Workers’ Compensation
Returning Injured Workers to Health and Productivity

SB 112
Senator Cathy Giessel
Senate District N
You know me as...
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)
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
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”

Workers
- Better Health Outcomes
- Less Stress, Less Conflict

Employers
- Healthier Workforce
- Lower Costs
Questions?

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