

# **State of Alaska FY2008 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 workers to return to work at a reasonable cost to employers.

### Core Services

The Workers' Compensation Act established a Board to set policy and ensure proper implementation of the Act's benefits and requirements. This component is the Board's administrative arm, enforcing the Workers' Compensation Act. 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.

### FY2008 Resources Allocated to Achieve Results

<b>FY2008 Component Budget: \$5,095,900</b>	<b>Personnel:</b>	
	Full time	46
	Part time	1
	<b>Total</b>	<b>47</b>

### Key Component Challenges

Expand the scope of the fraud investigation unit to address various forms of benefit and provider fraud as well as employer non-compliance with the Alaska Workers' Compensation Act.

Modify procedures in the reemployment benefits program to monitor injured workers participating in reemployment training plans.

Continue to refine the 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. Turnover in data processing staff has slowed down development.

The Legislative Task Force on Workers' Compensation was extended for an additional year. We will continue to research and assist their efforts to address benefit costs without adversely affecting availability and nature of benefits provided to injured workers.

### Significant Changes in Results to be Delivered in FY2008

The Fraud Unit reached its full investigative staff level in July 2006. With full staffing we will work to reduce the number of uninsured employers and uninsured workplace injuries by taking more active approach to locating uninsured workers, as well as to ensure benefits are being provided properly.

The division will complete the third phase of enhancements to the Workers' Compensation database and begin trial implementation of electronic filing of injury and payment reports.

## Major Component Accomplishments in 2006

Set up both the Workers' Compensation Appeals Commission and the fraud investigation unit, locating space, purchasing furniture and equipment, and hiring staff. Established the Benefits Guaranty Fund; this fund will be used to pay benefits to workers whose employer was uninsured at the time of the injury. The first penalties were assessed against employers for failure to comply with the Alaska Workers' Compensation Act.

## 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

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### Workers' Compensation Component Financial Summary

*All dollars shown in thousands*

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,620.9	3,466.6	3,931.4
72000 Travel	34.6	164.7	164.7
73000 Services	589.5	846.5	846.5
74000 Commodities	352.0	68.1	68.1
75000 Capital Outlay	8.8	14.4	14.4
77000 Grants, Benefits	82.2	70.8	70.8
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,688.0</b>	<b>4,631.1</b>	<b>5,095.9</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	3.3	3.3	3.3
1007 Inter-Agency Receipts	54.7	0.0	0.0
1157 Workers Safety and Compensation Administration Account	3,630.0	4,627.8	5,092.6
<b>Funding Totals</b>	<b>3,688.0</b>	<b>4,631.1</b>	<b>5,095.9</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<b>Unrestricted Revenues</b>				
Workers Safety & Compensation Admin	51078	3,630.0	4,627.8	5,092.6
<b>Unrestricted Total</b>		<b>3,630.0</b>	<b>4,627.8</b>	<b>5,092.6</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	54.7	0.0	0.0
<b>Restricted Total</b>		<b>54.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>3,684.7</b>	<b>4,627.8</b>	<b>5,092.6</b>

**Summary of Component Budget Changes  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2007 Management Plan</b>	<b>3.3</b>	<b>0.0</b>	<b>4,627.8</b>	<b>4,631.1</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	0.5	0.5
<b>Proposed budget increases:</b>				
-FY 08 Retirement Systems Rate Increases	0.0	0.0	464.3	464.3
<b>FY2008 Governor</b>	<b>3.3</b>	<b>0.0</b>	<b>5,092.6</b>	<b>5,095.9</b>

### Workers' Compensation Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	46	46	Annual Salaries	2,341,099
Part-time	1	1	Premium Pay	1,693
Nonpermanent	1	1	Annual Benefits	1,797,165
			<i>Less 5.67% Vacancy Factor</i>	(234,699)
			Lump Sum Premium Pay	0
			Board Honoraria	26,142
<b>Totals</b>	<b>48</b>	<b>48</b>	<b>Total Personal Services</b>	<b>3,931,400</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	4	0	6	0	10
Administrative Clerk III	2	1	1	0	4
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
Investigator II	2	0	0	0	2
Investigator III	1	1	0	0	2
Investigator IV	0	0	1	0	1
Microfilm/Imaging Oper I	0	0	1	0	1
Prog Coordinator	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Off II	6	1	1	0	8
Worker Comp Technician	3	1	2	0	6
Workers Comp Hearing Off II	5	2	1	0	8
<b>Totals</b>	<b>26</b>	<b>6</b>	<b>16</b>	<b>0</b>	<b>48</b>

### Component Board Summary

Board Description	Member Count	Pay Per Day	Budgeted Days	Additional Pay	Total Cost
Workers Compensation Board	18	50.00	27	0.00	26,141.94
<b>Total</b>					<b>26,141.94</b>