

State of Alaska
FY2014 Governor's Operating Budget

Department of Labor and Workforce Development
Workers' Compensation
Results Delivery Unit Budget Summary

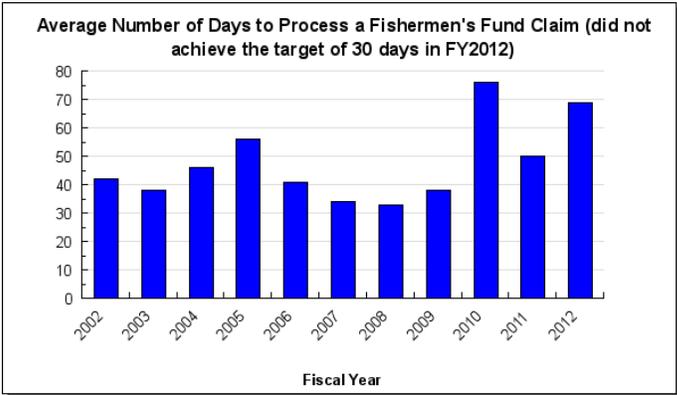
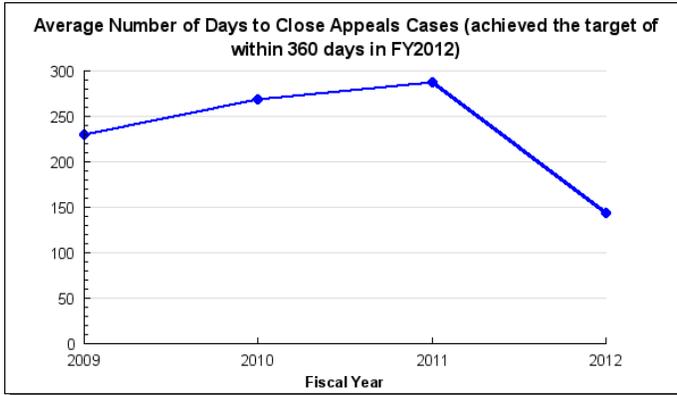
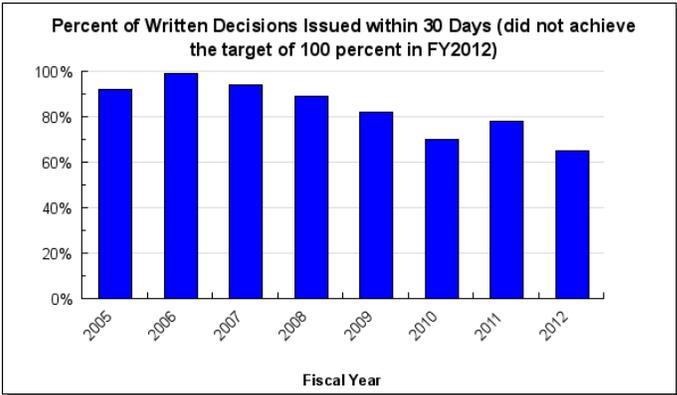
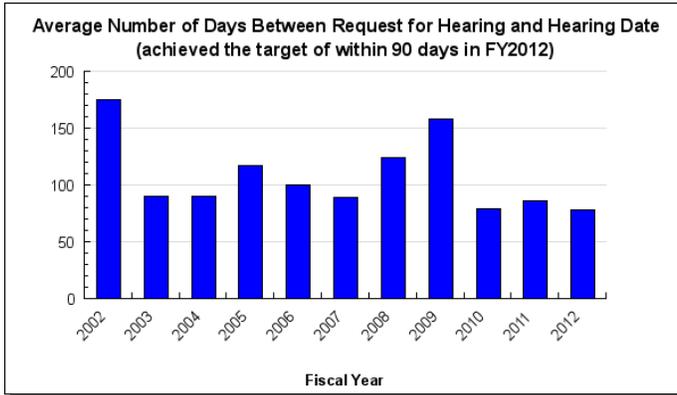
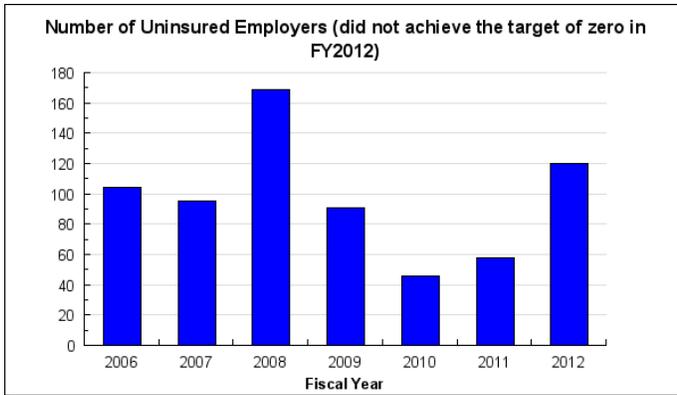
Workers' Compensation Results Delivery Unit

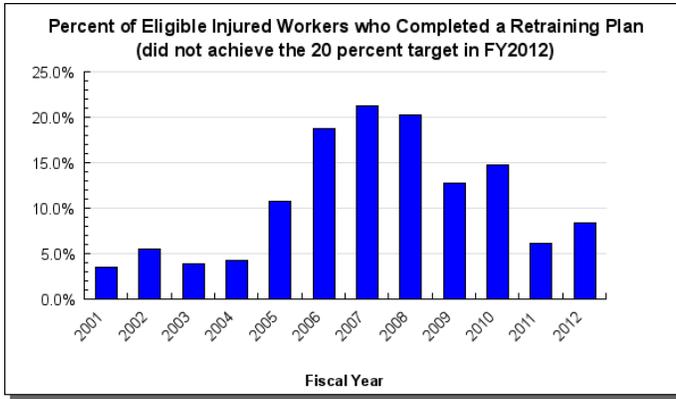
Contribution to Department's Mission

The mission of Workers' Compensation is to ensure the efficient, fair and predictable delivery of indemnity, medical and vocational rehabilitation benefits intended to enable workers to return to work at a reasonable cost to employers.

Results

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)





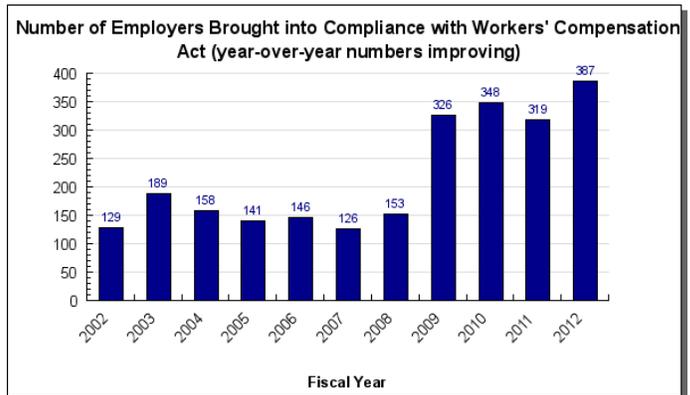
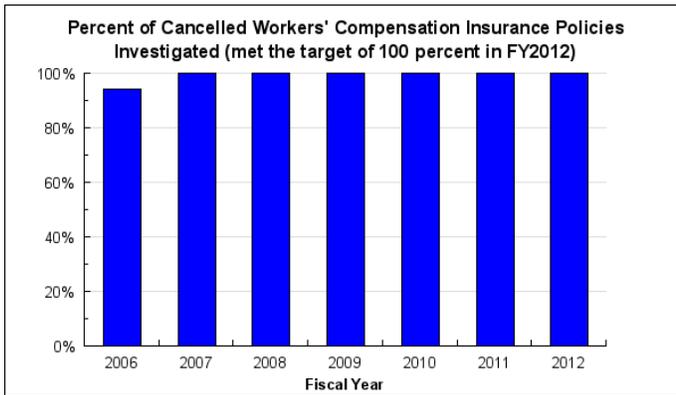
Core Services

- Quarterly review of cancelled Workers' Compensation insurance policies.
- Shorten the time lag for Workers' Compensation hearings.
- Operate a timely and efficient appeals program.
- Reduce length of time it takes to get the Fishermen's Fund Council's approval of claims.
- Reduce the number of training plans that need to be returned to the rehabilitation specialists for revisions.
- Quarterly review of status of cases pending with rehabilitation specialists.

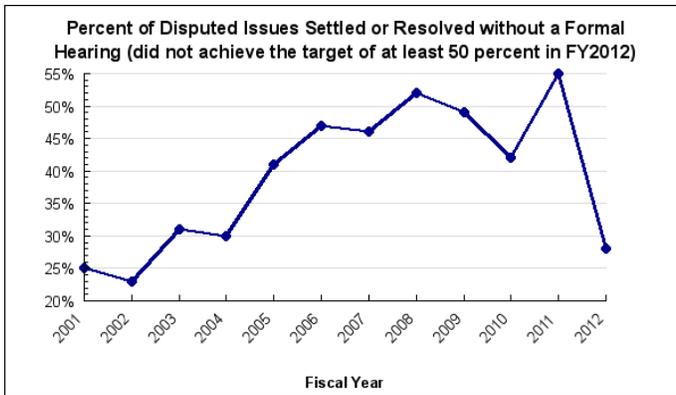
Measures by Core Service

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

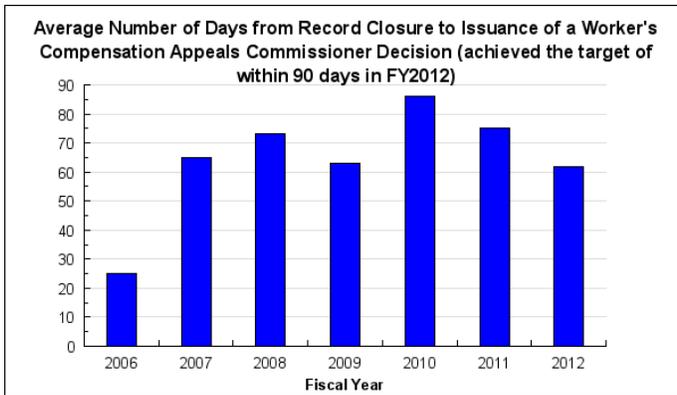
1. Quarterly review of cancelled Workers' Compensation insurance policies.



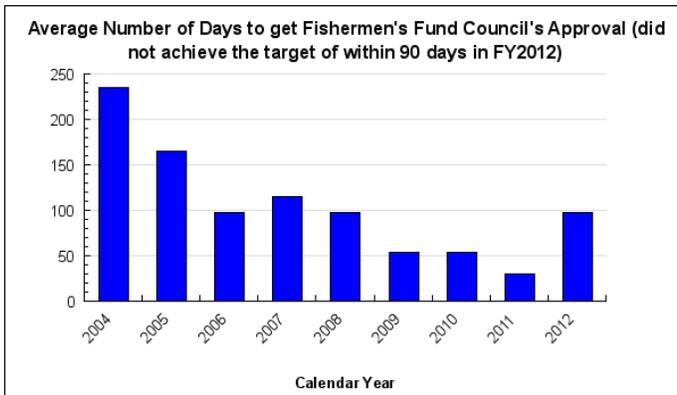
2. Shorten the time lag for Workers' Compensation hearings.



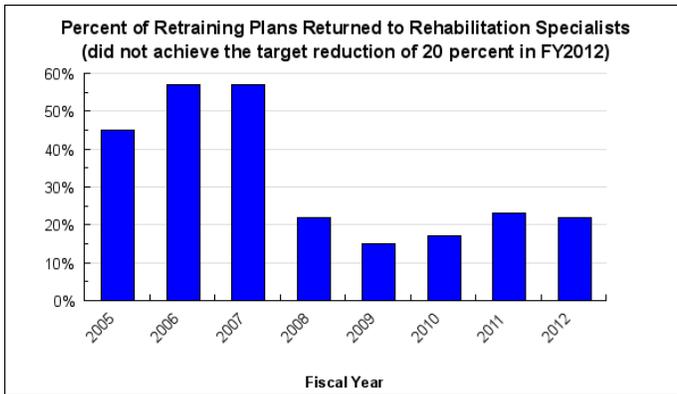
3. Operate a timely and efficient appeals program.



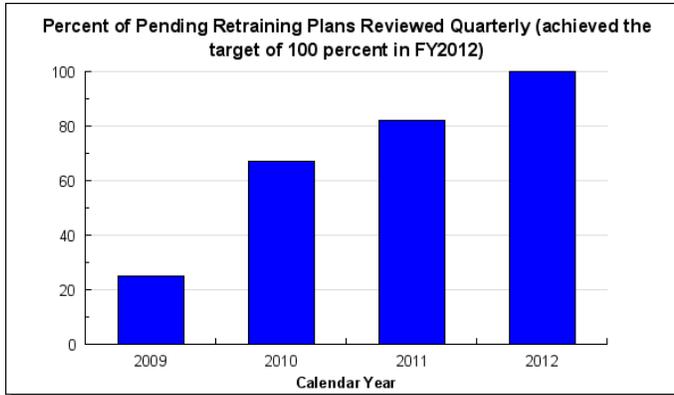
4. Reduce length of time it takes to get the Fishermen's Fund Council's approval of claims.



5. Reduce the number of training plans that need to be returned to the rehabilitation specialists for revisions.



6. Quarterly review of status of cases pending with rehabilitation specialists.



Major RDU Accomplishments in 2012

During FY2012, the Workers' Compensation (WC) division:

- Worked in cooperation with the Alaska Labor Relations Agency to attract two summer law interns into the Alaska volunteer summer law internship. The interns received six weeks of intensive training.
- Increased the number of WC fraud investigations to 387 in FY2012 from 319 in FY2011.
- Increased the number of employers penalized for illegally operating without WC insurance to 120 in FY2012 from 58 in FY2011.

Key RDU Challenges

The key challenges facing the Workers' Compensation (WC) division include:

- Working with an outdated data processing system. The current WC data processing system is outdated and reaching the end of its useful life. The division received an FY2010 capital appropriation for a system upgrade that is scheduled to be completed in FY2014. Until a rewrite and upgrade of the system is completed, utilizing the current system will continue to be a challenge.
- Increased liability against the Workers' Compensation Benefits Guaranty Fund. Currently, there are 27 open claims against the fund with a potential liability of \$1,425.3. Although the division believes it will be able to successfully defend or mediate many of these claims, risk exposure remains high. The division also anticipates the fund's collection rate to increase due to a new collections officer position.

Significant Changes in Results to be Delivered in FY2014

Workers' Compensation (WC) fraud investigations are projected to increase due to realignment of duties in the divisions' fraud unit. Currently, the division is moving the unit's chief position (Investigator IV) from Juneau to Anchorage and reassigning an Investigator III to Juneau. This change will allow the chief to focus on the more complicated failure-to-insure cases primarily located in the Anchorage-area, and the Investigator III to perform more on-site visits in the southeast region.

The WC division will implement significant changes with the final production and rollout of the new WC data processing system anticipated in FY2014. The new system will provide better document management and workflow through integration with SharePoint; better interfacing; better error reporting; better linkage with the WC fraud receipting process; and better defined data table structures that will reduce redundant data entry.

Contact Information

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

All dollars shown in thousands

	FY2012 Actuals				FY2013 Management Plan				FY2014 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Workers' Compensation	5,257.5	0.0	0.0	5,257.5	5,600.8	0.0	0.0	5,600.8	5,602.6	0.0	0.0	5,602.6
Workers' Comp Appeals Comm	495.2	0.0	0.0	495.2	579.6	0.0	0.0	579.6	580.3	0.0	0.0	580.3
WC Benefits Guaranty Fund	477.8	0.0	0.0	477.8	771.2	0.0	0.0	771.2	771.2	0.0	0.0	771.2
Second Injury Fund	3,432.4	0.0	0.0	3,432.4	4,003.3	0.0	0.0	4,003.3	4,003.4	0.0	0.0	4,003.4
Fishermen's Fund	1,134.4	0.0	0.0	1,134.4	1,647.3	0.0	0.0	1,647.3	1,647.4	0.0	0.0	1,647.4
Totals	10,797.3	0.0	0.0	10,797.3	12,602.2	0.0	0.0	12,602.2	12,604.9	0.0	0.0	12,604.9

**Workers' Compensation
Summary of RDU Budget Changes by Component
From FY2013 Management Plan to FY2014 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2013 Management Plan	3.3	12,598.9	0.0	0.0	12,602.2
Adjustments which will continue current level of service:					
-Workers' Compensation	0.0	1.8	0.0	0.0	1.8
-Workers' Comp Appeals Comm	0.0	0.7	0.0	0.0	0.7
-Second Injury Fund	0.0	0.1	0.0	0.0	0.1
-Fishermen's Fund	0.0	0.1	0.0	0.0	0.1
FY2014 Governor	3.3	12,601.6	0.0	0.0	12,604.9