

HB

419

STATE OF ALASKA

Tony Knowles, Governor

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

P.O. Box 21149
Juneau, AK 99802-1149
Phone: (907) 465-2700
Fax: (907) 465-2784

April 17, 2000

The Honorable Robin Taylor
Chair, Senate Judiciary Committee
Capitol Building, Room 30
Juneau, AK 99801

Dear Senator Taylor:

Periodically, the Alaska Workers' Compensation Act has been amended to keep pace with changing conditions and to ensure that our program is fair and efficient. It has been 12 years since significant changes have been enacted. HB 419 contains further changes to the Act which have been recommended by the Workers' Compensation Ad Hoc Committee, represented by both employers and employees, to reflect the effects of inflation on benefits, recent court decisions and more efficient ways of handling our workers' compensation program.

Included in the changes are increases in benefits paid to injured workers, benefits that have lost value to inflation over the past 12 years. The bill also addresses Alaska Supreme Court decisions as to what benefits should be paid during the rehabilitation process and what the timeframe should be for requests for claim hearings.

Other changes would streamline the rehabilitation process, the signing of medical releases, and the dispute resolution process. Benefits would be increased for workers in the retraining process and new timelines set for the payment of medical bills. Provisions would update the wage benchmarks to which benefits are tied.

The changes in this bill have been endorsed by employee and employer representatives and provide for a more efficient and equitable workers' compensation system.

I am requesting that you schedule HB 419 for a hearing in the Senate Judiciary Committee.

Sincerely,



Ed Flanagan
Commissioner

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
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State Capitol
Juneau, AK 99801-1152
Telephone: (907) 465-4954
Fax: (907) 465-2040

SPONSOR STATEMENT CSHB 419 (RLS) WORKER'S COMPENSATION

The House Labor and Commerce Committee introduced CSHB 419 (RLS) 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.

ED04:4/16/00

I Job.

1-LS1418M.8
Ford
4/18/00

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSHB 419(RLS)

BY SENATOR DONLEY

- 1 Page 3, line 31, following ",";
2 Delete "and"
3 Insert "[AND]"
- 4 Page 4, line 3, following "plan":
5 Insert "and"
6 (10) a provision requiring that, after a person has been assigned
7 to perform medical management services for an injured employee, the person
8 shall send written notice to the employee, the employer, and the employee's
9 physician explaining in what capacity the person is employed, whom the person
10 represents, and the scope of the services to be provided"

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];

Amend #2
~~5000~~
~~5000~~

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

Am. #3

1-LS1418M.9
Ford
4/18/00

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSHB 419(RLS)

BY SENATOR DONLEY

1 Page 3, line 31, following ";;":

2 Delete "and"

3 Insert "[AND]"

4 Page 4, line 3, following "plan":

5 Insert "; and"

6 (10) a provision relating to health insurance benefits that complies

7 with AS 23.30.047"

8 Page 5, following line 32:

9 Insert a new bill section to read:

10 **** Sec. 8.** AS 23.30 is amended by adding a new section to read:

11 **Sec. 23.30.047. Benefits for health insurance.** (a) An employer who pays
12 compensation to an injured employee under AS 23.30.041(k), 23.30.180, 23.30.185,
13 23.30.190, 23.30.200, or 23.30.215 and who provided health insurance to the
14 employee at the date of injury shall also reimburse the employee for health insurance
15 coverage for the employee and covered dependents, as provided in this section.

16 (b) Payment required under this section is equal to the employer's current
17 contribution for health insurance or the amount paid by the employee for replacement
18 coverage, whichever amount is less. Payment required under this section commences
19 when the employee's health insurance provided by the employer's contribution ceases
20 and shall continue until the employee is no longer receiving compensation described
21 in (a) of this section, or for 18 months, whichever period is shorter.

22 (c) Payment is not required under this section until the employee provides
23 proof of health insurance coverage. In this subsection, "health insurance" includes

- 1 (1) an individual policy of health insurance; or
- 2 (2) a notice of self-payment for continuance of coverage required
- 3 under 29 U.S.C. 1161 (Consolidated Omnibus Budget Reconciliation Act of 1985) or
- 4 under a union health or welfare trust agreement.

5 (d) If benefits required under this section are not paid within 30 days after the
6 employer receives a request for payment, the employer shall pay a penalty equal to
7 25 percent of the amount due."

8 Renumber the following bill sections accordingly.

9 Page 12, line 28:

10 Delete "2 - 19"

11 Insert "2 - 20"

12 Page 12, line 29:

13 Delete "20"

14 Insert "21"

15 Page 12, line 30:

16 Delete "21"

17 Insert "22"

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.	The employee must notify the employer of a choice of a rehabilitation specialist within 10 days.
Section 3 amends AS 23.30.041(h)	Allows suspension of benefits for failure to give the employer timely notice of the choice of specialist.	There is no penalty for late notification.
Section 3 amends AS 23.30.041(h)	Reemployment plans require continuous participation by employees	Reemployment plans require a defined schedule, not continuous participation.
Section 3 amends AS 23.30.041(h)	Plans must maximize use of the employees' transferable skills.	An employee's technical skills are simply one element of the plan.
Section 3 amends AS 23.30.041(h)	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.	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."	Benefits under this section are termed "wages."
Section 4 amends AS 23.30.041(k)	Increases the weekly benefit rate to 70% of employee's spendable weekly wage.	Weekly benefits under this section is 60% of the employee's spendable weekly wage.
Section 4 amends AS 23.30.041(k)	Allows an offset or reduction of compensation when compensation and wages exceed 80% of the 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 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).	All employees may be entitled to PTD benefits while an employee is engaged in a 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. Under 8 AAC 45.160 at present, waiver of vocational rehabilitation is presumed unreasonable.
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)&(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 Childs v. Copper Valley Electrical Association, 860 P.2d 1184 (Alaska 1993).</p>	<p>The Alaska Supreme Court decided in Childs v. Copper Valley Electrical Association, 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 Tipton v Arco and Huston v Coho cases.</p>	<p>The Alaska Supreme Court decided in Tipton and Huston 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 Jan. 2nd. prime)</p>	<p>Interest on late benefits are paid at the rate of 10.5 % under A S 45.45.010.</p>

<p>Section 15 amends AS 23.30.175(a)</p>	<p>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.</p>	<p>The maximum compensation rate is \$700 per wk \$154/\$110.</p>
<p>Section 16 adds a new section, AS 23.30.175(d)</p>	<p>Requires the annual determination of Alaska average weekly wage.</p>	<p>N/A</p>
<p>Section 17 amends AS 23.30.190(a)</p>	<p>Increases the whole-person value for permanent partial impairment ratings to \$177,000.</p>	<p>The whole-person value for a permanent partial impairment rating is \$135,000.</p>
<p>Section 18 amends AS 23.30.215(a)</p>	<p>Increases funeral expense benefits \$3,300. It also increases the combined benefits for a widow / widower with one child to 90% of the spendable weekly wage.</p>	<p>Funeral expense benefits are \$2,500. Combined benefits for a widow/widower with one child are 80% of the spendable weekly wage.</p>
	<p>It increases the combined benefits of a widow/widower with two children to 100% of the spendable weekly wage. I</p>	<p>The combined benefits of a widow/widower with two children is 80% of the spendable weekly wage.</p>
	<p>It increases the benefits to orphans to 100% of the spendable weekly wage.</p>	<p>The benefits of orphans are 80% of the spendable weekly wage.</p>
<p>Section 19 amends AS 23.30.220(a)</p>	<p>Incorporates 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.</p>	<p>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 calendar year preceding the calendar year of injury.</p>

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

Section 9 adds new subsections, AS 23.30.093(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(b), 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 913 (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 77% 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.

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

 Sponsor House Rules Committee Component _____
 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						
TOTAL OPERATING	762.9	762.9	762.9	762.9	762.9	762.9

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
TOTAL	762.9	762.9	762.9	762.9	762.9	762.9

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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Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra 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 ture 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 7 2	Revenue 9 1	Transporta tion & 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																01		01
1003	GF Match	GF	14	01	22	00	12	26	106	300	137	01	00	43	26	02	17	37	10	754
1004	GF	GF	04	01			02	06	02	144	08	00		07	03	03	06		01	187
1005	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 Advance College	Other	68	08	03		31	03	28	160	26	33		04	29		22	04	25	444
1011	Tuition Payment Fund Donated Commodity /	Other																00		00
1014	Handling Fee	Other					01													01
1017	Benefit Systems Rcpts	Other	23																	23
1018	Exon 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							79			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
1035	Veis Revolving Loan Fund Comm Fish Revolving	Other		00																00
1036	Loan Fund Real Estate Surety	Other		04																04
1040	Fund	Other		00																00

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstr lion 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	Legislat ive 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	Nat Guard Retirement System	Other	01																	01
1046	Student Revolving Loan Fund	Other																	00	00
1049	Training & Building Fund	Other									01									01
1050	Perm Fund Dividend Fund	Other															02	06		08
1051	Rural Dev Initiative Fund	Other		00																00
1052	Oil/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 Rcpl	Other	02	02	06		00	06	11	08				02	22			03	74 7	809
1066	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 Storage Tank Asst Fund	Other																		83
1079	Storage Tank Asst Fund	Other						02												02
1081	ISF	Other	12 8																	128
1092	MHTAAR	Other	01		01					15					06					23
1093	Clean Air Protection Fund	Other						06												06

HB419 and SB278

Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra- tion 105.9	Comm & Econ- Dev 6.2	Correc-tio ns 93.0	Court System 13.5	Ed & En- vironm- ental Dev 11.2	Fish & Game 39.8	Health & Social Srvc 117.2	Labor & Workforce Dev 19.9	Law 8.3	Legisla- tive 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
	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	AJFC Rcpts	Other																	1.7
	Municipal Bond Bank																		
1104	Rcpts	Other																	0.0
1105	Perm Fund Corp Rcpts	Other												1.0					0.6
	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 Fisheries 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	15.2	20.5	3.0	3.4	0.0	0.8	9.5	0.0	3.2	3.7	135.2
	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

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						
TOTAL OPERATING	6.7	6.7	6.7	6.7	6.7	6.7

CAPITAL						
---------	--	--	--	--	--	--

CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

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)						
TOTAL	6.7	6.7	6.7	6.7	6.7	6.7

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 Grossl, Director *Paul Grossl* 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

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
 Requestor _____ 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					
TOTAL OPERATING	83.0	83.0	83.0	83.0	83.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES () ()	0.0	0.0	0.0	0.0	0.0
-----------------------------------	------------	------------	------------	------------	------------

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
TOTAL	83.0	83.0	83.0	83.0	83.0

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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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) 485-2797
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-V.C.
JUNEAU FEB 08 2000

Law Offices of
Michael J. Jensen

12350 Industry Way, Suite 208
Anchorage, Alaska 99515

Tel (907) 277-8000
Fax (907) 522-8173

March 22, 2000

Members of House Labor and Commerce Committee
Alaska State Legislature
c/o The Honorable Representative Norman Rokeberg
State Capital
Juneau, Alaska 99801-1182

Via Fax
465-2040

Re: House Bill 419 - Testimony of Michael J. Jensen at March 20, 2000 hearing.

To Whom It May Concern:

For the past two years numerous hearings were held with Staff from the Governor's office and members of the workers' compensation Board. At these hearings many injured workers testified relating to the Governor and the Board their personal horror stories of neglect, nonpayment of benefits, invasion of privacy, loss of dignity and other complaints. I had hoped that after listening to these stories from all these workers and their families that legislation would have been offered to address their concerns.

These workers did not come to the Governor or the Board with a tin cup hoping for a handout. They simply wanted changes to the Act which would address their concerns. Regrettably this proposed legislation does not do this.

I do not want to condemn this effort. But I do the result. However, I wish to suggest ways to improve this legislation to meet some of the concerns expressed by these workers and the most recent legislative audit which found:

Circumstances have developed that limit the protection the legislature meant to be in place, and strictly enforced, to the benefit of workers.

At p.19

...such circumstances, that we believe are an unintended by-product of the 1988 amendments, have resulted in a situation where more consideration is provided to employers and insurance companies than to injured workers.

At p.19.

March 22, 2000
Page 2

I want to thank the ad hoc committee and Division of Workers' Compensation for their efforts on behalf of workers who have not seen an increase in benefits for almost 12 years. The labor members were able to take a step in the right direction as far as increasing TTD, PPI and death benefits. Regrettably what insurers are asking workers to give up in exchange for these amendments needs to be addressed.

I want to address only several sections which this proposed legislature seeks to amend namely sections 041(c) and 107.

A. Although the legislative audit found:

From our review, it appears the statute has succeeded in limiting access to reemployment benefits.

At p.35.

Instead of addressing this concern the proposed amendment to 041(c) adopts yet another way for workers to lose access to rehabilitation benefits. They will be asked to do this without any guarantee that such waiver is 1) informed and 2) made only with an appreciation of the seriousness of their disability. Workers need to have an appreciation of the seriousness of the injury before any waiver.

B. Although the audit found:

Provisions put in the 1998 statutes as part of a legislative desire to control, if not lower workers' compensation insurance rates have, over time, become increasingly contrary to the interests of injured workers.

Summary of Audit Report at p.1.

These provisions do not address this concern. Instead these amendments add new ways for insurers to cut off workers' compensation benefits.

C. Although the audit found that workers were frustrated with the complexity of the system, regulations and "associated timelines" at p.23. These proposed amendments do not address this concern. Instead they add at least two new time limits making the Act even more complex.

D. Although workers repeatedly expressed their frustration with the scope of information insurers sought to be released and the invasion of privacy issue

March 22, 2000
Page 3

involved these amendments give a tin ear to these concerns. Instead they add an additional sanction and new time limits.

These amendments leave decisions up to prehearing officers who in the past have been unaware of Board's decisions which clearly express the scope of permissible releases. The prehearing officers, with training, could be made aware of these past Board decisions. These decisions had made a lot of progress in protecting the valuable right of privacy and still insured adequate discovery for the insurers. But the Division has not had the funding to provide such training and there is no assurance that the prehearing officers will comply with these Board decisions.

In a recent example an unrepresented claimant was asked to release medical reports including those pertaining to a rape of which she had been a victim long before. The prehearing officer allowed release of these records. When this was brought to the attention of the past Division's Chief of Adjudications in a June 4, 1999 letter he could only respond that continuing education for the prehearing officer could not be provided due to lack of funding. No corrective action was taken.

This provision allowing for benefits to be cut off should be amended. The current system of review by the Board is the better alternative.

I respectfully request that the Committee members revisit the proposed amendments to 041(c), 041(n) and 170(a) and by amendment remove them. Such amendments would go a long way to improving this proposed legislation while not further eroding to an intolerable degree the disparities the legislative audit documents.

Thank you for your attention.

Michael J. Jensen

Intracorp
175 So. Franklin, Ste. 319
Juneau, AK 99801

RECEIVED
MAR 24 2000

March 23, 2000

Representative Norman Rokeberg
House Labor & Commerce
Standing Committee

RE: HB419

Dear Rep. Rokeberg and Members of Labor & Commerce Standing Committee,

I am a Disability Management Specialist who has been providing vocational services to Alaska injured workers since 1983.

I would like to address House Bill 419, Sec. 7, (r). I am in favor of this section, as it truly provides the injured worker to make the choice of whether he wants to receive reemployment benefits. One of the most frustrating parts of my job is to try to provide services to an injured worker who really does not want vocational assistance. Many injured workers do not function well in a system that imposes timelines and close monitoring. I repeatedly hear, "I have been able to get my job all my life, and I don't need any help now", but yet they are required or feel pressured to participate in plan development.

The fear that insurance companies will prematurely request someone to waive their benefits is unwarranted, as the section clearly states that the form will be prescribed or approved by the Board. I do not believe that the Board would allow an individual to waive rights prior to medical stability or an indication that a determination can be made as to whether the worker can return to his/her job at time of injury.

Thank you for the opportunity to have input on this bill.

Cordially,

B. Sue Roth, M.Ed, CRC, LPC
Disability Management Specialist

RECEIVED
MAR 23 2000

To All Senators & Congressmen;

I do not support any of the House or Senate bills that is dealing with **Workers Compensation** and **SHOULD NOT BE APPROVED**.

It will severely undermine the rights of **INJURED WORKERS** and their rights to receive benefits and compensation and will further reduce the ability to meet the needs of **Injured Workers**.

I am a prime example of the law as it now stands, and how the insurance companies rule the state. As most of you know I was injured Oct. 16, 1998 and not one person helped me after my injury with making a claim after the pain was so bad and went back to the doctor and they said there was no evidence.

After a MRI was done there was evidence of my injury and the insurance company wrote there was no evidence to support the claim. I have copies of every paper to back up this evidence. Then the doctor was told that he would not get paid anymore and he told me that he had to drop me. Left on the street basically with no medical and injured. If it were not for me being a Native I would not have gotten treatment.

Then the insurance company sending me to an EIME and come to find out she is an insurance lover, known by all in Anchorage, but no one will do anything about that. And she cannot read an MRI, for she would have seen the injury. Called it a neck strain and only needed therapy.

Now, it has taken a SIME that cost \$6,093.00 and a year and half later to find out the same thing that's on the MRI. You see how the system works, so why don't you do something about it? Are you scared of something? Or are you being bought off like the doctors here in the Anchorage area?

This nonsense has to **STOP NOW!** People are suffering and you just stand around and look in the mirror. The Natives that live in villages do not know how to do lots of things so the insurance companies take advantage of that. That is pure and simple prejudice! And you all know it! **SO PUT A STOP TO THIS INSANITY!** This case of mine is going to make history here in Alaska, because I am going to let all the media know the **TRUTH!** The **LEGISLATURE** is not caring, does nothing to help injured workers except keep passing bills **THAT HURT THE INJURED MORE!** What's the matter can't handle the truth?

Sincerely,

Robert M. Ferguson
16901 Meadow Creek Dr. #106
Eagle River, Alaska 99577

Cc: all legislatures
And any concerned



165-0924

Alaska State Legislature

Please enter into the record my testimony to the House Labor + Commerce committee name

committee on HB 419 Workers Comp. dated 3/17/00
bill/subject

Committee - prior to reviewing these or any changes in the Act I request you obtain the tapes of meetings which took place in Anchorage in 1993-94 from the stenographer as those of the former Board Meetings of the Workers Comp Board. The proposed changes by ADHOC ~~ADHOC~~ do not address real issues. The Division of W/C see to more than group fire clerks. The system is run by the insurance companies.

- ① Injured Workers still cannot get equal council-going up against the attorneys back the insurers spend on the attorneys.
- ② The Act addresses "excessive" customary fees for services yet the insurers spend incredible amounts for Paid Medical operations. Which most result in controversy.
- ③ Even the "safeguards" in the law to prosecute the insurer/adjuster for the minimal acts of breaking fid. The Division/Board does not charge the insured with it to the Division of Insurance as provided by the Act. There is no balance in the Act! It is observed that even the stipitem. Again listen to the testimony on the tapes. Read the Audit, Pray you never get injured on the job! Feel free to call me.

Signed: Judith A. K...
Testifier

Representing (Optional)
HC 33 Box 2894 / Wasilla AK 99654
 Address
907-373-2234
 Phone No.

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MAR 23 2000

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

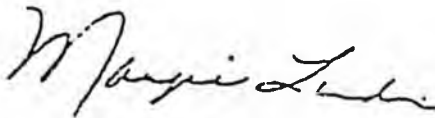
Fax

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 comp 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) ¹	\$8,850	\$500 for 17.7 weeks
.041 (k) ²	\$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!

¹ 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%.

² 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.

Janel L. Wright
2945 Emory Street
Anchorage, AK 99508

March 20, 2000

Representative Norman Rokeberg

VIA FACSIMILE: (907) 465-2040

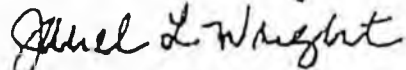
Dear Representative Rokeberg:

As an Alaskan with diabetes, I request that you withdraw your amendment to CS HB 298 for the following reasons:

- Adequate patient education is the cornerstone of good self-management and blood sugar control.
- It is impossible to estimate the number of hours a patient will need with a professional diabetes educator and dietician.
- The number of hours each individual should spend with a diabetes educator and dietician varies greatly, and is dependent upon the individuals needs.
- In limiting the hours of reimbursable patient education, those individuals with the greatest need for education are denied access.
- The advancements in treatment of diabetes that lead to healthier more productive lives for individuals with diabetes require access to education.
- Patient education is necessary to enable persons with diabetes to avoid complications of the disease.
- Patient education is far less expensive than the costs related to diabetes complications such as kidney failure, heart disease, blindness, nerve damage, and amputations.

Representative Rokeberg, thank you for considering my request that you withdraw your amendment to this important legislation. I look forward to your response.

Very truly yours,


Janel L. Wright

Post-It Fax Note	7671	Date	3/20/00	# of Pages	2
To	Norman Rokeberg	From	Betty A. Cross		
Col/Dept	J	Company	Crawford & Co		
Phone #		Phone #	907-561-5222		
Fax #	907-465-2040	Fax #	907-561-7383		

March 20, 2000

Representative Norman Rokeberg
State Capitol, Room 24
Juneau, AK 99801-1182

RF: House Bill # 419 (I.&C)

Dear Mr. Rokeberg:

I am a rehabilitation professional who is certified to provide vocational rehabilitation services at the request of the Department of Labor, Workers' Compensation Division, for injured workers in Alaska. I have also provided rehabilitation services to injured workers in Montana, Idaho, Washington, and Oregon, as well as other states. I have been practicing as a professional rehabilitation counselor since 1984.

I am very glad to see some of the proposed changes to the workers' compensation bill that provide increased benefits to injured workers in Alaska. This includes raising the allowed cost of re-training to \$13,300 from the current \$10,000. I feel that this is extremely important due to the rising cost of education, supplies, books, tools, and equipment.

I am concerned about a new section being added, Section 7 AS 23.30.041 (r), which allows an employee to "waive, at any time, any benefits under this section, including an eligibility evaluation and benefits related to a reemployment plan." I feel that injured workers may potentially be pressured by insurers to waive their benefits prior to a clear determination as to whether they may return to the time of injury job or other jobs in their previous 10 year work history. I believe that an injured worker should not be allowed to "waive" reemployment benefits unless they have completed a thorough "eligibility evaluation" to determine their return to work potential.

I have seen other states, such as Montana, "settle out" rehabilitation benefits by using a similar waiver. Later the Supreme Court came back and stated that it was "inappropriate" to settle out rehabilitation benefits and injured workers had to actually be provided the services. This legislation re-opened hundreds of previously settled cases thus incurring double the cost for rehabilitation. It became a settlement first and then rehabilitation services provided several years later.

Even if the state Alaska can prevent a similar occurrence as noted above, I believe the cost of rehabilitation will show up in other places. Those individuals who waive rehabilitation may show up applying for services through the State Department of Vocational Rehabilitation for retraining services and thus will increase the burden to the State of Alaska in this department. Some individuals who cannot return to their usual occupation may need to apply for Public Assistance, unemployment, or may need to take out high interest loans to engage in re-training on their own.

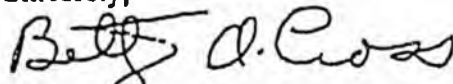


Betty A. Cross
Manager

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MAR 20 2000

In summary, I would like to see the above noted section deleted or amended to require an eligibility evaluation so that injured workers will know their return to work potential and if eligible for services, they understand what services they may be waiving.

Sincerely,

A handwritten signature in cursive script that reads "Betty A. Cross". The signature is written in black ink and is positioned above the typed name.

Betty A. Cross, CRC, CDMS

Alaska Injured Workers Alliance
P. O. Box 101093
Anchorage, Alaska 99510
907-278-3661 Of. 688-7708 Hm 229-5718 cell 688-7709 fax

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MAR 20 2000

March 20, 2000

Dear Labor & Commerce Committee Members,

I would like to speak to you today about House Bill 419. This bill is not in the best interest of workers. It is the same committee that formulated the 1988 changes that has devastated injured workers and their families. We now know conclusively by the Legislative Budget and Audit Report that just came out intentionally or not injured workers have and are being disadvantaged by the workers compensation system. Many workers have waited for medical care and been denied benefit while knowing that fee caps on workers attorneys did little or nothing to help them secure information regarding their rights and benefits. The worker has little or no help provided by the Division of Workers Compensation. We are now asking for your assistance to make this a more fair and just system.

We know that recent budget cuts have not helped this situation but complicated it yet even more. I hope that you will carefully review the Legislative Budget and Audit Report and see that changes can be implemented on the recommendation of the Audit team. We need to improve services, provide better enforcement of the current law, and straighten out penalty issues. If insurance companies regularly under report on the verified annual data and the division is not enforcing the penalties we could have more revenue to assist in securing better services. Defense attorneys are given more preferential treatment than to injured workers and their attorneys, the audit confirms this. We need to make this system fairer for all parties.

The average worker earning 155.00 per week makes below poverty wages, with no inflationary increases. With the rate proposals in the HB 419 it is not even keep pace with inflation in today's real money terms. None of the increases are based on today's real money terms and do not account for inflation. Why should we further complicate an already complicated matter? Why not use the L & B recommendations to first make the process more fairer to all parties then make constructive changes that reflect more real terms for workers. We need to move them past social services and delayed medical treatments and to enforcement even handed fairness to all parties.

Lastly we need better education programs geared for workers 28,000 claims per year and 10 Workers compensation Attorneys are not enough to cover the whole state. Better wages for worker attorneys would mean more attorneys. Fee caps for defense attorneys are essential. Education programs and technical assistance are only provided by The Alaska Injured Workers Alliance at this time. Workers need better access to information to make informed decisions about their rights and benefits. The Further away from Anchorage they are the less access to information workers have. We are not against anyone, but this system that was designed for workers long ago needs impute from the very disadvantaged workers. Not just a bunch of people who are supposed to represent our interest. With three quarters of the majority against workers from the start workers are looking to you to insure better benefits and safer working conditions in which to work. I hope that you will be sensitive to their needs and not just the people have control of their benefits.

Thank you for your time concerning this matter.

Sincerely,
Barbara Williams
Alaska Injured Workers Alliance

ALASKA INJURED WORKERS' ALLIANCE

Once again there is a bill relating to workers' compensation crafted by the Governor's Ad Hoc Committee on Workers' Compensation. Despite years of public testimony from injured workers that the Ad Hoc committee does not represent them, the Governor again excluded injured workers by appointing only industry and union agents to the committee. The following is a sectional analysis of this bill from the perspective of injured workers.

Section 1. INTENT

(a) This is the same intent of the legislature as stated in 1988. For anything more than a cut finger there is nothing quick, efficient, or fair with regard to injured workers. What is predictable is the non-delivery of indemnity and medical benefits to injured workers and the resultant cost savings to insurers who do not pass savings along to employers.

(b) The legislature again declares that the workers' compensation act must not be construed in favor of any party. This continues to undermine the presumption of compensability.

(c) A token increase in the state average weekly wage "more fairly compensate[s] injured workers" but does little to change the gross unfairness.

(d) The true intent of this subsection is to instate another procedural bar through which injured workers can be denied benefits. There is no objective evidence that paying injured workers reduced benefits does anything to encourage them to complete the rehabilitation process as quickly as possible and thus return to work in an expeditious manner. The division's annual reports show years of few to no injured workers retrained. Economic hardship is in reality just a further deterrent in an under funded, unrealistic program promoted by the legislature to further the insurance industry's goal of reduced costs.

(e) It is disingenuous for the legislature to cut the division's budget considering the division's gross deficiencies and then claim that it's enactments are to encourage quick, efficient resolution of any aspect of the act.

Section 2. AS 23.30.041(c)

(c) In the Alaska Workers' Compensation Act the word "notwithstanding" is a red flag warning injured workers that their rights have been removed. In this instance the legislature is removing an injured worker's right to a hearing wherein the board must decide whether a waiver is in the best interest of the employee. The legislature directs the board to prescribe or approve a form the employee would be using to shoot himself in the foot.

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Section 3. AS 23.30.041(g),(b), and (i)

(g) The number of qualified rehabilitation specialists has been decreasing. Many refuse to work for certain insurance companies and/or adjusters. Adding five days to the time allowed for an injured worker to select a rehabilitation specialist, and then procedurally terminating his benefits for failure to perform within the meager time frame allowed, penalizes workers who are disadvantaged by their injuries and rewards insurers and adjusters for creating and maintaining a highly contentious environment for rehabilitation services.

(h)(2) Here the legislature adds the term "transferable skills" with out defining it or differentiating it from the other terms used in the same sentence. Since the rules of statutory construction require every word to have a specific meaning the question begs.

(h)(7) The date of "medical stability" has serious ramifications under the Act. "Predicting" it at all is medically questionable to begin with. Allowing non-treating physicians to promulgate guesses is even more so. Relying on the insurance company's physician's prediction to formulate a rehabilitation plan can result in a plan the injured worker refuses to cooperate in on the advice of his treating physician. Under AS 23.30.041(n) his benefits can thus be terminated by his insurer for following his doctor's advice.

(i) By adding a plan requirement for continuous participation by the employee, the legislature fails to recognize that the nature of an injured worker's injuries and resultant disabilities often prevent or otherwise interfere with an injured worker's ability to continuously participate in a plan. Again AS 23.30.041(n) allows the insurers to terminate benefits. The legislature is giving the insurance industry tacit authority to violate the Americans with Disabilities Act. The legislature also added a requirement to "maximize the usage[s] of the employees' transferable skills." These presumably are the same transferable skills the legislature has failed to define despite AS 23.041(q) which provides definitions for terms used in this section.

Section 4. AS 23.30.041(k) & (i)

(k) Increasing the stipend compensation rate from 60 to 70 percent does little to alleviate the economic hardship that adversely affects an injured worker's ability to participate in a reemployment plan. Few people can sustain a 30 percent loss in wages and maintain their financial commitments to mortgage holders. Being both handicapped and homeless does not increase an injured worker's ability or incentive to participate in a reemployment plan. Suspending benefits until an employer or insurer recoups a prior lump sum permanent partial disability[sic] payment defeats the purpose of stipend payments. Referring to a permanent partial disability does not encourage confidence in the legislature when the legislature itself abolished permanent partial disability in 1988 when it side stepped the entire concept of disability in favor of the more expedient "impairment."

Permanent total disability is generally prescriptive under AS 23.30.180(a) and does not consider involvement in the rehabilitation process as conclusive evidence to the contrary. Furthermore temporary total disability ends on the date of medical stability under AS 23.30.185. Therefore an injured worker with permanent total disability who is medically stable would receive neither TTD nor PTD benefits while in the reemployment process. Permanent disability precludes wage loss benefits if involved in a reemployment plan but temporary disability does not.

(l) There is no objective evidence that raising the \$10,000 cap on the cost of a reemployment plan to \$13,300 bears any closer relationship to the actual costs of plans any more than the arbitrary two year plan completion limit established under (k).

Section 5. AS 23.30.041(n)

(a) This additional means of non-cooperation allows the employer to terminate benefits before they have even started on grounds the employee may have no control over. An employee's choice of rehabilitation specialist is dependent upon the specialist's availability, acceptance, and ability to establish a rapport with the employee.

Section 6. AS 23.30.095

(c) There is no rational basis for requiring a physician or healthcare provider to submit a report within 14 days of treatment yet allowing employers to delay payments for 30 or more days. Simply telling the employee and provider in writing of the reason for not timely making payment does not comply with the controversy notice requirements of AS 23.30.0155(a).

Section 7. AS 23.30.095 (f)

(f) What is an "updated" usual, customary and reasonable medical fee schedule? Is a new fee survey conducted each year? What are the parameters of the survey? Does the schedule determine usual, customary, and reasonable fees or usual customary and reasonable care? Considering the legislative budget cutting, what is the fiscal cost and how will it affect service levels? All of these issues have been blurred by the administrative process recently used to adopt Medicare.

Section 8. AS 23.30.105(a)

The addition of AS 23.30.41 to this subsection should be in numerical order. While amending this section the last sentence should be amended to include compensable disability and/or impairment. Permanent partial impairment has been compensable under AS 23.30.190 since the legislature adopted it in 1988.

Section 9. AS 23.30.107(a)

(a)(i)(A) Should this be (a)(1)(A)? The request must include not only notice of the employee's right to petition for a protective order but also state that the petition must be filed within 14 days as now prescribed by this new statute. It should also state that three additional days must be added under 8 AAC 45.060 since the request was served by mail.

(B) AS 23.30.005(f) states, "Two members of a panel constitutes a quorum for hearing claims...." AS 23.30 makes no distinction between a claim or petition. Prehearing officers are not required to be licensed to practice law under the Administration Procedures Act. They do not constitute a quorum. They should not be given authority to "resolve disputes concerning releases of information." They would be determining the relevance of evidence. There is no greater issue in a claim than the evidence on which all other issues will be decided. The employee's constitutional right to privacy must be carefully weighed. Ex parte communication is the norm for prehearing officers. Prehearing officers issuing orders in the name of the board is a gross violation of due process guaranteed by both the state and federal constitutions. Stating that the employee's rights to benefits under the act shall be suspended makes suspension mandatory and potentially creates a penalty disproportionate to any prejudice or harm to the employer.

(C) No attempt is made in this legislation to establish any criteria for determining that good cause existed for the refusal to provide authority to obtain medical records. Did every employee waive their rights to due process and privacy the day they went to work?

(ii) Should this be (a)(2)? A prehearing officer issuing decisions and orders is an abuse of discretion in that they have no discretionary authority in the first place. It is a violation of due process to permit the board to "review" a prehearing officer's determination and uphold it without holding a hearing. Prehearings are not statutory requirements unless a party opposes a hearing request. Excluding evidence or arguments by statute from being presented at a hearing because it was not presented at a prehearing created by a regulation eliminates any distinction between legislative, administrative, and adjudicative law. Prehearing officers now have more authority than the legislature and the board combined.

Nothing in these proposed statutes stays the employer from suspending benefits when a petition for a protective order is filed. By requesting an employee to provide written authority to the employer to obtain medical records that is so overboard as to be offensive on its face the employer sets in motion a process that allows the employer to suspend benefits for months with impunity. What is an appropriate sanction for the employer's violation of the employee's constitutional rights?

Section 10. AS 23.30.110(c)

(c) The language added to this subsection is so ambiguous it loses all meaning. Filing a prehearing request suspends the time for filing a hearing request? In granting a last hour continuance the board should be considering issues of due process and manifest injustice to insure that the procedural requirements are not infringing on constitutional rights. The legislature should not be introducing confusing procedural bars to an employee's supposedly guaranteed benefits.

Section 11. A New Subsection (p) to AS 23.30.155

(p) It is hard to calculate interest when the statutes and regulations do not clearly establish when all of the various compensation and benefits are due. Who calculates the interest and who verifies its correctness?

Section 11. AS 23.30.175 (A second Section 11.?)

(a)(i) Should this be (a)(1)? The purpose of \$110.00 and \$154.00 per week thresholds used to determine an employee's weekly rate of compensation were never well reasoned. The insurance industry no longer needs this buffer. No objective evidence has been provided to substantiate any percentages. How does the Division of Employment Security calculate the Alaskan average annual wage. Fixing wage rates to the date of injury does not fairly compensate those employees who develop latent disability or impairment many years later. Radiation exposure at the age of 20 may cause no initial disability yet at 40 could be fatal. In twenty years the employee's wage rate may have tripled.

Section 12. AS 23.30.190(a)

(a) The \$135,000.00 whole person valuation established in 1988 was never based on any objective evidence. Its only rationalization was that by cheapening human value insurance companies could substantially cut losses. Raising the valuation to \$177,000.00 does not account for inflation since 1988 so the legislature is even further devaluing human existence. If the legislature is going to calculate the maximum compensation rate under their amendment to AS 23.30.175(a)(i)[sic] as a percentage of the Alaska average annual wage, why not set the whole person valuation at 500% of the same thing. Better yet, first determine the whole person impairment percentage for the loss of an arm in personal injury litigation cases, second determine the whole person impairment percentage for the loss of an arm, and third divide the personal injury valuation by the percentage of impairment to determine the whole person valuation. Take this valuation and divide it by the average annual wage to determine the percentage multiplier for future years. Of course it is much easier to simply ask the WCCA what they are willing to pay.

Section 13. AS 23.30.215(a)(1) and (2)

(a)(1) Was the \$2,500 funeral expense increased by 32% just to compensate for inflation or were present funeral costs actually reviewed to determine a realistic expense?

(a)(2) It pays to die. The insurance companies forgot to subtract off the salvage value of a dead body.

(b) This section was not changed to be consistent with changes being made to AS 23.30.175.

Section 14. AS 23.30.220(a)(4)

(a) Will overtime and premium pay be included at its full value or will only the hours be included at straight pay?

(b) The word "the"[sic] should be the word "then." Otherwise same as (a) above.

General Comments:

This Ad Hoc Committee compromise bill once again purports to be a balanced trade off between industry and labor. On the surface it appears to increase benefits for injured workers but in reality few will ever see these benefit gains. The procedural bars that have been introduced or strengthened will insure that fewer injured workers ever receive benefits in the first place. The brass ring on the merry-go-round can be changed to gold but the ride has been set up to insure that no one can reach it without falling off. You have paid for this ride with your constitutional rights. When the music stops, where will you be?

The Alaska Injured Workers Alliance
P. O. Box 101093
Anchorage, Alaska 99510
K. Scott McEntire President
907-337-8614

March 20, 2000

My name is Jerry Flock. I am an injured worker with an uninsured employer. You may have heard of my employer General Roofing. My employer paid 100.00 and a 38-caliber handgun to relieve them of the liability. Through this whole process the Alaska Workers' Compensation Board has done nothing to protect my rights or me. The only source of information that I have had is The Alaska Injured Workers Alliance. By passing House Bill 419 you are enforcing the fact that the division regularly works with employers and insurance companies as the Legislative Audit confirms to me.

I have had surgery that cost Public Assistance and not my employer. They have disposed of their responsibilities regularly and not only do I have to fear for my own safety but my families as well. You cannot possibly tell me that the DWC is doing all it can to fiercely access workers rights to medical care and benefits I am a prime example of how this can all go wrong. I urge you to follow the recommendations and clean up the workers compensation system and make it fair for all party's not just employers and insurance companies. My employer had let her policy lapse 16 times and one other employee broke his back while falling off a roof since my employer knew no one would enforce the laws to protect me and those like me. Proper enforcement is necessary to see that workers are protected. Two years ago when the Injured Workers Alliance started inquiring an alarming 60% over half of the state employers were uninsured. This must change. We also need better education programs and access to legal assistance to process our claims.

I urge you to see fit to protect all workers in this state and see that everyone is treated fairly and not denied due process. Due process escapes me to this day because no one will see that my employer pays my benefits and secures my medical care and possible retraining. I hope that you will remember me and be an active part of proper enforcement of these laws and new ones in the future.

Thank you for your time
Sincerely,
Jerry Flock
929-3599

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March 20, 2000

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Dear Committee Members,

My name is Valerie. I have a brain injury. I recently had a surgery on my spine that relieved me of my headaches. I was unable to focus and was to the point of suicide. Please consider the Legislative Budget and Audit Recommendations before making the workers compensation laws any worse. If it had not been for The Alaska Injured Workers Alliance, I would not have legal council or had my surgery. They provide necessary services for people like me with cognitive disorders. We need a system that is fair to everyone not just insurance companies.

I hope that you will think of me and others like me when considering your decisions. Without information we cannot help ourselves and support our families. I have a twelve-year-old daughter who depends on me. I have to have my benefits to support my child and myself. I hope that you will see that this proccss is fair for everyonc. We need better education programs, technical assistancc, and acccss to legal help. With out help people with brain injuries like mc don't and won't receive benefits. Thank you for your time.

Sincerely,
Valerie Welsh
332-5994

March 20, 2000

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MAR 20 2000

Dear Committee Members,

I am here to speak to you today concerning HB 419. As an injured worker in the Workers Compensation system for almost ten years I know how complicated it really is. We are asking you to review the Legislative Budget and Audit review on Workers Compensation and make better changes not the ones in this bill. They are insulting us by not even adding inflation in the weekly wages for workers. We need to support our selves and our families. My insurer and employer delayed my medical care and I had to have a total knee replacement due to untimely medical treatment. I have to go before the Workers Compensation Board tomorrow and beg that the rest of my injuries that happened all on 8/21/92 be covered. I have never had any problems with my back or other body parts until I was injured on the job. The whole process has been a nightmare for my family and me and resulted in a psycholological disability for me.

Better education programs are necessary for workers to be informed as to their rights and benefits. The Audit confirms that we are being disadvantaged. Please help us. Make the process fair for all parties not just the insurance companies and employers who are in control of our care.

We need your support in seeing that we are treated humanely and not mistreated as many of us are. We need you to protect us and not just listen to people who represent our interest. Those same interest would further reduce our benefits and tip the control of our health and welfare in favor of the insurance companies. We urge you to act fairly and evaluate the mess that is already in full swing. Make the process understandable and fairer. Increase our attorney fees to that more of us have access to legal help. Thank you for your time and attention to this most important matter.

Sincerely

Bruce W. Williams
P. O. Box 771754
Eagle River, Alaska 99577
907-688-7708

FROM : Law Office of Michael J Jensen FAX NO. : 907 522 8173

Mar. 07 2000 09:25AM P1

Law Offices of
Michael J. Jensen*Alaska Workers' Compensation
Steven Hulse*12350 Industry Way, Suite 209
Anchorage, Alaska 99515Tel (907) 277-6000
Fax (907) 522-8173

February 18, 2000

Via Facsimile
269-7461The Honorable Tony Knowles
Governor for the State of Alaska
550 W. Seventh Ave., Ste. 1700
Anchorage, AK 99501

Dear Governor Knowles:

You recently submitted a proposed amendment to the Alaska Workers' Compensation Act which you believe will adjust the Act, after 12 years without an adjustment for inflation. You are quoted as stating:

I don't think there are too many benefits programs in any aspect of government that go 12 years without an adjustment.

Anchorage Daily News, Section D-4, February 12, 2000.

I have practiced before the Alaska Workers' Compensation Board for over 15 years. I represent exclusively injured workers. I had the pleasure of first being introduced to you 15 years ago. I had been a supporter of yours ever since, even having walked the Fairview and Mountain View neighborhoods on numerous weekends in your 1994 campaign for Governor.

From your statement it is clear to me that you are unaware of the further erosion this Act will cause in the benefits of Alaska's injured workers. Since 1988 not only have workers' benefits not increased they have in fact been greatly reduced. A perfect example is the 1997 amendment to the Act which changed to a more restrictive version of the AMA Guides for the rating of permanent impairment. This has dramatically reduced the amount of permanent benefits which workers with permanent impairments receive. Another is the Supreme Court's decisions affirming the most draconian interpretation of the rehabilitation sections of the Act. The one Supreme Court case, Meek v. Unocal Corp., 914 P.2d 1276 (Alaska, 1996), which benefited workers by addressing a major oversight of the 1988 Act this legislation seeks to repeal.

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FROM : Law Office of Michael J Jensen FAX NO. : 907 522 8173

Mar. 07 2000 09:25AM P2

February 18, 2000
Page 2

Ak W/c Alliance
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This proposed legislation will only further reduce the limited compensation benefits workers receive. It is true that some benefits will increase but the ad hoc committee's concessions to its management members will take away several very important benefits that workers still enjoy. The effect will be that it will reduce or eliminate the benefits they receive in the most severe cases requiring vocational rehabilitation.

The proposed legislation will take away the current protection afforded by Board oversight. These regulations authorize waivers of vocational rehabilitation only if determined to be in the employee's best interests. 8 AAC 45.160(c). This legislation takes this protection away.

This proposed legislation would do away with most of the hard fought privacy protection gained by groups such as the Alaska Injured Workers' Alliance. The Alaska Workers' Compensation Board has sought to protect this important right. Recent decisions are relgning in the abuse by a few adjusters or lawyers seeking release of medical and other personal information. The Board has done this while at the same time acknowledging the employer's need for relevant records pertaining to its worker's injury. This legislation reverses this delicate balance and takes away the progress made by workers. It returns the system to the abuses of the past.

This proposed legislation does away with benefits for the most disabled when they have reached medical stability and before they can obtain an impairment rating. Often the costs of these ratings must be initially borne by the worker which prevents the worker from obtaining a rating. This legislation would repeal the Meek decision which remedied this oversight in the 1988 Act.

This proposed legislation would not assure that workers' overtime, paid as part of their work, is considered in the calculation of compensation. It does not change the current practice of only considering overtime pay at the straight time rate. This is particularly onerous for Alaska injured workers who made a substantial part of their income from overtime.

There are other significant shortcomings in this legislation which take away from your stated intent of increasing workers' compensation benefits after twelve years without an adjustment. I strongly urge that you reconsider the legislation you have proposed. After twelve (12) years of living with the present Act, workers deserve benefits which allow them to "get back on their feet." They do not deserve to have these limited benefits cut any further.

Thank you for your attention.

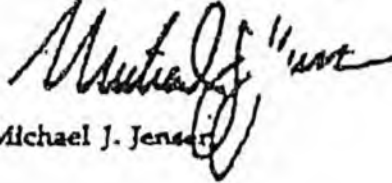
FROM : Law Office of Michael J Jensen FAX NO. : 907 522 8173

Mar 07 2000 09:26AM P3

February 18, 2000
Page 3

pk W/C. Blumner
LH

Sincerely,



Michael J. Jensen

MJJ/wws

cc: Paul Grossi, Director, Alaska Workers' Compensation Division
Alaska Injured Workers' Alliance

Alaska W/c Alliance - ~~General Counsel~~

FINDINGS AND RECOMMENDATIONS

- 1) The Division of Workers' Compensation management should develop a strategic plan to better accomplish the agency's operating mission. Manual processing of much of the paperwork related to claims and payments is inefficient.

Strategic plan would have to reflect a commitment to real and relevant performance goals.

- 2) The Division of Workers' Compensation should propose legislative changes to improve in the workers' compensation laws.

- 1.) *Fixed benefit amounts have not kept pace with the inflation and the cost of living.*
- 2.) *Overtime and premium pay is excluded in the determination of spendable weekly wage.*
- 3.) *Interim compensation is allowed under limited circumstances.*

- 3). The Division of Workers' Compensation Director should increase outreach, education and technical assistance to injured workers with regard to their rights and responsibilities under the workers' compensation laws when a disputed claim occurs.

- 4.) The Division of Workers compensation Director should take proactive measures to identify and monitor uninsured employers.

- 1.) *Eliminate the backlog that contributes to significant inefficiencies.*
- 2.) *Fully resolve injuries reported as uninsured and corrected system data to promote accurate uninsured injury statistics.*
- 3.) *Develop amendments to AS 23.30.085 for legislative consideration that institutes penalties for filing insurance/adjuster notices in a timely manner.*

- 4.) *Documents the entirety of employer enforcement correspondence and effort.*
 - 5.) *Sought revisions to the Alaska business license*
 - 6.) *The legislature should consider amending 23.30.075 to empower the Alaska Compensation Board to sanction uninsured employers.*
-
- 6.) The Department of Commerce and Economic Development's Director of the Division of Insurance should implement policies and procedures that ensure timely enforcement of insurer compliance of the Workers' Compensation Act.
 - 7.) The Division of Workers' Compensation should improve overview of insurers' annual reports.
 - 8.) The Division of Workers' Compensation should adopt a methodology for accessing compensation report penalties that is consistent with statute.
 - 9.) The director of Workers' compensation should correct inappropriate administrative and accounting practices.
 - 10.) The director of Workers' Compensation should resolve the legality of "supplemental" benefits and rectify internal control weaknesses over such expenditures.
 - 1.) *Obtain the attorney general's opinion when accessing the legality of issuing supplemental benefits under AS 23.30.172 to individuals who no longer receive primary workers compensation benefits from their insurer.*
 - 2.) *Exercise a greater level of monitoring over the expenditure of supplemental benefits.*
 - 3.) *Adequately support benefit calculations based on workers wages.*
 - 11.) The Division of Workers' Compensations' reemployment benefits administrator should capture indelibility determination statistics for policymakers and stakeholders.
 - 12.) The Division of Workers' Compensations' director should seek legal clarification with regard to the methodology for accessing annual penalties.

Subject: HB419

Date: Tue, 14 Mar 2000 12:35:57 -0800

From: "Bob Sullivan" <rsullivan@gci.net>

To: <Representative_Norman_Rokeberg@legis.state.ak.us>

From: Robert M. Sullivan
6635 Desiree Loop
Anchorage, AK 99507
Tel.#: (907) 344-7588
Fax#: (907) 349-8721
E-mail: rsullivan@gci.net

There are two major problems that I see with HB419, AS 23.30.041, Sec. 7, (r):

1. This section opens the door for insurance companies and employers to apply pressure to injured workers and employees to waive their rehabilitation benefit before they have a clear idea of whether or not they will need it.
2. The waiver, once signed and transmitted, is irrevocable, which eliminates a means for injured workers, who have waived their benefit, to seek reinstatement of the benefit, if it is found that they need it at a later date.

Should Sec. 7, (r) remain in this bill, and be passed by the legislature, I see several impacts that early irrevocable waivers of vocational rehabilitation benefits may have on injured workers, employees, and the community:

1. Injured workers who cannot return to their usual employment will be subject to returning to work in unskilled, low paying jobs; returning to their usual employment in a hurt condition; seeking other state and federal resources for support; or seeking additional medical services through the workers' compensation system in an effort to fix a medical problem that may not be entirely fixable.
2. Employers may decide to use the waiver of rehabilitation benefits form as a condition for employment.
3. Federal taxes and the state budget that support other rehabilitation programs will be used to take care of the disabled workers that should be the responsibility of the workers' compensation system, employers, and the insurance industry, and thus, stretching the resources of these alternative programs.
4. Productive tax paying citizens will be replaced by victims seeking assistance, which will erode the tax base, and increase the need for the general public to pick up the slack.
5. All of the above-mentioned problems will undoubtedly lead to increased litigation, because there will be many people who will take legal action to rectify their situation.

I hope there is something you can do to delete Sec. 7 (r) from this legislation.

Subject: HB419

Date: Thu, 9 Mar 2000 12:20:39 -0900

From: "Jim Sykes--AKPIRG" <akpirg@akpirg.org>

To: <Senator_Drue_Pearce@legis.state.ak.us>, <Representative_Brian_Porter@legis.state.ak.us>

DT: March 9, 2000

<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />

FR: Barbara Williams, Vice President

Alaska Injured Workers Alliance

Membership more than 500 injured workers

PO Box 101093, Anchorage, AK 99510

PH: 278-3661 FAX 278-9300 email: akpirg@akpirg.org

RE: HB419

After yesterday's discussion on HB 419 in the House Labor and Commerce Committee I am writing to urge you to review the Legislative Budget & Audit on Alaska Workers' Compensation. This piece of information is very critical to your understanding of why it is not in the best interest of workers for you to support this bill.

The audit points out that workers are disadvantaged by the current system and provided important recommendations as to a more fair and efficient delivery of benefits. The WCCA is specifically discussed on pages 11-16. This organization led the changes for the legislation that have penalized and harmed workers for the past 12 years. It is only through labor unions that WCCA can claim to represent injured workers, which is a small minority compared to the number of injured who do not belong to labor organizations. Roughly three-fourths of injured workers have no voice.

Change is driven by interest in pocketbooks rather than workers' interests. The audits present clear evidence confirming workers comp laws have not been meaningfully enforced. For example on page 43, "DWC's director should propose legislative changes to improve the balance in the workers' compensation laws." The succeeding page states that the director should increase outreach, education, and technical assistance to injured workers with regard to their rights and responsibilities under the workers' compensation laws when a disputed claim occurs. Proactive measures should be taken to identify and monitor uninsured employers. The DWC director should improve controls over the review of insurers' annual reports and should correct inappropriate Administrative and Accounting practices.

There needs to be adequate support for benefit calculations based upon worker's wages.

"Such circumstances, that we believe are unintended by-product of the 1988 amendments, **have resulted in a situation where more consideration is provided to employers and employers than to injured workers.**" The proposed legislation comes from the same group that brought amendments in 1988 which have proven detrimental to Alaska workers. That is why the audit is so important to understand before additional changes are made.

The need to educate workers is vital. Although most workers have no idea how to process their claims there are 28,000 claims per year. This is further complicated by a shortage of legal assistance to this disadvantaged group of individuals. The further away from Anchorage, Fairbanks, and Juneau the workers are the less information and legal assistance they have available to them. The insurance companies enjoy having an open wallet while fee caps restrict workers attorneys.

The recommendation section of this report alone raises a red flag and clearly indicates that the playingfield that legislators have intended to be fair has been administered unfairly. Workers, for whom this indemnity has been designed, have been disadvantaged by the administration. The lack of fair enforcement violates due process for injured workers.

Critical information that needs to go to injured workers appears to be bottled up in cooperation between the Division of Workers Compensation, Insurance companies and the WCCA. The net effect is that injured workers do not receive quick efficient, fair delivery of indemnity and medical benefits. There is no one in the process exclusively representing injured workers and their health care providers. The reason hundreds of people have contacted the Alaska Public Interest Research Group and the Alaska Injured Workers Alliance is because they are the only free source of information helping some of the 75% of injured workers and health care providers that are not represented by unions.

The scales of balance are tipped heavily against injured workers and we have a responsibility to correct that. I hope that we can count on your support for the recommendations from Legislative Budget Audit team. The information is accurate, reliable and gained from a thorough investigation. Since these changes will dramatically affect the lives of one of eight Alaska workers, they need to be done fairly with full consideration for available evidence. To view a full copy of the audit you may link to <http://legis.state.ak.us/legaud/web/pages/00audlis.htm> . Thank you.

Sincerely,

Barbara Williams, Vice-President

Alaska Injured Workers Alliance

LAW OFFICES OF

Kalamarides & Associates

711 H STREET, SUITE 320
ANCHORAGE, ALASKA 99501
(907) 276-2135 TELEPHONE
(907) 276-6514 FAX
April 3, 2000

ATTORNEYS AT LAW
JOSEPH A. KALAMARIDES
ANDREW J. LAMBERT

LEGAL ASSISTANTS
PHYLLIS LAVITA
DOUGLAS JOHNSTON
Via: Fax & letter

Representative Norm Rokeberg
716 West 4th Avenue
Anchorage, AK 99501

Re: House Bill 419

Representative Rokeberg:

I am an attorney who practices workers compensation law. I have had the opportunity to review House Bill 419 regarding changes to the current workers' compensation act.

I have some serious concerns about section 7 of the bill. This provision provides that an employee can waive his right to re-employment benefits without approval by the Alaska Workers' Compensation Board required by AS 23.30.012.

This section would authorize adjustors to require waiver of re-employment benefits as a condition of payment of permanent partial impairment benefits. Ordinarily if no re-employment benefits are requested the law requires payment of permanent partial benefits in a lump sum. There is no signing of any documents. This is automatic.

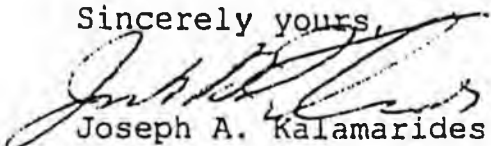
However if re-employment benefits are requested then permanent partial impairments are paid bi-weekly until the re-employment process is completed.

My concern is that the "unscrupulous adjustor" will require an individual who has not requested re-employment benefits to sign a waiver as a condition of payment of permanent partial impairment benefits. This would be an abuse of the system.

This would also lead to litigation before the board in setting aside the waiver, if the employee needed re-employment benefits later.

I therefore urge you to delete this provision of the bill.

Sincerely yours,


Joseph A. Kalamarides

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