

ALASKA WORKERS' COMPENSATION BOARD MEETING



January 14-15, 2021

TABLE OF CONTENTS

<u>TAB 1</u> Page 4	Agenda
<u>TAB 2</u> Page 7	Board Minutes October 1-2, 2020
<u>TAB 3</u> Page 15	Board Member Roster January 2021
<u>TAB 4</u> Page 17	Board Designees January 2021
<u>TAB 5</u> Page 19 Page 20 Page 21	Admin Report Processing Schedule for EDI Claims Release 3.1 Organizational Chart Budget Report
<u>TAB 6</u> Page 28	Alaska Workers' Compensation COVID-19 Statistics
<u>TAB 7</u> Page 30 Page 31	2021 WC Premium Rates Press Release from Division of Insurance Regulatory Order R20-09
<u>TAB 8</u> Page 39 Page 51	Regulations Proposed Regulation Changes 8 AAC 45.184 Executive Officer Waivers
<u>TAB 9</u> Page 53	Board Resolution Board Resolution 17-01

TAB 1

ALASKA WORKERS' COMPENSATION BOARD MEETING AGENDA

JAN 14-15, 2021

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

Teleconference 888-475-4499, Meeting ID: 697 315 2079

Video Conference <https://us02web.zoom.us/j/6973152079>

Thursday, Jan 14, 2021

- 9:00am** Call to order
Roll call establishment of quorum
Introduction of New Board Members
Introduction of Senior Staff
- 9:20am** Approval of Agenda
- 9:25am** Reading and approval of minutes from Oct 1-2, 2020 Board meeting
- 9:45am** Board Open Forum
- Issues for discussion
 - New Business Items
 - Ideas for the Director
- 10:00am** Break
- 10:15am** Public Comment Period
- Public comments will be taken telephonically
- 11:15am** Director's Report
- Approval of Board Designees
 - Division Update
 - Legislative Update
 - Policy Updates
- 12:00pm** Lunch Break
- 1:30pm** Director's Report - Continued
- 2:00pm** Old Business
- Update From Evidence Based Guidelines Working Group
 - Update From WC Fraud Working Group
 - Approval of Regulations
 - 8 AAC 45.030 Fees
 - 8 AAC 45.032 Files
 - 8 AAC 45.092 Second independent medical evaluation
 - 8 AAC 45.093 Qualifying medical examinations for certain firefighters
 - 8 AAC 45.122 Rating of permanent impairment
 - 8 AAC 45.136 Notice of payment or modification of compensation
 - 8 AAC 45.174 Uninsured employers
 - 8 AAC 45.210 Weekly compensation rate
 - 8 AAC 45.220 Gross weekly earnings
 - 8 AAC 45.900 Definitions

3:00pm Break
3:15pm Old Business - Continued
 • Approval of Regulations
4:30pm Ron Ringel, Acting Chief of Adjudications
5:00pm Adjournment

Friday, Jan 15, 2021

9:00am Call to order
Roll call establishment of quorum
9:05am Old Business - Continued
 • If needed
10:00am New Business
 • Re-Affirmation of Alaska Workers' Compensation Board Resolution 17-01
 • Repeal 8 AAC 45.184 Executive officer waivers
10:30am Break
10:45am New Business – Proposed Regulation Updates
 • If needed
12:00pm Lunch Break
1:30pm New Business – Open
3:30pm Break
3:45pm New Business - Open
5:00pm Adjournment

TAB 2

Workers' Compensation Board

Meeting Minutes

October 1-2, 2020

Thursday, October 1, 2020

I. Call to Order

Workers' Compensation Director Charles Collins called the Board to order at 9:07 am on Thursday, October 1, 2020. Due to concerns related to the COVID-19 public health disaster, the meeting was held by telephone and video conference.

II. Roll call

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

Bradley Austin	Randy Beltz	Bob Doyle	Julie Duquette
Sara Faulkner	Bronson Frye	Jacob Howdeshell	Sarah Lefebvre
Nancy Shaw	Robert Weel	Lake Williams	

Director Collins noted that member Justin Mack was excused and member Pamela Cline was absent. Members Doyle and Duquette arrived after roll call. Quorum was established.

III. Agenda Approval

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

IV. Approval of Meeting Minutes

A motion to adopt the minutes from the May 7, 2020 regular Board Meeting was made by member Weel and seconded by member Austin. The minutes were adopted without objection.

V. Director's Report

Director Collins introduced senior staff present, and provided an update on the Department's discontinued efforts to merge the Division of Workers' Compensation with the Division of Labor Standards and Safety.

Director Collins presented the revised format of the Board Hearing Calendar.

Director Collins reviewed the list of board designees. He noted that Judy DeMarsh had joined the Division as a Workers' Compensation Hearing Officer II. A motion to approve the board designees was made by member Beltz and seconded by member Weel. The board designees were approved without objection.

Director Collins provided an overview of division staffing chart, and noted that the vacant Workers' Compensation Officer I in Anchorage is currently in recruitment.

VI. Annual Report

Alexis Hildebrand, Administrative Officer, provided an overview of the various budget components within the Division, the FY20 budget performance, and the FY21 budget performance year-to-date.

Velma Thomas, Program Coordinator, reviewed statistics from the Division's 2019 annual report, a compilation of statistics and benefit data obtained from insurers and self-insured employers pursuant to AS 23.30.155(m).

Break 10:01am-10:15am

VII. Public Comment Period 10:15am- 11:15am (time stamp 56:29)

Alison Leigh – representing self

- Asked questions regarding compensation reports and the Annual Report.
- Commented on a specific case.
- Feels that non-attorney representatives should be allowed to be compensated.

Charles McKee – representing self

- Commented on a specific case.

Brian Zematis – representing Parker, Smith & Feek

- Regarding proposed amendment to 8 AAC 45.185, Mr. Zematis sought clarification on when an LLC has multiple members and the LLC owns a portion of a company, effectively bringing the individual ownership under 10%.

Barbara Williams – private consultant

- Would like to see the Board solicit feedback from injured workers regarding their SIME experience.
- Commented on her experience in a specific case.
- Would like the Director and the Board to reach out to individuals with disabilities to enhance accommodation process.
- Would like to see more community members on the Board to represent injured workers.

Sandy Travis – representing self

- Stated she was having difficulty hearing.
- Stated she requested accommodations and was turned down.
- Alleged the meeting did not meet the standard for a public meeting.
Made comments on supposed agreements regarding access to state and injured worker medical records.

Heather Johnson – representing self

- Made comments on a specific case.
- Would like to see more stakeholder involvement
- Feels there should be a statute that requires all relevant records be sent to the EME doctor. Parties should not be allowed to “cherry pick” records.
- Feels that IMEs and SIMEs should be added to the fee schedule.

Eric McDonald – representing self

- Stated he had difficulty finding an attorney to represent him in his case.

VIII. Annual Report, continued.

Velma Thomas continued presentation of the Division’s 2019 annual report. Ms. Thomas also reviewed the funds and programs administered by the Division: the Benefits Guaranty Fund, the Fishermen’s Fund, the Second Injury Fund, the Self-Insurance Program, and the Proof of Coverage Program.

Lunch Break 11:51pm-1:33pm

IX. Old Business

Amend 8 AAC 45.083, relating to fees for medical treatment and services. The intent of amendment is to clarify the existing fee schedule and incorporate the most recent recommendations. Member Weel moved to adopt the amendment of 8 AAC 45.083. Member Austin seconded the motion. The motion passed unanimously.

Amend 8 AAC 45, by adding a new subsection (8 AAC 45.185) relating to corporate officers and members of limited liability companies. The intent of this amendment is to clarify the definition of ownership when an entity is owned by another entity, such as a revocable trust. Member Faulkner moved to adopt the amendment of 8 AAC 45, and Member Weel seconded the motion. The motion passed unanimously.

X. Annual Report, Continued.

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

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

Ron Ringel, Acting Chief of Adjudications, reviewed the performance of the Adjudications Section.

Break 2:50pm-3:15pm

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

Member Austin motioned to adjourn for the day, and member Weel seconded. With no objections, the meeting adjourned.

Meeting Adjourned 3:43 pm

Friday, October 2, 2020

I. Call to Order

Director Collins resumed the Alaska Workers' Compensation Board meeting at 9:05am on Friday, October 2, 2020.

Bradley Austin	Randy Beltz	Pamela Cline	Bob Doyle
Julie Duquette	Sara Faulkner	Bronson Frye	Jacob Howdeshell
Sarah Lefebvre	Nancy Shaw	Robert Weel	Lake Williams

Director Collins noted that member Justin Mack was excused. Quorum was established.

II. New Business

Member Weel motioned to discuss regulatory amendments as new business. Member Austin seconded. The motion passed without objection.

Amend 8 AAC 45.030, relating to fees for file copies. The intent of this amendment is to replace outdated terminology to reflect modern operation procedures. Member Austin moved to approve the amendment of 8 AAC 45. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.032, relating to case file set up for investigations into failure to insure. The intent of this amendment is to reflect current operational procedures. Member Beltz moved to approve the amendment of 8 AAC 45.032. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.092, relating to second independent medical evaluations. The intent of this amendment is to correct the name of the referenced organizations. Member Austin moved to approve the amendment of 8 AAC 45.092. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.093, relating to qualifying medical examinations for certain firefighters. The intent of this amendment is to delineate the proper form for use in filing medical record. Member Frye moved to approve the amendment of 8 AAC 45.093. Member Austin seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.122, relating to rating of permanent impairment. The intent of this amendment is to update the language to reflect modern operation procedures. Member Austin moved to approve the amendment of 8 AAC 45.122. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.136(a) & (b), relating to notice of payment or modification of compensation. The intent of this amendment is to reflect current electronic data interchange operation. Member Austin moved to approve the amendment of 8 AAC 45.136(a) & (b). Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.136(c), relating to notice of payment or modification of compensation. The intent of this amendment is to reflect current electronic data interchange operation. Member Austin moved to approve the amendment of 8 AAC 45.136(c). Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.136(d), relating to notice of payment or modification of compensation. The intent of this amendment is to reflect current electronic data interchange operation. Member Weel moved to approve the amendment of 8 AAC 45.136(d). Member Beltz seconded the motion. The motion passed unanimously, with Lake Williams abstaining.

Amend 8 AAC 45.136(e), relating to notice of payment or modification of compensation. The intent of this amendment is to reflect current electronic data interchange operation. Member Austin moved to approve the amendment of 8 AAC 45.136(e). Member Weel seconded the motion. The motion passed unanimously.

Break 10:05am-10:20am

Amend 8 AAC 45.210, relating to weekly compensation rate. The intent of this amendment is to replace an outdated rate of pay equation with an updated calculation that properly reflects the statute, and to update language to reflect current electronic data interchange procedures. Member Austin moved to approve the amendment of 8 AAC 45.210. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.220, relating to gross weekly earnings. The intent of this amendment is to align the regulation with the statute. Member Austin moved to approve the amendment of 8 AAC 45.220. Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900(a)(2), relating to definitions. The intent of this amendment is to enhance the definition of "board". Member Weel moved to approve the amendment of 8 AAC 45.900(a)(2). Member Shaw seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900(4), relating to definitions. The intent of this amendment is to remove unnecessary pronouns. Member Frye moved to approve the amendment of 8 AAC 45.900(4). Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900(15), relating to definitions. The intent of this amendment is to remove unnecessary punctuation. Member Frye moved to approve the amendment of 8 AAC 45.900(15). Member Beltz seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900 relating to definitions by adding a new subsection (16). The intent of this amendment is to define "failure to insure". Member Frye moved to approve the

amendment of 8 AAC 45.900. Member Beltz seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900(c), relating to definitions. The intent of this amendment is to further clarify “part-time help” by adding a definition for part-time baby-sitter. Some board members expressed concern that gray area still existed in the proposed language. The board did not make a motion to move this amendment forward.

Amend 8 AAC 45.900(c), relating to definitions. The intent of this amendment is to further clarify “part-time help” by adding a definition for “contracted entertainer” and “harvest help”. Member Shaw moved to approve the amendment of 8 AAC 45.900(c). Member Austin seconded the motion. The Board members discussed changes to the proposed language. Member Shaw amended her motion with the revised proposed language and Member Austin seconded. The motion did not pass on a vote of 8 to 2, with members Doyle and Duquette voting against and members Austin, Faulkner, Frye, Howdeshell, Lefebvre, Shaw, Weel, and Williams voting in favor.

Amend 8 AAC 45.900(d), relating to definitions. The intent of this amendment is to correct an outdated statutory reference. Member Austin moved to approve the amendment of 8 AAC 45.900(d). Member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.900(h), relating to definitions. The intent of this amendment is to correct an outdated statutory reference. Member Austin moved to approve the amendment of 8 AAC 45.900(h). Member Weel seconded the motion. The motion passed unanimously.

Lunch Break 12:17pm-1:38pm

Amend 8 AAC 45.900(j), relating to definitions. The intent of this amendment is to further clarify the definition of “previously rehabilitated”. Member Austin moved to approve the amendment of 8 AAC 45.900(j). Member Frye seconded the motion. The motion did not pass on a vote of 9 to 1, with members Austin, Doyle, Faulkner, Frye, Howdeshell, Lefebvre, Shaw, Weel, and Williams voting in favor and member Duquette voting against.

Amend 8 AAC 45.900, relating to definitions by adding a new subsection (k). The intent of this amendment is to define “misclassification” and “deceptive leasing practices”. Member Frye moved to approve the amendment of 8 AAC 45.900. Member Weel seconded the motion. Member Shaw proposed to strike the words “without his or her knowledge or consent, or”, the board agreed with the amendment. Member Frye amended his motion and member Weel seconded. Director Collins called the question and the motion passed unanimously.

Amend 8 AAC 45.174, relating to uninsured employers. The intent of this amendment is to further clarify the person authorized to serve process in investigation proceedings.

Member Frye moved to approve the amendment of 8 AAC 45.174. Member Austin seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.174(c), relating to uninsured employers. The intent of this amendment is to further clarify the person authorized to serve process in investigation proceedings. Member Austin moved to approve the amendment of 8 AAC 45.174(c). Member Frye seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.174(e-f), relating to uninsured employers. The intent of this amendment is to clarify that employers do have the right to file a petition for hearing in failure-to-insure cases. Member Shaw moved to approve the amendment of 8 AAC 45.174(e). Member Austin seconded the motion. The motion passed unanimously.

Break 2:49pm-3:15pm

Director Collins requested volunteers to fill the vacant industry seat on the SIU Fraud Laws work group.

Director Collins reminded the Board members the next regular board meeting is January 14-15, 2021.

Motion to adjourn was made by Member Austin at 3:22pm. Member Weel seconded the motion. The motion passed unanimously.

Meeting Adjourned 3:23pm

TAB 3

ALASKA WORKERS' COMPENSATION BOARD

Chair, Commissioner Dr. Tamika L. Ledbetter
Alaska Department of Labor and Workforce Development

Name	Seat	District	Affiliation
Charles Collins	Commissioner's Designee		
Brad Austin	Labor	1 st Judicial District	Plumbers and Pipe Fitters Local 262
Christina Gilbert	Industry	1 st Judicial District	Industry
Randy Beltz	Industry	3 rd Judicial District	Industry
Pamela Cline	Labor	3 rd Judicial District	Intl. Brotherhood of Electrical Workers LU 1547
Bob Doyle	Industry	3 rd Judicial District	Industry
Sara Faulkner	Industry	3 rd Judicial District	Industry, Land's End Acquisition Corporation
Bronson Frye	Labor	3 rd Judicial District	Painters and Allied Trades Local 1959
Anthony Ladd	Labor	3 rd Judicial District	Labor
Justin Mack	Labor	3 rd Judicial District	Anchorage Fire Fighters Local 1264
Jason Motyka	Industry	3 rd Judicial District	Industry
Nancy Shaw	Labor	3 rd Judicial District	Labor
Vacant	Industry	3 rd Judicial District	Industry
Julie Duquette	Industry	4 th Judicial District	Slayden Plumbing and Heating
Jacob Howdeshell	Labor	4 th Judicial District	Laborers Local 942
Sarah Lefebvre	Industry	4 th Judicial District	Colaska dba Exclusive Paving / University Redi-Mix
Lake Williams	Labor	4 th Judicial District	Operating Engineers Local 302
Bob Weel	Industry	At Large	Industry
Vacant	Labor	At Large	International Brotherhood of Teamsters

TAB 4



BOARD DESIGNEES - January 2021

The following staff members are appointment 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.)

<u>NAME</u>	<u>LOCATION</u>	<u>POSITION TITLE</u>
Charles Collins	Juneau	Director
Ronald Ringel	Anchorage	Acting Chief of Adjudications
Kathryn Setzer	Juneau	WC Hearing Officer II
Judy DeMarsh	Anchorage	WC Hearing Officer II
Ronald Ringel	Anchorage	WC Hearing Officer II
William Soule	Anchorage	WC Hearing Officer II
Janel Wright	Anchorage	WC Hearing Officer II
Jung Yeo	Anchorage	WC Hearing Officer II
Cassandra Tilly	Fairbanks	WC Hearing Officer II
Robert Vollmer	Fairbanks	WC Hearing Officer II
Dani Byers	Juneau	WC Officer II
Melody Kokrine	Fairbanks	WC Officer II
Felecia Baptista	Anchorage	WC Officer II
Grace Morfield	Anchorage	WC Officer II
Harvey Pullen	Anchorage	WC Officer II
Julie Kelley	Anchorage	WC Officer I
Elizabeth Pleitez	Anchorage	WC Officer I

TAB 5



Alaska Department of Labor and Workforce Development (ADOL)

ADOL FROI SROI Processing Schedule for EDI Claims R3.1

Processing Schedule

- Submission for 'Morning' Schedule:
 - wcCapture Cutoff Time 11:30 PM ET (7:30 AM AKST)
- Submission for 'Afternoon' Schedule:
 - wcCapture Cutoff Time 3:30 PM ET (11:30 AM AKST)
- Submission for 'Night' Schedule:
 - wcCapture Cutoff Time 11:59 PM ET

Trading Partners can connect and upload FROI SROI files 7 days a week.

ADOL Web entry (wcPrism) submissions exception: Submission must be completed by 6:00 PM ET (2:00 PM AKST) to be included in the 'Night' Schedule.

Friday (FROI SROI files received after the 'Afternoon' Schedule), Saturday and/or Sunday: Trading Partners can connect and upload FROI/SROI files and will receive acknowledgment files no later than 5:00 AM EST on Monday pending any unforeseen processing issues.

If you have not received an Acknowledgement within that time frame and have not received an advisory e-mail, please contact the ADOL EDI Support Mailbox at adoledi@iso.com.

Charles Collins
Director
PCN 07-3001
JNU XE

Alexis Hildebrand
Admin Officer II
Rg 19 PCN 07-3026
JNU SU

Stacy Niwa
RBA
Rg 22 PCN 07-3047
ANC XE

Rhonda Gerharz
Investigator IV
Rg 20 PCN 07-4557
ANC SU

Ron Ringel
Acting Chief of Adj
Rg 24 PCN 07-3005
ANC XE

Velma Thomas
Program Coordinator
Rg 18 PCN 07-1026
JNU SU

Michael Christenson
 Project Assistant
 Rg 16 PCN 07-5527
 JNU GG

Deborah Torgerson
 WC Officer II
 Rg 18 PCN 07-3007
 ANC GG

Nick Weyrick
 Investigator II
 Rg 16 PCN 07-3064
 ANC GG

Grace Morfield
WC Officer II
Rg 18 PCN 07-3058
ANC SU

Kathryn Setzer
 WC Hearing Off II
 Rg 22 PCN 07-3061
 JNU GG

William Soule
 WC Hearing Off II
 Rg 22 PCN 07-3060
 ANC GG

Vacant
 WC Tech - FF
 Rg 12 PCN 07-3028
 JNU GG

Rachel Michaud
Admin Assistant II
Rg 14 PCN 07-3055
JNU SU

Penny Helgeson
 WC Officer II
 Rg 18 PCN 07-3012
 ANC GG

Christine Christensen
 Investigator III
 Rg 18 PCN 07-3070
 ANC GG

Kim Weaver
 Office Asst II
 Rg 10 PCN 07-3037
 ANC GG

Cassandra Tilly
 WC Hearing Off II
 Rg 22 PCN 07-3042
 FBKS GG

Janel Wright
 WC Hearing Off II
 Rg 22 PCN 07-3059
 ANC GG

Mark Abril
 WC Tech - FF
 Rg 12 PCN 07-1027
 JNU GG

Nanette Ferrer
 Office Asst I
 Rg 8 PCN 07-3003
 JNU GG

Darlene Charles
 WC Tech
 Rg 12 PCN 07-3030
 ANC GG

Douglas Love
 Investigator III
 Rg 18 PCN 07-3072
 ANC GG

Rachel Story
 Office Asst I
 Rg 8 PCN 07-3052
 ANC GG

Robert Vollmer
 WC Hearing Off II
 Rg 22 PCN 07-3044
 FBKS GG

Judy DeMarsh
 WC Hearing Off II
 Rg 22 PCN 07-3043
 ANC GG

020

Ted Burkhart
 WC Officer I
 Rg 16 PCN 07-3046
 JNU GG

Marcus Schaufele
 Office Asst II
 Rg 10 PCN 07-3014
 JNU GG

Rose DeHusson
 Office Asst I
 Rg 8 PCN 07-3071
 ANC GG

Wayne Harger
 Investigator III
 Rg 18 PCN 07-3069
 FBKS GG

Pamela Hardy
 Office Asst I
 Rg 8 PCN 07-3011
 ANC GG

Jung Yeo
 WC Hearing Off II
 Rg 22 PCN 07-3013
 ANC GG

Ronald Ringel
 WC Hearing Off II
 Rg 22 PCN 07-3051
 ANC GG

Erwin Fariolan
 Collections Officer
 Rg 16 PCN 21-3047
 JNU GG

Danielle Kalmakoff
 Office Asst I
 Rg 8 PCN 07-3010
 JNU GG

Deirdre Ford
Chair, WC Appeals
Commission
Rg 27 PCN 07-X001
ANC XE

David Price
 Investigator III
 Rg 18 PCN 07-3068
 JNU GG

Charlotte Corriveau
 WC Tech
 Rg 12 PCN 07-3025
 ANC GG

Dani Byers
WC Officer II
Rg 18 PCN 07-3009
JNU SU

Felecia Baptista
 WC Officer II
 Rg 18 PCN 07-3040
 ANC GG

Aldwyn McCuiston
 Office Asst I
 Rg 8 PCN 07-3062
 JNU GG

Kathleen Morrison
 Law Office Assistant II
 Rg 13 PCN 07-3067
 ANC GG

Wayne Harger
 Investigator III
 Rg 18 PCN 07-3069
 FBKS GG

Nenita Farmer
 Office Asst I
 Rg 8 PCN 07-7005
 ANC GG

Krystal Gray
 WC Tech
 Rg 12 PCN 07-3004
 JNU GG

Harvey Pullen
 WC Officer II
 Rg 18 PCN 07-3027
 ANC GG

Vacant
 Student Intern I
 Rg 6 PCN 07IN1901
 JNU GG

Ginalyn Del Rosario
 Office Asst I
 Rg 8 PCN 07-1720
 JNU GG

Elizabeth Pleitez
 WC Officer I
 Rg 16 PCN 07-3031
 ANC GG

Melody Kokrine
WC Officer II
Rg 18 PCN 07-3024
FBKS SU

Julie Kelley
 WC Officer I
 Rg 16 PCN 07-3056
 ANC GG

Mahogany Mitchell
 WC Technician
 Rg 12 PCN 07-3063
 FBKS GG

Ron Heselton
 Office Asst II
 Rg 10 PCN 07-3036
 FBKS GG

Vacant
 Student Intern I
 Rg 6 PCN 07IN1902
 ANC GG

Department of Labor and Workforce Development

Division of Workers' Compensation

1/8/21

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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2:53 PM

Summary:

Program	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To-date
						Expend	Encumb						
Workers' Compensation	5,801,500	0	0	0	5,801,500	2,217,030	448,001	3,136,470	0	2,987,878	5,652,908	148,592	45.9%
WC Appeals Commission	425,900	0	0	0	425,900	140,197	14,998	270,704	0	183,128	338,323	87,577	36.4%
WC Benefits Guaranty Fund	779,600	0	0	0	779,600	177,290	21,953	580,356	0	339,058	538,302	241,298	25.6%
Second Injury Fund	2,852,100	0	0	0	2,852,100	863,984	19,788	1,968,328	0	892,187	1,775,959	1,076,141	31.0%
Fishermen's Fund	1,409,900	0	0	0	1,409,900	252,655	27,666	1,129,579	0	471,814	752,135	657,765	19.9%
Division Total	11,269,000	0	0	0	11,269,000	3,651,156	532,406	7,085,438	0	4,874,064	9,057,626	2,211,374	37.1%

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget
Revenue Type Workers' Safety	6,227,400	0	0	0	6,227,400
Revenue Type: Benefits Guaranty Fu	779,600	0	0	0	779,600
Revenue Type Second Injury Fund	2,852,100	0	0	0	2,852,100
Revenue Type Fishermen's Fund	1,409,900	0	0	0	1,409,900
General Funds					
Total Program Funding	11,269,000	0	0	0	11,269,000

Projection Assumptions:

- Personal services based on PCN by PCN projections for remainder of year; includes vacancies
- Travel is based on anticipated travel
- Services is based on most recent indirect rate, core services and lease costs
- Commodities is based on anticipated subscription and business supply costs
- Benefits are straight line projections

Department of Labor and Workforce Development

Division of Workers' Compensation

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

Workers' Compensation

AR Unit: 073100060

Program Expenditures	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To Date	FY20 Actuals	FY19 Actuals	FY18 Actuals
						Expend	Encumb									
Personal Services	4,538,600.00	0.00	0.00	0.00	4,538,600.00	2,006,954.62	0.00	2,531,645.38	0.00	2,508,803.53	4,515,758.15	22,841.85	44.2%	4,284,821	4,223,012	4,223,999
Travel	49,100.00	0.00	0.00	0.00	49,100.00	632.45	0.00	48,467.55	0.00	5,000.00	5,632.45	43,467.55	1.3%	22,021	30,176	17,641
Services	1,114,900.00	0.00	0.00	0.00	1,114,900.00	182,009.87	413,343.51	519,546.62	0.00	454,074.03	1,049,427.41	65,472.59	53.4%	944,246	1,011,186	1,163,903
Commodities	80,900.00	0.00	0.00	0.00	80,900.00	20,607.43	29,782.04	30,510.53	0.00	20,000.00	70,389.47	10,510.53	62.3%	67,263	83,877	84,990
Equipment	6,000.00	0.00	0.00	0.00	6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	6,000.00	0.0%	0	0	0
NPS Subtotal	1,250,900.00	0.00	0.00	0.00	1,250,900.00	203,249.75	443,125.55	604,524.70	0.00	479,074.03	1,125,449.33	125,450.67	51.7%	1,033,530	1,125,239	1,266,534
Grants	12,000.00	0.00	0.00	0.00	12,000.00	6,825.28	4,875.20	299.52	0.00	0.00	11,700.48	299.52	97.5%	11,700	20,671	21,350
Total Program Expenditures	5,801,500.00	0.00	0.00	0.00	5,801,500.00	2,217,029.65	448,000.75	3,136,469.60	0.00	2,987,877.56	5,652,907.96	148,592.04	45.9%	5,330,051	5,368,923	5,511,883

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type Workers' Safety	5,801,500.00	0.00			5,801,500.00
Interagency Receipts					
General Funds					0.00
Total Program Funding	5,801,500.00	0.00	0.00	0.00	5,801,500.00

FY20 Actuals	FY19 Actuals	FY18 Actuals
5,330,051	5,368,923	5,511,883
5,330,051	5,368,923	5,511,883

Program Notes

1000 Personal Services is based on PCN by PCN projection, including vacancies.
 2000 Travel is based on anticipated travel.

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.
 5000 No Capital Outlay anticipated.
 7000 Benefits based on known case info.

Department of Labor and Workforce Development

Division of Workers' Compensation

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

WC Appeals Commission

AR Unit: 073200060

Program Expenditures

	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To-date
						Expend	Encumb						
Personal Services	281,400.00	0.00	0.00	9,000.00	290,400.00	131,541.61	0.00	158,858.39	0.00	158,836.84	290,378.45	21.55	45.3%
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Services	139,500.00	0.00	0.00	-9,000.00	130,500.00	7,803.85	14,998.26	107,697.89	0.00	24,290.70	47,092.81	83,407.19	17.5%
Commodities	5,000.00	0.00	0.00	0.00	5,000.00	851.90	0.00	4,148.10	0.00	0.00	851.90	4,148.10	17.0%
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NPS Subtotal	144,500.00	0.00	0.00	-9,000.00	135,500.00	8,655.75	14,998.26	111,845.99	0.00	24,290.70	47,944.71	87,555.29	17.5%
Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Total Program Expenditures	425,900.00	0.00	0.00	0.00	425,900.00	140,197.36	14,998.26	270,704.38	0.00	183,127.54	338,323.16	87,576.84	36.4%

FY20 Actuals	FY19 Actuals	FY18 Actuals
294,007	271,585	253,925
702	0	0
43,953	46,998	45,513
6,272	4,458	2,301
0	0	0
50,927	51,456	47,813
344,934	323,041	301,739

Program Revenue

	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type: Workers Safety	425,900.00	0.00			425,900.00
Intergency Receipts					
General Funds					
Total Program Funding	425,900.00	0.00	0.00	0.00	425,900.00

FY20 Actuals	FY19 Actuals	FY18 Actuals
344,934	323,041	301,739
344,934	323,041	301,739

Program Notes

1000 Personal Services is based on PCN by PCN projection, including vacancies.

2000 -

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.

5000 -

7000 -

Department of Labor and Workforce Development

Division of Workers' Compensation

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

Benefits Guaranty Fund

AR Unit: 073300061

Program Expenditures	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To-date	FY20 Actuals	FY19 Actuals	FY18 Actuals
						Expend	Encumb									
Personal Services	95,100.00	0.00	0.00	0.00	95,100.00	42,262.46	0.00	52,837.54	0.00	52,154.23	94,416.69	683.31	44.4%	91,860	82,910	89,118
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0	0	0
Services	249,800.00	0.00	0.00	0.00	249,800.00	20,584.06	21,953.43	207,262.51	0.00	170,403.41	212,940.90	36,859.10	17.0%	141,874	107,233	157,343
Commodities	2,000.00	0.00	0.00	0.00	2,000.00	0.00	0.00	2,000.00	0.00	1,500.00	1,500.00	500.00	0.0%	1,914	155	0
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0	0	0
NPS Subtotal	251,800.00	0.00	0.00	0.00	251,800.00	20,584.06	21,953.43	209,262.51	0.00	171,903.41	214,440.90	37,359.10	16.9%	143,788	107,388	157,343
Grants	432,700.00	0.00	0.00	0.00	432,700.00	114,443.95	0.00	318,256.05	0.00	115,000.00	229,443.95	203,256.05	26.4%	432,700	366,600	300,217
Total Program Expenditures	779,600.00	0.00	0.00	0.00	779,600.00	177,290.47	21,953.43	580,356.10	0.00	339,057.64	538,301.54	241,298.46	25.6%	668,348	556,897	546,677

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type: Benefits Guaranty Fund	779,600.00	0.00			779,600.00
Interagency Receipts					
General Funds					
Total Program Funding	779,600.00	0.00	0.00	0.00	779,600.00

FY20 Actuals	FY19 Actuals	FY18 Actuals
668,348	556,897	546,677
668,348	556,897	546,677

Program Notes

- 1000 Personal Services is based on PCN by PCN projection, including vacancies.
- 2000 -
- 3000 Services is based on most recent indirect rate, core services and lease costs.
- 4000 Commodities is based on anticipated subscription and business supply costs.
- 5000 -
- 7000 Straight Line projection.

Department of Labor and Workforce Development

Division of Workers' Compensation

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

Second Injury Fund AR Unit: 073400062

Program Expenditures	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To-date	FY20 Actuals	FY19 Actuals	FY18 Actuals
						Expend	Encumb									
Personal Services	196,400.00	0.00	0.00	0.00	196,400.00	81,937.27	0.00	114,462.73	0.00	106,067.92	188,005.19	8,394.81	41.7%	194,828	191,084	188,046
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0	0	0
Services	83,100.00	0.00	0.00	0.00	83,100.00	4,797.66	19,787.57	58,514.77	0.00	7,118.99	31,704.22	51,395.78	29.6%	31,080	32,237	44,763
Commodities	4,300.00	0.00	0.00	0.00	4,300.00	0.00	0.00	4,300.00	0.00	4,000.00	4,000.00	300.00	0.0%	321	607	3,058
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0	0	0
NPS Subtotal	87,400.00	0.00	0.00	0.00	87,400.00	4,797.66	19,787.57	62,814.77	0.00	11,118.99	35,704.22	51,695.78	28.1%	31,401	32,844	47,821
Grants	2,568,300.00	0.00	0.00	0.00	2,568,300.00	777,249.16	0.00	1,791,050.84	0.00	775,000.00	1,552,249.16	1,016,050.84	30.3%	2,526,796	2,256,245	2,408,649
Total Program Expenditures	2,852,100.00	0.00	0.00	0.00	2,852,100.00	863,984.09	19,787.57	1,968,328.34	0.00	892,186.91	1,775,958.57	1,076,141.43	31.0%	2,753,025	2,480,172	2,644,516

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget
GF Program Receipts					
Revenue Type Second Injury Fund	2,852,100.00				2,852,100.00
Interagency Receipts					
General Funds					
Total Program Funding	2,852,100.00	0.00	0.00	0.00	2,852,100.00

FY20 Actuals	FY19 Actuals	FY18 Actuals
2,753,025	2,480,172	2,644,516
2,753,025	2,480,172	2,644,516

Program Notes
 1000 Personal Services is based on PCN by PCN projection, including vacancies.
 2000 -
 3000 Services is based on most recent indirect rate, core services and lease costs.
 4000 Commodities is based on anticipated subscription and business supply costs.
 5000 -
 7000 Straight Line projection.

Department of Labor and Workforce Development

Division of Workers' Compensation

Monthly Status Report as of:

1/6/2021	Q1	FY2021
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Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/13/2020

Fishermen's Fund

AR Unit: 073500063

Program Expenditures	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget	1/6/2021		Current Balance	Exp Adj Needed	Projected Expend	Total Expend	Projected Balance	% Expend To-date	FY20 Actuals	FY19 Actuals	FY18 Actuals
						Expend	Encumb									
Personal Services	255,900.00	0.00	0.00	0.00	255,900.00	74,420.57	0.00	181,479.43	0.00	122,818.39	197,238.96	58,661.04	29.1%	174,545	238,516	170,690
Travel	11,000.00	0.00	0.00	0.00	11,000.00	0.00	0.00	11,000.00	0.00	0.00	0.00	11,000.00	0.0%	5,736	8,144	9,069
Services	217,200.00	0.00	0.00	0.00	217,200.00	5,710.44	27,666.19	183,823.37	0.00	168,995.74	202,372.37	14,827.63	15.4%	44,613	58,585	88,182
Commodities	9,700.00	0.00	0.00	0.00	9,700.00	0.00	0.00	9,700.00	0.00	5,000.00	5,000.00	4,700.00	0.0%	1,622	3,998	5,241
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0	0	0
NPS Subtotal	237,900.00	0.00	0.00	0.00	237,900.00	5,710.44	27,666.19	204,523.37	0.00	173,995.74	207,372.37	30,527.63	14.0%	51,971	70,727	102,491
Grants	916,100.00	0.00	0.00	0.00	916,100.00	172,523.64	0.00	743,576.36	0.00	175,000.00	347,523.64	568,576.36	18.8%	513,425	695,084	551,423
Total Program Expenditures	1,409,900.00	0.00	0.00	0.00	1,409,900.00	252,654.65	27,666.19	1,129,579.16	0.00	471,814.14	752,134.98	657,765.02	19.9%	739,941	1,004,327	824,604

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget
GF Program Receipts					
Revenue Type Fishermen's Fund	1,409,900.00				1,409,900.00
Interagency Receipts					
General Funds					
Total Program Funding	1,409,900.00	0.00	0.00	0.00	1,409,900.00

* Additional authority added for vessel owner benefits under SB61 (\$16,100)

FY20 Actuals	FY19 Actuals	FY18 Actuals
739,941	1,004,327	824,604
739,941	1,004,327	824,604

Program Notes

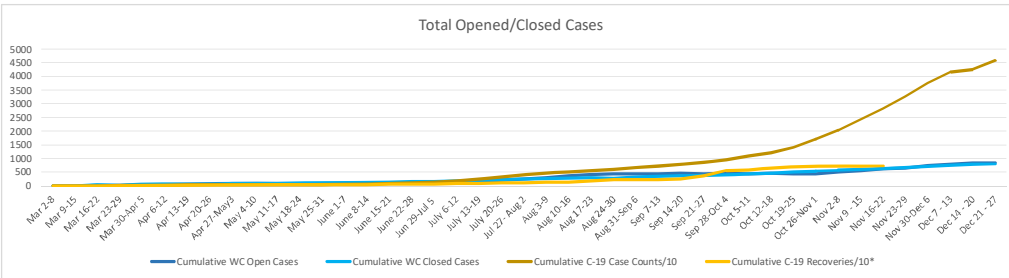
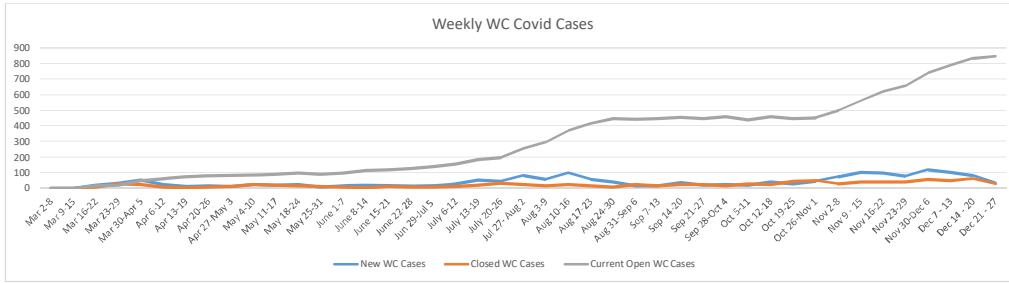
1000 Personal Services is based on PCN by PCN projection, including vacancies.
 2000 No travel anticipated.

3000 Services is based on most recent indirect rate, core services and lease costs.
 4000 Commodities is based on anticipated subscription and business supply costs.
 5000 -
 7000 Straight Line projection.

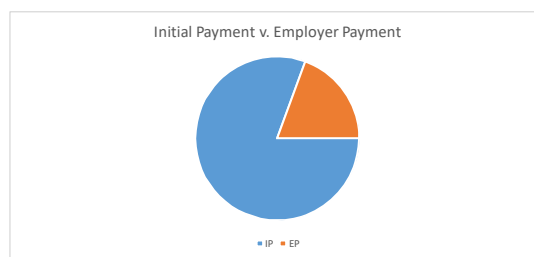
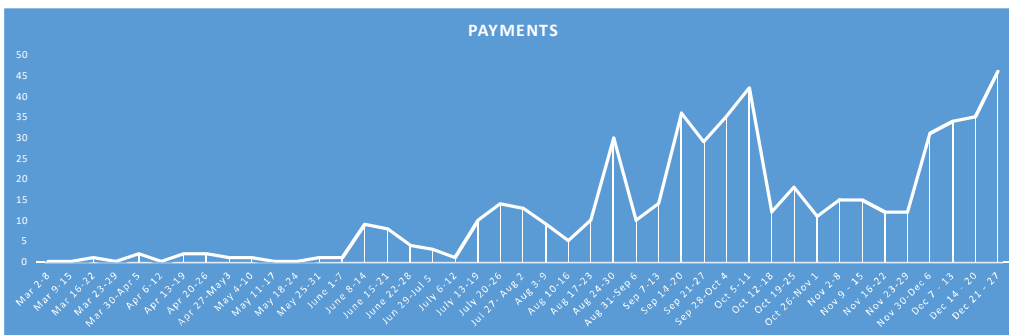
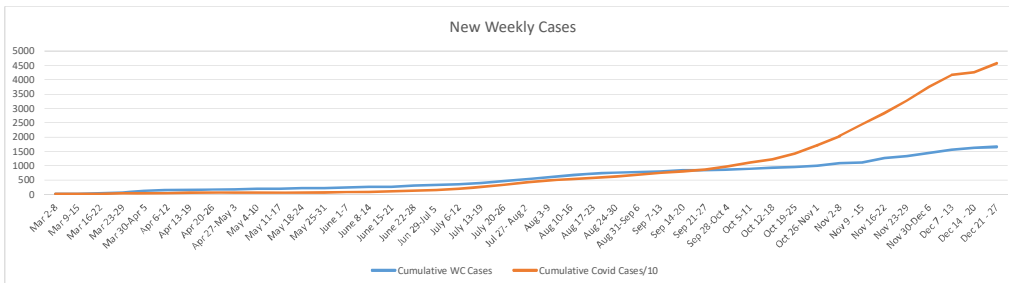
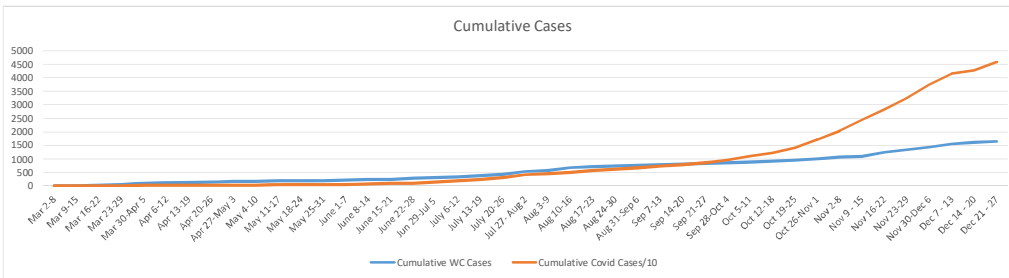
TAB 6

Opened	Closed	Current	Paid	BTC to date	OBT to date	EP to Date	Denials (04)
1652	806	846	474	\$463,594.96	\$140,510.23	\$117,432.07	158

Projected as of 12/27



*DHSS stopped reporting recoveries on 11/18/2020



TAB 7

Dr. Tamika L. Ledbetter
Commissioner

Department of
Labor and Workforce Development



Julie Anderson
Commissioner

Department of Commerce,
Community & Economic Development

STATE OF ALASKA

JOINT PRESS RELEASE

For Immediate Release

20-023

Workers' Compensation Rates to Decrease in 2021

October 29, 2020 (Anchorage, AK) – Alaska businesses will see another year of decreased workers' compensation insurance rates in 2021. Workers' compensation voluntary loss costs will decrease by an average of 14.9 percent, and assigned risk rates will decrease by an average of 9.6 percent from the current approved levels.

"Lower workers' compensation costs reduce the burden on Alaska businesses, which is especially good news as many have struggled with the COVID-19 pandemic," **said Governor Michael Dunleavy.**

"This is the second year in a row that we are seeing significant savings in Workers' Compensation system costs which will continue to benefit businesses across Alaska with reduced insurance premiums," **said Dr. Tamika Ledbetter, Department of Labor and Workforce Development Commissioner.** "I appreciate the good work of the Workers' Compensation Board and the Medical Services Review Board for their efforts to make this happen."

The 2021 rate reductions signify a positive downward trend in reduced workers' compensation losses. This year's lower rates follow 2020 rates that represented a 13.4 percent reduction from the previous year. Since 2015 rates have been reduced by approximately 46 percent, which can be attributed to continuing declines in claim frequency and favorable changes in medical cost trends.

"We have thoroughly reviewed the filings, and ordered modifications to be made to ensure that the rates are justified," **said Lori Wing-Heier, director of the Alaska Division of Insurance.**

The Division of Insurance is an agency housed within the Alaska Department of Commerce, Community and Economic Development (DCCED) tasked with protecting consumers in Alaska. For additional information about the division, visit <https://www.commerce.alaska.gov/web/ins>. For information about DCCED and its other agencies, visit commerce.alaska.gov.

The Division of Workers' Compensation is an agency housed within the Alaska Department of Labor and Workforce Development (DOLWD) tasked with the administration of the Alaska Workers' Compensation Act. For additional information about the division, visit <https://labor.alaska.gov/wc/>. For information about DOLWD and its other agencies, visit <https://labor.alaska.gov/>.

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Media Contact: Lori Wing-Heier, (907) 269-7896, Lori.Wing-Heier@Alaska.gov



REGULATORY ORDER NUMBER R 20-09

APPROVAL WITH MODIFICATION OF THE 2021¹ WORKERS' COMPENSATION LOSS COST FILING AND ASSIGNED RISK RATE FILING

BACKGROUND:

On August 24, 2020, the Division of Insurance (division) received the 2021 Alaska Workers' Compensation Filing for Voluntary Loss Costs and Assigned Risk Rates from the National Council on Compensation Insurance, Inc. (NCCI)². This filing proposed an overall 17.5% decrease in voluntary loss costs and an overall 11.2% decrease in assigned risk rates from the current approved levels.

On August 14, 2020 the director issued Notice of Public Hearing H20-01 notifying interested parties that, in accordance with Alaska Statute (AS) 21.39.043, a hearing would be held on September 15, 2020. Due to public health and safety concerns, the hearing was held telephonically and by video conference. The purpose of the hearing was to allow interested parties to provide testimony or evidence as to whether the filing's prospective loss costs met the requirements of AS 21.39. Interested parties were also invited to include a recommendation for approval, disapproval, or modification of the filing.

No requests for information or interrogatories were submitted to NCCI by member or subscriber companies prior to the hearing, and no written testimony was received by the division prior to the hearing. At the hearing, Alaska National Insurance Company (ANIC) provided oral testimony and related supporting exhibits. The hearing record was held open for 10 days after the hearing; no written comments were received during that time.

The division requested and received additional supporting information from NCCI as allowed under AS 21.39.043(e) as detailed below.

DISCUSSION OF FILING METHODOLOGY

1. Consistent with what was approved in the 2020 filing, NCCI again:
 - a. used a 50/50 weighting of indications derived using limited and unlimited losses ("limited indication" and "unlimited indication", respectively);
 - b. for each indication, used an average of paid and paid-plus-case experience;

¹ Within this Order, the year used to identify filings refers to the year the filing is effective. For example, the "2021 filing" refers to the filing that will become effective January 1, 2021.

² The filing number assigned by the division is the SERFF tracking number, NCCI-132502304. The filing, including its attachments as referenced throughout this Order, is open to public inspection per AS 21.39.043(g) and may be accessed via SERFF Filing Access at <https://filingaccess.serff.com/sfa/home/AK>.

- i. paid loss development factors (LDF) are based on a 3-year average;
 - ii. paid-plus-case LDFs are based on a 5-year average;
 - c. used paid-plus-case experience to derive the tail (19th report-to-ultimate) LDFs; and
 - d. used excess ratios (in the limited indication) that limit losses to \$50 million, as losses over \$50 million are funded via a separate catastrophe loss cost.
 - e. indemnity benefit changes due to changes in the State Average Weekly Wage (SAWW) are captured through the indemnity trend selection rather than through explicit benefit changes.
2. Changes in NCCI's methodology versus the 2020 filing include:
 - a. overall indication is now calculated using four policy years (PY) of experience instead of three (i.e. PY2015, PY2016, PY2017, and PY2018 are used in this filing);
 - b. adjusting and other expense (AOE) provision now excludes policies that use Third-Party Administrator (TPA) agreements.
 3. The limited indication is based on NCCI's Large Loss Procedure (LLP)³. To accommodate the LLP, annual updates to the large loss limit threshold and excess ratio⁴ were made, based on Alaska premium and loss data.
 4. NCCI proposed to increase the loss adjustment expense (LAE) provision from 20.0% to 20.4%, as a percent of losses. This change is due to an increase, from 8.5% to 8.9%, in the AOE portion of the LAE, while the defense and cost containment expense (DCCE) portion remains at 11.5%. The impact of this change on loss costs is +0.3%.
 5. NCCI proposed using annual trends of -5.5% and -4.0% to adjust historical indemnity and medical loss ratios, respectively. Consistent with last year's filing, the loss ratios used to determine trends are based on experience data limited by the LLP and use an average of paid and paid-plus-case based severities. Losses are adjusted to a common wage level so these trends are in excess of wage inflation. These selections represent a 1.0% decrease compared to the loss ratio trends approved in the 2020 filing. The combined impact of this change on loss costs is -4.1%.
 6. NCCI included adjustments to incorporate the expected impact of benefit changes as follows. The combined impact of these changes on loss costs is -1.0%:
 - a. medical benefit costs are expected to decrease 5.3% due to the change in Alaska medical fee schedule conversion factors established by the Department of Labor and Workforce Development, effective 1/1/2020. Half of this impact was included in the 2020 filing; the other half is incorporated in this filing via including the whole impact in the benefit on-level factors.
 - b. medical benefit costs are expected to increase 0.8% due to automatic adoption, by reference, of annual updates to the Medicare fee schedules other than conversion factor changes, effective 1/1/2020. This impact is incorporated via adjusting projected medical cost ratios. The method and assumptions used to estimate the impacts of this automatic adoption have not changed versus previous filings.
 7. The assigned risk portion of the filing includes the following items. The combined impact of these changes on assigned risk rates is +7.6%:
 - a. servicing carrier allowance; the filing uses a value based on the servicing carrier allowances applicable to the 2018 – 2020 contract period, since the 2021 – 2023

³ NCCI's LLP is described in detail in the 2016 loss cost filing and in the NCCI paper "Catastrophes and Workers Compensation Ratemaking".

⁴ Unless the context suggests otherwise, references to "excess ratio", "excess experience", or "excess losses" refers to losses in excess of the large loss limit threshold, \$3,384,747 in this filing.

- contract period servicing carrier contracts were not finalized at the time the filing was submitted. bid process (+0.2%⁵);
- b. assigned risk plan commission rate (no change);
 - c. assigned risk plan administration expenses (-0.4%);
 - d. excess of loss reinsurance expense (+4.5%);
 - e. profit and contingency provision (+2.9%);
 - f. offset for expected reinsurance recoveries (+0.1%); and
 - g. uncollectible premium provision (+0.3%).
8. Various values within the “Footnotes” and “Advisory Miscellaneous Values” loss cost and rate pages and Experience Rating and Retrospective Rating plan manual pages were revised:
 - a. based on previously approved formulas to reflect changes identified elsewhere within the filing, such as changes in the SAWW, relative changes in state and federal benefits, and proposed loss cost level changes; or
 - b. to reflect changes approved in other filings.
 9. NCCI did not make any explicit adjustments for potential impacts related to COVID-19.

REQUESTED MODIFICATIONS, COMMENTS, AND INTERROGATORIES

At the hearing, NCCI provided a presentation summarizing the components and impacts proposed in the filing. ANIC then provided oral testimony and presented related supporting exhibits⁶ at the hearing and made requests for modifications. The testimony focused on implications related to declines in frequency, including questioning whether NCCI's trend selections are optimal considering the potential volatility in year-to-year loss ratios as claim frequency declines and larger claims increasingly make up a larger component of overall loss costs. ANIC pointed to their internal experience, the increasing cost of the reinsurance purchased by the assigned risk pool, and the August 2020 multi-bureau Countrywide Mega Claims report⁷ as evidence of the increasing frequency of larger claims. ANIC suggested that when predicting future cost levels, NCCI should explicitly consider (and document within the loss cost filing) differences in frequency trends by size of loss and generally consider the greater uncertainty associated with having fewer claims in the experience.

No other interested parties provided testimony or posed questions to NCCI during the hearing.

The hearing record remained open for 10 days after the hearing date, in accordance with AS 21.39.043(d)(7). No additional written testimony or proposed modifications to the filing were received by the division within that timeframe.

Questions and concerns raised during the hearing were incorporated by the division into an interrogatory letter sent to NCCI on September 30, 2020. The letter requested additional supporting information related to both the hearing testimony and other issues identified by the division, including:

- whether the limited indication is appropriate considering the loss ratios calculated using the LLP have consistently been lower than the unlimited loss ratios over the past number of PYs;
- whether the DCCE selection is adequate considering an apparent upward trend in DCCE, as a percent of losses;
- whether the assigned risk plan administrative expense provision is appropriate considering an apparent upward trend, as a percent of premium.

⁵ Percentages represent the impact on premiums due to the proposed change in that component item, expressed as a % of premium. The servicing carrier allowance change is net of changes to the LAE provision included in the loss costs.

⁶ Accessible via SERFF Filing Access (see footnote 2) under Attachment "ANIC 2020 Hearing Exhibits FINAL"

⁷ Accessible via SERFF Filing Access (see footnote 2) under Attachment "Countrywide Mega Claims Report" and also available from https://www.ncci.com/Articles/Pages/AU_2020-Countrywide-Mega-Claims.aspx

NCCI responded with the requested information and rebuttal, as required by AS 21.39.043(e) and (f) on October 14, 2020.

NCCI RESPONSE AND REBUTTAL

NCCI was unable to provide trend indications by size of loss for Alaska specifically within the fifteen day timeframe of AS 21.39.043(f). They did, however, discuss a recent analysis performed by their Actuarial Committee using countrywide data (for NCCI states) that found that, despite the apparent higher average annual change in frequency for claims above \$1MM at 2nd report (i.e. the latest report shown in the Large Loss Research section of the filing reference in ANIC's hearing exhibits), after claims mature to 5th report, the average annual change in frequency for claims above \$1MM was "in line with" that of claims below \$1MM. NCCI also pointed out that segregating losses by size for trend analysis purposes would introduce additional volatility and potential error due to lower credibility in each component and having to make multiple selections. Their method implicitly considers and reflects changes in frequency (and severity) by size of claim.

Regarding the issue of decreasing claim frequency making predictions more volatile and uncertain, including whether the accident year (AY) 2019 loss ratios require more moderate trend selections, NCCI explained:

- they do not explicitly incorporate credibility into their trend analysis, but stated their belief that the change in trend selections compared to the prior filing's approved trends is appropriate and conservative;
- they rely on longer-term fits to smooth out volatility;
- their loss ratio trend selections are less negative than almost every trend fit (based on using up to 15 years of historical PY data);
- their loss ratio trend selections are in line with fits calculated excluding the latest PY's loss ratio; and
- recent years' changes in frequency appear to be less volatile, even though there are fewer claim counts.

Regarding the observation that limited indications have been consistently less than unlimited indications in recent years (e.g. PYs 2012 - 2018), NCCI explained that the differences are generally small and the differences in four of the seven years are related to large claim activity. Since the limited indications temper the impact of individual large claims in those years, they conclude that the LLP is doing its job. NCCI also pointed out that their method helps promote year-to-year stability in loss cost indications.

Regarding the adequacy of the DCCE ratio selection, NCCI explained that the DCCE ratios in four of the last five PYs fall within a narrow range, it is unclear whether the latest PY is an outlier or a reliable indication of the future, that the selected provision is above all but the latest PY's ratio, and that their selection balances stability and responsiveness.

Regarding the adequacy of the assigned risk plan administration expense provision, NCCI explained that the longer-term, 10-year weighted average smooths year-to-year changes as the administration expenses are relatively fixed compared to the premium volume of the Plan, which is of "cyclical nature". NCCI also disclosed that they adjust the calculated 10-year weighted average based on projections for the prospective period.

FINDINGS

After fully reviewing and considering the supporting documentation and testimony, the director finds:

1. The change to a four PY experience period is acceptable. Adding another year to the experience period helps smooth the impact that year-to-year variability in loss ratios has on

the overall loss cost level change. As frequency continues to decline, this additional year makes increasingly more sense.

2. The use of a 50/50 weighting of limited and unlimited indications is acceptable.

Implicit in the LLP is a threshold for limiting losses and an excess ratio to build back in a provision for the expected value of losses removed by the limiting threshold. The threshold is set by finding the size of an individual claim that would cause a certain impact on the overall loss cost indication. The threshold used in this year's filing has once again decreased, consistent with decreasing aggregate loss cost volume. The excess ratio increased, reflecting that a larger percentage of losses are removed due to the lower threshold for limiting losses, despite that excess ratios are generally decreasing for a fixed limit⁸.

Despite that the threshold and excess ratio are generally moving directionally as expected, the limited loss ratios⁹ for six of the seven most recent PYs (PY 2012 through PY 2017) are lower than the unlimited loss ratios, and the loss ratios in PY 2018 are equal. NCCI notes that the differences are related to large claim activity and the lower limited loss ratios in those years thus reflect that the LLP is doing its job. However, smoothing variation in large losses is different than tempering the impact of large losses without building back an appropriate load. The consistency of the low estimates over many recent years suggests the excess load is inadequate.

Still, considering the desire for stability in the loss cost indications, the desire to maintain a consistent approach from year-to-year, and the relatively small impact of implementing reasonable alternatives (for example, using only unlimited indications), maintaining the 50/50 weighting of limited and unlimited indications—which is consistent with the treatment used in the four most recent annual filings—is acceptable for this 2021 filing. This weighting incorporates the desirable characteristics of each method in a balanced way.

3. NCCI's loss ratio trend selections should be less negative. Considering the potential for increased volatility in loss ratios and the increased uncertainty in predicting loss ratios due to continually declining frequencies, the additional uncertainty in the coming year(s) due to impacts related to COVID-19 (for which no separate explicit adjustment has been made), and the trend selection's increased leverage on the indication introduced this year via adding an additional year to the experience period, a smaller change in trend selections versus those approved in the 2020 filing will reduce dislocation due to changing assumptions while still reflecting that the universe of trend fits presented in the filing are more negative this year versus last year. A slightly tempered change in trend selections also ensures they remain conservative relative to the presented universe of trend fits if adjusted to either exclude the latest PY 2018 loss ratio or include the latest AY 2019 loss ratio.

Also, as discussed in Finding #2 above, it is not entirely clear that the LLP's parameters are accurately reflecting large loss expectations in recent years. Accordingly, it is also informative to look at trend fits based on unlimited data, provided the focus is on the longest-term fits and there are no obvious outliers. These longest-term trend fits are less negative than the same fits based on limited data, providing additional reason for selecting slightly less negative trends. Correspondingly, the observation that the universe of trend fits presented in this filing are more negative than those presented in last year's filing is partially driven by the significant decrease in the LLP's large loss threshold. But changes in trend fits stemming from changes to the LLP's parameters are not true changes in loss ratios, therefore a tempered change in trend selections in comparison to those selected last year is appropriate.

⁸ See corresponding filing, SERFF Tracking # NCCI-132432771, NCCI filing # Item R-1418, available to view in SERFF Filing Access January 1, 2021 in accordance with AS 21.39.041(e).

⁹ Average of paid and paid-plus-case

4. The exclusion of data corresponding to policies associated with TPA agreements within the AOE provision calculation is acceptable. This change ensures the AOE analysis is not distorted by differences in carrier reporting.
5. The selected DCCE provision appears inadequate. The LAE provisions are calculated as ratios to losses. Accordingly, a constant percentage implicitly implies that LAE costs will track with loss costs. However, the DCCE portion of LAE costs, in particular, does not appear to have exhibited the same decreasing trend as losses, as evidenced by increasing DCCE ratios. Selecting ratios based on relatively short historical timeframes is not sufficient to adjust for prospective expectations; trends in LAE should be reflected similar to how trends in losses are reflected. Or rather, when historical trends in LAE dollars do not align with historical trends in loss dollars, loss trends should not be imputed on LAE.
6. NCCI's decision to not include an explicit adjustment for the impact of the COVID-19 pandemic is acceptable. As discussed within the Disclosure and Filing Narrative sections of the Filing, NCCI has considered direct and indirect pandemic-related factors, but there remains such uncertainty and the unavailability of necessary quantitative data prevents determining credible estimates of impacts for the proposed effective period. Additional discussion can be found in the document "2020-2021 Rate Filing Season, What You Need To Know"¹⁰. NCCI has been, and continues to, monitor, research, and analyze COVID-19 impacts on the workers' compensation system. Details, including current articles and analyses, can be found on their dedicated COVID-19 "Resource Center" webpage.¹¹

The above findings do not represent a comprehensive list of the information reviewed and considered by the director, nor does the list imply relative importance or materiality. Also, these findings are specific to the subject filing and are not meant to apply generally to past or future filings or to provide guidance for future filings unless specifically noted.

ORDER

For the reasons set forth above and in accordance with AS 21.39.043, the director orders:

- A. The following modifications should be made to the 2021 loss costs and assigned risk rates:
 1. The indemnity loss ratio trend should be revised from -5.5% to -5.0%.
 2. The medical loss ratio trend should be revised from -4.0% to -3.5%.
 3. The combined LAE provision should be revised from 20.4% to 21.2% of losses (12.3% DCCE and 8.9% AOE).
 4. The expense provisions of the assigned risk rate will be updated to include the actual 2021 servicing carrier allowance.

Based on the information provided within the filing, these modifications should result in approximately a -14.9% change in voluntary loss costs, and approximately a -9.6% change in assigned risk rates.


- B. NCCI should continue to provide alternate indications in the 2022 filing. The alternative indications should include combinations of the following:
 1. Experience Period: 3-year, 4-year, and 5-year;
 2. Losses: unlimited and limited;
 3. Loss development averages: 2-year, 3-year, and 5-year paid; 3-year, 5-year, and 5-year xhilo paid-plus-case; and

¹⁰ Accessible via SERFF Filing Access (see footnote 2) under Attachment "2020-2021 Rate Filing Season, What You Need To Know" and also available on NCCI's "Resource Center" webpage.

¹¹ Located at <https://www.ncci.com/Articles/Pages/COVID-19.aspx> at the time of this writing

4. Trend assumptions: the assumptions approved in this 2021 filing, at least one alternative that is higher than the trend assumption selected for the 2022 filing and at least one alternative that is lower.
- C. In the 2022 filing, NCCI should include:
1. Supporting information related to whether, and to what extent, the frequency and severity of the largest claims are changing. This can be done by providing pages similar to those included in the 2021 filing in Section E of the Supplemental Data, showing the frequency and severity of claims above \$1 million, both in Alaska and countrywide. NCCI should also provide an update on any research that is being performed related to this issue.
 2. Documentation of frequency trend analyses by claim size.
- D. All carriers issuing workers' compensation insurance in Alaska shall use and apply, in strict accord, the loss costs, rating plans, rules, and classifications approved for NCCI, except to the extent a carrier has a deviation approved.

This order is effective October 27, 2020.



Lori Wing-Heier
Director

TAB 8

Register _____, _____ 2021 LABOR AND WORKFORCE DEV.

8 AAC 45.030(a)(2) is amended to read:

(2) reasonable duplication fees may be charged for copying hearing **recordings**

[TAPES];

(In effect before 7/28/59; am 5/28/83, Register 86; am ___/___/____, Register ____)

Authority: AS 23.30.005

8 AAC 45.032 is amended to read:

(a) Upon receiving written notice of an injury, the division will

8 AAC 45.032 is amended by adding a new subsection to read:

(b) Upon initiating a failure to insure investigation, the division's special investigations unit will set up a computer record of the investigation and obtain a case number in the division's case management system. The board will use the established case number for official filings requesting board action. (Eff. 7/20/97, Register 143; am 2/27/2000, Register 153; am 4/9/2016, Register 218; am ___/___/____, Register ____)

Authority: AS 23.30.005 AS 23.30.100 AS 23.30.105

AS 23.30.070

8 AAC 45.092(b)(1) is amended to read:

(1) The board or its designee will ask the Alaska Chiropractic Society, Alaska Dental Society, Alaska Optometric **Association** [SOCIETY], and Alaska State Medical Association to make recommendations from within their respective specialty. The

Register _____, _____ 2021 LABOR AND WORKFORCE DEV.

recommendations must be received by the board on or before November 1, 1989 and on or before November 1 of each year after that.

8 AAC 45.092(b)(2) is amended to read:

(2) Not later than December 15 of each year, the board will publish a bulletin listing the names of the physicians recommended by the Alaska Chiropractic Society, the Alaska Dental Society, the Alaska Optometric **Association** [SOCIETY], and the Alaska State Medical Association as well as the names of second independent medical examiners.

(Eff. 7/1/88, Register 107; am 10/28/88, Register 108; am 3/16/90, Register 113; am 7/20/97, Register 143; am 7/2/98, Register 146; am 2/27/2000, Register 153; am 3/13/2004, Register 169; am 2/28/2010, Register 193; am 4/1/2017, Register 221; am 7/27/2017, Register 223; am 5/12/2019, Register 230; am ___/___/___, Register ___)

Authority: AS 23.30.005 AS 23.30.095 AS 23.30.110

8 AAC 45.093(b)(1) is amended to read:

(1) a medical history, on **form 07-6176** [A FORM PRESCRIBED BY THE DEPARTMENT], completed by the firefighter, and reviewed by the examining physician;

8 AAC 45.093(b)(2) is amended to read:

(2) measurement of the levels of the nicotine by-product cotinine in the blood of the firefighter being examined, and documentation of the measurement on **form 07-6177** [A FORM PRESCRIBED BY THE DEPARTMENT AND] completed by the examining physician;

8 AAC 45.093(b)(3) is amended to read:

(3) a lung examination, documented on **form 07-6177** [A FORM PRESCRIBED BY THE DEPARTMENT AND] completed by the examining physician; the lung examination must include

8 AAC 45.093(b)(4) is amended to read:

(4) a cardiac examination, documented on **form 07-6177** [A FORM PRESCRIBED BY THE DEPARTMENT AND] completed by the examining physician; the cardiac examination must include

8 AAC 45.093(c) is amended to read:

(c) In addition to meeting the requirements of (b) of this section, a qualifying medical examination under AS 23.30.121(b)(3)(A) must include an initial screening for the cancers listed in AS 23.30.121(b)(1)(C). The screening must include a comprehensive history, complete physical and neurological examinations, blood chemistries, complete blood counts, urinalysis, and other diagnostic tests as indicated to screen for these cancers, each documented on **form 07-6177** [A FORM PRESCRIBED BY THE DEPARTMENT AND] completed by the examining physician.

(Eff. 2/20/2011, Register 197; am ___/___/___, Register ___)

Authority: AS 23.30.005 AS 23.30.121

8 AAC 45.122(a) is amended to read:

(a) The board will give public notice of the edition of the *American Medical Association Guides to the Evaluation of Permanent Impairment* and effective date for using the edition by publishing a notice in a newspaper of general circulation in Anchorage, Fairbanks, and Juneau; as well as **issuing a bulletin published on the division's website** [ISSUE A BULLETIN FOR THE "WORKERS' COMPENSATION MANUAL", PUBLISHED BY THE DEPARTMENT]. (Eff. 12/14/86, Register 100; am 3/16/90, Register 113; am 4/21/96, Register 138; am 7/20/97, Register 143; am 7/2/98, Register 146; am ___/___/____, Register ____)

Authority: AS 23.30.005 AS 23.30.095 AS 23.30.190

8 AAC 45.136(a) is amended to read:

(a) When the employer or carrier begins, increases, reduces, terminates, suspends or otherwise modifies compensation payments to the employee, the employer or carrier shall notify the **division** [BOARD AND THE EMPLOYEE] of the nature and substance of the commencement or change within 28 days after the commencement or change by filing **electronically a subsequent report of injury (SROI). The notice shall be filed electronically through Electronic Data Interchange (EDI). The division will notify the employee of the commencement, termination and any other modification of compensation payments.** [FORM 07-6104. THE ORIGINAL OF FORM 07-6104 MUST BE FILED WITH THE EMPLOYEE AND A COPY FILED WITH THE BOARD.]

8 AAC 45.136(b) is amended to read:

(b) For purposes of this section and AS 23.30.155(c), “filed” **submitted through EDI and followed by a Transaction Accepted acknowledgement from the jurisdiction** [MEANS DEPOSITED IN THE MAIL OR PERSONALLY DELIVERED].

8 AAC 45.136(c)(1) is amended to read:

(1) **submitted through EDI and followed by a Transaction Accepted acknowledgement from the jurisdiction; and** [THE BOARD’S CASE NUMBER IS LISTED FOR AT LEAST 99 PERCENT OF ALL THE CASES FOR WHICH THE EMPLOYER OR CARRIER HAS PAID COMPENSATION IN THE PRECEDING CALDEAR YEAR;]

8 AAC 45.136(c)(2) is amended to read:

(2) the difference, if any, between the amount listed as paid in each payment category is no greater than 10 percent of the amount reported to the board **as** [ON THE COMPENSATION REPORTS] filed under **this section and** AS 23.30.155(c) in the preceding year; [IF A PAYMENT WAS NOT MADE IN A PARTICULAR PAYMENT CATEGORY, THE ANNUAL REPORT MUST BE COMPLETED WITH A ZERO IN THAT CATEGORY];

8 AAC 45.136(c)(3) is repealed:

(3) Repealed ___/___/____.

8 AAC 45.136(c)(4) is repealed:

(4) Repealed ___/___/____.

8 AAC 45.136(c)(5) is repealed:

(5) Repealed ___/___/_____.

8 AAC 45.136(d) is amended to read:

(d) The division will compare the amount listed for each payment category [AND CASE NUMBERS LISTED] on the annual report with the board's records to determine if the annual report is complete. The division will serve the employer or carrier written notice [BY MAIL] that the annual report was incomplete, based on the differences. Within 30 days after the date notice is served, the employer or carrier must respond in writing to the board and provide documentation that the board's records are in error and the annual report was complete as initially filed. If the employer or carrier fails to timely respond in accordance with this section or the evidence submitted in the response does not prove the error was in the board's records, the annual report is incomplete for purposes of AS 23.30.155(m).

8 AAC 45.136(e) is repealed:

(e) Repealed ___/___/_____.

(Eff. 5/28/83, Register 86; am 12/14/86, Register 100; am 3/16/90, Register 113, am 7/20/97, Register 143; am 4/15/99, Register 150; am ___/___/_____, Register ___)

Authority: AS 23.30.005 AS 23.30.155

8 AAC 45.174(a) is amended to read:

(a) Upon the verified petition of a person or upon its own motion, the **division** [DEPARTMENT] will investigate an employer who is alleged to be in violation of AS 23.30.075.

8 AAC 45.174(b) is amended to read:

(b) At the request of the division and after a hearing, if the board finds an employer is in violation of AS 23.30.075, the board may issue a stop order prohibiting the use of employee labor by the employer. The order will be personally served upon the employer or his agent. A person authorized or designated by the commissioner to serve process in department proceedings, **including a division investigator duly appointed as a Limited Special Officer by the Commissioner of Public Safety,** may serve an order issued by the board under this section.

8 AAC 45.174(c) is amended to read:

(c) At the request of the **division** [DEPARTMENT] and after investigation, if the director finds substantial evidence that an employer is in violation of AS 23.30.075, the director may issue a stop order prohibiting the use of employee labor by the employer. The order will be personally served upon the employer or his agent. A person authorized or designated by the commissioner to serve process in department proceedings, **including a division investigator duly appointed as a Limited Special Officer by the Commissioner of Public Safety,** may serve an order issued by the board under this section.

8 AAC 45.174(e) is amended to read:

(e) **An employer may challenge issuance of a stop order by filing a petition requesting a board hearing.** A hearing to determine if an employer failed to comply with a stop order issued under this section and should be assessed a civil penalty is a continuation of the administrative proceeding that began with the issuance of the stop order.

8 AAC 45.174(f) is amended to read:

(f) The conducting of proceedings under this section does not affect the right of the **division** [DEPARTMENT] to seek criminal penalties against the employer under AS 23.30.075(b).

(Eff. 5/28/83, Register 86; am 12/2/2012, Register 204; am ___/___/___, Register ___)

Authority: AS 23.30.005 AS 23.30.080

8 AAC 45.210(e) is amended to read:

(e) For purposes of AS 23.30.175(a) [FOR INJURIES ON OR AFTER SEPTEMBER 4, 1995,] an employee has furnished documentary proof of the employee's wages if **the employee gives the employer a written earnings statement, prepared by an employer, or a copy of a tax return filed with the Internal Revenue Service showing the employee's earnings for the proper time period for purposes of making the calculations under the appropriate paragraph of AS 23.30.220(a).**

8 AAC 45.210(e)(1) is repealed:

(1) Repealed ___/___/___.

8 AAC 45.210(e)(2) is repealed:

(2) Repealed ___/___/____.

8 AAC 45.210(f) is amended to read:

(f) After an employee furnishes documentary proof of the employee's wages in accordance with (e) of this section, the employer may reduce the employee's weekly compensation rate without a board order to a rate equal to the employee's spendable weekly wages, but not less than \$110 a week, if the employer files a **subsequent report of injury (SROI)** [COMPENSATION REPORT] in accordance with AS 23.30.155(c) together with

(Eff. 12/14/86, Register 100; am 3/16/90, Register 113; am 7/2/98, Register 146; am 2/3/2001, Register 157; am ___/___/____, Register _____)

Authority: AS 23.30.005 AS 23.30.175 AS 23.30.220
AS 23.30.155

8 AAC 45.220(5) is repealed:

(5) Repealed ___/___/____.

8 AAC 45.220(6) is amended to read:

(6) "**earnings**" and "usual wage" under AS 23.30.220(a)(5);

8 AAC 45.220(8) is amended to read:

(8) "earnings" under AS 23.30.220(a)(7), **(9) or (10)**.

8 AAC 45.220(c)(3) is amended to read:

(3) the terms set out in (b) of this section do not include as periodic payments

irregular bonuses, reimbursement of expenses, and expense allowances.[:]

8 AAC 45.220(c)(3)(A) is repealed.

(A) Repealed ___/___/___.

8 AAC 45.220(c)(3)(B) is repealed.

(B) Repealed ___/___/___.

(Eff. 12/14/86, Register 100; am 7/2/98, Register 146; am 2/3/2001, Register 157; am ___/___/___, Register _____)

Authority: AS 23.30.005 AS 23.30.220

8 AAC 45.900(a)(2) is amended to read:

(2) “board” means **any single hearing officer under 8 AAC 45.071, and** any single three-member panel, or a quorum thereof, of the Alaska Workers' Compensation Board;

8 AAC 45.900(a)(4) is amended to read:

(4) “chair[MAN]” means the commissioner or any person designated by the commissioner to preside as board chair[MAN] in a particular proceeding;

8 AAC 45.900(a)(15) is amended to read:

(15) “provider,”[,] unless the statutory context requires otherwise,

8 AAC 45.900 is amended by adding a new subsection to read:

(16) “failure to insure” means a person, business or entity utilizing employee labor while uninsured.

8 AAC 45.900(d) is amended to read:

(d) In AS 23.30.395(22) [AS 23.30.265(15)], “irregular bonus” means a payment received by the employee from the employer, to which there is no fixed right or entitlement under the employment agreement between employee and employer.

8 AAC 45.900(h)(1) is amended to read:

(1) “physical capacities” as that term is defined in AS 23.30.041(r)[(P)](4);

8 AAC 45.900(h)(2) is amended to read:

(2) ability to perform a job’s “physical demands” as that term is defined in AS 23.30.041(r)[(P)](5); or

8 AAC 45.900 is amended by adding a new subsection to read:

(k) In AS 23.30.250,

(1) “misclassified” means

(A) falsifying or misrepresenting employee job duties to an insurance carrier;

(B) willfully misrepresenting employee as an independent contractor;

(C) concealing some or all compensation paid in currency, negotiable instruments, or in kind for work performed;

(D) willfully designating an employee as a partner, limited liability member, director, or officer without documented significant ownership interest, or without sharing in profits and losses, or without decision-making authority, or any combination thereof;

(2) “deceptive leasing practices” means a person, business, or professional employer organization engaged in the business of leasing employee labor to one or more clients that

(A) purports to be the sole employer of the covered employee;

(B) fails to report client names and effective coverage dates for the insurance carrier and the division pursuant to AS 23.30.085.

(Eff. 5/28/83, Register 86; am 12/14/86, Register 100; am 7/1/88, Register 107; am 3/16/90, Register 113; am 7/20/97, Register 143; am 7/2/98, Register 146; am 4/16/2010, Register 194; am 12/22/2011, Register 200; am 12/1/2015, Register 216; am 7/27/2017, Register 223)

Authority:	AS 23.30.005	AS 23.30.097	AS 23.30.240
	AS 23.30.030	AS 23.30.175	AS 23.30.395
	AS 23.30.041	AS 23.30.220	
	AS 23.30.090	AS 23.30.230	

8 AAC 45.184. Executive officer waivers (a) The executive officer or officers of a duly formed corporation may waive their rights to benefits under the Act, in accordance with [AS 23.30.240](#) and this section. (b) A person who is an executive officer and who desires to waive coverage under the Act shall petition the commissioner for a waiver. The petition for waiver must include (1) proof of incorporation; (2) a copy of the page of the minutes of the corporate meeting that reflects the petitioner's election or appointment as an executive officer; (3) an affidavit signed by the petitioner stating under oath that the petitioner freely and voluntarily waives coverage under the Act; (4) the petitioner's name, address, and title; and (5) a copy of the first page of the articles of incorporation and a copy of the page or pages of the bylaws that state the officers' titles and duties. (c) Upon receipt of a completed petition, the commissioner will promptly grant or deny the waiver. When the commissioner denies a request for a waiver of coverage under this section, the commissioner will promptly mail to the petitioner a statement of reasons supporting denial of coverage. If the request to waive coverage is denied, the petitioner may petition the board for a hearing to review the reasons for denial. The petition for review must be submitted to the board within 30 days after the date of the commissioner's denial. After a hearing the board will, by means of an order, either affirm or reverse the commissioner's decision. (d) No waiver is effective until approved by the commissioner or board in accordance with this section. (e) A waiver may be cancelled by the commissioner upon receipt of a petition for cancellation of waiver signed by the person who is covered by the waiver. (f) A waiver is not transferable.

TAB 9

RESOLUTION NUMBER 17-01

**RESOLUTION IN SUPPORT OF ADDRESSING THE REEMPLOYMENT BENEFITS SYSTEM UNDER
THE ALASKA WORKERS' COMPENSATION ACT**

WHEREAS, the Alaska Workers' Compensation Board (Board) is a public organization that is accountable through its members to the residents, the Legislature, and the Governor of Alaska;

WHEREAS, the Board acts as the lead state agency for adjudicating disputes under the Alaska Workers' Compensation Act (Act), to ensure quick, efficient, and fair payments of benefits to injured workers at a reasonable cost to employers;

WHEREAS, Alaska's workers' compensation premium rates are the 5th highest in the nation according to the October 2016 Oregon Workers' Compensation Premium Rate Ranking Summary;

WHEREAS, stay-at-work/early return-to-work programs reduce reemployment costs to employers and improve worker outcomes;

WHEREAS, the Act requires a reemployment benefits eligibility evaluation when an injured worker has been unable to work for 90 days, without regard to whether an evaluation is warranted at that time;

WHEREAS, retraining plans under the Act focus on the quickest option to return an injured worker to work regardless of interest in that vocational goal, and at a maximum plan cost of \$13,300;

WHEREAS, the maximum plan cost of \$13,300, which has not been adjusted since 2000, is often insufficient to create a plan that meets statutory requirements;

NOW THEREFORE BE IT RESOLVED that the Board respectfully requests that the Alaska State Legislature amend the Alaska Workers' Compensation Act to provide the following:

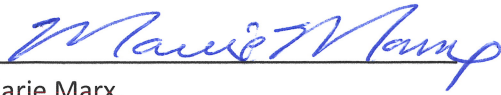
1. Transition from emphasis on retraining to emphasis on stay-at-work/early return-to-work.
2. Revise the 90-day mandatory reemployment evaluation under AS 23.30.041.
3. Increase eligibility evaluation time from 30 days to 60 days.
4. Provide a statutory provision allowing reconsideration of the RBA's decision within 30 days of the decision.
5. Provide a statutory provision allowing modification of the RBA's decision within one year if circumstances have changed.
6. Transition from reemployment plans of shortest duration to plans that consider the injured worker's interests and experience, within statutory cost and duration limits.

7. Authorize the Board to establish fees for reemployment specialist services.
8. Increase the benefit under .041(l) from \$13,300 to \$19,300, and adjust to cpi annually.
9. Extend the timeframe to select a job dislocation benefit.
10. Establish a method for injured workers to voluntarily exit the reemployment benefits system.
11. Allow an employer to controvert reemployment benefits based on noncooperation.

BE IT FURTHER RESOLVED that copies of the Resolution be promptly transmitted to the Governor, the President of the Senate, the Speaker of the House, and the Chairman of the Senate and House Labor and Commerce Committees.

CERTIFICATION

The Alaska Workers' Compensation Board held a meeting duly and regularly called, noticed, and convened this 6th day of October, 2017, and the foregoing Resolution was signed and adopted at said meeting.



Marie Marx,
Chair



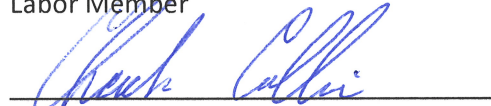
Stacy Allen,
Labor Member



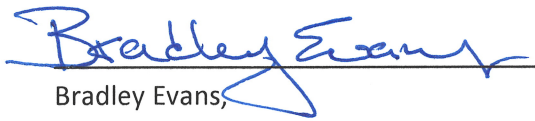
Brad Austin,
Labor Member



Pamela Cline,
Labor Member



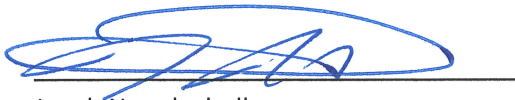
Chuck Collins,
Industry Member



Bradley Evans,
Industry Member

ABSENT

David Kester,
Industry Member



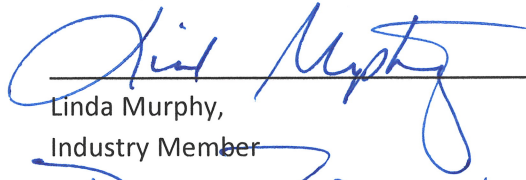
Jacob Howdeshell,
Labor Member



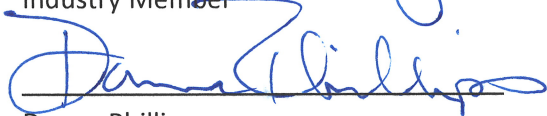
Sarah Lefebvre,
Industry Member

ABSENT

Saleutogi Letuligasenoa,
Industry Member



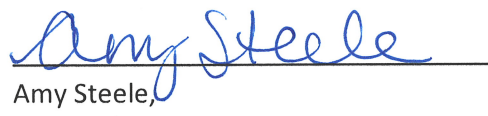
Linda Murphy,
Industry Member



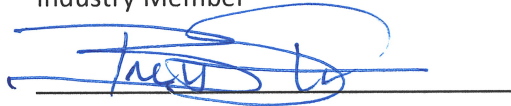
Donna Phillips,
Labor Member

ABSENT

Aaron Plikat,
Labor Member



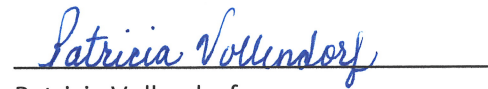
Amy Steele,
Industry Member



Brett Stubbs,
Industry Member

ABSENT

Rick Traini,
Labor Member



Patricia Vollendorf,
Labor Member



Robert Weel,
Industry Member

ABSENT

Lake Williams,
Labor Member