

State of Alaska FY2010 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

- Provide support to insurers, claims administrators, employers, health providers, and injured workers by administering files, collecting data, maintaining case files, and reproducing information.
- Facilitate the adjudication of disputes between parties through administration of Alaska Workers' Compensation Board hearings.
- Assist injured workers return to work through administration of vocational rehabilitation benefits and training.
- Assist employers with alternative to voluntary insurance market by administering executive officer waiver and workers' compensation self insurance programs.
- Monitor employer compliance with insurance requirements of the Workers' Compensation Act through administration of proof-of-insurance program.
- Investigate uninsured employers and workers' compensation claim fraud.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$4,964,000

Personnel:

Full time	48
Part time	1
Total	49

Key Component Challenges

The current Workers' Compensation data processing system is outdated and reaching the end of its lifecycle and maintenance support from Microsoft. A complete rewrite and upgrade of the system is needed to ensure data integrity is maintained. The Division has requested a Capital Project of \$3,092.2 funded from the Workers Safety Account to cover the costs of the system upgrade and to provide funding for Phase III of the Insurance Claims Expense Reporting System (ICERS) project.

Updating of the Reemployment Benefits Evaluation Guide is underway. Procedures in the reemployment benefits program to monitor injured workers participating in reemployment training plans are being updated to reflect statutory changes. Staffing turnover including the Reemployment Benefits Administrator has slowed the process of implementing the desired changes.

In FY08 the Fraud Investigation Section began submitting Stipulations of Undisputed Facts and Proposed Resolution to ease the increased workload placed on the adjudication section in the prior year. As this is a new procedure there is an ongoing challenge to find appropriate penalties agreeable to both employers and the Workers' Compensation Board.

Significant Changes in Results to be Delivered in FY2010

No changes in results are anticipated.

Major Component Accomplishments in 2008

In FY 08, the Fraud Investigations section opened 398 cases. The cases represented a total of 79,611 uninsured employee days. 124 of those cases were brought before the Workers' Compensation Board for assessment of penalties.

In FY 08, the Fraud Investigations section began submitting Stipulations of Undisputed Facts and Proposed Resolution to ease the increased workload placed on the adjudication section in the prior year. Through the stipulation process, the Fraud Investigations section was able to close an additional 62 cases. This procedure has decreased the overall workload for the adjudications section.

The second phase of our Electronic Data Interface (EDI) project was completed. We are ready to begin testing the online submission of Injury and Illness Reports.

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

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,168.0	3,705.4	3,799.5
72000 Travel	61.6	161.7	161.7
73000 Services	771.2	846.5	846.5
74000 Commodities	174.3	68.1	68.1
75000 Capital Outlay	0.0	14.4	14.4
77000 Grants, Benefits	72.5	73.8	73.8
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,247.6	4,869.9	4,964.0
Funding Sources:			
1004 General Fund Receipts	3.3	3.3	3.3
1157 Workers Safety and Compensation Administration Account	4,244.3	4,866.6	4,960.7
Funding Totals	4,247.6	4,869.9	4,964.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Unrestricted Revenues				
Workers Safety & Compensation Admin	51078	4,244.3	4,866.6	4,960.7
Unrestricted Total		4,244.3	4,866.6	4,960.7
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		4,244.3	4,866.6	4,960.7

**Summary of Component Budget Changes
From FY2009 Management Plan to FY2010 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2009 Management Plan	3.3	0.0	4,866.6	4,869.9
Adjustments which will continue current level of service:				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	94.1	94.1
FY2010 Governor	3.3	0.0	4,960.7	4,964.0

**Workers' Compensation
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2009 Management Plan	FY2010 Governor		
Full-time	48	48	Annual Salaries	2,516,462
Part-time	1	1	COLA	100,909
Nonpermanent	2	0	Premium Pay	0
			Annual Benefits	1,386,800
			<i>Less 5.84% Vacancy Factor</i>	<i>(233,718)</i>
			Lump Sum Premium Pay	0
			Board Honoraria	29,047
Totals	51	49	Total Personal Services	3,799,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	5	0	5	0	10
Administrative Clerk III	2	1	2	0	5
Administrative Officer II	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
Project Asst	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Off I	1	0	1	0	2
Worker Comp Off II	5	1	0	0	6
Worker Comp Technician	3	1	1	0	5
Workers Comp Hearing Off I	1	0	0	0	1
Workers Comp Hearing Off II	4	2	1	0	7
Totals	27	6	16	0	49

Component Board Summary

Board Description	Member Count	Pay Per Day	Budgeted Days	Additional Pay	Total Cost
Workers Compensation Board	18	50.00	30	0.00	29,046.60
Total					29,046.60