

SB

103

<TARGET><BILL>SB 103</BILL><SUBJECT>SB
103</SUBJECT><COMM>SFIN27</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/11

FURTHER:

DATE TURNED
IN TO OFFICE: 1/27/12

Finance Committee considered SENATE BILL NO. 103

SB 103-WORKERS' COMPENSATION FOR FIREFIGHTERS

"An Act amending the medical examination requirements for firefighters entitled to a presumption of compensability for a disability resulting from certain diseases."

and recommends:

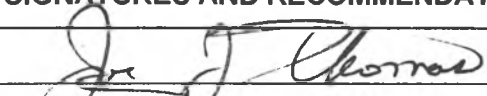

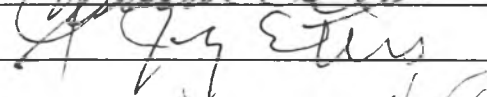
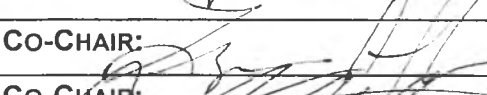


- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS SB 103 (LHC) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
UA	✓			
ADM	✓			
LWF			✓	

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Thomas	✓			
	Egan	✓			
	Olson			✓	
	Ellis	✓			
CO-CHAIR: 	Hoffman	✓			
CO-CHAIR: 	Stedman			✓	

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version SB103
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) SB103-UA-SYSBRA-01-20-12 Dept. Affected University of Alaska
Title Worker's Compensation for Firefighters Appropriation Budget Reductions/Additions-Systemwide
Allocation Budget Reductions/Additions-Systemwide
Sponsor Senate Judiciary Committee
Requester Senate Finance OMB Component Number 1296

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	77.4		77.4	77.4	77.4	77.4	77.4	77.4
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	77.4	0.0	77.4	77.4	77.4	77.4	77.4	77.4

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF	77.4		77.4	77.4	77.4	77.4	77.4
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		77.4	0.0	77.4	77.4	77.4	77.4	77.4

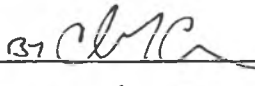

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Michelle Rizk 
Division University of Alaska
Approved by Michelle Rizk 

Phone 907-450-8187
Date/Time 1/20/12 8:00 AM
Date 1/20/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB103

Analysis

The University of Alaska (UA) would be financially impacted by this proposed legislation.

UA Risk Services data show there were 41 reported claims by UAF firefighters over the past 5 years, or an average of 8.2 claims per year. The National Council on Compensation Insurance stated in its 2008 analysis for HB 200 that Alaska could see an increase in frequency of claim due to cancer of 26.9%, increasing the estimated number of annual firefighter claims to 10.25 assuming the bill passes. This would be an increase of 2.05 claims per year.

UA's average cost of firefighter claims over the past 5 years is \$37,755, therefore UA would likely experience an increase of \$77,400 per year.

FISCAL NOTE

STATE OF ALASKA cost # codes
 2012 LEGISLATIVE SESSION

Bill Version SB103
 Fiscal Note Number _____
 Publish Date _____

Identifier (file name) SB103-DOA-RM-11-21-11 Dept. Affected Administration
 Title Workers' Compensation for Firefighters Appropriation Risk Management
 Allocation Risk Management
 Sponsor Senate Judiciary Committee
 Requester Senate Finance OMB Component Number 71

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	69.7		69.7	69.7	69.7	69.7	69.7	69.7
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	69.7	0.0	69.7	69.7	69.7	69.7	69.7	69.7

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1007	I/A Rcpts (Other)	69.7		69.7	69.7	69.7	69.7	69.7
TOTAL		69.7	0.0	69.7	69.7	69.7	69.7	69.7

POSITIONS								
Full-time								
Part-time								
Temporary								

CHANGE IN REVENUES								

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Update for session

Prepared by Scott Jordan, Director
 Division Risk Management
 Approved by John Cramer, Deputy Commissioner
Department of Administration

Phone 465-5723
 Date/Time 11/21/11 11am
 Date 11/21/2011

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB103

Analysis

Risk Management (RM) would be financially impacted by this proposed legislation.

RM reports show there were 73 reported claims by Certified I firefighters over the last five years or an average of 14.6 claims per year. NCCI stated back in 2008 when doing an analysis for HB 200, that Alaska could see an increase in frequency of claims due to cancer of 26.9%, or a total claim count assuming the bill passes, of 18.54 claims per year. This would be an increase of 3.94 claims per year. Our average cost of claims is \$17,729 therefore RM would likely experience an increase of \$69,700 per year.

Due to the type of injury RM would anticipate additional legal work would need to be done, however, we do not anticipate the costs to be substantial

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSSB103(L&C)
 Fiscal Note Number _____
 Publish Date _____

Identifier (file name) SB103CSSB(L&C)-DOLWD-WC-1-3-12 Dept. Affected Labor and Workforce Development
 Title Workers' Compensation for Firefighters Appropriation Workers' Compensation
 Allocation Workers' Compensation
 Sponsor Judiciary
 Requester Senate Finance OMB Component Number 344

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY13	FY14	FY15	FY16	FY17
OPERATING EXPENDITURES								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1157	Wrkrs Safe (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated fiscal note to provide information for the upcoming fiscal year.

Prepared by Michael Monagle, Director
 Division Workers' Compensation
 Approved by Click Bishop, Commissioner
Department of Labor and Workforce Development

Phone 907-465-6059
 Date/Time 11-24-11 1:05pm
 Date 1/3/2012

FISCAL NOTE

**STATE OF ALASKA
2012 LEGISLATIVE SESSION**

BILL NO. CSSB103(L&C)

Analysis

There is no fiscal impact to the department anticipated as a result of this legislation.



Alaska Public Entity Insurance

2233 Jordan Avenue
Juneau, AK 99801

Phone: (907) 523-9400
Fax: (907) 586-2008
www.akpei.com

January 23, 2012

The Honorable Hollis French
Alaska State Senate
Alaska State Capitol
Juneau, AK 99811

Sent by email to Senator_Hollis_French@legis.state.ak.us

Re: CSSB 103 (L&C)

Dear Senator French:

Alaska Public Entity Insurance (APEI) is a joint insurance arrangement, or pool, organized under AS 21.76 and filed as an Alaska nonprofit corporation. APEI provides property, liability, auto and workers' compensation insurance to approximately 70 Alaska municipalities and school districts. We offer the following comments in opposition to Senate Bill 103, and in response to questions raised and statements made at the hearing last Friday before the Senate Finance Committee.

In response to a question from Senator Thomas, you stated that this bill is designed to apply only to "professional firefighters," by which I believe you meant full-time or paid municipal employees. You stated, "There are thousands of Alaskans who are volunteer firefighters... We're not talking about that class." You further stated that the requisite state Class 1 Firefighter certification would preclude application of this presumption to most volunteers.

Unfortunately, the bill is not limited in the way you stated. In Alaska, literally thousands of volunteer firefighters are Class 1 Certified.¹ Although it may be true that many of those on the list are paid professionals, particularly in the larger cities, many of those listed are simple volunteers who may have fought few, if any, structural fires.

¹ See attached. The attachment lists all Class 1 Certified firefighters as of 2008, when AS 21.30.121 was under consideration. I presume the department can provide a more recent list. With the enactment of AS 21.30.121 in 2008, it is likely that many more volunteers are now becoming certified to bring themselves under the protection of the presumption

The city of Petersburg is a good example. As you can see from this list, in 2008 there were 69 Class 1 certified firefighters in Petersburg. However, the city of Petersburg has just 2 paid firefighters. I may not agree with the theory behind the presumption in AS 21.30.121, but I can understand its intent when it applies, as you stated, to "professional firefighters." However, expanding this presumption to volunteer, or casual, firefighters who fight few if any fires (and none where they actually entered a burning structure) creates a significant and unjustified exposure to the workers' compensation system.

Senator Olson asked about the financial impact this change may have on municipalities. Contrary to the statements of the NCCI in their Preliminary Cost Analysis, in my opinion the impact is likely to be substantial, for several reasons. First, this bill will now expand coverage to perhaps thousands of volunteers who were not covered under the original law, specifically those who did not receive the requisite medical examinations prior to enactment of the presumption. It was the exclusion of those individuals that prevented the original statutory enactment from having a huge immediate financial impact on municipal insurance rates.

Second, the bill appears to extend the presumption to those who are not even now getting exams. The bill language seems to say that if you were in the system as of the enactment of AS 21.30.121, you receive the presumption, *even if you do not receive requisite examinations after the statute's effective date*. This may not be the sponsor's intent, but the impact, particularly on smaller Alaska communities, is significant. As you can see from the attached list, many smaller communities have volunteer firefighters with Class 1 certification. These communities are probably not offering medical examinations to these volunteers that meet the requirements of AS 21.30.121 and may, in many cases, have never provided any medical exams to their firefighters. Grandfathering in these volunteers for coverage under the presumption will have a significant impact on the small communities' workers' compensation exposure, and hence their rates.

APEI is currently trying to analyze the impact that this bill may have on workers' compensation rates. Presently, the rate for each volunteer firefighter is very low, under the assumption that volunteers do not fight a significant number of fires. However, if this bill passes, the exposure for each volunteer increases substantially. With the passage of this bill, in setting rates we will need to take into account the number of Class 1 certified firefighters in each community. For smaller communities, where the number of volunteer firefighters is large in comparison to total city employees, the impact on overall worker's compensation premium will be much harsher.

If it is your intent to require firefighters to undergo the requisite examinations after the original statutory effective date, I suggest that Section 1, line 25 be revised to:

... the presumption set out in this section, for that period of qualifying service before August 19, 2008, the firefighter ...

If it is your intent to only include the paid professional firefighters, I suggest that Section 2 be revised to:

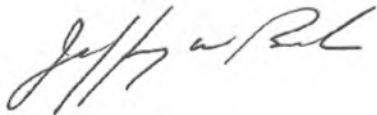
Sec. 2. AS 23.30.121(f) is amended to read:

(f) In this section, "firefighter" **means a person employed by a state or municipal fire department or who is a full time paid member of a fire department registered with the state fire marshal.**

These amendments will alleviate much of the significant financial impact of this bill on smaller Alaska communities, and make the bill consistent, I believe, with your position as stated at the hearing.

Thank you for taking these comments into consideration.

Sincerely,



Jeffrey W. Bush
Executive Director

Cc: Senator Stedman, Chair, Senate Finance Committee; at
[Senator Bert Stedman@legis.state.ak.us](mailto:Senator_Bert_Stedman@legis.state.ak.us)



807 G Street, Suite 356, Anchorage, AK 99501

T 907.258.2625 F 907.279.3615 Toll Free in AK 1.800.337.3682

January 26, 2012

The Honorable Bert Stedman, Co-Chair and
The Honorable Lyman Hoffman, Co-Chair and
Members of the Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, Alaska 99801

*Sent by e-mail: [Senator Bert Stedman@legis.state.ak.us](mailto:Senator_Bert_Stedman@legis.state.ak.us)
[Senator Lyman Hoffman@legis.state.ak.us](mailto:Senator_Lyman_Hoffman@legis.state.ak.us)*

RE: Oppose SB 103

Dear Senators:

The Alaska Municipal League Joint Insurance Association (AMLJIA) opposes CSSB 103(L&C).

The AMLJIA is a not-for-profit risk pool formed in 1988 under AS 21.76. The AMLJIA administers a self-insurance program for 153 member local governments and school districts in Alaska. Within the membership, there are 38 local government members that have State of Alaska registered fire departments. These include professional and volunteer fire departments ranging from Coffman Cove to Yakutat, from Chefnak to Healy, from Barrow to Kotzebue, and from Fairbanks to Seldovia. The members fund their losses with contributions to the AMLJIA, which in turn purchases excess coverage on a group basis for the workers' compensation claims to provide statutory limits. It is important to understand that the costs of this legislation will be borne by the owner/members of the AMLJIA and other self-insured entities, including the State of Alaska.

As a direct result of the passage of the heart/lung presumption bill in 2008, the self-insured retention within the AMLJIA has now been increased to \$2 million. Based on negative experience elsewhere in the country, our largest excess workers' compensation carrier does not want to touch the firefighter exposure in Alaska. As I understand it, the Municipality of Anchorage, the Fairbanks North Star Borough and the State of Alaska have also had similar experiences. The constituents of self-insured entities are bearing these increased costs of both retained losses and increased premiums for excess coverage. Passing CSSB 103(L&C) and expanding the current law retroactively to firefighters that may not have ever had a qualifying medical exam will only exacerbate the problem.

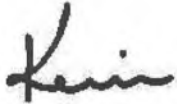
At last week's hearing on this bill, the sponsor referred to the Preliminary Cost Impact Analysis offered by the National Council on Compensation Insurance (NCCI). He explained that the increase in loss cost rates may be "negligible." A closer reading of that preliminary analysis reveals that NCCI "assumed that there would be no cost difference for firefighters hired before and after August 19, 2008." That overlooks the possibility that there may be more firefighters in the equation.

Most of the volunteer fire departments did not offer any medical screenings prior to the enactment of the presumption. Would this then mean that the firefighter “received all the medical examinations provided by the department?” The current language in CSSB 103(L&C) can be read to eliminate the requirement for a qualifying medical exam for those who were volunteers prior to the presumption if the department did not offer medical exams. If that is not the intent of the bill, then that language should be made less ambiguous.

If the intent it is to offer a presumption for firefighter that did not actually take medical exams because the department did not offer them, then the retroactive nature of the bill means that insurance companies or programs like the AMLJIA that use actuaries to formulate contributions in advance, will bear the medical costs for firefighters that were never contemplated in the rates charged to their clients. The costs of this unfunded mandate will be borne by the constituents of the self-insured governments, forcing municipalities to make financial decisions that could result in decreasing or even in extreme cases eliminating their volunteer fire departments.

As you know, Alaska’s workers’ compensation rates are among the highest in the nation. Now is the time to fix our workers’ compensation problems, not make them worse by expanding benefits. Please consider the negative financial impacts this legislation would have on the State’s political subdivisions.

Sincerely,



Kevin Smith
Executive Director

FFI	City	Department
Firefighter 1	Anchorage	89 FFI Academy
Firefighter 1	Anchorage	89 FFI Academy
Firefighter 1	Anchorage	89 FFI Academy
Firefighter 1	Anchorage	90 FFI Academy
Firefighter 1	Anchorage	90 FFI Academy
Firefighter 1	Anchorage	90 FFI Academy
Firefighter 1	Anchorage	90 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Anchorage	91 FFI Academy
Firefighter 1	Eagle River	91 FFI Academy
Firefighter 1	Anchorage	92 FFI Academy
Firefighter 1	Anchorage	92 FFI Academy
Firefighter 1	Anchorage	92 FFI Academy
Firefighter 1	Eagle River	92 FFI Academy
Firefighter 1	Eagle River	92 FFI Academy
Firefighter 1	Willow	92 FFI Academy
Firefighter 1	Anchorage	93 FFI Academy
Firefighter 1	Anchorage	93 FFI Academy
Firefighter 1	Anchorage	93 FFI Academy
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Firefighter 1	Anchorage	93 FFI Academy
Firefighter 1	Anchorage	93 FFI Academy
Firefighter 1	Chugiak	93 FFI Academy
Firefighter 1	Eagle River	93 FFI Academy
Firefighter 1	Eagle River	93 FFI Academy
Firefighter 1	Palmer	93 FFI Academy
Firefighter 1	Wasilla	93 FFI Academy
Firefighter 1	Anchorage	95 FFI Academy

Firefighter 1	Barrow	North Slope Borough Fire Dept.
Firefighter 1	Barrow	North Slope Borough Fire Dept.
Firefighter 1	Barrow	North Slope Borough Fire Dept.
Firefighter 1	Barrow	North Slope Borough Fire Dept.
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Firefighter 1	Barrow	North Slope Borough Fire Dept.
Firefighter 1	Kaktovik	North Slope Borough Fire Dept.
Firefighter 1	Nuiqsut	North Slope Borough Fire Dept.
Firefighter 1	Point Hope	North Slope Borough Fire Dept.
Firefighter 1	Point Lay	North Slope Borough Fire Dept.
Firefighter 1	Point Lay	North Slope Borough Fire Dept.
Firefighter 1	Wainwright	North Slope Borough Fire Dept.
Firefighter 1	North Pole	North Star Volunteer Fire Dept.
Firefighter 1	Fairbanks	North Star Volunteer Fire Dept.
Firefighter 1	Anchorage	North Star Volunteer Fire Dept.
Firefighter 1	Commerce City	North Star Volunteer Fire Dept.
Firefighter 1	Delta Junction	North Star Volunteer Fire Dept.
Firefighter 1	Eielson Air Force Base	North Star Volunteer Fire Dept.
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Firefighter 1	Eielson Air Force Base	North Star Volunteer Fire Dept.
Firefighter 1	Fairbanks	North Star Volunteer Fire Dept.
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Firefighter 1	Fairbanks	North Star Volunteer Fire Dept.
Firefighter 1	Fairbanks	North Star Volunteer Fire Dept.
Firefighter 1	Kenai	North Star Volunteer Fire Dept.
Firefighter 1	Los Angeles	North Star Volunteer Fire Dept.
Firefighter 1	Moose Creek	North Star Volunteer Fire Dept.
Firefighter 1	North Pole	North Star Volunteer Fire Dept.
Firefighter 1	North Pole	North Star Volunteer Fire Dept.
Firefighter 1	North Pole	North Star Volunteer Fire Dept.

Firefighter 1	Anchorage	PRISM Training Center
Firefighter 1	Anchorage	PRISM Training Center
Firefighter 1	Anchorage	PRISM Training Center
Firefighter 1	Anderson	PRISM Training Center
Firefighter 1	Chugiak	PRISM Training Center
Firefighter 1	Eagle River	PRISM Training Center
Firefighter 1	Eagle River	PRISM Training Center
Firefighter 1	Eagle River	PRISM Training Center
Firefighter 1	Grenora	PRISM Training Center
Firefighter 1	Kasilof	PRISM Training Center
Firefighter 1	Kasilof	PRISM Training Center
Firefighter 1	Kenai	PRISM Training Center
Firefighter 1	Kenai	PRISM Training Center
Firefighter 1	Kenai	PRISM Training Center
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Firefighter 1	Kenai	PRISM Training Center
Firefighter 1	Nikiski	PRISM Training Center
Firefighter 1	Nikiski	PRISM Training Center
Firefighter 1	Nikiski	PRISM Training Center
Firefighter 1	Nikiski	PRISM Training Center
Firefighter 1	Palmer	PRISM Training Center
Firefighter 1	Soldotna	PRISM Training Center
Firefighter 1	Soldotna	PRISM Training Center
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Firefighter 1	Soldotna	PRISM Training Center
Firefighter 1	Soldotna	PRISM Training Center
Firefighter 1	Wasilla	PRISM Training Center
Firefighter 1	Palmer	Greater Prudhoe Bay Fire Department
Firefighter 1	Palmer	Greater Prudhoe Bay Fire Department
Firefighter 1	Wasilla	Greater Prudhoe Bay Fire Department
Firefighter 1	Cooper Landing	Red Dog Mine Fire Department
Firefighter 1	Soldotna	Red Dog Mine Fire Department
Firefighter 1	Anchorage	Red Dog Mine Fire Department



University Fire Department
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The Honorable Joe Paskvan
The State Senate
Alaska State Capitol
Room 115
Juneau, AK 99801

3 April, 2011

Dear Senator Paskvan,

Senate Bill 103 "An Act amending the medical examination requirements for firefighters entitled to a presumption of compensability for a disability resulting from certain diseases" will be heard by the Labor and Commerce Committee on Tuesday, 5 April. SB 103 seeks to address apparent technical problems in Alaska Statute 23.30.121, "Presumption of coverage for disability from diseases for certain fire fighters" that were identified after the statute took effect. I am writing to draw your attention to the determination that the full-time career fire fighters of the University Fire Department are apparently not covered by AS 23.30.121, the presumptive coverage law.

AS 23.30.121 (f) specifies that Alaska's presumptive law applies to certain Alaskan firefighters as defined by AS 09.65.295 "Liability involving a peace officer or fire fighter." Paragraph (f) defines a "fire fighter" as a person employed by a municipal fire department or who is a member of a registered volunteer fire department. The University Fire Department at UAF employs nine professional career fire fighters who are full-time employees of the University of Alaska. Accordingly, they are neither employed by a municipal fire department nor are they volunteer fire fighters, and thusly are not covered by the presumptive coverage law.

I can think of no reason why AS 09.65.295 or AS 23.30.121 would have intentionally excluded this small set of professional fire fighters. I understand that a Substitute version of SB103 is being considered to add language that would affirm coverage of State-employed fire fighters, including career members of the University Fire Department. If I can be of any assistance, please do not hesitate to contact me.

Respectfully,

Douglas Schrage, Fire Chief



PARTNERS IN FIRE PROTECTION





National
Council on
Compensation
Insurance, Inc.

PRELIMINARY COST IMPACT ANALYSIS

Alaska Senate Bill 103 As Introduced on 3/16/2011

NCCI has completed a preliminary cost impact analysis of Alaska Senate Bill 103 (SB 103). This analysis includes a description of the change, an indication as to the approximate magnitude and direction of its cost impact, and identifies potential unintended consequences or other notable items.

The analysis was completed in an expedited manner and is considered preliminary. NCCI may supplement this document with a complete and final analysis of the proposal at a later date. It is possible that the estimated impact of the final analysis will differ materially from what is provided in this document. Note that the absence of an update to the preliminary analysis does not signify that this is NCCI's final assessment of the cost impact of the proposal.

Preliminary Cost/Directional Impact

If SB 103 is enacted, the impact on Alaska's firefighter class codes and the overall workers compensation system costs would be negligible¹. However, there may be some savings in litigation costs for these class codes.

Summary and Comments

Currently, a firefighter needs to receive a qualifying medical examination upon becoming a firefighter, and receive an annual medical examination showing no evidence of disease during each of the first 7 years of employment to have certain illnesses presumed to be work related.

SB 103 proposes to amend the medical examination requirements in AS 23.30.121(b), which ascertains the eligibility for presumption of compensability for a firefighter hired before August 19, 2008. According to SB 103, medical examinations provided by the department employing the firefighter would satisfy the requirements for presumption as long as the result shows no evidence of disease during the first 7 years of employment.

When NCCI estimated the impact of Alaska House Bill 200 (HB 200) in 2008, that introduced the presumption of compensability for firefighters, the analysis implicitly assumed there would be no cost difference for firefighters hired before and after August 19, 2008.

¹ Negligible means the impact is within +/-0.2%.



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PRELIMINARY COST IMPACT ANALYSIS

Alaska Senate Bill 103 As Introduced on 3/16/2011

In the analysis of HB 200, NCCI noted that additional disputes might result over the rebuttable presumption of compensability included in the bill. If SB 103 is enacted, the disputes that arise out of the medical examination requirements could be reduced, and some savings in litigation costs for the firefighter class codes might be realized.

Miscellaneous

The changes to Alaska's Administrative Code, that went into effect on February 20, 2011, codified the specific requirements for medical examination for certain firefighters and defined the use and exposure to tobacco for presumption removal.

Alaska State Legislature

Senator Hollis French, Chair
State Capitol, Room 417
Juneau, Alaska 99801
Phone: (907) 465-3892
Fax: (907) 465-6595



Committee Members:
Senator Bill Wielechowski
Senator Lesil McGuire
Senator Joe Paskvan
Senator John Coghill

Senate Judiciary Committee Sponsor Statement SB 103 Workers' Compensation for Firefighters

In 2008, the Alaska Legislature passed statutory changes to the Workers' Compensation program to provide firefighters with the presumption of compensability for certain diseases that are documented to occur as a result of occupational exposures to smoke and chemicals in the performance of their duties. It was the intent of the legislature that this benefit be available to firefighters who had served for seven years and who had received any required physical examinations during that seven year period. However, a wording change made by one committee had the unanticipated effect of narrowing the scope of covered firefighters only to those who had had an initial physical exam at the time of hire. This effect was not intentional and was never discussed in that committee or in any following committees. Instead, it became an issue when the Workers' Compensation Board established program regulations.

Recognizing the problem, the Workers' Compensation Board passed a resolution supporting an amendment to the law to allow any firefighter who entered active service as a firefighter prior to the effective date of AS 23.30.121 the presumption of compensability if during the years prior to enactment, the firefighter received all required examinations and those examinations did not show evidence of the diseases in the first seven years of employment. In addition, the National Council on Compensation Insurance has reviewed the bill for cost impact and indicated that this change is not anticipated to have a cost impact and in fact may save possible litigation costs that might otherwise arise.

The second change the bill makes is to clarify that the law applies to state as well as municipal firefighting agencies. The original bill had referred to a definition by reference, and that definition did not specifically include state firefighters.

SB103 makes these important corrections, and I urge your support.

Alaska State Legislature

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Committee Members:
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Senator John Coghill

Senate Judiciary Committee

MEMORANDUM

Summary of Changes Between SB 103\A and SB 103\M

The CS for SB 103 incorporates a definition of firefighters covered by the worker's compensation presumption of compensability and amends it to include the words "state or" to clarify that the provisions also apply to the University of Alaska firefighters who were inadvertently left out of this provision as a result of the current wording.

This definition was originally cited by reference (AS 09.65.295). The language of the definition otherwise remains identical to language incorporated by reference in the bill.

RESOLUTION NUMBER 11-01
RESOLUTION IN SUPPORT OF EXTENDING THE PRESUMPTION OF COVERAGE
FOR DISABILITY FROM DISEASES FOR CERTAIN FIRE FIGHTERS
UNDER THE ALASKA WORKERS' COMPENSATION ACT

WHEREAS, the Alaska Workers' Compensation Board is a public organization accountable through its members and staff to the residents, the Legislature, and the Governor of Alaska;

WHEREAS, the Alaska Workers' Compensation Board acts as the lead state agency for adjudicating disputes under the Alaska Workers' Compensation Act, to ensure quick, efficient, fair and predictable provision of benefits to injured workers at a reasonable cost to employers;

WHEREAS, the presumption of coverage for disability from diseases for certain fire fighters under AS 23.30.121 only applies to fire fighters who were given a qualifying medical examination upon becoming a fire fighter and an annual medical exam during each of the first seven years of employment;

WHEREAS, the regulations adopted by the Alaska Workers' Compensation Board defining the type and extent of the qualifying medical examination do not apply to individuals already in active service as fire fighters;

NOW THEREFORE BE IT RESOLVED that the Alaska Workers' Compensation Board supports an amendment to AS 23.30.121 to allow any fire fighter who entered active service as a firefighter prior to the effective date of AS 23.30.121 entitlement to the presumption of compensability of that section if during the years prior to enactment of AS 23.30.121 the fire fighter received all medical examinations provided by the department for which they were employed and those examinations did not show evidence of the diseases in any of the first seven years of employment.

CERTIFICATION

The Alaska Workers' Compensation Board held a meeting duly and regularly called, noticed, and convened the 12th day of January, 2010, and the foregoing Resolution was adopted at the meeting.

Signed this 13th day of January, 2010

Michael P. Monagle, Chair
Alaska Workers' Compensation Board



Workers' Compensation Committee of Alaska

PO BOX 200861 ANCHORAGE, ALASKA 99520

January 19, 2012

Dear Senators Hoffman, Olson, Egan, Thomas, Ellis and McGuire

RE: SB 103 and HB 232

I understand SB 103 is being heard tomorrow by the Senate Finance Committee. The Workers' Compensation Committee of Alaska, an employer advocacy group, strongly opposes SB 103 and HB 232.

Under the Alaska Workers' Compensation Act, all employees of the State of Alaska have enjoyed a presumption that, in the absence of substantial evidence to the contrary, a workers' compensation claim comes with the provisions of the Alaska Workers' Compensation Act and is thus compensable. (See, AS 23.30.120.) In 2008, however, the legislature passed AS 23.30.121, which created another presumption that eight types of cancer as well as respiratory disease and "cardiovascular events" were compensable if contracted by a firefighter who had undergone a medical examination at the time of hire and in each of the subsequent seven years that did not show evidence of the disease. The statute was to apply to "claims made on or after the [August 19, 2008] effective date." Section 2, ch. 26, SLA 2008. According to a recent decision from the Alaska Workers' Compensation Board, contrary medical evidence is insufficient to rebut this presumption. As such, the presumption is arguably irrebuttable and hence unconstitutional.

The program developed under the new statute was not supposed to be "mandatory" (HL&C 4/27/07 and 4/30/07; House Judiciary 5/4/07; SL&C 5/4/07; SL&C 2/5/08), was advanced as likely to have "no [financial] impact" (SL&C 4/12/07; HB 200 Sponsor Statement), and therefore was "not an unfunded mandate." (SL&C 5/3/07.)

Additionally, much testimony was taken from Firefighters and union management in 2007 and 2008 declaring that medical science conclusively established Firefighters were at greater risk than the general population for all of the cancers listed in AS 23.30.121. (See legislative history, HB 200, SB 117.) The record, however, is utterly devoid of any research. No: one research article was presented. The only testimony in the record was not from medical experts but rather from firefighters and their union lobbyists and officials claiming a link existed.

The reason the record lacks such "research" is obvious: credible and substantive scientific evidence simply does not exist linking the cancers to the occupation of Firefighting. (See April 2009 study "Assessing State Firefighter Cancer Presumption Laws and Current Firefighter Cancer Research" available at nlc.org) Of the thousands of cancer studies conducted between 1995 and 2008, only 17 studies looked at firefighting as a possible risk factor in contracting

**SHELBY L. NUNKE-DAVISON, PRESIDENT; DAISY SAFFIR, VICE PRESIDENT;
TERRY SHURTLEFF, TREASURER; BECKY M'CLOUD, SECRETARY**

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cancer and none of them established any substantive causal relationship indicating firefighters were at any greater risk for developing these cancers than the general public.

Despite the above, the amendments to AS 23.30.121 currently before the legislature (SB 103 and HB 232) now seek to expand the scope of the statute to include ALL firefighters who received any "medical examinations provided by the department" and "the examinations did not show evidence of the disease." (SB 103 and HB 232, Sec. (b)(4)). Most municipalities or smaller villages, however, probably did not require examinations and many local governments still do not have annual examinations.

More importantly, testing for many of the listed conditions did not exist before the mid-1990's and many still are either costly prohibitive or are simply not available. Yet, under this amendment, the presumption will arguably apply as "the examinations provided by the department" "did not show evidence of the disease." Never mind that testing for the condition was not even conducted much less available.

Finally, the greatest concern to the WCCA is the increased costs to employers who are subjected to this Firefighter presumption statute and proposed amendments and whether coverage can be obtained. Alaska is currently ranked as either number one or number two in the Nation with the highest workers' compensation insurance premium rates. Thus, any proposed amendments to the AWCA should be focused on providing a fair, just yet affordable, workers' compensation system and to reduce costs to employers so Alaska can attract and keep more businesses.

While WCCA appreciates Firefighters for the critical role they play in the safety of our cities and towns, the legislature must evaluate this issue objectively and scientifically. The statute and the current amendments simply do not and the WCCA urges you to vote against these bills. Thank you.

Very truly yours,


Shelby L. Wuenke-Davison
President of WCCA

cc: Governor Farnell via fax (907) 465-3532