

HB

169

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: HB 169  
Publish Date: \_\_\_\_\_

REQUEST

Revision Date: \_\_\_\_\_  
Title: An act relating to entitlement of workers' compensation benefits  
Sponsor: Labor and Commerce  
Requestor: Labor and Commerce

Agency Affected: Department of Administration  
BRU: Division of Risk Management  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousand of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	1,015.0	1,015.0	1,015.0	1,015.0	1,015.0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	1,015.0	1,015.0	1,015.0	1,015.0	1,015.0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

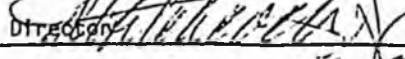
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	1,015.0	1,015.0	1,015.0	1,015.0	1,015.0
<b>TOTAL</b>	0	1,015.0	1,015.0	1,015.0	1,015.0	1,015.0


POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

The fiscal impact is almost impossible to accurately project, however, based on the State's workers' compensation claim experience, the attached details the estimated fiscal note.

Prepared By: Don Hitchcock, Director  Phone: 465-2180  
Division: Risk Management Date: March 26, 1987

Approved by Commissioner: Garrey Peska  Date: 3/27/87  
Agency: Department of Administration

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
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Office of Management and Budget  
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Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For House Bill No. 169--effect on State Agencies

Section 1. No significant effect or fiscal impact.

Section 2. States all payments must be drawn on a bank located in the state where the employee resides OR payment must be made by certified check. The State has many compensation claimants who now reside outside Alaska, thereby adding the extra expense of obtaining certified checks for each two-week disability check. This will preclude the efficiencies of computer check writing/record keeping and handling fees will increase. Fiscal impact is difficult to forecast, but with increases in the numbers of recipients who leave the state, estimate additional expense may exceed \$5,000 per year (\$5/check, 10 claimants, average 20 checks per, plus additional time and expense from adjusting firm for special handling).

Section 3. Adds to death benefits a clause to provide for father, mother, etc., who are not dependent at the time of injury, but who may be in the future. The legal expenses that will probably result from prolonged arguments on whether a "future pecuniary loss" will sway the State to pay the additional \$10,000 over and above the \$10,000 that would have been paid to the Second Injury Fund under 23.30.040(c). Fiscal impact; again hard to accurately measure but given past history, an additional expense of \$10,000 per year.

Section 4. Adds a new discrimination remedy. However, definition of discrimination is not provided. Without any such standard, this section is overly broad in potential application. Award of ACTUAL attorney fees will encourage plaintiff attorneys to pursue. No other statutory remedies provide for actual attorney fees; the normal term used is "reasonable," etc. Fiscal impact could be significant to State in defense costs over and above potential liabilities; estimate annual increase of \$300,000.

Section 5. Gross earnings definition is changed to include "all compensation . . . whether in currency or other economic gain . . ." This wording is all encompassing that may be very broadly interpreted. Using the average of additional State benefit costs of 35% of actual payroll; this increase of 35% on the average ultimate annual loss of \$2,000,000, we estimate annual fiscal impact of \$700,000. In this estimation we assume that this will affect only future cases.

Comment: Since Risk Management workers' compensation costs are collected from all agencies through payroll deduction, these estimates will increase all agencies' workers' compensation payroll assessments by an estimated 20%.

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Agency Affected: Labor

Title: "An Act relating to entitlement  
to workers' compensation benefits..."

BRU: Workers' Compensation

Sponsor: House Labor and Commerce

Components: Workers' Compensation

Requestor: House Labor and Commerce

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: <sup>1B</sup> Jacque McClintock, Director  Phone: 465-2790

Division: Workers' Compensation Date: 3/26/87

Approved by Commissioner: <sup>1B</sup> Jim Sampson  Date: 3/26/87

Agency: Labor

Distribution (by preparer):

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