ALASKA WORKERS' COMPENSATION BOARD MEETING



February 23, 2023

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ALASKA WORKERS' COMPENSATION BOARD MEETING AGENDA

FEB 23, 2023

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT DIVISION OF WORKERS' COMPENSATION

Zoom Video Conference: https://us02web.zoom.us/j/86180613559
To participate telephonically: 888-788-0099, Webinar ID: 861 8061 3559

Thursday, Feb 23, 2023

9:00am Call to order

Roll call establishment of quorum

Introduction of Senior Staff

9:10am Approval of Agenda

9:15am Reading and approval of minutes from Oct 13 and 14, 2022, Board meeting

9:30am Director's Report

Division Update

Legislative Update

Approval of Board Designees

10:00am Break

10:15am Public Comment Period

Public comments

11:15am Budget & Staffing Update – Alexis Hildebrand, Admin Officer

11:30am Presentation

Workers' Compensation Research Institute

Behavior

12:30pm Lunch Break **1:30am** Old Business

Adoption of Regulations

> 8 AAC 45.025 Forms

8 AAC 45.040 Parties

➤ 8 AAC 45.050 Pleadings

> 8 AAC 45.072 Venue

2:30pm Old Business

Reemployment Benefits Update – Stacy Niwa, Reemployment Benefits

Administrator

3:15pm Break

3:30pm New Business **5:00pm** Adjournment

Workers' Compensation Board Meeting Minutes

October 13-14, 2022

Thursday, October 13, 2022

I. Call to Order

Workers' Compensation Director Charles Collins called the Board to order at 9:08 am on Thursday, October 13, 2022. The meeting was held in Anchorage, Alaska, and by video conference.

II. Roll call

Director Collins conducted a roll call. The following Board members were present:

Bradley Austin	Matthew Barth	Pamela Cline	Micheal Dennis
Sara Faulkner	Bronson Frye	Anthony Ladd	Sarah Lefebvre
Nancy Shaw	Robert Weel	Lake Williams	

Director Collins noted that member Beltz was excused. Members Jason Motyka was absent, and member Sara Faulkner arrived after lunch. A quorum was established.

Director Collins introduced the senior staff present.

III. Agenda Approval

A motion to approve the agenda was made by member Weel and seconded by member Barth. A unanimous vote approved the agenda.

IV. Approval of Meeting Minutes

A motion to adopt the minutes from the May 12, 2022, Board Meeting was made by member Austin and seconded by member Weel. The minutes were adopted without objection.

V. Director's Report

Director Collins discussed legislation passed during the 2022 legislative session and the Division's new involvement in the National Kids Chance program.

Director Collins reviewed the list of Board Designees. A motion to accept the board designees was made by Member Weel and seconded by member Frye. The motion passed unanimously.

Break 10:05 am -10:15 am

VI. Public Comment Period 10:15 am- 11:15 am

Gloria Eyon – representing self

Requested that things be reviewed with a chiropractor.

• Requested that injured workers with head injuries be assisted in retaining a lawyer.

Hannah Laird - representing self

- 2nd year Master of Social Work student.
- Studying circumstances where an injured worker's health insurance lapses due to being off work while receiving workers' compensation benefits.
- Requested statistics.

Jackie Doerner - Rehabilitation Specialist

• Suggested an increase in the amount allowable for retraining benefits under AS 23.30.041(I).

Mike Hamilton - Med Data

• Commented on the PC Pricer tool examples in the Draft Alaska Medical Fee Schedule to be adopted under 8 AAC 45.083.

Bri Bolton - Marketing Assistant for Empower Physical Therapy

• Notified the public that Empower Physical Therapy has moved and opened an additional location in Wasilla.

VII. Annual Report

Administrative Officer Alexis Hildebrand provided an overview of Division staffing and the FY22 budget performance.

VIII. Old Business

The board discussed public comment received regarding the CMS PPS Pricer tool example in the Fee Schedule. Carla Gee with Optum explained that while the fee schedule was being developed, the CMS PPS Pricer did not automatically include the pass-through amount in the calculation. The Medical Services Review Committee included an example in the Fee Schedule for how to include the Pass-Through. The Board chose not to amend the example and to adopt the Fee Schedule as presented by the Medical Services Review Committee.

IX. Regulations

Adopt 8 AAC 45.083(a), relating to fees for medical treatment and services. Member Barth moved to adopt the amendment of 8 AAC 45.083(a), and member Cline seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.083(m), relating to fees for medical treatment and services. Member Cline moved to adopt the amendment of 8 AAC 45.083(m), and member Weel seconded the motion. The motion passed unanimously.

Lunch Break 12:16 pm - 1:38 pm

X. Annual Report continued

Velma Thomas, Program Coordinator, reviewed statistics from the Division's 2021 annual report, a compilation of statistics and benefit data obtained from insurers and self-insured employers pursuant to AS 23.30.155(m).

Break 3:00 pm - 3:05 pm

Rhonda Gerharz, Chief of the Special Investigations Unit (SIU), gave an overview of the SIU's performance.

Dani Byers, Workers' Compensation Officer II, reviewed SIME statistics.

Member Frye motioned to adjourn for the day, and member Lefebvre seconded.

Meeting Adjourned 4:02 pm

Friday, October 14, 2022

I. Call to Order

Director Collins resumed the Alaska Workers' Compensation Board meeting at 9:02 am on Friday, October 14, 2022, in Anchorage, Alaska. The following Board members were present.

Bradley Austin	Matthew Barth	Pamela Cline	Micheal Dennis
Sara Faulkner	Bronson Frye	Anthony Ladd	Sarah Lefebvre
Nancy Shaw	Robert Weel	Lake Williams	

Director Collins noted that Randy Beltz was excused, Jason Motyka was absent, and member Dennis arrived after roll call. A quorum was established.

II. Annual Report Continued

Stacy Niwa, Reemployment Benefits Administrator, reviewed the performance of the Reemployment Benefits Program.

Break 9:56 am - 10:05 am

William Soule, Acting Chief of Adjudications, presented notable Decisions and Orders from the Alaska Workers' Compensation Board, the Alaska Workers' Compensation Appeals Commission, and the Alaska Supreme Court.

III. New Business

Amend 8 AAC 45.025 through 8 AAC 45.072 of the regulatory package in the meeting packet. Member Barth moved to approve the amendment of 8 AAC 45.025 through 8 AAC 45.072. Member Weel seconded the motion. The motion passed unanimously.

The Board discussed the proposed amendment to 8 AAC 45.092, relating to removing a physician from the SIME list. The Board did not make a motion.

Director Collins and Stacy Niwa provided an update on the Reemployment Benefits regulation package that had been voted down on May 12, 2022. Member Lefebvre motioned that the Director draft a regulatory package and reach out to the rehabilitation committee for input before presenting it to the Board. Member Shaw second. The Board suggested either establishing a work group to review the body of regulations or holding public stakeholder meetings for input on drafting regulation changes. The motion passed unanimously.

Director Collins reminded the members that the next regular board meeting was scheduled for January 12-13, 2023.

A motion to adjourn was made by member Cline and seconded by Member Frye. The motion passed unanimously.

Meeting Adjourned 12:05 pm

ALASKA WORKERS' COMPENSATION BOARD

Chair, Commissioner Cathy Muñoz Alaska Department of Labor and Workforce Development

Name	Seat	District	Affiliation
Charles Collins	Commiss	ioner's Designee	
Brad Austin Vacant	Labor Industry	1 st Judicial District 1 st Judicial District	Plumbers and Pipe Fitters Local 262
Randy Beltz Pamela Cline Micheal Dennis Sara Faulkner Bronson Frye Steven Heidemann Anthony Ladd Jason Motyka	Industry Labor Industry Industry Labor Labor Labor Industry	3 rd Judicial District 3 rd Judicial District	Intl. Brotherhood of Electrical Workers LU 1547 Painters and Allied Trades Local 1959
Nancy Shaw Marc Stemp Vacant	Labor Industry Industry	3 rd Judicial District 3 rd Judicial District 3 rd Judicial District	
Sarah Lefebvre Lake Williams Vacant Vacant	Industry Labor Industry Labor	4 th Judicial District 4 th Judicial District 4 th Judicial District 4 th Judicial District	Colaska dba Exclusive Paving / University Redi-Mix Operating Engineers Local 302
Mathew Barth Bob Weel	Labor Industry	At Large At Large	



Department of Labor and Workforce Development

DIVISION OF WORKERS' COMPENSATION

P.O. BOX 115512 Juneau, Alaska 99811-5512 Main: 907.465.2790 Fax: 907.465.2797

BOARD DESIGNEES - February 2023

The following staff members are appointed as Board designees to act on the Board's behalf in accordance with the Alaska Workers' Compensation Act and Regulations. (For example, the Board designee may conduct prehearing conferences, take action in connection with Board-ordered second independent medical examinations, and decide whether to continue or cancel scheduled Board hearings.)

NAME	<u>LOCATION</u>	POSITION TITLE
Charles Collins	Juneau	Director
William Soule	Anchorage	Acting Chief of Adjudications
William Soule	Anchorage	WC Hearing Officer II
Janel Wright	Anchorage	WC Hearing Officer II
Vacant	Anchorage	WC Hearing Officer II
Vacant	Anchorage	WC Hearing Officer II
Kyle Reding	Anchorage	WC Hearing Officer I
Kathryn Setzer	Juneau	WC Hearing Officer II
Robert Vollmer	Fairbanks	WC Hearing Officer II
Vacant	Fairbanks	WC Hearing Officer II
Grace Morfield	Anchorage	WC Officer II
Elizabeth Pleitez	Anchorage	WC Officer II
Harvey Pullen	Anchorage	WC Officer II
Shannon Sanderson	Anchorage	WC Officer II
Amanda Johnson	Anchorage	WC Officer I
Rosanna Mallari	Anchorage	WC Officer I
Dani Byers	Juneau	WC Officer II
Melody Kokrine	Fairbanks	WC Officer II

Workers Compensation Division

The Division of Workers' Compensation is the agency charged with the administration of the Alaska Workers' Compensation Act (Act).

Board News

AWCB has two new members since our last meeting, Marc Stemp representing Industry/Management and Steven Heidemann from Labor. Vacancies are Industry in District 1, Juneau; in the 2nd and 4th District or Fairbanks we have two vacancies, one labor and one industry.

Seats up for reconsideration this year, all term on March 1, 2023, Matthew Barth, Anthony Ladd, Nancy Shaw, and Lake Williams. Each of you should notify the Boards and Commissions office of your decision to reapply or step down from the Board.

As information the Alaska Workers Compensation Appeals Commission has a vacancy as Stephan Hagedorn has resigned.

Legislative News

House Bill 63 and its companion Senate Bill 60, "An Act repealing the Workers' Compensation Appeals Commission."

Introduced into both chambers this bill repeals the AWCAC set up in 2005. The bill would change the appeal process from AWCAC back to the Superior Court to be heard as other cases under Alaska law. Prior to 2005 the average length of time an appeal took under the Alaska Court System was 14 months. Currently the process is averaging less than six months with AWCAC.

House Bill 54 and Senate Bill 54, "Supplemental appropriations, reappropriations, and other appropriations."

This bill funds those state entities that had unforeseen of over budget items in the current fiscal year. Why is it on our list? Due to budgetary sweep action the Workers' Compensation Benefits Guaranty Fund will overspend on claim benefits this fiscal year by an estimated \$221,400.

Fund Balance (millions)



For FY23, the allocation to BGF was \$785,100, all excess money was swept.

Division News

An applicant for Chief of Adjudications has been interviewed and decision is pending.

The Division is also concurrently advertising for Hearing Officer positions to fill the openings in Anchorage and Fairbanks. Currently we are three positions down.

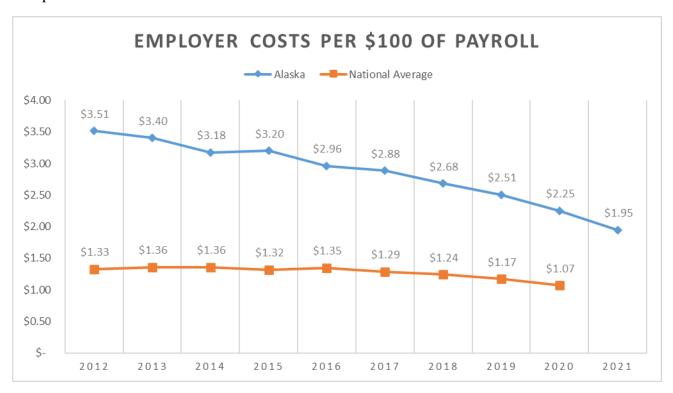
Upgrades to the Anchorage hearing room are <u>still</u> ongoing. As the hearing room is used for multiple hearings Department wide and doubles as a conference room, technological upgrades are being investigated.

The decision by Division of Insurance regarding workers' compensation premiums for 2023 to once again lower premium rates in Alaska. The National Council on Compensation Insurance, (NCCI), had recommended a -6.5% reduction in the voluntary market and a -4.1% reduction in the assigned risk market for 2023. This makes the fourteenth year of consecutive rate reductions for the voluntary market. This does not mean that a certain business will pay less than the preceding year in premiums as this is only one part of the components that make up the cost of insurance. Classification rates, experience modules, payroll amount, and even payment plans all impact the premium and influence the actual amount a business may pay annually.

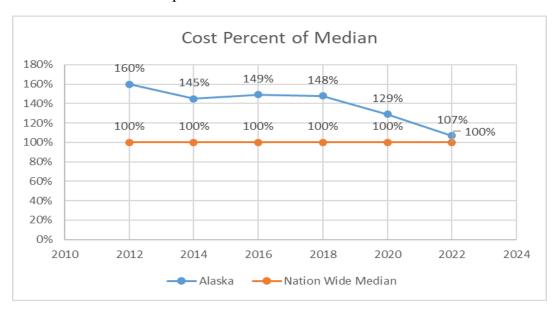
How does affect the division and of course the Workers, Safety and Compensation Administrative Account, (WSCAA)? AS 23.05.067(a)(2) sets a 2.5% service fee on all premiums annually, as premiums decrease the divisional revenue also decreases. WCD is

a victim of our success, by saving the system money we also hinder our revenue stream and must continue to budget prudently.

A little visual to assist Board members when asked about the cost of workers' compensation in Alaska.



As a Board you are to be commended for the guidance and oversight that has allowed Alaska to lower costs to the workers' compensation system and close the gap to the median cost when compared nationwide.



APOC Reporting

As a Board member you must file an Annual report with Alaska Public Offices Commission by March 15th. Furthermore, all newly appointed members must file within 30 days of appointment. Conversely, within 90 days of leaving office a statement must be filed covering any service period not covered by another report. There is a <u>FINE</u> for not reporting.

WCD Goals

Improvement of Rehabilitation and Reemployment of injured workers is my foremost focus. A change in the process to a return to work/stay at work program that holistically assists injured workers in retention and return to the workforce. At the same time shortening the turnaround in claims and reducing the financial burden on employers.

Upgrades to the database to enhance data availability. This includes a new "Proof of Coverage" module for use by the division to insure all employees are covered by an active workers' compensation policy.

Enhance the reporting that the WCD produces from claims to better analyze trends in the system. Annual reports are very complex, and the database is built to follow claims but does a poor job of producing reports.

Continue the scanning of historical files that are stored in physical format. A concerted effort to scan and catalog files for safe keeping and ease of search by digital means.

Internally to the Department I am researching the process to enhance the ability to work with our sister Divisions to offer injured workers the resources that the entire Department offers.

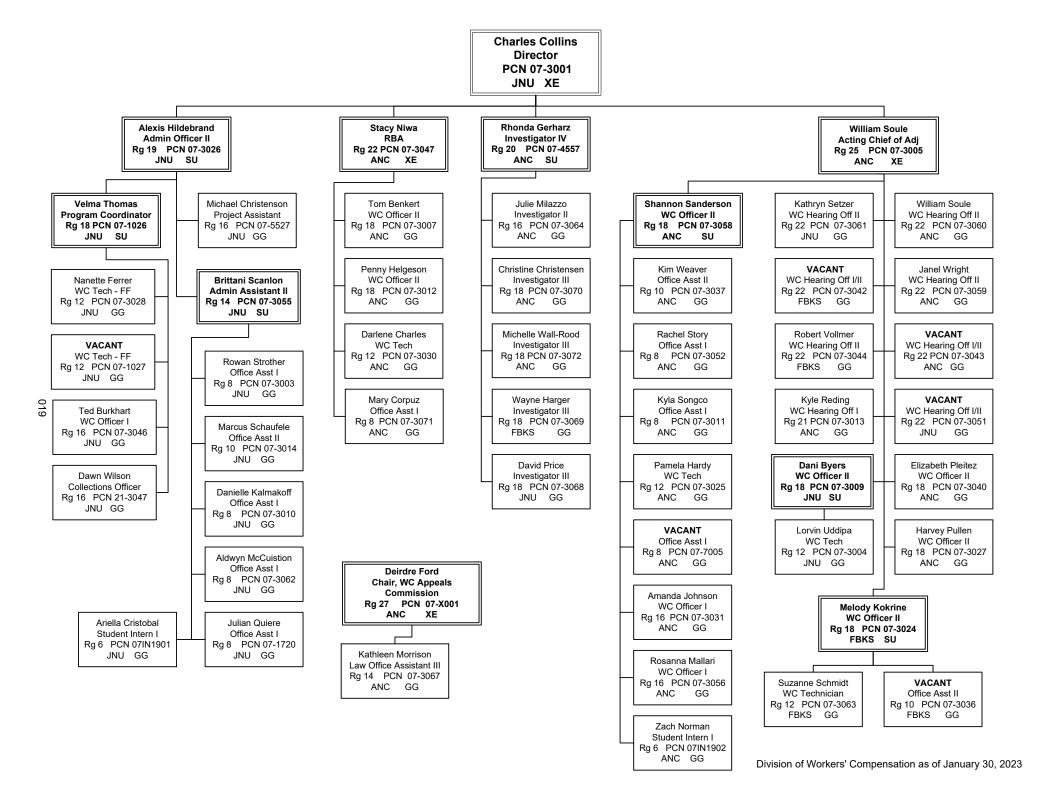


Table 2. Workers' compensation premium rate ranking

			<u>-</u>	ii premium rate rank	
2022 Rank	2020 Rank	State	Index Rate	Percent of Study Median	Effective Date
1	1	New Jersey	2.44	192%	January 1, 2022
2	5	Hawaii	2.27	178%	January 1, 2021
3	4	California	2.26	178%	September 1, 2021
4	2	New York	2.15	169%	October 1, 2021
5	8	Louisiana	2.13	167%	May 1, 2021
6	3	Vermont	1.98	156%	April 1, 2021
7	26	Wyoming	1.86	146%	January 1, 2022
8	11	Wisconsin	1.67	132%	October 1, 2021
9	16	Maine	1.67	131%	April 1, 2021
10	6	Connecticut	1.64	129%	January 1, 2022
11	9	Rhode Island	1.62	128%	August 1, 2021
12	17	Minnesota	1.55	122%	January 1, 2022
13	14	Missouri	1.54	121%	January 1, 2022
14	21	lowa	1.52	120%	January 1, 2022
15	12	Montana	1.46	115%	July 1, 2021
16	19	Idaho	1.43	112%	January 1, 2022
17	13	Oklahoma	1.41	111%	January 1, 2022
18	28	New Hampshire	1.39	109%	January 1, 2022
19	24	Illinois	1.39	109%	January 1, 2022
20	30	Alabama	1.38	108%	March 1, 2021
21	10	Alaska	1.37	107%	January 1, 2022
22	19	South Carolina	1.35	106%	April 1, 2021
23	7	Delaware	1.34	106%	December 1, 2021
24	22	Washington	1.31	103%	January 1, 2022
25	23	South Dakota	1.30	102%	July 1, 2021
26	20	Pennsylvania	1.27	100%	April 1, 2021
27	29	New Mexico	1.27	99%	January 1, 2022
28	27	Florida	1.26	99%	January 1, 2022
29	26	Nebraska	1.25	98%	February 1, 2021
30	31	North Carolina	1.16	91%	April 2, 2021
31	15	Georgia	1.15	90%	March 1, 2021
32	35	Massachusetts	1.05	83%	July 1, 2020
33	37	Maryland	1.04	81%	January 1, 2022
34	41	Tennessee	1.03	81%	March 1, 2021
35	39	Kansas	1.02	80%	January 1, 2022
36	32	Virginia	1.01	79%	April 1, 2021 March 1, 2021
37	42	Nevada	1.00	79%	
38	37	Michigan	1.00	78%	January 1, 2021
39	34	Mississippi	0.98	77%	March 1, 2021
40	44	District of Columbia	0.95	75%	January 1, 2021
41	33	Colorado	0.93	73%	January 1, 2022
42	45	Oregon	0.93	73%	January 1, 2022
43	46	Texas	0.88	69%	July 1, 2021
44	43	Arizona	0.87	69%	January 1, 2022
45	47	Utah	0.86	68%	January 1, 2022
46	38	Kentucky	0.86	67%	January 1, 2022
47	40	Ohio	0.83	66%	July 1, 2021
48	49	Indiana	0.77	60%	January 1, 2022
49	50	Arkansas	0.65	51%	July 1, 2021
50	48	West Virginia	0.63	50%	January 1, 2021
51	51	North Dakota	^{0.58} 020	45%	July 1, 2021



National Council on Compensation Insurance

State Relations—Regulatory Services

DECEMBER 1, 2022

AK-2022-04

LOSS COSTS OR RATE FILING APPROVAL

Alaska-Approval of Voluntary Loss Costs, Assigned Risk Rates, and Rating Values to Be **Effective January 1, 2023 (Filing # 133373544)**

ACTION NEEDED

The Alaska Division of Insurance has approved voluntary loss costs, assigned risk rates, and rating values to be effective January 1, 2023, for new and renewal policies.

A participating company must decide whether to adhere to the filings made on its behalf by NCCI or to make a deviation filing. For information regarding company action in response to an NCCI filing, please refer to the *Filing Guide for Rates and Forms*.

The material contained herein is based on NCCI's latest research but is subject to periodic change. This information is provided as a guide to carriers and is not intended as an interpretation of state law. Refer to state law for current and detailed information because there may be additional laws that may impact your response to an NCCI filing. While all due effort will be made to keep the material up to date, NCCI assumes no responsibility for the use of this material.

BACKGROUND

This approval circular is a supplement to Filing Circular AK-2022-02.

On August 23, 2022, NCCI filed an overall average voluntary loss cost decrease of 6.5% and an overall average assigned risk rate decrease of 4.1%. The Alaska Division of Insurance approved NCCI's filing on November 16, 2022, via SERFF, and issued Regulatory Order R 22-04 on November 21, 2022.

IMPACT

An overall average voluntary loss cost decrease of 6.5% and an overall average assigned risk rate decrease of 4.1% have been approved. These will be effective January 1, 2023, for new and renewal policies.

NCCI ACTION

Revised manual pages will be posted on **ncci.com** and available to subscribers of NCCI's *Basic* Manual, Experience Rating Plan Manual, Residual Market Manual, and Retrospective Rating Plan Manual.

561-893-3835

PERSON TO CONTACT

If you have any questions, please contact: **Technical Contact:**

Todd Johnson, CPCU, WCP John Deacon, FCAS, MAAA Senior State Relations Executive **Executive Director and Actuary NCCI**

NCCI

901 Peninsula Corporate Circle 901 Peninsula Corporate Circle Boca Raton, Florida 33487-1362 Boca Raton, FL 33487-1362

561-893-3814

todd johnson@ncci.com john deacon@ncci.com

Register)23	LABOR AND WO	ORKFORCE DEV.
8 AAC 45.025	. Forms is amended	to rea	ıd:	
(a) The	e <u>division</u> [board] wi	ll, in	its discretion and fi	rom time to time, prescribe and
require the use	of forms for the rep	orting	g of any information	n required by this chapter or by the
Act.				
(Eff. 5/28/83,	Register 86; am 3/16	/90, I	Register 113; am 5/	12/2019, Register 230;
am//_	, Register)			
Authority:	AS 23.30.005			
8 AAC 45.040	(j)(4) is amended to	read:		
(4) who	ether a claim <u>or peti</u>	tion v	was filed against the	e person by the employee; and
(In effect before	re 7/28/59; am 5/28/5	33, R	egister 86; am 7/20	/97, Register 143; am/,
Register)				
Authority:	AS 23.30.005 AS 23.30.010		S 23.30.110 S 23.30.135	AS 23.30.140 AS 23.30.225
8 AAC 45.050	(b)(4) is amended to	read	:	
(4) Wit	thin 10 days after rec	eivin	g a claim that is con	mplete in accordance with this
paragraph, the	board or its designed	will	notify the employe	er or other person who may be an
interested part	y that a claim has be	en file	ed. The board will s	give notice by serving a copy of the
claim by certif	ied mail, return rece	pt re	quested, upon the e	mployer or other person. If the

employer was not insured at the time of the injury, the board or its designee will in addition

to the above, serve a copy of the claim on the Alaska Workers' Compensation Benefits

Register	,	_ 2023 LABOR AN	D WORKFORCE DEV.	
Guaranty F	und. The board or i	its designee will return	to the claimant, and will not	serve, an
incomplete c	laim. A claim must	t		
(In effect bef	Fore 7/28/59; am 5/2	28/83, Register 86; am	7/20/97, Register 143; am _	_//
Register)			
Authority:	AS 23.30.005	AS 23.30.105	AS 23.30.190	
	AS 23.30.012	AS 23.30.110	AS 23.30.235	
	AS 23.30.022	AS 23.30.135		
	AS 23 30 100	AS 23 30 175		

8 AAC 45.072 is amended to read:

The venue for injuries occurring in the 1st Judicial District is Juneau; for injuries occurring in the 2nd and 4th Judicial Districts the venue is Fairbanks; for injuries occurring in the 3rd Judicial District the venue is Anchorage. A hearing will be held only in a city in which a division office is located. [Except as provided in this section, a hearing will be held in the city nearest the place where the injury occurred and in which a division office is located.]

The venue [hearing location] may be changed to a different city in which a division office is located if

- (1) the parties stipulate to the change;
- (2) after receiving a party's request in accordance with 8 AAC 45.070(b)(1)(D) and based on the documents filed with the board and the parties' written arguments, the board orders the **venue** [hearing location] changed for the convenience of the parties and the witnesses; the board's panel in the city **with initial venue** [nearest the place where the injury occurred] will

Register	, 202	23 LABOR AND W	ORKFORCE DEV.
decide the requ	uest filed under 8 AAC	C 45.070(b)(1)(D) to ch	hange the venue [hearing's location];
or			
(3) the	board or designee, in i	its discretion and with	out a party's request, changes the
venue [hearing	g's location] for the bo	oard's convenience or to	o assure a speedy remedy.
(Eff. 5/28/83, 1	Register 86; am 7/20/9	77, Register 143; am 7/	/2/98, Register 146; am//
Register)			
Authority:	AS 23.30.005	AS 23.30.110	AS 23.30.135