

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: SB 130
 (S) Publish Date: 3/3/05

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act relating to a special deposit for workers' RDU CIVIL
compensation and employers' liability insurers..." Component Labor & State Affairs
 Sponsor Rules Committee
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	69.6	69.6	69.6			
Travel	0.2	0.2	0.2			
Contractual	8.2	8.2	8.2			
Supplies	1.1	1.1	1.1			
Equipment	7.1	7.1	7.1			
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	86.2	86.2	86.2	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	86.2	86.2	86.2			
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	86.2	86.2	86.2	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time	1					
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 21 and AS 23 in order to increase the efficiency and flexibility of the current workers' compensation system. A significant change proposed in this bill is the creation of an appeal commission specific to workers' compensation rather than the current system in which superior court judges hear appeals on a rotating basis. The bill also increases the responsibility for oversight of the system on the workers' compensation division. Additionally, the bill makes the division responsible for addressing rising medical costs which now make up 60 cents of every workers' compensation dollar paid; and it gives workers and employers greater flexibility over certain portions of the worker's claim. The bill enhances efficiency by expanding workers' access to legal counsel and medical information and it allows the division to contract with a non profit agency to provide legal services to injured workers. Under this proposed legislation employers would no longer be encouraged to hire under conditions of

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 Agency Department of Law

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**STATE OF ALASKA
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BILL NO. SB 130

ANALYSIS CONTINUATION

the Second Injury fund, instead replacing that out-dated mechanism with contemporary standards in the Americans with Disabilities Act. Finally the bill increases the coordination of benefits between the workers' compensation system and other disability systems.

Although difficult to predict, passage of this legislation has the potential to increase the workload of the Labor and State Affairs Section by one half-time attorney needed to assist with revision to statutes that may ensue from the medical cost study and representation of the new commission. The cost associated with a half time attorney is in accordance with the Department of Law's FY 2006 timekeeping and billing rate and includes overhead costs and equipment consistent with the addition of a new attorney position in the Department of Law.