

COMMITTEE REPORT

HOUSE

1/18/75

Mr. Speaker:

Date April 16 1975

The Committee on FINANCE has had CS 116

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_  
Chairman

Offered: 3/27/75  
Referred: Rules

1 IN THE SENATE

BY WILLIS, CROFT, CHANCE,  
MILLER, RODEY AND SACKETT

2 CS FOR SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to weekly rate and amounts payable  
7 for workmen's compensation."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 23.30.155(1) is repealed.

10 \* Sec. 2. AS 23.30.175 is amended to read:

11 Sec. 23.30.175. RATES OF COMPENSATION. (a) The weekly rate  
12 of compensation for disability or death may not exceed the percentage  
13 of the state average weekly wage as determined by the table contained  
14 in this subsection [COMPENSATION FOR TEMPORARY DISABILITY, PERMANENT  
15 PARTIAL DISABILITY OR PERMANENT TOTAL DISABILITY MAY NOT EXCEED \$175 A  
16 WEEK] and may not be less than \$65 a week. If the employee's average  
17 weekly wages, as computed under sec. 220 of this chapter, are less than  
18 \$65 a week, he shall receive as compensation for his disability his  
19 average weekly wages.

	<u>After</u>		<u>The Rate Shall Be</u>
21	July 1, 1975	80	<u>per cent of the state's average weekly wage</u>
22	July 1, 1976	100	<u>per cent of the state's average weekly wage</u>
23	July 1, 1977	133.3	<u>per cent of the state's average weekly wage</u>
24	July 1, 1979	166.6	<u>per cent of the state's average weekly wage</u>
25	July 1, 1981	200	<u>per cent of the state's average weekly wage</u>

26 (b) As soon as practicable after June 30 of each year, and before  
27 October 1 of each year, the commissioner shall determine the state  
28 average weekly wage for the three consecutive calendar quarters ending  
29 June 30. This determination is the applicable state average weekly

1 wage for the period beginning with October 1 of that year and ending  
2 September 30 of the next year. The initial determination under this  
3 subsection shall be made as soon as practicable after the effective  
4 date of this subsection.

5 \* Sec. 3. AS 23.30.180 is amended to read:

6 Sec. 23.30.180. PERMANENT TOTAL DISABILITY. In case of total  
7 disability adjudged to be permanent 66-2/3 [65] per cent of the  
8 injured employee's average weekly wages shall be paid to the employee  
9 during the continuance of the total disability. Loss of both hands,  
10 or both arms, or both feet, or both legs, or both eyes, or of any two  
11 of them, in the absence of conclusive proof to the contrary, consti-  
12 tutes permanent total disability. In all other cases permanent total  
13 disability is determined in accordance with the facts.

14 \* Sec. 4. AS 23.30.185 is amended to read:

15 Sec. 23.30.185. COMPENSATION FOR TEMPORARY TOTAL DISABILITY. In  
16 case of disability total in character but temporary in quality, 66-2/3  
17 [65] per cent of the injured employee's average weekly wages shall  
18 be paid to the employee during the continuance of the disability.

19 \* Sec. 5. AS 23.30.190 is amended to read:

20 Sec. 23.30.190. COMPENSATION FOR PERMANENT PARTIAL DISABILITY.  
21 In case of disability partial in character but permanent in quality  
22 the compensation is 66-2/3 [65] per cent of the injured employee's  
23 average weekly wages in addition to compensation for temporary total  
24 disability or temporary partial disability paid in accordance with  
25 secs. 185 or 200 of this chapter, respectively, and shall be paid to  
26 the employee as follows:

27 (1) arm lost, 280 weeks compensation, not to exceed \$43,680  
28 [\$21,840];

29 (2) leg lost, 248 weeks compensation, not to exceed \$40,320

1 ankle is considered equivalent to the loss of a leg;

2 (15) compensation for loss of binocular vision or for 80 per  
3 cent or more of the vision of an eye is the same as for loss of the eye;

4 (16) compensation for loss of two or more digits, or one  
5 or more phalanges of two or more digits of a hand or foot may be pro-  
6 portioned to the resulting loss of use of the injured hand or foot,  
7 but may not exceed the compensation for loss of a hand or foot;

8 (17) compensation for permanent total loss of use of a member  
9 is the same as for loss of the member;

10 (18) compensation for permanent partial loss or loss of use  
11 of a member may be proportionate loss or loss of use of the member;

12 (19) in addition to other allowable compensation, the board  
13 shall award proper and equitable compensation up to \$10,000 for

14 (A) serious disfigurement of face, head and, when  
15 such disfigurement is likely to handicap the employee in securing  
16 or holding employment, for serious disfigurement of neck or limbs  
17 normally exposed, or

18 (B) partial or total loss of or loss of use of a part  
19 or function of the body not otherwise provided for under this  
20 section;

21 (20) in all other cases in this class of disability the  
22 compensation is 66-2/3 [65] per cent of the difference between his  
23 average weekly wages and his wage earning capacity after the injury in  
24 the same employment or otherwise, payable during the continuance of  
25 the partial disability, but subject to reconsideration of the degree  
26 of the impairment by the board on its own motion or upon application  
27 of a party in interest; whenever the board determines that it is in the  
28 interest of justice, the liability of the employer for compensation, or  
29 any part of it as determined by the board, may be discharged by the

1 [\$20,160];

2 (3) hand lost, 212 weeks compensation, not to exceed \$33,600  
3 [\$16,800];

4 (4) foot lost, 173 weeks compensation, not to exceed \$28,700  
5 [\$14,350];

6 (5) eye lost, 140 weeks compensation, not to exceed \$22,400  
7 [\$11,200];

8 (6) thumb lost, 51 weeks compensation, not to exceed \$10,400  
9 [\$5,200];

10 (7) first finger lost, 28 weeks compensation, not to exceed  
11 \$6,440 [\$3,220];

12 (8) great toe lost, 26 weeks compensation, not to exceed  
13 \$5,320 [\$2,660];

14 (9) second finger lost, 18 weeks compensation, not to exceed  
15 \$4,200 [: \$2,100]; third finger lost, 18 weeks compensation, not to  
16 exceed \$3,500 [: \$1,750];

17 (10) toe other than great toe lost, 8 weeks compensation, not  
18 to exceed \$2,240 [\$1,050];

19 (11) fourth finger lost, 7 weeks compensation, not to exceed  
20 \$2,100 [\$1,050];

21 (12) loss of hearing of one ear, 52 weeks compensation, not  
22 exceeding \$7,280 [\$3,640]; loss of hearing of both ears, 200 weeks  
23 compensation, not to exceed \$28,000 [\$14,000];

24 (13) compensation for loss of more than one phalange of a  
25 digit shall be the same as for loss of the entire digit; compensation  
26 for loss of the first phalange is one-half of the compensation for  
27 loss of the entire digit;

28 (14) amputation between the elbow and the wrist is considered  
29 equivalent to the loss of an arm, and amputation between the knee and

1 (3) if the widow or widower remarries, she or he is entitled  
2 to two years compensation [\$15,000] in one sum; [HOWEVER, TOTAL COMPEN-  
3 SATION MAY NOT EXCEED \$75,000;]

4 \* Sec. 12. AS 23.30.215(b) is amended to read:

5 (b) In computing death benefits the average weekly wage of the  
6 deceased shall be computed under sec. 220 of this chapter and shall be  
7 paid in the same manner and subject to the same weekly maximum limita-  
8 tion in the aggregate as temporary total disability compensation [UNDER  
9 SEC. 175(a) OF THIS CHAPTER], but the total weekly compensation may  
10 not be less than \$45 for a widow or widower nor less than \$15 weekly  
11 to a child or \$30 for children.  
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1 payment of a lump sum;

2 (21) in a case in which there is a loss of, or loss of use of  
3 more than one member or parts of more than one member set out in (1) -  
4 (18) of this section, not amounting to permanent total disability, the  
5 award of compensation is for the loss of, or loss of use of, each  
6 member or part of the member, which awards shall run consecutively,  
7 except that where the injury affects only two or more digits of the  
8 same hand or foot, (16) of this section applies.

9 \* Sec. 6. AS 23.30.200 is amended to read:

10 Sec. 23.30.200. TEMPORARY PARTIAL DISABILITY. In case of  
11 temporary partial disability resulting in decrease of earning capacity  
12 the compensation shall be 66-2/3 [65] per cent of the difference between  
13 the injured employee's average weekly wages before the injury and his  
14 wage earning capacity after the injury in the same or another employ-  
15 ment, to be paid during the continuance of the disability, but not  
16 to be paid for more than five years.

17 \* Sec. 7. AS 23.30.215(2)(A) is amended to read:

18 (A) 66-2/3 [60] per cent for the widow or widower  
19 with no children;

20 \* Sec. 8. AS 23.30.215(2)(E) is amended to read:

21 (E) 66-2/3 [30] per cent for an only child when there  
22 is no widow or widower;

23 \* Sec. 9. AS 23.30.215(2)(F) is amended to read:

24 (F) 33-1/3 [25] per cent for each child if there are  
25 two children and no widow or widower;

26 \* Sec. 10. AS 23.30.215(2)(G) is amended to read:

27 (G) 66-2/3 [66] per cent, divided equally, if there  
28 are three or more children and no widow or widower;

29 \* Sec. 11. AS 23.30.215(3) is amended to read:

"An Act relating to weekly rate and amounts payable for workmen's compensation."

# COMMITTEE REPORT

4/8/75

HOUSE

FINANCE

Mr. Speaker:

Date 4/11/75

The Committee on LABOR & MANAGEMENT has had CSSB 146

under consideration. ~~A Majority of~~ the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

<u>William L. Brennan</u>	_____	_____
<u>Samuel Kelley</u>	_____	_____
<u>Joe McKeown</u>	_____	_____

Members NOT concurring in the Majority report:

<u>Rollie</u>	recommends: <u>do not pass</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

Joe McKeown Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: Labor & Management

To: SB 146 HOUSE BILL No. \_\_\_\_\_

SENATE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 1 Line 7 after "compensation" <sup>delete " , " and</sup> add "and providing for an effective date"

Page 6 Line <sup>12</sup>~~13~~ add "Sec. 13. This Act takes effect immediately in accordance with AS o.10.070 (c)."



The Legislature of the State of Alaska  
 FISCAL NOTE  
 Second Session - Eighth Legislature

*Add  
 to carry out  
 this should be to Dept. of  
 Admin. other is to be done*

I. REQUEST

Bill Identification: SP 146, Sponsor Substitute  
 Title: An act relating to woolly rate & amounts payable for workers' comp  
 Requested by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Dept. of Administration Program: \_\_\_\_\_  
 General Government - Prepared by Div. of General Services & Supply, Office # 22 R

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All State Agencies  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	-0-	275.0		
200 TRAVEL					
300 CONTRACTUAL					
400 COMMODITIES					
500 EQUIPMENT					
600 LAND & STRUCTURES					
700 GRANTS, CLAIMS, ETC.					
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>275.0</b>		

B. FUNDING: (Thousands of dollars)

GENERAL FUND	9		247.5		
FEDERAL FUNDS			27.5		
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/
FULL MONTHS (P.T.)	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section  
 Increased cost of insurance benefits for FY 76. Future years impact is  
 proportional to increases in the bill and increased State payroll. Work  
 Compensation is not an optional program. Increased costs of this coverage  
 must be paid by the State.

IV. ATTACHMENTS

V. DATE: 5/22/75 PREPARED BY: John George  
 Risk Manager

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

SB 1416 - 1975

**REVISED - RECEIVED**  
 The Legislature of the State of Alaska  
 FISCAL NOTE  
 Second Session - Eighth Legislature

22 MAY 75

I. REQUEST

Bill Identification: SB 146, Sponsor Substitute  
 Title: An act relating to weekly rate & amounts payable for Workmen's Compensation  
 Requested by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Dept. of Administration Program: \_\_\_\_\_

General Government - Prepared by Div. of General Services & Supply, Office of Risk Mgmt.

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All State Agencies

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	-0-	-0-	275.0			
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	275.0			

B. FUNDING: (Thousands of dollars)

GENERAL FUND	90		247.5			
FEDERAL FUNDS	10		27.5			
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Increased cost of insurance benefits for Fy 76. Future years impact is proportional to increases in the bill and increased State payroll. Workmen's Compensation is not an optional program. Increased costs of this coverage must be paid by the State.

IV. ATTACHMENTS

V. DATE: 5/22/75

PREPARED BY: \_\_\_\_\_

John George  
Risk Manager

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE  
1st Session - 9th Legislature

I. REQUEST

Bill Identification: SB 146  
 Title: An Act Relating to Workmen's Compensation Benefits  
 Requested by: Senate Finance Date: 4-3-75  
 Return Date Requested:  
 Agency: Labor Program: Workmen's Compensation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Administration of Workmen's Compensation  
 07-67-9-03-00-00

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY '77	FY 78	FY 79
100 PERSONAL SERVICES				
200 TRAVEL				
300 CONTRACTURAL				
400 COMMODITIES				
500 EQUIPMENT				
600 LAND & STRUCTURES				
700 GRANTS, CLAIMS, ETC.	145.9	147.3	140.3	136.5
<b>TOTAL</b>	<b>145.9</b>	<b>147.3</b>	<b>140.3</b>	<b>136.5</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	145.9	147.3	140.3	136.5
FEDERAL FUNDS				
OTHER				

C. PURPOSE:

PERMANENT/TEMPORARY	/	/	/0	/0	/0	/0
MAN MONTHS (P./T.)	/	/	/0	/0	/0	/0

III. ANALYSIS SB 146 would increase supplemental payments being made for permanent total disability compensation by the State of Alaska in accordance with provisions of AS 23.30.172. It would increase by 1-2/3% the percentage of the injured employee's wage in all cases presently being paid and would increase the maximum weekly rate depending on the employee's wage and the state average wage. The estimated state average wage used in our calculation was \$295.10 in 1975, \$305.80 in 1976, \$299.60 in 1977 and \$278.50 in 1978. Past experience indicates the number of new permanent total disability cases approximate 15% a year, and we have added this percentage to the estimated present costs of known permanent total cases.

In addition, S.B. 146 would increase supplemental State payments for temporary total disability for injuries occurring prior to ~~May 4, 1974~~ <sup>May 4, 1974</sup>, the effective date of AS 23.30.172. Costs for temporary disability compensation is extremely difficult to predict; however, liability of the State would decrease rapidly as the temporarily disabled recover and return to work. The average length of temporary disability for injuries causing more than three days loss of work is 211 days. In February, 1975 only seven cases of injury in 1972, seven in 1973 and fourteen injured prior to May 4, 1974 were being paid temporary compensation. Often additional temporary disability occurs from a worsening of the condition months or even years after the worker has returned to employment. The carriers and employers are liable for increase in benefits for injuries on and after May 4, 1974.

PERMANENT TOTAL

Period

October 1, 1975 through September 30, 1976	-	74.7 + 15% = \$85.9
October 1, 1976 through September 30, 1977	-	93.3 + 15% = \$107.3
October 1, 1977 through September 30, 1978	-	163.7 + 15% = \$120.3
October 1, 1978 through September 30, 1979	-	110.0 + 15% = \$126.5

TEMPORARY TOTAL

FY 76	60.0
FY 77	40.0
FY 78	20.0
FY 79	10.0

IV. ATTACHMENTS: None

V. DATE: April 4, 1975

PREPARED BY:

John Cook, Director  
Workmen's Compensation  
Division

RATE IMPACT OF SENATE BILL 146 BY INDUSTRY

<u>Classification</u>	<u>Existing Rate/100\$</u>	<u>Increase/100\$</u>	<u>Rate/\$100 payroll - Sponsor Sub. SB146.</u>
1. Canneries	\$6.57	\$8.63	\$8.73
2. Carpentry-Construction	3.24	4.26	4.31
3. Colleges & Schools	2.04	2.68	2.71
4. Concrete Construction	4.98	6.54	6.62
5. Electrical Wiring	2.59	3.40	3.44
6. Hotels	1.76	2.31	2.34
7. Logging*	31.89	42.90	42.38
8. Plumbing	3.57	4.69	4.74
9. Retail Stores	.73	.95	.97
10. State & Municipal Workers	1.93	2.53	2.56

\*This is the rate as determined by the Workmens Compensation Rate Manual. The actual rate paid may be higher or lower depending on actual experience, the current rate paid per \$100 is approximately 19.00 per \$100.

# STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

Phone (907) 586-6576

P. O. BOX 1149 - JUNEAU 99801

April 15, 1975

Mr. Dwayne Carlson  
Executive President  
Alaska State Federation of Labor  
1035 East 28th Avenue  
Anchorage, AK 99504

Dear Mr. Carlson:

Re: Explanation of Costs to State for Workmen's Compensation

In 1974 the Legislature was considering S.B. 400, and our fiscal note estimated \$388.5 thousand would be needed for the State supplemental benefits if that bill were enacted.

SB 400 AM was enacted and made effective May 4, 1974, and \$388.5 was appropriated for payment of benefits. We began supplemental payments to bring compensation payments up to the rates in effect on May 4, 1974.

In October, 1974 Workmen's Compensation submitted its Fiscal Year 1976 budget requesting \$159.8 for payment of supplemental benefits under SB 400 AM. Experience indicated we would not need the full \$388.5 that had been appropriated for the previous year's payments.

The 1974 Legislature also enacted SB 396 which increased maximum benefits payable for permanent total disability to \$175 a week, an increase of up to \$61.25 a week per injured person. This bill became effective August 1, 1974, but we did not immediately pay this increase since it became law after SB 400.

An opinion from the Attorney General's office dated January 21, 1975 stated the State would have to pick up any increase in rates enacted by the Legislature regardless of date of enactment for those injured prior to May 4, 1974, the effective date of AS 23.30.172. For injuries after that date the employer would be responsible for increase in rates. This meant that the State would pay the increase provided by SB 396 for 73 permanent total disability cases and any in the future who become so disabled from injuries before May 4, 1974.

At the Governor's Budget Review Committee hearings it was advised that \$159.8 requested in October was now too low in view of the increased liability imposed by SB 396 and that we would need \$264 thousand with which to pay supplemental benefits under SB 400 AM.

Mr. Dwayne Carlson  
April 15, 1975  
Page 2

The 1975 Legislature is considering SSSB 146. Like SB 396 last year, SSSB 146 this year will increase the rate of compensation being paid to persons injured prior to May 4, 1974, and the State is obligated by AS 23.30.172 (SB 400 AM) to pay those costs. We estimate those costs to be \$145.9 for FY 1976.

The above costs would be for payments required to be paid by the State under AS 23.30.172 and do not reflect workmen's compensation insurance costs paid by the Department of Administration for regular coverage of State government employees. That department has an agreement with the insurance company to reimburse actual losses plus an adjusting fee. Last year costs to the Department of Administration reportedly were about \$585,000 according to John George of that department's Risk Management Division. He indicated an approximate \$600,000 would be the costs for FY 1976 plus the equivalent percentage increase of benefits provided by new legislation. It has been estimated that SSSB 146 would cause an increase in rates of 32.9 percent. This would increase costs of providing workmen's compensation to State government employees in the amount of \$197.4 thousand ( $\$600,000 \times 32.9\%$ ).

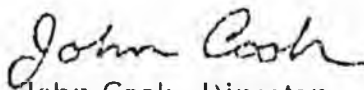
Estimated costs of SSSB 146:

Supplemental payments under AS 23.30.172 (administered by Department of Labor)	\$145.9
Increased costs for State government employees' workmen's compensation insurance (administered by Department of Administration)	<u>197.4</u>
Total costs of SSSB 146 to State	\$343.3

Supplemental payments administered by Workmen's Compensation under AS 23.30.172:

Appropriated for FY 1975	\$388.5
Requested in October, 1974 for FY 1976	\$159.8
Requested in January, 1975 for FY 1976 after Attorney General's office opinion	264.0
Needed appropriation for FY 1976 under present law	\$264.0
Estimated costs due to SSSB 146	\$145.9
Budget request for present law	264.0
Needed appropriation for FY 1976 under present law and SSSB 146	\$409.9

Very truly yours,



John Cook, Director  
Workmen's Compensation Division

April 3, 1975

Finance Committee  
Alaska State Senate  
Capitol Building  
Juneau, Alaska 99801

Gentlemen:

Re: Senate Bill 146

This is reply to request made to the Workmen's Compensation Division April 3, 1975.

Below are listed figures from our records showing workmen's compensation benefits paid during the previous calendar years. Our records do not show the amount paid by year. They reflect benefits paid for injuries by year of injury regardless of the year paid. In a few years benefits paid for 1973 and 1974 injuries will most probably exceed the amount paid for 1971 injuries.

CALENDAR YEARS

	<u>*1971</u>	<u>*1972</u>	<u>**1973</u>	<u>***1974</u>
Compensation Paid	\$2,669,137	\$2,280,187	\$1,374,774	\$1,524,566
Medical/Hospital	1,514,986	1,194,065	735,671	871,052
Other: (Fees to workers' attorneys, penalties, Second Injury Fund, etc.)	<u>176,077</u>	<u>91,477</u>	<u>21,269</u>	<u>123,663</u>
Total Paid in Benefits and Expenses	\$4,360,200	\$3,565,729	\$2,131,714	\$2,519,281

\*Updated September, 1973

\*\*Updated April, 1974

\*\*\*Updated March, 1975

The above amounts do not include amount paid for medical in cases of injuries causing three days or less loss of work. We do not require the carriers to report such payments.

Senate Finance Committee  
April 3, 1975  
Page 2

Insurance carriers do report premium and loss statistics to the Department of Commerce, Division of Insurance. That agency's reports show that in addition to approximately \$200,000 paid annually by surplus line insurance companies, the fire and casualty companies paid \$5,734,064 in 1969, \$6,456,650 in 1970, \$6,745,484 in 1971 and \$8,570,006 in 1972 for workmen's compensation losses.

The Department's fiscal section reports payment of \$218,000 from July 1, 1974 through March, 1975 of the \$388,000 appropriated in 1974 from the General Fund to pay the compensation provided for by AS 23.30.172.

Very truly yours,

John Cook, Director  
Workmen's Compensation Division

JC/eb

FISCAL NOTE  
1st Session - 9th Legislature

I. REQUEST

Bill Identification: SB 146  
 Title: An Act Relating to Workmen's Compensation Benefits  
 Requested by: Senate Finance Date: 4-3-75  
 Return Date Requested:  
 Agency: Labor Program: Workmen's Compensation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Administration of Workmen's Compensation  
 07-67-9-03-00-00

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES				
200 TRAVEL				
300 CONTRACTURAL				
400 COMMODITIES				
500 EQUIPMENT				
600 LAND & STRUCTURES				
700 GRANTS, CLAIMS, ETC.	145.9	147.3	140.3	136.5
<b>TOTAL</b>	<b>145.9</b>	<b>147.3</b>	<b>140.3</b>	<b>136.5</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	145.9	147.3	140.3	136.5
FEDERAL FUNDS				
OTHER				

C. PURPOSE:

PERMANENT/TEMPORARY	/	/	/0	/0	/0	/0
MAN MONTHS (P./T.)	/	/	/0	/0	/0	/0

III. ANALYSIS SB 146 would increase supplemental payments being made for permanent total disability compensation by the State of Alaska in accordance with provisions of AS 23.30.172. It would increase by 1-2/3% the percentage of the injured employee's wage in all cases presently being paid and would increase the maximum weekly rate depending on the employee's wage and the state average wage. The estimated state average wage used in our calculation was \$295.10 in 1975, \$305.80 in 1976, \$299.60 in 1977 and \$278.50 in 1978. Past experience indicates the number of new permanent total disability cases approximate 15% a year, and we have added this percentage to the estimated present costs of known permanent total cases.

In addition, S.B. 146 would increase supplemental State payments for temporary total disability for injuries occurring prior to June 11, 1974, the effective date of AS 23.30.172. Costs for temporary disability compensation is extremely difficult to predict; however, liability of the State would decrease rapidly as the temporarily disabled recover and return to work. The average length of temporary disability for injuries causing more than three days loss of work is 28 days. In February, 1975 only seven cases of injury in 1972, seven in 1973 and fourteen injured prior to May 4, 1974 were being paid temporary compensation. Often additional temporary disability occurs from a worsening of the condition months or even years after the worker has returned to employment. The carriers and employers are liable for increase in benefits for injuries on and after May 4, 1974.

PERMANENT TOTAL

Period

October 1, 1975 through September 30, 1976	-	74.7 + 15% = \$85.9
October 1, 1976 through September 30, 1977	-	93.3 + 15% = \$107.3
October 1, 1977 through September 30, 1978	-	103.7 + 15% = \$120.3
October 1, 1978 through September 30, 1979	-	110.0 + 15% = \$126.5

TEMPORARY TOTAL

FY 76	60.0
FY 77	40.0
FY 78	20.0
FY 79	10.0

IV. ATTACHMENTS: None

V. DATE: April 4, 1975

PREPARED BY: \_\_\_\_\_

John Cook, Director  
Workmen's Compensation  
Division

SS5B-146 "AN ACT RELATING TO WEEKLY RATE AND AMOUNTS PAYABLE FOR WORKMEN'S COMPENSATION"  
 IMPACT ON WORKMEN'S COMPENSATION INSURANCE RATES

Initials	Date
Prepared By: <i>EPB</i>	4/11/75
Approved By:	

Form HS72 Buff - Form GS72 Green

ENTIRE PROPOSAL + 32.9 %

- 77.3 % DEATH
- 12.1 % PERMANENT TOTAL
- 34.0 % MAJOR PERMANENT PARTIAL
- 27.1 % MINOR PERMANENT PARTIAL
- 12.1 % TEMPORARY TOTAL
- 0.0 % MEDICAL

ALL BUT SECTIONS + 22.1 %

- 77.3 % DEATH
- 12.1 % PERMANENT TOTAL
- 3.8 % MAJOR PERMANENT PARTIAL
- 5.1 % MINOR PERMANENT PARTIAL
- 12.1 % TEMPORARY TOTAL
- 0.0 % MEDICAL

THESE PROPOSALS ASSUME THAT THE INITIAL STATE AVERAGE WEEKLY WAGE DETERMINATION BY THE COMMISSIONER OF LABOR WILL BE \$295.10.

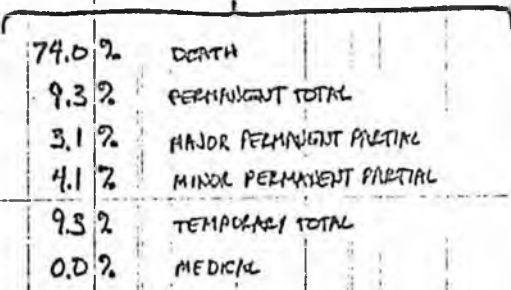
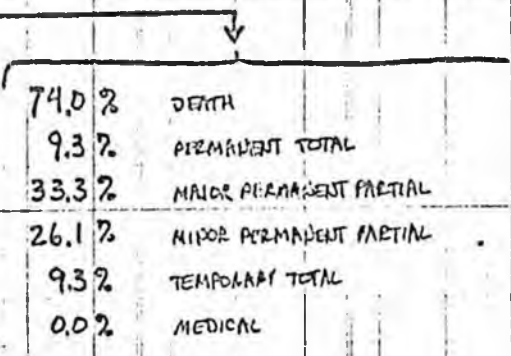
80%

555B-146 "AN ACT RELATIVE TO WEEKLY RATE AND AMOUNTS PAYABLE FOR WORKMEN'S COMPENSATION"  
 IMPACT ON WORKMEN'S COMPENSATION INSURANCE RATES

Prepared By	Initials	Date
	PP	4-3-75
Approved By		

Barroughs & Hadley  
 Form H572 Buff - Form G572 Green

1	ENTIRE PROPOSAL	+ 31.4%					
2							
3							
4							
5							
6							
7							
8							
9							
10	ALL BUT SECTION 5	+ 20.6%					
11							
12							
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15							
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17							
18							
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20							
21	THESE PROPOSALS ASSUME THAT THE INITIAL STATE						
22	AVERAGE WEEKLY WAGE DETERMINED BY THE						
23	COMMISSIONER OF LABOR WILL BE \$267.85						
24							
25		80%					
26							
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SB-146 "AN ACT RELATING TO WEEKLY RATE AND AMOUNTS PAYABLE FOR WORKMEN'S COMPENSATION." IMPACT ON WORKMEN'S COMPENSATION INSURANCE RATES

Prepared By	Initials	Date
Approved By	ML	3-5-75

Borough of Valley Forge Form H572 Buff - Form G572 Green

ENTIRE PROPOSAL +38.9%

82.4%	DEATH
14.8%	PERMANENT TOTAL
48.2%	MAJOR PERMANENT PARTIAL
34.7%	MINOR PERMANENT PARTIAL
14.8%	TEMPORARY TOTAL
0.0%	MEDICAL

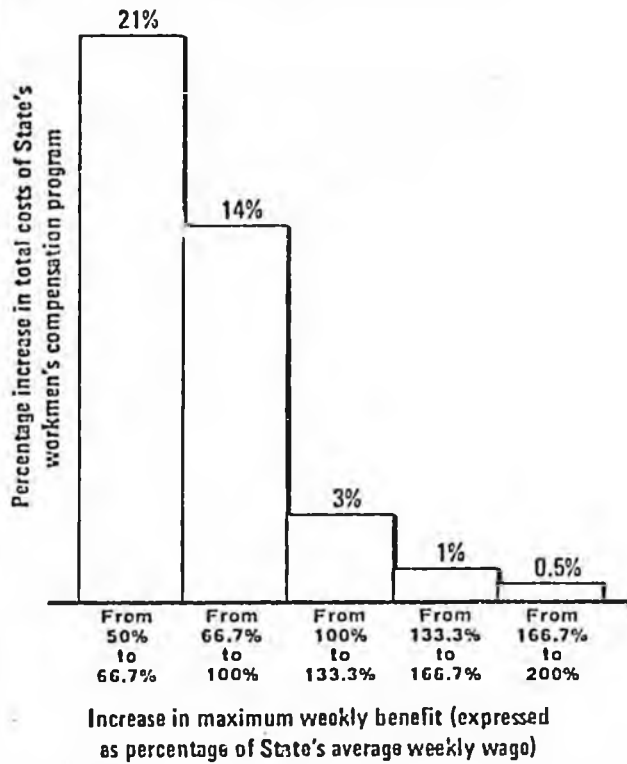
ALL BUT SECTION 5 +23.6%

82.4%	DEATH
14.8%	PERMANENT TOTAL
3.6%	MAJOR PERMANENT PARTIAL
5.3%	MINOR PERMANENT PARTIAL
14.8%	TEMPORARY TOTAL
0.0%	MEDICAL

THESE PROPOSALS ASSUME THAT THE INITIAL STATE AVERAGE WEEKLY WAGE DETERMINATION BY THE COMMISSIONER OF LABOR WILL BE \$267.85.

100%

FIGURE 3.1. Additional cost of increasing maximum weekly benefits in workmen's compensation



Calculated by staff of National Commission on State Workmen's Compensation Laws with actuarial techniques of the National Council on Compensation Insurance. Calculations assume that a worker's benefit is 66.67% of his weekly wage, subject to a minimum weekly benefit equal to 20% of the State's average weekly wage and to the maximum weekly benefits shown in the figure.

ALASKA WORKMEN'S COMPENSATION RATE LEVEL HISTORY

<u>Date of Rate Change</u>	<u>Total Change In W.C. Rate Level</u>	<u>Portion Due To Experience</u>	<u>Portion Due To Law Change</u>
10- 1-57	-11.5%	-11.5%	0%
10- 1-58	- 8.8%	- 8.8%	0%
8- 1-59	+ 6.0%	-14.6%	+24.1%
12- 1-60	- 1.3%	- 1.4%	+ 0.1%
12-31-61	+ 6.2%	+ 6.2%	0%
21-31-62	- 0.4%	- 0.7%	+ 0.3%
12-31-63	- 5.4%	- 5.4%	0%
10- 1-64	+15.1%**	+ 9.6%	+ 5.0%
9- 1-65	- 0.3%	- 0.3%	0%
10- 1-66	-11.8%	-13.0%	+ 1.4%
11- 1-67	- 3.1%	- 3.1%	0%
1- 1-69	+ 7.2%	+ 4.9%	+ 2.2%
11- 1-69	+ 1.6%***	+ 6.1%	0%
10- 1-70	+ 5.4%	- 1.2%	+ 6.7%
4- 1-72	- 5.2%	- 5.2%	0%
6-15-72	+15.8%	0%	+15.8%
3- 1-73	- 3.1%	- 3.1%	0%
6- 1-74	+34.2%	+20.7%	+11.2%

18 YEARS

+ 40.6%

2.25% per year

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\* Records not available to account for difference. Compounding sometimes accounts for this type of difference.

\*\* Difference due to compounding

\*\*\* Difference is accounted for by change of premium basis from a \$300. per week payroll limitation to a \$400. per week payroll limitation.

WORKMENS COMPENSATION RATE COMPARISON AND PROJECTION FOR CLASSES DEVELOPING MORE THAN \$11,000,000 OF PAYROLL FOR THE PERIOD BEGINNING 1964 AND ENDING 1969.

Approved By: *OPIC* 44675  
Approved By:

# ACTUARIAL RATES (MANUAL)

CODE	CLASSIFICATION	RATE EFFECTIVE	RATE EFFECTIVE	RATE EFFECTIVE	RATE EFFECTIVE	CURRENT	ESTIMATED	ESTIMATED
		10-1-70	4-1-72	6-15-72	3-1-73	6-1-74	6-1-75	1-1-76
1 7403	AIRCRAFT OPERATION-SCHEDULED-NONFLYING	2.53	2.57	2.82	3.22	4.73	6.29	6.72
2 8387	AUTOMOBILE ACCESSORIES + GASOLINE STATIONS	1.71	1.52	1.66	1.73	2.37	3.15	3.37
3 8391	AUTOMOBILE GARAGES AND REPAIR SHOPS	2.28	1.95	2.15	2.12	3.00	3.99	4.26
4 9079	BAKES-TAVERNS-RESTAURANTS	1.57	1.36	1.49	1.49	2.12	2.52	3.01
5 9014	BUILDINGS - OPERATION BY CONTRACTORS	3.20	2.27	2.60	2.15	2.61	3.47	3.71
6 9015	BUILDINGS - OPERATION BY OWNER OR LESSEE	1.37	1.24	1.38	1.27	1.59	2.11	2.26
7 2111	CANNERIES - N.O.C.	4.15	3.87	4.93	4.94	6.57	8.73	9.33
8 5645	CARPENTRY CONSTRUCTION-DET. PRIV. RESD.	3.09	2.70	3.00	2.72	3.24	4.31	4.60
9 5403	CARPENTRY-N.O.C.	4.63	4.94	5.52	6.25	8.81	11.7	12.51
10 8340	CHURCHES PROFESSIONAL (INCLUDES COLLEGES)	.31	.33	.36	.38	.53	.70	.75
11 8810	CLERICAL OFFICE EMPLOYEES	.21	.19	.19	.21	.28	.37	.40
12 9101	COLLEGES OR SCHOOLS - ALL OTHER EMPLOYEES	1.38	1.24	1.37	1.51	2.04	2.71	2.90
13 9078	COMMISARY WORK	1.66	2.00	2.30	2.77	4.02	5.34	5.71
14 5213	CONCRETE CONSTRUCTION - N.O.C.	3.98	3.30	3.65	3.27	4.98	6.62	7.07
15 8227	CONTRACTORS PERMANENT YARD	1.66	1.66	1.86	1.89	2.56	3.40	3.64
16 7539	ELECTRIC LIGHT OR POWER COMPANIES	2.04	1.68	1.85	1.63	2.07	2.75	2.94
17 7540	ELECTRIC LIGHT OR POWER CO-OPS	2.00	1.77	1.97	1.89	2.68	3.56	3.81
18 9519	ELECTRICAL HOUSEHOLD APPLIANCES INST. REP. SER.	1.06	.87	.97	.87	1.10	1.46	1.56
19 5190	ELECTRICAL WIRING	1.83	2.01	2.25	2.15	2.59	3.44	3.68
20 8601	ENGINEERS OR ARCHITECTS - CONSULTING	.64	.56	.62	.69	1.03	1.37	1.46
21 6217	EXCAVATION - N.O.C.	4.37	3.79	4.27	4.69	6.09	8.03	8.58
22 9052	HOTELS (INCLUDES MOTELS)	1.76	1.48	1.69	1.52	1.74	2.34	2.50
23 8833	HOSPITALS - PROFESSIONAL EMPLOYEES	.48	.45	.50	.43	.56	.74	.80
24 2702	LOGGING	21.71	19.75	21.91	23.39	31.89	42.38	45.28
25 8232	LUMBER YARDS	2.00	1.75	1.96	1.76	2.47	3.28	3.51
26 9410	MUNICIPAL OR STATE EMPLOYEES - N.O.C.	2.50	2.66	2.90	2.12	1.93	2.57	3.03
27 6235	OIL OR GAS DRILLING OR RE-DRILLING OF WELLS	5.34	5.85	6.46	7.53	11.12	14.78	15.79
28 6216	OIL OR GAS LEASE WORK - N.O.C.	3.63	4.36	5.10	5.78	8.67	11.52	12.31
29 7720	POLICE	2.17	2.05	2.24	2.15	2.91	3.87	4.13
30 5183	PLUMBING - N.O.C.	2.32	2.29	2.56	2.80	3.57	4.74	5.07
31 4207	PULP MANUFACTURE - CHEMICAL PROCESS	4.00	3.68	4.05	3.59	5.35	7.11	7.60
32 7609	RADIO STATIONS	.72	.73	.81	.88	1.23	1.63	1.75
33 8742	SALES MEN	.37	.30	.34	.32	.44	.58	.62
34 8039	STORES - DEPARTMENT - RETAIL	.46	.46	.50	.54	.73	.97	1.04
35 8033	STORES - MEN'S COMBINED GROCERY - RETAIL	1.09	1.11	1.21	1.31	1.74	2.34	2.50
36 8017	STORES - RETAIL - N.O.C.	.72	.66	.74	.74	.98	1.30	1.39
37 5506	STREET OR ROAD CONSTRUCTION - PAVING	3.18	2.98	3.33	3.27	3.60	4.78	5.11
38 5507	STREET OR ROAD CONSTRUCTION - CLEANING	3.66	3.30	3.69	4.53	5.95	7.91	8.45
39 7100	TELEPHONE COMPANIES	1.61	1.42	1.58	1.73	2.55	3.39	3.62
40 7219	TRUCKMEN - N.O.C.	6.24	4.35	5.07	5.35	6.94	9.22	9.85

Bureau of Labor Statistics  
Form 1572 Full - Form 6572 Green