

SCOMM

33:6

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

WCS
JAY S. HAMMOND, GOVERNOR

P. O. BOX 1149
JUNEAU, ALASKA 99811

February 21, 1980

The Honorable Brian Rogers
Alaska House of Representatives
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Rogers:

The Workers' Compensation Division is conducting a workshop for Board Members and Hearing Officers to review the program, examine current trends, court cases and legislation in order to provide consistency and improved service to accomplish its work in the state.

As this group has been invited to attend the Senate session on Friday, February 22, 1980, and be introduced, I thought you might like the opportunity of introducing them in the House. They could arrange to be at the session about 10:30 a.m.

The following Board Members and staff are present:

BOARD MEMBERS

Jan Baughman	Fairbanks Management
Bud Langberg	Fairbanks, Labor
Ann Pittenger	Anchorage Management
Jim Robison	Anchorage Labor
David Richards	Juneau Labor

(Not present - Tom Chandler, Juneau Management)

WORKERS' COMPENSATION STAFF

Jackie McClintock	Director
Paul Troeh	Deputy Director
Becky Branchflower	Workers' Compensation Officer, Anchorage
Benjamin Joy	Workers' Compensation Officer, Anchorage
Lucille Odom	Workers' Compensation Officer, Fairbanks
Kay Wilkerson	Second Injury Fund Officer, Anchorage
Paul House	Second Injury Fund Officer, Juneau

Rogers

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February 21, 1980

Thank you for your continued interest in the Department and its programs.

Sincerely,

Judy DuBois

Judy G. DuBois
Legislative Liaison

TO: REP. BRIAN ROGERS, VICE CHAIR
HOUSE LABOR & MANAGEMENT COMMITTEE

FROM: RICHARD A. FINEBERG *RAF*

RE: WORKERS' COMP PROPOSALS

DATE: FEB. 15, 1980

Recommendation #1. Task Force

(REQUEST IMMEDIATE ATTENTION AND FUNDING VIA BILL AND RESOLUTION
THROUGH LABOR AND MANAGEMENT COMMITTEE)

Members

- 2 representatives from insurance industry (Wilton is a must)
- 1 claimant attorney representative
- 1 claimant organization representative
- 1 employer representative
- 1 labor union representative
- 1 Division of Workers' Comp representative
- 1 Division of Insurance representative
- 1 Legislature representative

Staff

- 3 staff persons to be hired immediately for eight months:
 - a. one project leader with some knowledge of comp and familiarity with relevant legal and medical concepts (\$3000/month)
 - b. one project researcher with background in social research and sampling (\$2000/month)
 - c. one secretary (\$1440/month)

Tasks

- 1. Organize, schedule and set agenda for bi-monthly task force meetings of two days' each, to be held in May, July and September.
- 2. Conduct thorough review of individual comp case files to diagnose trouble spots in comp system. Review will include random sampling of statistically significant group of cases from the division's files, plus a group of long-term disability cases that have been the subject of chronic controversy. Review will consist of analysis of records, plus interviews with people involved in case, where appropriate and feasible. Review will enable Division and Task Force to identify and quantify comp problems.
- 3. Based on file study, claimant input and task force input, prepare booklet on workers' comp procedures. (Note: printing costs not included; that estimate to come from J. McClintock and should be included in Workers' Comp Division FY 81 budget)
- 4. Prepare recommendations for legislative reform of comp system, in cooperation with relevant agencies and Legislative Affairs.

Schedule

Meetings: May, July, September (two days each)
File Review, May-June
Booklet: July
Legislation: Aug.-Sept.

TO: ROGERS
FROM: FINEBERG
RE: WORKERS COMP
DATE: FEB. 15
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Rationale:

1. Determine whether the number of claimants possibly wronged by the overloaded comp system is (1) understood by that system and (2) significant. If significant, task force can consider recommendations and ways to address the problem(s).
2. Richard Block's report is coming down the pike (reportedly in the next week or two) and this proposal may pre-empt some attempts to reduce premium rates by reducing some aspects of claimant services. In view of a likely attack on services, a pre-emptive move setting up a claimant-oriented, comprehensive task force may be a stitch in time.
3. Division of workers' comp desires a broad review of its operations but lacks capacity to handle it in-house.
4. Problems pinpointed in Jan. 20 report to you, and hearings of your subcommittee Feb. 13 demonstrate the need for overhaul of the comp system, stressing such concepts as interagency cooperation, claimant services and reducing costs without reducing benefits by making structural improvements in the system.
5. The sooner the reforms are effected, the smaller the number of individuals who will be short-changed in the future, the less the cost to society of the ongoing problem cases.

Budget

1. Personnel: \$6440/mo. x 6	\$38,640
2. Overhead (office, supplies): \$5000/mo.	30,000
3. Per diem for task force meetings 11 persons, 2 days = \$1210 x 3 meetings	3,630
Travel for task force meetings (\$300/person/ meeting = \$9900 outside figure)	9,900
4. Trip to other states by one member of task force and one member of Dept. of Labor. 10 days to Ore., Calif., Wis. and Florida (\$767 air fare per person; \$550 per diem per person)	<u>2,634</u>
TOTAL BUDGET	\$84,804

TO: ROGERS
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Two reminders on other aspects of comp:

1. Rate-making

Request Division of Insurance provide (from National Council on Compensation Insurance, if they don't have the information) 1975-79 (or most recent year) net underwriting profit/loss and investment income profit. (Note: Similar information provided through 1974 for the 1977 Woodward and Fondiller study for the Legislative Affairs Agency, p. VII-20.)

2. Pending Legislation

Supplemental \$54,600 for Workers' Comp Division to bring three new hearing officers on board immediately (rather than waiting for FY81) and \$211,000 for Workers' Comp Division capital improvements to establish workers' comp information management system were approved by L&M Feb. 13 after hearing and referred to Finance Committee for immediate attention.



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3201 SPENARD ROAD
ANCHORAGE
H. GLENZER, JR.
MANAGER

JUN 1 RECD

Worker's Compensation Study Commission:

F. M. SWALLING
Swalling Construction
Anchorage

ALICE EBENAL, Pres.
ACE General Contractors
Fairbanks

WILLIAM MCKEEVER, JR.
Tam Construction
Anchorage

DICK PITTENGER
AK Chapter, Assoc. General Contractors
Anchorage

NEWT CUTLER
Newt Cutler Insurance
Juneau (Ins. provider/timber industry)

Bill No.

SCS for CS for House Concurrent Resolution
No. 59

Date

May 27, 1980

Title

Relating to Workers' Compensation

Contact:

Judy G. DuBois
465-2700

This resolution would provide for an interim study to thoroughly review the provisions of the Alaska Workmen's Compensation Act for the purposes of: 1) reporting to the legislature on its preliminary findings and recommendations concerning changes in the workers' compensation law needed to eliminate antiquated and inadequate provisions, 2) to provide fully for the legitimate rights of injured Alaskan workers, 3) to bring the workers' compensation law into harmony with current needs and conditions, and 4) to minimize the cost of workers' compensation to employers in the state.

In reviewing SCS for CSHCR 59, it is noted that the Director of the Division of Insurance, Department of Commerce and Economic Development, has been deleted as a participating member of the Study Group. If an inclusive analysis of workers' compensation costs to employers is going to be accomplished, it is essential that the Division of Insurance contribute to the work of the commission on the same basis as the Department of Labor. The Division of Insurance plays an integral part in the rate-making process of workers' compensation and has statutory authority over unfair trade practices. No other individual or agency has the statistical data, knowledge or expertise to effectively address these areas of concern, and their input should not be omitted in place of contributions made by the insurers' representative. This amendment should be added to the paragraph on page 2 of the resolution, lines 3, 4, and 5.

The Department has supported the concept of a task force or commission to study the statutes governing workers' compensation in Alaska. Many new trends and philosophies are being tested in various states. Alaska's workers' compensation problems are not unique and are being experienced throughout the United States. Due to pressing demands and limited staff, as well as financial restrictions, the Department has not been able to thoroughly review and compare legislation.

Extensive studies on workers' compensation have recently been made in Oregon, Florida, Wisconsin and Minnesota by task forces similar to the study commission proposed in SCS CSHCR 59. It would be most beneficial for this commission to avail itself of the experience and expertise gained in other studies, by bringing to Alaska a representative from each of these task forces to share their findings and legislative proposals with the commission members. This would not only be beneficial from a time and cost savings aspect, but would ensure that a comprehensive study of workers' compensation is accomplished. An amendment to the fiscal note should be made, providing for an additional \$4.4 in travel costs.

Another area of concern is the deletion of a project researcher from the commission staff. Due to the very complex issues dealing with workers' compensation, the commission needs the services of a consultant who has legal training, is knowledgeable in workers' compensation law, has the ability to research from an impartial point of view, and is not allied to either labor or management concerns. An amendment to the fiscal note should be made, providing for an additional \$15.0 in contractual costs.

POSITION PAPER/Department of Labor

The Department opposes the appointment of an insurer representative as voting member of the study commission. The knowledge and expertise to be gained from the insurers providing workers' compensation coverage in the State is fundamental to a comprehensive study; however, the insurers' input should be contributed to the work of the commission on the same advisory basis as the Department of Labor and the Department of Commerce and Economic Development. Although the insurance carrier is considered a separate entity from the employer under the provisions of the Act, in practice, claims are adjusted and defended by insurance carriers and their designated counsel in all but cases where the employer is self-insured or uninsured. In that the insurer protects the interests and acts in behalf of the employer, this appointment creates an unfavorable balance to the commission.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS for CS for House Concurrent Resolution No. 59Title Relating to Workers' CompensationRequested by _____ Date 5-25-80

II. FISCAL DETAIL

Agency Affected Legislative Affairs AgencyProgram Category Affected General GovernmentBRU, Program, or Subprogram(s) Affected Legislative Council

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		40.2				
200 TRAVEL		21.1				
300 CONTRACTUAL		26.6				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		88.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		88.9				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		2				

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

Assumption: Use of L.A.A. space, equipment, and telephone

100 Staff Salaries		\$40.2
\$2,556/month x 8 months x 26% benefits - One project leader with some knowledge of comp and familiarity with relevant legal and medical concepts	\$25.7	
\$1,440/month x 8 months x 26% benefits - One secretary	14.5	
200 Travel - per diem for task force mtgs - 10 persons two days each @ \$67 x 5 meetings	\$ 6.7	
Transportation for task force mtgs @ \$200/person x 10 members x 5 meetings	\$10.0	
Bring one individual with expertise in Workers' Compensation to Alaska from Oregon, Wisconsin, Minnesota, and Florida to work with staff and commission - 5 days per diem @ \$67. x 4 =	\$ 1.3	

IV. DATE _____ PREPARED BY _____

AGENCY _____

PHONE _____

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Fiscal Note
SCS for CS for House Concurrent Resolution No. 59

Transportation @ \$767 x 4	\$ 3.1	
	<u>4.4</u>	
300 Telephone \$40/month x 8 months	.3	
Rental Office Space	7.4	
Long Distance @ \$300/month x 8 months	2.4	
Other Services	<u>1.5</u>	\$11.6
Professional Services - Research Consultant	<u>15.0</u>	
		\$26.6
400 Commodities		\$ 1.0

INFORMATION OF INTEREST ABOUT THE ALASKA WORKMEN'S COMPENSATION ACT

1. Employers employing one or more persons must insure with a private insurance company for their liability to pay workers' compensation benefits or obtain a self-insurance certificate from the Workmen's Compensation Board after a showing of satisfactory proof of financial responsibility to pay benefits directly. The employer must post notice listing the name and address of the carrier in a conspicuous place at the work site.

2. Employers are subject to penalty for failure to comply with the law. Up to \$1,000 fine and up to one year in prison can be imposed for failure to insure for workers' compensation liability, and penalties equal to 20 percent of compensation due an injured employee are assessed for failure to file a report of injury within 10 days of knowledge of injury.

3. Most employees are covered by the Act. Part time baby sitters, cleaning persons employed by home owners for work in and about the home, executive officers of a municipal corporation, or a charitable, religious, educational or non-profit corporation and harvest help in agriculture are generally not covered by the Act.

4. The employee must give notice of injury to the employer and the Board, preferably in writing, within 30 days of the injury or provide satisfactory reason why notice was not timely given. Completing and signing the employee section of the report of injury is compliance.

5. The employee may select the treating physician but must submit to examinations by the insurance carrier's choice of doctor at reasonable times.

6. The employee is required to do all reasonably possible to restore himself to maximum recovery and return to gainful employment by following the doctor's advice and undergoing vocational rehabilitation when necessary.

7. Full medical services are to be provided the injured employee as long as the process of recovery requires.

RATES OF COMPENSATION FOR INJURIES

8. Temporary total and permanent disability compensation shall equal $66 \frac{2}{3}$ percent of the employee's weekly wage but cannot exceed a maximum based on a percentage of the State's average weekly wage. The employee's average

weekly wage is calculated by dividing by 52 the total wages earned in the one year of highest earnings of the three calendar years immediately preceding the year of injury. If the average weekly wage is less than \$65, the compensation rate shall equal the wage.

9. When the permanent effects of an injury cause a loss of earning power, or impairment of the normal use of a part of the body, the employee is entitled to compensation based upon the degree of disability. Or in the case of unscheduled disability, compensation is based on loss of wage earning capacity due to the injury.

10. Compensation is payable during the continuance of the disability from work due to injury.

11. If injury causes death, funeral expenses not exceeding \$1,000 shall be paid. The compensation rate for the surviving spouse and children may not be less than \$45 a week for the spouse, \$15 for one child or \$30 for children. Upon remarriage, the spouse is entitled to a lump sum payment equal to two years compensation. Benefits are paid to unmarried children to age 19 and over while attending the first four years of college or vocational school.

12. The Act does not require employers to keep an injured employee on the payroll nor does it require the employer to rehire. However, an employer is encouraged to hire the handicapped by its Second Injury Fund provisions, which relieve the employer from some liability in the event of a second injury.

13. Any party, when controversy develops, may request a hearing before the Alaska Workmen's Compensation Board.

14. Benefit rates are reduced to persons while residing in a state or country other than Alaska by the ratio that the other jurisdiction's average weekly wage compares to Alaska's average weekly wage. Such reduction does not apply if the person is residing outside Alaska for medical care or rehabilitation not available in Alaska.

ADL- 149 (Rev. 2/79)

WHAT IS AN INDUSTRIAL INJURY ?

An industrial injury means any injury or disease, including damage to artificial limbs, dentures, and medical braces, which occurs while the employee is performing a service for his employer, and which is the result of his work or working conditions.

For more information contact your nearest Workmen's Compensation office:

675 7th Avenue
Fairbanks, Alaska

650 International Airport Road
Anchorage, Alaska

One Sealaska Plaza - Third Floor
Juneau, Alaska

MAIL INQUIRIES TO:

ALASKA WORKMEN'S COMPENSATION
BOARD
P.O. BOX 1149
JUNEAU, ALASKA 99811

DEPARTMENT OF LABOR IMPORTANT FACTS ABOUT THE WORKMEN'S COMPENSATION LAW



STATE OF ALASKA
JAY HAMMOND, GOVERNOR

FORWARD

Payment of workers' compensation periodically and promptly in like manner as wages and full restoration of health are prime objectives of the Workmen's Compensation Law. These goals can be achieved only if all parties act quickly and fulfill their responsibilities without delay. The system as a whole must run ON TIME: it will bog down if any of the interested parties--the injured employee himself, his employer, his doctor, or the insurance company -- fails to discharge his obligations promptly.

This is a workers' compensation "timetable." It contains a list of things employees, employers, physicians and insurers must do and the time within which they must be done.

Our workers' compensation program will work best if all who are involved in it -- recognize their obligations and discharge them promptly, in the way and within the time limits the Law requires.

The operational chain is composed of several equally important links, described in these pages. It is a well-worn axiom that the weakest link determines the strength of the chain. The major purpose of this booklet is to help forge strong links for an effective workmen's compensation system.

Not every requirement of the Law, even in terms of its "time" features, is explained here, of course. If further information or advice is desired, write to:

Alaska
Workmen's Compensation Board
Box 1149, Juneau, Alaska 99811

THE "A.B.C.'S" OF WORKMEN'S COMPENSATION

THE EMPLOYEE

- A. Obtain first aid or necessary medical treatment and direct the treating physician to promptly file a report to Workmen's Compensation Board and to send a copy of the report and bills for costs of treatment to the employer or its insurance carrier.
- B. Notify the employer as soon as possible and complete the employee's section on the report of injury form which must be promptly mailed to the Workmen's Compensation Board with a copy to the carrier.
- C. Contact the nearest Dept. of Labor office if first compensation payment is not made within 14 days of the employer's knowledge of disability from work. If a dispute develops regarding payment of medical costs or compensation, the Board should be promptly notified.

THE EMPLOYER

- A. Provide immediate emergency medical care if needed including transportation to the nearest adequate medical facility.
- B. Promptly complete the Report of Occupational Injury or Disease and mail to the Workmen's Compensation Board with a copy to the workmen's compensation insurance carrier.
- C. Comply with all requests for information made by the Board or the insurance carrier.

THE DOCTOR

- A. Promptly complete and mail a Physician's First Notice of Injury to the Workmen's Compensation Board with a copy to the employer or its insurance carrier. Complete the report fully and indicate if patient is considered disabled from work. Delay in filing this report causes a delay in compensation payments and undue hardship to the disabled employee.
- B. Keep the Board and carrier advised of patient's condition and probable return to work date by mailing supplemental reports as necessary. Indicate if rehabilitation of patient appears necessary.
- C. Forward billings for medical costs directly to the employer or carrier and notify the Board of any controversy regarding payment or treatment.

THE INSURER

- A. Make first compensation payment within 14 days of the employer's knowledge of disability or injury and pay subsequent installments regularly at two week intervals during disability. Penalties equal to 20% of compensation due are assessed if not paid within 14 days of due date.
- B. Notify the Board immediately when compensation has commenced and when compensation is stopped for any reason.
- C. Consider the rehabilitation needs of the employee and advise the Board when it appears vocational rehabilitation will be necessary.

**BREAK
THE
CHAIN**

**AND
YOU
BREAK
THE
CLAIM
!**