

ALASKA WORKERS' COMPENSATION BOARD MEETING



May 15-16, 2025

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TAB 1

ALASKA WORKERS' COMPENSATION BOARD MEETING AGENDA

May 15-16, 2025

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

DIVISION OF WORKERS' COMPENSATION

Zoom Video Conference: <https://us02web.zoom.us/j/84588701840>

To participate telephonically: 833-548-0276, Webinar ID: 845 8870 1840

Thursday, May 15, 2025

- 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 Jan 9 and 10, 2025, Board meeting
- 9:30am** Director's Report
- Division Update
 - Approval of Board Designees
 - AWCB 2026 Hearing Calendar
 - NCCI Medical Fee Schedule Analysis
- 10:00am** Break
- 10:15am** Public Comment Period
- Public comments
- 11:15am** Budget & Staffing Update – Alexis Hildebrand, Admin Officer
- 12:00pm** Lunch Break
- 1:30pm** Old Business
- Regulation proposals from January 2025
 - 8 AAC 45.092
 - 8 AAC 45.900
- 3:00pm** Break
- 3:15pm** New Business
- Regulation proposals from staff
 - 8 AAC 45.083
 - 8 AAC 45.180
 - 8 AAC 45.176
- 5:00pm** Adjournment

Friday, May 16, 2025 (if needed)

- 9:00am** Call to order
Roll call establishment of quorum
- 9:10am** New Business
- 10:30am** Break
- 10:45am** New Business Continued
- 12:00pm** Lunch Break
- 1:30pm** New Business Continued
- 3:30pm** Break
- 3:45pm** New Business Continued
- 5:00pm** Adjournment

TAB 2

Workers' Compensation Board Meeting Minutes

January 9-10, 2025

Thursday, January 9, 2025

I. Call to Order

Workers' Compensation Director Charles Collins called the Board to order at 9:05 am on Thursday, January 9, 2025. The meeting was held in Anchorage, Alaska, and by video conference.

II. Roll call

The following Board members were present:

Bradley Austin	Randy Beltz	Pamela Cline	Mike Dennis
Sara Faulkner	Bronson Frye	Anthony Ladd	Sarah Lefebvre
Marc Stemp	Debbie White	Lake Williams	Brian Zematis

Members John Corbett, Jonathon Dartt, and Steven Heidemann were excused. Member Trevor Shaw was absent. Members Beltz and Frye arrived after roll call. A quorum was established.

III. Agenda Approval

A motion to approve the amended agenda was made by Member Lefebvre, seconded by Member Stemp, and approved unanimously.

IV. Approval of October 10-11, 2024 Meeting Minutes

Member Austin moved to approve the minutes, seconded by Member Zematis. Member Lefebvre noted a correction regarding the May 2025 meeting dates. Member Austin amended the motion to include the correction, seconded by Member Zematis. The minutes were adopted without objection.

V. Director's Report

Director Collins provided division updates and reviewed upcoming Board Member term expirations and the list of Board Designees.

A motion to approve the designees was made by Member Austin, seconded by Member White, and passed unanimously.

Break 10:05 am -10:20 am

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

Brain Haugstad – Haugstad Advocacy & Litigation Office, LLC

- Commented on regulation 8 AAC 45.070(b)(1)(F), regarding SIME petitions.

- The regulation states that when a petition for SIME is filed, the parties have 20 days to stipulate. If the parties do not stipulate, the board is required to schedule a hearing. However, the board is not adhering to this timeline. Instead, it schedules hearings immediately upon receiving a petition without allowing the parties 20 days to respond. This practice is creating challenges for both employee and employer representatives.
- Asks that the Board follow the timeline as written in the regulation.
- After Mr. Holloway spoke, Mr. Haugstad expressed his agreement.

Adam Sadoski – Meshke, Paddock & Budzinski, P.C.

- Reiterated previous comments made regarding 8 AAC 45.070(b)(1)(F).
- Added that extending the timeline from 20 to 30 days would help.
- Commented on difficulty when a claim and petition for SIME are submitted simultaneously, as the parties may not know whether an SIME is necessary at that stage.

Aaron Sandone – Meshke, Paddock & Budzinski, P.C.

- Reiterated previous comments made regarding 8 AAC 45.070(b)(1)(F).
- Additionally, suggested that the regulation be amended to clarify when the Board's 60-day timeline for issuing a D&O begins.

Jeffrey Holloway – Babcock, Holloway, Caldwell & Stires

- Reiterated comments made regarding 8 AAC 45.070(b)(1)(F).
- Agreed that extending the timeline from 20 days to 30 days would be beneficial.
- Additionally, the regulation requires that a petition for SIME is filed with a completed SIME form and medical records reflecting the medical disputes. This requirement is not consistently being met, particularly by unrepresented claimants. Requested that the board reject petitions that are not compliant with this regulation.
- Asked the board to adopt electronic service, especially for prehearing notices. Expressed support for modifying the statute to permit electronic service, particularly concerning settlements and D&Os.

Josetta Cranston – Northern Country Services

- Commented that the new job analysis process for an employee's 10-year work history will be costly and cumbersome.

Janice Shipman, Employment Solutions, LLC

- Provided written public comment.
- Clarified points made in the letter.

VII. O*Net Presentation

Stacy Niwa, Reemployment Benefits Administrator, provided a presentation on O*NET usage.

Lunch Break 12:10 pm - 1:35 pm

VIII. Regulations

Adopt 8 AAC 45.040(a) and (b), relating to reemployment benefits. Member Lefebvre moved to adopt the amendment of 8 AAC 45.040. Member Beltz seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.070(b), relating to reemployment benefits. Member Lefebvre moved to adopt the amendment of 8 AAC 45.070(b). Member Austin seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.072, relating to reemployment benefits. Member Lefebvre moved to adopt the amendment of 8 AAC 45.072. Member Austin seconded the motion. Member Lefebvre noted that this regulation change was not included in the version that was approved by the Board at the October 2024 meeting. The board discussed whether it was acceptable to adopt this non-substantive, conforming change without prior board approval. Director Collins confirmed that the Department of Law stated this was permissible. The motion passed unanimously.

Adopt 8 AAC 45.074(b)(1)(G), 8 AAC 45.086(d) and 8 AAC 45.110(a)(1), relating to reemployment benefits. Member Lefebvre moved to adopt the amendment of 8 AAC 45.074(b)(1)(G), 45.086(d) and 45.110(a)(1). Member White seconded the motion. Member Lefebvre noted that the "or" before 23.30.043 should be bolded and underlined in 8 AAC 45.086(d) and 45.110(a)(1). The motion passed unanimously.

Adopt 8 AAC 45.400(b) and 8 AAC 45.420(a)(1)(C), relating to the assignment of rehabilitation specialists. Member Lefebvre moved to adopt 8 AAC 45.400(b) and 8 AAC 45.420(a)(1)(C). Member Austin seconded the motion. The motion passed unanimously.

Repeal 8 AAC 45.420(a)(2), relating to the assignment of rehabilitation specialists. Member Lefebvre moved to repeal 8 AAC 45.420(a)(2). Member Beltz seconded the motion. Member Lefebvre noted that this repeal was not included in the version that the Board approved at the October 2024 meeting. Member Lefebvre withdrew the motion and member Beltz seconded.

Adopt 8 AAC 45.420(b) and 8 AAC 45.430, relating to the assignment of rehabilitation specialists. Member Lefebvre moved to adopt 8 AAC 45.420(b) and 45.430. Member white seconded the motion. Member Lefebvre amended the motion to include the repeal of 8 AAC 45.542 on bates stamp 45 in the packet. Member White accepted the amendment. The motion passed unanimously.

Repeal 8 AAC 45.420(a)(2), relating to the assignment of rehabilitation specialists. Member Lefebvre moved to repeal 8 AAC 45.420(a)(2). Member Austin seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.440(a), (d) and (e), relating to the disqualification process for rehabilitation specialists. Member Lefebvre moved to adopt 8 AAC 45.440(a), (d) and (e). Member Austin seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.507, relating to the stay-at-work program. Member Lefebvre moved to adopt 8 AAC 45.507. Member Austin seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.510(a), (b), and (c), relating to reemployment benefits. Member Lefebvre moved to adopt 8 AAC 45.510(a), (b), and (c). Member Austin seconded the motion. Member Lefebvre amended the motion to re-insert the deleted language “no later than five working days.” Member Austin seconded. The motion passed unanimously.

Adopt 8 AAC 45.522(a), relating to reemployment benefits. Member Lefebvre motioned to adopt 8 AAC 45.522(a). Member Austin seconded the motion. The motion passed unanimously.

Break 2:50 pm - 3:07 pm

Adopt 8 AAC 45.525(a)(2), (a)(3), and (b)(2), relating to reemployment benefits. Member Lefebvre motioned to adopt 8 AAC 45.525(a)(2), (a)(3), and (b)(2). Member Austin seconded the motion. In response to public comment, Member Lefebvre proposed an amendment to add, “(O*NET) and may determine the employee’s job’s physical demands by using the Dictionary of Occupational Titles cross-references provided in the O*NET Crosswalk link;” to 8 AAC 45.525(a)(2)(C), and add “(O*NET) and may determine the physical demands of jobs the employee has held or received training for within 10 years before the injury or that the employee has held following the injury for a period long enough to obtain the skills to compete in the labor market, compiled by using the Dictionary of Occupational Titles cross-references provided in the O*NET Crosswalk link” to 8 AAC 45.525(b)(2)(C). Member Lefebvre amended the motion to include the proposed amendments. Member Austin seconded the amended motion. The motion passed unanimously.

Adopt 8 AAC 45.525(g), relating to reemployment benefits. Member Lefebvre motioned to adopt 8 AAC 45.525(g). Member White seconded the motion. Member Lefebvre amended the motion to remove the word “all” before physicians in 8 AAC 45.525(g)(2). Member White seconded the amendment. The motion passed unanimously.

Adopt 8 AAC 45.530(a) and 45.530(c)(2)(B), relating to reemployment benefits. Member Lefebvre motioned to adopt. Member White seconded the motion. Member

Lefebvre noted that the change to 8 AAC 45.530(c)(2)(B) was not included in the regulation package that was approved by the Board at the October 2024 meeting. Member Williams further noted that the language had been amended from “the state” to “this state.” The Board discussed the changes. The motion passed with a vote of 11 out of 12, with member Ladd abstaining.

Adopt 8 AAC 45.600, relating to reemployment benefits. Member Lefebvre motioned to adopt 8 AAC 45.600, and Member White seconded. Member Lefebvre amended the motion to move the phrase “must include” from sections (1) through (5) back to the end of the introductory paragraph. Member White seconded the amendment. The motion passed unanimously.

Adopt 8 AAC 45.605, relating to the stay-at-work program. Member Lefebvre motioned to adopt 8 AAC 45.605. Member Austin seconded the motion. Member Lefebvre amended the motion to drop the third sentence, and Member Austin seconded. Member Lefebvre retracted the amendment and returned to the original motion. Member Austin seconded. The motion passed unanimously.

Adopt 8 AAC 45.610, relating to the stay-at-work program. Member Lefebvre motioned to adopt 8 AAC 45.610. Member Beltz seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.615 and 45.620, relating to the stay-at-work program. Member Lefebvre motioned to adopt 8 AAC 45.615 and 620. Austin seconded the motion. The motion passed unanimously.

Adopt 8 AAC 45.625, relating to the stay-at-work program. Member Lefebvre motioned to adopt 8 AAC 45.625. Austin seconded the motion. Member Lefebvre modified the motion to adopt the language of the proposed 8 AAC 45.625, but under 45.900(l), and amend the through reference from 8 AAC 45.625 to 45.620. Member Austin seconded. The motion passed unanimously.

Adopt 8 AAC 45.399, relating to electronic service. Member Lefebvre motioned, and Member Austin seconded the motion. Member Lefebvre revised the motion to update the referenced definitions to “8 AAC 45.400 – 45.900.” Member Austin seconded the amended motion. The motion passed unanimously.

Adopt 8 AAC 45.525(c)(1), relating to job analysis. Member Lefebvre motioned to adopt 8 AAC 45.525(c)(1) and member Austin seconded. The motion passed unanimously.

Adopt 8 AAC 45.550(c) and (d), relating to electronic service. Member Lefebvre motioned to adopt 8 AAC 45.550(c) and (d), and Member Austin seconded. The motion passed unanimously.

Member Austin moved to adjourn for the day; seconded by Member White.

Meeting Adjourned 4:45 pm

Friday, January 10, 2025

I. Call to Order

Director Collins resumed the Alaska Workers' Compensation Board meeting at 9:08 am on Friday, January 10, 2025, in Anchorage, Alaska. The following Board members were present.

Bradley Austin	Randy Beltz	Pamela Cline	Mike Dennis
Sara Faulkner	Anthony Ladd	Sarah Lefebvre	Marc Stemp
Debbie White	Lake Williams	Brian Zematis	

Members Corbett, Dartt, and Heidemann were excused. Member Shaw was absent. A quorum was established.

II. New Business

Director Collins presented an overview of Tennessee's Ombudsman Program. Member Lefebvre moved for the Division to draft a resolution for the May meeting regarding an ombudsman program in Alaska and WSCAA funding. Member Dennis seconded. Motion passed unanimously.

Janel Wright, Chief of WC Adjudications, proposed changes to the regulations concerning the timeline for selecting Second Independent Medical Evaluation physicians and the electronic service of SIME medical records.

Break 10:08 am – 10:20 am

Member Austin motioned that the board provide a draft regulation change to 8 AAC 45.092 relating to the SIME timeline and electronic records. Member Lefebvre seconded the motion, which passed unanimously.

Janel Wright, Chief of Workers' Compensation Adjudications, presented a history of the definition of "previously rehabilitated." Member Austin motioned for the division to provide recommendations at the May board meeting aimed at resolving the conflicting statute and regulation. Member Williams seconded the motion, which passed unanimously.

Director Collins reminded the Board that the next meeting is scheduled for May 15-16, 2025.

Motion to adjourn by Member Williams; seconded by Member Austin. Motion passed unanimously.

Meeting Adjourned 11:10 am

TAB 3

ALASKA WORKERS' COMPENSATION BOARD

Chair, Commissioner Catherine Muñoz
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
Debbie White	Industry	1 st Judicial District	
Randy Beltz	Industry	3 rd Judicial District	Intl. Brotherhood of Electrical Workers LU 1547
Pamela Cline	Labor	3 rd Judicial District	
Mike Dennis	Industry	3 rd Judicial District	
Sara Faulkner	Industry	3 rd Judicial District	
Bronson Frye	Labor	3 rd Judicial District	Painters and Allied Trades Local 1959
Anthony Ladd	Labor	3 rd Judicial District	
Vacant	Labor	3 rd Judicial District	
Vacant	Industry	3 rd Judicial District	
Vacant	Industry	3 rd Judicial District	
Vacant	Labor	3 rd Judicial District	
John Corbett	Labor	2 nd /4th Judicial District	Laborers Local 942
Sarah Lefebvre	Industry	2 nd /4th Judicial District	Colaska
Lake Williams	Labor	2 nd /4th Judicial District	Operating Engineers Local 302
Vacant	Industry	2 nd /4th Judicial District	
Brian Zematis	Labor	At Large	
Vacant	Industry	At Large	

TAB 4



BOARD DESIGNEES – May 2025

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.)

<u>NAME</u>	<u>LOCATION</u>	<u>POSITION TITLE</u>
Charles Collins	Juneau	Director
Janel Wright	Anchorage	Chief of Adjudications
Kyle Reding	Anchorage	WC Hearing Officer II
William Soule	Anchorage	WC Hearing Officer II
Shaunita Felder	Anchorage	WC Hearing Officer I
Vacant	Anchorage	WC Hearing Officer I/II
Kathryn Setzer	Juneau	WC Hearing Officer II
Robert Vollmer	Fairbanks	WC Hearing Officer II
Vacant	Fairbanks	WC Hearing Officer I/II
Elizabeth Pleitez	Anchorage	WC Officer II
Harvey Pullen	Anchorage	WC Officer II
Amanda Johnson	Anchorage	WC Officer II
Carrie Craig	Anchorage	WC Officer I
Vacant	Anchorage	WC Officer I
Dani Byers	Juneau	WC Officer II
Vacant	Fairbanks	WC Officer II

TAB 5



WORKERS' COMPENSATION DIVISION

MAY 2025 ALASKA WORKERS' COMPENSATION
DIRECTOR'S REPORT

...to ensure the quick, efficient, fair, and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers...

ALASKA WORKERS COMPENSATION BOARD NEWS

The Board is still down several positions. A few applicants have been accepted but we still have openings, especially in District 3, that is the Anchorage, Mat Valley, and the Kenai Peninsula.

The members whose terms were up that reapplied have all been forwarded to the Legislature.

Name	Panel	Affiliation	Term Date
Brad Austin	Southern	Labor	2028
Debbie White	Southern	Industry	2027
Randy Beltz	Southcentral	Industry	2028
Mike Dennis	Southcentral	Industry	2028
Sara Faulkner	Southcentral	Industry	2028
Vacant	Southcentral	Industry	2028
Vacant	Southcentral	Industry	2026
Bronson Frye	Southcentral	Labor	2027
Pam Cline	Southcentral	Labor	2027
Anthony Ladd	Southcentral	Labor	2026
Vacant	Southcentral	Labor	2026
Vacant	Southcentral	Labor	2027
Sarah LeFebvre	Northern	Industry	2028
Vacant	Northern	Industry	2028
Lake Williams	Northern	Labor	2026
John Corbett	Northern	Labor	2026
Vacant	At Large	Labor	2027
Brian Zematis	At Large	Industry	2026

ALASKA WORKERS COMPENSATION RESOLUTIONS

The Board has active resolutions that have been shared with the Legislature and the Governor's office. A list of those can be found on the Boards web page, [Workers' Compensation Board](#). Resolution 24-01 is the only active Resolution and communicates our desire to use electronic mail for service delivery and reduce the costs to the Division by removing the requirement to send documents by certified mail.

REGULATIONS

Included in the Board packet are two regulation amendment changes in response to Board direction and three regulation changes to consider as requests from the staff to clarify attorney fee billing, aggravating factors in failure to provide coverage, and medical fee schedule use.

As an empowered Board with the task of providing regulations for procedures, benefits and other matters under the Alaska Workers Compensation Act, an ongoing task is the updating of our regulations. This process is ongoing and can be tedious, but very important.

LEGISLATION

In January I reported that Workers' Compensation would probably not see much legislation that would affect our operations, I may have mis-spoke. While the Division did not submit any bill proposals, several pieces of legislation could be passed into law that does affect workers' compensation.

House Bill 44 – This bill would add a death benefit for the estate or parents of a worker who had no dependents. House Labor and Commerce committee with no hearings yet.

House Bill 88 – Tuition Waivers for peace officers, firefighters and armed forces members. This bill would allow for tuition to be waived for dependents if an injury occurred in the line of duty. House Education committee, no hearings.

House Bill 103 – A change in the language for the firefighter presumption in AS 23.30.121. Changes the exam schedule from annual to biannual. House Labor and Commerce, no hearings yet.

Senate Bill 35 – Delivery Network Companies, or what I call Uber Eats. This will exempt delivery network couriers from the workers' compensation benefits and identify those couriers as independent contractors. This closes a gap in the Transportation Network Company Act as drivers transporting passengers are deemed exempt in Alaska, but no mention is made of delivery network drivers, who may also work as delivery couriers. This bill sets equal status for both types of network company drivers to be treated as independent contractors. This bill is active in Senate Affairs and will go to Senate Labor and Commerce also.

Senate Bill 132 and House Bill 148 – an omnibus insurance bill that affects works' compensation. Heard in both Labor and Commerce committees. This bill will adjust the premium surcharge in the assigned risk pool and lower the minimum capital required for foreign insurance companies to hold to operate in Alaska.

Senate Bill 134 and House Bill 149 – Pharmacy Benefit Managers. Adds the ability for the Director of Insurance to examine pharmacy benefit managers and third-party administrators to the list of insurance

entities in statute. Requires pharmacy benefit managers and third-party administrators to be licensed in Alaska.

Two other bills are under construction in the Capitol that we are watching carefully, a proposal that would allow state actions and public hearings to be served by means prescribed by regulation, removing the certified mail requirement. The Department of Law is working on the language as we have requested an amendment to allow claims to also be filed and responded to by email. The other bill has a change in the procedure and scope of public information requests. This is on our watch list to ensure the language does not impact workers' compensation claim files.

MEDICAL SERVICES REVIEW COMMITTEE

Work will commence on the Official Alaska Workers Compensation Medical Fee Schedule 2026 in May as we gather data and prepare for our first MSRC meeting. The committee has the kickoff meeting on May 30 with follow ups all summer to bring to the AWCB in August 2025.

In the Board packet is data from the National Council of Compensation Insurance, NCCI, on the analysis of our 2025 Medical Fee Schedule changes. The information below shows the forecasted impact of the changes for 2025 which underscores our success at keeping medical costs under control with no surprises to providers or payers.

SUMMARY OF IMPACTS

The impact from the fee schedule changes in Alaska, effective January 1, 2025, are summarized below.

Type of Service	(A) Impact on Type of Service	(B) Share of Medical Costs	(C) = (A) x (B) Impact on Medical Costs
Physician	+0.2%	43.0%	+0.1%
Hospital Inpatient	+0.2%	11.5%	Negligible Increase ¹
Hospital Outpatient	+0.6%	16.7%	+0.1%
ASC	+2.5%	11.3%	+0.3%
Combined Impact on Medical Costs (D) = Total of (C)			+0.5%
Medical Costs as a Share of Overall Costs (E)			63%
Combined Impact on Overall Costs (F) = (D) x (E)			+0.3%

No big changes are forecast for 2025 work on the 2026 Medical Fee Schedule. A look at the provided reimbursement on most procedures has Alaska within a competitive range with other jurisdictions.

Physician Payments as a Percentage of Medicare

Service Year 2023

Physician Service Category	Base State	Comparison States
Anesthesia	294%	303%
Evaluation and Management	195%	145%
Physical and General Medicine	164%	138%
Surgery	291%	263%
Radiology	326%	231%
All Physician Services	208%	167%

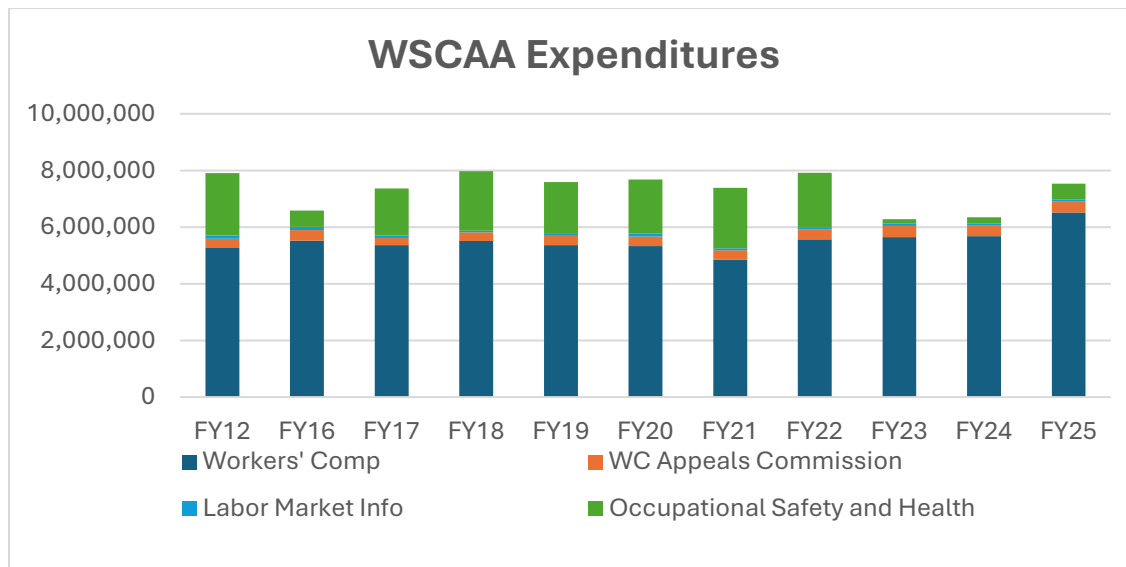
DIRECTOR THOUGHTS FOR 2025

This year began with a little anxiety and a lot of hope, new programs, changes in reemployment benefits and several items the AWCB had worked on for years has now begun. Due to unforeseen circumstances, there was a delay in hiring for the stay-at-work / return-to-work position, as the funding was lost in the last-minute shuffle of bills in the Capitol. Nonetheless, we are up and moving, educating, and implementing the program. The Benefit Guaranty Fund is now protected, and we can begin the process of building it to a sustainable level again. The 90-day rule is now 120 days; employers should see a decrease in expenses and employees now have options for rehabilitation.

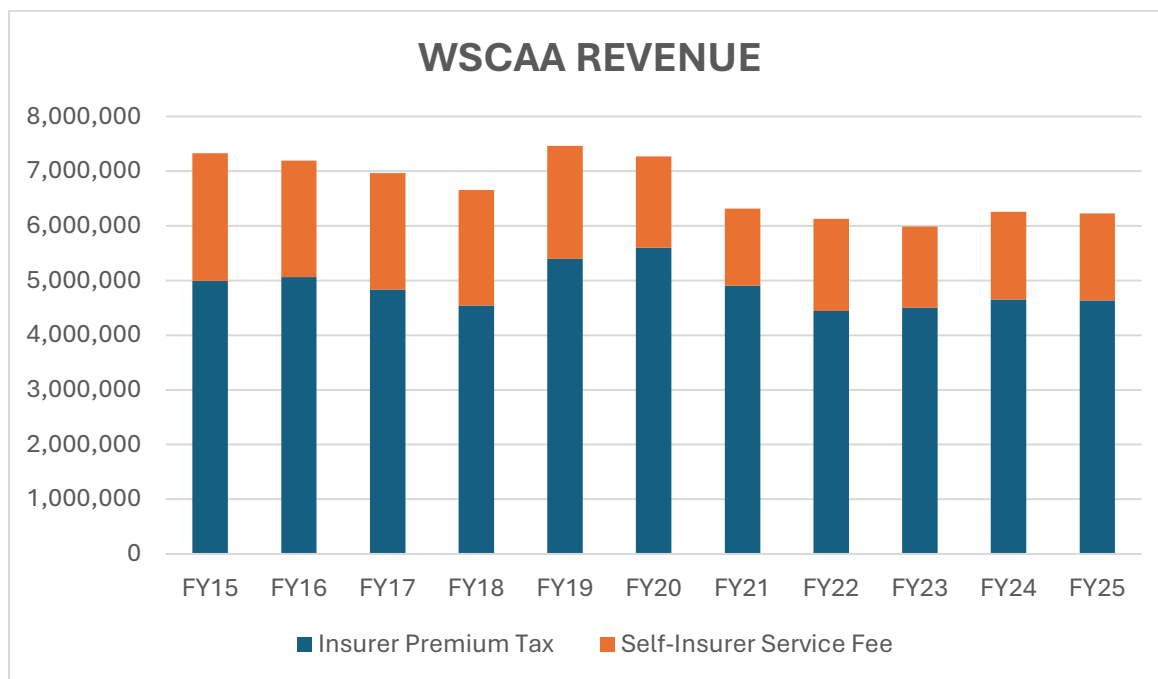
The outlook was for a quiet Legislative session with very little impact on Workers' Compensation, maybe a bill with language to remove the need to use certified mail for published decisions. As listed earlier in this document, we have enjoyed a different experience, the Alaska Legislature has worked on and continues to work on several bills impacting the operation of Workers' Compensation and our industry partners. As I write this update the operational budget is in the Senate and has changes to the House bill, this means a conference committee will try to find common ground. By our meeting date we may have some directions. A constant question I have encountered is the idea that short-term disability insurance is somehow the same as or can be a replacement for workers' compensation. While this type of coverage can be a very helpful supplement to individuals who are injured, short-term disability was never intended to replace workers' compensation due to the nature of the benefits and coverage.

The Division is operating with a few vacancies and will likely continue in this for the next fiscal cycle. I will note that we have continued to offer excellent service to the claimants and attorney representatives and will continue to concentrate on those aspects of service. This may cause some issues of short notification to Board members when stipulations need answers and we are unable to forward those documents as quickly as in the past.

The most concerning issue is the budgetary limit from our Workers Safety and Compensation Administrative Account, WSCAA, which is based on a service fee from market insurer premiums, AS 21.09.210, and self-insured annual expenditures, AS 23.05.067. Expenses have continued to rise, and the Workers' Compensation Division is not immune to the pressures of inflation.



At the same time, due to the success of the Board's hard work, our reward is less revenue.



This will put the Division in the unenviable position of competing for General Fund dollars and the Director will be forced to plan carefully how to implement upgrades and changes that affect the bottom line. The state's actuary NCCI has recommended, and the Division of Insurance has approved another decline in last/cost rates for workers' compensation insurance premiums. This reduction of 10.4% in the voluntary market and 12.4% in the assigned risk will reflect savings to employers across the state.

Internally, we have already begun the process of a long-range plan for staffing issues, compensation of those positions, upgrades to the proof of coverage database, expansion of the ICERS database with a goal of identifying the replacement of the ICERS database within the next five to seven years. However, this endeavor will require a capital infusion to be provided by Alaska Legislature to accomplish our goals. With the current revenue available to Alaska, all major projects will face intense scrutiny to move forward.

For context, Alaska's fee on insurance premiums is 2.7 percent up to \$100,000 and 0.08 percent on premiums exceeding the \$100,000 level. The WSCAA fund receives 2.5% of the premium fee and 2.9% of benefits paid from self-insured entities. There are several funding mechanisms used by states to cover the administration of workers' compensation, those that tax insurance premiums are listed below just for reference for the Board.

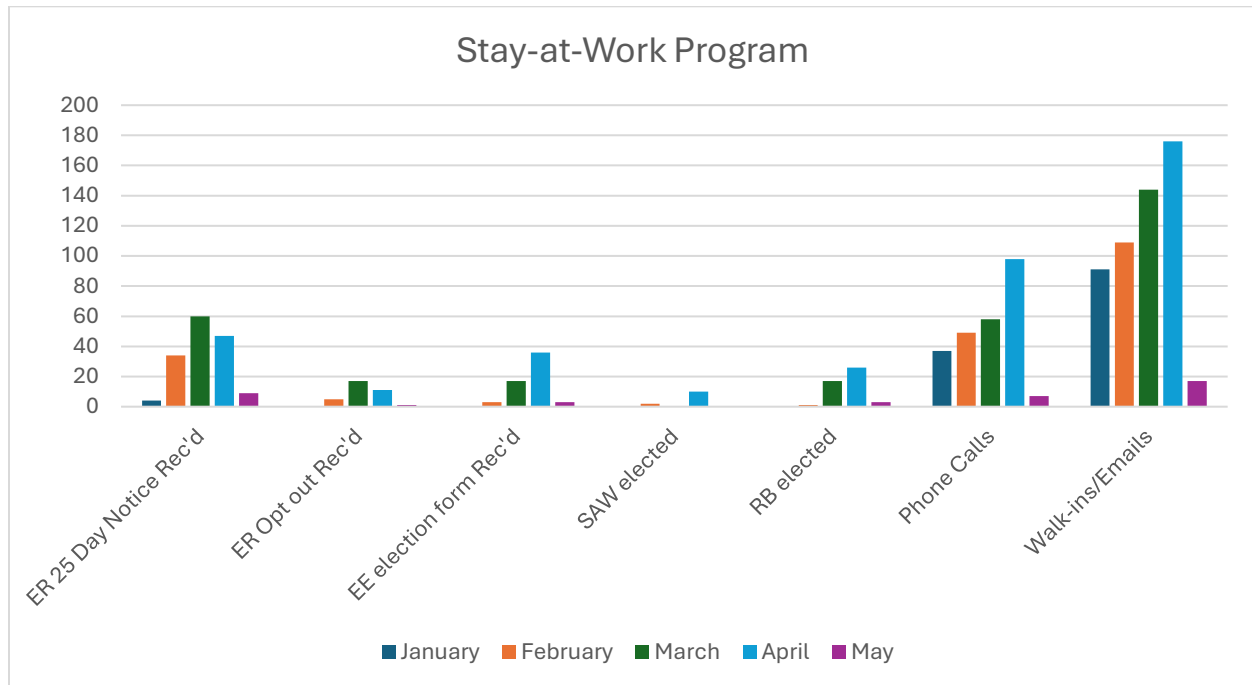
State	% of Premium	Extra / surcharge
Alaska	2.7%	2.9% on self-insured
Arizona	3.0%	
California		No Tax,
Colorado	2.0%	also 1.43% prem plus 1.4% self
Florida	1.6%	
Idaho	2.0%	
Kansas	1.98%	
Kentucky	1.8%	
Minnesota	1.6%	2% is less than 500K or more than 1.6 billion
Montana	1.4%	has a surcharge in instances
New Mexico		\$4.30 per employee, ER \$2.3 and EE \$2
New York	7.1%	
Oregon	9.8%	
Pennsylvania	2.0%	
Tennessee	4.0%	0.4% surcharge large employers
Texas	0.1%	
Utah	1.2%	
Washington		No Tax,
Wisconsin	7.9%	has a cap

Oregon has the most robust funding mechanism; I have not captured all of it here as they also charge both employer and employee on reported earnings to fund a return-to-work plan.

Likewise, just as in Alaska, the premium assessment is not the full funding of some of the workers' compensation agencies, Texas for example has workers' compensation under the Division of Insurance and the funding comes from a variety of sources under the Department level in the Texas process.

STAY-AT-WORK / RETURN-TO-WORK

Our Program Coordinator, Grace, has been very busy training and performing outreach on the program. To assist our rehabilitation specialists in dealing with the volume of interest and possible plan work.



The Stay-at-Work program on January 1, 2025. Since it began, we have received a total of 154 notices that employees injured on or after January 1, 2025, have missed 25 consecutive days of employment due to their work injury. We received 59 responses from both employees and employers and of those 34 cases have opted out of the stay-at-work program, 12 have elected stay-at-work, and the rest will be participating in the reemployment benefits process.

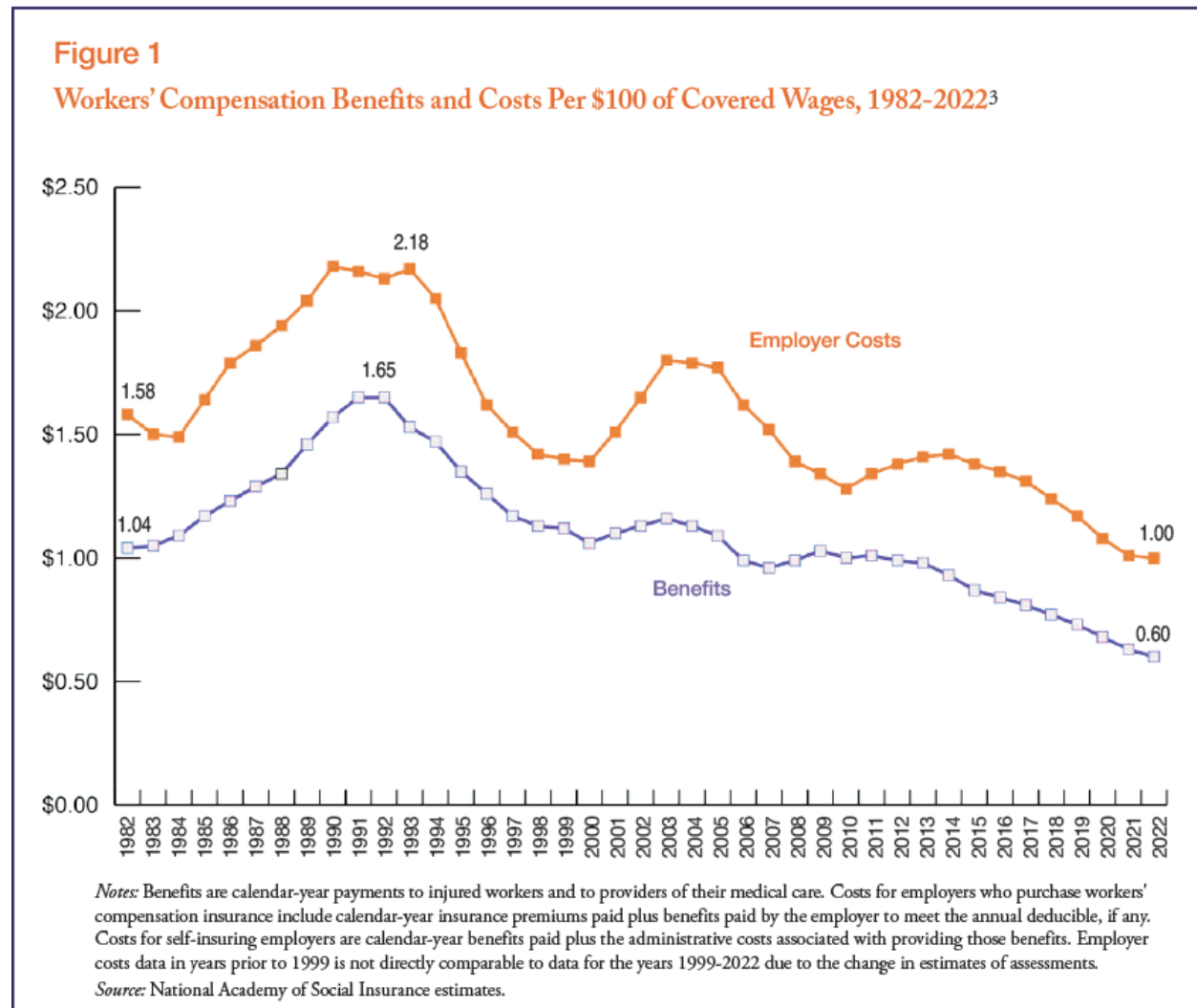
Currently, four cases have been referred to rehabilitation specialists for the development of a stay-at-work plan. In one case the rehabilitation specialist could not develop a plan, and the remaining cases are still in process.

Since January a total of 786 contacts with injured workers, employers, adjusters, and attorney's times through phone calls, emails, and in person visits have been logged. The RBA team held training for rehabilitation specialists in March and Stacy spoke with the Bar Association in April to share details about the Stay-at-Work program. Numerous communications with adjusters/claim administrator representatives in educating them on the Stay-at-Work program were conducted and are ongoing. We are navigating this new process with cooperation and input from our trading partner's key leaders and plan to continue updating this process as we work on the best practices.

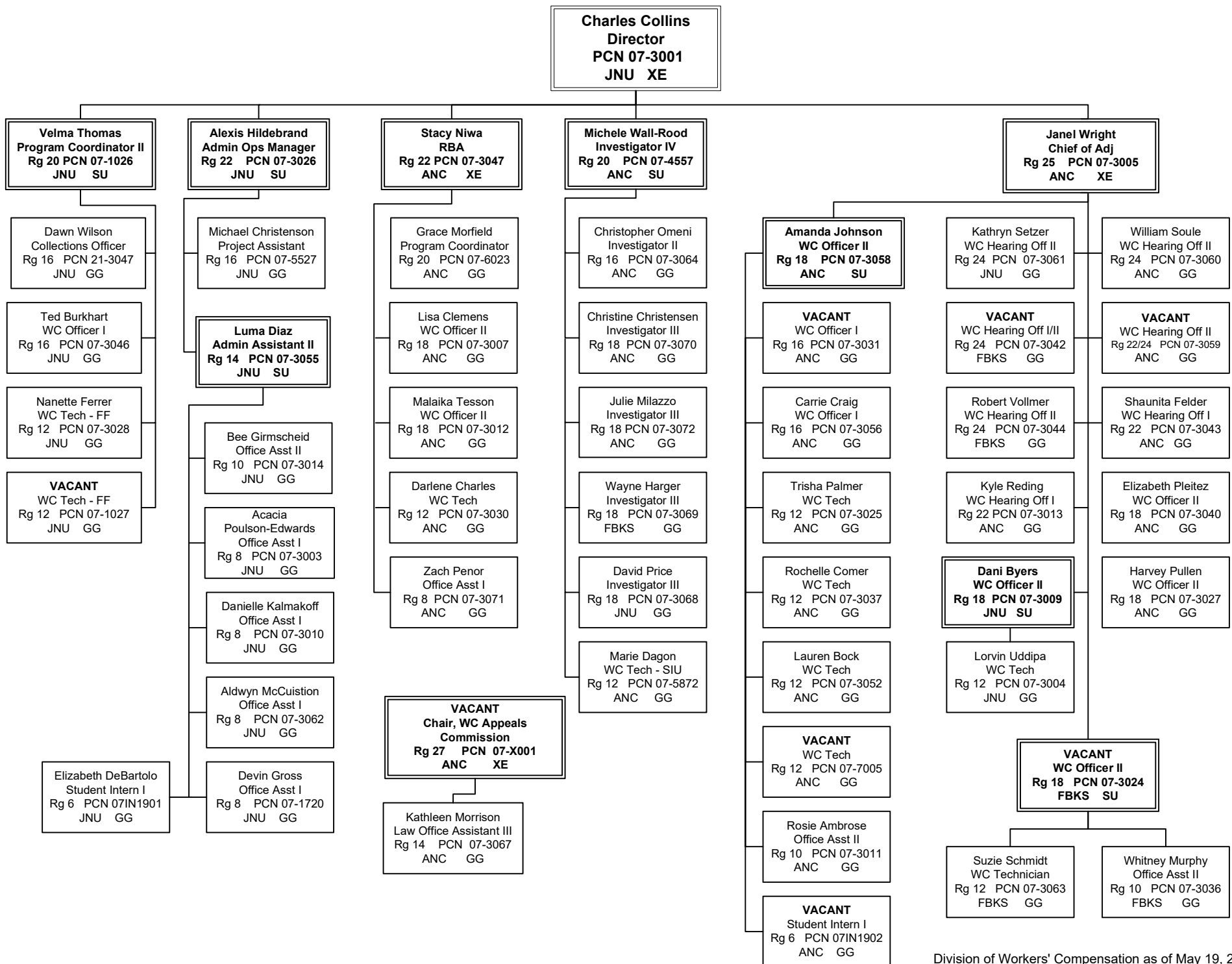
TOTAL COSTS TO WORKERS COMPENSATION IN ALASKA

The Oregon Department of Consumer and Business Services, which ranks all the nation's workers' compensation costs on a biannual basis. This report has been delayed due to internal issues in Oregon and is scheduled for release in April of 2025. As of this writing, no update.

The national numbers, as reported by the National Academy of Social Insurance, NASI, show costs are trending down, but benefits are also moving lower.



Alaska employers' costs to benefits ratio shows a similar decline, although the gap between benefits and costs is considerable higher in Alaska. Even more interesting is that insurance premiums in 2023 were higher than benefits paid out on a per \$100 of covered wages metric.



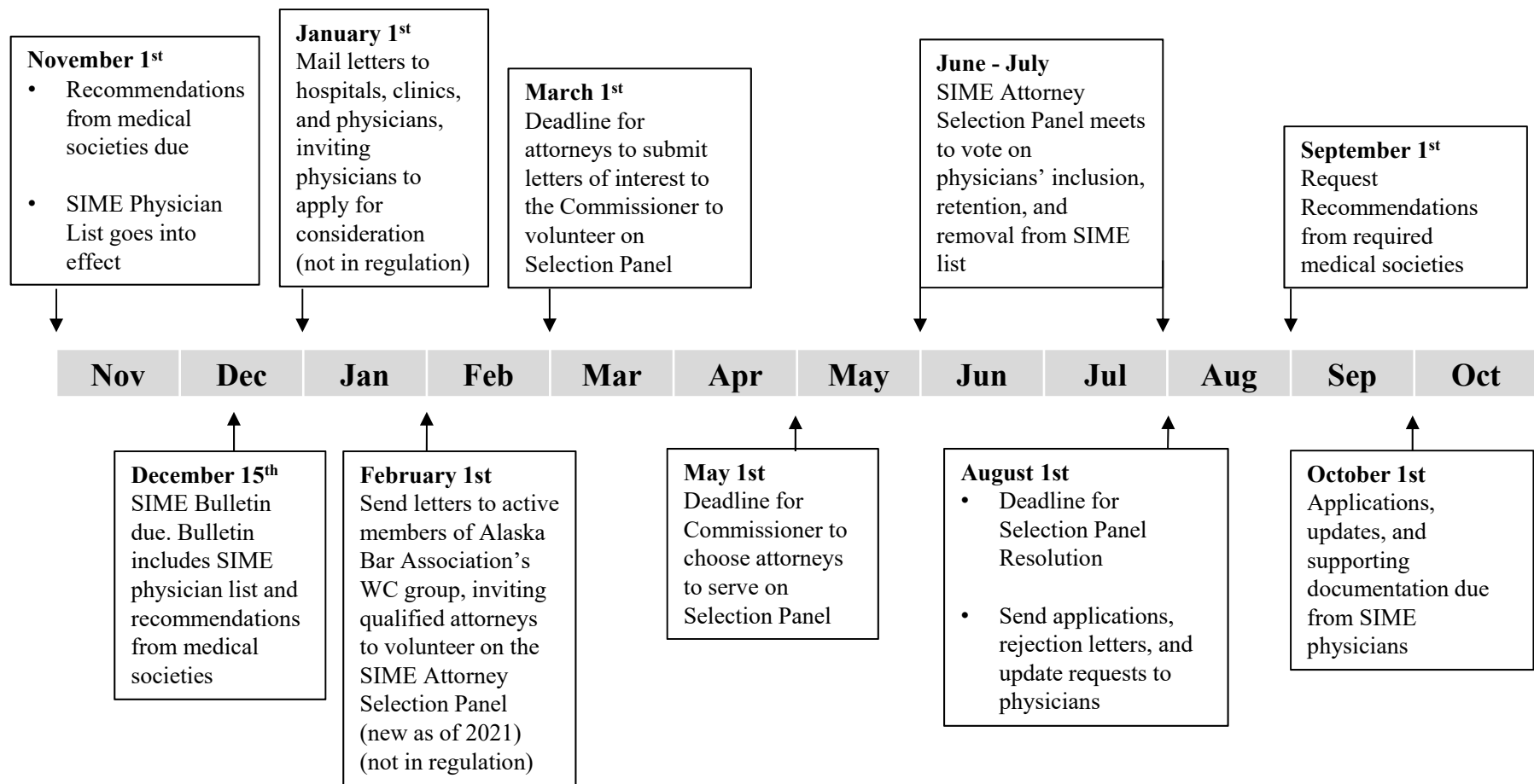
TAB 6



SIME ANNUAL PROCESS

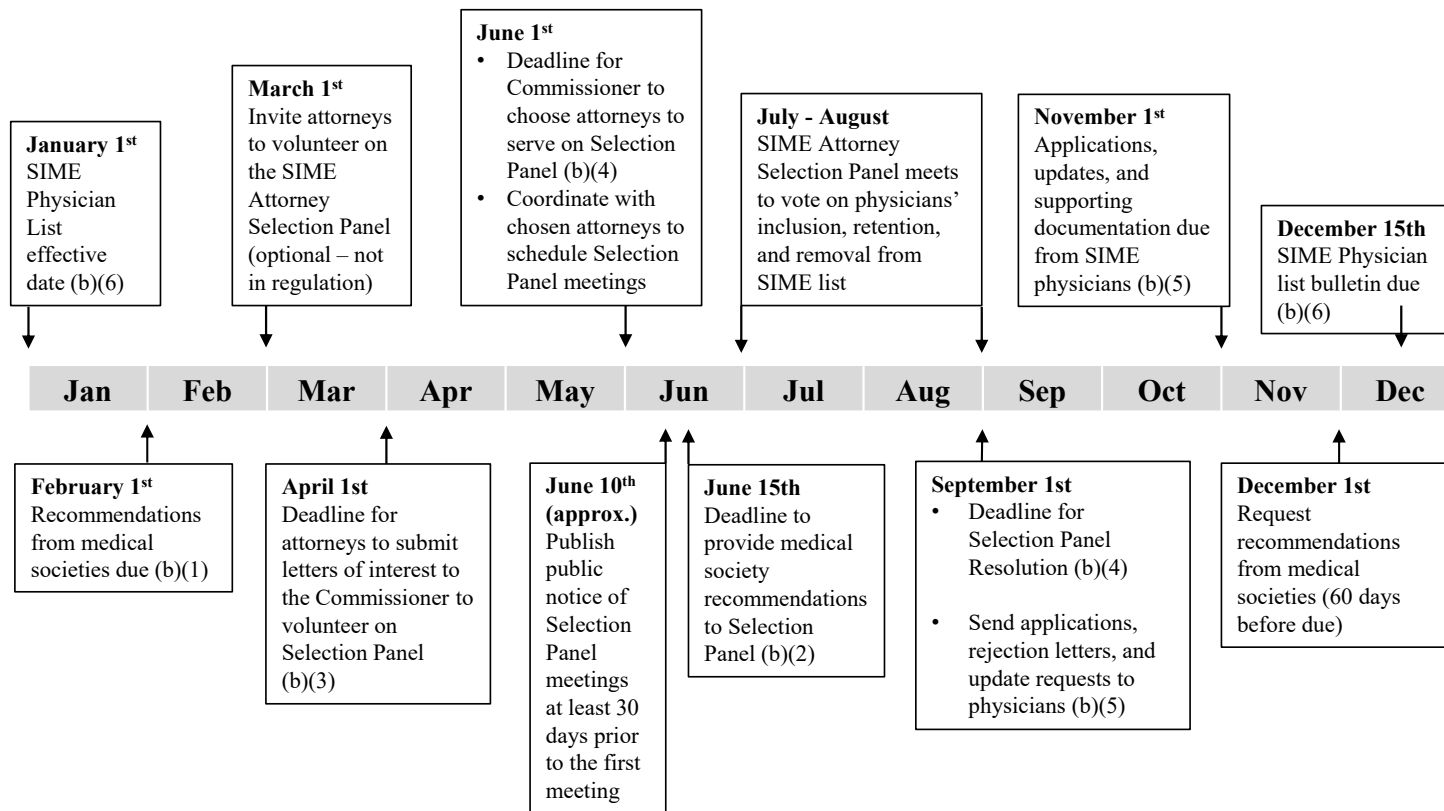
November 1st – October 31st

Department of Labor and
Workforce Development
DIVISION OF WORKERS'
COMPENSATION
Web: <http://labor.state.ak.us/wc>



PROPOSED SIME ANNUAL PROCESS

January 1st – December 31st



8 AAC 45.092(b) is amended to read:

(b) The list of physicians will be created as follows:

(1) The board or its designee will ask the Alaska Chiropractic Society, Alaska Dental Society, [ALASKA OPTOMETRIC ASSOCIATION] **Alaska Society of Eye Physicians and Surgeons**, and Alaska State Medical Association to make recommendations from within their respective specialty. The recommendations must be received by the board on or before [NOVEMBER 1, 1989 AND ON OR BEFORE NOVEMBER] **February** 1 of each year [AFTER THAT].

(2) Not later than [DECEMBER] **June** 15 of each year, the board will [PUBLISH A BULLETIN LISTING] provide the names of the physicians recommended by the Alaska Chiropractic Society, the Alaska Dental Society, [THE ALASKA OPTOMETRIC ASSOCIATION] **Alaska Society of Eye Physicians and Surgeons**, and the Alaska State Medical Association **to the volunteer panel members chosen by the Commissioner** [AS WELL AS THE NAMES OF SECOND INDEPENDENT MEDICAL EXAMINERS].

(3) An attorney who meets the following criteria may, not later than [MARCH] **April** 1 of each year, submit a letter to the commissioner volunteering to serve on a panel to select physicians for inclusion on the board's list as described in (5) of this subsection. The attorney must

(A) be admitted to the practice of law in this or another state;

(B) have personally [PRESENTED] **represented parties either at workers' compensation mediations or hearings** [A TOTAL OF] **in at least** three cases[, NO MORE THAN ONE OF WHICH WAS RESOLVED BY

AGREED SETTLEMENTS, FOR BOARD DECISION] during the calendar year preceding volunteering to serve on a panel; and

(C) in the calendar year preceding volunteering, have represented one class of litigants, either employee or employer, 90 percent of the time; based on the class of litigant that was represented 90 percent of the time, the commissioner will classify the attorney as either an employee or employer attorney.

(4) By [MAY] **June** 1 of each year, the commissioner shall choose, from the attorneys who volunteered in accordance with (3) of this subsection, two employee attorneys and two employer attorneys to serve on a panel to select physicians for inclusion on the board's list of physicians. The panel shall meet and select physicians by [AUGUST] **September** 1 of each year. The commissioner shall provide staff to schedule the panel's meetings, publish notice of the meetings, and arrange facilities or other support for the meeting to assist the panel, but the panel members may not be paid for their work or expenses for participating on the panel.

(5) The panel members shall vote, or abstain from voting, upon the physicians whose names were listed in the bulletin published under (2) of this subsection or are suggested by a panel member, even if the physician's name did not appear in the bulletin. A physician who receives three affirmative votes will be sent by the board or its designee an application and a letter asking if the physician is interested in performing second independent medical examinations. Unless the board determines that good cause exists to extend the time, not later than 60 days after the date of the board's letter the physician must submit

(A) a completed application listing the physicians education, training, work experience, specialty, and the particular discipline in which the physician is licensed, as

well as the names and addresses of professional organizations that have certified the physician or in which the physician is an active member;

(B) a copy or proof of the physician's current license from the appropriate licensing agency in the state in which the physician practices;

(C) a certificate of insurance for the physician's current and enforceable professional liability insurance for the services performed; and

(D) a certificate of insurance for the physician's workers' compensation insurance if the physician has employees.

(6) If the physician complies with (5) of this subsection, the physician's name will be added to the board's list of second independent medical examiners, effective [NOVEMBER] **January** 1 of [THAT] **the next** year. **The board will publish a bulletin listing the names of the second independent medical examiners not later than December 15 of each year.**

Except as provided in (7) of this subsection and (c) of this section, the physician's name will remain on the list for three years. After three years, the physician must be reselected in accordance with (5) of this subsection. If reselected, the physician will remain on the list unless

8 AAC 45.092(h) is amended to read:

(h) In an evaluation under AS 23.30.095(k), the board or the board's designee will identify the medical disputes at issue and prepare and submit questions addressing the medical disputes to the medical examiners selected under this section. The board may direct

(1) a party to [MAKE A COPY OF] **organize and digitize** all medical records, including medical providers' depositions, regarding the employee in the party's possession, put

the [COPY] **records** in chronological order by date of treatment with the initial report on top, **and** number the records consecutively[, AND PUT THE RECORDS IN A BINDER];

(2) the party [MAKING THE COPY] to **electronically** serve the [BINDER OF] medical records upon the opposing party together with an affidavit verifying that [THE BINDER CONTAINS COPIES OF] all the medical reports relating to the employee in the party's possession **have been organized chronologically and digitized;**

(3) the party served with [THE BINDER] **digitized medical records** to review [THE COPIES OF THE MEDICAL RECORDS TO] **and** determine if [THE BINDER CONTAINS COPIES OF] all the employee's medical records in that party's possession **are included;** the party served with the [BINDER] **digitized records** must file them **m** [BINDER] **electronically** with the [BOARD] **division** not later than 10 days after receipt and, if the [BINDER IS] **digitized medical records are**

(A) complete, the party served with the [BINDER] **digitized medical records** must file the [binder] **digitized records** upon the [BOARD] **division** together with an affidavit verifying that the [binder] **digitized medical records** contain[S] copies of all the employee's medical records in the party's possession; or

(B) incomplete, the party served with the [BINDER] **digitized medical records** must file the [BINDER] **digitized records** [UPON] **with** the [BOARD] **division** together with [A] supplemental [BINDER WITH COPIES OF THE] **digitized** medical records in that party's possession that were missing from the [BINDER] **digitized medical records** and an affidavit verifying that the [BINDERS] contain [COPIES OF] all **the employee's** medical records in the party's possession; the [COPIES OF THE] medical records in the supplemental [BINDER] **digitized medical records** must be placed in chronological

order by date of treatment, with the initial report on top, and numbered consecutively; the party must also serve the party who prepared the first [BINDER] digitized medical records with [A COPY OF] the supplemental [BINDER] digitized medical records together with an affidavit verifying that the [BINDER IS] supplemental digitized medical records are identical to the supplemental [BINDER] records filed with the [BOARD] division;

(4) the party, who receives additional medical records after the [BINDER] digitized medical records [HAS] have been [PREPARED] organized and filed with the [BOARD] division, to [MAKE TWO COPIES OF] digitize the additional medical records, [PUT THE COPIES IN TWO SEPARATE BINDERS] organize them in chronological order by date of treatment, with the initial report on top, and number the copies consecutively; the party must electronically file [one binder with the board] the additional medical records with the division and on the opposing party not later than seven days after receiving the medical records[; THE PARTY MUST SERVE THE OTHER ADDITIONAL BINDER ON THE OPPOSING PARTY], together with an affidavit stating the [BINDER IS] additional digitized medical records are identical to the records [binder] filed with the [BOARD] division, not later than seven days after receiving the medical records;

...

(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;

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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 12/23/2021, Register 240, am ____ / ____ / ____, Register ____)

Authority: AS 23.30.005

AS 23.30.095

AS 23.30.110

8 AAC 45.083 is repealed and readopted to read:

8 AAC 45.083. Fees for medical treatment and services. (a) A fee or other charge for medical treatment or service provided on or after January 1 of every year, but before January 1 of the following year, may not exceed the maximum allowable reimbursement established in the Official Alaska Workers' Compensation Medical Fee Schedule, effective when the treatment was provided, and adopted by reference.

(b) If a new fee schedule has not been adopted by January 1 of any year, the immediately preceding year's fees schedule shall be effective until the Board adopts a new fee schedule.

(c) The following billing and payment rules apply for medical treatment or services provided by physicians. Providers and payers shall follow the billing and coding rules adopted by reference in (f) of this section as established by the Centers for Medicare and Medicaid Services and the American Medical Association, including the use of modifiers. The procedure with the largest relative value unit is the primary procedure and shall be listed first on the claim form. Specific modifiers shall be reimbursed as follows:

(1) Modifier 50: reimbursement is the lowest of 100 percent of the fee schedule amount or the billed charge for the procedure with the highest relative value unit; reimbursement is the lowest of 50 percent of the fee schedule amount or the billed charge for the procedure for the second and all subsequent procedures;

(2) Modifier 51: reimbursement is the lowest of 100 percent of the fee schedule amount or the billed charge for the procedure with the highest relative value unit rendered during the same session as the primary procedure; reimbursement is the lowest of 50 percent of the fee schedule amount or the billed charge for the procedure with the second highest relative value unit and all subsequent procedures during the same session as the primary procedure;

(3) Modifiers 80, 81, and 82: reimbursement is 20 percent of the surgical procedure;

(4) Modifier PE: reimbursement is 85 percent of the value of the procedure; state specific modifier PE shall be used when services and procedures are provided by a physician assistant or an advanced practice registered nurse;

(5) Modifier AS: reimbursement is 15 percent of the value of the procedure; state specific modifier AS shall be used when a physician assistant or nurse practitioner acts as an assistant surgeon and bills as an assistant surgeon;

(6) Modifier QZ: reimbursement is 85 percent of the value of the anesthesia procedure; state specific modifier QZ shall be used when unsupervised anesthesia services are provided by a certified registered nurse anesthetist;

(7) providers and payers shall follow National Correct Coding Initiative edits established by the Centers for Medicare and Medicaid Services and the American Medical Association in effect at the time of treatment; if there is a billing rule discrepancy between National Correct Coding Initiative edits and the American Medical Association Current Procedural Terminology Assistant, American Medical Association Current Procedural Terminology Assistant guidance governs.

(d) The following billing and payment rules apply for medical treatment or services provided by inpatient hospitals, hospital outpatient clinics, and ambulatory surgical centers:

(1) medical services for which there is no Ambulatory Payment Classifications weight listed are the lowest of 85 percent of billed charges, the fee or charge for the treatment or service when provided to the general public, or the fee or charge for the treatment or service negotiated by the provider and the employer;

(2) status codes C, E, and P are the lowest of 85 percent of billed charges, the fee or charge for the treatment or service when provided to the general public, or the fee or charge for the treatment or service negotiated by the provider and the employer;

(3) two or more medical procedures with a status code T on the same claim shall be reimbursed with the highest weighted code paid at 100 percent of the Ambulatory Payment Classifications calculated amount and all other status code T items paid at 50 percent;

(4) a payer shall subtract implantable hardware from a hospital outpatient clinic's or ambulatory surgical center's billed charges and pay separately at manufacturer or supplier invoice cost plus 10 percent;

(5) if total costs for a hospital inpatient Medicare Severity Diagnosis Related Groups coded service exceeds the Centers for Medicare and Medicaid Services outlier threshold established at the time of service plus the Medicare Severity Diagnosis Related Groups payment, then the total payment for that service shall be calculated using the Centers for Medicare and Medicaid Services Inpatient PC Pricer tool as follows:

(A) implantable charges, if applicable, are subtracted from the total amount charged;

(B) the charged amount from (A) of this paragraph is entered into the most recent version of the Centers for Medicare and Medicaid Services PC Pricer tool at the time of treatment;

(C) the Medicare price returned by the Centers for Medicare and Medicaid Services PC Pricer tool is multiplied by 2.5, or 250 percent of the Medicare price;

(D) the allowable implant reimbursement, if applicable, is the invoice cost of the implant plus 10 percent, or 110 percent of invoice cost;

(E) the amounts calculated in (C) and (D) of this paragraph are added together to determine the final reimbursement.

(e) For medical treatment or services provided by other providers, the maximum allowable reimbursement for medical services provided by providers other than physicians, hospitals, outpatient clinics, or ambulatory surgical centers is the lowest of 85 percent of billed charges, the fee or charge for the treatment or service when provided to the general public, or the fee or charge for the treatment or service negotiated by the provider and the employer.

(f) The following material, adopted by reference:

(1) Current Procedural Terminology Codes, 2015 edition, produced by the American Medical Association, as may be amended;

(2) Healthcare Common Procedure Coding System, 2015 edition, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(3) International Classification of Diseases, 10th Revision, Clinical Modification, developed by the National Center for Health Statistics, as may be amended;

(4) Relative Value Guide, 2015 edition, produced by the American Society of Anesthesiologists, as may be amended;

(5) Diagnostic and Statistical Manual of Mental Disorders, 5th edition, produced by the American Psychiatric Association, as may be amended;

(6) Current Dental Terminology, 2015 edition, published by the American Dental Association, as may be amended;

(7) Resource-Based Relative Value Scale, effective January 1, 2015, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(8) Ambulatory Payment Classifications, effective January 1, 2015, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(9) Medicare Severity Diagnosis Related Groups, effective January 1, 2015, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(10) Hospital Outpatient Prospective Payment System, produced by the federal Centers for Medicare and Medicaid Services;

(11) Clinical Diagnostic Laboratory Services, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(12) Durable Medical Equipment, Prosthetics, Orthotics, and Supplies, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(13) Payment Allowance Limits for Medicare Part B Drugs, Average Sale Price, produced by the federal Centers for Medicare and Medicaid Services, as may be amended;

(14) Ambulance Fee Schedule, produced by the federal Centers for Medicare and Medicaid Services, as may be amended.

(g) The department will give public notice when new versions of any of the materials adopted by reference in subsection (f) are published, and announce an effective date for using the amended materials by issuing a bulletin published on the division's website. The amended versions may be reviewed at the Department of Labor and Workforce Development, Division of Workers' Compensation, 1111 W 8th Street, Suite 305, Juneau, Alaska 99811; telephone (907) 465-2790.

(h) In this section, "maximum allowable reimbursement" means the charge for medical treatment or services calculated in accordance with the fee schedule. (Eff. 12/1/2015, Register 216; am 3/11/2016, Register 217; am 4/1/2017, Register 221; am 1/1/2018, Register 224; am 1/1/2019, Register 228; am 5/12/2019, Register 230; am 12/21/2019, Register 232; am 1/1/2021, Register 236; am 2/24/2022, Register 241; am 1/29/2023, Register 245; am 1/1/2024, Register 248; am ____ / ____ / ____, Register ____)

Authority:

AS 23.30.005

AS 23.30.097

AS 23.30.098

Editor's note: The above-referenced materials may be found at: Department of Labor and Workforce Development, Division of Workers' Compensation at 1111 W. 8th St., Suite 305, Juneau, Alaska 99811.

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8 AAC 45.176(d)(3) is amended to read:

8 AAC 45.176(d)(3) a violation of AS 23.30.075 that exceeds 180 **consecutive** calendar days;

(Eff. 2/28/2010, Register 193; am ___ / ___ / _____, Register ___)

Authority: AS 23.30.005 AS 23.30.080

8 AAC 45.180(b) is amended to read:

(b) A fee under AS 23.30.145(a) will only be awarded to an attorney licensed to practice law in this or another state. An attorney seeking a fee from an employer for services performed on behalf of an applicant must apply to the board for approval of the fee; the attorney may [SUBMIT AN APPLICATION FOR ADJUSTMENT OF] **file a** claim [OR A PETITION]. An attorney requesting a fee in excess of the statutory minimum in AS 23.30.145(a) must

(1) file an affidavit itemizing the hours expended, **in 1/10 of an hour increments**, as well as the extent and character of the work performed[, AND];

(2) **block billing, giving only totals for all tasks performed, is not permitted. The affidavit itemizing work performed must specify time taken for each individual task;**

(3) **fee affidavits must address each factor in Alaska Rule of Professional Conduct 1.5(a); and**

(4) if a hearing is scheduled, file the affidavit at least three working days before the hearing on the claim for which the services were rendered; at the hearing, the attorney may supplement the affidavit by testifying about the hours expended and the extent and character of the work performed after the affidavit was filed. If the request and affidavit are not in accordance with this subsection, the board will deny the request for a fee in excess of the statutory minimum fee, and will award the minimum statutory fee.

8 AAC 45.900(j) is repealed and readopted to read:

(j) “Previously rehabilitated” under AS 23.30.041(f)(3) means having completed a reemployment plan under AS 23.30.041 or a substantially similar law in another jurisdiction and returned to work in a job with the same or similar physical demands as the job the employee held when injured.

(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; am 12/23/2021, Register 240; __/__/____, Register ____)

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		