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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

February 25, 1981

The Honorable Bob Mulcahy, Chairman
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: SB 179

Thank you for your request concerning our position on SB 179. It represents the work product of the Workers Compensation Study Commission. The Division of Insurance has been working closely with the Workers Compensation Study Commission on a number of the items covered by this legislation. We are in favor of the bill.

The bill transfers the function of regulating workers compensation self-insurance from the Alaska Workers Compensation Board to the Division of Insurance in this department. We are not overly enthralled with the prospect of acquiring this responsibility, but recognize that it is more akin to our operations than those of the board or the Department of Labor. The bill does provide the necessary tools to properly perform this function and section 2 of the bill is based substantially on work done by the Division of Insurance at the request of the Study Commission.

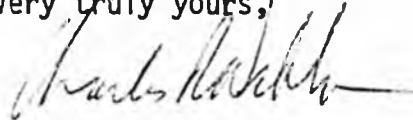
The bill revises the insurance fictitious group statute to permit workers compensation insurance groups to form with greater ease.

The bill revises the insurance rating law to encourage competitive rating in workers compensation insurance. This is a substantial departure from the current system which tends to fix rates by all insurers at the same level regardless of the individual insurer's experience or expenses. This new approach moves in the direction of a recent model by the National Association of Insurance Commissioners.

February 25, 1931

We have noted a number of corrections that need to be made. These appear in the enclosed section by section commentary. The commentary is confined to sections 1, 2, 4, 5, 6, 7, 13, 14, 15, 19, 20, 25, 26, 28, 29, 46, 64 and 70.

Very truly yours,



Charles R. Webber
Commissioner

CRW/mh3/15

Enclosure

SB 179
Section by Section Commentary

Section 1. This section is a purpose section for section 2 of the bill.

Section 2. This section adds a new chapter to the insurance code dealing with workers compensation self-insurers. It transfers the function from the Workers Compensation Board to the Division of Insurance. It newly provides for self-insurer groups. The chapter outlines requirements intended to aid in determining the ability of the self-insurer to meet its obligations under AS 23.30. These functions are totally new to the Division of Insurance and will require expertise not presently housed there. The functions are more akin to the functions of the Division of Insurance than they are to the Workers Compensation Board functions.

On page 7, line 24, a stay of revocation provision is included which provides a stay "until the hearing process is completed." This language is ambiguous since no definition provides when the process is completed.

* Proposed Amendment. On page 7, line 24, remove the phrase "hearing process is completed" and add "the time noted in the order issued by the director following the hearing but not sooner than five days following the order."

Section 4. This section modifies the fictitious group statute to facilitate the formation of workers compensation safety groups. Groups do not have standing under the rate law to make rate or rating plan filings. Insurance companies have standing. A minor revision will correct the problem.

* Proposed Amendment. On page 9, line 5, following the word "has" insert the phrase "through an insurer."

Sections 5-6. These sections modify the Alaska insurance rate law for workers compensation from its present prior approval approach to a file and use approach. Under the present system, a single rating organization files rates for all insurers and the insurers are required to adhere to that schedule of rates. This results in little or no rate competition. This proposal would change the role of the rating organization in a way that would result in a wide selection of insurance rates. Under the proposed change

\$100 for each day the insurer fails or refuses to pay a final award or judgement (excluding the period permitted for appeal) made against it, or its insured, or it fails or refuses to comply with a provision of this chapter."

Section 15. This section is similar in some respects to HB 94. It changes the formula for payments to the second injury fund from 8% on permanent partial disabilities to 6% on permanent total, permanent partial, temporary total, and temporary partial injuries. This formula will improve the cash flow to the second injury fund. The actuaries of the rating organization have estimated the impact on workers compensation insurance rates to be an increase of 1%.

Sections 19, 20, 25, 26, 28, 29, and 64. The changes in these sections relate to the change in section 2 whereby the regulation of self-insurers is transferred from the Workers Compensation Board to the Division of Insurance.

Sections 25, 26 and 64. These sections change "board" to "director of insurance" and also change "compensation" to "benefit." The transfer of the regulation of self-insurance has too quick an effective date to avoid problems. Time is needed to staff, to develop regulations to implement the changes and to work out the bugs. The transfer should be implemented on July 1, 1982. This necessitates a splitting of these sections to reflect that certain changes occur at later dates.

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Proposed Amendment. Split section 25 on page 23, lines 12-24, into 2 sections, 25A and 25B, to read as follows:

Sec. 25A. AS 23.30.075(a) is amended to read:

(a) An employer under this chapter, unless exempted, shall either [,] insure and keep insured for his liability under this chapter in an insurance company or association duly authorized to transact the business of workers compensation insurance in this state, or shall furnish the board satisfactory proof of his financial ability to pay directly the benefits [COMPENSATION] provided for. If an employer elects to pay directly, the board may, in his [ITS] discretion, require

(1) the deposit of an acceptable security, indemnity or bond to secure the payment of benefit [COMPENSATION] liabilities as they are incurred; and

the rates for each insurer for a particular classification would be different. Insurers would be competing in areas that they do not typically compete in now, including expenses and investment income.

Section 7. This section modifies the deviation section of the insurance rate law to make clear that a rate filing under sections 5 and 6 are not deviations and that a deductible or loss reimbursement plan is not considered a deviation.

Section 13. This section is intended to encourage the use of deductible provisions in a workers compensation insurance policy. It provides that the insurer is liable for the full benefit required under the law but permits recovery by the insurer from the insured employer of the amount they have agreed upon.

Section 14. AS 23.30.030(7) is a required provision in a workers compensation policy. Unfortunately, it is not workable. Form filings are made by a rating organization on behalf of all its member and subscriber companies, so that it is not possible to disapprove the form in the manner outlined. The director of insurance does not presently accept or receive proofs of insurance from any insurer so this language is meaningless. The approach here would penalize all other insured employers of the insurance company and could leave them uninsured. Its akin to killing a gnat with a baseball bat. A better approach would be to allow specific penalty to be determined on the basis of the severity of the specific situation. This could range from a fine to a suspension of authority.

*

Proposed Amendment. On page 16, lines 22-29 and page 17, line 1, amend AS 23.30.030(7) to read:

"(7) If the insurer fails or refuses to pay a final award or judgement (except during the pendency of an appeal) made against it, or its insured, or if it fails or refuses to comply with a provision of this chapter, the director of insurance [COMMISSIONER SHALL REVOKE THE APPROVAL OF THE POLICY FORM, AND MAY NOT ACCEPT FURTHER PROOFS OF INSURANCE FROM IT UNTIL IT HAS PAID THE AWARD OR JUDGEMENT OR HAS COMPLIED WITH THE VIOLATED PROVISION OF THIS CHAPTER, AND HAS RESUBMITTED ITS POLICY FORM AND RECEIVED THE APPROVAL OF THE FORM BY THE INSURANCE COMMISSIONER] may suspend or revoke the insurer's Certificate of Authority pursuant to AS 21.09.150 or impose a fine upon the insurer of not less than \$25 and not more than

(2) proof of excess insurance.

Sec. 25B. AS 23.30.075(a) is amended to read:

(1) An employer under this chapter, unless exempted, shall either insure and keep insured for his liability under this chapter in an insurance company or association duly authorized to transact the business of workers compensation insurance in this state, or shall furnish the director of insurance [BOARD] satisfactory proof of his financial ability to pay directly the benefits provided for. If an employer elects to pay directly, the director of insurance [BOARD] may in his [ITS] discretion, require

(1) the deposit of an acceptable security, indemnity or bond to secure the payment of benefit liabilities as they are incurred; and

(2) proof of excess insurance.

* Proposed Amendment. Split section 26 on page 23, lines 25-29, and page 24, lines 1-9, into two sections, 26A and 26B to read as follows:

Sec. 26A. AS 23.30.075(b) is amended to read:

(b) An employer who fails to insure and keep insured employees subject to this chapter or fails to obtain a certificate of self-insurance from the board, upon conviction, is punishable by a fine of not more than \$1,000, or by imprisonment for not more than one year, or by both. If an employer is a corporation, all persons who, at the time of the injury or death, had authority to insure the [SAID] corporation or apply for a certificate of self-insurance, and the person actively in charge of the business of the [SUCH] corporation shall be subject to the penalties prescribed herein and shall be personally, jointly and severally liable together with the corporation for the payment of all [COMPENSATION OR OTHER] benefits for which the corporation is liable under this chapter if the [SAID] corporation at such time is not insured or qualified as a self-insurer.

The above section is unchanged from the bill since need for a further change to page 23, line 28, was overlooked. That change is incorporated in section 26B.

Sec. 26B. AS 23.30.075(b) is amended to read:

(b) An employer who fails to insure and keep insured employees subject to the chapter or fails to obtain a certificate of self-insurance from the director of insurance

[BOARD], upon conviction, is punishable by a fine of not more than \$1,000, or by imprisonment for not more than one year, or by both. If an employer is a corporation, all persons who, at the time of the injury or death, had authority to insure the corporation or apply for a certificate of self-insurance, and the person actively in charge of the business of the corporation shall be subject to the penalties prescribed herein and shall be personally, jointly and severally liable together with the corporation for the payment of all benefits for which the corporation is liable under this chapter if the corporation at such time is not insured or qualified as a self-insurer.

* Proposed Amendment. Split section 28 on page 24, lines 19-27 into two sections, 28A and 28B to read as follows:

Sec. 28A. AS 23.30.085(a) is amended to read:

(a) An employer subject to this chapter, unless exempted, shall initially file evidence of his compliance with the insurance provisions of this chapter with the board, in the form prescribed by it. The employer shall also give evidence of compliance within 10 days after the termination of his insurance by expiration or cancellation. These requirements do not apply to an employer who has certification from the board of his financial ability to pay benefits [COMPENSATION] directly without insurance.

Sec. 28B. AS 23.30.085(a) is amended to read:

(a) An employer subject to this chapter, unless exempted, shall initially file evidence of his compliance with the insurance provisions of this chapter with the board, in the form prescribed by it. The employer shall also give evidence of compliance within 10 days after the termination of his insurance by expiration or cancellation. These requirements do not apply to an employer who has certification from the director of insurance [BOARD] of his financial ability to pay benefits directly without insurance.

* Proposed Amendment. Split section 64 on page 46, lines 16-22 into two sections, 64A and 64B to read as follows:

Sec. 64A. AS 23.30.265(19) is amended to read:

(19) "self-insurer" means an employer who, instead of insuring his liability under this chapter as it provides elects to pay directly the benefits [COMPENSATION] provided for, and who has furnished to the board satisfactory proof of his financial ability to make the direct payments and has been issued a self-insurance certificate;

Sec. 64B. AS 23.30.265(19) is amended to read:

(19) "self-insurer" means an employer who, instead of insuring his liability under this chapter as it provides, elects to pay directly the benefits provided for, and who has furnished to the director of insurance [BOARD] satisfactory proof of his financial ability to make the direct payments and has been issued a self-insurance certificate;

Section 29. The language on page 25, lines 4-9, conflicts with sec. 21.62.160 on page 7. It is not needed.

* Proposed Amendment. On page 25 remove the sentences starting on line 4 and ending on line 9.

The new language on page 25 starting on line 9 and ending on line 13 poses a problem since the director will not necessarily know to whom notices must be sent.

* Proposed Amendment. On page 25, line 13, following the word "state," add "provided that the contracting agency has obtained proof of self-insurance from the employer designating the contracting agency as a person to receive notice under this section."

Section 46. No comment generally on this section except to say that the use of a draft on page 38, line 21, is in conflict with a barrier to drafts found in AS 21.89.030 adopted in 1968.

* Proposed Amendment. On page 38, line 21, remove the words "or draft."

Section 70. This is the effective date section calling for an effective date of July 1, 1981. See comments on section 25.

* Proposed Amendment. This section should be split into two sections, 70A and 70B to read as follows.

Sec. 70A. Sections 3, 4-18, 19A, 21-24, 25A, 26A, 27, 28A, 30-53, 64A and 65-69 of this Act take effect on July 1, 1981.

Sec. 70B. Sections 1, 2, 19B, 20, 25B, 26B, 28B, 29 and 64B of this Act take effect on July 1, 1982.

Bill No. Senate Bill 179

Date March 2, 1981

Title "An Act relating to workers' compensation; providing for an effective date."

Contact: *JK* Judy Knight and
465-2700
Jacquelyn McClintock
465-2790

This legislation reflects the work accomplished by the workers' compensation study commission and is the result of considerable testimony at commission hearings from workers, labor groups, employers, insurance companies, attorneys, and state agency personnel.

The Workers' Compensation Board and Division have worked very closely with the study commission in recommending amendments that are aimed towards reducing litigation and administrative delays in processing claims. The amendments to AS 23.30 will clarify inconsistencies and ambiguities in the language of the Act and will bring that language into harmony with interpretations set forth in existing court decisions and with the current practice of the Alaska Workers' Compensation Board.

The Department of Labor supports the bill with minor amendments to Sections 15 and 46 and feels it will be a significant factor in reducing the costs of workers' compensation to the employer without jeopardizing benefits to the injured worker.

A Fiscal Note and section by section analysis of the changes affecting the Workers' Compensation Board and Division have been prepared.

WCCA

POSITION PAPER

ADDENDUM I

GLOSSARY OF TERMS:

DISABILITY: INCAPACITY DUE TO AN INJURY TO EARN THE WAGES WHICH THE EMPLOYEE WAS RECEIVING AT THE TIME OF THE INJURY

PERMANENT TOTAL DISABILITY: A DETERMINATION THAT DUE TO AN INJURY THE EMPLOYEE IS SUFFERING FROM AN IMPAIRMENT WHICH WILL KEEP HIM FROM BEING ABLE TO WORK AGAIN AT REGULAR EMPLOYMENT

PERMANENT PARTIAL DISABILITY: A DETERMINATION MADE AFTER THE CONDITION STABILIZES OF THE EXTENT OF DISABILITY ARISING FROM THE INJURY, USUALLY A SCHEDULED BENEFIT

TEMPORARY TOTAL DISABILITY: INDEMNITY PAYMENTS MADE TO AN INJURED EMPLOYEE FOR THE AMOUNT OF TIME OUT OF WORK DUE TO AN INJURY UNTIL THE CONDITION STABILIZES

COMPROMISE AND RELEASE AGREEMENT: AGREEMENT REACHED BETWEEN INJURED PARTY AND EMPLOYER OVER EXTENT AND DOLLAR VALUE OF THE INJURY, WHICH MUST BE APPROVED BY THE WORKER'S COMPENSATION BOARD, AND CAN RESULT IN A LUMP SUM PAYMENT CLOSING OUT THE INDEMNITY PORTION OF THE CLAIM

AVERAGE WEEKLY WAGE: COMPUTATION OF ALL WAGES EARNED OVER A PREDETERMINED AMOUNT OF TIME, DIVIDED BY THAT NUMBER OF WEEKS

SELF-INSURER: AN EMPLOYER WHO, RATHER THAN PURCHASING INSURANCE, HAS ELECTED TO PAY DIRECTLY THE COMPENSATION REQUIRED AND HAS PROVIDED SUBSTANTIAL PROOF OF HIS ABILITY TO MAKE THE PAYMENTS

SECOND INJURY FUND: FUND SET UP TO COVER DISABILITY AND REHABILITATION COSTS IN CASES WHERE INJURIES OCCUR TO INDIVIDUALS ALREADY DOCUMENTED AS HAVING A PREEXISTING INJURY

NOTE: ON PAGE 4 OF THE WCCA POSITION PAPER, UNDER OFFSETS WORKER'S COMPENSATION BENEFITS, SECTION 2, WCCA POSITION, THE FOLLOWING CORRECTION SHOULD BE MADE: THAT THE SUM OF THESE WEEKLY PAYMENTS BE LIMITED TO 100% OF THE WORKER'S TAKE HOME WAGE, WITH THE WORKER'S COMPENSATION BENEFIT BEING PAID FIRST.

Worker's Compensation Committee of Alaska (WCCA)
P. O. Box 1647
Anchorage, Alaska 99501

Mr. Tim Kelly
283 Muldoon Road
Stn. Box 76
Anchorage, Alaska 99504

Dear Senator Kelly:

The Worker's Compensation Committee of Alaska (WCCA) is a political action committee. The committee was formed by a group of Alaskan employers concerned about the economic impact on business of the workers' compensation system in Alaska.

The committee does not want to deprive workers of legitimate benefits. Our objectives are to establish a mechanism for the handling of disputed claims, to encourage a well structured rehabilitation program, and to establish an awareness of the fact the workers' compensation costs are passed on directly to the consumer.

To these ends, we have been actively working with and communicating with employers and employer groups all over the State. We have encouraged these employers and groups to appear at hearings on Workers' Compensation offering input based on a wide range of experiences, and showing the broad base of employer concerns with the problems in the current system.

At this time, we are enclosing an information booklet on the status of the present Workers' Compensation law and our Position Paper outlining our recommendations for legislative and administrative changes in the Workers' Compensation system in the State of Alaska. If you desire any further clarification of our position, WCCA will be happy to provide you with additional information.

Very truly yours,

Richard Cattanch
at

Board of Directors
Worker's Compensation Committee of Alaska

Howard Addison, Tesoro Alaska Petroleum Co.
Richard Cattanch, Unit Company, Alaska Chapter, AGC
Ann Cox, DHL Worldwide Express
Howard Cutter, Alyeska Pipeline Service Co.
Ken Kleker, J.B. Gottstein and Co.
Bud Obermeyer, INA/Alpac
Don Scott, NANA Regional Corp.
Jan Sloan, Clary Insurance Agency
Tom Tierney, Corroon & Black/ Dawson & Co.
Jack Thompson, Air Van Lines
Ike Waldrop, Alaska Chapter, NECA
David Wilkes, American Federation of Business

349-4568

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LABOR

BOX 1149
JUNEAU, ALASKA 99811

Ph: 465-2790

March 3, 1981

The Honorable Bob Mulcahy, Chairman
Senate Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Mulcahy:

Re: SB 179

Thank you for your request concerning our position on SB 179.

This bill reflects the work accomplished by the Workers' Compensation Study Commission and is the result of considerable testimony at commission hearings from workers, labor groups, employers, insurance companies, attorneys and state agency personnel. Our agency has worked very closely with the Workers' Compensation Study Commission in recommending amendments that are aimed towards reducing litigation and administrative delays in processing claims. The amendments to AS 23.30 will clarify inconsistencies and ambiguities in the language of the Act and will bring that language into harmony with interpretations set forth in existing court decisions and with the current practice of the Alaska Workers' Compensation Board.

We feel the legislation proposed in SB 197 will be a significant factor in reducing the costs of workers' compensation to the employer without jeopardizing benefits to the injured worker and we strongly support the bill.

We have noted minor corrections that should be made to sections 15 and 46 and have enclosed a section by section discussion of the changes that effect the Workers' Compensation Board and Division.

Very truly yours,


Jacquelyn L. McClintock, Director
Workers' Compensation Division

JLM/mjs

Enclosure

PROPOSED AMENDMENTS

- 1) Sec. 15. AS 23.30.040(b), page 17, lines 13-15:

The amended section requires clarification on subsequent contributions to the Fund if the employee's claim exceeds one year from the date of injury. We suggest the bill be revised to read:

The first contribution must be made by one year from the date of the injury or on termination of the employee's claim, whichever is sooner. Subsequent contributions must be made yearly or on termination of the employee's claim, whichever is sooner.

- 2) Sec. 46. AS 23.30.155(d), page 36, lines 18-26:

This amendment was intended to clarify when the employer should file notice of controversion both initially and midstream on an employee's right to benefits. The word OR following the word death was omitted and should be corrected to read:

If the employer controverts the right to benefits, [COMPENSATION] he shall file with the board on or before the 14th day after he has knowled of the alleged injury or death or on or before an installment of compensation payable without an award is due, a notice of controversion on [, IN ACCORDANCE WITH] a form prescribed by the board [, STATING THAT THE RIGHT TO COMPENSATION IS CONTROVERTED, THE NAME OF THE CLAIMANT, THE NAME OF THE EMPLOYER, THE DATE OF THE ALLEGED INJURY OR DEATH, AND THE GROUNDS UPON WHICH THE RIGHT TO COMPENSATION IS CONTROVERTED],

3. AS 23.30.155(o), page 38, line 29 and page 39, lines 1-5:

The purpose of this amendment was to require the employer to report the total amount of all benefits, legal fees and penalties paid during the year or upon termination of a claim, whichever is sooner. Section requires correction to delete the word quarter and clarification on subsequent reports if the employee's claim exceeds one year from the date of injury. We suggest the bill be revised to read:

An employer shall file on or before the date one year from the date of injury or upon termination of the claim, whichever is sooner, a report on a form prescribed by the board, showing the total amount of all benefits, legal fees, and penalties paid during that period [THE QUARTER including the name of the claimant, the date of injury, and the claim number. Subsequent reports must be made yearly or upon termination of the claim, whichever is sooner.

HB 159/SB 179
Section by Section Analysis

Section 1-2. Section analysis by the Department of Commerce and Economic Development, Division of Insurance.

Section 3. This section prevents discriminatory employment practices on the part of employers towards employees who have filed a claim for workers' compensation benefits. The same prohibition is cross-referenced in AS 23.30.263 under Section 61.

Section 4-7. Section analysis by the Department of Commerce and Economic Development, Division of Insurance.

Section 8. This section adds an additional panel to the Alaska Workers' Compensation Board which may sit in any judicial district in the event regular panel members are unable to attend scheduled hearings. Members of the board, except the Chairman or his designees, are citizens appointed, pursuant to AS 23.30.005 and at times have scheduling conflicts with their own occupational duties. The amendment will insure that disputed claims are heard expeditiously by a full board panel and will provide the resources to conduct additional board hearings when the workload requires.

Section 9-12. The term "benefits" is substituted for "compensation" to achieve consistency throughout AS 23.30 in conformity with court and board interpretations. The term "benefits" is defined in AS 23.30.265(28) under Section 66 to mean "compensation and medical and related benefits." The definitions for "compensation" and "medical and related benefits" already exist under AS 23.30.265(8) and (16). This amendment will clarify current misunderstandings in interpreting these terms.

Section 13-14. Section analysis by the Department of Commerce and Economic Development, Division of Insurance. Section 14 also includes substitution of "benefits" for "compensation" where applicable.

Section 15. The repeal and reenactment of AS 23.30.040 is necessary if the second injury fund is to continue to meet its statutory obligations to rehabilitate the injured and disabled worker and to reimburse employers/carriers on subsequent injury claims.

This section expands the base for contributions to the second injury fund and incorporates a contribution schedule which will insure the solvency of the fund. It changes the base for payments to the fund from permanent partial disability to permanent total, permanent partial, temporary

total and temporary partial disabilities. Under Section 69, an initial contribution rate of 6 percent is established which will build reserves before a sliding rate scale takes effect in 1983. It also allows a more realistic maintenance allowance of \$200 a month and total maximum expenditures for retraining to \$10,000 in order to adequately cover the inflationary rise in expenses encountered for rehabilitation or retraining. The section also transfers the administrative expenses of the state from the resource of the second injury fund to the general fund.

Section 16-17. Substitution of "benefits" for "compensation" where applicable.

Section 18. This section allows placement of disabled employees who are being rehabilitated for gainful employment into work situations where the employer is willing to pay some wages to the trainee but does not want the risk of new injury to the handicapped person and the consequent increase in employer's insurance premiums; or if no other employees, having to obtain workers' compensation insurance just for the trainee. Successful rehabilitation will result in getting the handicapped employee back to a self-sustaining tax-paying citizen of the state and is worth the investment by the state in accepting the risk of his being re-injured while learning a new occupation. This amendment will also encourage employers to pay wages to the trainee and reduce costs to the rehabilitation agency sponsoring the trainee.

The section also permits the Department of Labor to place eligible persons in rehabilitation programs with an employer in the event a request is not made through the office of vocational rehabilitation.

Section 19-20. Section analysis by the Department of Commerce and Economic Development, Division of Insurance.

Section 21-26. Sections include substitution of "benefits" for "compensation" where applicable and analysis by the Department of Commerce and Economic Development, Division of Insurance.

Section 27. Adds a subsection which stiffens the penalties to employer who fail to insure or provide security for workers' compensation liability to their employees and provides the Board with the means to enforce that statutory requirement through stop order authority. Failure to enforce the requirement that all employers secure liability for worker compensation results in a disparity to the employer who does insure and must figure the costs of insurance into his costs of doing business and forces the injured worker to rely on medical care and funds from public assistance programs.

Section 28-30. Section analysis by the Department of Commerce and Economic Development, Division of Insurance. Also includes substitution of "benefits" for "compensation" where applicable.

Section 31. This section deletes wording which makes it necessary for an injured employee to appeal to the Alaska Workers' Compensation Board if the need for medical treatment due to work injury extends beyond two years. The board has repeatedly held that if continued medical treatment is required due to the injury, the costs should be paid by the employer's insurance carrier regardless of whether the need for medical treatment has lasted for over two years yet, some adjusters continue to stop medical costs and advise the employer the law provides for only two years of medical coverage. The employee then either hires an attorney or petitions the board for help and often the matter must be heard and ruled on by the board before the carrier will pay additional medical costs. As a result the board is required to hold unnecessary hearings, the carrier incurs unnecessary attorney fees and the general costs of the workers' compensation program is unnecessarily increased.

The section also deletes wording that requires an employee if he wishes to change doctors, to do so "in accordance with rules prescribed by the board." The board is adverse to setting out rules, which would in any way, hamper the recovery process or the employee's right to the selection of the treating physician. If the employee abuses this right, the employer/carrier may seek relief through board hearing.

Section 32. This section encourages prompt reporting of treatment by doctors treating injured workers. Some doctors now file a report on first treatment but fail to notify the carrier of follow-up treatment. When the doctor gets around to billing some months later, the bill is considerable. Some doctors have continued to treat an employee after sending a first report indicating further care was not necessary or would be minimal. By the time the carrier gets a bill and a follow-up report, the bill is for many hundreds of dollars. This change will also provide the board and employer/carrier with the current medical status on the employee so that his progress can be better monitored.

Section 33. This section deletes language left over in the Act from the days when the employer selected the physician. Experience has shown that the employee never exercises this right except upon the urging of his doctor or attorney. This situation delays resolution of disputed claims and allows some doctors to unnecessarily increase the costs of workers' compensation while they stand around watching another doctor perform an examination of an injured worker. This process is duplicative, involves at least 4 parties and wastes time. Section also includes substitution of "benefits" for "compensation" where applicable.

Section 34-36. Substitutes "benefits" for "compensation" where applicable

Section 37. This section deletes ambiguous language which is the result of incomplete amending in 1962 to the statute of limitations provision for filing a claim.

In W. R. Grasle Co. v. Alaska Workmen's Compensation Board, 517 p.2d 999 (Alaska 1974), the Supreme Court found no time frame in which the four-year statute may operate subsequent to the 1962 amendment.

The section also includes substitution of "benefits" for "compensation" where applicable.

Section 38-40. Substitutes "benefits" for "compensation" where applicable

Section 41. This section provides realistic time frames in the board hearing process and rids the statute of board authorization to rule on a claim without benefit of the parties to be heard. The change from 10 to 20 days for service of notice of hearing will allow sufficient time for the parties to properly prepare the case for board hearing, thereby reducing the number of continuances or further hearings, and will enable conformance with 8 AAC 45.070(b). Due to the time required for the board to adequately research the difficult legal issues involved in many cases and the geographic separation of some members, the board has consistently been unable to comply with the statutory requirement of 20 days for issuance of its written decision and order. The change from 20 to 30 days is proposed to grant sufficient research time for the board to set forth its findings and conclusions according to proper statutory criteria, thereby reducing the number of hearings resulting from remands or requests for modification of award, and to allow additional time for the order to be sent to the board members for their review and signature.

The section also deletes the portion of the provision authorizing the board to rule on a claim without benefit of hearing. This portion has never been used by the board as it precludes the right of the parties to be heard or the opportunity for cross-examination on the issues of the claim.

Includes substitution of benefits for compensation where applicable.

Section 42-45. Substitutes "benefits" for "compensation" where applicable

Section 46.

The amendments in AS 23.30.155 are essentially "house-keeping" changes and are aimed primarily towards reducing litigation and administrative delays in processing claims. These changes address serious problems or gaps in the Act which mislead or confuse employees, employers, and insurance carriers and which result in needless litigation. This section 1) clarifies a controverted claim and the requirement under which a notice of controversion must be filed; 2) requires notice be filed with the board whenever payment of compensation has begun, terminated or changed and provides penalties for failure to file such notice; 3) includes substitution of "benefits" for "compensation" where applicable; 4) requires board approval for reimbursement of advance payments or overpayments of compensation from unpaid installments; 5) requires that compensation be paid by a check or draft which may be immediately cashed; 6) authorizes the board to order lump sum payments for both scheduled and unscheduled permanent partial disabilities under AS 23.30.190, whenever it is in the interest of the injured employee and will not cause substantial hardship to the employer (the board currently is authorized to order lump sum settlements for unscheduled permanent partial disability under AS 23.30.190(20)); and 7) requires periodic reporting of all payments made on claims which will be used to provide the public and private sectors with current and accurate injury statistical data.

Section 47-49. Substitutes "benefits" for "compensation" where applicable.

Section 50. This section changes the method by which the average weekly wage is determined in all jurisdictions for purposes of computing compensation and provides for a consistent and equitable means to adjust compensation rates for claims being paid to out-of-state recipients.

Section 51. This section clarifies the rules under which compensation rates are adjusted for recipients not residing in Alaska consistent with legislative intent and regulations, insure adequate benefit levels for those recipients and provide for an annual adjustment in the compensation rate commensurate with changes in average weekly wages.

Section 52. This section deletes language now provided for in AS 23.30.155(n) under Section 46.

Section 53.

This section provides for payment of compensation to an injured worker at his temporary total disability rate while undergoing rehabilitation or retraining. This change is consistent with interpretations set forth in Supreme Court decisions and with current board practice.

AS 23.30.191 was enacted in 1963 when there was a limit of compensation paid for both temporary and permanent partial disabilities. It was often the case that an injured worker would be paid the maximum, but required rehabilitation to return to the work force. To provide rehabilitation to those no longer entitled to temporary disability compensation, payment of one-half the rate was paid under Section 191. For injuries after May 22, 1975, there is no maximum limit for payment of temporary disability and such compensation should be continued while undergoing rehabilitation if the worker is incapacitated from earning the wages as before injury.

In Phillips Petroleum Company v. Alaska Industrial Board, 17 Alaska (1958), the Supreme Court stated:

"The period of temporary total disability is defined as: the healing period or the time during which the workman is wholly disabled and unable by reason of his injury to work."

Our statute defines "disability as the incapacity because of injury to earn the wages which the employee was receiving at the time of injury. When such a condition is temporary, AS 23.30.185 requires the payment of temporary total disability compensation during the continuance of the disability.

The intent of the Act is to encourage injured workers who are totally or partially incapacitated for their normal occupation, to undergo vocational rehabilitation efforts aimed toward return to gainful employment. This not only benefits the worker, but reduces the future liability of the employer for payment of permanent partial or permanent total disabilities. To reduce the compensation rate by one-half when the worker does undertake such a program discourages rather than encourages participation in retraining.

Section 54. This section provides for the modification of a compromise and release agreement to the degree that a board order can be modified.

AS 23.30.210(b) grants the employee and the employer the right to enter into an agreement to resolve a disputed claim. The board must approve the compromise and release for the agreement to be valid and, if approved, the agreement is enforceable the same as an order of the board. If the language of the Act is strictly construed however, the agreement cannot be modified within one year for a mistake of fact or a change in condition as is allowed in the board's orders. Fraud, actual or constructive is the only ground for modification. The board, based on its experience with hardships and harsh results in cases involving change of condition, latent injury or mistake of fact in cases where compromise and release agreements have been approved, believes an agreement should be modifiable at least to the degree that an order can be modified.

Section also includes substitution of "benefits" for "compensation" where applicable.

Section 55. This section provides for inflationary increases in funeral expenses on death claims. The current limit for reasonable and necessary funeral expenses are not adequate and result in a hardship to the family of the deceased or the employer for payment of the additional costs.

Section 56-57. Sections substitute "benefits" for "compensation" where applicable.

Section 58. This section provides stiffer penalties for employees who wilfully misrepresent a claim to collect benefits.

Section 59-60. Sections substitute "benefits" for "compensation" where applicable.

Section 61. See Section 3.

Section 62. Section substitutes "benefits" for "compensation" where applicable.

Section 63. Section amends definition of "medical and related benefits" to include pain clinic services.

Section 64. Section analysis by the Department of Commerce and Economic Development, Division of Insurance. Also includes substitution of benefits for Compensation where applicable.

- Section 65. This section clarifies the definition of "wages" for purposes of computing an employee's average weekly wage. The deletion of "in force at the time of the injury" is necessary to make the definition consistent with the method by which the average weekly wage is determined under AS 23.30.220 as a result of the 1977 amendments.
- Section 66. This section is amended to include a definition for "benefit" as explained in Section 9-12, and defines the term "reservation rate" as used in Section 15.
- Section 67. Section deletes inconsistent and ambiguous language in the Act and those provisions that are repealed by the proposed legislation.
- Section 68. This section clarifies that the amount of payment to the second injury fund and the conditions under which payment is required, is in accordance with the version of AS 23.30.040(b) that was in effect on the date of injury to the employee.
- Section 69. See Section 15.
- Section 70. This section provides for an effective date for the bill of July 1, 1981.



Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

Definitions (in the context of SB 179):

BENEFITS: Compensation and related medical benefits

SECOND INJURY FUND: Fund established to cover disability and Rehabilitation costs in cases where injuries occur to individuals already documented as having a pre-existing injury.

Permanent Total Disability: A determination that due to an injury the employee is suffering from an impairment which will keep him from being able to work again at his regular employment.

PERMANENT PARTIAL DISABILITY: A determination made after the condition stabilizes to the extent of disability arising from the injury, usually a scheduled benefit.

TEMPORARY TOTAL DISABILITY: Indemnity payments made to an injured employee for the amount of time out of work due to an injury until the condition stabilizes.

COMPROMISE AND RELEASE AGREEMENT: Agreement reached between the injured party and employer over the extent and dollar value of the injury which must be approved by the Workers Compensation Board, and can result in a lump sum payment closing out the indemnity portion of the claim.

AVERAGE WEEKLY WAGE: Computation of all wages earned over a pre-determined amount of time, divided by that number of weeks.

SELF INSURER: An employer who, rather than purchasing insurance, has elected to pay directly the compensation required and has provided substantial proof of his ability to make payments.

WAGES: Wages means the money rate which the services rendered is recompensed under the contract of hiring, and includes the reasonable value to the employee of board, rent, lodging, or similar advantage received from the employer, and gratuities received in the course of employment.

RESERVE RATE: Means the unencumbered second injury fund balance on October 31st of each year as a percentage of disbursements from the Second Injury Fund during the 12 month period ending June 30th of the same calendar year.

Medical Benefits to include pain clinic services.

FEATURES OF SB 179:

1. SB 179 increases the Workmans Comp board from 7 members to 9.
2. Provides for 3 additional staff for Div. of Insurance
3. Introduced to reduce costs to employers, yet retain protection for the injured employee
 - A. Provides for self insurers to form (less expensive)
 - B. Extends benefits of the Second injury fund to assist in rehabilitating injured worker and returning him to the work force. Expands the base for contributions
4. Through out the bill language substitutions are made between "benefits" and "compensation"; clarifies current misunderstandings
5. Defines classes of disabilities:
 - a. Permanent total
 - b. Permanent Partial
 - c. Temporary Total
 - d. Defines Reserve Rate, Compromise and Release Agreement, Average weekly Wages.
6. Allows medical benefits to extend to Pain Clinics
7. Prevents discriminatory employment practices towards employees who have filed for Compensation
8. Insures claims (disputed) are heard expeditiously
9. Establishes solvency minimums for self insurers
10. Stiffens penalties to employers who fail to insure
11. Transfers Authority from Workmans Comp. Brd. to Div. of insurance for regulating insurance related matters
12. An employer subject to this chapter must file evidence of his insurance compliance
13. Allows the placement of a disabled employee who is being rehabilitated into a work situation where the employer is paying some wages to the trainee, but does not want the risk of further injury to the employee or the increase of employers insurance premiums.
14. Permits the Dept. of Labor to place eligible persons in rehab programs with an employer in the event a request is not made through the Div. of Vocational Rehabilitation.

SB 179 continued:

15. Provides that if additional treatment is necessary due to the injury, the cost should be paid by the employers insurance carrier. Regardless of whether the treatment has lasted over 2 years.
16. Outlines the employees right to the selection of physicians; If the employee abuses this right, the employer/carrier may seek relief through a Board hearing.
17. Encourages prompt reporting by physicians. Provides the Board and employer/carrier with current medical status on the employee so they may monitor recovery.
18. Provides a time frame of 20 days notice (currently 10 days) of hearing to allow more sufficient time for the parties to prepare their cases.
19. In the case of written decisions/orders the period of time is extended from 20 to 30 days to allow the board adequate time for research. Should reduce the number of hearings resulting from a request for the modification of an award.
20. Deletes the portion of the provision authorizing the Board to rule on a claim without the benefit of a hearing.
21. Changes the method by which the average weekly wage is determined; The average weekly wage for Alaska is determined by dividing the total wages paid by all the employers covered by the Alaska Employment Security Act, by the average monthly employment reported by these employers for the same period and dividing by 52.
22. For those employees who reside outside Alaska, the average weekly comp shall be calculated by using the employees average weekly wage times the ratio of the average weekly wage of the area in which the recipient resides to the average weekly wage of Alaska.
23. Provides for Payment of compensation to an injured worker at his temporary total disability rate while under going rehabilitation or retraining.
24. Defined disability as the incapacity of the injured worker to earn the wages which he was receiving at the time of his injury.
25. When an injury condition is temporary, the statute requires the payment of temporary total disability compensation during the continuance of the disability. The intent of this is to provide the injured worker with the added initiative to retrain thru Vocational Rehab to return to gainful employment.

26. Grants the employee and the employer the right to enter into an agreement to resolve disputed claims. The board must approve the compromise and Release agreement for the agreement to be valid, and if approved the agreement is enforceable the same as an order of the Board.
27. Provides for inflationary increases in the funeral expenses on death benefits.
28. Stiffer penalties for employees who will-fully mis-represent a claim to collect benefits.
29. Clarifies the amount of payment to the second injury fund, and the conditions under which such payment is required.

5. AMENDMENTS PROPOSED

- A. On page 7, line 24, a stay of revocation provision is included which provides the stay "until the hearing process is completed." This is ambiguous language since no definition provides when the process is completed. We would suggest removing the words "hearing process is completed" and add "the time noted in the order issued by the director following the hearing but not sooner than five days following the order."
- B. On page 9, line 5, a requirement for workers compensation insurance groups is the filing and approval of a rating program. Safety groups do not have standing to make such filings, but insurers do. A minor insertion would clarify the situation. Following the word "has," insert the words "through an insurer."
- C. On page 16, lines 22-29 and page 17, line 1, AS 23.30.030(7) is revised to change "insurance commissioner" to "director of insurance." The section is however not workable. Form filings are made by a rating organization on behalf of all its member and subscriber companies, so that it is not possible to disapprove the form in the manner outlined. The director of insurance does not presently accept or receive proofs of insurance from any insurer so this language is meaningless. The approach here would penalize all other insured employers of the insurance company and could leave them uninsured. A better approach would be to allow specific penalty to be determined on the basis of the severity of the specific situation. This could range from a fine to suspension of authority. We would suggest the following language:

"(7) If the insurer fails or refuses to pay a final award or judgement (except during the pendency of an appeal) made against it, or its insured, or if it fails or refuses to comply with a provision of this chapter, the director of insurance [COMMISSIONER SHALL REVOKE THE APPROVAL OF THE POLICY FORM, AND MAY NOT ACCEPT FURTHER PROOFS OF INSURANCE FROM IT UNTIL IT HAS PAID THE AWARD OR JUDGEMENT OR HAS COMPLIED WITH THE VIOLATED PROVISION OF THIS CHAPTER, AND HAS RESUBMITTED ITS POLICY FORM AND RECEIVED THE APPROVAL OF THE FORM BY THE INSURANCE COMMISSIONER] may suspend or revoke the insurer's Certificate of Authority pursuant to AS 21.09.150 or impose a fine upon the insurer of not less than \$25 and not more than \$100 for each day the insurer fails or refuses to pay a final award or judgement (excluding the period permitted for appeal) made against it, or its insured, or it fails or refuses to comply with a provision of this chapter."

- D. On page 23, line 28, omit the word "board" and insert the words "director of insurance."
- E. On page 25, line 13, following the word "State," add "provided that the contracting agency has obtained proof of self-insurance from the employer designating the contracting agency as a person to receive notice under this section."

5. AMENDMENTS PROPOSED (continued)

- F. On page 38, line 21, remove the words "or draft."
- G. Provide a different effective date for sections 1, 2, 19, 20, part of 25, ~~part of~~ 26, 29, and part of 64. The effective date for these sections should be July 1, 1982.

The change on page 23, lines 14, 18, 20, 22, 23 and 24 should be effective July 1, 1981.

The change on page 23, lines 17 and 19 should be effective on July 1, 1982.

The change on page 46, lines 19, 21 and 22 should be effective on July 1, 1981.

The change on page 46, line 20 should be effective on July 1, 1982.

THE CHANGE ON PAGE 24, LINES 2, 4, 7 AND 8 SHOULD BE EFFECTIVE ON JULY 1, 1981.

THE CHANGE ON PAGE 23 LINE 28 (SEE PROPOSED AMENDMENT D) SHOULD BE EFFECTIVE ON JULY 1, 1982.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 179

Title "An Act Relating to Workers' Compensation and providing for an effective date."

Requested by Senate Labor and Commerce Committee Date 3/4/81

II. FISCAL DETAIL

Agency Affected Workers' Compensation Division, Department of Labor

Program Category Affected Worker Protection

BRU, Program, or Subprogram(s) Affected Workers' Compensation

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		83.9	90.6	97.8	105.6	114.0
200 TRAVEL		7.3	7.9	8.5	9.2	9.9
300 CONTRACTUAL		17.6	19.0	20.5	22.1	23.9
400 COMMODITIES		1.5	1.6	1.7	1.8	1.9
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		113.3	119.1	128.5	138.7	149.7

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		113.3	119.1	128.5	138.7	149.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

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

- 1.) Personal Services Cost at current salary and benefit cost (1/1/81).
- 2.) Travel Statewide - Workers' Compensation Officer II.
- 3.) Contractual Services - includes Indirect Cost (Administrative Services), rental space and other.
- 4.) Equipment - one time items to set up the new employees with desk, chair, cabinets and partitions.
- 5.) Assumes effective date July 1, 1981.
- 6.) Inflation factor used 8%, all items.

IV. DATE 3/4/81

PREPARED BY Nico Bus
AGENCY Labor
PHONE 465-2720

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

1.	Position Title Workers' Compensation Officer II			Range/Step 18 A	Barg. Unit G	Location Anchorage	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.		
3.	Type of Expenditure			Amount					
	1	2	3						
4.	Personal Services:								
5.	Salary 2640 x 12		31,680						
6.	Benefits 15.87		5,028						
7.	FICA .0613		1,942						
8.	Health Ins. 150 x 12		1,800						
9.	Total Personal Services	01	40,450						
10.	Travel	02	7,300						
11.	Contractual	03	7,789						
12.	Commodities	04	500						
13.	Equipment	05	1,600						
14.	Other								
15.	Total Cost		57,639						
15.	CODE	FUNDING SOURCE							
16.		FED RECPT. 1002							
17.		GF MATCH. 1003							
18.		GEN. FUND 1004		57,639					
19.		I-A RCPTS. 1005							
20.		PGM RCPTS 1028							
21.		OTHER							
21.	CONTINUATION								
22.	ADDITION								

The 7.3 travel includes 4.5 transportation and 3.0 per diem for statewide travel to conduct investigations. The 7.8 contractual is 2.0 phone and postage, 2.7 space rental and 3.1 indirect (Administrative Services). The .5 commodities is for office supplies. The 1.6 equipment is .7 for a desk and chair and .9 for partitions.

This position will investigate businesses statewide to assure that employers subject to AS 23.30 have insured or provided security for Workers' Compensation liability as required under AS 23.30.075 and will testify and present evidence at Board hearings concerning issuance to stop orders and assessment of penalties under AS 23.30.080(d).

Addresses BRU objectives 1, 3 and 4 and provides the means to enforce the provisions of the Act that an employer insure or provide security for workers' compensation liability to their employees.

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Worker Protection

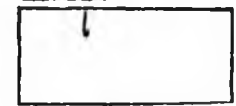
REVISED DATE _____

BRU Workers' Compensation

PAGE 1 OF 3 **FY 82**

COMPONENT Workers' Compensation

13 REQUEST FOR NEW POSITION.



1.	Position Title Clerk I			Range/Step 6 A	Barg. Unit G	Location Juneau	Approv. Gov.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.	
3.	Type of Expenditure			Amount				
	1	2	3					
Personal Services:								
4.	Salary	1249 x 12	14,988					
5.	Benefits	15.87	2,379					
6.	FICA	.0613	919					
7.	Health Ins.		1,800					
8.	Total Personal Services		01	20,086				
9.	Travel		02					
10.	Contractual		03	4,161				
11.	Commodities		04	500				
12.	Equipment		05	700				
13.	Other							
14.	Total Cost			25,447				
	CODE	FUNDING SOURCE						
15.		FED RECPT. 1002						
16.		GF MATCH. 1003						
17.		GEN. FUND 1004		25,447				
18.		I-A RCPTS. 1005						
19.		PGM RCPTS 1028						
20.		OTHER						
21.	CONTINUATION							
22.	ADDITION							
FOR B&M USE ONLY								
4A KEY NUMBER _____				COLUMN NO. _____				

The 4.2 contractual consists of 2.7 space rental and 1.5 indirect (Administrative Services). The .5 commodities is for office supplies; the .7 equipment is a desk and chair.

This position will provide full-time filing and general clerical assistance to the Division. The additional reports required of employers insurance carriers will be distributed and filed by this position. A full-time filing position will allow the filing to be kept current and avoid delays in searching for unfiled reports.

AGENCY Labor

PROGRAM Worker Protection

REVISED DATE _____

BRU Workers' Compensation

PAGE 2 OF FY 82

COMPONENT Workers' Compensation

13 REQUEST FOR NEW POSITION.

1.	Position Title Data Control Clerk I			Range/Step 9 A	Barg. Unit G	Location neau	Gov.	Approv.	Disapp.
2.	Type of Position PFT	Staff Months 12	RP No.	PCN No.	Priority	Form 12 page/line	Leg.		

3.	Type of Expenditure		Amount
	1	2	3
4.	Personal Services:		
	Salary	1475 x 12	17,700
5.	Benefits	15.87	2,809
6.	FICA	.0613	1,085
7.	Health Ins.		1,800
8.	Total Personal Services 01		23,394
9.	Travel	02	-0-
10.	Contractual	03	5,626
11.	Commodities	04	500
12.	Equipment	05	700
13.	Other		
14.	Total Cost		30,220

The 5.6 contractual consists of 2.7 space rental, 1.7 indirect (Administrative Services) and 1.2 for computer terminal leasing. The .5 commodities is for office supplies. The .7 equipment is a desk and chair.

This position will handle part of the increased workload in the filing and coding units due to the increased reporting requirements of employers' insurance carriers. The information from the additional reports will be entered via computer terminal into our new information handling system. This data will give the Division accurate statistics on all costs of every claim as well as precise computations as to the carrier's change in any claimant payment.

	CODE	FUNDING SOURCE	
15.		FED RECPT. 1002	
16.		GF MATCH. 1003	
17.		GEN. FUND 1004	30,220
18.		I-A RCPTS. 1005	
19.		PGM RCPTS 1028	
20.		OTHER	
21.	CONTINUATION		
22.	ADDITION		

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4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor

PROGRAM Worker Protection

REVISED DATE _____

BRU Workers' Compensation

PAGE 3 OF FY 82

COMPONENT Workers' Compensation

13 REQUEST FOR NEW POSITION.



THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 179

Title "An Act relating to Second Injury Fund & providing for an effective date."

Requested by Senate Labor & Commerce Committee

Date 3-3-81

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Worker Protection, Public Protection

BRU, Program, or Subprogram(s) Affected Second Injury Fund

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		199.4	215.4	232.6	251.2	271.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Second Injury Fund		(199.4)	(215.4)	(232.6)	(251.2)	(271.3)

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

- 1) Request a funding change for the administrative cost of the program from Second Injury Fund to General Fund.
- 2) Assumes an inflation factor of 8%, all items.
- 3) Assumes an effective date of July 1, 1981.

IV. DATE March 4, 1981

PREPARED BY *Nico Bus*

AGENCY Labor

Original: Legislative Finance

PHONE 465-2720

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB-179

Title An act relating to Workers Compensation

Requested by Legislative Council

Date 2-10-81

II. FISCAL DETAIL

Agency Affected Department of Commerce

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		115.0	127.6	140.00	154.0	169.4
200 TRAVEL		5.0	6.0	6.0	7.0	8.0
300 CONTRACTUAL		23.7	23.7	25.5	26.0	27.7
400 COMMODITIES		2.0	2.0	2.5	2.5	3.0
500 EQUIPMENT		5.0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
TOTAL		150.7	158.7	174.0	189.5	207.4

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		150.7	158.7	174.0	189.5	207.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

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

Range 21 Chief Workers Compensation Surveillance (self Insurer)
 Range 18 Workers' Compensation Analyst
 Range 10 Document Processing Clerk

Travel to interview self insureds, administrators ect.	114,675
Contractual Services for accounting card statistical review & Office space	5,000
Misc. Supplys	23,700
Equipment 3 each Desks, Chairs, Calaulators ect.	2,000
	5,000
	<u>\$150,375</u>

(See Attachments)

IV. DATE 2/23/81

PREPARED BY Kenneth C. Moore, Director
 AGENCY Department of Commerce: Division of Insurance
 PHONE 465-2515

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

1	POSITION TITLE Chief Self Insurer WC Surveillance			RANGE/STEP 21A	BARG. UNIT. G	LOCATION	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
	PERSONAL SERVICES:								
	SALARY		38520.00						
	BENEFITS		8593.00						
6	FICA								
7	HEALTH INS.		1800.00						
8	TOTAL PERSONAL SERVICES		01	48913.00					
9	TRAVEL		02						
10	CONTRACTUAL		03						
11	COMMODITIES		04						
12	EQUIPMENT		05						
13	OTHER								
14	TOTAL COST								
	CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
		GEN. FUND 1004							
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION		FOR B&M USE ONLY						
22	ADDITION								
4A KEY NUMBER _____ COLUMN NO. _____									

AGENCY Commerce & Economic Development PROGRAM Consumer Protection

BRU Insurance

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

FY 82

1	POSITION TITLE Workers Compensation Analyst			RANGE/STEP 18A	BARG. UNIT. S	LOCATION	GDV	APPROV	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES:								
5	SALARY			31680.00					
6	BENEFITS			6930.00					
7	FICA								
8	HEALTH INS.			1800.00					
9	TOTAL PERSONAL SERVICES			01 40410.00					
10	TRAVEL			02					
11	CONTRACTUAL			03					
12	COMMODITIES			04					
13	EQUIPMENT			05					
14	OTHER								
15	TOTAL COST								
	CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004							
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION			FOR B&M USE ONLY					
22	ADDITION								
AA KEY NUMBER				COLUMN NO.					

AGENCY Commerce & Economic Development PROGRAM Consumer Protection

BRU Insurance

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

FY 82

1	POSITION TITLE Document Processing Clerk			RANGE/STEP 10B	BARG. UNIT.	LOCATION	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:			
	1	2	3						
4	PERSONAL SERVICES: SALARY		19356.00	25352.00					
5	BENEFITS		4796.00						
6	FICA								
7	HEALTH INS.		1800.00						
8	TOTAL PERSONAL SERVICES		01						
9	TRAVEL		02						
10	CONTRACTUAL		03						
11	COMMODITIES		04						
12	EQUIPMENT		05						
13	OTHER								
14	TOTAL COST								
	CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004							
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION			FOR B&M USE ONLY					
22	ADDITION								
7A KEY NUMBER		COLUMN NO.							

AGENCY Commerce & Economic Development PROGRAM Consumer Protection

BRU Insurance

13 REQUEST FOR NEW POSITION.

COMPONENT _____

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REVISED DATE _____

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