

# Workers' Compensation

Returning Injured Workers to Health and Productivity

**SB 112**

**Senator Cathy Giessel**  
**Senate District N**



# You know me as...



*Senator  
Cathy Giessel*

*Northeast Anchorage  
Anchorage Hillside, Indian  
Bird, Girdwood and Portage.*

# But I'm also...

- Masters of Science in Nursing
- Advanced Nurse Practitioner
- Fellow, American Academy of Nurse Practitioners





# Protecting Workers Began...

- Ancient **Greece, Rome, China**
- **1871 Prussia**, Employers' Liability Law, later Workers' Accident Insurance
- **Europe** - Industrial Revolution
  - **Framework** but restrictive
    - Contributory negligence
    - “Fellow servant” rule
    - Assumption of risk



# In US, It Began...



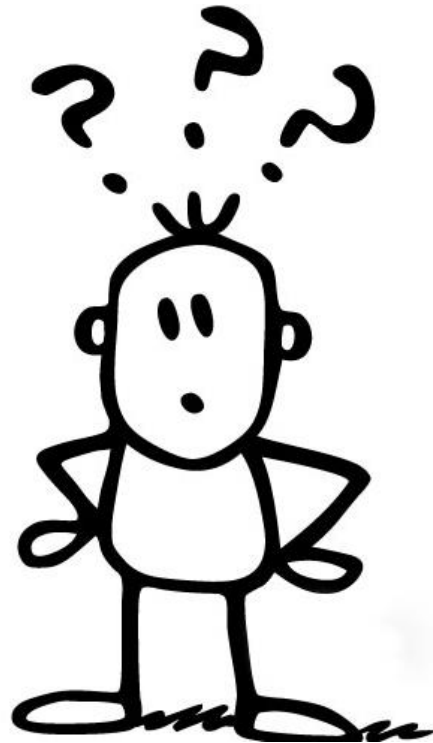
- **1906 and 1908** Federal Employers' Liability Acts – contributory negligence less restrictive
- **1911 – Wisconsin**, first true comprehensive workers' compensation law (Great Trade-Off)
  - Required employers to provide medical, wage replacement benefits for injured workers
  - If worker accepted, they forfeit right to sue employer
- **1915 – Alaska**
- **1930s-1940s - FDR's New Deal**: Labor Management Relations Act and the Fair Labor Standards Act

# Today's Workers and Employers...

- **“Nobody gets Hurt”**
- **Focus on Safety**
- **Provide Training and Re-Training**
- **Provide Safety Equipment**
- **Have Employee Safety as Priority**



# Why Does Alaska Need SB 112?



# Alaska's Workers' Compensation System is Broken

Doesn't focus on injured worker!

- Mission should be getting people back to work

Spends time and money on others, not injured worker!

- Unsustainably expensive
- Incentivizes conflict and court time





# Alaska's Current Work Comp System

## Ineffective

- **Vocational rehabilitation and reemployment**
  - Alaska has no data demonstrating success. An Alaska Dept of Labor study showed that only 8% of the eligible injured workers successfully completed training.
- **No evidence that** injured workers return to work improved.
- Current system is **failing injured workers.**

# Alaska's Current Work Comp System

## Unsustainably Expensive

State of Alaska Costs in **2013** = \$28.5 million

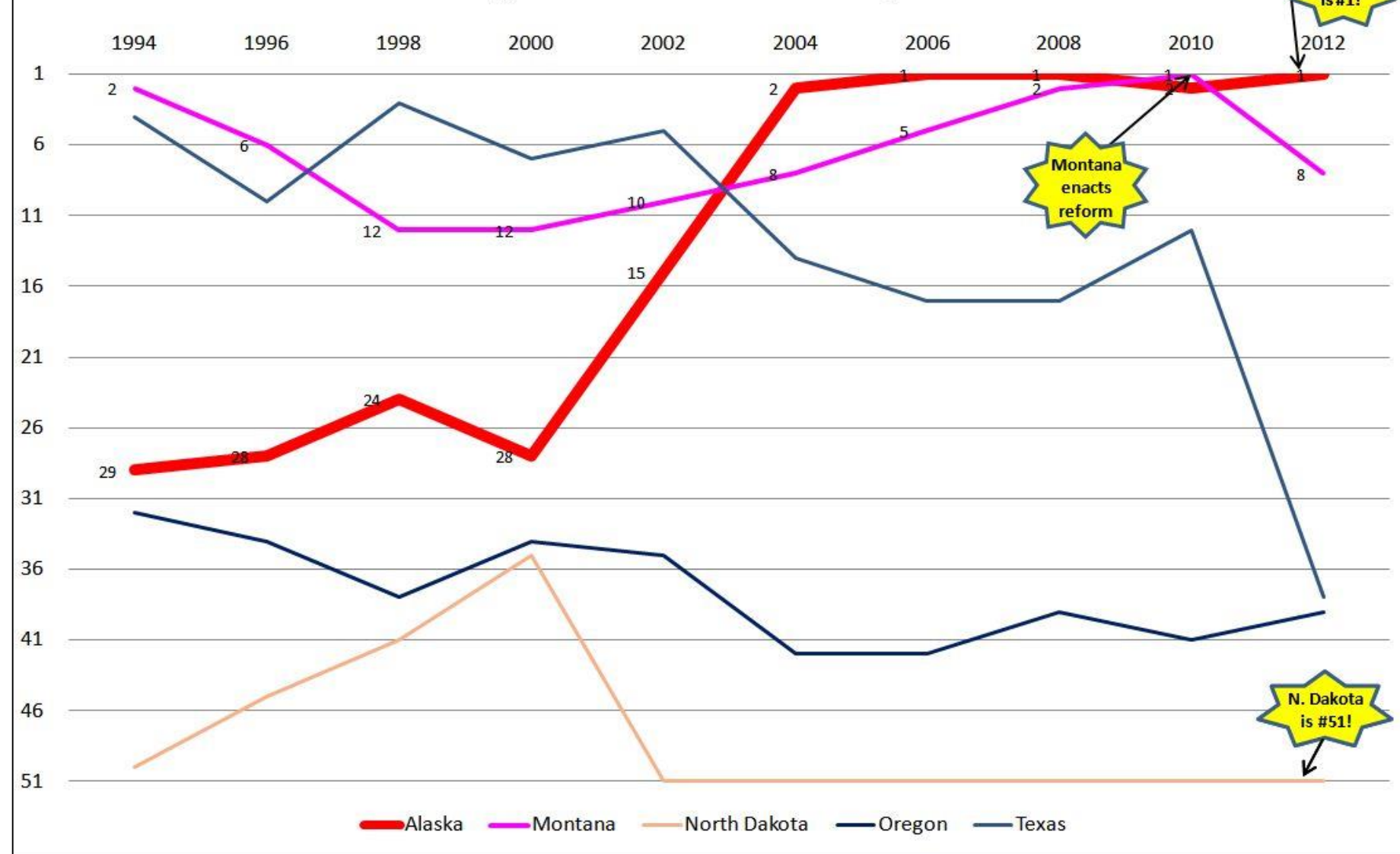
- Employer Loss cost/\$100 payroll (**2015**)
  - Alaska - \$ 2.25
  - Nationwide average - \$1.32
  - Alaska 1.7 times more than national

# Alaska's Current Work Comp System

## Imbalanced Costs (2015 data)

- For \$1.00 spent on work comp - **70 cents are medical**  
National – 51.4 cents.
- **Average** Medical Claim
  - **Alaska - \$49,000** (2014 - \$62,000)
  - US - \$28,500
- (Average costs for indemnity claims only)

# State Rankings for Workers Comp Premium Rates



# Alaska's Current Work Comp System

## Incentivizes Conflict

- **No cap** on attorney's fees



# Alaska's Workers' Compensation System is Broken

**January 2015** report from the **Alaska Health Care Commission**

IV. Engage employers to improve health plans and employee wellness

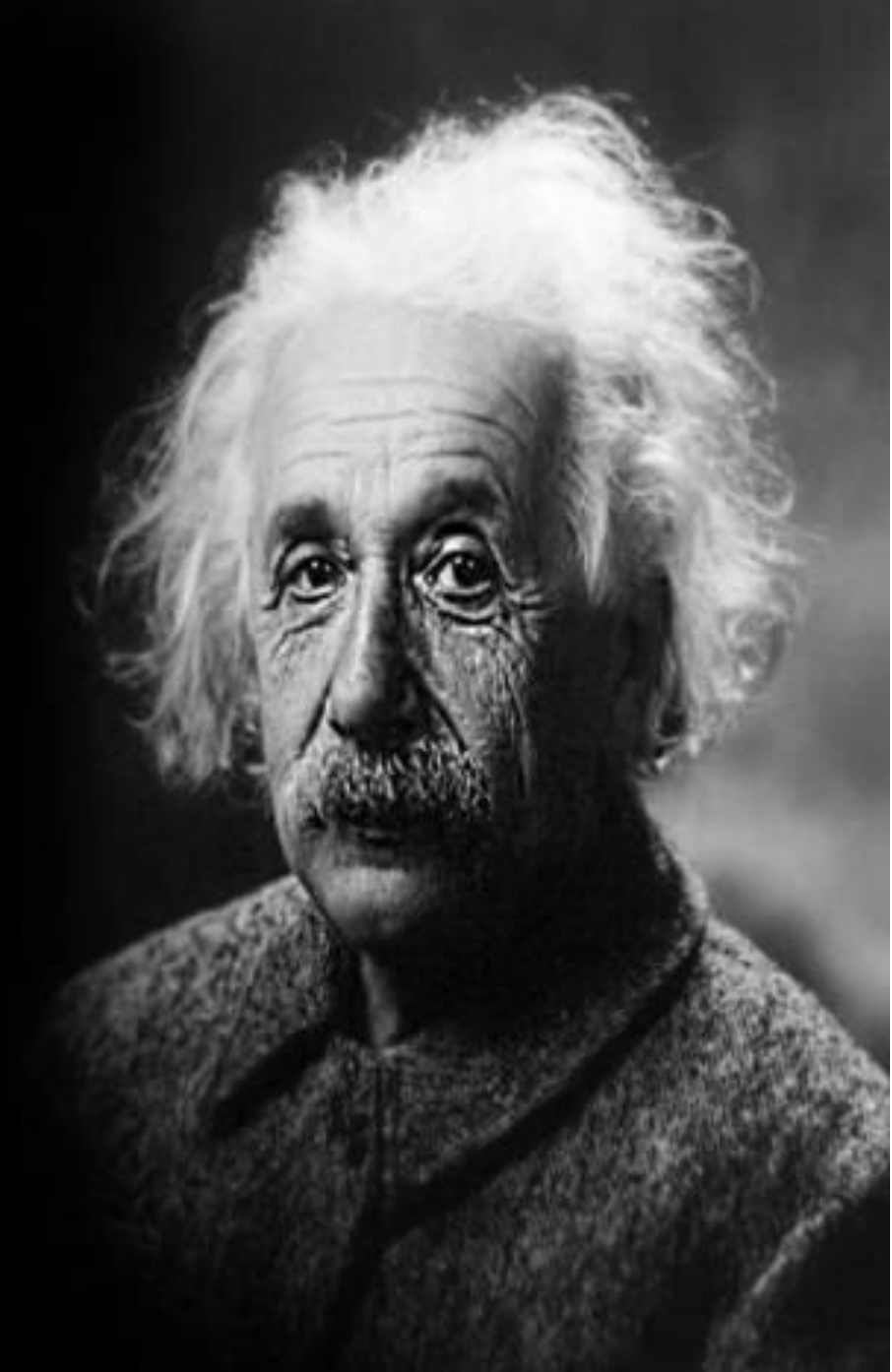
4)...enact **changes** in the **State Work Comp Act** to **contain medical costs and improve quality of care and outcomes**

- a) evidence-based guidelines
- b) Restrict repackaged pharmaceuticals
- c) Restrict reimbursement for opioid prescriptions
- d) Revise fee-for-service fee schedule



“Insanity: doing  
the same thing  
over and over  
again and  
expecting  
different  
results.”

Albert Einstein



"NURSE, GET ON THE INTERNET,  
GO TO SURGERY911.COM, SCROLL  
DOWN AND CLICK ON THE  
'ARE YOU TOTALLY LOST?' ICON."



## Senate Bill 112

- **Best healthcare** for injured worker
- Focus on getting **back to work**
- **Limit** spending on courts and conflict

# We all share The Goals!

- Safe, productive workplaces
- Healthy, safe employees
- Employers who can offer pay increases, more jobs, expanded services



# How Do We Transform?

**SB 112 = Best Care for Employee**



- **Evidence-Based Treatment guidelines**



# How Do We Transform?

## SB 112 = Focus on the Worker



- Re-employment Benefits Voucher System

# How Do We Transform?

## SB 112 = Benefits for Recovery

- **Temporary Total Disability benefits (TTDs)** – capped at 104 weeks but rebuttable.
- **Permanent Partial Impairment benefits (PPIs)** - employee returns to work, same employer, at wage greater or equal to that at the time of injury=ends
- **Permanent Total Disability (PTD)** ends at retirement

# How Do We Transform?

## SB 112 = Focus **OFF** Lawyers, Courts & Conflict

- **Cap attorneys' fees** to a maximum statutory percentage
- Reform the **legal and dispute resolution process**
- **Less time in court, more time in therapy, training, and returning to work**



# How Do We Transform? – Less Courts

- Non-compromise and release hearings move from Work Comp Board to the **Office of Administrative Hearings** (Administrative Law Judge)
- Establishes a **prescribed timeline** from date of filing a claim to the date **the dispute must be heard**.
  - **Transparent timelines** that reduce legal fogginess = **reduced fear and uncertainty** for both the worker and employer.



# Focus on Care?

- There must be **objective medical evidence** that the incident was a major contributing cause
- If treatment 2 years AFTER the injury - no presumption of compensation but have **right of review** by Administrative Law Judge to **verify treatment** is related to work injury.
- Allows **ongoing medical treatment** with DME, Rx medications, insulin, dialysis, transfusions

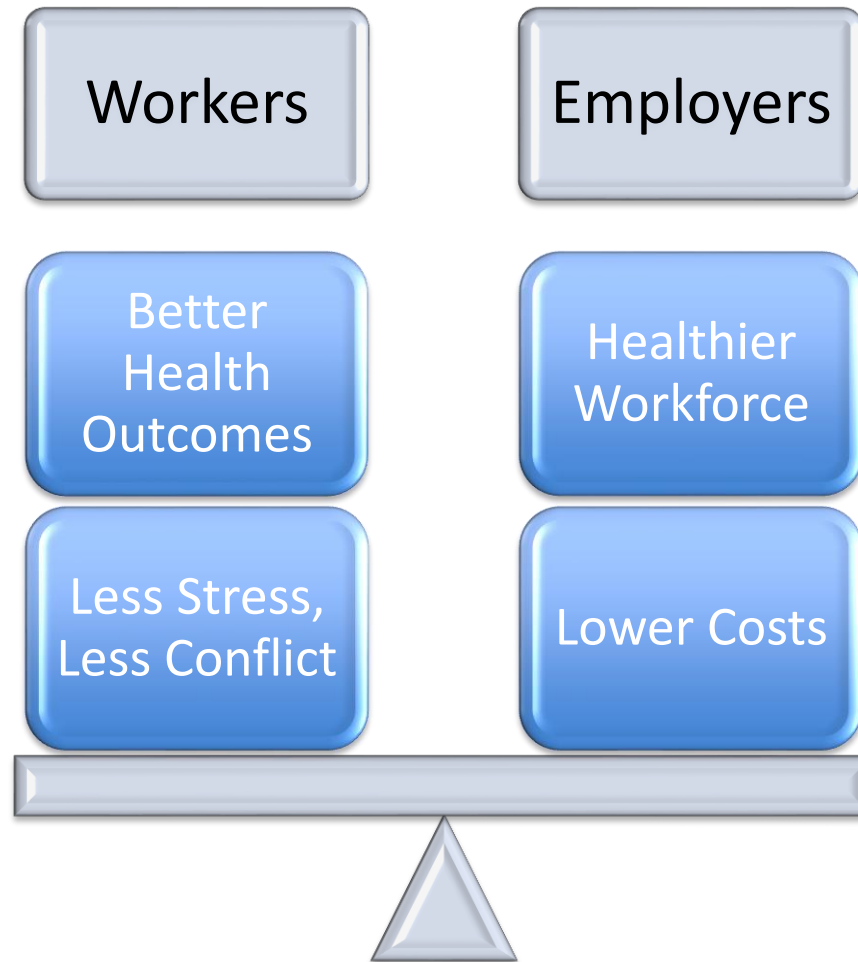


# How Do We Transform?

- **Durable Medical Equipment** – provided by organizations accredited through Centers for Medicare and Medicaid Services
- Eliminate **Second Independent Medical Examinations** (redundant, costly, ineffective)
- **Controlled Substance prescribing guidelines**



# Senate Bill 112: Restoring Balance to the “Great Tradeoff”



# Questions?



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