

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	CSHB 38(FIN)
Fiscal Note Number:	4
(H) Publish Date:	3/2/2018

Identifier: HB038CS(LC)-DRM-02-28-18
 Title: WORKERS' COMPENSATION: DEATH BENEFITS
 Sponsor: JOSEPHSON
 Requester: House Finance

Department: Department of Administration
 Appropriation: Risk Management
 Allocation: Risk Management
 OMB Component Number: 71

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019						
Personal Services								
Travel								
Services	271.8		543.6	543.6	543.6	543.6	543.6	543.6
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	271.8	0.0	543.6	543.6	543.6	543.6	543.6	543.6

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	271.8		543.6	543.6	543.6	543.6	543.6	543.6
Total	271.8	0.0	543.6	543.6	543.6	543.6	543.6	543.6

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Updated to correct expenditures.

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 Agency: Administration

Phone: (907)465-5723
 Date: 02/28/2018 08:25 AM
 Date: 02/28/18

REPORTED OUT OF
HFC 03/01/2018

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

Changes to the CS: CS changed the PPI whole body rating from \$255,854 to \$255,506. This also reduces the Second Injury Fund calculation of 6% from \$30,901 to \$30,771. These calculations are detailed below.

Risk Management is funded by inter-agency receipts, based on a shared cost allocation plan. Any increases to Risk Management's operating costs would be passed on via cost allocation to our customer agencies who participate in the state's self-insurance program.

Currently under the Alaska Worker's Compensation Act, AS 23.30.190 (a), the whole body rating is \$177,000. This bill would increase this rating by 44.35% to \$255,506. RM's ten-year average of whole-body Permanent Partial Impairment (PPI) rating payouts to injured employees is \$1,156,372 per year. The 44.35% would increase the average annual payout by \$512,850. Based on the \$512,850, we anticipate additional payout in second injury fund fees of \$30,771.

This bill would also amend AS 23.30.215 to add section (a)(6) to provide a PPI benefit in a death case where the deceased employee has no dependents, by providing a one-time lump sum payment of \$70,000 to the estate of the decedent. Section 5 would subject this lump sum to a Consumer Price Index increase annually. Currently, the death benefit to an employee with no dependents is limited to funeral expenses not to exceed \$10,000 under AS 23.30.215(a)(1). This bill would increase the death benefit in this circumstance from \$10,000 to \$70,000, or an increase of \$60,000. In the last five years, only one state employee suffered a work-related death and had no dependents.

The effective date of 01/01/19 will go into effect halfway through FY19; therefore, the agency's fiscal note for FY19 reflects half of the amount reflected in the out years.