

State of Alaska
FY2024 Governor's Operating Budget

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

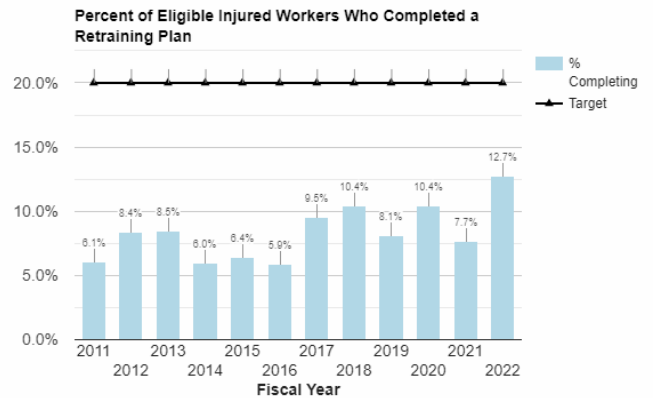
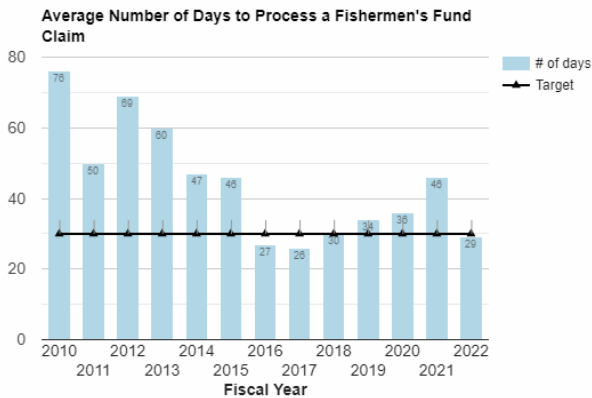
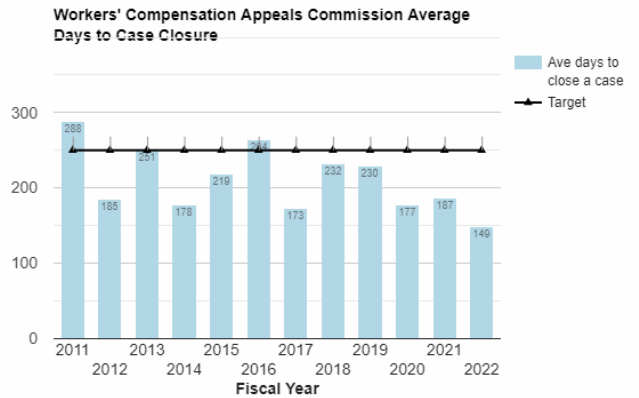
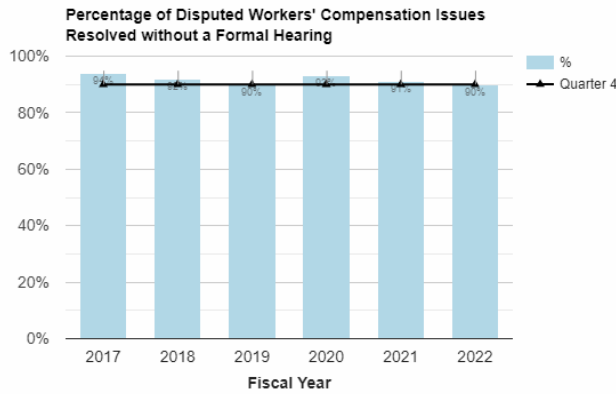
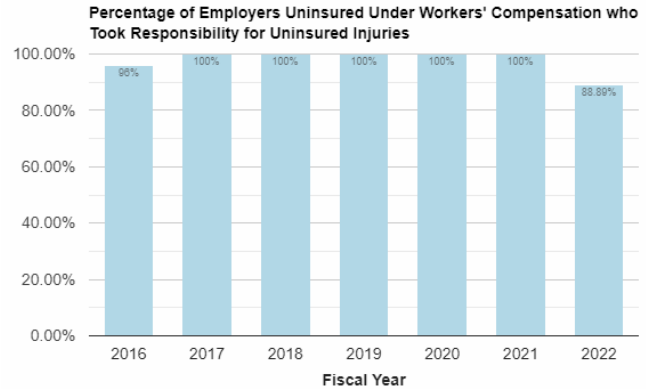
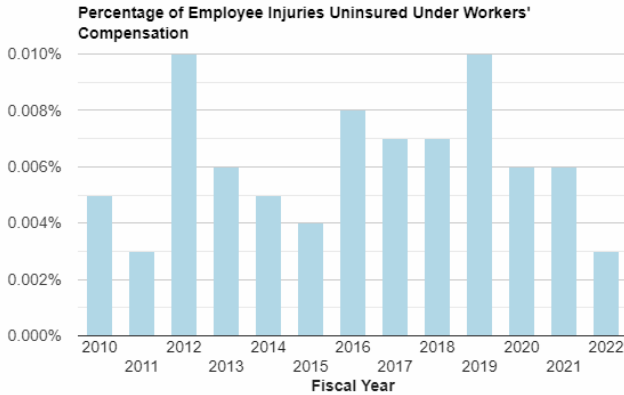
Workers' Compensation Results Delivery Unit

Contribution to Department's Mission

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 <https://omb.alaska.gov/results>.)



Core Services

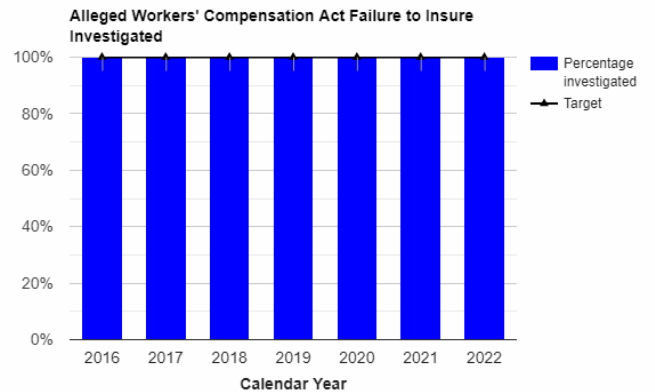
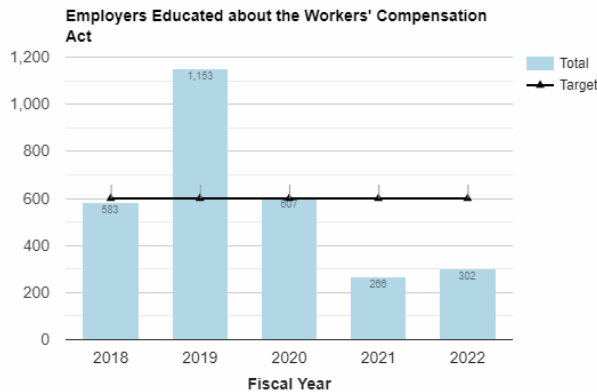
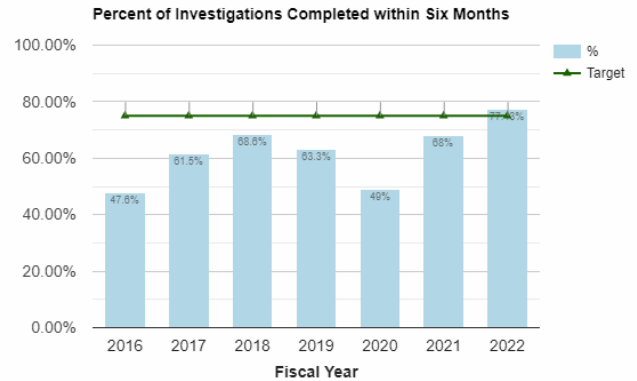
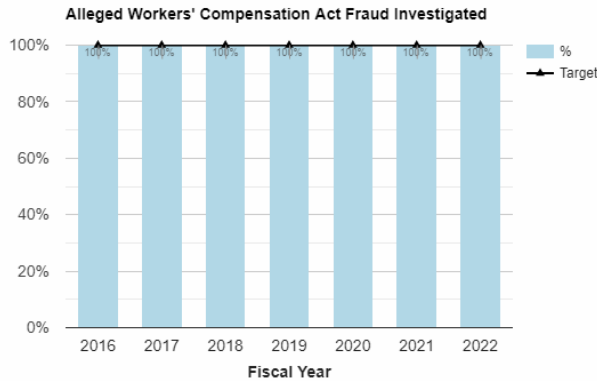
- Ensure compliance with the Workers' Compensation Act.
- Conduct timely Workers' Compensation hearings.

- Operate a timely and efficient appeals program.
- Process Fishermen's Fund claims timely.
- Administer a vocational rehabilitation benefits and training program for injured workers.

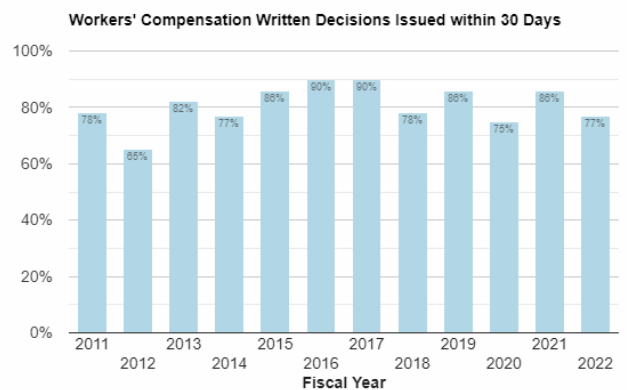
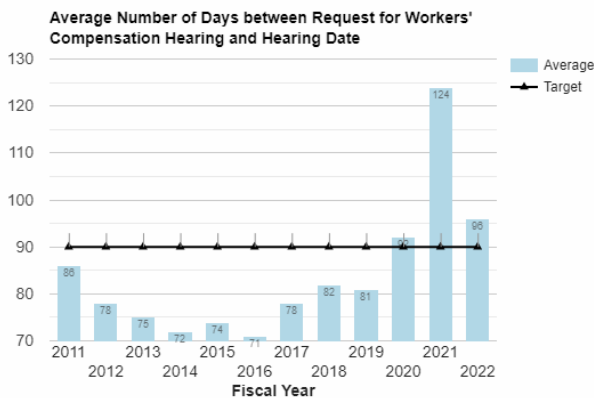
Measures by Core Service

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

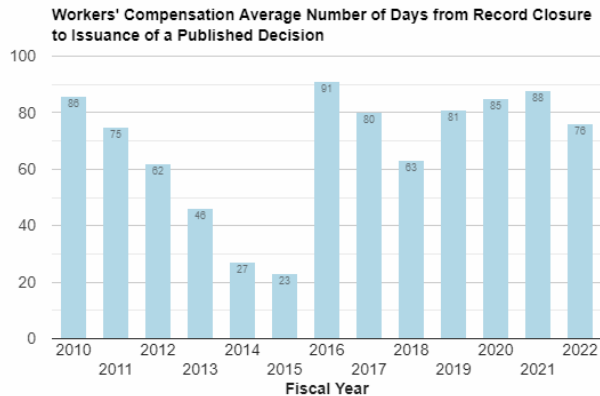
1. Ensure compliance with the Workers' Compensation Act.



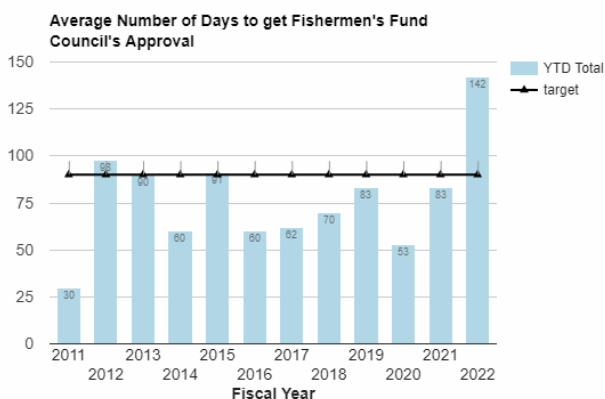
2. Conduct timely Workers' Compensation hearings.



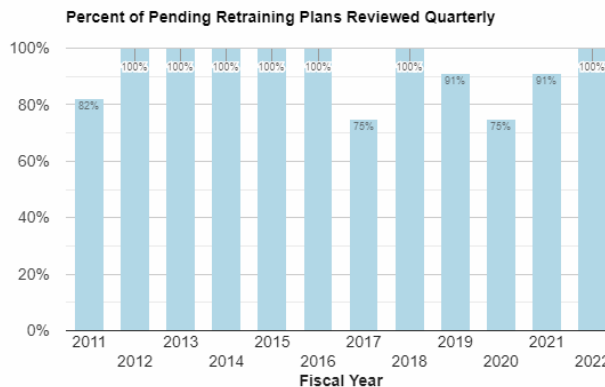
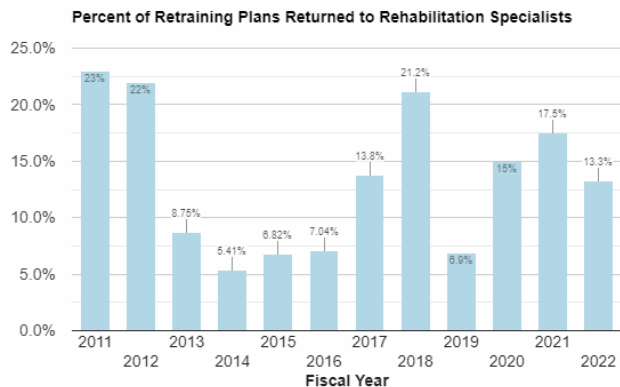
3. Operate a timely and efficient appeals program.



4. Process Fishermen's Fund claims timely.



5. Administer a vocational rehabilitation benefits and training program for injured workers.



Major RDU Accomplishments in 2022

- Worked with the Medical Services Review Committee (MSRC) to continue its “phased-in” cost reduction approach to lowering medical costs gradually, which directly resulted in a 3.7 percent workers’ compensation premium rate decrease in May 2016 and helped contribute to the premium rate reductions of 1.6 percent in 2017, 7.9 percent in 2018, 14.8 percent in 2019, and 17.5 percent decrease in 2020. Another significant premium rate reduction is anticipated.
- Adjudications resolved 91 percent of disputed issues without a formal hearing through prehearings and mediation. Decisions’ average days to issuance from record closure was 30.9 days; 76 percent of decisions

were issued in 30 days or less. The average days to schedule a hearing after receipt of a hearing request was 124. The Anchorage office remains short staffed; however, because a vacant hearing officer position has been filled, a reduction in the time lags is anticipated.

Key RDU Challenges

Workers' Compensation (WC) continues to be challenged by the impact of division success on revenue collection. WC operations are supported by revenue generated by assessing a fee (2.5 percent) on the premiums paid by employers for workers' compensation insurance. As the division works to reduce workers' compensation premiums in Alaska and premiums decline, revenue to the program also declines.

Significant Changes in Results to be Delivered in FY2024

WC anticipates increased service by electronic means, to include hearings by video conference, and increased electronic filing of pleadings and evidence.

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

All dollars shown in thousands

	FY2022 Actuals				FY2023 Management Plan				FY2024 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	5,569.5	0.0	0.0	5,569.5	6,096.7	0.0	0.0	6,096.7	6,220.0	0.0	0.0	6,220.0
Workers' Comp Appeals Comm	349.4	0.0	0.0	349.4	443.9	0.0	0.0	443.9	472.9	0.0	0.0	472.9
WC Benefits Guaranty Fund	201.7	0.0	0.0	201.7	785.1	0.0	0.0	785.1	787.8	0.0	0.0	787.8
Second Injury Fund	2,091.8	0.0	0.0	2,091.8	2,866.1	0.0	0.0	2,866.1	2,870.2	0.0	0.0	2,870.2
Fishermen's Fund	670.1	0.0	0.0	670.1	1,425.7	0.0	0.0	1,425.7	1,431.4	0.0	0.0	1,431.4
Totals	8,882.5	0.0	0.0	8,882.5	11,617.5	0.0	0.0	11,617.5	11,782.3	0.0	0.0	11,782.3

**Workers' Compensation
Summary of RDU Budget Changes by Component
From FY2023 Management Plan to FY2024 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>
FY2023 Management Plan	0.0	11,617.5	0.0	0.0	11,617.5
One-time items:					
-Second Injury Fund	0.0	-400.0	0.0	0.0	-400.0
Adjustments which continue current level of service:					
-Workers' Compensation	19.8	103.5	0.0	0.0	123.3
-Workers' Comp Appeals Comm	25.3	3.7	0.0	0.0	29.0
-WC Benefits Guaranty Fund	0.0	2.7	0.0	0.0	2.7
-Second Injury Fund	0.0	404.1	0.0	0.0	404.1
-Fishermen's Fund	0.0	5.7	0.0	0.0	5.7
FY2024 Governor	45.1	11,737.2	0.0	0.0	11,782.3