

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

cost # codes

Bill Version

SB116

Fiscal Note Number

Publish Date

Identifier (file name) SB116-DOA-RM-11-21-11

Title An Act offering Alternate Dispute Resolution through a

Dept. Affected Administration

Appropriation Risk Management

Allocation Risk Management

Sponsor Senate Labor and Commerce

Requester Senate Labor and Commerce

OMB Component Number 71

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services	75.9		75.9	75.9	75.9	75.9	75.9
Travel	60.0		60.0	60.0	60.0	60.0	60.0
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	135.9	0.0	135.9	135.9	135.9	135.9	135.9

FUND SOURCE

(Thousands of Dollars)

1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1007	I/A Rcpts (Other)	135.9		135.9	135.9	135.9	135.9
TOTAL		135.9	0.0	135.9	135.9	135.9	135.9

POSITIONS

Full-time	1.0	0.00	1	1	1	1	1
Part-time							
Temporary							

CHANGE IN REVENUES

Estimated SUPPLEMENTAL (FY12) operating costs

(discuss reasons and fund source(s) in analysis section)

(separate supplemental appropriation required,

Estimated CAPITAL (FY13) costs

(discuss reasons and fund source(s) in analysis section)

(separate capital appropriation required,

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

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Division

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Approved by

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Department of Administration

Phone 465-5723

Date/Time 11/21/11 10am

Date 11/21/2011

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Analysis

Risk Management (RM) would be financially impacted by this proposed legislation.

It is unclear how the Trust would be funded but RM assumes through an employer's participation. The funding component was not detailed in the proposed legislation. It is unclear whether there will be one trust to handle all bargaining units or a separate trust per bargaining unit. Currently RM pays a self-insured fee to the Division of Workers Compensation to administer our workers compensation claims. The fee for calendar year 2010 was \$691.0. Costs are indeterminate for this proposed legislation.

RM would experience an increase in mediation cost and travel. Currently RM attends about 4-5 workers compensation claim mediations per year. I would conservatively anticipate an increase to 25% of our time loss claims (average 421 claims) or approximately 100 claims. Currently, the Workers Compensation hearing officers who mediate do so in Anchorage therefore travel to Anchorage for each claim would be necessary. Mediation of claims are handled by our staff in Juneau along with our worker comp attorneys. Our third party administrators (adjusters) for comp claims are not responsible for settlement mediation. RM does not anticipate any additional staff needed to handle the increase in mediations; however it would increase our current travel budget from \$17.4 to \$77.4 annually.

RM would be required to add one Administrative Assistant II to administer the light duty or modified duty program offered in Section 2, (6). This position would be a Range 14, step C. RM averages 421 time loss claims a year and each claim has a potential for the employee to return to work in a light or modified duty capacity.

RM would also anticipate additional costs for travel of the employees to employer medical evaluation's (EME) as we believe it will be difficult to get Alaskan physicians to participate in this type of program. Costs associated to this increase, however, are unknown at this time.

Increase costs in claims would also be reflected in the work comp rates for each agency thereby increasing the costs to each agency, but those costs would be unknown at this time.