By Rachael Petro
President/CEO, Alaska Chamber

Wouldn’t it be nice if good intentions always resulted in good outcomes? Alaska’s worker’s compensation laws prove good intentions often aren’t enough.

One of the Alaska Chamber’s top priorities is enabling systemic change to Alaska workers’ compensation statutes. This makes sense given our purpose in existing is to improve Alaska’s business climate. Workers’ compensation is a real issue affecting businesses of every size in every industry sector, making it an issue ripe for Chamber action.

The intent of Alaska’s workers’ compensation laws aligns with what employers and employees want, but the reality is the system isn’t working as intended and makes Alaska less competitive in creating and maintaining jobs. Alaska’s workers’ compensation costs are the highest in the nation. Every Alaska business, Chamber member or not, is impacted by the fact that Alaska has the highest costs of workers’ compensation in the entire nation. These costs make it harder to do business in Alaska.

Both employers and employees need and deserve a workers’ compensation system that provides quick, efficient, fair, and predictable delivery of indemnity and medical benefits for injured workers at affordable costs to employers. All those things are included in the law’s purpose section (AS 23.30.001).

So what is wrong and how can we fix it?

Systemic change will require all employers, including businesses that profit from the current system, to rally around workers’ compensation principles that support evidence based treatment guidelines, direction of care, fee guidelines based on federal benchmarks, and an effective and streamlined dispute resolution system.

A reformed system can improve treatment programs, promote injury recovery and return to full employment by injured workers and make Alaska businesses more competitive. The good news is that Alaska’s on-the-job injury rates have actually been falling since the 1990s with successful improvements to workplace safety. In just that past five years alone, there has been a 14.2 percent decline in claim frequency. The bad news is that while on-the-job injuries have decreased, the cost per injury continues to steadily rise.

The most significant and growing portion of workers’ compensation costs are medical costs. The latest data shows that the average medical costs comprise 75 cents of each dollar spent on workers’ compensation benefits in Alaska. Fees charged for medical services in Alaska workers’ compensation cases are often much higher than the same fee charged for the same service by regular insurance. Overall, 76 percent of workers’ compensation costs in Alaska are associated with medical costs. In addition to rising medical costs, legal costs per case are rising and the retraining program outcomes remain poor.

Alaska businesses have successfully reduced on-the-job injuries. Now it’s time to reform our workers’ compensation system to get employees back on the job and let businesses focus on growing their business — creating new jobs.

Already this session the Alaska Legislature’s House Labor & Commerce Committee has introduced several bills addressing the issue — House Bill 141 and House Bill 316. It’s no secret that Rep. Kurt Olson, chairman of the committee, is committed to improving Alaska’s workers’ compensation system. HB 141 eliminates the potential for workers compensation claims that are treated in another state to bill at Alaska’s much higher allowed rates. This legislation specifies that reimbursement for services must be billed under the workers compensation statutes of the state where services are provided. HB 141 cleared the House before Valentine’s Day with strong bipartisan support and awaits Senate action. The Chamber supports HB 141.

HB 316 was introduced Feb. 19 and changes the way Alaska’s workers’ compensation medical fee schedule rates are set. HB 316 changes the fee schedule to a system similar to those used by thirty-two other states. The proposed system incorporates the relative value for services, including physician work, practice expenses, and professional liability insurance, as well as adjustments by the corresponding geographic practice cost index. The Chamber is evaluating HB 316.

While these bills do not encompass all the principles the Chamber believes necessary to systemically change Alaska’s workers’ compensation system — we will support changes we believe move us in the right direction. The Chamber will continue to advocate for comprehensive, systemic workers’ compensation reform. We believe Alaska can and must do better.

Rachael Petro is the President and Chief Executive Officer for the Alaska Chamber.

Employee engagement never mattered more

Hey, employers. Talk to your employees. Why? Because they care what you think!

If you were lucky enough to attend the Alaska Chamber’s annual conference in Fairbanks last October, you’ll remember Andrew Sykes. Andrew is the chairman for Health at Work and spoke to us about the people we work with — and by extension, our communities as a whole.

His statistical presentation about the life-changing and life-improving impact that employers can have on their employees was both impressive and humbling.

Why is it that employers can have such a dramatic, long-term impact on the individual well being of employees while ad campaigns, public programs and fads fall so short?

That question can be answered with a dramatic, long-term-statistics. The statistics show us that employers are a trusted source of information for employees. As owners, executives and managers of companies we can radically improve the lives of those we work with because they trust us. They know that their trust won’t be abused.

How exciting is that?! But that’s just one type of information. The opportunity to help the people we work with — and by extension, our communities as a whole — isn’t limited to individual health and personal wellbeing.

I think that as employers we often try to keep our at work communications focused solely on whatever task is current at hand. We don’t want to intrude on our employees with other information. Even if that information is related to the health of our economy.

Would it surprise you to know that the majority of employees want that sort of information from their employers? It surprised me. But when you look at the numbers, it makes sense. The way we get to the numbers is to look at elections.

Specifically, this is what we can look at the information sources that employees find helpful when deciding to vote.

Gregory Casey, in a 2012 Harvard Business Review article, did just that. Casey cites employers as one of the most credible sources of information. In fact, 35 percent of employees rank their employer as the “most credible source of information about political issues and elections affecting their job.”

Thirty-five percent might not sound like a lot, but we’re talking percentage of the whole here. Employers are competing against media outlets, political parties, blogs, social media, radio ads and more.

To put it into perspective: 16 percent of workers rank media as most credible and only 12 percent for political parties. Thirty-five percent is HUGE, and guess what, it’s not nearly as high as it could be.

Thirty-five percent grows to 61 percent among employees who visit their employer websites at least once a week. Think about that for a second. When employees get access to the information that their employers have, they use it. They appreciate it. They trust it.

So how do I leverage this information? Here at NANA Oilfield Services, we have employees spread across the state...
Why We Fly

By Andy Rogers
Deputy Director, Alaska Chamber

Session is in and downtown Juneau has been transformed. Flights are full. Restaurants are full. Hotels are full. Session is in and everyone is coming to town with legislative wish lists clutched firmly in hopeful hands. The Alaska Chamber is no different. Well... maybe we’re just a little bit different. No one is paying us to show up.

Most people who come to Juneau get paid to do it. To be fair, I'm on that list these days, as well. It’s part of my job to be in Juneau. I get paid to sit through hearings. To give testimony. I’m not earning my salary if I’m not studying legislation and writing letters.

But that wasn’t always the case. In fact, I used to pay for the opportunity. And that is what Chamber members do. When everyone from the legislators to staff and reporters to lobbyists get cash in hand to make the legislative effort worth their time, why do businesses pay to be involved? When I owned PangoMedia and sat on the Chamber board, I made it my business not to miss the annual Fly-In. The same is still true of entrepreneurs and employers across the state.

Why do we do it?

I mean, we have companies to run. Right? We’re directly responsible for providing livelihoods to Alaskans, sometimes dozens or hundreds of livelihoods. If you abstract that out to the families that those incomes support, the numbers start to get daunting and they do it quickly. So again, why do we do it?

I mean, we have companies to run. Right? We’re directly responsible for providing livelihoods to Alaskans, sometimes dozens or hundreds of livelihoods. If you abstract that out to the families that those incomes support, the numbers start to get daunting and they do it quickly.

So again, why do we do it?

I think the answer to that question is a two-parter. We go through the trouble and expense of joining our legislators in Juneau because 1) it’s important, and 2) because it makes a difference.

Clearly, those challenges aren’t scaring Alaska business people away from the legislative process either. This past January, we had 100 business leaders pay the time and opportunity cost of flying to Juneau. They did it because it was important and they did it because it makes a difference. The third successive record in as many years, it’s no coincidence that last year 24 of 34 bills we supported passed into law — bills that positively impacted the business and economic health of the state.

We took our seat at the table.

But keeping Alaska open for business is not a one-and-done kind of deal. It takes commitment. It takes work. The Legislature might convene for 90 days. Public servants may serve for a two-year term. Alaska’s business and families are looking for generations of success. And that type of vision demands not only vigilance, but participation as well.

To each and everyone of the employers who took time away from their own business to bolster the business of the State... thank you. It’s important. And it’s making a difference.

Andy Rogers is the Deputy Director for the Alaska Chamber.

2014 Outreach Trip
June 23-25 • Nome, AK

Planning is underway for the Alaska Chamber’s 2014 Outreach Trip. Strike gold with a visit to this year’s outreach destination Nome, Alaska. Meet with local business owners, learn about the concerns, issues and business opportunities – and see the sights in Nome in the process!

Space will be limited. Watch for sponsorship and registration opportunities at alaskachamber.com
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ADDITIONAL

Denali State Bank
Era Alaska rebranding itself as Ravn Alaska

Era Alaska announced in a January a name change to Ravn Alaska. The rebranding encompasses the airlines under the Era Alaska umbrella, Era Aviation, Hageland Aviation Services, and Frontier Flying Service, and is intended to reduce confusion in the marketplace by distinguishing Alaska’s largest regional air group from others in the aviation industry. Era Aviation will become Ravn Alaska, Hageland Aviation and Frontier Flying Service will operate under the brand name Ravn Connect.

As Kari said, participants get a crash course in working together, and with that start to utilize their strengths to help their team succeed.

ABW takes a lot of support from the business community to succeed, not only financially but also in the form of volunteers and the program is important. Alaskan businesses will eventually be run by today’s high school students. ABW creates future leaders that will help better Alaska businesses.

Nicole Schuh is the Alaska Business Week Program Director at the Alaska Chamber. For more information on becoming a volunteer or a sponsor email Nicole at nschuh@alaskachamber.com.
Old Harbor Native Corp. keeps it local, enhances lodging

By Dee Dee Kay
Director of Sales, Grand Denali LLC

Denali National Park and “The High One” have always been a draw to visitors outside our state and for those of us who live here. Whether we see the majestic view of Denali from our home or office, on the road system, or deep in the backcountry, it is always wondrous and inspiring.

The popularity of summer visits to Denali has continued to increase over the past few years, as has Old Harbor Native Corp.’s commitment to its two Hotels near the entrance to Denali National Park — the Grande Denali Lodge and the Denali Bluffs Hotel. Pursuant to this, OHNC brought both the current management and the future vision for these properties directly under their operational umbrella in January of 2013.

Last year, OHNC invested significant funds in the infrastructure of these two properties, both located above the Parks Highway on Sugarloaf Mountain. This year, OHNC continues their commitment by investing another $1,200,000 in continued improvements using selected lead contractor Alas-Co General Construction, Inc., an Alaskan owned and operated company based in Anchorage.

Joe Merrill, Director of Lodging for OHNC explains, “The Denali Bluffs Hotel rooms will receive themed décor changes which will impart a cozy “wilderness cabin” atmosphere to the accommodations, while still providing all the conveniences and amenities expected by our discerning guests. These changes should be very pleasing to summer visitors and locals alike. They fit perfectly with where we are. Along with the upgrades, we’re also adding a few ‘special touches’ that will definitely help us to stand apart from our competition, by enhancing our more personal, small property feel at the Bluffs.”

In addition, both the Food and Beverage outlets at the Bluffs — the full-service “Mountaineer Restaurant and Bar” and the lighter service “Perky Moose” — are both receiving creative improvements in service capability and décor as well. Of course, the natural beauty and scenery of Denali will still be on full display from inside the Mountaineer or outside on its friendly deck.

Exciting to note at the Grande Denali Lodge, will be the addition of a new banquet/conference space, to be called “The Sugarloaf Room.” This new facility, located just off the main Lobby at the Grande, will offer meeting planners and group leaders the ability to host a variety of private functions in a spectacular setting, supported by full Food and Beverage services. Whether hosting a business or pleasure gathering, “The Sugarloaf Room” will surely prove to be a popular location.

Last, but ever so important, significant funding and improvements are underway in the Employee Housing and Dining facilities for the two Hotels. “It starts and ends with our employee team,” adds Merrill. “We want their Alaska experiences for this coming summer, and for many summers to come, to be as comfortable, exciting and rewarding as possible. Moving forward, investing in our team will remain a top priority as we continue to strive to achieve those goals.”

Dee Dee Kay is the Director of Sales with Grand Denali LLC, a subsidiary of Old Harbor Native Corp. For more information please email Dee Dee at dkay@oldharbor.org or visit www.denalialaska.com
Why oil tax reform matters in Alaska

By Leslie Hajdukovich
Co-chair, Vote No on 1

Alaska’s oil and gas industry has been the biggest driver in our state’s economy for 50 years. Responsible development of our oil and gas reserves has fueled our schools, roads, airports, government, our grocery stores, coffee huts and car dealerships. As a fifth generation Alaskan, I am thankful for an industry that allows me, and my family the opportunity to live in Alaska.

As an active member of the Fairbanks community, I have served on the Fairbanks school board for six years, three as president, and in other volunteer capacities that have benefitted our youth. It is important to me that every child in Alaska receive a quality education — an education that prepares them for the work force, and for future employment in our great state. Upon being elected to the school board, I quickly learned that our school district’s funding is heavily dependent upon the success of the oil and gas industry in Alaska.

Last October, I was asked to be a statewide co-chair for the effort to defeat the oil tax referendum on the ballot this August. I felt it too important an issue to say no. Over the last three months, I have become informed and carefully studied the issues around new oil tax reform. I have a clear understanding of why oil tax reform is good for Alaska.

The state budget shortfall is not due to oil tax reform, but rather to declining oil production in our state and falling oil prices. Oil prices are not something we can control in Alaska, however we can influence decisions that affect production. That is exactly what new oil tax reform does. Because of provisions in the new law, the outlook for Alaska is much brighter in the long term. With oil tax reform, state revenues from oil will be more balanced, predictable and beneficial to our state.

Since new oil tax reform passed, oil companies in Alaska have announced billions of dollars in new investment. In just one example, ConocoPhillips has announced a 54 percent increase in investment in Alaska over 2013, and most of that increase is due to the change in the tax structure. This investment is tied to new exploration and increasing oil production.

The Trans-Alaska Pipeline has tremendous value to Alaskans, but only if it has oil flowing through it. Right now, it is flowing at one quarter of its peak capacity and still declining. Oil tax reform is about taking the steps necessary to add more oil to the pipeline.

As a Fairbanksan, I have high hopes that a gas line is in our future. We need the financial relief of heating our homes, businesses and institutions with cheaper and cleaner burning gas. Investment in North Slope oil actually increases our chances of gas exploration and a gas line. They go hand in hand.

One thing I’ve learned over the last few months is that new oil tax reform offers great opportunity for Alaskans, not only by boosting our economy, but offering a long-term, sustainable funding source for our state coffers. It promises our children and grandchildren a brighter future. This is the right tax reform at the right time. I encourage Alaskan voters to get informed, and to please Vote No on 1 this August.

Leslie Wien Hajdukovich is a statewide co-chair of Vote No on 1. A lifelong Fairbanksan, her family’s history in Alaska spans over 100 years. Her Grandmother Ada Wien was a delegate to the Alaska Statehood Constitutional Convention.
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March 2014 • Business to Business – Alaska Chamber • Page 7

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