

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Labor and Workforce Development  
Workers' Compensation  
Budget Request Unit

## **Workers' Compensation Budget Request Unit**

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### **BRU Mission**

The mission of the Division of Workers' Compensation is to ensure that injured Alaska workers receive fair benefits.

### **BRU Services Provided**

The Workers' Compensation component is the administrative arm of the Board, enforcing the Workers' Compensation Act.

The Fishermen's Fund component provides for the care and treatment of Alaska commercial fishermen whose injuries or illnesses are directly connected to operations as fishermen on shore or in Alaska waters.

The Second Injury Fund component ensures that workers' compensation insurance premiums for employees suffering from a condition caused by an earlier injury are equivalent to those of able-bodied workers.

### **BRU Goals and Strategies**

- 1) ASSURE THAT EMPLOYEES ARE PROPERLY COMPENSATED FOR THEIR WORK RELATED INJURIES OR ILLNESSES AND THAT EMPLOYERS ARE PROTECTED FROM BEING SUED BY EMPLOYEES FOR WORK RELATED INJURIES.
  - Perform uninsured employer investigations.
  - Maintain database of all aspects of workers' compensation in the State of Alaska.
  - Develop efficiencies with the new Information Handling System.
  - Improve mediation process for workers' compensation disputes.
  - Provide for general compliance with the Workers' Compensation Act.
- 2) REDUCE PENALTIES PAID TO SECOND INJURY FUND.
  - Enforce late filing penalties to encourage timely submission of compensation reports.
  - Develop efficient method of recording and crediting Second Injury Fund payments.
- 3) INCREASE COMMUNICATION AND CREATE EFFICIENCIES TO REDUCE THE FINANCIAL BURDEN ON FISHERMEN.
  - Research and determine feasibility of developing and implementing an electronic information handling system which will be compatible with electronic filing.
  - Enhance services to fishermen and providers by meeting with hospital administrators and fishing organizations to discuss the program, problems and suggestions for improvement.
  - Improve communications with insurance carriers, fishermen and providers.
  - Continue to improve and refine the Fishermen and Physician's Reports of Injury/Illness.

- Further revise and simplify the Fishermen's Fund booklet.

### **Key BRU Issues for FY2001 – 2002**

- Increase staffing to decrease the hearing time lag in order to reduce the burden and expense to employers and employees.
- Continue investigations of potentially uninsured employers in an attempt to eliminate the number of uninsured Alaskan workers that are injured each year. FY00 again saw a dramatic decrease in the number of uninsured work related injuries which suggests continuing efforts in this area.
- Due to the Supreme Court decision in Arctic Bowl v Second Injury Fund there has been an increase in the number of approvals for recovery from the Fund. As a result, a supplemental will be requested for FY01 and an increment is being requested for FY02. This needs to be followed closely to assure that there are sufficient funds to cover increased liabilities.
- Research and pursue the possibility of electronic filing of annual reports and all other reporting to provide greater access to businesses and the public and to create another avenue of conducting workers' compensation business. To that end, a pilot project is being initiated in one program to assist in determining feasibility.
- The Fishermen's Fund has been using an outdated computerized database and claims handling system that is becoming obsolete and will soon be unsupported. Consequently there is a need for a new claims handling system.
- Increase Alaska commercial fishermen's awareness of program through meetings, speaking engagements and availability of literature related to the program. This continues to be a key issue of this program due to nature and level of activity in this industry.
- Strive to further improve the response time in the processing of claims, invoices and responding to inquiries.

### **Major BRU Accomplishments for FY2000**

- This BRU developed enhancements to the new Information Handling System computer program allowing greater and more accurate availability of workers' compensation data.
- There was a significant reduction of uninsured injuries accomplished through continued investigative efforts.
- The Second Injury Fund received approximately 80% of the annual reports electronically and approximately 95% of all annual reports were filed timely.
- As a result of Council recommendations, the Fishermen and Physician's Reports of Injury/Illness and informational booklet continue to be revised and simplified.
- The Fishermen's Fund has increased communications with providers which has resulted in improved service.

**Workers' Compensation**  
**BRU Financial Summary by Component**

*All dollars in thousands*

	FY2000 Actuals				FY2001 Authorized				FY2002 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b>Formula Expenditures</b>												
None.												
<b>Non-Formula Expenditures</b>												
Fishermens Fund	0.0	0.0	702.3	702.3	0.0	0.0	1,306.7	1,306.7	0.0	0.0	1,307.8	1,307.8
Workers' Compensation	2,395.8	0.0	41.5	2,437.3	1,405.9	0.0	1,046.1	2,452.0	827.1	0.0	1,730.9	2,558.0
Second Injury Fund	0.0	0.0	2,854.4	2,854.4	0.0	0.0	2,862.6	2,862.6	0.0	0.0	3,178.6	3,178.6
<b>Totals</b>	<b>2,395.8</b>	<b>0.0</b>	<b>3,598.2</b>	<b>5,994.0</b>	<b>1,405.9</b>	<b>0.0</b>	<b>5,215.4</b>	<b>6,621.3</b>	<b>827.1</b>	<b>0.0</b>	<b>6,217.3</b>	<b>7,044.4</b>

**Workers' Compensation****Proposed Changes in Levels of Service for FY2002**

This BRU intends to increase overall effectiveness, industry awareness and the level of services, and number of hearings, as well as the number of uninsured employer investigations.

**Workers' Compensation****Summary of BRU Budget Changes by Component****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>1,405.9</b>	<b>0.0</b>	<b>5,215.4</b>	<b>6,621.3</b>
<b>Adjustments which will continue current level of service:</b>				
-Fishermens Fund	0.0	0.0	-1.2	-1.2
-Workers' Compensation	-678.8	0.0	684.8	6.0
-Second Injury Fund	0.0	0.0	-0.3	-0.3
<b>Proposed budget increases:</b>				
-Fishermens Fund	0.0	0.0	2.3	2.3
-Workers' Compensation	100.0	0.0	0.0	100.0
-Second Injury Fund	0.0	0.0	316.3	316.3
<b>FY2002 Governor</b>	<b>827.1</b>	<b>0.0</b>	<b>6,217.3</b>	<b>7,044.4</b>