

**State of Alaska
FY2003 Governor's Operating Budget**

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

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.

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 .

- 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 by increasing the number of hearing being scheduled.

- 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 electronic data interchange (EDI) systems and internet filing systems to enhance the new information handling system and further increase efficiencies. Pursue pilot projects in proof of coverage and compensation payment reporting to accomplish this end.

Key Component Issues for FY2002 – 2003

- Reduce the backlog 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 in 2001

-Implemented a budget that resulted in a reduction in pure general fund and converted it to a fee based funding system through the Workers' Safety and Compensation Account.

- Worked with the legislature to increase funding to allow for the hiring of a new hearing officer position to reduce time lag and back-log of cases.

- 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

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8 AAC 46

Workers' Compensation Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,754.1	2,027.0	2,096.1
72000 Travel	47.0	46.7	46.7
73000 Contractual	326.2	256.0	251.7
74000 Supplies	135.8	57.3	57.3
75000 Equipment	25.9	14.4	14.4
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	143.3	156.6	143.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,432.3	2,558.0	2,609.8
Funding Sources:			
1004 General Fund Receipts	1,358.0	755.7	143.6
1005 General Fund/Program Receipts	12.4	29.9	29.9
1007 Inter-Agency Receipts	42.4	46.5	47.9
1053 Investment Loss Trust Fund	29.3	0.0	0.0
1157 Workers Safety and Compensation Administration Account	990.2	1,725.9	2,388.4
Funding Totals	2,432.3	2,558.0	2,609.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	42.4	46.5	46.5	47.9	49.5
General Fund Program Receipts	51060	12.4	29.9	13.0	29.9	13.5
Workers Safety & Compensation Admin	51078	990.2	1,725.9	1,725.9	2,388.4	2,410.5
Investment Loss Trust Fund	51393	29.3	0.0	0.0	0.0	0.0
Restricted Total		1,074.3	1,802.3	1,785.4	2,466.2	2,473.5
Total Estimated Revenues		1,074.3	1,802.3	1,785.4	2,466.2	2,473.5

Workers' Compensation**Proposed Changes in Levels of Service for FY2003**

Increase effectiveness and level of services through efficiencies derived from the new Information Handling System by adding electronic filing capacity.

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

Summary of Component Budget Changes**From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	785.6	0.0	1,772.4	2,558.0
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	13.3	0.0	38.5	51.8
-Change Funding Source GF to Workers' Safety	-625.4	0.0	625.4	0.0
FY2003 Governor	173.5	0.0	2,436.3	2,609.8

Workers' Compensation
Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	35	35	Annual Salaries	1,621,104
Part-time	1	1	COLA	36,978
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	571,734
			<i>Less 6.00% Vacancy Factor</i>	(133,716)
			Lump Sum Premium Pay	0
Totals	36	36	Total Personal Services	2,096,100

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	1	0	1	0	2
Worker Comp Off II	4	1	1	0	6
Worker Comp Technician	3	0	2	0	5
Totals	21	3	12	0	36