



# KENAI PENINSULA BOROUGH SCHOOL DISTRICT

## Assistant Superintendent

Dave Jones

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March 30, 2018

The Honorable Cathy Giessel  
State Senate  
Alaska State Capitol  
Juneau, Alaska 9980-1182

Dear Senator Giessel:

My name is Dave Jones, I am the Assistant Superintendent for the Kenai Peninsula Borough School District (KPBSD).

I am writing to you concerning the rising workers' compensation costs KPBSD has been experiencing, and how SB 112 would help our district to reduce those costs.

The National Council on Compensation Insurance (NCCI) is the nation's most experienced provider of workers' compensation information. In a recent article by NCCI on medical cost trends, they stated that "Medical services are a key factor in the WC system. They account for about 60% of all annual WC costs in the United States today-up from 40% in the early 1980s."

The important take away from that statement is that medical service claims in Alaska far exceed the national standard of 60%. Last year for KPBSD, medical service claims were approximately 76% of our overall WC costs. That number needs to be reduced!

We feel strongly that the evidence-based treatment guidelines required in SB 112 when used in conjunction with the previously determined medical fee schedules will lead to lower medical service costs. Without these guidelines, there is no guarantee or control of proper medical utilization and related costs, and our medical service costs will continue to be the highest in the nation.

KPBSD is also concerned about the cost of attorney fees that we have been experiencing, and the fact that current statutes do not reasonably control or limit those costs. I will provide two specific recent examples illustrating our concerns.

The first is a case in which we settled and closed out a claim with our employee for the sum of \$10,000. We also had to pay associated attorney's fees of \$22,496.50 and costs of \$821.09. The attorney was paid more than twice what our employee was paid.

The second is a case that originally reached settlement through mediation. Our employee agreed to accept \$45,000. and the attorney's fees were set at \$31,982. Unfortunately, our employee decided not to sign the agreement after it was reached. Somewhat over a year later, we again reached settlement through mediation. This time our employee agreed to accept \$57,500. and the attorney's fees were settled at \$85,000. So the employee settlement amount increased by \$12,500 while the attorney fees increased by \$53,018. Once again the attorney received far more than our employee.

These are just two examples of why the attorney fee language in SB 112 needs to be implemented so our overall workers' compensation costs can be reduced.

SB 112 will free up dollars currently being spent on higher than needed medical and legal costs and will allow us to move those dollars back into the classroom where they belong.

Thank you for your work on this bill and please let me know how I can help.



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