

**TESTIMONY
TIM AHERN
VICE PRESIDENT, DFW HUB
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Chairman Staples, members of the Committee. My name is Tim Ahern. I have 26 years of experience at American Airlines working both in the field and at our headquarters. I am currently Vice President of our DFW Airport Hub.

Thank you for your invitation to appear before the Senate Select Committee on Workers' Compensation. The Texas Workers' Compensation system needs your attention, and American Airlines is grateful that you're taking the time to address this critical issue to our state.

Texas is home to 22,331 of American's 84,913 employees world wide, and I'm responsible for 3500 of these employees at DFW Airport, where American has 497 daily departures to 100 domestic and international destinations.

Safety is American Airlines top priority. We strive to provide a work environment in which injuries to our workers are minimized, and we're constantly seeking opportunities to improve our performance in this area. For example we've recently launched a new initiative called the Partnership for Safety. It brings together management, line employees, and union leadership to make sure that all perspectives and ideas for improving safety for our people are explored and implemented.

But we haven't been able to eliminate injuries altogether, so we are also concerned about the care and treatment our employees receive when they are hurt. When an employee *is* injured, want the employee to:

1. Receive prompt, professional, and effective care, and
2. Return to work as soon as they able to do so without incurring further injury.

We feel the current Texas workers' compensation system fails to create an environment to meet these two goals. As a multi-state employer we know all too well that our costs in Texas are significantly higher than other states. American's average workers' compensation cost per claim in the most recent year was \$17,236 in Texas versus an average of \$11,309 in all other states.

Allow me to cite one specific example at my DFW Airport operation. Fleet Service Clerks there incur 33% of the total workers' compensation expense for Fleet Service Clerks around the country, or \$17 million in the most recent year. The workforce there represents only 20% of all Fleet Service Clerks at American.

Medical expenses are the biggest driver of the cost difference between Texas and other states. Our average medical cost per claim in Texas last year was

\$8,252, 29% higher than Illinois, 109% higher than Florida, and 122% higher than New York—and these are all states in which we have similar, large operations.

- When a worker is injured, the employee must receive quality medical care. In today's system we know our injured employees often receive inadequate care, are sometimes not allowed to return to work when they're able, and there is overutilization by some providers.
- Absent a system where the employer directs care, American endorses the network concept that your committee is evaluating today. A network of quality providers adequately and promptly compensated, will mean better care for our employees and quicker return to work.

Our vision is a network where the injured employee can choose among several well-qualified treating physicians. These treating physicians will be experienced in dealing with occupational injuries and have the ability to offer appropriate care, refer to specialists in the network when needed, and guide the employee to return to work when the employee is able.

To conclude let me reiterate that American wants quality care for injured employees and return to work when the employee is fit to do so. The current workers' compensation system fails to meet these expectations. We believe networks have great potential to create a workers' compensation system that satisfies these goals.

Thank you for the opportunity to appear before you. I'm happy to respond to questions you may have.