

State of Alaska FY2006 Governor's Operating Budget

Department of Labor and Workforce Development Workers' Compensation Component Budget Summary

Component: Workers' Compensation

Contribution to Department's Mission

The Workers' Compensation component contributes to the department's mission by advancing injured workers' employment opportunities. It does so by ensuring the quick, efficient, fair, and predictable delivery of indemnity, medical, and vocational rehabilitation benefits intended to enable return to work at a reasonable cost to employers.

Core Services

The Workers' Compensation Act established a Board to set policy and insure proper implementation of the Act's benefits and requirements. This component is the Board's administrative arm. It maintains a comprehensive database, disseminates information, investigates complaints, informally resolves disputes, and aids the Board's provision of fair, formal hearings on disputed claims. It also assists the Board in enforcing the requirement that employers either insure or qualify to self-insure their workers' compensation liabilities.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$3,289,400	Personnel:	
	Full time	37
	Part time	1
	Total	38

Key Component Challenges

Assist in development of computer programming needed for extension of the new electronic data interchange system to allow for electronic filing of injury and payment reports.

Assist in refinement of the new electronic proof of coverage system to better report policy cancellations in order to aid in the identification and investigation of suspected uninsured employers to further reduce uninsured injuries.

Continue to research and assist in labor-management ad hoc committee efforts to address rapidly increasing premium costs without adversely affecting benefits provided to injured workers.

Significant Changes in Results to be Delivered in FY2006

With the requested Technician for the Fairbanks office there will be an improved delivery of informational services and a reduction of delays in informal and formal resolution of disputed claims due to the Second Independent Medical Examination process, in the workers' compensation office serving the northern tier of the state.

The Workers Compensation division will improve completeness and reliability of medical and health care benefits database by reducing the backlog of unfiled Physician Reports utilizing the requested Administrative Clerk positions.

We are undertaking an initiative to reduce rapidly increasing workers' compensation insurance premium cost drivers. We will need funding for the additional costs of meeting travel and other associated costs but are not yet ready to formalize into a budget request. We anticipate coming forward with a proposal in the budget amendment process.

The department will complete system development and begin trial implementation of electronic filing of injury and payment reports.

We will continue to emphasize efforts to further reduce the number of uninsured employers and uninsured work place injuries.

Major Component Accomplishments in 2004

Received national recognition for smooth implementation of the Division's newly-developed capacity to accept electronically filed "proof of coverage" reports with resulting internal staff time savings and external efficiencies.

Along with the Division of Insurance, successfully supported the Governor's initiative to maintain the viability of the Alaska Insurance Guaranty Association despite recent insurance company insolvencies. Doing so avoided payment of partial benefits to injured workers and imposition of the balance of the liabilities on their employers.

Statutory and Regulatory Authority

Statutory Authority:

AS 23.05.067
AS 23.30.005 - .400

Fees for Administration of Workers' Compensation
Alaska Workers' Compensation Act

Administrative Regulations:

8 AAC 45.010 - .900
8 AAC 46.010 - .900

Compensation/Medical Benefits & Board Proceedings
Self Insurance

Contact Information
<p>Contact: Paul Lisankie, Director Phone: (907) 465-2790 Fax: (907) 465-2797 E-mail: Paul_Lisankie@labor.state.ak.us</p>

Workers' Compensation Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,109.2	2,355.8	2,556.2
72000 Travel	58.8	63.5	63.5
73000 Services	490.0	480.6	480.6
74000 Commodities	41.5	65.1	65.1
75000 Capital Outlay	0.0	14.4	14.4
77000 Grants, Benefits	109.5	109.6	109.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,809.0	3,089.0	3,289.4
Funding Sources:			
1007 Inter-Agency Receipts	48.2	76.5	78.6
1157 Workers Safety and Compensation Administration Account	2,760.8	3,012.5	3,210.8
Funding Totals	2,809.0	3,089.0	3,289.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Workers Safety & Compensation Admin	51078	2,760.8	3,012.5	3,284.3
Unrestricted Total		2,760.8	3,012.5	3,284.3
Restricted Revenues				
Interagency Receipts	51015	48.2	76.5	81.2
Restricted Total		48.2	76.5	81.2
Total Estimated Revenues		2,809.0	3,089.0	3,365.5

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	3,089.0	3,089.0
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.0	21.5	21.5
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	60.5	60.5
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	6.6	6.6
Proposed budget increases:				
-Increase for a Position to Provide Workers' Compensation Services in Fairbanks	0.0	0.0	53.0	53.0
-Increase Positions to Address Physician Report Backlog	0.0	0.0	58.8	58.8
FY2006 Governor	0.0	0.0	3,289.4	3,289.4

**Workers' Compensation
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2005</u>				
<u>Management</u>	<u>Plan</u>	<u>FY2006</u>	<u>Governor</u>	
Full-time	36	37	Annual Salaries	1,822,936
Part-time	0	1	COLA	29,852
Nonpermanent	0	1	Premium Pay	0
			Annual Benefits	938,840
			<i>Less 5.47% Vacancy Factor</i>	(152,728)
			Lump Sum Premium Pay	0
Totals	36	39	Total Personal Services	2,638,900

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	4	1	5	0	10
Administrative Clerk III	1	0	1	0	2
Administrative Manager III	0	0	1	0	1
Administrative Supervisor	1	0	0	0	1
Chf of Workers Comp Adjud	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	2	1	0	8
Worker Comp Off II	5	1	1	0	7
Worker Comp Technician	3	1	2	0	6
Totals	21	5	13	0	39