

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Labor and Workforce Development
Second Injury Fund
Component Budget Summary**

Component: Second Injury Fund

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Component Mission

Reimburse employers for compensation paid to employees involved in a second injury.

Component Services Provided

- This unit provides an incentive for an employer to hire or retain an injured or disabled worker by helping to maintain insurance premiums for handicapped employees that are equivalent to those of able-bodied workers by limiting the liability of an employer in regards to the amount of compensation which is paid when a disabled employee is involved in a second injury.
- This unit determines whether or not a Petition to Join Second Injury is approved based on research and analysis of unique criteria. If a claim is approved, the Second Injury Fund (SIF) reimburses the employer for time loss benefits paid beyond 104 weeks. This component monitors all claims being reimbursed by the Fund, deposits and credits Fund contributions and assesses penalties for the filing of late compensation reports.

Component Goals and Strategies

MONITOR AND ADMINISTER SECOND INJURY FUNDS

- Closely monitor the amounts in the SIF, the contributions going in and reimbursements going out to assure the viability of the Second Injury Fund.
- Continue efforts to reduce the amount of penalties currently paid by insurance companies for late compensation report filings through increased communication with insurance companies and increased awareness of the legal reporting requirements.
- Help develop electronic filing enhancements to the new computer system, especially to the payment compensation report payment system. This will allow for a more thorough error monitoring system for the annual report and related second injury fund penalty system. To this end the pilot project for electronic filing of payment records has been initiated.

Key Component Issues for FY2003 – 2004

- The component will continue to enforce timely filing of compensation reports and will continue efforts to reduce the number of late filings received. Late filings create additional work for staff due to affidavits that must be prepared and mailed to the insurer. Late filings also result in claims payment information being inaccurate.
- While the effects of the Supreme Court case, Arctic Bowl v. the SIF, may be somewhat mitigated by Board and Superior Court case law, close monitoring of expenditures and revenue remains critical.

Major Component Accomplishments in 2002

- In conjunction with the department of law, the SIF won a legal case before the Board and the court that will help limit the ramifications of the Arctic Bowl case.
- Through administrative efficiencies the time lag between petitions for Second Injury Fund recovery and issuance of decisions continues to be within the benchmark.
- The Second Injury Fund received nearly 100% of the annual reports filed by insurance companies and self-insured employers electronically.

Statutory and Regulatory Authority

AS 23.30

Second Injury Fund
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	154.9	161.3	165.0
72000 Travel	0.0	2.5	2.5
73000 Contractual	64.3	79.9	79.6
74000 Supplies	0.8	5.2	5.2
75000 Equipment	0.0	8.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	2,921.6	2,925.6	2,925.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,141.6	3,182.5	3,185.9
Funding Sources:			
1007 Inter-Agency Receipts	0.0	4.9	5.0
1031 Second Injury Fund Reserve Account	3,141.6	3,177.6	3,180.9
Funding Totals	3,141.6	3,182.5	3,185.9

Second Injury Fund

Proposed Changes in Levels of Service for FY2004

No service changes are anticipated.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	3,182.5	3,182.5
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government Unit	0.0	0.0	3.4	3.4
FY2004 Governor	0.0	0.0	3,185.9	3,185.9

Second Injury Fund

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	3	3	Annual Salaries	123,617
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	46,200
			<i>Less 2.84% Vacancy Factor</i>	(4,817)
			Lump Sum Premium Pay	0
Totals	3	3	Total Personal Services	165,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	0	0	1	0	1
Worker Comp Off II	0	0	1	0	1
Worker Comp Technician	0	0	1	0	1
Totals	0	0	3	0	3