

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	CSHB 30(L&C)
Fiscal Note Number:	1
(H) Publish Date:	4/10/2019

Identifier: HB030-DOA-DRM-3-21-19
 Title: WORKERS' COMP: DEATH; PERM PARTIAL
 IMPAIR
 Sponsor: JOSEPHSON
 Requester: (H)L&C

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)

	FY2020	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2020 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
OPERATING EXPENDITURES	FY 2020	FY 2020					
Personal Services							
Travel							
Services	230.2		460.4	460.4	460.4	460.4	460.4
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	230.2	0.0	460.4	460.4	460.4	460.4	460.4

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	230.2		460.4	460.4	460.4	460.4	460.4
Total	230.2	0.0	460.4	460.4	460.4	460.4	460.4

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

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2020) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed?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:

Not applicable, initial version based on the 2-13-19 Governor's FY2020 request.

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Division:	Division of Risk Management	Date:	03/21/2019 02:00 PM
Approved By:	Cheryl Lowenstein, Director	Date:	03/21/19
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION

Analysis

Risk Management (RM) would be financially impacted by this proposed legislation. Because the effective date of the bill is January 1, 2020, the fiscal year 2020 represents half a year of projected costs.

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 (FY2008-2017) of whole body Permanent Partial Impairment (PPI) rating payouts to injured employees is \$979,286 per year. The 44.35% would increase the average annual payout by \$434,313. Based on the \$434,313, we anticipate additional payout in second injury fund fees of \$26,059.

This bill also adds a provision to increase the whole-body rating annually based on the Consumer Price Index (CPI) for Anchorage. Based on the uncertainty of the CPI, no costs were added to the fiscal note for CPI.

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 onetime lump sum payment of \$120,000 to a surviving parent, or \$60,000 to two surviving parents, or \$120,000 divided equally among each surviving parent or finally \$120,000 to the estate of the decedent if there are no surviving parents. 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 \$120,000, or an increase of \$110,000. In the last five years, only one state employee suffered a work-related death and had no dependents.

The potential cost increase for this bill as noted would impact the costs for workers compensation as charged out to our customer agencies via the annual cost allocation method. Traditionally, the Dept. of Transportation, Dept. of Corrections, and Dept. of Health & Social Services experiences the highest workers compensation costs. However, the Dept. of Public Safety unfortunately experiences the most on the job fatalities.