

Department of Labor and Workforce Development

House Finance Committee Overview January 29, 2016 Inquiry responses

How do the workers' compensation funds receive their monies and when were these rates last reviewed?

WSCAA: Workers' Safety and Compensation Administration Account (WSCAA) funds are collected from insurance companies, self-insured employers, and uninsured employers. Under AS 21.09.210(b), workers' compensation insurers pay a premium tax to the state of 2.7% of net premium written. Currently and pursuant to AS 23.05.067(a)(2), of this tax collected, 1.82% goes into WSCAA, and .88% goes to the state treasury. Under AS 23.05.067(a)(1), for self-insured and uninsured employers, the service fee is 2.9% of total benefits paid, as reported under AS 23.30.155(m). The funding formula has not been updated since established in 2000.

WCBGF: The Workers' Compensation Benefits Guaranty Fund (WCBGF) was established by the Alaska Legislature in 2005. Revenue to the fund is exclusively derived from civil penalties assessed against uninsured employers. The funding formula has not been updated since it was implemented in 2005.

SIF: The Second Injury Fund (SIF) is funded by employer and carrier contributions on all time loss and impairment compensation paid (as well as \$10,000 in death cases where there are no dependents). Under AS 23.30.040, the maximum contribution rate is 6%. The fund was established to encourage employers to hire disabled workers, a purpose now being served by the Americans with Disabilities Act. The SIF has not been updated since 1988.

FF: Established in 1951, the Fishermen's Fund (FF) provides for the treatment and care of licensed commercial fishermen who have been injured while fishing on shore or off shore in Alaska. Funding comes from a percentage of fees collected from commercial fisherman's licenses and limited entry permits sold. Under AS 23.35.060, this amount is 39% of the money derived from license fees, not to exceed \$50 for each license holder. This calculation has not been revisited since 1999 but the funds received have been sufficient to pay for FF injured worker costs.