

Workers' Compensation

The need to reform our current system



Ben Mulligan
Vice President

It's been a long road....

- Long-time Alaska Chamber priority.
- Last major reform occurred in 2005.
- Re-Invigorated work comp committee process.
- Approached Senator Giessel at the beginning of 2017.
- Senator Giessel introduced Senate Bill 112 in April of 2017.
- **Received first hearing on Thursday, February 1st**

Systems Protecting and Caring for Workers ...

- Since Ancient **Greece, Rome, China**



... To FDR



- **1906 and 1908 Federal Employers' Liability Acts** –
contributory negligence less restrictive

Today's Workers and Employers...

- **“Nobody gets Hurt” Above All**
- **Focus on Safety**
- **Training and Re-Training**
- **Safety Equipment**



Workers' Compensation in Alaska Needs Reform!

Forgets injured worker!

- System not getting workers back on the job
- Workers get endless treatments and tests

Money goes to others, not injured worker!

- Healthcare
- Lawyers



Alaska's Current Work Comp System

Not Effective

- **Vocational rehabilitation and reemployment** doesn't help worker develop new skills
- **Only 8% complete**
- **92% cash out for \$50,000-\$70,000**
- **No new skills for the Worker**

Alaska's Current Work Comp System

Unaffordable and Unsustainable

- Average Medical Claim but **delayed CURE**
 - **Alaska - \$49,000 in 2015** (2014 - **\$62,000**)
 - **US - \$28,500** (Average costs for indemnity claims only)
- Medical costs among largest costs for Alaska businesses and Alaskan governments

Alaska's Current Work Comp System

Contentious and Combative

- Time spent on conflict and courtroom time
 - **Not CARE** for worker

Worker's Compensation in Alaska needs reform...this is Not News

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



Priority for many Alaskans



Other State Issues; e.g. Workman's Comp, PERS/TRS:

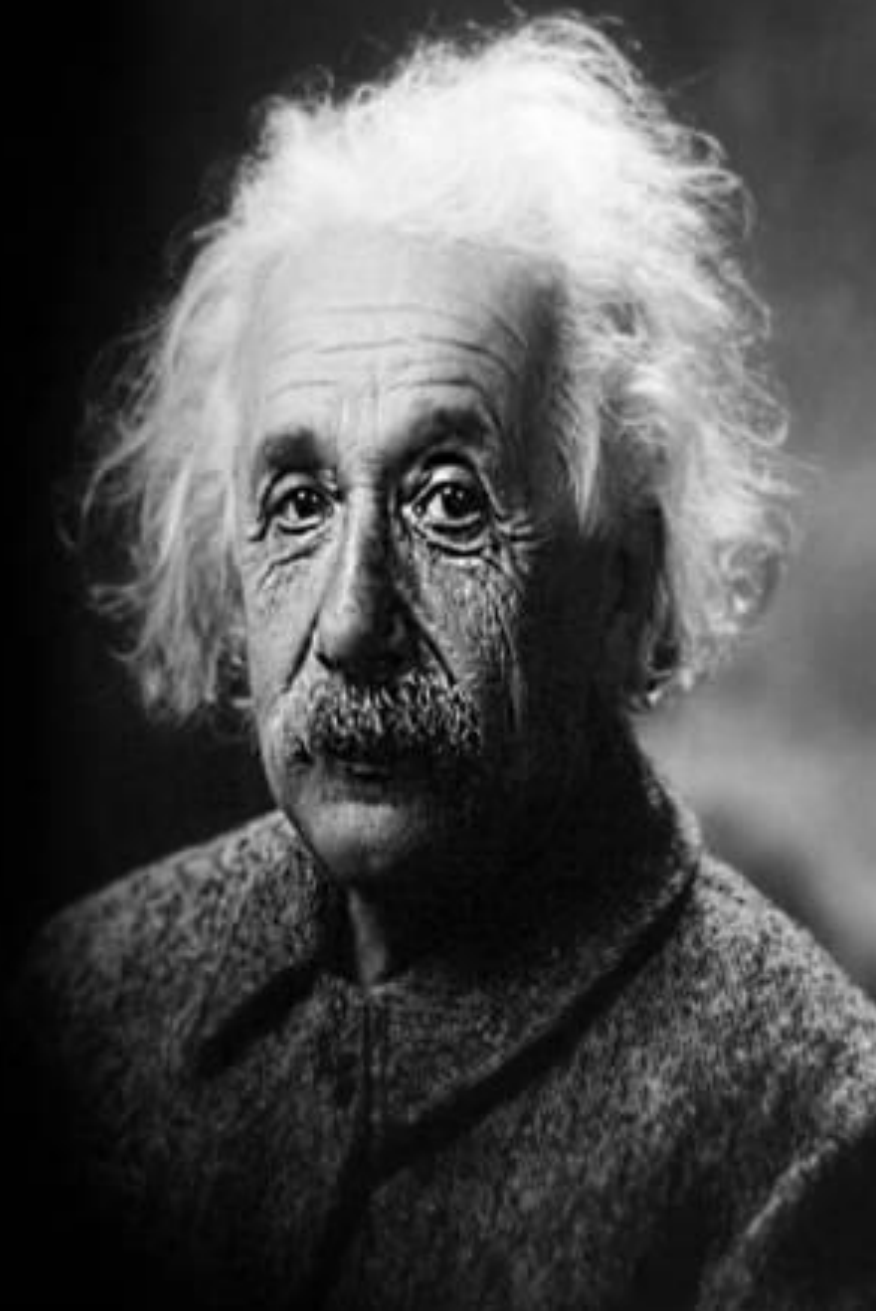
- The state should continue efforts to control the cost of Worker's Compensation claims, including adoption of medical treatment guidelines, improved management of claims and an improved Reemployment Benefits process.

Alaska's Current Work Comp System

- One of the most expensive in the world
- Fails getting workers healthy and back to work
- Puts employers and workers in court to fight with no end in sight
- Failures harm Alaskan families, Alaskan businesses, and Alaskan jobs

“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

Goals:

- Best healthcare for injured worker
- Get workers healthy and back to work
- Focus and fund Care and Cure, not courts and conflict

We all share the same Goals!

- Safe, productive workplaces
- Healthy, safe employees
- **More ...**
 - Alaska jobs
 - Expanded Alaska businesses
 - Increased wages to support Alaska families



Focus on **WORKER**



SB 112 = Best CARE for Injured Worker

- **Evidence-Based Treatment guidelines**
 - **Why? Because they Work!**

Focus on **WORKER**



SB 112 = **CARE** during recovery

- Make Re-employment Benefits Work Again
 - Pay for specific services, not blank checks that don't move careers forward.

Focus on CURE

- Still provide **ongoing medical treatment** with medications, insulin, dialysis, transfusions
- **Durable Medical Equipment** – vendors accredited through Centers for Medicare and Medicaid Services to assure quality
- **Controlled Substance prescribing guidelines** protect the worker

CARE and CURE, **not** Courts and Conflict

SB 112 = its WORKERS' Compensation...

not Attorneys' Compensation

- **Cap attorneys' fees**
 - Cap is maximum percent of costs
- **Less time in court, more time in therapy, training, and returning to work**



Less Courts and Conflicts

- Non-compromise and release hearings move from Work Comp Board to the Office of Administrative Hearings (Administrative Law Judge)
- **Prescribed timeline for dispute to be heard.**
 - **Telephonic hearings allowed**
 - **Transparent timelines**

Reduce fear and uncertainty for worker and family.



Less Courts and Conflicts

Hearing Officer	Administrative Law Judge
Legal education	Legal education
Not required to be admitted to Alaska Bar	Must be admitted to Alaska Bar
Must be member of Alaska State Employees Union	Exempt employee, impartial
Department of Labor	Department of Administration
Appointed by Commissioner of Labor	Hired by Dept of Administration
	Defined timeline
	Adjudicates long list of topics from professional boards to Medicaid claims

Senate Bill 112

It's **Worker's** Compensation

NOT

Healthcare Industry Compensation

Not

Lawyer Compensation

SB 112: Sharing the Same Goals!

Alaska Worker – proud legacy

Let's keep it that way with **more....**

- Alaska jobs
- strong Alaska businesses
- good wages supporting Alaska WORKERS and their families



Questions?



Sen.Cathy.Giessel@akleg.gov

Ben.mulligan@alaskachamber.com

(907) 278-2729

Staff: Kari Nore
kari.nore@akleg.gov
 (907) 269-0181