



Patient Account Transmittal

Sent Via Facsimile on: Nov 12, 2004

**PRIORITY
HANDLING PLEASE****PLEASE DELIVER TO:****DEBBIE RYAN**
PETER A RYAN DC
550 E TUDOR RD
ANCHORAGE, AK 99503**SENT BY:****TAKIYAH DOUGLAS, ACCOUNT MANAGER**
THE NATIONAL CARE NETWORK
2550 SW GRAPEVINE PKWY, SUITE 150
GRAPEVINE, TEXAS 76031**TELEPHONE: (300) 499-9708 EXT: 168****FACSIMILE: (800) 622-7363****RUSH!****TELEPHONE: (907) 222-2100****FACSIMILE: (907) 222-2131****PAGE: 2 of 2**

My signature will confirm that the charges for the above mentioned date(s) of service have been accepted as \$500.00, and that the patient will not be balance billed for the remaining \$120.00. I understand that any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. I further understand this agreement will waive any late charges or additional review processes.

AUTHORIZED SIGNATURE: _____ **DATE:** _____**PRINTED NAME:** _____

** This agreement is not a guarantee of payment by the payer. Should the payer determine that benefits are not available, this agreement shall be null and void, and no discount shall be applied. If the claim is determined to be payable, it will be processed in accordance with the policy's terms and limitations within 10 business days. **

To ensure timely processing of this claim, please fax your response to (800) 622-7363 as soon as possible. Thank you for your prompt attention.

Patient Account Transmittal



Sent Via Facsimile on Jan 10, 2005
This claim will close on Jan 18, 2005.

**PRIORITY
HANDLING PLEASE**

PLEASE DELIVER TO:

PATIF

**BILLING MANAGER
COMMUNITY CHIOPRA**

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

NCN Claim No.: 1037715
NCN Return Fax: (866) 307-4991

BIRTHDATE

PT ACCOUNT NO

STATEMENT PERIOD:

PAYOR: ECOM - NATIONAL RURAL ELECTRIC
4301 WILSON BLVD
ARLINGTON, VA 22203

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by ECOM - National Rural Electric Cooperative Associa to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES

\$62 00

ALLOWED CHARGES

\$49 60

ADJUSTMENT

\$12 40

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$49 60 and that the patient will not be balance-billed for the remaining \$12 40. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ **DATE:** _____

PRINTED NAME: _____ **TITLE:** _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by ECOM - National Rural Electric Cooperative Associa. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

This telecopy transmission may contain confidential information which is intended only for the use of the person(s) named above. If you are not the intended recipient, you are hereby advised that any disclosure, copying, distribution, or taking of any action in reliance of the contents of this information is prohibited. If you have received this transmission in error, please notify us to arrange for the return of the documents. Thank you.

Patient Account Transmittal



Sent Via Facsimile on Jan 10, 2005
This claim will close on Jan 18, 2005.

**PRIORITY
HANDLING PLEASE**

PLEASE DELIVER TO:

PATIENT

BILLING MANAGER
COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

NCN Claim No.: 1037716
NCN Return Fax: (866) 307-4991

BIRTHDATE:

PT ACCOUNT NO.:

STATEMENT PERIOD: 12/21/2004 - 12/21/2004

PAYOR: ECOM - NATIONAL RURAL ELECTRIC
4301 WILSON BLVD
ARLINGTON, VA 22203

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by ECOM - National Rural Electric Cooperative Associa to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service:

BILLED CHARGES	ALLOWED CHARGES	ADJUSTMENT
\$62.00	\$49.60	\$12.40

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$49.60 and that the patient will not be balance-billed for the remaining \$12.40. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (888) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ **DATE:** _____

PRINTED NAME: _____ **TITLE:** _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by ECOM - National Rural Electric Cooperative Associa. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Jan 10, 2005
 This claim will close on Jan 18, 2005.

**PRIORITY
HANDLING PLEASE**

PLEASE DELIVER TO:

BILLING MANAGER
 COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
 ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
 FACSIMILE: (907) 222-2131

NCN Claim No.: 1037721
 NCN Return Fax: (866) 307-4991

PATIENT: [REDACTED]

BIRTHDATE: [REDACTED]

PT ACCOUNT: [REDACTED]

STATEMENT PERIOD: [REDACTED]

PAYOR: ECOM - NATIONAL RURAL ELECTRIC
 4301 WILSON BLVD
 ARLINGTON, VA 22203

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by ECOM - National Rural Electric Cooperative Association to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES	ALLOWED CHARGES	ADJUSTMENT
\$62.00	\$49.60	\$12.40

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$49.60 and that the patient will not be balance-billed for the remaining \$12.40. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ DATE: _____

PRINTED NAME: _____ TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by ECOM - National Rural Electric Cooperative Association. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Feb 17, 2005
 This claim will close on Feb 18, 2005.

**PRIORITY
 HANDLING PLEASE
 FOURTH REQUEST**

PLEASE DELIVER TO:

BILLING MANAGER
 COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
 ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100

FACSIMILE: (907) 222-2131

PATIENT:

BIRTHDATE:

PT ACCOUNT NO:

STATEMENT PERIOD: 1/26/2005 - 1/26/2005

PAYOR: NATIONAL RURAL ELECTRIC COOP

NCN Claim No.: 1072496

NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES

\$66.00

ALLOWED CHARGES

\$52.80

ADJUSTMENT

\$13.20

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$52.80 and that the patient will not be balance-billed for the remaining \$13.20. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 409-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by National Rural Electric Coop Assoc/Cooperative Ben. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Feb 17, 2005
This claim will close on Feb 19, 2005.

**PRIORITY
HANDLING PLEASE
FOURTH REQUEST**

PLEASE DELIVER TO:

PATIENT

BILLING MANAGER
COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

BIRTHDATE:

PT ACCOUNT NO:

STATEMENT PERIOD: 1/24/2005 - 1/24/2005

PAYOR: NATIONAL RURAL ELECTRIC COOP

NCN Claim No.: 1072600
NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES	ALLOWED CHARGES	ADJUSTMENT
\$66.00	\$52.80	\$13.20

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$52.80 and that the patient will not be balance-billed for the remaining \$13.20. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ **DATE:** _____

PRINTED NAME: _____ **TITLE:** _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by National Rural Electric Coop Assoc/Cooperative Ben. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Feb 15, 2005
 This claim will close on Feb 18, 2005.

**PRIORITY
 HANDLING PLEASE
 THIRD REQUEST**

PLEASE DELIVER TO:

BILLING MANAGER
 COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
 ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
 FACSIMILE: (907) 222-2131

PATIENT: _____

BIRTHDATE: _____

PT ACCOUNT NO: _____

STATEMENT PERIOD: _____

PAYOR: NATIONAL RURAL ELECTRIC COOP

NCN Claim No.: 1072496
 NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service:

<u>BILLED CHARGES</u>	<u>ALLOWED CHARGES</u>	<u>ADJUSTMENT</u>
\$66 00	\$52 80	\$13 20

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$52.80 and that the patient will not be balance-billed for the remaining \$13.20. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ DATE: _____

PRINTED NAME: _____ TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by National Rural Electric Coop Assoc/Cooperative Ben. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Feb 15, 2005
This claim will close on Feb 19, 2005.

**PRIORITY
HANDLING PLEASE
THIRD REQUEST**

PLEASE DELIVER TO:

BILLING MANAGER
COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

PATIENT: _____

BIRTHDATE: _____

PT ACCOUNT NO: _____

STATEMENT PERIOD: 1/24/2005 - 1/24/2005

PAYOR: NATIONAL RURAL ELECTRIC COOP

NCN Claim No.: 1072600
NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES	ALLOWED CHARGES	ADJUSTMENT
\$66.00	\$52.80	\$13.20

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$52.80 and that the patient will not be balance-billed for the remaining \$13.20. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ DATE: _____

PRINTED NAME: _____ TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by National Rural Electric Coop Assoc/Cooperative Ben. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

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Patient Account Transmittal



Sent Via Facsimile on: Feb 11, 2005
 This claim will close on: 02/19/2005

**PRIORITY
 HANDLING PLEASE
 SECOND REQUEST**

PLEASE DELIVER TO:

**BILLING MANAGER
 COMMUNITY CHIROPRA**

PATIENT _____

550 EAST TUDOR ROAD
 ANCHORAGE, AK 99503

BIRTHDATE _____
 PT ACCOUNT NO _____

TELEPHONE: (907) 222-2100
 FACSIMILE: (907) 222-2131

STATEMENT PERIOD: _____

PAYOR: NATIONAL RURAL ELECTRIC COOP ASSOC/COOPERA*

NCN Claim No: 1072600
 NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service:

<u>BILLED CHARGES</u>	<u>ALLOWED CHARGES</u>	<u>ADJUSTMENT</u>
\$66.00	\$52.80	\$13.20

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$52.80 and that the patient will not be balance-billed for the remaining \$13.20. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____ DATE: _____
 PRINTED NAME: _____ TITLE: _____

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Patient Account Transmittal



Sent Via Facsimile on: Feb 9, 2005
This claim will close on: 02/18/2005

**PRIORITY
HANDLING PLEASE**

PLEASE DELIVER TO:

BILLING MANAGER
COMMUNITY CHIROPRA

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

PATIENT: _____

BIRTHDATE: _____
PT ACCOUNT NO: _____

STATEMENT PERIOD: 1/26/2005 - 1/26/2005

PAYOR: NATIONAL RURAL ELECTRIC COOP ASSOC/COOPERAT

NCN Claim No: 1072496
NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

<u>BILLED CHARGES</u>	<u>ALLOWED CHARGES</u>	<u>ADJUSTMENT</u>
\$66.00	\$52.80	\$13.20

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AUTHORIZED SIGNATURE: _____ DATE: _____
PRINTED NAME: _____ TITLE: _____

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Patient Account Transmittal



Sent Via Facsimile on: Feb 9, 2005
 This claim will close on: 02/19/2005

**PRIORITY
HANDLING PLEASE**

PLEASE DELIVER TO:

BILLING MANAGER
 COMMUNITY CHIOPRA

550 EAST TUDOR ROAD
 ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
 FACSIMILE: (907) 222-2131

PATIENT: [REDACTED]

BIRTHDATE: [REDACTED]

PT ACCOUNT NO: [REDACTED]

STATEMENT PERIOD: 1/24/2005 - 1/24/2005

PAYOR: NATIONAL RURAL ELECTRIC COOP ASSOC/COOPERAT

NCN Claim No: 1072600

NCN Return Fax: (866) 307-4991

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by National Rural Electric Coop Assoc/Cooperative Ben to perform our services on the above-referenced claim.

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<u>BILLED CHARGES</u>	<u>ALLOWED CHARGES</u>	<u>ADJUSTMENT</u>
\$66.00	\$52.80	\$13.20

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AUTHORIZED SIGNATURE: _____ DATE: _____

PRINTED NAME: _____ TITLE: _____

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Patient Account Transmittal



Sent Via Facsimile on: Jan 18, 2005
This claim will close on Jan 18, 2005.

**PRIORITY
HANDLING PLEASE
FOURTH REQUEST**

PLEASE DELIVER TO:

**BILLING MANAGER
COMMUNITY CHIROPRA**

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100
FACSIMILE: (907) 222-2131

NCN Claim No.: 1037715
NCN Return Fax: (866) 307-4991

PATIENT:

ITE
B/NO [REDACTED]

PT ACCOUNT NO [REDACTED]

STATEMENT PERIOD: 12/16/2004 - 12/16/2004

PAYOR: ECOM - NATIONAL RURAL ELECTRIC
4301 WILSON BLVD
ARLINGTON, VA 22203

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by ECOM - National Rural Electric Cooperative Associa to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service:

BILLED CHARGES

\$62.00

ALLOWED CHARGES

\$49.60

ADJUSTMENT

\$12.40

By signing below, COMMUNITY CHIROPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$49.60 and that the patient will not be balance-billed for the remaining \$12.40. Any coinsurance, deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by ECOM - National Rural Electric Cooperative Associa. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

This telecopy transmission may contain confidential information which is intended only for the use of the person(s) named above. If you are not the intended recipient, you are hereby advised that any disclosure, copying, distribution, or taking of any action in reliance of the contents of this information is prohibited. If you have received this transmission in error, please notify us to arrange for the return of the documents. Thank you.

Patient Account Transmittal



Sent Via Facsimile on: Jan 18, 2005
This claim will close on Jan 18, 2005.

**PRIORITY
HANDLING PLEASE
FOURTH REQUEST**

PLEASE DELIVER TO:

**BILLING MANAGER
COMMUNITY CHIOPRA**

550 EAST TUDOR ROAD
ANCHORAGE, AK 99503

TELEPHONE: (907) 222-2100

FACSIMILE: (907) 222-2131

NCN Claim No: 1037716

NCN Return Fax: (866) 307-4991

PATIENT: _____

BIRTHD: _____

PT ACCOUNT N: _____

STATEMENT PERIOD: 12/21/2004 - 12/21/2004

PAYOR: ECOM - NATIONAL RURAL ELECTRIC
4301 WILSON BLVD
ARLINGTON, VA 22203

National Care Network (NCN) is a nationally recognized leader in the area of Bill Review and Payment Validation Services. We have been retained by ECOM - National Rural Electric Cooperative Associa to perform our services on the above-referenced claim.

To accelerate the processing of this claim, we are communicating via our Automated Claims Evaluation Process. This claim has not been flagged with coding compliance or excessive pricing issues that would require an Account Manager review at this time. However, the claim value is outside the parameters of the standard allowable amount for your geographic region. Due to this inconsistency, we are asking you to agree to the adjusted price listed below as payment in full for the services rendered on the above date(s) of service.

BILLED CHARGES

\$62.00

ALLOWED CHARGES

\$49.60

ADJUSTMENT

\$12.40

By signing below, COMMUNITY CHIOPRA agrees that the charges for the above-mentioned date(s) of service have been accepted as \$49.60 and that the patient will not be balance-billed for the remaining \$12.40. Any coinsurance deductible or policy limitations that may be applied to this claim are the patient's responsibility. Any late charges will be subject to the same adjustment percentage as agreed to above. Payment will be processed within 10 business days of receipt of the signed agreement.

To ensure timely processing of this claim, please fax the signed document to (866) 307-4991. If you have any questions or need additional information, please contact David Horton at (800) 499-9708 ext 128. We appreciate your cooperation.

AUTHORIZED SIGNATURE: _____

DATE: _____

PRINTED NAME: _____

TITLE: _____

Payment of benefits, if any, is subject to the terms and provisions of the patient's policy. This letter does not guarantee payment by ECOM - National Rural Electric Cooperative Associa. NCN bears no financial responsibility for any payments due. If this claim is not eligible for benefits or has not been processed within the specified time frame, no discount will be applied.

This telecopy transmission may contain confidential information which is intended only for the use of the person(s) named above. If you are not the intended recipient, you are hereby advised that any disclosure, copying, distribution, or taking of any action in reliance of the contents of this information is prohibited. If you have received this transmission in error, please notify us to arrange for the return of the documents. Thank you.

April 21, 2005

Honorable Tom Anderson
Alaska State House of Representatives
Alaska State Capitol, Room 408
Juneau, AK 99801



COLUMBIA HELICOPTERS, INC.

Re: SB 130 Worker's Compensation Reform Legislation

Dear Representative Anderson:

I am writing on behalf of Columbia Helicopters, Inc. in support of SB 130. We employ about 50 hard working Alaskans in the timber industry. Sadly, Alaska's worker's compensation system is broken and is the second highest system in the U.S. It is driving our expenses to an unmanageable level, which thwarts our ability to keep our wages high and stay competitive.

We believe that SB 130 starts to address many of the problems that have produced this broken worker's compensation system. It mandates evidenced-based medical treatment guidelines, caps medical costs and limits palliative care that's needed to keep workers on the job or to treat chronic debilitating pain. It addresses pre-existing medical conditions and says work must be a major cause before the employer is responsible under a worker's compensation claim. It streamlines the costly litigation and vocational rehabilitation systems and facilitates the fight against fraud.

At Columbia Helicopters, Inc. we work hard to provide a safe workplace and return any injured employees back to work as soon as possible. In order for us to continue to do work in Alaska, the State must do its part by structuring an efficient cost effective worker's compensation system. Please support the passage of SB 130 and the important reform provisions that it contains.

Sincerely,

Joel Scoggin, CHMM
Facilities and Haz-Mat Manager

cc: Commissioner Greg O'Claray
Dept. of Labor & Workforce Development

Director Linda Hall
Division of Insurance, Dept. of Commerce, Community & Economic Development

w/e

Josh Applebee

From: Fred Lau [flau@homer seniors.com]
Sent: Monday, April 25, 2005 3:00 PM
To: Rep. Tom Anderson; Rep. David Guttenberg; Rep. Harry Crawford; Rep. Norman Rokeberg; Rep. Bob Lynn; Rep. Gabrielle LeDoux; Rep. Pete Kott
Cc: Sen. Gary Stevens; Rep. Paul Seaton; Rep. Mike Chenault
Subject: Fw: SB 130

We are forwarding our last e-mail to you again along with the fact that we just received our Renew for Worker's Compensation for next year and it has gone from \$75,000.00 to \$90,082.00 or another increase of 20%. So that means, that we have increased from \$14,000 to \$90,000 in the last 6 years and we have only had one claim in the last two years. That's an overall increase of 543%!!!!!!

We cannot continue to operate if something is not done to slow down these increases. Ask yourself, who is going to offer adult day services and assisted living services if insurance keeps going up. Also, if these services are not offered, then that means more individuals are going to go directly into Long Term Care. We know what those costs are compared to Adult day services and assisted living. We need SB130 passed this legislative session.

Thank you for your time.

Fred Lau
 Homer Senior Citizens

----- Original Message -----

From: Fred Lau
To: Representative_Pete_Kott@legis.state.ak.us ; Representative_Gabrielle_LeDoux@legis.state.ak.us ;
 Representative_Bob_Lynn@legis.state.ak.us ; Representative_Norman_Rokeberg@legis.state.ak.us ;
 Representative_Harry_Crawford@legis.state.ak.us ; Representative_David_Guttenberg@legis.state.ak.us ;
 Representative_Tom_Anderson@legis.state.ak.us
Sent: Friday, April 22, 2005 1:48 PM
Subject: SB 130

As the administrator for Homer Senior Citizens, Inc., a small non-profit corporation of 350 members, I urge you to pass SB 130 out of the House Labor and Commerce Committee. This legislation is vital to the economic health of businesses who have been saddled with enormous increases in worker's compensation insurance.

In our case, our workers compensation insurance has increased in the last five years from \$14,000.00 to \$75,000.00 this year. You can imagine what this has done to our ability to supply services to seniors. Coupled with decreases in support from the state for our nutrition, transportation and adult day services programs this has caused us to curtail programs that are vital to the survival of seniors.

We need this legislation now even though it does nothing to bring the cost of the insurance down. It is, however, a starting point to curtail costs. Do the right thing and pass this legislation forward.

Fred Lau
 Administrator
 Homer Senior Citizens, Inc.

This message is intended only for the use of the individual or entity to whom it is addressed and contains protected information. If the reader of this message is not the intended recipient, you are hereby notified that any disclosure, distribution or copying of this information is prohibited. If you have received this message in error, please notify me immediately and delete this information and any attachments from your files. Thank you.

4/25/2005

Josh Applebee

From: Rita Hatch [Chitina@gci.net]
Sent: Monday, April 25, 2005 3:23 PM
To: Rep. Tom Anderson
Subject: Re: PERS/TRS bill

Tom, Thanks for your reply. What are you going to do about it?
Rita Hatch

"Rep. Tom Anderson" wrote:

> Thanks Rita.
>
> I agree the bill has problems.
>
> Thanks for your advocacy.
>
> Tom
>
> -----Original Message-----
> From: Rita Hatch [mailto:Chitina@gci.net]
> Sent: Tuesday, April 19, 2005 6:05 PM
> To: Rep. Max Gruenberg
> Subject: PERS/TRS bill
>
> Please do not pass the PERS/TRS bill. It is inadequate and
> unfair. Where will you get State employees if you don't give them good
> health benefits? Who would want to work for the State under these conditions?
> Why have you taken PERS/TRS members off the Boards? Don't you think
> input from employees is needed?
> This issue is too important to be rushed. Please table it and talk to
> your constituents before you rush into this bill.
> Thank you.
> Rita Hatch
> 1001 Boniface Parkway 17P
> Anchorage Ak 99504
>
> --
> No virus found in this outgoing message.
> Checked by AVG Anti-Virus.
> Version: 7.0.308 / Virus Database: 266.9.17 - Release Date: 4/19/2005
>
> --
> No virus found in this incoming message.
> Checked by AVG Anti-Virus.
> Version: 7.0.308 / Virus Database: 266.10.3 - Release Date: 4/25/2005

--
No virus found in this outgoing message.
Checked by AVG Anti-Virus.
Version: 7.0.308 / Virus Database: 266.10.3 - Release Date: 4/25/2005

w/e

Josh Applebee

From: Focose, Wendy [WFocose@borough.kenai.ak.us]
Sent: Monday, April 25, 2005 2:40 PM
To: Rep. Tom Anderson
Subject: SB 130
Attachments: wc0093-5.doc

Please find enclosed a letter regarding SB 130.

Thank you for your time.

Regards,

Wendy Focose

Kenai Peninsula Borough, Risk Mgmt.
Workers' Compensation Mgr. for KPB & KPBSD
Office: (907) 714-2352
Fax: (907) 262-9817

The information contained in this e-mail is confidential and intended only for the designated recipient(s). If you have received this in error, please delete the message and notify the sender. Thank you.

4/25/2005



**KENAI PENINSULA BOROUGH
RISK MANAGEMENT**

144 N. Binkley Street
Soldotna, AK 99669
Risk Mgmt Office: (907) 714-2350

Direct: (907) 714-2352
Fax: (907) 262-9817

Wendy Focose
Workers' Compensation Manager
Borough & School District

April 21, 2005

House of Representatives
State Capitol, Juneau, AK 99801-1182
Representative_Tom_Anderson@legis.state.ak.us

Dear Representative Anderson,

I am writing in regards to SB 130, which acts to reform workers' compensation. As a professional in the workers' compensation field for an Alaskan based business, I recognize that workers' compensation related regulations are in need of reform immediately.

Employers pay high costs to protect their workers against injury and costs have been escalating at elevated levels through the years. Alaska rates are the second highest rates in our nation, which means changes need to be made now. Employers on the Kenai Peninsula, and Alaska wide, have had to make a choice of cutting jobs or downsizing due to workers' compensation costs. Without good jobs, our economy and living standards will suffer.

SB 130 is a good start to reducing workers' compensation by capping medical cost. The bill includes protection to our valued employees by creating a more rapid resolution process of disputed claims, help injured workers obtain legal help and protect workers against non-compliant businesses that fail to provide insurance for them.

Changes will take time to affect the reduction workers' compensation costs making a change this year essential. Modifying the current regulations makes sense for all Alaskans. I encourage you to please vote YES on SB 130.

Sincerely,

Wendy Focose

cc: WC-093-05

w/c Bill

Josh Applebee

From: Penner Construction, Inc [mpen@alaska.net]
Sent: Monday, April 25, 2005 5:39 PM
To: Rep. Tom Anderson
Subject: Workers Compensation

Mr. Anderson,

We are a licensed, bonded, insured general contractor who holds a residential endorsement. We have been in business on the Kenai Peninsula since 1984. We started the business from scratch (literally-with an old truck and a few tools). We are a family business that employs both my husband and I full time as well as 3 full time, year round carpenters and another 3-6 at our seasonal high point. We pay our carpenters as employees. Therefore we pay the required payroll taxes and workers compensation in addition to our General Liability and Bonding.

Our company has been very directly affected by an employee who filed a fraudulent workers comp claim and as an employer we had no recourse or rights at all. In 1999 we had a carpenter file a workers comp claim for a minor injury that soon turned into a major fraudulent claim. The injuries this employee received compensation for were not sustained on our job site and in fact the original claim form that we signed was altered. We fought this claim diligently (we had eye witnesses, etc) -however the insurance company went bankrupt in the middle of the whole ordeal and chose to settle with the employee out of court. A matter we had absolutely no say in. In fact, we very little input in how the whole matter was handled even though we formally contested the claim. This employee received not only medical coverage, pay for being out of work but a lump sum settlement because he was unable to work construction ever again and had to have job rehabilitation. Well, this same former employee is now working as a carpenter/ contractor right here in Soldotna, Alaska and he is remodeling a medical clinic at the present time (our daughter worked for the doctor). This fraudulent claim was in the hundreds of thousands of dollars and cost our business well over \$50,000 in increased premiums over the 3 years our experience mod factor was affected (from a .85 to 1.51 experience mod). We had never had a claim before and have not had one since.

Our current workers compensation rate is almost \$24/per \$100 (with a .88 experience mod) of compensation for residential construction. Our policy renews at the end of June. I have been told to expect another big increase in premium. That work comp rate combined with payroll taxes puts our hard cost labor overhead at 40%. Our average base wage rate is \$24/hour for our journeyman carpenters. They are worth every penny-they are talented, hard working, clean cut young men with families to support. Add the overhead to that and our labor cost is almost \$34/hour for home building! That doesn't even take into consideration the cost of the record keeping required.

The general public is being jeopardized by the fraud and misuse of the workers comp program in Alaska. We have some of the very highest rates in the nation and some of the most liberal workers compensation laws. Housing costs are soaring out of sight and John Q Public is no longer going to be able to afford decent housing in Alaska. As an independent business and employer, we can't handle these increases much longer. There is too much competition from unlicensed, uninsured "contractors" and those who abuse the intent of the "handymen" law. They pay cash to those who work for them to avoid the payroll taxes and workers compensation insurance. Workers compensation should be a fair compensation system for an injured worker and his family. Not a way for an injured employee to get rich and put honest business people out of business and put our employees on unemployment or welfare.

This is an extremely important issue that is having a huge impact on independent small business and housing costs in Alaska. Thank you for your time and interest.

Sincerely,
 Denise Penner
 Penner Construction, Inc.

4/25/2005

OCEAN BEAUTY

SEAFOODS, INC.

April 20, 2005

The Honorable Tom Anderson
Alaska State House of Representatives
Alaska State Capitol, Room 408
Juneau, AK 99801

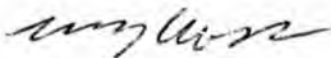
Dear Representative Anderson:

I am writing on behalf of Ocean Beauty Seafoods in support of SB 130, Alaska's workers' compensation reform legislation. Ocean Beauty seasonally employs 1,500 workers in eight Alaska fish processing plants. As with other Alaska employers, we have experienced rapidly rising workers' compensation costs in recent years. We know from firsthand experience why Alaska's workers' compensation system is the second most expensive in the nation. Medical costs have risen dramatically and there are currently no limitations on future growth. The litigation system can take years to produce a decision which is expensive for employers and harmful to workers. Under current law, a worker's pre-existing medical conditions must be accepted as part of WC claims despite only minimal contribution from work activities. The vocational rehabilitation system is expensive and inefficient. As a result, our workers' compensation rates have increased by 130% in the last year alone.

We believe SB 130 starts to address many of the problems which have produced this broken workers' compensation system. It mandates evidence-based medical treatment guidelines, caps medical costs and limits palliative care to that needed to keep workers on the job or to treat chronic debilitating pain. It addresses pre-existing medical conditions and says work must be the major cause before the employer is responsible under a WC claim. It streamlines the litigation and vocational rehabilitation systems. It also facilitates the fight against workers' compensation fraud.

The crisis in the Alaska Workers' Compensation System is illustrated when we compare Alaska to our similar operations in other states. As an example, we pay an 80% higher rate in Alaska for the same job class, seafood processor, than we do in Oregon. These rates are a direct result of Alaska's high cost system. At Ocean Beauty, we work hard to provide a safe workplace and attempt to get injured workers back on the job quickly through light duty work. To keep workers in Alaska employed, the State of Alaska must do its part by structuring an efficient, cost-effective workers' compensation system. Please pass SB 130 and the important reform provisions it contains.

Very truly yours,



Tony Ross
Executive Vice President
Finance and Administration



Headquarters:
217 2nd Street, Suite 201
Juneau, Alaska 99801
(907) 586-2323 FAX 463-5515
www.alaskachamber.com



Regional Office:
601 W. 5th Ave., Suite 700
Anchorage, Alaska 99501
(907) 278-2722 FAX 278-6143

ALASKA
★ STATE ★
CHAMBER
OF COMMERCE

April 28, 2005

Representative Tom Anderson, Chair
Members of the House Labor & Commerce Committee
State Capitol, Room 408
Juneau, AK 99801-1102

Chair Anderson and Members of the House Labor & Commerce Committee,

The Alaska State Chamber of Commerce strongly supports HB 180 and the Senate companion legislation SB 130. We strongly urge passage of SB 130 from the House Labor & Commerce Committee as soon as possible. We strongly believe that SB 130 will at the very least freeze the rising cost of worker's compensation (WC) insurance. The State Chamber alone has seen a 80% increase in WC insurance in the last two years for a staff of four office workers with a no-claims history.

The State Chamber believes that without comprehensive reform this year, businesses will be forced to make hard choices between reducing employee benefits, cutting jobs or closing their doors altogether. Importantly, we believe that the freezing of medical rates, using preferred providers, using generic drugs, adhering to recognized medical standards and streamlining vocational rehabilitation are but a few useful measures within SB 130. Included in the bill, is the creation of a WC task force that will help identify current and future problems associated with worker's comp rate increases.

The State Chamber strongly advocates WC rate relief immediately. By passing SB 130, we believe that rate increases will fall flat for at least the next year or more. This will give the Workers Compensation Task Force an opportunity to do its work to further improve the Workers Compensation system in Alaska.

Best Regards,

Wayne A. Stevens,
President
Alaska State Chamber of Commerce

Josh Applebee

From: Disability Advocates of Alaska [daa@acsalaska.net]
Sent: Monday, April 04, 2005 3:07 PM
To: Rep. Tom Anderson
Subject: SB 130 & HB 180

MEMO TO MEMBERS OF THE SENATE JUDICIARY & HOUSE LABOR & COMMERCE COMMITTEES:
FROM: John Micks, e-mail: daa@acsalaska.net; phone 907 562-4688
RE: ENDORSEMENT OF PROPOSED AMENDMENTS TO SENATE BILL 130, HOUSE BILL 180
DATE: April 4, 2005

I am a rehabilitation counselor and am concerned that reducing benefits to injured workers will not translate into reduced premiums for employers. First of all, there is "fuzzy math" going on and little, if any, oversight by the Division of Workers' Compensation or Insurance Commission. How can reducing costs that have gone up less than 9% in two years impact premiums that are increasing 200% and 400%?

I am concerned that SB 130 and HB 180 have provisions that masquerade either as benefits and/or slicker methods of service delivery when their intention is to limit the amount of information communicated to claimants and to privately (without real oversight by the Division) convince injured workers to waive retraining in current claims or forfeit retraining in both current and future claims for a measly sum of money. In particular, I am concerned about the disadvantages to the claimant of stipulating to the re-employment benefit and accepting the job dislocation benefit.

As written, the claimant can accept the job dislocation benefit (which is really a backdoor settlement of future retraining benefits even with a new claim) without legal counsel or oversight by the Division. There is no way for attorneys to be paid to provide legal advice to the claimant regarding the job dislocation benefit. It appears that the only person who will communicate with the claimant at this juncture is likely to be the insurance adjuster who has a different interest than does the claimant. This is inherently unfair and lop-sided.

I urge the following amendments be offered and passed.

SECTION 14: REMOVE from AS 23.30.041(c) the language: "An employee and an employer may stipulate to the employee's eligibility for reemployment benefits at any time."

RATIONALE FOR CHANGE: According to present insurance company expense reports, eligibility evaluations account for only .8% of the claims dollar. **A key motivation behind stipulating to the benefit is not only to speed up the process but to keep desperate injured workers in ignorance and away from anyone who will provide them information about the system so that insurers can offer employees the waiver or the job dislocation benefit in lieu of retraining.** It is more common than not that workers tell us rehabilitation counselors during the eligibility process, "This is the first time I understood that I'll be paid my own impairment money during rehab, that I won't get a lump sum at the end of my plan, that my rating is likely to be less than the VA, that if I waive retraining I'll be

losing more than \$13,500 in benefits." These workers are told a minimum of information about how the re-employment system under workers' compensation operates. Claimants won't understand what they are missing until it is too late.

SECTION 15: REMOVE AS 23.30.041(f)(2) from the bill. This provision adds another disqualifier for the re-employment benefit called the job dislocation benefit.

RATIONALE FOR CHANGE: This is not a benefit but a permanent settlement of retraining billed as a "benefit". The worker who accepts this "benefit" and later has a more disabling work injury and needs retraining will no longer qualify for it. This is tricky, disingenuous and exploitive of young workers, workers with learning disabilities, non-English speaking claimants, and those workers desperate to pay their bills. Moreover, there is **no oversight** by the Division of Workers' Compensation on accepting the job dislocation benefit as there is on settlements, there is **no legal representation** required in this bill, and there is no provision for the insurance companies to pay for legal assistance on this matter.

Another down side to the job dislocation benefit is that **employers could be liable for more permanent and total claims.** If a person who needs retraining later on is barred from it and can't return to work without it, the worker may possibly be eligible to be paid wage replacement benefits forever.

SECTION 16: REMOVE the job dislocation benefit described in 23.30.041 g 1-3.

RATIONALE FOR CHANGE: The vast majority of injured workers opting for this benefit would be eligible for only an additional \$5000 and yet be barred from retraining FOREVER. The data reported for 2003 show that claimants typically have ratings of 5% or less. Each percentage point of impairment is worth \$1770. Out of 750 workers with costs reported in vocational rehabilitation fields on the annual report, 653 or 87% of workers who might be eligible for an eligibility evaluation had ratings of less than 15%. Only 89 workers with costs recorded in rehab fields had ratings between 29 and 15%. Only 8 workers who had costs listed in rehab fields had ratings above 30%.

With private negotiations limited to insurance adjustors and claimants, there is no assurance that workers will really understand the long-term risks they are taking by accepting the so-called job dislocation benefit. There is no provision to pay attorneys for advice on what amounts to a settlement of future re-employment benefits. There is no real oversight by the Division as there is in other settlements for unrepresented claimants.

Moreover, **there is no real connection between an impairment rating and the ability to work.** Look at my chart (EXH. 9). Sixty-three percent of workers with impairment ratings had no vocational rehabilitation costs reported. Moreover, not all of the remaining 47% of workers with impairment and rehab costs reported were eligible for the benefit. That is because non-rehab expenses are characterized as rehab expenses to avoid paying a 6% assessment into the second injury fund.

SECTION 16: ADD to AS 23.30.041(g)(1): Any rehabilitation specialist who works for a company to which the insurer/employer assigned work regarding a particular injured worker will be exempted from writing the re-employment services plan for the same worker.

RATIONAL FOR CHANGE: This provision avoids conflicts of interest and undue influence on the selection of the rehabilitation specialist by the insurer/employer. Companies performing contract services for the insurance company cannot be expected to switch roles and advocate for the most appropriate plan for the claimant. **THIS WAS PASSED AS A CONCEPTUAL AMENDMENT BY THE SENATE LABOR & COMMERCE COMMITTEE**

Thank you for having an open mind. My heart goes out to both employers saddled with these excessive premium hikes and injured workers whose benefits are being reduced. Unfortunately, nothing we do in the way of reducing benefits is going to impact the losses insurers experienced in the stock market, the Fremont debacle, the fact that we have a small market up here of 291,000 workers, and the entitlement insurance companies feel to earn excessive profits.

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section, # HCS CSSB 130 (JUD) (am H)	Section # CSSB 130 (Fin) am	Description	House text distinction	Senate text distinction
None	Sec.1, p.2	Findings and legislative intent related to insurance provisions new uncodified law	None comparable	
None	Sec. 2, p.3	Collateralization of deposits (new provisions) AS 21.09.090	None comparable	
Sec. 1, p. 1	Sec. 3 pp.3-4	Director of insurance may release deposit to Guaranty fund in event of insolvency (new provision) AS 21.24.130		
Sec. 2, p.2	Sec. 4, p.4	Membership in assigned risk pools to exclude reciprocal insurers AS 21.39.155(a)	Same	Same
None	Sec. 5 p. 4	Findings related to workers' compensation [(1) – (3) same as prior uncodified law, (4) is addition] AS 23.30.001	None comparable	
Sec. 3, pp.2-3	Sec. 6, pp.4-5	Hearing officers designated to represent comm'r on hearing panels, directs board to make regs on avoiding conflicts and appearance of impropriety AS 23.30.005(a)	Adds 3 additional panels,	
Sec.4, p.2	Sec.7 p.5	Hearing officers designated, clarifies hearing officers not voting members of board AS 23.30.005(b)	Same	Same
Sec. 5, p.3	None	Allows hearing officer alone to hear discovery, stipulated & procedural matters AS 23.30.005(h)		None comparable
Sec. 5, p.3	Sec.8, p.5	Allows board to delegate authority to director for administration and enforcement AS 23.30.005	New (m)	New (n) - Also adds new (m) allowing contract with non profit to represent injured workers
None	Sec.9 pp. 5-10	Creates Workers Compensation Appeals Commission Lay members, 1 staff attorney as chair, NO <i>de novo</i> review new AS 23.30.007 (a)-(n), structure, AS 23.30.008(a)-(e), powers and duties AS 23.30.009(a)-(d) powers and duties of chair	None comparable	
Sec.7, p.3	Sec.10, p.10	Allows agreements without board approval if parties represented by AK lawyer, must have board approval if minor, incompetents, unrepresented. AS 23.30.012	Also requires board approval if future medical benefits are waived	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.8, p.4	none	Technical: modernizes language of the statute relating to proceeds from 3 rd party recovery AS 23.30 .015(e)		None comparable	
Sec.9, p.5	None	Transfers admin duty from board to division to receive notices to division AS 23.30.025(a)		None comparable	
Sec. 10, p.5	None	Transfers admin duty from board to division to receive filings of policy forms AS 23.30.030(5)		None comparable	
Sec.11, p.5	None	Transfers admin duty from board to director to receive notice of cancellation of policy		None comparable	
Sec. 12, p.6	Sec.11, p.11	Transfers employment of rehab administrator from board to director AS 23.30.041(a)	Same text	Same text	
Sec. 13, pp.6-7	Sec.12, pp.11-12	Requires additional reporting and data collection of vocational rehabilitation (reemployment benefits) AS 23.30.041(b)	Same text	Same text	
Sec. 14, p.7	Sec.13, p.12-13	Allows parties to agree to a eligibility for reemployment benefits (vocational rehabilitation) without undergoing an eligibility evaluation, requires notice by administrator to employee of the right to evaluation, mandates evaluation if employee totally disabled more than 90 consecutive days AS 23.30.041(c)	Same text	Same text	
None	Sec.14, p.13	Denies eligibility for reemployment benefits (vocational rehabilitation) if employee was eligible for the benefit, refused the benefit, accepted job dislocation benefit, AND then returned to work in same or similar occupation as he had at time of injury [that had made him eligible for benefits that he refused] AS 23.30.041(f)	None comparable		
None	Sec. 15, p.14-15	Establishes job relocation benefit for a worker who refuses reemployment benefits after he has been found eligible for them. Benefit amount adjusted to the degree of permanent partial impairment AS 23.30.041(g)	None comparable		
Sec.15, p.8	Sec.16, p.15	Modernizes language only [re: plan approval, review] AS 23.30.041(j)	Same	Same	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.16, p.8	Sec.17, p.8	Establishes payment of reemployment benefit stipend while in the reemployment process – not only during actual performance of the plan. Clarifies law by including name of current "permanent partial impairment" benefit as well as former "permanent partial disability". AS 23.30.041(k)	Does not contain 2 nd insertion of "or permanent partial impairment" (page 3, line 1)		
Sec.17, p.9-10	Sec.18, p.16-17	Extends time to decide to accept a voc rehab plan to 30 days AS 23.30.041(n)	conflict with unamended AS 23.30.041(g) requiring acceptance in 15 days]		
Sec.18, p.9-10	Sec.19, p.17	Transfers duty from board to director to select and announce date of public notice of adoption of new versions of US Dept of Labor edition of Dictionary of Occupational Titles AS 23.30.041(p)	Same	Same	
Sec.19, p.10	Sec.20, p.17	Transfers admin duty from board to director to receive and prescribe form of waivers of reemployment benefits to obtain lump sum payment of permanent partial impairment benefit instead of bi-weekly payments AS 23.30.041(q)	Same	Same	
Sec.20, p.10-11	-----	Transfers admin duty from board to division to prescribe form of employer's notice of injury and inspect employer for forms AS 23.30.065		None comparable	
Sec.21, p.11	----	Transfers admin duty from board to division to receive reports of injury AS 23.30.070(a)		None comparable	
Sec.22, p.11	----	Transfers admin duty from board to division to receive additional reports regarding an injury, and to prescribe time and manner of reports AS 23.30.070(b)		None comparable	
Sec.23, p.11	-----	Transfers admin duty of receiving mailed reports of injury AS 23.30.070(d)		None comparable	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.24, p.11	None	Transfers admin duty from board to division of receiving proof of ability to pay compensation directly and requires employer to obtain self-insurance certificate from division instead of board.** AS 23.30.075(a)-(b)	Creates conflict with unamended statute providing that self-insurance certificate is issued by the board – not "obtained" from division. See AS 23.30.090	None comparable	
Sec.25, p.12	None	By cross reference to AS 23.30.075(a), establishes a criminal penalty of a mandatory fine of \$10,000 plus up to one year of imprisonment (found in (b) of the section if an employer with "gross negligence" or with "reckless or intentional misconduct" fails to properly classify employees to obtain workers' compensation or [fails] to furnish proof to the division of ability to pay compensation. New AS 23.30.075(c)	Does not use proper descriptors of culpable mental states, does not require intent to evade premiums.	None comparable	
Sec.26, p.12	Sec.21, p.18	Amends current process for getting stop work orders against employers after a hearing – director initiates process AS 23.30.080(d)	Director also issues the stop work order	Board issues order at director's request	
Sec.27, p.12-13	Sec. 22, p.18-19	Allows director to issue a stop work order after additional investigation on "substantial evidence" the employer is uninsured, but stop work order expires when employer gets insurance. Bars employer who violates stop work order from public contracts for 3 years. New AS 23.30.080(e) Allows board to assess civil penalty of \$1000 per employee per day that an employer was uninsured. AS 23.30.080(f) Allows director to obtain default order and attorney general to collect unpaid penalties. AS 23.30.080(g)	Same	Same	
None	Sec. 23, pp.19-20	Establishes workers' compensation benefits guaranty fund, receives penalties from uninsured employers, appropriations, and collected fines. Used to pay benefits to injured workers whose employers were uninsured. Fund is subrogated to workers' claim against the employer to extent fund has paid benefits. AS 23.30.082(a)-(g)	None comparable		

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.28, p.14	-None	Transfers admin duty from board to division to receive and prescribe forms of notice of compliance with insurance provisions. AS 23.30.085(a)		None comparable	
None	Sec.24, pp.20-21	Amends AS 23.30.095(c) to limit palliative care unless it is needed to "enable employee to continue in the employee's employment"; participate in vocational rehabilitation; or, to treat "chronic debilitating pain"	None comparable		
Sec.29, p.14	-----	Transfers admin duty from board to division to receive physician reports required under AS 23.30.095(h)		None comparable	
Sec.30, p.14	Sec.25, p.21	Medical services review committee (MCRS) shall be appointed. AS 23.30.095(j)	Board appoints 7 committee members to assist board (not department). Committee elects a chair. 7 members include 1 rehab provider, one public member, one chiropractor and 4 other health care providers.	Commissioner appoints a committee to assist board and department No members designated	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec. 31, p.15	Sec.26, p.21-22	New provision (n) requiring use of generic drug unless attending physician provides written justification for the brand name product. Department required to establish a preferred drug list AS 23.30.095(n)		Additional new provisions: (o) treatment according to ACOEM guidelines is presumed reasonable and necessary; board must adopt other national evidence-based treatment guides for injuries not covered in ACOEM guidelines, treatment may not be denied based on guidelines if not addressed by ACOEM. (p) presumption in (o) may be rebutted by employee's physician's written certification explaining need for variance from the guidelines.	
Sec.32, p.15-17	Sec.27, p.22-224	<p>AS 23.30.097 New provisions relating to fees (includes some material moved from current statute AS 23.30.095)</p> <p>(a) establishes cap on medical charges at lesser of usual, customary and reasonable adopted by the board in a specific year, payment negotiated by a group of employers for preferred providers under (c): [also contains language from current AS 23.30.095(f)]</p> <p>(b) provision mandating (House) or allowing (Senate) employers to create list of preferred providers – but use of list is completely voluntary by the employee</p> <p>(c) allows employers to negotiate with preferred providers for lower rates AS 23.30.097(c)</p>	<p>(a) USES 12/1/2004 SCHEDULE. Also adds the charge when provided to general public.</p> <p>(b) Mandates that employers create list of preferred providers</p> <p>(c) same text</p> <p>(d) same text</p> <p>(e) directs physician and hospital to give employee copy of bill,</p>	<p>(a) USES 12/15/ 2003 SCHEDULE</p> <p>(b) Allows but does not require employers to create list of preferred providers</p> <p>(c) same text</p> <p>(d) same text</p> <p>(e) sets time for paying prescription and transport charges, same as current AS 23.30.095(m) and (g)</p>	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.32, p.15-17	Sec.27, p.22-224	(d) sets time for paying bills [same as current AS 23.30.095(h)] (e) different text – see side bars→ (f) employee may not be required to pay medical fees or charges [currently in AS 23.30.095(f)]	creates "bounty" of 25% if employee finds an error in the bill. (f) same text (g) same as Senate text in (e) with minor language changes	of House text with minor language changes. (f) same text	
Sec. 33, p.17	Sec. 28, p.24	Injury report form must include an authorization to release treatment records of injury or death AS 23.30.100(b)	Same text	Same text	
Sec.34, pp.17-18	Sec. 29, pp.24-25	Amends current law, AS 23.30.107, regarding confidentiality of medical records to include division records. Text differs substantially.	(a) requires that the petition for a protective order be filed with the division (b) All "individually identifiable information" confidential, not only medical and rehab records	(a) not amended (b) includes medical and rehab records in division maintained files as confidential records not subject to public disclosure	
Sec.35, p.18	Sec.30, p.25	Prohibits division from providing information in individual records for "commercial purposes" outside the scope of workers' compensation act AS 23.30.107(c)	Same text	Same text	
None	Sec.31, p.25	Credibility of witnesses is solely determined by the board. When credibility is disputed, the board's determination of credibility must be supported by specific findings. Deletes current language related to conclusiveness. AS 23.30.122	None comparable		
None	Sec.32, p.25-26	Establishes power of the workers' compensation appeals commission to review board orders. Permits commission to issue a stay, but continuing future payments may not be stayed without a showing by the appellant of irreparable harm and the existence of the probability of the merits being decided adversely to the compensation recipient. (current case law standard) AS 23.30.125(a)-(d)	None comparable		

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
None	Sec. 33, p. 26-29	Outlines procedure related to appeals to the workers' compensation appeals commission, time for briefs, reconsideration. AS 23.30.127 Sets out commission panel for hearing the appeal. Provides no new evidence on merit of appeal may be heard (p.27, line 18-19) AS 23.30.128 Provides that the board's findings on credibility are binding (p.27, line.23), and that the board's findings of fact must be upheld if supported by substantial evidence (same standard as current court review – not de novo) p.27, line 23-25. Allows commission independent judgement on matters of law. Provides for appeal deadlines. Provides that judicial review shall be by the Supreme Court p.29, lines12-21. AS 23.30.129	None comparable		
Sec.35, p.18	None	Transfers admin duty from board to division director to require appointment of a guardian by the court for incompetent or minor to receive compensation and exercise rights under compensation act. AS 23.30.140			
Sec.37, p.18-19	None	Technical change modernizes language AS 23.30.145(b)		None comparable	
Sec.38, p.19	None	Transfers admin duty to receive controversion notices from board to the division director AS 23.30.155(a)		None comparable	
Sec. 39, p.19	None	Transfers admin duty from board to the division to receive compensation reports and prescribe form of report AS 23.30.155(c)		None comparable	
Sec. 40, p.20	None	Transfers admin duty from board to the division to receive notices of controversion, modernizes language AS 23.30.155(d)		None comparable	
Sec.41, p.20	None	Directs that penalties on unpaid installments of compensation shall be paid to the person who should have received the unpaid compensation AS 23.30.155(e)		None comparable	
Sec.42, pp.20-21	None	Directs penalties on unpaid compensation be paid to the recipient of compensation unless stayed by court. AS 23.30.155(f)		None comparable	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec. 43, p.21	None	Transfers admin duty from board to the division to require an employer to make a deposit to secure prompt payment of board order and order payment from the deposit AS 23.30.155(i)		None comparable	
Sec. 44, p.21	None	Transfers admin duty from board to the division to inspect receipts for compensation payments, modernizes language AS 23.30.155(k)		None comparable	
Sec. 45, p.21	None	Transfers admin duty from board to the division to receive annual report filings AS 23.30.155(m)		None comparable	
Sec. 46, p.22	None	Transfers admin duty from board to the division director to notify division of insurance if there is frivolous or unfair controversion AS 23.30.155(o)		None comparable	
Sec. 47, p.22-23	Sec. 34, p.29-30	Establishes a cap on compensation paid to out-of-state recipients of compensation as not exceeding rate received if recipient is in Alaska. AS 23.30.175(b)	Same text	Same text	
Sec. 48, p.23	Sec. 35, p.30	Transfers admin duty from board to the division to regulate COLA adjustment for out of state recipients, redetermination every 3 years instead of annually AS 23.30.175(c)	Same text	Same text	
Sec. 49, p.23	None	If commissioner fails to determine Alaska average weekly wage by Jan 1, but before April 1, the employer is not required to make a retroactive adjustment of compensation based on increase in maximum compensation rate AS 23.30.175(e)		None comparable	
Sec. 50, p.23	Sec. 36, p.30	Requires notice to director instead of commissioner of claims or actions against Second Injury Fund AS 23.30.205(e)	Same text	Same text	
Sec. 51, pp. 23-25	None	Amends provisions in AS 23.30.220 (a) relating to how the base wage for workers' compensation is calculated and returning to method used prior to 1995 amendments for workers paid by hour or day or piece. Deletes calculation based on "high 13 weeks" p.24, ll. 6-21 Amends provisions regarding workers who are exclusively		None comparable	

Bill: comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec.51, pp.23-24	None	seasonal or temporary to apply only to persons paid by the month or week. P.24, ll. 27-29 AS 23.30.220(a)(6) Amends provision for minors and trainees to be paid compensation based on the wage at time of injury if worker would have "likely continued" the training program.p.25, ll. 8-11. AS 23.30.220(a)(8)		None comparable	
None	Sec. 37, p.30-32	New provision allowing an offset of disability benefits paid by PERS against workers compensation up to 100% of the employee's spendable weekly wages for total disability compensation, up to 80% of the employee's spendable weekly wage while receiving rehabilitation stipend (paid when employee has exhausted temporary total disability and permanent partial impairment). Does not apply to employer-contributed employee ERISA welfare trusts if trust benefits offsets workers' compensation New AS 23.30.224(a)-(g)	None comparable		
Sec. 52, pp.25-26	Sec.38, pp.32-33	Adds "members of limited liability companies" to section title, Transfers admin duty from board to the division to approve corporate officer waivers. AS 23.30.240 Companion to following section	Same text	Same text	
Sec. 53, p.26	Sec.39, p.33	New provision exempting members of limited liability companies under AS 10.50 from coverage, but allowing company to opt them in for policy duration. Companion to section preceding. AS 23.30.240(b)	Same text	Same text	
	Sec. 40, p.33-36	New provision, incorporates current AS 23.30.250(b) as new AS 23.30.249(a), with minor language changes to modernize language. P.33, l.16- p.34, l.2. Establishes immunity for persons who report fraud in good faith to law enforcement, an agency that investigates or regulates insurance and workers' comp, or an insurer or adjuster or risk manager of an employer. P. 34, l.3-14. Does not immunize liability for reckless, willful or intentional misconduct. P.34, l. 15-17 Mandates report of fraud by	See Secs. 54 and 58 of HCS CSSB 130(JUD) am H for comparison – of similar provisions		

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
	Sec. 40, p.33-36	adjusters to director. P.34, I. 18-24; Gives director power to investigate fraud and report to prosecutor for criminal prosecution p.34, I. 25-30, and if fraud against division, power to obtain an order of forfeiture against the perpetrator. P. 34, I.31-p.35, I.4. Makes record of investigation confidential – may not be subpoena'd unless court determines director would not be hindered in the investigation. P.35, II.5-12 If material outside the state, allows director to cooperate with other states and obtain information from them. P.35, I.13-18. Defines fraudulent acts. P. 35-I.19 – p.36, I. 6			
Sec.54, p.26-27	Sec. 41, p.36	Amends AS 23.30.250(a) to include in "person" an employee, employer, physician, medical provider, or representative of a person as person subject to criminal and civil liability for fraud.	Also includes "any entity" (p.26, II.27-28) also amends (b) to add "a provider has received a payment" thru fraud as basis for administrative restitution order. See Sec. 41 (a) of CSSB 130(JUD) (p.36, I.8 -9) for comparison		
Sec.55, p.27	Sec.42, p.36	New provision in AS 23.30.250 permits a jury or court to award compensatory damages for fraudulent acts in a civil action under AS 23.30.250(a)	Adds allowance for punitive damages. Adds provision as new subsection (c)		
Sec. 56, p.27-28	None	Broadens application of penalty for unapproved fees to "any" services "for representation or advice with" respect to a claim, modernizes language AS 23.30.260		None comparable	
Sec. 57, p.28	Sec. 43, p.36	Allows payment of a consultation fee of \$300 to an attorney without board approval AS 23.30.260(b)	Same text	Same text	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec. 58, pp. 28-30	None	New provisions relating to administrative investigation of fraud. AS 23.30.280 Requires director to establish a fraud section, gives power to investigate fraud p.28, ll.12-22, requires a toll-free hotline (p.28, ll.23-27), requires 2 investigators and staff (p.28, l.28 - p.29, l. 1), grants immunity for reports of fraud (p.29, l.2-13) except thru "gross negligence or reckless or intentional misconduct", p.29, l.14-16, makes investigation papers confidential but does not require notice to director of a subpoena, p.29, ll.17-22, allows cooperation with out of state agencies p.29, ll.23-28, and makes records not subject to a subpoena unless notice given to director and court determines would not hinder investigation. p. 29, l.29-31.	Compare to Sec. 40, p.30-36 of CSSB 130 (JUD) substantially similar		
none	Sec. 44, p.36-37	Amends definition of injury to provide that if the injury is an aggravation of a pre-existing condition, the employment must be "the major contributing factor" to the cause of disability or the need for medical treatment. See p. 37, ll.5-7 AS 23.30.395(17)	None Comparable		
Sec. 59, p. 30	Sec. 45, p.37-38	New definitions for commissioner, department, director, division AS 23.30.395 (35) et seq.	Also includes definition of "medical rehabilitation case-worker" no where else referred to in bill.	Also includes definition of "commission" and of "attending physician to include advanced nurse practitioner and physician's assistant	
none	Sec.46, p.38	Includes workers compensation guaranty fund in revenue accounts AS 37.05.146(c)	None comparable	Technical, see sec. 23, pp.19-20	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
none	Sec. 47, p.38	Includes chair of workers' compensation appeals commission as exempt employee AS 39.25.110	None comparable		
Sec.60, p.30	Sec. 48, p.38	Technical, reflecting change from board to division as employer of reemployment benefits administrator AS 39.25.120(c)(14)	Same	Same	
none	Sec.49, p.38	Includes workers' compensation appeals commission in list of boards and commissions exempt from APA AS 39.50.200(b)	None comparable		
Sec.61, p.30	None	Requires Attorney General to appoint at least ½ of an attorney to prosecutions of fraud AS 44.23.020(f)		None comparable	
Sec. 62, p.30	Sec. 50, p.38	Repeals provisions of AS 23.30.095 transferred to new AS 23.30.097	Same text	Same text	
Sec. 63, p.30	Sec. 51, p.38	Repeals medical fee caps	Repeals only rate cap in (a)(1) on August 1, 2007	Repeals all parts of AS 23.30.097 (including guidelines, etc.) on August 1, 2007	
Sec. 64, p.30	none	Makes indirect court rule amendment of Rule 45, Alaska Rule of Civil Procedure Uncodified law		None comparable	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
Sec. 65, p.30-31	Sec.52, p.38	Legislative task force on workers' compensation members, inc. 3 legislators, one of whom is a member of the minority Uncodified law	15 members Task force includes: 1 AMA rep, 1 public, 1 rehab specialist, 1 employee attorney, 1 employer attorney, 1 insurer, 2 members from organized labor named by ad hoc committee, 2 members from management named by ad hoc committee, 1 representative of Alaska State Hospital & Nursing Home Assoc., 1 self insured., may hire consultant, report due 1 st day of next session of 24 th legislature.	11 members, including 1 AMA rep, 1 employee attorney, 1 employer attorney, 1 insurance representative, one rep from organized labor, 1 employee rep who is not union member, 1 small business, 1 large business. Task Force to make report by 12/1/2005.	
Sec.66, p.32	Sec.53, p.39	Makes cap on out of state rates apply only to injuries after effective date uncodified law	Same text	Same text	
	Sec.54 p.39-40	Transitional provisions for workers' compensation appeals commission – staggered terms uncodified law	None comparable		
	Sec.55, p.40	Transitional provision for workers' compensation appeals commission –staff uncodified law	None comparable		
Sec.67, pp.32-33	Sec.56, pp.40-41	Transitional provision general uncodified law	Same	Same	
Sec.68 p.33	Sec.57, p.41	Transition re: regulations uncodified law	No provision for commission to do emergency regulations	Includes provision for commission to do emergency regulations	
Sec.69.	Sec.58,	Medical services review committee study, uncodified law	Use necessity & costs,	Report due Jan. 2007	

Bill comparison table HCS CSSB 130 (JUD) am H to CSSB 130(FIN) am

Section # HCS CSSB 130(JUD) am H	Section # CSSB 130 (FIN) am	Description	House text distinction	Senate text distinction	
p.33	p.41		of medical care & guidelines no report	on utilization (inc. guidelines) and costs	
Sec. 70 , p.33-34	None	Conditional effect for indirect court rule amendment uncodified law		None comparable	
Sec. 71, p.34	Sec. 59, p.41	Immediate effective date for transitional regulations	Also applies to sec. 30, establishing board directive to appoint Medical services review committee, appointment of legislative task force ,		
Sec. 72, p.34	Sec. 60, p.41	Effective date of September 1 for certain provisions:	1, 2, (insurance) 47 (out of state comp cap), 69 medical services review committee	1-4 (insurance), 34, (out of state comp cap) 58 (medical services review committee)	
Sec. 73, p.34	Sec. 61, p.41	General effective date August 1, 2005.	Same	Same	

Comparison of HB 180 and CSSB 130(FIN) am

P. 02

FAX NO. 907 465 2797

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HB 180		CSSB 130(FIN) am	
<u>Sec.</u>	<u>Provisions:</u>	<u>Sec.</u>	<u>Provisions:</u>
1	Intent language, insurance provisions.	1	Same
2	In-state deposits to collateralize insurers' loss costs.	2	Same
3	Insurance Director may release deposits to Guaranty Association if insurer becomes insolvent.	3	Same
4	All reciprocal insurers exempt from assigned risk pool participation.	4	Same
5	Service fee, delete reference to Second Injury Fund (SIF) contributions.	D	Deleted
6	Intent language, workers' compensation provisions.	5	Same
7	Mandate use of "hearing officer." Mandate Board conflict of interest regulations.	6	Same
8	Commissioner's representative chairs full Board meetings. Hearing officers chair hearing panels.	7	Same
9	DOL&WD may contract with non-profit to provide information/representation to employees. Board may delegate its authority to Director.	8	Same
10	Workers' Compensation Appeals Commission; establishment. Commission powers and duties. Commission Chair powers and duties.	9	Same
11	Settlement forms prescribed by Director, filed with Division. Some agreements not effective upon filing. Claimants who are minors, incompetent, or not represented by Alaska-licensed attorney must have settlement agreements approved by Board.	10	Same
12	Distribution of third-party recovery, delete SIF contributions reference.	D	Deleted

Prepared by Department of Labor and Workforce Development
4/16/2005

Comparison of HB 180 and CSSB 130(FIN) am

HB 180

CSSB 130(FIN) am

13	Director hires Reemployment Benefits Administrator (RBA) and authorizes staffing.	11	Same
14	Parties may stipulate to injured worker's reemployment benefits eligibility. 45 continuous days off work require RBA to inform worker of rights. After 60 continuous days off worker or employer may request benefits eligibility evaluation. After 90 continuous days off RBA must order evaluation absent an eligibility stipulation.	13	Same
15	Worker ineligible for reemployment benefits if previously declined reemployment benefits, received cash job dislocation benefit, and then returned to work in occupation having physical demands similar to those at time of injury job.	14	Same
16	Within 15 days after determination of eligibility, worker must elect to use reemployment benefits or decline them and accept cash job dislocation benefit of \$5,000 (0-14% PPI), \$8,000 (15-29% PPI), or \$13,500 (30% or greater PPI).	15	Same <u>except within 30 days</u>
17	Syntax change, 23.30.041(j).	16	Same
18	Director picks date for implementing use of new SCODRDOT within 90-days already required by Act.	19	Same
19	Director prescribes reemployment benefits waiver form then filed with and served by Division.	20	Same
20	Division may petition Board to order uninsured employer to stop work.	21	Same
21	After investigation Department representative may request Director to order uninsured employer to stop work. Board may assess fines up to \$1,000/day/ee against uninsured employer and Director may seek enforcement of fines in Court.	22	Same

Prepared by Department of Labor and Workforce Development

4/16/2005

Comparison of HB 180 and CSSB 130(FIN) am

HB 180

CSSB 130(FIN) am

22	Workers' Compensation Benefits Guaranty Fund established. Injured worker may seek payment from Fund when uninsured employer fails to pay benefits.	23	Same
23	Commissioner required to appoint medical services review committee.	25	Same
24	Require use of generic drugs unless brand medically justified. Department required to establish a preferred drug list. American College of Occupational and Environmental Medicine (ACOEM) medical treatment guidelines adopted. Treatment under guidelines presumed correct subject to rebuttal by preponderance of scientific evidence. Board must adopt other recognized national guidelines for injuries not covered by ACOEM guidelines.	26	Same Same
25	Medical fee payments may not exceed lesser of usual, customary and reasonable (UCR) rate effective December 15, 1999 or any rate negotiated by the employer. Employer may establish a preferred provider list but worker not required to use listed providers and list must clearly so state. Employers may negotiate rates with providers. A worker may not be required to pay a fee or charge for treatment provided under Act.	27	Same <u>except presumption rebuttable by physician's certification of need for varying treatment.</u> Same <u>except treatment may not be denied based upon ACOEM Guidelines unless specifically addressed.</u> Medical fee payments may not exceed lesser of usual, customary and reasonable (UCR) <u>rate effective December 15, 2003</u> or any rate negotiated by the employer. Same Same
26	Injury report must include release for medical records for the injury or death.	28	Same
27	Medical/rehabilitation records confidential when held by Division or Commission.	29	Same
28	Division may not assemble or provide individual records for commercial purposes.	30	Same

Prepared by Department of Labor and Workforce Development
4/16/2005

Comparison of HB 180 and CSSB 130(FIN) am

HB 180	CSSB 130(FIN) am
29 Board has sole power to determine credibility of witness testimony, credibility findings must be supported by specific findings.	31 Same
30 Effective date of Board decision, may be appealed to WC Appeals Commission. Procedures for stay.	32 Same
31 Appeals to WCA Commission. Director may appeal if party unrepresented and unsettled question of law.	33 Same Same
Appeal procedures, filing and transcript fees. Commission hearing panel composition.	Same Same
Review de novo of legal conclusions and factual findings.	<u>Board fact findings reviewed for "substantial evidence" only.</u> independent judgment review of law/procedures.
Appeals generally based on written record and arguments without new evidence.	Same
Evidence allowed on stays, attorney's fees/costs, fee waivers, dismissal for failure to prosecute or settlement of appeal.	Same
Commission decision due within 90 days of record closure.	Same
Decisions appealable to Supreme Court, factual findings reviewed for substantial evidence.	Same
32 Non-resident compensation may not exceed that paid to Alaska residents.	34 Same
33 COLA studies every three years.	35 Same
34 SIF notifications sent to Director.	36 Same
35 SIF wind down, no new claims may be filed after September 1, 2005 or accepted after July 1, 2006.	D Deleted
36 Coordination of disability and workers' compensation benefits.	37 Same
37 Corporate officer waivers approved by Director.	38 Same

Prepared by Department of Labor and Workforce Development
4/16/2005

Comparison of HB 180 and CSSB 130(FIN) am

HB 180

CSSB 130(FIN) am

- 38 LLC members not required to be covered but LLC may choose to include them in its workers' compensation liability insurance policy.
- 39 Delete reference to SIF, employment questionnaires.
- 40 Broadened Board-level anti-fraud provisions.
- 41 Improved criminal anti-fraud provisions.
- 42 One-time attorney consultation fee up to \$300 payable without Board approval.
- 43 Definitions;
Commissioner/Department/Director/Division.
- 44 Workers' Compensation Benefits Guaranty Fund included in Program Receipts list.
- 45 Commission chair in exempt service.
- 46 RBA continued in partially exempt service.
- 47 Appeals Commission members must file financial disclosure forms.
- 48 Repealers, 23.30.095(f), 23.20.095(l), 23.30.095(m).
- 49 Repealers (delayed) 23.30.015(c), 23.30.040, 23.30.205, 23.30.395(27), 37.05.146(c)(12).
- 50 Sec. 32 (23.30.175(b) amendment) applicable to injuries on/after effective date.
- 51 Transition, initial Commission members get staggered appointments under AS 39.05.055.
- 52 Transition, Division staff may be assigned to Commission for six months.
- 53 Transition, ongoing activities continued and completed, determinations remain in effect.
- 54 Transition, DOL&WD, DCCED, and Commission regulations.
- 55 Transfer of SIF balance upon final repeal.
- 56 Transition, medical services review committee report to Commissioner no later than March 1, 2007.

- 39 Same
- D Deleted
- 40 Same
- 41 Same, includes ad hoc committee definition of "person"
- 43 One-time attorney consultation fee up to \$300 payable
- 45 Same, except also defines "attending physician"
- 46 Same
- 47 Same
- 48 Same
- 49 Same
- 50 Same
- D Deleted
- 53 Same
- 54 Same
- 55 Same
- 56 Same
- 57 Same
- D Deleted
- 58 Same, except medical services review committee report to Commissioner and Legislature no later than 1/2007.

Prepared by Department of Labor and Workforce Development
4/16/2005

Comparison of HB 180 and CSSB 130(FIN) am

HB 180

CSSB 130(FIN) am

- 57 Sec. 54(a) (regulations) effective immediately under AS 01.10.070(c).
- 58 Sec. 1-4, 32, 56 effective September 1, 2005.
- 59 Sec. 5, 12, 39, 49, 55 (SIF) effective upon Commissioner certification to Lt. Governor that all SIF claims paid off.
- 60 Except as provided in Sec. 57-59, Act effective August 1, 2005.

- 59 Same
- 60 Same
- D Deleted
- 61 Same
- 12 **Require Division to improve reporting of reemployment benefits, and track employment results, to provide better information about system functioning and effectiveness.**
- 17 **Change language to confirm Board practice of awarding AS 23.30.041(k) compensation during "reemployment process." Clarify equal treatment of pre-1988 amendment "permanent partial disability" and post-1988 amendment "permanent partial impairment" compensation.**
- 18 **Replace "15 days" with "30 days" in reemployment benefits non-cooperation definition.**
- 24 **Restrict compensable "palliative" health care to that which an attending physician certifies is required to 1) enable the injured worker to continue time-of-injury employment or 2) participate in an agreed or approved reemployment plan. This limitation does not apply to treatments a physician certifies are needed for chronic, debilitating pain.**
- 42 **Authorize courts to award compensatory damages and attorney's fees, but not punitive damages, for violations of fraud provisions.**

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FAX NO. 907 465 2797

APR-21-2005 THU 12:38 PM WORKERS COMP

Comparison of HB 180 and CSSB 130(FIN), am

HB 180

CSSB 130(FIN) am

- 44 Incrementally reduce benefits costs by redefining compensable injuries. If a work incident only aggravates, accelerates, or combines with a preexisting condition, the incident is not a compensable "injury" unless it is "the major contributing cause" of resulting disability or need for medical treatment.
- 51 Repeal all provisions in Sec. 27 of the bill on June 30, 2007.
- 52 Implement a review of the workers' compensation system and potential reforms through appointment of a legislative task force. Task force report, including reform recommendations, due by December 1, 2005.

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FAX NO. 907 465 2797

APR-21-2005 THU 12:38 PM WORKERS COMP

Prepared by Department of Labor and Workforce Development

4/16/2005

7

STATE OF ALASKA

DEPARTMENT OF LAW
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April 4, 2005

MEMORANDUM

TO: The Honorable Greg S. O'Claray, Commissioner
Department of Labor and Workforce Development

FROM: David W. Márquez
Attorney General

By: Kristin S. Knudsen *KSK*
Assistant Attorney General

RE: Attached Section by Section Analysis of CSSB 130 (L&C)
Our file: 773-05-0112

Attached is a section by section analysis of CSSB 130 (L&C), concerning workers' compensation reform.

KSK:ksk

cc w/enc.: Hon. Ray Matiashowski, Comm'r, Dept. of Administration
Hon. Edgar Blatchford, Comm'r, Dept. of Commerce, Comm., and Econ. Dev.
Scott J. Nordstrand, Deputy Attorney General, Civil Division
Randy Ruaro, Legislative Contact, Department of Law
Deborah Behr, Supervisor, Legislation and Regulations
Stephanie J. Cole, Administrative Dir., Alaska Court System
Kevin Jardell, Legislative Director, Office of the Governor
Cheryl Frasca, Dir., OMB, Office of the Governor

Section by Section Analysis of CSSB 130 (L&C)¹

This committee substitute introduces new protections and a new benefit for injured employees, revises the timing for vocational reemployment (rehabilitation) eligibility, requires additional reporting in vocational reemployment, limits certain workers' compensation payments, and restricts medical cost liability. The committee substitute differs from SB 130 in absence of substantial change to the adjudication system, (although there remain some provisions that will impact the process of resolution of claims), providing additional oversight and reporting in vocational reemployment benefits, changes in the determination of reasonable and necessary medical treatment, and changes in the fraud provisions.

The committee substitute makes no sweeping changes to the Alaska Workers' Compensation Board and system of workers' compensation administration. The Alaska Workers' Compensation Board (board) retains responsibility for regulation and initial adjudication of claims and petitions arising under the act. There are some transfers of function included in the committee substitute, but, in place of many statutory changes transferring administrative functions, this committee substitute gives the board general power to delegate executive functions of administration and enforcement to the director of the Division of Workers' Compensation (division). The roles of the commissioner of the Department of Labor and Workforce Development and commissioner's designees are clarified: the commissioner's designee on a hearing panel is a hearing officer, but the commissioner, who serves as chair and voting member of the full board in its executive functions, is permitted to designate any representative to serve in the commissioner's place.

This committee substitute contains systemic improvements intended to promote settlement and speed the process of resolving cases. The committee substitute permits settlement of cases without a hearing and board approval if all parties are represented by counsel admitted to practice in Alaska, permits the Department of Labor and Workforce Development (department) to contract with a non-profit organization to represent employees otherwise unable to secure counsel, and provides for a consultation fee payable to attorneys without board approval.

This committee substitute does not eliminate or reduce the reemployment benefit² but it does make changes intended to reduce costs associated with delays in the reemployment process. This committee substitute allows parties to agree that an

¹ This document was prepared using the text offered April 1, 2005 and denominated as 24-GH1112\G.

² These benefits are often called vocational rehabilitation or retraining benefits.

employee is eligible for vocational rehabilitation, thus saving the cost of an eligibility evaluation and associated delay while an eligibility evaluation is done. This committee substitute eliminates the deadline for requests for eligibility evaluations from 90 days from the date of injury. Instead the right to request an eligibility evaluation is triggered by periods of consecutive days of absence from employment. In addition, an eligibility evaluation is mandated for employees who are absent due to injury for 90 consecutive days from their employment. These changes are intended to bring the process of vocational rehabilitation planning closer to the point that the employee has experienced significant absence from work. Finally, for those employees who have been found eligible for reemployment benefits, but who do not wish to undertake retraining as directed by the workers' compensation act, this committee substitute provides a job dislocation cash benefit if the employee elects not to undertake reemployment planning.

Another significant cost to the system is addressed by a series of changes designed to lower medical costs. Generic drugs are required unless medical necessity justification is provided in writing. The department is directed to create a "preferred drug" list or formulary, a common feature of group health insurance plans. Again, off-list drugs may be dispensed if medical necessity justification is provided. Employers are given permission to form groups to negotiate "preferred provider" lists – but use of the listed physicians by workers is voluntary. Fees for medical treatment and services, which are subject to regulation, are capped at the usual, customary, and reasonable rates in effect in December 2003.³ The original SB 130 provided presumptively correct guidance in determining what is "reasonable and necessary" medical care and treatment through adoption of one, and possibly more, national guidelines. The committee substitute changes the quantum and type of evidence required to rebut the presumption of what is "reasonable and necessary." Finally, in order to address the subject of medical costs in the future, the Commissioner is empowered to appoint a committee, which is directed to study the subject and to make a report to the commissioner and governor by March 1, 2007.

³ Rates are determined by the board by regulation, defining what is "usual, customary and reasonable". The board set the "usual, customary, and reasonable" rate at the "90th percentile of the range of charges" (8 AAC 45.082(i)).

The 90th percentile of range of charges means that in a community for which charges in a given period vary between \$50 and \$150 for a service, with two providers charging less than \$90, seven providers charging \$90 to \$120, and only one provider charging \$150, the "90th percentile" does not refer 90 percent of the difference between the highest and lowest, nor the number of providers charging any amount, nor 90 percent of any charge. It is an artificial number to which 90 percent of all charges in the community will be equal or less. In this community example, the 90th percentile could be any number below \$150. The result of this method is that the 90th percentile rises as charges increase.

Other deficiencies in the current system are addressed. The director of the workers' compensation division is given stronger enforcement tools, including power to issue stop orders against uninsured employers without hearing, provided an investigation has revealed substantial evidence that the employer is uninsured. The stop order may be followed by a hearing before the board to assess substantial civil penalties against uninsured employers. The director may also petition the board for a stop order. The civil penalties will be paid to a fund used to pay claims of injured workers employed by uninsured employers.

The director is also given substantial powers to investigate fraud. Persons who report fraud are granted immunity, and other persons are required to report known fraud. This committee substitute deletes changes to the current AS 23.30.250(a) proposed by SB 130, (the addition of definitions and rewording without change in meaning), relating to the criminal and civil fraud provisions.⁴ In its place, this committee substitute retains the former AS 23.30.250, adds language that provides examples of the "person" who may be liable for civil or criminal fraud under AS 23.30.250(a) or administrative restitution orders under AS 23.30.250(b). It also adds a new subsec. (c) permitting the court to award compensatory and punitive damages.⁵

Two changes to compensation benefits are included in the bill, which will not apply to most employees. First, compensation paid to non-residents is capped at the rate that would be paid if the recipient resided in Alaska. Second, for workers whose employers belong to the Public Employees Retirement System (PERS) or Teachers Retirement System (TRS), an offset for PERS or TRS disability benefits is allowed against workers' compensation total disability payments, so that the combined benefits do not exceed 100 percent of the employee's spendable (after tax) wages. The cap on combined offset benefits is reduced to 80 percent of the employee's spendable wages when the employee is receiving reemployment benefits instead of compensation. Permanent partial impairment compensation is not reduced or offset, unless the employee is in a reemployment process receiving weekly payments of permanent partial impairment compensation at the temporary total disability rate under AS 23.30.041(k).

⁴ This change appears to have been prompted in part by an understanding that SB 130 eliminated civil fraud actions. It did not do so; however, there were changes in the wording that were intended to strengthen criminal fraud proceedings and that was the focus of the changes proposed by SB 130 to the bill. The *administrative* fraud remedies were moved to a new subsection, which remains in the committee substitute.

⁵ This provision, at sec. 40, contains a reference to a civil action under "(a) or (b) of this section." AS 23.30.250(b) provides an administrative remedy before the Board, which may be reduced to a judgment and execution by the court, but there is no initial civil action permitted under (b). This appears to represent a typographic error, which should be corrected to prevent confusion.

In that case, the weekly permanent partial impairment compensation would be paid at the offset temporary total disability compensation rate. A similar off-set is permitted for workers who receive a disability benefit through an ERISA trust or employer contribution funded plan, if the trust or plan does not already take an offset for workers' compensation. This eliminates "double dipping" by employees whose combined benefits, tax free, exceed their wages.

Another feature of this committee substitute, as in the original SB 130, is the elimination of the second injury fund – a pre-statehood mechanism intended to encourage hiring workers with certain listed conditions.⁶ The list, which includes conditions as varied as polio, varicose veins, and the bends, has not been altered since its inception. The fund will be phased out, with delayed amendments eliminating the fund once all liabilities incurred by the deadline established in this committee substitute are satisfied.

The committee substitute eliminates the changes to the process of appellate review proposed by SB 130.

Finally, the committee substitute does not alter changes made in the insurance statutes to exempt joint insurance arrangements from participation in the assigned risk pool, require special deposits of insurers, and permit the director to seize and release the deposits to the Alaska Insurance Guaranty Association for claims payment in the event of insurer insolvency.

The workers' compensation act is lengthy and complex and this committee substitute addresses a number of subject areas. This sectional analysis provides cross-references other parts of the committee substitute as required, with additional references to unamended portions of the workers compensation act. This committee substitute also contains a number of what are essentially conforming amendments, delayed amendments, or transitional provisions.

Section 1 is a declaration of legislative intent to reform the workers' compensation insurance system to ensure payment of benefits when an insurer becomes

⁶ The fund was intended to encourage hiring employees with certain conditions by mitigating, to a limited extent, a potential employer's concern that hiring an employee with a listed condition would result in a greater liability if the employee were injured. The fund reimburses an employer for compensation payments made after two years of disability benefits have been paid, if the employee suffers a "second" injury that "aggravates, accelerates, or combines with" the listed condition to bring about a greater disability. The fund does not reimburse medical or other benefits. The fund also requires the employer to have written knowledge of the condition before hiring or retaining the employee.

insolvent and reduce the costs of workers' compensation premiums to employers. This expression of intent applies only to secs. 2 through 4 of the bill.

Section 2 creates new statutory provisions, AS 21.09.090(e) and (f), which provide additional financial protection for Alaskan workers in the event that a workers' compensation insurer becomes insolvent and unable to pay claims. Under these new provisions, insurers who are authorized to transact workers' compensation insurance in this state must maintain in the state a separate deposit for the protection of persons covered by workers' compensation insurance issued by the insurers that is in addition to the deposit required of insurers under AS 21.09.090(b). This new deposit will be based on collateralization of an insurer's loss reserves, but will not be less than \$100,000.

Section 3 creates a new statutory provision, AS 21.24.130(f), which provides that if an insurer becomes insolvent in any state, the insurer's deposit in Alaska, provided in sec. 2 of the bill, will be immediately available to the director of the division of insurance for release to the Alaska Insurance Guaranty Association to pay workers' compensation claims of eligible employees covered under policies issued by the insolvent insurer. No part of the deposit may be paid to an insolvent insurer's receiver until all workers' compensation claims under the insolvent insurer's policies have been paid. This revision provides additional financial protection for Alaskan workers in the event that workers' compensation insurer becomes insolvent and unable to pay claims.

Section 4 amends AS 21.39.155(a) to exempt all reciprocal insurers from the requirement of participating in the assigned risk pool, not just reciprocal insurers formed by a group of municipalities or non-profit public utilities. This change will mean that reciprocal insurers formed by certain industry groups will not be required, like other insurers, to insure employers in the assigned risk pool.

Section 5 amends AS 23.30.05.067(a)(1)(B) to remove a reference to the second injury fund. This amendment conforms to the repeal of AS 23.30.205 at sec. 46 of the bill. This amendment will not be effective until the commissioner of the Department of Labor and Workforce Development certifies that all fund obligations are satisfied. See sec. 54 of the bill.

Section 6 codifies a statement of legislative intent relating to the workers' compensation system. Subsections 1 through 3 replicate earlier statements of legislative intent that the workers' compensation laws ensure a quick, efficient, fair and predictable delivery of benefits to injured workers, at reasonable cost to employers, that cases be decided on their merits, and that the chapter not be construed to favor either party. Subsection 4 emphasizes the intent that proceedings be impartial and fair and that all parties be afforded due process.

Section 7 amends AS 23.30.005(a) to require that a hearing officer [instead of any person] be designated by the commissioner to sit as the commissioner's representative on a hearing panel when the commissioner does not sit on the panel. The section is also amended to provide that the board shall by regulation provide procedures to avoid conflicts and the appearance of impropriety in hearings. This change directs the board to expand the scope of its regulations beyond the provisions of the Executive Ethics Act, AS 39.52, applicable to members of boards and commissions, to address avoiding "the appearance of impropriety" as well as conflicts of interest.

Section 8 amends AS 23.30.005(b) to again clarify who may be appointed to represent the commissioner on a hearing panel (a hearing officer) while retaining the commissioner's broad discretion to designate a person to represent him as chairman and executive officer of the full board. The amendment also clarifies that hearing officers are not members of the full board.

Section 9 adds two new statutory provisions to AS 23.30.005. New subsection (m) authorizes the department to contract with a non-profit organization to provide employees information regarding workers' compensation proceedings and legal representation in proceedings before the board and commission. The intent is to provide some legal services to those persons unable to secure representation from attorneys practicing in the field.

Section 10 amends AS 23.30.012 relating to settlement of claims. It divides the current statute into two subsections. It transfers from the board to the director the power to approve the form of settlements. New provisions require that settlements be filed in the division, and, upon filing with the division, makes the settlement effective and enforceable as an order of the board. This is a change from current law, which requires all workers, regardless of representation or circumstances, to obtain board permission to settle their claims and approval of the negotiated terms.

However, a new provision requires that in cases where workers are not represented by an attorney licensed to practice in this state, or where a beneficiary is a minor or incompetent, the settlement must be reviewed by a hearing panel and may be approved when it is in the best interests of the worker or beneficiary. The hearing panel may hold a hearing and require an impartial medical examination before deciding whether to approve a settlement. This amendment parallels court practice in requiring review of minor or incompetent settlements.

Section 11 amends AS 23.30.015(e) to eliminate a reference to payments to the second injury fund and modernize language. As provided by sec. 54 of this bill, this amendment is not effective until the liabilities of the fund have been fully satisfied.

Section 12 amends AS 23.30.041(a) to reassign from the board to the director power to employ the reemployment benefits administrator and to authorize the administrator to employ a staff. This transfers hiring and oversight of the administrator and staff to the director of the division of workers' compensation.

Section 13 amends AS 23.30.041(b) to add new, additional reporting requirements to those currently imposed upon the administrator. The intent is to provide greater accountability for reemployment benefits planning, costs, and results on an individualized basis. A specific focus is required on the employment status of the retrained employee at certain time intervals after plan completion.

Section 14 repeals and reenacts AS 23.30.041(c) to substantially change the timing of eligibility evaluations. As unamended, current law requires an injured employee to request an evaluation to determine eligibility for re-employment benefits within 90 days of injury. This deadline may be forgiven if the employee shows "unusual and extenuating circumstances". In practice, such circumstances are frequently found to exist, as where the employee's physician did not tell him or her that a return to work may not be possible or did not predict the employee will have a permanent impairment. As a result, there are lengthy delays in the return to work process. As changed, this section contains a new provision allowing employers and employees to agree that the employee is eligible for retraining, without incurring the cost of an evaluation or waiting for a permanent impairment prediction. Also a new provision, the administrator is required to notify injured employees of the right to an evaluation if the employee sustains 45 consecutive days of total disability. There is currently no requirement that employees be notified of their right to an evaluation before the deadline expires. Without regard to time after the date of injury, a right of the employer or employee to request an evaluation is triggered by 60 days of consecutive total disability and, if an employee is totally disabled by the injury for 90 consecutive days, an eligibility evaluation is required. The standards for eligibility are not changed. The intent of this section is to reduce costs by encouraging appropriate agreements; promoting early attention to the issue of potential need for retraining by employees, employers, and physicians; and assuring that employees with serious, disabling injuries are provided evaluations as soon as possible.

Section 15 amends AS 23.30.041(f) to add an additional disqualification for reemployment benefits. This section provides that if an employee is found eligible for reemployment benefits, (which necessarily includes a physician's prediction of inability to return to the employment at the time of injury), and the employee declines reemployment benefits in favor of a job dislocation benefit (see sec. 16), the employee will be ineligible for reemployment benefits in the future if the employee returns to work in the same or simi ly

demanding occupation as when previously injured and is injured again. This subsection parallels the current disqualification of an employee who receives reemployment benefits but who returns to work in the same or similarly demanding occupation as when previously injured and is injured again.

Section 16 amends AS 23.30.041(g) to provide that an employee who is eligible for reemployment benefits but elects not to use the benefits may take a job dislocation benefit instead. The intent of this section is to encourage employees who are eligible for retraining to seriously consider their options and encourage prompt entry into plan development, and, by making the alternative to retraining less attractive, to provide a disincentive to the practice of delaying plan development in hopes of increasing the settlement value of reemployment benefits, or of beginning plans the employee has no real interest or inclination to pursue in order to continue receiving payments. Finally, it provides a small benefit not previously available to those employees who genuinely desire to retire from the active labor market or to pursue plans of their own without direction from the workers' compensation system.

Section 17 amends AS 23.30.041(j) to modernize the language.

Section 18 amends AS 23.30.041(p) to replace the board with the director as the holder of a public meeting to select a proposed date on which a new edition of the U.S. Department of Labor's Dictionary of Occupational Titles shall be implemented. The department replaces the board as the agency selecting the date proposed and the director replaces the board as the person giving notice of the selected date.

Section 19 amends AS 23.30.041(q) to replace the board with the division as the agency receiving filed waivers of rehabilitation benefits and serving notices of the waivers. The amendment also replaces the board with the director as the agency proscribing or approving the form of such waivers.

Section 20 amends AS 23.30.080(d) regarding proceedings to obtain stop work orders against uninsured employers. The amendment provides that the board may issue a stop work order at the request of the director. The amendment clarifies the role of the director. Unlike the original SB 130 language, it does not distinguish the procedure for the director's request as being pursuant to the board's petition process (provided by regulation at 8 AAC 45.050) instead of one based on a notice of accusation under the Administrative Procedure Act.

Section 21 creates three new statutory provisions relating to penalties against uninsured employers and stop orders. New subsec. (e) authorizes the director to issue a stop order after an investigation by a department officer reveals substantial evidence that the employer is not insured or has no self-insurance certificate. The director must dissolve the stop order on receipt of proof of insurance or a

self-insurance certificate. In addition, the director may petition the board to assess a civil penalty if the employer fails to obey the stop order.

New subsec. (f) authorizes the division to petition the board for a civil penalty of up to \$1,000 per day of employment per uninsured employee. New subsec. (g) permits the director to declare an employer in default if the employer fails to pay a civil penalty under subsec. (d) (failing to comply with a board stop work order, \$1000 per day), subsec. (e) (failing to comply with a director stop work order, \$1000 per day), or subsec. (f) (failing to insure employee, \$1,000 per employee per day), within seven days of the date ordered. Upon filing a certified copy of the penalty order and a declaration of default with the clerk of the superior court, the court shall enter judgment for default. The attorney general, as requested by the director, shall take appropriate action to collect on the default judgment, and a writ of execution may be issued on the judgment. The person against whom the judgment is issued may seek court review of the judgment as allowed by the civil rules.

Section 22 creates a new section, AS 23.30.082, establishing a workers compensation benefits guaranty fund to assist injured employees of uninsured employers. The fund is established in the general fund, comprised of the civil penalties paid under AS 23.30.080, income earned by investment, money deposited in the fund by the department, and appropriations to the fund. The fund may be used to pay claims, expenses of the fund, and legal expenses. The Department of Revenue shall inform the division of the fund balance and interest income. Subsec. (c) provides for injured employees to file a claim against the fund and preserves the rights of the fund to defend claims. Subsec. (d) provides that the fund is subrogated to all rights of the employee, and is assigned all rights of the employee against the uninsured employer to the extent of payment by the fund. Money collected shall be paid to the fund. Claims will be paid in the order made against the fund. Finally, the division is authorized to contract for adjustment of claims against the fund.

Section 23 amends AS 23.30.095(j) to reassign from board to the commissioner authority to appoint a medical services review committee or contract with organizations to assist and advise the department and the board in matters respecting medical care under the workers' compensation act.

Section 24 amends AS 23.30.095 to add three new subsections. The first, subsec. (n) requires pharmacists to dispense generic medication where a generic is available and the prescriber does not provide written justification of medical necessity for the brand name product. This subsection also requires the department to establish a preferred drug list for use under this subsection, but also allowing prescribers to depart from the list when medical necessity justifies departure. The department shall make a regulation for the process to establish medical necessity.

The second new subsection, (o), for purposes of determining what medical treatment or services the employer is liable for under AS 23.30.095(a), establishes a rebuttable presumption of correctness of the recommended treatment guidelines of the American College of Occupational and Environmental Medicine in effect at the time treatment is provided. For injuries not covered by the guidelines, the board may adopt other scientific, evidence-based guidelines generally recognized by the national medical community. The requirement in the original SB 130 that the presumption be rebutted by "a preponderance of scientific evidence" is deleted.

The third new subsection (p) was added in the committee substitute. This subsection allows the presumption created in subsec. (o) to be rebutted by a certified (i.e., upon oath) written statement by the employee's physician describing the variance in treatment and setting out the basis for the physician's conclusion that the variance is reasonably required by the nature of the injury or the process of recovery. This statement would eliminate the "presumption of correctness" of the national guidelines and probably raise the presumption in AS 23.30.120(a) that a claim for the disputed treatment is compensable. In resolving any continuing dispute, the board would be required to address the matter on the evidence, in the same process it presently uses.

Section 25 creates a new statutory section, AS 23.30.097, dealing with payment of medical benefits. This section provides that all fees and charges for medical treatment or services under the act are subject to board regulation and that an employee may not be required to pay a fee or charge covered by the workers' compensation act. The fee or charge may not exceed the lesser of the usual, customary, and reasonable fee published on December 15, 2003, or the payment negotiated by an employer under the preferred provider process. [The reasonable fee *in effect* on December 15, 2003 was published in July 2003. This error should be corrected.] Provision is made to allow employers or groups of employers to negotiate with physicians to establish preferred provider lists and fees for services, but the selection of a physician on the list is voluntary and an employee must be so advised. No attempt to influence treatment or rating decisions can be made in negotiating the list. Selection of a physician for inclusion on the list does not affect the employer's right to choose an independent medical examiner. Subsec. (d) of this provision parallels former AS 23.30.095(l), repealed in sec. 45 of this bill, and provides that payment of bills for medical treatment must be made within 30 days after the date that the employer receives the bill or a completed report as required by AS 23.30.095(c), whichever is later. Subsec. (e) of this provision duplicates former AS 23.30.095(m), repealed in sec. 45, relating to payment of pharmacy

and travel charges, and reimbursement of third party payers such as health insurers.

Section 26 amends AS 23.30.100(b) to require that the notice of an injury or death given under the workers' compensation act contain a consent by the employee to release medical records of treatment of the injury or death to the employer's adjuster and the board. This "release" is limited solely to records of treatment of the reported injury or medical records of the death, and does not replace the consent to release information contained in AS 23.30.107. The intent of this amendment is to speed the process of payment of medical expenses by allowing adjusters to immediately request treatment records for the reported injury and encourage physicians to comply with AS 23.30.095(c) by making reports of treatment to the employer and the board.

Section 27 amends AS 23.30.107(b) to add the division as the agency where workers' compensation files are maintained. The amendment also adds the division as an agency that may release records as provided by the statute.

Section 28 amends AS 23.30.107 by adding a new subsection that prohibits the division from assembling or providing information contained in individual workers' compensation files for commercial purposes outside the scope of the workers' compensation act. The intent of this provision is to prevent "mining" of division records for commercial purposes, such as investment solicitations, credit agencies, and the like. Currently the act makes it a misdemeanor to solicit employment for a lawyer or oneself in respect to a compensation claim. *See* AS 23.30.260(2). Although that statute prohibits certain solicitation activities, it does not clearly provide the division authority to decline to produce information for commercial endeavors. This new section clarifies the division's ability refuse to assist in illegal conduct and provides guidance to division conduct. This section is not intended to prohibit disclosure of, for example, public record information regarding a specific claim to a newspaper reporter, an insurer seeking the names of employers who are uninsured for purposes of soliciting contracts to provide workers' compensation insurance (as these employer coverage status is not in respect of a claim), or an investigator for a law firm representing an injured worker asking, pursuant to a valid discovery order or other authorized discovery process, for information regarding other claims that are relevant to an on-going claim for compensation. This provision does not alter other subsections providing that medical and vocational reemployment records in a claim are not public records.

Section 29 repeals and reenacts AS 23.30.122, relating to determinations of the credibility of witnesses. As provided by the former statute, the board has the sole power to determine credibility of witnesses, but the amendment removes language relating to the conclusiveness of the board's findings regarding the

weight of the evidence. The amendment coordinated with the commission's role as appellate reviewer as proposed in SB 130. However, the text of the amendment was not changed in this committee substitute.

Section 30 creates a new statutory provision, AS 23.30.175(b)(5), which "caps" compensation paid to non-resident recipients at the compensation rate the recipient would receive if residing in Alaska. The effect of the amendment is to allow compensation rates paid to a non-resident to decrease by cost of living adjustments for the recipient's area of residence, but caps any increase due to a cost of living adjustment in the recipient's area of residence so that the recipient's compensation rate does not exceed what the recipient would receive in Alaska.

Section 31 amends AS 23.30.175(c) to transfer the authority to provide cost of living comparisons from the board to the department and to replace annual redeterminations of cost of living comparisons with redeterminations every three years.

Section 32 amends AS 23.30.205(e) to replace the commissioner with the director for receipt of notice of award or adjudication respecting the second injury fund.

Section 33 adds a new subsection (g) to AS 23.30.205 setting a final deadline for filing of claims for reimbursement against the second injury fund, thus limiting the fund's liabilities and phasing out the fund. The fund is granted a period in which to accept or claims filed, and pending claims may be included by decision by the board.

Section 34 adds a new section providing for coordination of certain disability benefits and workers' compensation payments. For employees benefiting under AS 39.35 or AS 14.25, the employer's liability for total disability compensation under AS 23.30.180 or AS 23.30.185 is limited to the lesser of the difference between the employee's spendable weekly wages and the disability benefits the employee payable to the employee under AS 14.25.130, or AS 39.35.400 or 39.35.410 or the maximum compensation rate. The intent is that the combined workers' compensation and disability benefit should not exceed the employee's after tax wages, and that an "off-set" is allowed for disability benefits against workers' compensation payments. The employee whose workers' compensation and disability benefit, combined, do not exceed his or her spendable weekly wages should continue to receive the workers' compensation to which the employee is otherwise entitled. For employees who are not receiving total disability compensation, but who are receiving benefits under AS 23.30.041(k), the employer's liability is limited to the lesser of the combination of the AS 23.30.041(k) benefit and disability benefits up to 80 percent of the employee's spendable wages or 105 percent of the state average weekly wage (i.e. AS 23.30.041(k) benefit). Thus, the disability

benefit is off-set against the employer's liability for AS 23.30.041(k) benefits. Similar provisions are also included for employees who are eligible for disability benefits from an employer-contributed union or group insurance plan or welfare trust, if the benefit from the plan or trust does not make an off-set for workers' compensation benefits paid to the employee. The purpose of this provision is to eliminate the circumstance of employees receiving employer-funded disability benefits and workers' compensation, tax free, that together exceed what they would have received, after taxes, had they not been injured. This section does not limit the employee's benefits on account of private disability insurance or group disability insurance procured through other means (such as membership in trade or professional organizations) than those specified in this provision.

Section 35 amends AS 23.30.240 to include members of limited liability companies in the catch line and replace the director of the division of workers' compensation for the commissioner as the person approving executive officer waivers.

Section 36 amends AS 23.30.240 to add a new subsection providing that members of limited liability companies are not employees, except at the affirmative election of the company, which must specify the member for the period of coverage. When the coverage lapses, the specified member's inclusion as an employee also lapses and must be affirmatively renewed by the company to continue.

Section 37 amends AS 23.30.247(c) to eliminate a reference to the second injury fund. As provided in sec. 54, this amendment does not take effect until the liabilities of the fund are fully satisfied.

Section 38 creates a new section relating to fraudulent acts or false or misleading statements in workers' compensation. Provisions for administrative reimbursement for benefits obtained through fraudulent acts or false or misleading statements, currently in AS 23.30.250(b), are moved to this section, and the standard of proof of fraudulent acts or false or misleading statements is clarified. The form of the statute conforms to modern usage, without other change in meaning.

This section also provides civil immunity for a person who furnishes information regarding fraud in good faith to law enforcement officials, the division, the division of insurance in the Department of Commerce, Community and Economic Development, or an insurer or risk manager of a self-insured employer. The immunity is not extended to those whose liability is the result of reckless, willful or intentional misconduct. In addition, an insurer, adjuster, or risk manager is required to report information about suspected fraud to the director, and is immune from civil liability for making such a report. The provision grants the director authority to investigate reports

of fraud, and, if the director finds credible evidence of fraud, to refer the facts to a prosecutor and to the affected insurer. If the fraud was perpetrated against the division, the director may seek an order of forfeiture against the person, precluding the person from future benefits. The director's investigations are made confidential, unless a court directs public inspection. The director is given power to obtain information outside the state, through other state's officials, and to cooperate with officials outside the state. Definitions are provided of "fraudulent acts", which include actions by persons other than an employee.

Section 39 amends AS 23.30.250, relating to criminal and civil penalties for fraudulent acts or false or misleading statements, and administrative restitution. The committee substitute deletes the improvements provided by adding definitions and modernizing the language of subsec. (a) provided in the original SB 130 text. Because subsec. (a) of sec. 38 duplicates subsec. (b) of AS 23.30.250, amended by this section, albeit sec. 38 includes some rewording and addition of the standard of proof for administrative proceedings, there is a potential for considerable confusion by the retaining subsec. (b) in this section. The amendments in this section provide additional clarification as to the persons subject to the civil and criminal actions in subsec. (a), and to administrative reimbursement orders under subsec. (b).

Section 40 amends AS 23.30.250 to add a new subsection providing that a court may award compensatory and punitive damages. As noted in footnote 5, AS 23.30.250(b) as amended in sec. 39, provides an administrative remedy before the Board, which may be reduced to a judgment and execution by the court. However, there is no initial civil action permitted under (b). The language referring to a civil action under "(b) of this section" appears to be a typographic error, which should be corrected to prevent confusion.

Section 41 amends AS 23.30.260 to add a new subsec. (b) that provides that an attorney may charge up to \$300 for one-time only consultation with a claimant. This provision gives statutory authority for a regulation that presently exists allowing such fees.

Section 42 amends AS 23.30.395 to add new subsections defining the director, department, commissioner, and division.

Section 43 amends AS 37.05.146(c) to include the workers' compensation benefit guaranty fund in the list of accounts within the general fund.

Section 44 amends AS 39.25.120(c)(14) to remove a reference to the board and substitute the division as the employer of the rehabilitation administrator.

Section 45 repeals AS 23.30.095(d), 23.30.095(l) and 23.30.095(m). The complete provisions of AS 23.30.095(l) and 23.30.095(m), and portions of

AS 23.30.095(f), are now contained in new statutory section AS 23.30.097 (see sec. 25).

Section 46 repeals sections creating, operating, or relating to the second injury fund: AS 23.30.015(c), 23.30.040, 23.30.205, 23.30.395(27), and AS 37.05.147(c)(12). The intent is that upon the effective date of this section (see sec. 54), the second injury fund is fully disestablished.

Section 47 creates a new provision of uncodified law that provides that the cap on rates paid to out of state claimants shall apply only to injuries occurring after the effective date of the provision establishing the cap.

Section 48 creates a new provision of uncodified law that provides for continuation of effect notwithstanding a transfer of function from the board to the director or the institution of the commission as an appellate body for workers' compensation appeals. This provision also continues in force all regulations, orders, decisions, or certificates issued by the board until revoked, modified or vacated under the provisions of this bill; and continues in effect all contracts, rights, liabilities or obligations.

Section 49 creates a new provision of uncodified law permitting the director of insurance in the Department of Community and Economic Development and Department of Labor and Workforce Development to proceed to adopt necessary regulations to implement this bill, but not before the effective date of the bill.

Section 50 creates a new provision of uncodified law directing that any money remaining in the second injury fund shall be transferred to the general fund. The effective date of this section is delayed until the full satisfaction of the fund's liabilities. See sec. 54 of the bill.

Section 51 creates a new provision of uncodified law directing the commissioner to appoint a medical services review committee pursuant to AS 23.30.095(j), as amended by this act, to make a study of provision of medical treatment and services, and the cost of such benefits, and to report its findings to the commissioner by March 1, 2007.

Section 52 provides that the "cap" on compensation paid to out-of-state recipients applies only to persons injured after the effective date of the section establishing the cap.

Section 53 provides an effective date of September 1, 2005, for the insurance provisions (secs. 1-4 of the bill), the cap on benefits paid out-of-state recipients, and the directive to appoint the medical services review committee.

Section 54 provides a delayed effective date for the repeal of the second injury fund (see sec. 46 of the bill) and amendments to delete references to the second injury

fund. The delayed effective date is the date the commissioner certifies that all remaining liabilities of the fund are satisfied.

Section 55 provides an effective date of August 1, 2005 for all other provisions of the ac..

Comparison of Maximum Allowable Rates for Various Medical Procedures

CPT Code (Current Procedural Terminology)	29881	49505	63005	71020	72131	99205	99213
Short Description	Arthroscopy	Repair Initial Inguinal hernia	Laminectomy Lumbar	Radiological exam, chest, 2 views	Scan, lumbar without contrast	Office visit, new patient, comprehensive exam	Office visit, established patient intermediate exam
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Oregon WC 2005	\$1,491	\$1,170	\$2,624	\$65	\$528	\$315	\$97
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Alaska WC 2004	\$3,813	\$2,204	\$5,728	\$135	\$1,266	\$388	\$114
Alaska WC 2005	\$4,181	\$2,295	\$5,936	\$153	\$1,369	\$368	\$127
% increase in AK WC charges between 2000 and 2005	27%	23%	19%	28%	47%	31%	35%
Current maximum allowable rates for:							
AlaskaCare	\$3,873	\$2,200	\$6,000 *	\$140	\$1,400 *	\$316	\$107
Alaska Medicare	\$1,015	\$781	\$1,781	\$61	\$494	\$290	\$88
Alaska Medicaid	\$893	\$678	\$1,558	\$55	\$450	\$253	\$78

* insufficient data for Alaska; uses National data, adjusted

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Josh Applebee

From: Erica Adkins [scal@alaska.net]
Sent: Thursday, April 07, 2005 1:56 PM
To: Rep. Tom Anderson; Rep. Pete Kott; Rep. Norman Rokeberg; Rep. Harry Crawford; Rep. Gabrielle LeDoux; Rep. Eric Croft; Rep. David Guttenberg; Rep. Bob Lynn
Subject: Suggested Amendments
Attachments: Compromise WC Bill - 040705.doc; House letter 040705.doc; Separate Amendments SB 130 040705.doc



Compromise WC Bill - 040705.doc House letter 040705.doc (39 K...ndments SB 130 04

Dear Representatives

Attached are a proposed compromise bill, suggested amendments and cover letter explaining the rational for these proposals.

Sincerely,
Erica Adkins

I've stopped 189 spam messages. You can too!
One month FREE spam protection at <http://www.cloudmark.com/spamnetsig/>

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BILL NO.

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to a special deposit for workers' compensation and employers' liability insurers; relating to assigned risk pools; relating to workers' compensation insurers; relating to workers' compensation insurance premiums; stating the intent of the legislature, and setting out limitations, concerning the interpretation, construction, and implementation of workers' compensation laws; relating to the Alaska Workers' Compensation Board; assigning certain Alaska Workers' Compensation Board functions to the division of workers' compensation in the Department of Labor and Workforce Development and to that department, and authorizing the board to delegate administrative and enforcement duties to the division; providing for workers' compensation hearing officers in workers' compensation proceedings; relating to workers' compensation medical benefits and to charges for and payment of fees for the medical benefits; relating to agreements that discharge workers' compensation liability; relating to workers' compensation awards; relating to division of workers' compensation records; relating to release of

1 treatment records; relating to an employer's failure to insure and keep insured or
2 provide security; relating; relating to attorney fees; providing for the department to
3 enter into contracts with nonprofit organizations to provide information services
4 and legal representation to injured employees; providing for administrative
5 penalties for employers uninsured or without adequate security for workers'
6 compensation; providing for members of a limited liability company to be included
7 as an employee for purposes of workers' compensation; establishing a workers'
8 compensation benefits guaranty fund; providing for a study and report by the
9 workers' compensation review committee; and providing for an effective date."

10

11 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

12 * **Sec. 1** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **LEGISLATIVE INTENT.** It is the intent of the legislature by Sec. 2 - 4 of this Act

15 (1) to reform the workers' compensation system in Alaska to ensure the continued
16 payment of benefits in the event of an insurer insolvency; and

17 (2) to reduce the overall costs of workers' compensation premiums to employers.

18

19 * **Sec. 2** AS 21.09.090 is amended by adding new subsections to read:

20 (e) In addition to and separate from the deposit required under (b) of this section,
21 an insurer that is authorized to transact workers' compensation and employer's liability
22 insurance as defined in AS 21.12.070(a)(3) shall deposit in this state, through the

1 director, for the protection of persons in this state covered by workers' compensation
2 insurance issued by the insurer, an amount no less than the greater of

3 (1) \$100,000; or

4 (2) an amount equal to the sum of the following less any credit for
5 reinsurance that the insurer may take under (f) of this section:

6 (A) the aggregate of the present value at four percent interest of the
7 total determined and estimated future loss and loss expense payment upon each
8 claim incurred under a policy written in this state more than three years before
9 the date of computation; and

10 (B) for each of the three years before the date of computation, 65
11 percent of the earned premium for the year less each loss and loss expense
12 payment made upon a claim incurred in the corresponding year, except that the
13 amount for any year may not be less than the present value at four percent
14 interest of the total determined and estimated future loss and loss expense
15 payment upon each claim incurred under a policy written in this state that year.

16 (f) In calculating the deposit amount required under (e)(2) of this section, an
17 insurer may take a credit for reinsurance if the reinsurer has deposited in trust in this
18 state, through the director, an amount at least equal to the credit to be taken, and no less
19 than the aggregate of all credits taken by each insurer under this subsection.

20

21 * Sec. 3 AS 21.24.130 is amended by adding a new subsection to read:

22 (f) If an insurer is found to be insolvent by a proceeding under AS 21.78 or by a
23 court of competent jurisdiction in any other state, the director shall take control of the