

# Department of Labor and Workforce Development

February 19, 2025  
Charles Collins, Director  
Workers' Compensation



ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
Cathy Muñoz, Commissioner



# Kids Chance of Alaska

Consider Supporting



# What is Workers' Compensation

A work-related injury, illness or death must arise out of and in the course of employment.

## No Fault System

Means the employee does not need to prove their employer was negligent to receive benefits.

Each state has its own workers' compensation laws, which can vary in terms of eligibility, benefit amounts, and claim filing procedures.

The employer is responsible for purchasing workers' compensation insurance and paying premiums to the insurance company.

*The American workers' compensation system is distinguishable from public social insurance in its essentially private nature, in the question of qualification for and measure of benefits, in the allocation of the burden of payment, in its retention of some relation between hazard and liability, and in its mechanism of unilateral employer liability. (Larson's)*



# History of Workers' Compensation

One of the earliest examples of a workers' compensation system dates back to 2050 B.C. A law in Ancient Sumeria paid workers for their injuries. Similar laws were in place in Ancient Greece, China and other parts of the world. For example, under Ancient Arab law, if an injured worker hurt their ear, they got an amount of money based on surface area injured.

## Early US workers' compensation laws

- **1906 and 1908:** The Federal Employers' Liability Acts (FELA) were passed to provide benefits for railroad workers who proved negligence
- **1911:** Wisconsin became the first state to pass a workers' compensation law, which provided compensation regardless of fault

Workers' compensation insurance is the oldest social insurance program in the United States; in fact, it is older than both social security and unemployment compensation.

# Why Workers' Compensation

## Unholy Trinity of Defenses

- **Contributory negligence** meant an employer wasn't at fault if the worker was in any way responsible for their injury.
- **"Fellow Servant" Doctrine** prevented employers from being held liable if another worker caused an employee's injury.
- **Assumption of risk** was a doctrine that stated employees knew and accepted the risks involved with their work when signing a job application.

Because of these laws, workers rarely received any compensation when injured.

# Alaska Workers' Compensation

Workers' Compensation was first introduced in the Alaska territory in 1913. Known then as workmen's protection.

Alaska's workers' compensation system began in 1959 with the Statehood Act. The system has changed over time to protect injured workers while also considering the costs of insurance.

- The first laws were created in 1960 to protect workers and employers
- In the late 1960s and 1970s, compensation and disability rates were adjusted as the economy grew
- In the 1980s, changes were made to focus on disability costs
- In 2000, the Act was updated to change how permanent impairments were compensated
- In 2005, job dislocation benefits and the Benefits Guaranty Fund were established
- In 2025, Stay-at-Work / Return-to-Work benefits were added

# Alaska Workers' Compensation

## Alaska Statute 23.30.001 - Legislative Intent

It is the intent of the legislature that

(1) this chapter be interpreted so as to ensure the quick, efficient, fair, and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers who are subject to the provisions of this chapter;

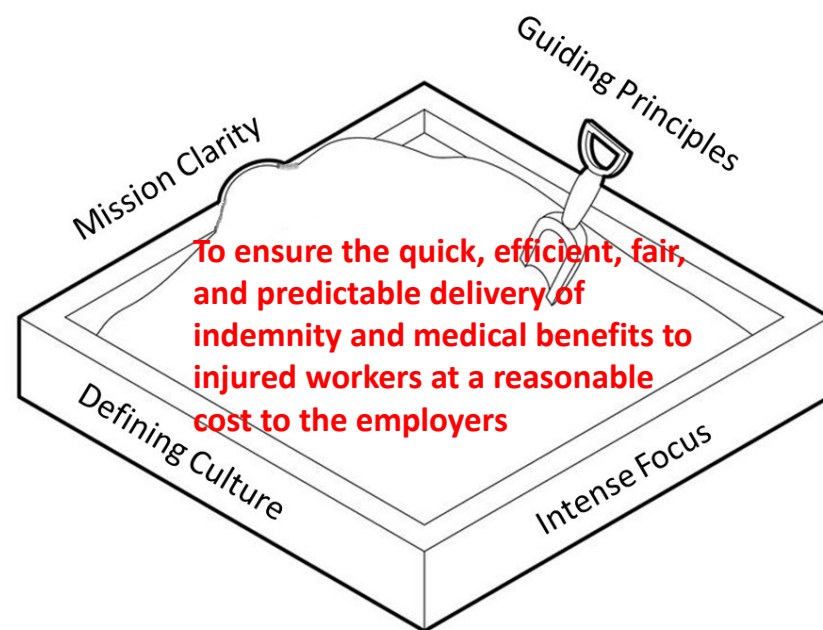
(2) workers' compensation cases shall be decided on their merits except where otherwise provided by statute;

(3) this chapter may not be construed by the courts in favor of a party;

(4) hearings in workers' compensation cases shall be impartial and fair to all parties and that all parties shall be afforded due process and an opportunity to be heard and for their arguments and evidence to be fairly considered.



# Alaska Workers' Compensation



# Workers' Compensation Division

Protect Workers

Charles Collins, Director

## Administration:

- Log almost 20,000 reports of injury annually
- Track \$250m in benefits and services
- Compile and store data from over 60 years of claims

## Adjudication:

- Publish decisions of formal hearings
- Mediate agreements between parties
- Hold thousands of informal meetings for expediency of claims

## Reemployment:

- Orders eligibility evaluations
- Approves reemployment plans
- Monitors rehabilitation specialists
- Coordinate SAW/RTW benefits

## Investigation:

- Investigate and educate employers
- Follow up on fraud claims
- Collaborate with other investigative units to keep Alaska workers safe

## Workers' Compensation Benefits Guaranty

- Provide for medical and indemnity benefits for injured uninsured workers
- Process payments on judgements from uninsured employers
- Actively manage the Benefits Guaranty Fund

## Fisherman's Fund

- Manage and reimburse commercial fisherman's injury claims
- Actively manage the "Fisherman's Fund"
- Manage the claims database

## Self-Insurance Program

- Ensure the self-insured entity meets statutory financial criteria
- Perform annual audits on each organization
- Collects proper collateral as prescribed by statute



# Alaska Workers' Compensation Board

Established under AS 23.30.005

- Made up of 18 members – Nine represent industry and nine represent labor
- Broke up into panels, one from First Judicial District, two from the Second and Forth Judicial District, and five from the Third Judicial District
- One panel is detailed at large and can represent any Judicial District
- Panels are normally three members; two board members and a designated hearing officer
- The AWCB also is responsible for regulations under The Act

The AWCB has oversight on two committees that annually meet:

Medical Services Review Committee

Second Independent Medical Evaluation Committee



# How Does it Work

## The Basics



# Adjudication Process

## Benefits are Denied or Controverted

Employee  
EE

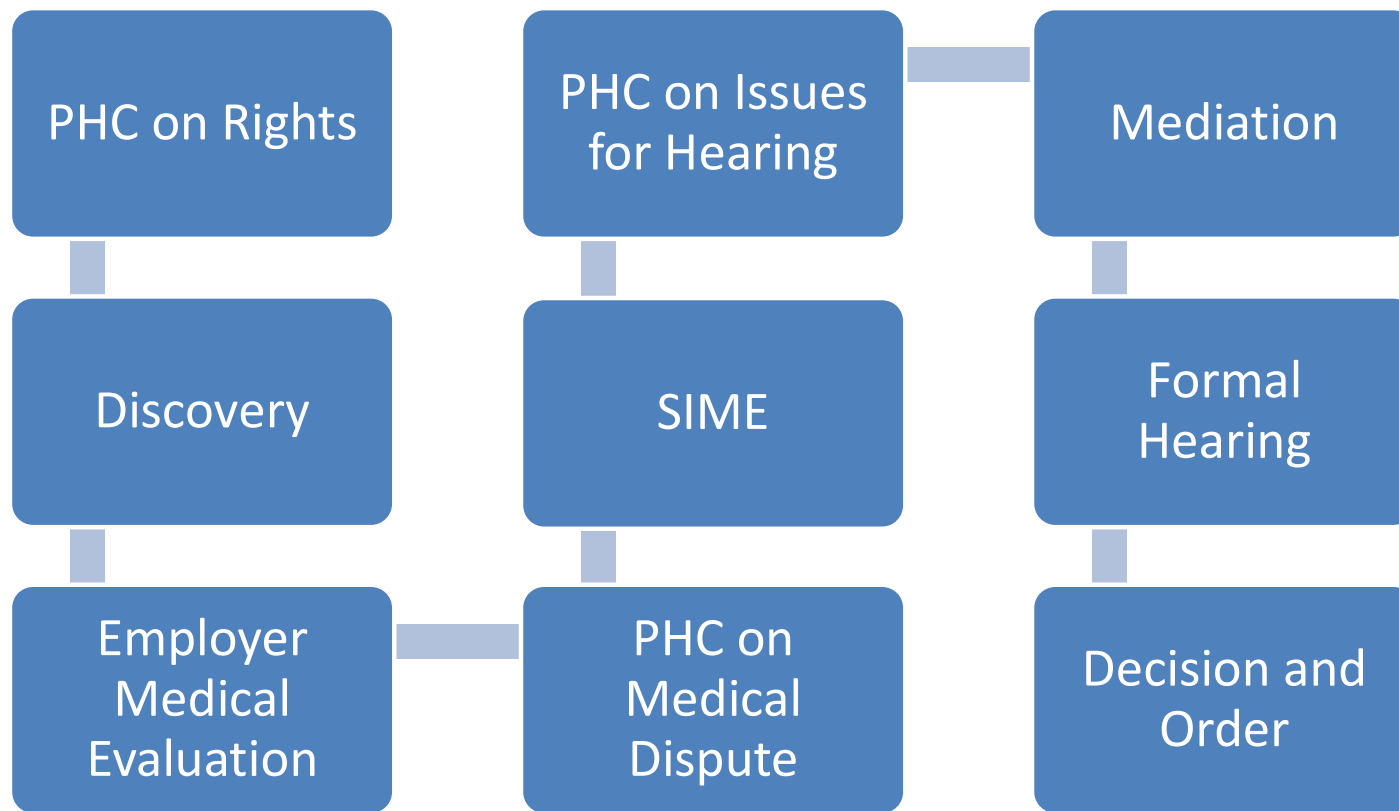


Employer  
ER  
Adjustor  
ADJ

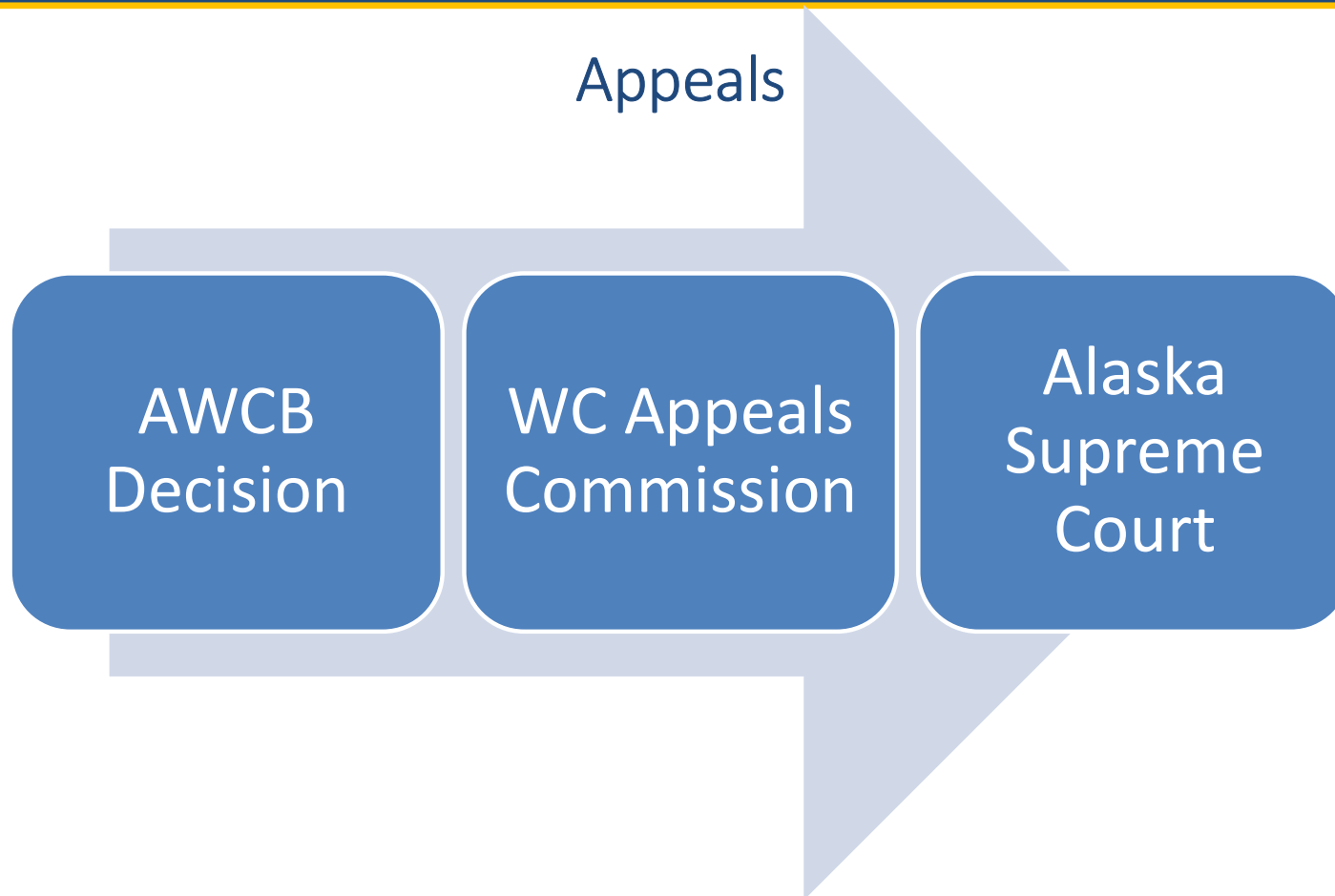


## Adjudication Process

No resolution and benefits are denied or controverted

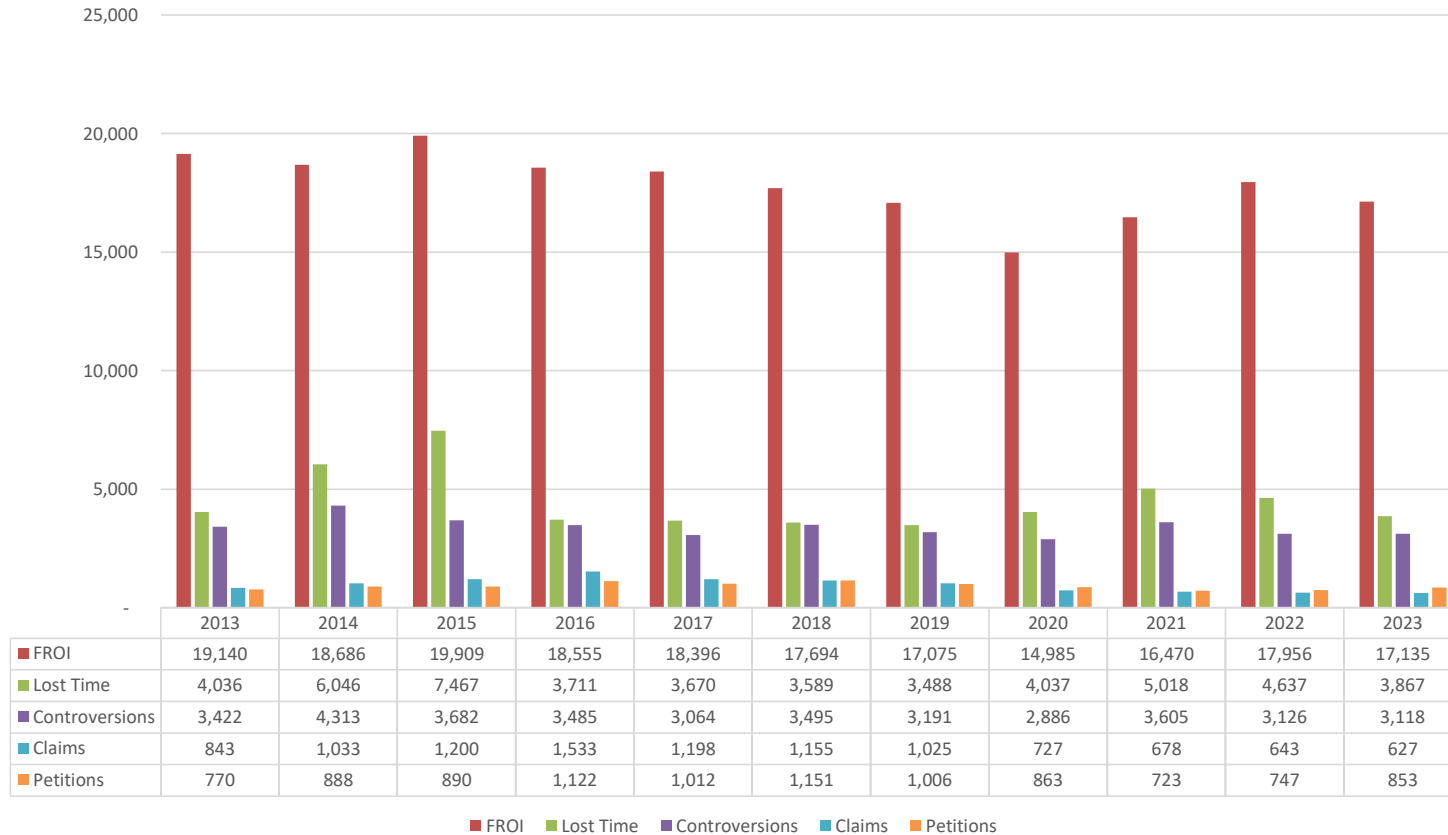


## By The Way



# Reports of Injury in Relation to Adjudication

Injury vs. Lost Time

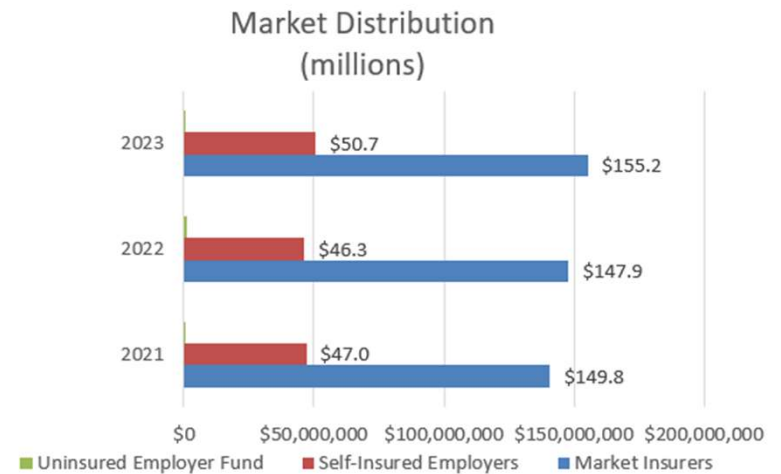


# Benefits Under Workers' Compensation

- **Medical Benefits** – The employer shall furnish medical, surgical, and other attendance or treatment, nurse and hospital service, medicine, crutches, and apparatus for the period which the nature of the injury or the process of recovery requires, not exceeding two years from and after the date of injury to the employee
- **Reemployment Benefits** – Retraining, relocation, job accommodation, and job search benefits
- **Death Benefits** – Funeral Expenses and Widow/Widower and/or dependents support benefits
- **Indemnity** – Permanent total disability, permanent partial impairment, temporary total disability, and temporary partial disability
- **Legal** – All attorney fees, discovery costs, and legal fees

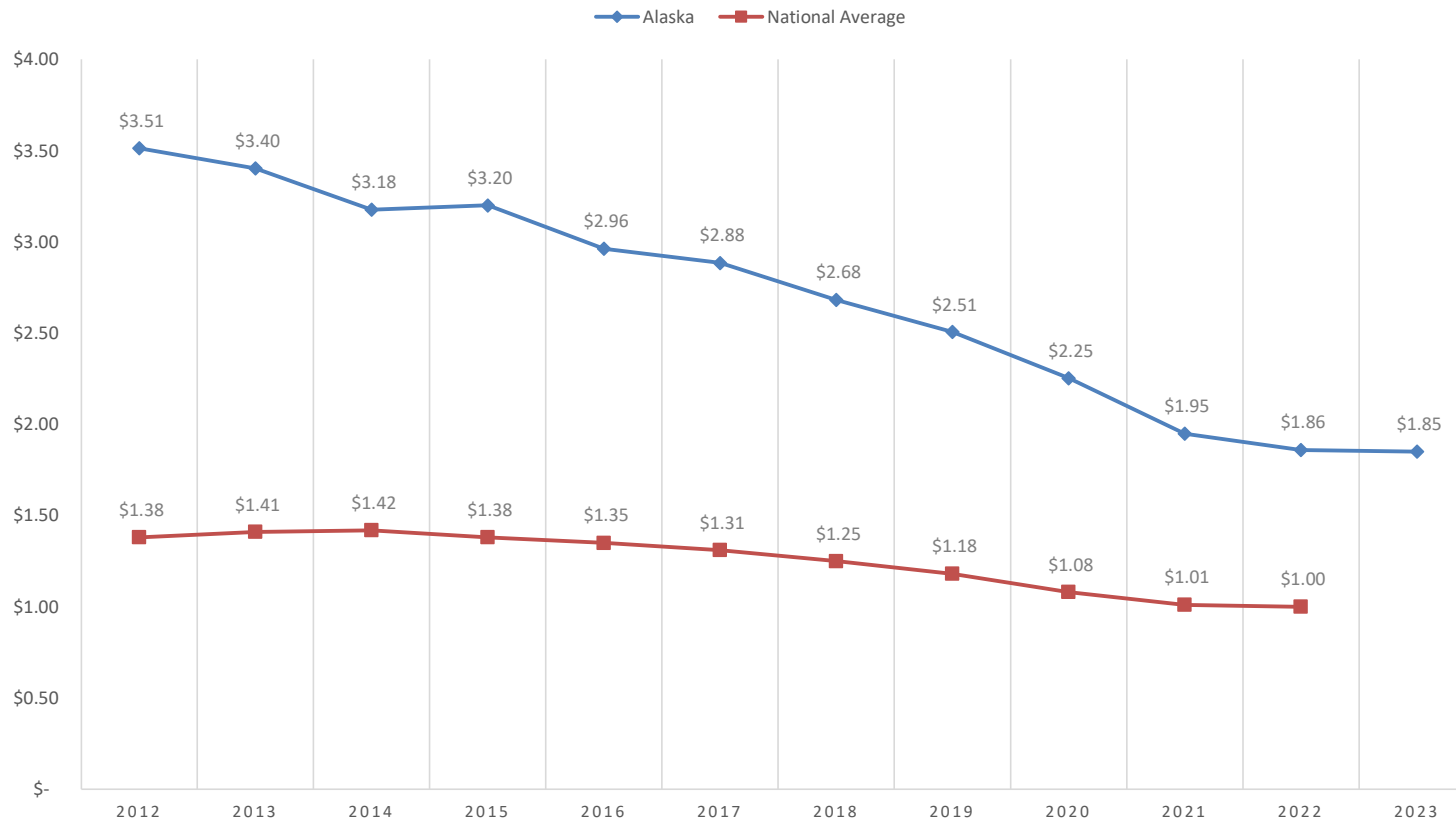
# Benefits Paid in 2023

Insurer Type	Total Benefits Paid (\$ in Thousands)	% of Cost to Total Cost
Market Insurers	\$155,248.2	75.28%
Self-Insured Employers	\$50,656.3	24.56%
Uninsured Employer Fund	\$309.6	0.15%
<b>Total</b>	<b>\$206,214.1</b>	

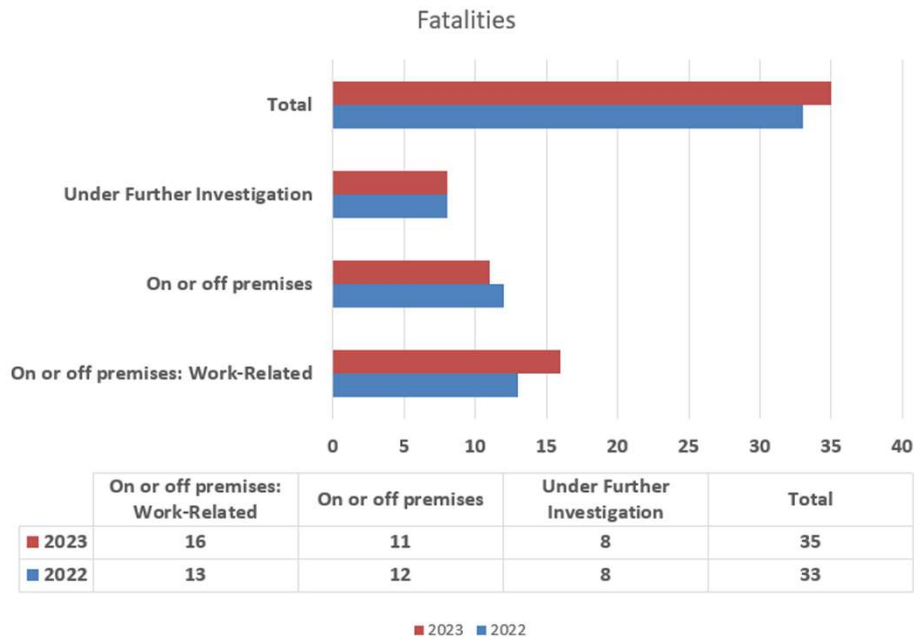


# What does Workers' Compensation Cost

EMPLOYER COSTS PER \$100 OF PAYROLL



# 2023 Workplace Fatalities



Accident/Injury Description	Top 20 Causes
Found Unresponsive	8
Crash of Airplane/Helicopter	6
Person in Act of a Crime	3
Motor Vehicle Accident	3

Revisions may occur after further FROI/SROI investigations with trading partners.



# Investigations Fraud Hotline and Email Tips

	FY2024
Total Fraud Tip Calls and Emails	105
Claimant/Injured Worker Tips	16
Employer Tips	25
Care Providers	0
Attorneys/Non-Attorney Reps	1
Insurance Companies/Agents	6
Fish Fund Claimants	0
Law Enforcement Agency Assist Requests	57
Other/Non-Related	0

ACTIVITY	FY2024
Pending Cases Carried Forward	107
New Cases Opened	380
Cases Closed	313
Total Cases Worked	487
Petitions	95
Pre-Hearings Attended	124
Compliance Checks	420 +
Public Inquiries	332
Formal Hearings	5
Warning Letters	37
Investigation Only	197
Settlements Paid in Full	58
Settlements with Payment Plans	3
Percentage Closed in 6 Months	77.036% (242 of 313)
Total Penalties	\$924,922.74
Total Discounts	\$74,326.70
Total Suspensions	\$284,222.71
Total Payable	\$566,373.33
Uninsured Injuries	33
Interagency Referrals	17



# Stay-at-Work Program

## Leadership Commitment

- SB147

## Policy Development

- Regulation package

## Dedicated Personnel

- The nerve center of success

## Open Communication

- Open and honest communication

## Reasonable Accommodations

- Modified schedules, job duties, and workstations

## Transitional Work Options

- Cross-training and upskilling

## Healthcare Provider Collaboration

- Establishing strong relationships to ensure clear communications



## Benefit:

Reduced absenteeism and employee turnover, improved employee morale and engagement, lower workers' compensation costs, and increased productivity and retention of skilled employees.

# Designated General Funds Within Workers Compensation

**Second Injury Fund** – (1031) Dedicated fund for the purpose of reimbursing compensation payments made by employers, or their insurers or adjusters, to certain injured employees. Sunset for claims August 2018.

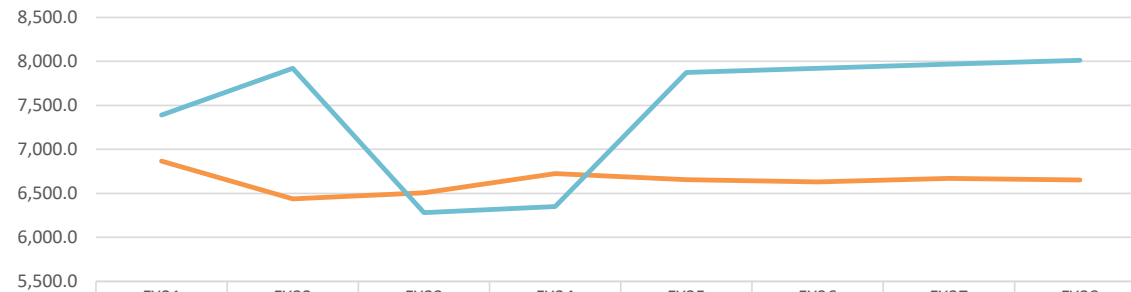
**Fishermen's Fund** – (1032) Established in 1951, the Fishermen's Fund provides for the treatment and care of Alaska licensed commercial fishermen who have been injured while fishing on shore or offshore in Alaska.

**Benefit Guaranty Fund** – (1203) Established by the Alaska Legislature in 2005 and is applicable to injuries occurring on or after November 7, 2005. The Fund was created to assist injured workers who were injured while working for an uninsured employer, i.e., an employer who failed to have workers' compensation insurance on the date of injury. The Fund's revenue comes from civil penalties assessed against uninsured employers.

**Workers' Safety and Compensation Administration Account** – (1157) Dedicated fund for the purpose of administration of the workers' safety programs contained in AS 18.60 and of the Alaska Workers Compensation Act contained in AS 23.30.

# Workers' Safety and Compensation Administration Account

Workers' Safety and Compensation Administration Account

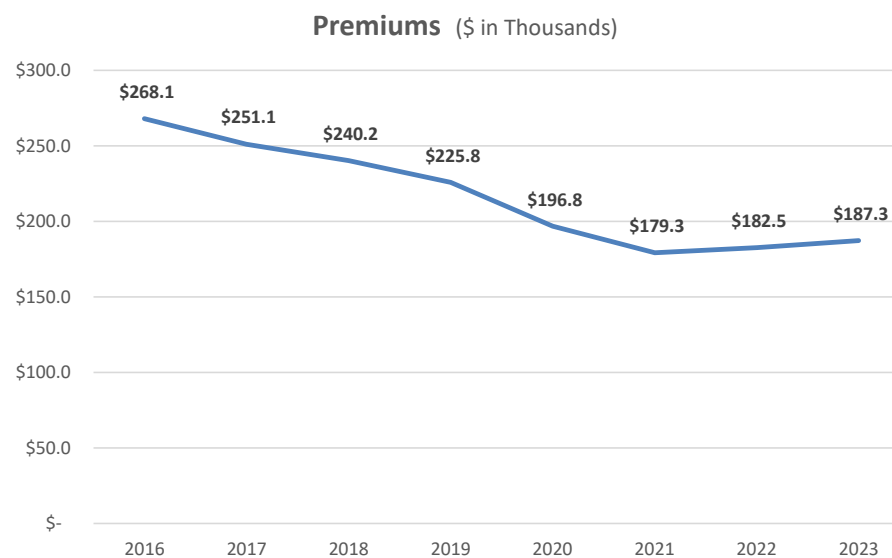


	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
REVENUE								
Insurer Premium Tax	4,902.5	4,442.8	4,498.6	4,654.8	4,631.5	4,594.9	4,627.1	4,617.8
Self-Insurer Service Fee	1,411.0	1,684.7	1,486.4	1,600.1	1,590.4	1,559.0	1,583.2	1,577.5
WC Penalties	539.8	306.7	520.4	464.4	430.5	471.8	455.6	452.6
Misc	13.2	5.2	1.9	3.4	3.5	2.9	3.3	3.2
Revenue Total	6,866.5	6,439.3	6,507.3	6,722.7	6,655.9	6,628.6	6,669.1	6,651.2
EXPENDITURE								
Workers' Comp	4,849.5	5,568.0	5,647.7	5,680.0	6,595.7	6,635.3	6,675.1	6,715.1
WC Appeals Commission	331.0	349.3	391.6	373.8	457.1	459.8	462.6	465.4
Occupational Safety and Health	2,137.1	1,923.5	157.4	226.8	686.0	690.1	694.3	698.4
Labor Market Info	71.4	79.3	83.6	69.9	133.3	134.1	134.9	135.7
Expenditure Total	7,389.0	7,920.2	6,280.2	6,350.5	7,872.1	7,919.3	7,966.8	8,014.6
Fund Sweep		2,040.4	332.2	374.6				
FUND BALANCE (year end)	4,125.8	0.0	0.0	0.0	0.0	0.0	0.0	



# Direct Written Premiums

Calendar Year	Direct Written Premiums (000s)
2023	\$187,269
2022	\$182,520
2021	\$179,252
2020	\$196,813
2019	\$225,779
2018	\$240,150
2017	\$251,110
2016	\$268,052



## National Council of Compensation Insurance (NCCI) Residual Market Management Summary 2023

- NCCI provides plan or pool services, including both reinsurance pools and direct assignment experience for 26 states.
- Total residual market calendar year 2023 premium was reported at \$1.1 billion representing a 5.3% market share. Lowest market share level since 2011.
- Similarly for the 21 states where NCCI is the plan administrator, calendar year 2023 residual market premium volumes continue to decrease.
- Premium volumes decreased from policy years 2015 to 2020, remained relatively flat for policy years 2021 and 2022, then continued to decrease in policy year 2023.

Courtesy of NCCI, Residual Market Management Summary 2023



# NCCI's Classification Inspection Program

NCCI conducts a Classification Inspection Program in all NCCI states as a part of its ongoing core services. NCCI's Classification Inspection Program monitors the accurate and consistent application of the rules and classification system by:

- Providing inspections of current classification code utilization, which ensures that the classification of selected insureds' current business operations conforms with NCCI manual rules and classifications
- Providing feedback to employers, carriers, and regulators on inspection results
- Providing support of classification filings made on behalf of NCCI affiliates for state regulatory approval
- Validating the classification system, which may be affected by a continually changing business environment and NCCI item filings

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