

HOUSE BILL NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE OLSON

Introduced: 1/7/11
Referred: Prefiled

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Workers' Compensation Advisory Council, and abolishing the**
2 **Medical Services Review Committee; and providing for an effective date."**

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

4 * **Section 1.** AS 23.30 is amended by adding a new section to read:

5 **Sec. 23.30.275. Workers' Compensation Advisory Council.** (a) The
6 Workers' Compensation Advisory Council is established in the department. The
7 council consists of the following members:

8 (1) four members who represent organized labor;

9 (2) four members who represent employers, including one member
10 who represents self-insured employers, one member who represents oil industry
11 employers, and one member who represents general contractors;

12 (3) three members who represent medical care providers, including one
13 member who represents the Alaska State Medical Association, one member who
14 represents the Alaska Chiropractic Society, and one member who represents the

1 Alaska State Hospital and Nursing Home Association;

2 (4) two members who represent insurers;

3 (5) the commissioner, ex officio, or the commissioner's designee; and

4 (6) two members from the membership of the legislature.

5 (b) The commissioner shall appoint the members designated in (a)(1) - (5) of
6 this section. The president of the senate shall appoint one member designated in (a)(6)
7 of this section from the senate, and the speaker of the house of representatives shall
8 appoint the other member from the house of representatives.

9 (c) Members shall serve staggered terms of five years and may be reappointed
10 to the council, except that the members of the legislature appointed under (a)(6) of this
11 section serve for two years.

12 (d) Members shall elect a chair from the membership.

13 (e) Members may not receive compensation for service on the council, but are
14 entitled to per diem and travel expenses authorized for council and commissions under
15 AS 39.20.180.

16 (f) The council shall meet at the call of the chair. The council shall meet at
17 least once every six months. A majority of the members of the council constitutes a
18 quorum for the conduct of business. Only the members listed in (a)(1) - (3) of this
19 section may vote at a meeting of the council.

20 (g) The council shall advise the department on all matters pertaining to the
21 application, revision, and operation of this chapter, including advice about regulations
22 and procedures and estimating the resources and resource costs needed to carry out the
23 provisions of this chapter.

24 * **Sec. 2.** AS 23.30.095(j) is repealed.

25 * **Sec. 3.** AS 23.30.275, enacted by sec. 1 of this Act, is repealed June 30, 2015.

26 * **Sec. 4.** Section 82, ch. 10, FSSLA 2005, is repealed.

27 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 TRANSITIONAL PROVISIONS; STAGGERED TERMS. (a) The initial terms of the
30 members appointed under AS 23.30.275(a)(1), enacted by sec. 1 of this Act, shall be
31 determined as follows: one member for a two-year term, one member for a three-year term,

1 one member for a four-year term, and one member for a five-year term.

2 (b) The initial terms of the members appointed under AS 23.30.275(a)(2), enacted by
3 sec. 1 of this Act, shall be as follows: one member for a two-year term; one member for a
4 three-year term; one member for a four-year term; and one member for a five-year term.

5 (c) The initial terms of the members appointed under AS 23.30.275(a)(3), enacted by
6 sec. 1 of this Act, shall be as follows: one member for a three-year term; one member for a
7 four-year term; and one member for a five-year term.

8 (d) The initial terms for the members appointed under AS 23.30.275(a)(4), enacted by
9 sec. 1 of this Act, shall be determined as follows: one member for a four-year term, and one
10 member for a five-year term.

11 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

January 18, 2011

The Honorable Kurt Olson
State Capitol, Room 24A
Juneau, AK 99801-1182

RE: HB 12

Dear Representative Olson:

I am writing on behalf of the Workers' Compensation Committee of Alaska to share our concerns about HB 12 ("An Act establishing the Workers' Compensation Advisory Board..."). The Workers' Compensation Committee of Alaska (WCCA) is an employer education and advocacy group working since the 1980's as a voice for Alaskan employers in the workers' compensation system. Its membership includes public and private employers both large and small.

HB 12 would establish an advisory board consisting of employee, employer, medical care providers, insurance companies, the commissioner of labor and two legislatures which is charged with advising the Department of Labor on all matters pertaining to the application, revision, and operation of the Alaska Workers' Compensation Act. It appears this legislation evolved from the recommendations of the Medical Services Review Committee (MSRC) issued in November 2009. According to the MSRC report, this statutory advisory board would replace the informal ad hoc process by which labor and management have negotiated Alaska workers' compensation reforms over the past 25 years. The legislation proposes that the board would consist of representatives from organized labor, employers, medical care providers, insurers, the department, and the legislature. Under the bill language, labor, employer, and medical provider representatives would have voting rights at board meetings.

Medical providers, just as insurance companies, have a financial stake in the workers' compensation process and should not be voting members. This is particularly true because the workers' compensation act and Board regulations not only cover medical benefits but also other indemnity benefits which do not directly impact medical providers. The WCCA believes that only the parties to the employment contract—employees and employers—should be voting members of the advisory board. Employees and employers have the ultimate interest in establishing a fair and equitable workers' compensation benefit structure.

For this reason, WCCA also recommends that potential employer-members be selected by an established business organization such as the Alaska State Chamber of Commerce or WCCA to ensure that members have the necessary background and expertise in workers' compensation.

Historically, labor and management selected their own representatives in the ad hoc process. This minimized political agendas, and the stakeholders selected those they thought best represented their interests. WCCA opposes the current recommendations in HB 12 as outlined in AS 23.30.275((b) and recommends that the proposed statute be amended to require the commissioner to look to organized labor and employer organizations such as WCCA or State

Chamber of Commerce for their appointments of their respective representatives as outlined in (a)(1)-(a)-(2).

Further, we have concerns that the Advisory committee is being charged with making recommendations and evaluations of all aspects of workers' compensation and is therefore too broad-reaching. It is unreasonable to incorporate the duties of the MSRC into a new committee that is also charged with making recommendations on regulations and all other areas of worker's compensation law.

The Workers' Compensation Committee of Alaska believes the appointment of experienced members is essential to the success of a group such as the proposed board, and respectfully requests your consideration of the amendments we've outlined above.

Sincerely,