

# Fiscal Note

State of Alaska  
2020 Legislative Session

Bill Version:	CSHB 30(FIN)
Fiscal Note Number:	4
(H) Publish Date:	3/11/2020

Identifier: HB030CS(FIN)-DOLWD-SIF-03-03-20  
 Title: WORKERS' COMP: DEATH; PERM PARTIAL  
       IMPAIR  
 Sponsor: JOSEPHSON  
 Requester: (H) FIN

Department: Department of Labor and Workforce Development  
 Appropriation: Workers' Compensation  
 Allocation: Second Injury Fund  
 OMB Component Number: 2342

### Expenditures/Revenues

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

	FY2021	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2021 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>OPERATING EXPENDITURES</b>	<b>FY 2021</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Positions

Full-time							
Part-time							
Temporary							

### Change in Revenues

1031 Sec Injury (DGF)	105.0		210.0	210.0	210.0	210.0	210.0
<b>Total</b>	<b>105.0</b>	<b>0.0</b>	<b>210.0</b>	<b>210.0</b>	<b>210.0</b>	<b>210.0</b>	<b>210.0</b>

**Estimated SUPPLEMENTAL (FY2020) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2021) 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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

### Why this fiscal note differs from previous version/comments:

Updated analysis and revenue estimates.

Prepared By: Grey Mitchell, Director  
 Division: Workers' Compensation  
 Approved By: Hannah Lager, Administrative Services Director  
 Agency: Office of Management and Budget

Phone: (907)465-2790  
 Date: 03/03/2020 04:30 PM  
 Date: 03/03/20

REPORTED OUT OF  
HFC 03/11/2020

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2020 LEGISLATIVE SESSION

## Analysis

This legislation increases workers' compensation insurance benefits for permanent partial impairment (PPI) and extends the limit on death benefits for a dependent child from age 19 to age 23 when there is no widow or widower. This legislation also requires an employer to notify each employee of the workers' compensation death benefits and to provide notice to the personal representative of a deceased employee about time limits for filing a workers' compensation claim, as well as where to locate an attorney and grief counselor. Workers' Compensation insurance benefits are paid by insurers or by self-insured employers, and are regulated by the Division of Workers' Compensation.

The proposed PPI benefit increase amounts to 44%. Since PPI benefits amounted to \$9.4 million in 2018, this is estimated to increase benefit cost to insurers and self-insured employers by \$4.2 million per year. However, as noted by the National Council of Compensation Insurance (NCCI) in its 2019 analysis of the impacts of HB30, "studies indicate that significant benefit increases are typically accompanied by changes in claimant behavior. In this case, changes in claimant behavior might result in an increased number of PPI claims, potentially higher PPI ratings, and potential for increased attorney involvement."

The impact of increasing the limit on death benefits for a dependent child from age 19 to age 23 when there is no widow or widower is not expected to be significant, but cannot be readily calculated by the division. In 2018, there were only five claims involving death benefits to children where there was no widow or widower.

Increased benefit costs to insurers and self-insured employers do not impact the Second Injury Fund's expenditure budget. This legislation will increase revenue to the Second Injury Fund (SIF), which comes from an assessment against all forms of indemnity benefits paid - including PPI and death benefits. The SIF assessment rate for 2020 was set at 5% of indemnity benefit payments. With estimated benefit payment increases of \$4.2 million, the division estimates an annual increase of \$210,000 in revenue to SIF. The increased SIF revenue is estimated at \$105,000 in FY2021 because of the mid-fiscal year effective date.