

State of Alaska FY2002 Governor's Operating Budget

Department of Labor and Workforce Development
Workers' Compensation
Component

Component: Workers' Compensation

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Component Mission

To ensure that eligible Alaskan workers are provided adequate medical care, prompt payment of benefits and, if needed, voluntary rehabilitative services.

To provide protection to employers from being sued in court by employees for workplace injuries.

Component Services Provided

The Workers' Compensation Act, enacted in 1962, established a Board, currently consisting of 13 members, which helps establish policy regarding its mission, approves regulations and adjudicates disputes between employers and employees. This component is the administrative arm of the Board, investigating uninsured employers, tracking and recording all aspects of workers' compensation and providing information as requested. Other services include mediating workers' compensation disputes between employees and employers and attempting to resolve them informally. The program conducts prehearings and formal hearings, issues formal decisions and orders that are appealable to the courts, administers the volunteer reemployment benefits program and provides for general compliance with the Act.

Component Goals and Strategies

- 1) ASSURE THAT EMPLOYEES ARE PROPERLY COMPENSATED FOR THEIR WORK RELATED INJURIES OR ILLNESSES AND PROTECT EMPLOYERS FROM BEING SUED BY WORKERS FOR WORK RELATED INJURIES.
 - Identify and investigate uninsured employers to ensure all Alaskan workers who suffer a work related injury or illness are provided financial and medical benefits.
 - Maintain a database of all aspects of workers' compensation activity in the State of Alaska.
 - Mediate workers' compensation disputes between employers and employees and attempt to resolve them informally through prehearings.
 - Conduct formal hearings before panels of the Workers' Compensation Board when an informal prehearing has not been successful. All Decision and Orders of the Board are appealable to the courts.
 - Administer the volunteer reemployment benefits program which offers training to those injured workers whom, because of their workplace injuries, cannot return to their jobs.
- 2) IMPROVE PROCESS TO ENABLE INJURED WORKERS TO RECEIVE SERVICES QUICKLY AND EFFICIENTLY.
 - Reduce hearing time lag so that cases can be heard and decided sooner, reducing burden and expense to affected parties.
 - Continue to provide information to the public and all interested parties through walk-in visits or by fax, mail, email or telephone resulting in a greater understanding of the workers' compensation system among the affected parties.
 - Develop efficiencies with the new Information Handling System.

- Pursue development of electronic data interchange (EDI) systems and internet filing systems to enhance the new information handling system and further increase efficiencies.

Key Component Issues for FY2001 – 2002

- Increase staffing by at least one additional hearing officer officer to lessen the back log and time lag in cases that require formal hearing.
- Increase claimant awareness and understanding of their rights under the Alaska Workers' Compensation Act.
- Investigate uninsured employers to enforce compliance with the law.

Major Component Accomplishments for FY2000

- Worked with the legislature and stakeholders to pass HB 378 that will allow for alternative funding for the agency through the implementation of a fees based payer system.
- Worked with the Workers' Compensation Labor and Management Committee and the legislature to pass HB 419 which provides much needed workers' compensation reform.
- Implementation of the workers' compensation information handling system. This system allows more accurate and detailed tracking of all workers' compensation activity, i.e. individual claims, employer, insurer and adjuster information, and individual rehabilitation information.

Statutory and Regulatory Authority

AS 23.30
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 8 AAC 46

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • The average time taken from a compensation hearing request until the date on which the hearing is scheduled. 			X		
<ul style="list-style-type: none"> • The number of workplace injuries. 			X		

Workers' Compensation Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,824.1	1,941.0	2,027.0
72000 Travel	56.4	43.0	46.7
73000 Contractual	309.3	251.0	256.0
74000 Supplies	50.9	53.0	57.3
75000 Equipment	39.1	7.4	14.4
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	157.5	156.6	156.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,437.3	2,452.0	2,558.0
Funding Sources:			
1004 General Fund Receipts	2,383.8	1,346.7	797.2
1005 General Fund/Program Receipts	12.0	29.9	29.9
1007 Inter-Agency Receipts	41.5	46.1	46.5
1053 Investment Loss Trust Fund	0.0	29.3	0.0
1157 Workers Safety and Compensation Administration Account	0.0	1,000.0	1,684.4
Funding Totals	2,437.3	2,452.0	2,558.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Investment Loss Trust Fund	51393	0.0	29.3	29.3	0.0	0.0
Unrestricted Fund	68515	3.5	0.0	4.0	0.0	4.0
Unrestricted Total		3.5	29.3	33.3	0.0	4.0
Restricted Revenues						
Interagency Receipts	51015	41.5	46.1	45.0	46.5	46.1
General Fund Program Receipts	51060	0.0	29.9	29.9	29.9	29.9
Workers Safety & Compensation Admin	51078	0.0	1,000.0	1,000.0	1,684.4	2,084.4
Restricted Total		41.5	1,076.0	1,074.9	1,760.8	2,160.4
Total Estimated Revenues		45.0	1,105.3	1,108.2	1,760.8	2,164.4

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

Increase effectiveness and level of services through efficiencies derived from the new Information Handling System.

Increase the number of hearings to reduce the hearing time lag and backlog.

Summary of Component Budget Changes**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>
FY2001 Authorized	1,405.9	0.0	1,046.1	2,452.0
Adjustments which will continue current level of service:				
-Change GF source to new Workers' Safety Fund	-684.4	0.0	684.4	0.0
-Year 2 Labor Costs - Net Change from FY2001	5.6	0.0	0.4	6.0
Proposed budget increases:				
-Increment to fund Hearing Officer Position and Associated Costs	100.0	0.0	0.0	100.0
FY2002 Governor	827.1	0.0	1,730.9	2,558.0

Workers' Compensation
Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	33	35	Annual Salaries	1,576,000
Part-time	2	1	COLA	21,647
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	546,625
			<i>Less 5.47% Vacancy Factor</i>	<i>(117,272)</i>
			Lump Sum Premium Pay	0
Totals	35	36	Total Personal Services	2,027,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	4	1	3	0	8
Administrative Clerk III	1	0	1	0	2
Administrative Manager III	0	0	1	0	1
Administrative Supervisor	1	0	0	0	1
Chf Adjud Worker Comp	1	0	0	0	1
Division Director	0	0	1	0	1
Microfilm Equip Op I	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Hearing Off	5	1	1	0	7
Worker Comp Off I	2	0	1	0	3
Worker Comp Off II	3	1	1	0	5
Worker Comp Technician	3	0	2	0	5
Totals	21	3	12	0	36