

HB

314

<target><bill>HB 314</bill><subject>HB
314</subject><comm>SF26</comm></target>



ALASKA STATE LEGISLATURE HOUSE LABOR & COMMERCE COMMITTEE

REP. KURT OLSON

Chairman
State Capitol, Room 17
Juneau, AK 99801-1182
(907) 465-2693 FAX 465-3835

Rep. Mark Neuman, V-Chair Rep. Mike Chenault
Rep. Bob Lynn Rep. Tammie Wilson
Rep. Lindsey Holmes Rep. Bob Buch

Sponsor Statement

Committee Substitute for House Bill 314 (FIN)

"An Act relating to fees and charges for medical treatment or services, civil damages and penalties as they relate to workers' compensation; and providing for an effective date."

At the time of passage in 2005 of the revisions to the workers' compensation system, it was contemplated that the interested stakeholders, including the Workers' Compensation Legislative Task Force and the Medical Services Review Committee, would propose legislation acceptable to the various stakeholders before August 1, 2007. This proposal was to replace the repealed Usual, Customary and Reasonable (UCR) methodology for setting maximum fees for medical treatment and services under the Alaska Workers' Compensation Act. A replacement was not proposed and the repeal would have resulted in fees for medical treatment and services in workers' compensation matters going uncapped until such time as the law was changed to remedy the situation.

There have been two previous extensions to the workers' compensation schedule of fees for medical treatment and services in place since 2004 with adjustments made based on the Medical Component of the Consumer Price Index. The existing extension will expire on December 31, 2010. HB 314 proposes a full fee schedule again be established which would include the procedure codes that have been developed since the 2004 schedule was adopted as well as category II and III codes. The fee schedule would be constructed on the same basis as prior schedules using statistically credible data

The bill also clarifies that making false statements related to benefits or engaging in deceptive behaviors may be prosecuted under AS 11 – Criminal Law.

I urge your support of this bill.



ALASKA STATE LEGISLATURE

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Sectional Analysis

Committee Substitute for House Bill 314 (FIN)

"An Act relating to fees and charges for medical treatment or services, civil damages, and penalties as they relate to workers' compensation; and providing for an effective date."

This is a summary only. Note that this sectional analysis should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends AS 23.30.097(a) to provide that after December 31, 2010, the fee may not exceed the usual, customary and reasonable charges in a fee schedule adopted by the board which must include the most recent Current Procedural Terminology codes maintained by the American Medical Association for category I, II and III medical services and the Health Care Procedure Coding System for medical supplies, injections, emergency transportations and other medically related services. The fee schedule must reflect the cost in the geographical area where services are provided and is set at the 90th percentile.

Section 2. Amends AS 23.30.250(a) to clarify that the behaviors outlined are workers' compensation fraud which may be prosecuted under AS 11 (criminal law).

Section 3. Amends AS 23.30.250 (c) clarifies that in addition to criminal penalties, a violation of this chapter may result in civil liability with an award of three times the amount of compensatory damages and reasonable attorney fees.

Section 4. Provides for an immediate effective date under AS 01.10.070(c)

Oregon Workers' Compensation Premium Rate Ranking ■ Calendar Year 2008

Table 1. Workers' compensation premium rate ranking

2008 ranking	2006 ranking	State	Index rate	Percent of study median	Effective date
1	1	Alaska	3.97	176%	January 1, 2008
2	5	Montana	3.50	155%	July 1, 2007
3	12	Ohio	3.32	147%	July 1, 2007
4	7	Vermont	3.14	139%	April 1, 2007
5	8	Maine	3.04	135%	January 1, 2008
7	3	Delaware	2.96	131%	December 1, 2007
7	4	Kentucky	2.96	131%	October 1, 2007
8	9	Alabama	2.90	129%	March 1, 2007
9	13	Oklahoma	2.89	128%	8/1/07 State Fund, 1/1/08 Private
10	21	Illinois	2.79	124%	January 1, 2008
11	11	Louisiana	2.76	122%	October 1, 2007
12	25	South Carolina	2.74	121%	May 7, 2007
13	2	California	2.72	121%	January 1, 2008
14	19	New Hampshire	2.70	120%	January 1, 2008
15	18	Pennsylvania	2.68	119%	April 1, 2007
16	23	New Jersey	2.66	118%	January 1, 2008
17	17	Texas	2.61	116%	January 1, 2008
18	30	Nevada	2.58	115%	March 1, 2007
19	10	New York	2.55	113%	October 1, 2007
20	14	Connecticut	2.46	109%	January 1, 2008
21	26	Tennessee	2.44	108%	July 1, 2007
22	37	North Carolina	2.43	108%	April 1, 2007
24	21	Minnesota	2.33	103%	January 1, 2008
24	32	Mississippi	2.33	103%	March 1, 2007
25	41	Georgia	2.29	102%	August 3, 2007
26	22	Rhode Island	2.26	100%	February 1, 2007
28	6	Florida	2.20	98%	January 1, 2008
28	25	Missouri	2.20	97%	January 1, 2008
29	16	District of Columbia	2.16	96%	November 1, 2007
32	27	New Mexico	2.15	95%	January 1, 2008
32	39	Michigan	2.15	95%	January 1, 2007
32	33	Nebraska	2.15	95%	February 1, 2007
34	35	Wisconsin	2.12	94%	October 1, 2007
34	32	Idaho	2.12	94%	January 1, 2008
36	15	Hawaii	2.08	92%	January 1, 2008
36	44	South Dakota	2.08	92%	July 1, 2007
37	29	Wyoming	2.06	91%	January 1, 2008
38	37	Washington	1.98	88%	January 1, 2008
39	42	OREGON	1.88	83%	January 1, 2008
41	34	West Virginia	1.86	83%	July 1, 2007
41	45	Iowa	1.86	82%	January 1, 2008
42	43	Kansas	1.77	78%	January 1, 2008
43	29	Colorado	1.76	78%	January 1, 2008
44	40	Maryland	1.72	76%	January 1, 2008
45	46	Arizona	1.67	74%	January 1, 2008
46	38	Utah	1.63	72%	December 1, 2007
47	48	Arkansas	1.61	71%	January 1, 2008
48	49	Virginia	1.43	63%	April 1, 2007
49	47	Massachusetts	1.39	62%	September 1, 2007
50	50	Indiana	1.23	55%	January 1, 2008
51	51	North Dakota	1.08	48%	July 1, 2007

Source: Research and Analysis Section, Information Management Division, Oregon Department of Consumer and Business Services (10/2008)

AMENDMENT

1

OFFERED IN THE SENATE

BY SENATOR *Ellis*

TO: CSHB 314 (FIN)

- 1 Page 2, line 24 through page 3, line 10:
- 2 Delete all material
- 3
- 4 Renumber sections accordingly

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 314
() Publish Date: _____

Identifier (file name): HB314-DOLWD-WC-01-28-10
Title: Workers' Compensation
Dept. Affected: Labor and Workforce Development
RDU: Workers' Compensation
Component: Workers' Compensation
Sponsor: House Labor & Commerce
Requester: House Labor & Commerce
Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	75.0		75.0	75.0	75.0	75.0	75.0	75.0
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	75.0	0.0	75.0	75.0	75.0	75.0	75.0	75.0

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

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1157 Worker Safety Account	75.0		75.0	75.0	75.0	75.0	75.0	75.0
TOTAL	75.0	0.0	75.0	75.0	75.0	75.0	75.0	75.0

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Anticipated costs are based on estimated contractual charges for a vendor to produce a workers' compensation medical fee schedule for the State of Alaska.

Prepared by: Trena Heikes, Director
Division: Workers' Compensation
Approved by: Click Bishop, Commissioner
Agency: Department of Labor and Workforce Development

Phone 465-6045
Date/Time 1/28/10 3:47 PM
Date 1/28/10

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 314
 () Publish Date: _____

Identifier (file name): HB314-Law-Crim-01-29-10 Dept. Affected: Law
 Title An Act relating to workers' compensation RDU Criminal
 Component Criminal Justice Litigation
 Sponsor Labor & Commerce
 Requester Labor & Commerce Component Number 2202

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill amends the existing statutes to provide that a person commits the crime of unsworn falsification in the first degree if the person submits a false written or recorded statement that the person does not believe to be true in an application for worker compensation benefits. This bill provides that the fee or other charge for medical treatment or service under the Workers' Compensation Act provided on or after December 31, 2010 may not exceed fees established by the board and include recent category I and category II codes published by the American Medical Association. The department does not anticipate any significant fiscal impact.

Prepared by: Eileen Donahue, Division Operations Manager
 Division Administrative Services Division
 Approved by: Daniel S. Sullivan, Attorney General
Department of Law

Phone (907)465-5427
 Date/Time 1/29/10 12:00 AM
 Date 1/29/2010

HB 314
Summary of Changes
Version \A to Version \E (FIN)

During hearings in House Judiciary, HB 314 was amended.

Amendment \A.3 deleted Section 1 of the bill. Because of this, the title was changed.

AS 23.30.250(a) was amended to make offenses listed in 250(a) workers' compensation fraud. Workers' compensation fraud and may be punishable under certain sections of AS 11.

In Section 2 of the bill, the new subsection (D) was amended include category III charges as well as medical supplies, injections, emergency transportation and other medically related services. It also added a provision that the costs must reflect the cost in the geographical area where the services are provided and is at the 90th percentile.

During a hearing in House Finance, HB 314 was amended.

Amendment R.1 was adopted.

Amendment R.1 deleted "investigations" from the title of the bill and clarifies language regarding specific statutory citations for prosecution by simply listing that a person may be prosecuted under AS 11, without noting the specific sections of AS 11.

Conceptual amendment 2 clarified AS 23.30.250(c) regarding the civil penalties a person is liable for when violating this chapter.

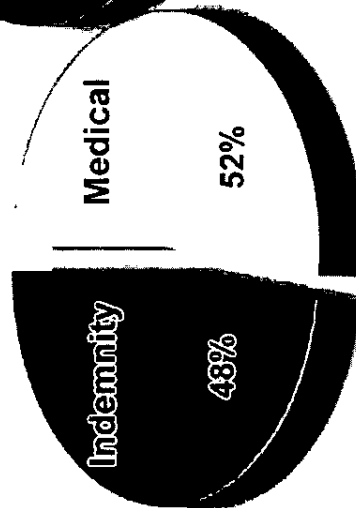
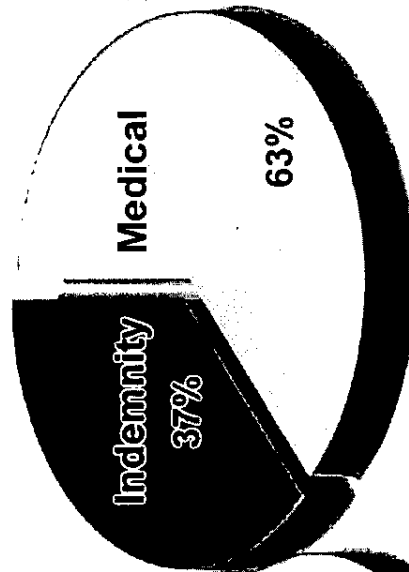
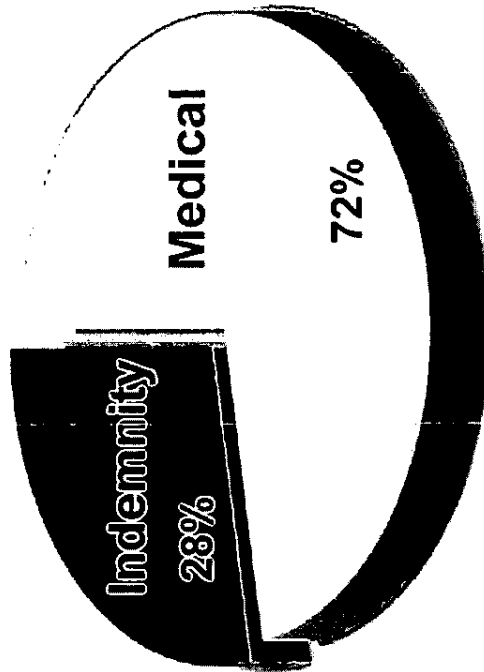
Workers Compensation Benefit Split in Alaska

All Claims—Alaska

2008p

1998

1988



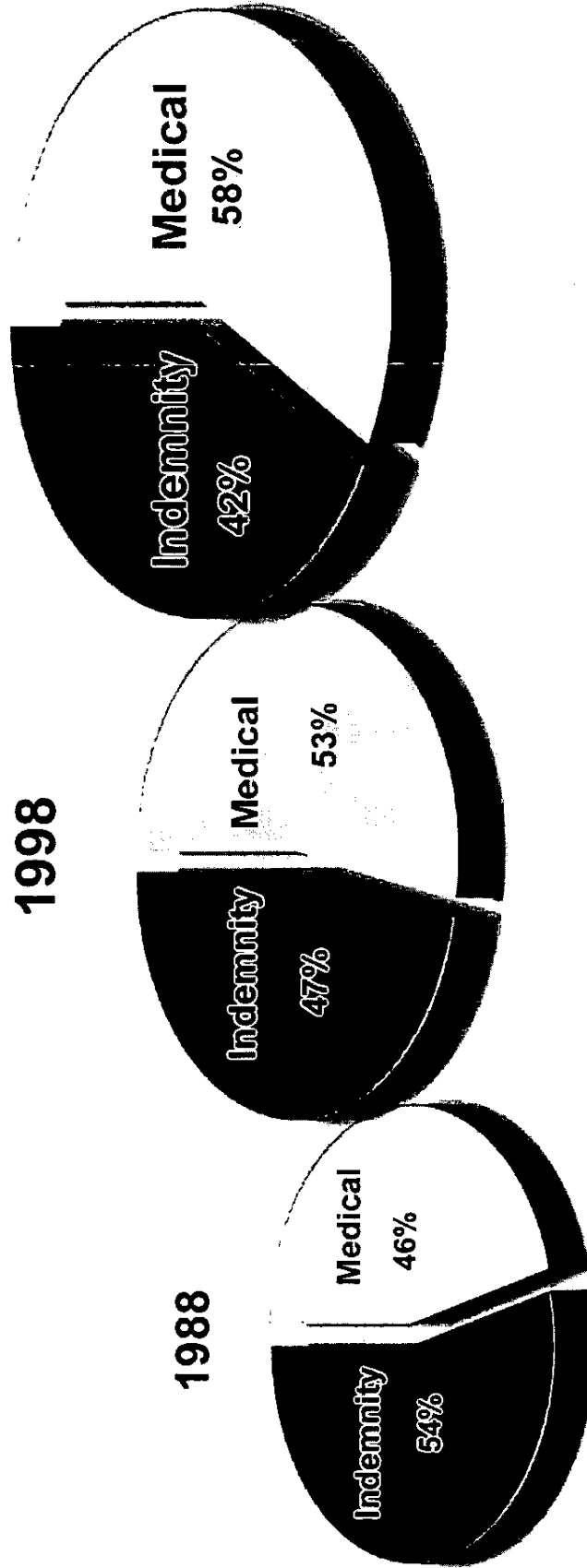
2008p: Preliminary based on data valued as of 12/31/2008
1988, 1998: Based on data through 12/31/2007, developed to ultimate
Based on the states where NCCI provides ratemaking services, including state funds
Excludes high deductible policies

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Workers Compensation Medical Losses Are More Than Half of Total Losses

All Claims—NCCI States
2008p



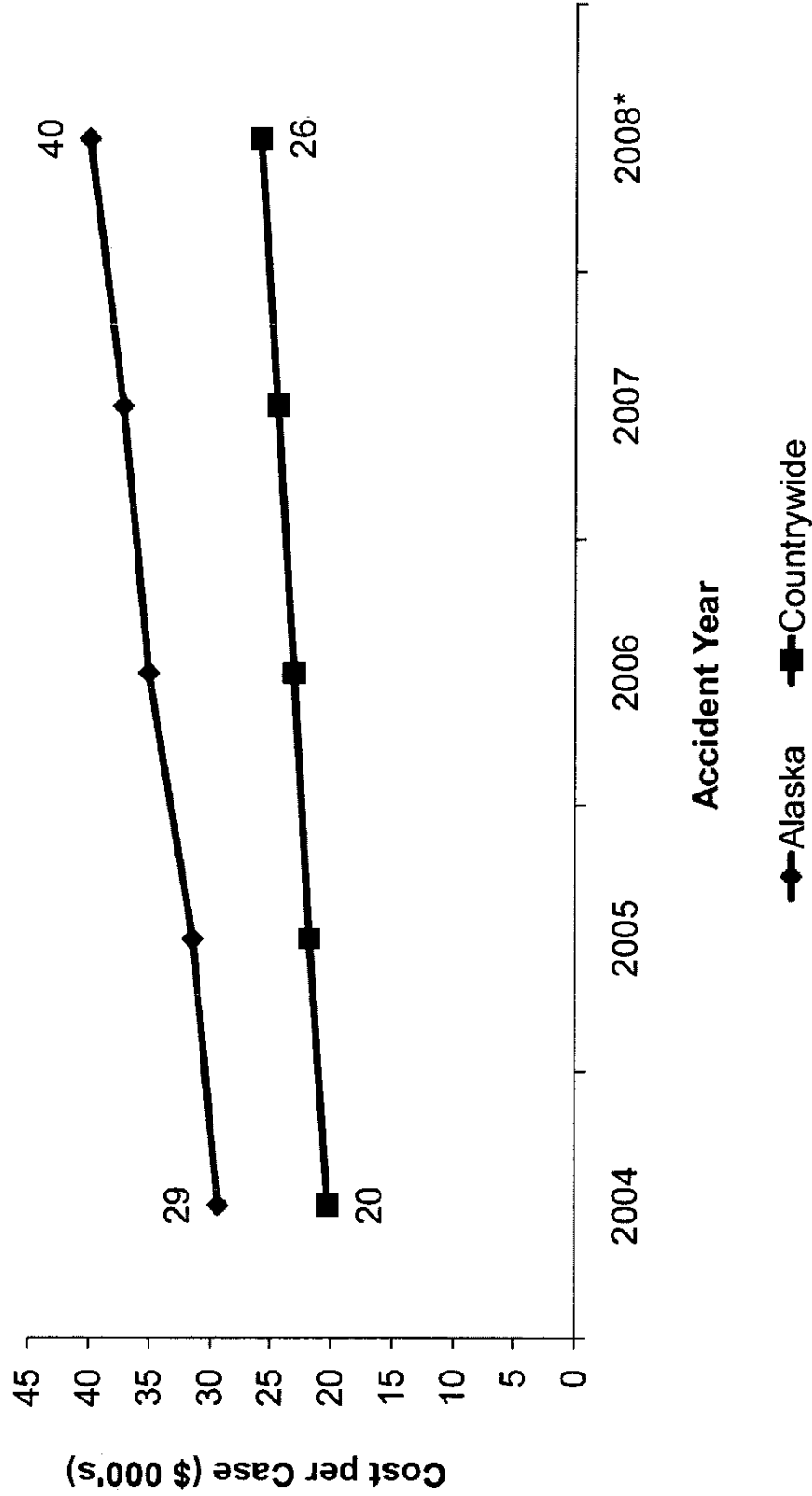
Accident Year

2008p: Preliminary based on data valued as of 12/31/2008
1988, 1998: Based on data through 12/31/2007, developed to ultimate
Based on the states where NCCI provides ratemaking services, including state funds
Excludes high deductible policies

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Alaska Medical Average Cost per Case vs. Countrywide



* Countrywide figure is preliminary
Source: NCCI financial data valued as of 12/31/08

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