to the recent legislative audit. There is no crisis for employers.

Unfortunately, injured workers have paid the price for their employers' tremendous savings in workers' compensation insurance. Today, only 300 out of 28,000 workers injured each year qualify for the reemployment benefit. Both a laborer and an office worker receive as little as \$9450 for a herniated disc despite the disparate ways that injury affects them. The reemployment benefit attempts to assist the laborer to learn to earn a living again because he, unlike the office worker, can't return to his job.

Workers with no ratable impairment are ineligible for retraining. This affects office workers, cannery workers, and others with repetitive stress injuries to their forearms, for instance.

Young Slope workers who are able to return to work at the fast foods job they held in high school are ineligible for the benefit. The wage disparity does not matter.

Workers whose job is described inaccurately with physical demands that are lower than the actual job are also found ineligible.

Instead of curing such problems with the present Act, Section 7 (r) of HB 419 seeks to further restrict access to retraining for injured workers. It "allows" workers to forfeit their reemployment benefits before they know whether they will need them and before they know how much they are worth to them. Once they have signed on the dotted line, they can not retract their waiver if they find they are unable to return to work or continue to work because of their injuries.

With no legal advice or explanation from anyone other than their claims adjusters, workers who don't typically read what they sign, who can't speak English, who are functionally illiterate, or who are on pain pills will sign these affidavits "as a matter of course" -- a paper sandwiched among others.

At present, workers can already waive their benefit, but only after they reach medical stability, after they understand that the value of the benefit they are forfeiting, and after they have legal advice or advice from the workers' compensation board to assure they understand exactly what they are waiving. Unless they have signed a compromise and release, they can also retract their waiver if they find their new physical limitations prevent their ability to work. Under the present act, the reemployment benefit for uncooperative workers can easily be controverted. **No law changes need occur to make sure the reemployment benefit is voluntary. The mechanism for waiving the benefit is already in place without the passage of Section 7 (r).**

Section 7 (r) invites numerous negative consequences:

- The waiver's irrevocability will encourage numerous legal challenges. Like the Miranda warning has done, this waiver will tie up the legal system for years to come. That litigation will cost the State of Alaska money.
- Workers with no way to earn a living will lose their homes, their savings, and their buying power. That will hurt, not help Alaskan businesses.
- Section 7 (r) of this law is a veiled attempt by the insurance industry to get the State to supplement the benefits for which they collect premiums. Injured workers not adequately served by the comp system will be forced to obtain financial support for themselves and retraining from Public Assistance and DVR. That will cost the State of Alaska money.
- As time passes and their resources decrease, injured workers who are able, will accept inappropriate employment and put themselves, their co-workers, and their next employer at risk. All of us will suffer.
- If workers waive the benefit and their waiver is irrevocable, then subsequently find that they can not work, they may be eligible to be declared permanently and totally disabled. Employers will pay for a lifetime of benefits that could have been over in two years.

Therefore, I urge you to **remove Section 7 (r)** from HB 419 to protect the people of Alaska and the State budget. **One life is a precious thing to waste.**

Let's do the math with a fictitious worker who is assumed to have a 5% permanent partial impairment rating at the time of the institution of the re-employment plan (10% is considered high for most in our system), a \$500/week compensation rate, and a 2 year, \$13,300 rehab plan. Under this scenario, the worker will receive the following:

BENEFIT	TOTAL AMOUNT	Weekly Benefit
PPI (5 X \$1770) <sup>1</sup>	\$8,850	\$500 for 17.7 weeks
.041 (k) <sup>2</sup>	\$37,935	Approx. \$450 for 84.3 weeks
Tuition, books, and supplies	\$13,300	For a program of up to two years in length
TOTAL WAIVED	\$51,235	

If the worker waives rehab, the PPI (permanent injury payout) increase of \$2100 (\$420 per percentage point) for the injured worker in PPI benefits under HB 419 is counterbalanced by a loss of \$51,235 in benefits. This represents the cost of the employee's support during retraining, as well as the expense of tuition, books, and supplies. The injured worker will be left with \$8850 in his pocket, if he has a 5% impairment award. If he can return to work, he can earn money and still keep this \$8850. If he can't, and he has waived the reemployment benefit, his vocational life will be forfeited for \$8850!

<sup>1</sup> Every point will be worth \$1770 if this legislation passes. Under the 1988 Act presently in effect, each percentage point for impairment of the whole person is \$1350. The new Act changes that to \$1770 per percentage point. Most ratings are under 10%. Examples: a cartilage tear in the knee = 4% WP, operated herniated disc = 10%, unoperated herniated disc = 7%, neck fusion = 10%.

<sup>2</sup> This is the so-called "rehabilitation stipend" that supports the worker during the program while he is being retrained and after his permanent impairment award has been doled out to him at his compensation rate.



# Alaska State Legislature

Please enter into the record my testimony to the House Rules  
committee name

committee on HB 419, dated \_\_\_\_\_  
bill/subject

Please consider the recommendations of audit number 07-4601-00 on the workers compensation program before passing any new legislation.

In my particular case, Recommendation #3 (to provide more outreach and public education of the injured workers rights and responsibilities) and #6 (dealing with "frivolous controversion") would have been of great benefit and probably would have kept me from being forced out of the workers compensation system.

Thank you for listening, and thank you for working on this serious issue.

Signed: Tess Dietrich (Tess Dietrich)

Testifier

self

Representing (Optional)

Box 3342 Kodiak, AK 99615

Address

907-487-2369

Phone No.

# ALASKA STATE LEGISLATURE

## HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman  
Representative Andrew Halcro, Vice-Chairman  
Representative John Harris  
Representative Lisa Murkowski  
Representative Jerry Sanders  
Representative Tom Brice  
Representative Sharon Cissna



State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2040

### SPONSOR STATEMENT CSHB 419 (JUD) WORKER'S COMPENSATION

The House Labor and Commerce Committee introduced CSHB 419 (L&C) at the request of the Ad Hoc Committee on Workers Comp and the Department of Labor & Workforce Development. The bill updates and revises Alaska's Worker's Compensation law that was last extensively revised in 1988.

The Ad Hoc Committee on Workers Comp consists of representatives from management and labor. This committee reviews worker's comp laws and suggests necessary changes. The bill before you is a result of such review.

Workers' compensation is a system that compensated a worker for on-the-job injuries not proximately caused by the worker. It is meant to provide worker protection when that worker is injured on the job.

Among the changes set forth in HB 419 are: (1) an intent section so that the Legislature's thoughts on worker's compensation are plainly set forth; (2) assurance of continuous employee participation in any reemployment plan; (3) sets forth that the average weekly wage amount is tied to a percent rather than stated amount; (4) mandate of an annual update of the usual, customary and reasonable medical fee schedules; (5) formula for exact weekly compensation in statute so the worker's compensation statute may change as wages change in Alaska; and (6) raises from \$135,000 to \$177,000 the ceiling amount that is used to determine a disability payment.

The Legislative Audit Division recently released a special report on the Workers' Compensation Division. An area of concern was the cap on injury awards and burial costs as set out in the 1988 statute. Legislative Audit indicated that the benefits have eroded over time by inflation. The report also points out that the main thrust of the 1988 statute has been accomplished with workers compensation insurance rates falling 41.5% since 1989. Legislative Audit further estimates that the whole body value of \$135,000, with inflation, should be around \$189,600, more than the \$177,000 agreed to in compromises made by the Ad Hoc committee.

The overall goal of this legislation is to increase the caps (i.e., increase worker benefits), streamline the system, provide the Division with more tools, and provide the employer and the employee with a workers' compensation system fair to all.

ED03:4/06/00

**HB 419 Sectional analysis**

Section 1 states the legislature's intent to provide quick, efficient, fair, and predictable benefits; its intent that the statute not be construed by the courts in any party's favor; and its intent to address the specific topics of sections 2-23.

Section 2 amends AS 23.30.041(g) to increase the deadline for the employee's choice of a rehabilitation specialist from 10 to 15 days, but subjects the employee to the suspension of benefits for failure to give the employer timely notice of the choice of specialist.

Section 3 amends AS 23.30.041(h) to require reemployment plans to require continuous participation by employees and to maximize the use of the employees' transferable skills. It also permits an employee's medical stability to be determined by a Board-appointed physician or a physician retained by the employer, as well as by a treating physician.

Section 4 amends AS 23.30.041(k) to change reemployment "wages" into a form of "compensation", allowing certain offsets and reductions. It increases the weekly compensation rate under this section from 60% to 70% of employee's spendable weekly wage. It also provides an offset of compensation when compensation and wages exceed 80% of the employee's spendable weekly wage. It suspends compensation when a lump-sum permanent partial impairment (PPI) payment has been made, until that PPI amount would have been paid out as weekly compensation benefits. It also bars entitlement to permanent total disability (PTD) benefits while an employee is engaged in a reemployment process, changing the law as interpreted by the Alaska Supreme Court decision in *Meek v. Unocal Corp.*, 914 P.2d. 1276 (Alaska 1996).

Section 5 amends AS 23.30.041(l) to increase the maximum cost of a reemployment plan from \$10,000 to \$13,300.

Section 6 amends AS 23.30.041(n) to permit an employer to suspend benefits if an employee fails to give the employer timely notice of the employee's choice of rehabilitation specialist under AS 23.30.041(g).

Section 7 adds a new subsection, AS 23.30.041(r), to permit an employee to waive reemployment benefits at any time, without having to go through a reemployment evaluation, and without having to go through a formal Compromise and Release (C&R) agreement. It removes the requirement for Board approval of the waiver under AS 23.30.012, and removes the Board's ability to modify the waiver under AS 23.30.130.

Section 8 amends AS 23.30.095(f) to require the usual, customary, and reasonable medical fee schedule to be updated at least once a year.

Section 9 adds new subsections, AS 23.30.095(l)&(m), increasing the deadline for the payment of medical bills from 14 to 30 days in conformity with the national industry standard. This changes the law resulting from the Alaska Supreme Court decision in *Childs v. Copper Valley Electrical Association*, 860 P.2d 1134 (Alaska 1993).

Section 10 amends AS 23.30.105(a) to place a two-year time limit on the employee's right to request reemployment benefits.

Section 11 amends AS 23.30.107(a) to require requests for medical releases to be in writing, and to give notice of the employee's right to request a protective order from the Board.

Section 12 adds a new section, AS 23.30.108, requiring decisions concerning medical releases to be made in prehearing conferences by a Board designee, with a limited right of appeal to the Board for abuse of discretion.

Section 13 adds a new subsection, AS 23.30.110(h), which restarts a two-year statute of limitations on an employee's right to pursue a claim, whenever the Board continues or cancels a hearing. This changes the law from the Alaska Supreme Court decisions in *Tipton v. ARCO Alaska, Inc.*, 922 P.2d 910 (Alaska 1996) and *Huston v. Coho Electric*, 923 P. 2d 818 (Alaska 1996).

Section 14 adds a new subsection, AS 23.30.155(p), requiring interest on late benefits to be paid at the rate used by the Alaska courts.

Section 15 amends AS 23.30.175(a), tying future maximum and minimum weekly compensation rates to the Alaska average weekly wage rate of the year preceding the injury. The maximum compensation rate would be 122% of the Alaska average weekly wage rate, and the minimum compensation rate would be 22% of the maximum compensation rate.

Section 16 adds a new section, AS 23.30.175(d), requiring the annual determination of Alaska average weekly wage.

Section 17 amends AS 23.30.190(a) to increase the whole-person value for permanent partial impairment ratings from \$135,000 to \$177,000.

Section 18 amends AS 23.30.215(a) to increase funeral expense benefits from \$2,500 to \$3,300. It also increases the combined benefits for a widow/widower with one child from 80% to 90% of the spendable weekly wage. It increases the combined benefits of a widow/widower with two children from 80% to 100% of the spendable weekly wage. It increases the benefits of orphans from 80% to 100% of the spendable weekly wage.

Section 19 amends AS 23.30.220(a) to incorporate overtime wages into the calculation of an employee's gross weekly wages. It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the 12 months immediately preceding the injury, instead of from the previous calendar year.

Section 20 makes sections 2 & 6-13 retroactive in application, and sections 3-5 & 14-19 effective prospectively from July 1, 2000.

Section 21 authorizes the department to adopt regulations and/or emergency regulations necessary to carry out the changes in the statute.

Section 22 permits the department to begin adopting necessary regulations immediately.

Section 23 provides an effective date of July 1, 2000.

HB 419  
Side-by-Side Analysis

SB 278 Section & Alaska Statute Citation	Proposed Law	Present Law
Section 1	Quick, efficient, fair, etc.	The same.
Section 2 amends AS 23.30.041(g)	The employee's choice of a rehabilitation specialist must be made within 15 days.  Allows suspension of benefits for failure to give the employer timely notice of the choice of specialist.	The employee must notify the employer of a choice of a rehabilitation specialist within 10 days.  There is no penalty for late notification.
Section 3 amends AS 23.30.041(h)	Reemployment plans require continuous participation by employees  Plans must maximize use of the employees' transferable skills.  An employee's medical stability to be determined by a Board- appointed physician or a physician retained by the employer, as well as by a treating physician.	Reemployment plans require a defined schedule, not continuous participation.  An employee's technical skills are simply one element of the plan.  An employee's medical stability is to be determined by a treating physician.
Section 4 amends AS 23.30.041(k)	Provides benefits in this section be called "compensation."  Increases the weekly benefit rate to 70% of employee's spendable weekly wage.  Allows an offset or reduction of compensation when compensation and wages exceed 80% of the spendable weekly wage.	Benefits under this section are termed "wages."  Weekly compensation under this section is 60% of the employee's spendable weekly wage.  Benefits are not reduced for wages earned for work in a reemployment plan.

It suspends compensation when a lump-sum permanent partial impairment (PPI) payment has been made, until that PPI amount would have been paid out as weekly compensation benefits.

Uncertain if a PPI lump-sum paid before rehabilitation may be offset against benefits received during the reemployment plan.

Bars entitlement to permanent total disability (PTD) benefits while an employee is engaged in the reemployment process, changing the law as interpreted by the Alaska Supreme Court decision in Meek v. Unocal.

An employee may be entitled to PTD benefits while an employee is engaged in the reemployment process, when no compensation is provided.

Section 5  
amends AS 23.30.041(l)

Increases the maximum cost of a reemployment plan to \$13,300.

The maximum cost of a reemployment plan is \$10,000.

Section 6  
amends AS 23.30.041(n)

Permits an employer to suspend benefits if an employee fails to give the employer timely notice of the employee's choice of rehabilitation specialist under AS 23.30.041(g).

There is no penalty if an employee fails to give timely notice to the employer, concerning the employee's choice of rehabilitation specialist under AS 23.30.041(g).

Section 7  
adds a new subsection,  
AS 23.30.041(r)

Permits an employee to waive reemployment benefits at any time, without having to go through a formal Compromise and Release (C&R) agreement.

An employee's entitlement to reemployment benefits may not be forfeited or waived without Board approval of a formal C&R agreement.

Section 8  
amends AS 23.30.095(f)

Requires the usual, customary and reasonable (UCR) medical fee schedule to be updated at least once a year.

The UCR medical fee schedule has no specific updating requirement.

<p>Section 9 adds new subsections, AS 23.30.095(l)&amp;(m)</p>	<p>Delays the deadline for the payment of medical bills to 30 days. This changes the law resulting from the Alaska Supreme Court decision in <u>Childs v. Copper Valley Electrical Association</u>.</p>	<p>The Alaska Supreme Court decided in <u>Childs</u> that payment on medical bills is due within 14 days under AS 23.30.155.</p>
<p>Section 10 amends AS 23.30.105(a)</p>	<p>Places a two-year time limit on the employee's right to request reemployment benefits.</p>	<p>AS 23.30.105(a) does not list reemployment benefits under the provision placing a two-year time limit on requests for benefits.</p>
<p>Section 11 amends AS 23.30.107(a)</p>	<p>Requires all requests for medical releases to be in writing, and to give notice of the employee's right to request a protective order from the Board.</p>	<p>Does not require requests for medical releases to be in any particular form; and does not require the employer to give notice of the employee's right to request a protective order from the Board.</p>
<p>Section 12 adds a new section, AS 23.30.108</p>	<p>Requires decisions concerning medical releases to be made in prehearing conferences by a Board designee, with a limited right of appeal to the Board for abuse of discretion.</p>	<p>Decisions concerning medical releases may be made in prehearing conferences or by the Board in a hearing. The Board reviews prehearing release decisions under a "preponderance of the evidence" standard.</p>
<p>Section 13 adds a new subsection, AS 23.30.110(h)</p>	<p>Restarts a two-year statute of limitations on an employee's right to pursue a claim, whenever the Board continues or cancels a hearing. This changes the law from the Alaska Supreme Court decisions in <u>Tipton v. ARCO</u> and <u>Huston v. Coho</u>.</p>	<p>The Alaska Supreme Court decided in the <u>Tipton</u> and <u>Huston</u> cases, that a request for a hearing completely stops the running of .110(c), the two-year statute of limitations on an employee's right to pursue a claim.</p>
<p>Section 14 adds a new subsection, AS 23.30.155(p)</p>	<p>Requires interest on late benefits to be paid at the rate used by the Alaska courts (3% above the January 2d prime).</p>	<p>Interest on late benefits are paid at the rate of 10.5 % under A S 45.45.010.</p>

Section 15 amends AS 23.30.175(a)	Ties future maximum and minimum weekly compensation rates to the Alaska average weekly wage rate of the year preceding the injury. The maximum compensation rate would be 122% of the Alaska average weekly wage rate, and the minimum compensation rate would be 22% of the maximum compensation rate.	Maximum weekly compensation rate is \$700 per week. Minimum compensation rate is \$154/\$110.
Section 16 adds a new section, AS 23.30.175(d)	Requires the annual determination of Alaska average weekly wage.	N/A
Section 17 amends AS 23.30.190(a)	Increases the whole-person value for permanent partial impairment ratings to \$177,000.	The whole-person value for a permanent partial impairment rating is \$135,000.
Section 18 amends AS 23.30.215(a)	Increases funeral expense benefits to \$3,300.	Funeral expense benefits are \$2,500.
	It increases the combined benefits for a widow / widower with one child to 90% of the spendable weekly wage.	Combined benefits for a widow/widower with one child are 80% of the spendable weekly wage.
	It increases the combined benefits of a widow/widower with two children to 100% of the spendable weekly wage.	The combined benefits of a widow/widower with two children are 80% of the spendable weekly wage.
	It increases the benefits of orphans to 100% of the spendable weekly wage.	The benefits of orphans are 80% of the spendable weekly wage.
Section 19 amends AS 23.30.220(a)	Incorporates overtime wages into the calculation of an employee's gross weekly wages.	Overtime and premium pay are excluded from the calculation of an employee's gross weekly wages.

It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the 12 months immediately preceding the injury.

It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the calendar year preceding the calendar year of injury.

# ALASKA

## LABOR-MANAGEMENT AD HOC COMMITTEE ON WORKERS' COMPENSATION

---

February 1, 2000

The Honorable Norman Rokeberg  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Rokeberg:

The Alaska Labor-Management Ad Hoc Committee on Workers' Compensation is in its eighteenth year of service as a private citizen initiative group formed to fairly address concerns in regard to the Alaska Workers' Compensation system. It was through the efforts of the Ad Hoc Committee that major legislative reform was passed in 1988 and as well as continuing reform in 1995. Those measures have helped to stabilize the Workers' Compensation system for employers and employees .

The Ad Hoc Committee has been meeting again in an attempt to work through some issues related to workers' compensation. We have recently reached a resolution on several key items that form the basis of our proposed 2000 legislation. Our proposed legislation has had a preliminary review by the Division of Workers' Compensation. A summary of items in the bill is attached. Key elements of the bill include:

- Increases in basic benefits consistent with changes in wages. Future maximum and minimum weekly benefits will be tied to the average weekly wage.
- Increases to the maximum weekly benefit under the death benefit as the number of dependents increase.
- Expands wage calculations to include overtime wages.
- Increases the Vocational Rehabilitation Stipend from 60% to 70 % of the average weekly spendable wage.
- Enhances the Vocational Rehabilitation process by making the process more timely, avoiding duplication of benefits and setting a reasonable maximum time period to obtain benefits.

Representative Norman Rokeberg  
February 1, 2000  
Page 2

- Defines process and time frame in which to obtain reasonable medical releases.
- Clarifies a reasonable time frame in which a claim can be brought forward.

We thank you for your patience in allowing the Ad Hoc Committee to prepare our agreement and we look forward to your continued support in the future. Should you have any questions or require further information, do not hesitate to contact us.

Sincerely yours,

---

Willem Van Hemert  
CRW Engineering Group

Sally Ann Carey  
Natchiq, Inc

Judy Peterson & Mary Shields  
Northwest Technical Services

John Garrett  
Alyeska Pipeline

---

Kevin Dougherty  
District Council of Laborers

Jim Robison  
Former Commissioner of Labor

John Giuchici  
International Brotherhood of Electrical Workers

David Ford  
Alaska Ironworkers

cc: Governor Tony Knowles  
Senator Jerry Mackie  
Senator Tim Kelly  
Representative Andrew Halcro

## LEGISLATIVE AGENDA – YEAR 2000

### MANAGEMENT

- Annual Updates – Medical Fee Schedule (09.30.070(a))
- Change Interest Rate to State Specified (095f)
- Medical Bill Payment Within 30 Days (095c)
- Clarification of Time Limitation on Bringing a Claim (110c)
- Reasonable Medical Releases (107a)
- Vocational Rehabilitation
  - Worker Right to Waive (041c)
  - Notice to Accept Re-Employment Benefit (041g)
  - Failure constitutes noncooperation (041n)
  - Transferable Skills (041h(2) / 041l)
  - Medical Stability by an Examining Physician (041h 7)
  - Wages Reduce Benefits Above TTD Limits (041K)
  - Credit for PPI if paid out lump sum (041k)
  - No PTD Benefits During Rehabilitation (041k)
  - 2- year limitation on requesting Voc Rehab (105a)

### LABOR

- Increase PPI - \$177,000 (190a)
- Increase Death Benefit to 100% (215a)
  - Increase Funeral Expense - \$3,300
- Wage Calculations to Include Overtime (220a)
- Establish Weekly Max at 120% of Average Weekly Wage (175a)
- Establish Weekly Min at 22% of Weekly Max (175a)
- Increase Rehabilitation Stipend to 70% (041k)
- Increase Vocational Rehab to \$13,300 (041l)
- Clarify Seasonal / Temporary Worker (220a)
  - Change to Model Act – Last 12 Months

Paul



Carolyn Pearl, CPCU  
State Relations Executive

(907) 465-2797  
Via Facsimile

February 2, 2000

Paul Grossi  
Director, Workers Compensation Division  
State of Alaska  
Department of Labor  
P.O. Box 25512  
Juneau, AK 99802-5512

Re: Proposed Alaska Benefit Changes

Dear Paul:

As you requested, NCCI has reviewed the impact of the workers compensation benefits changes under consideration in Alaska.

Based on the most recent information on the type, distribution and severity of injuries, and the nature of the proposed changes, we have determined that the impact of these changes on overall costs would be between 7.7% and 8.9%.

A number of the proposed changes are difficult to quantify, but could have an impact over time. The ultimate cost will depend on several factors including how any law change is enacted, interpreted and utilized.

I hope this information is helpful, however, please contact me if you have any questions, need additional information or if this proposal becomes legislation.

Sincerely,

Carolyn Pearl, CPCU  
State Relations Executive

DOL-ACC  
JUNEAU FEB 08 2000