

**HB**

**419**

**HFIN**

**FILE**

TO: Representative Norman Rokeberg  
Chairman, House Labor and Commerce Committee  
FR: Marjorie T. Linder, M.A., CRC  
RE: Testimony regarding HB 419  
DATE: March 20, 2000

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I am Marjorie Linder, a vocational rehabilitation counselor in the workers' compensation system. I served on the WCCA in 1988 and helped draft Section .041 of the current law. Because of my past involvement, I offer a unique perspective. I know that I had good intentions with these law changes, but, like Frankenstein, I helped to create a monster.

In 1988, there was the perception that the law was unbalanced in favor of injured workers. Premiums were on the rise. Thus, the law was overhauled and, since then, employers have enjoyed a 41.5% reduction in premiums, according to the recent legislative audit. There is no crisis for employers.

Unfortunately, injured workers have paid the price for their employers' tremendous savings in workers' compensation insurance. Today, only 300 out of 28,000 workers injured each year qualify for the reemployment benefit. Both a laborer and an office worker receive as little as \$9450 for a herniated disc despite the disparate ways that injury affects them. The reemployment benefit attempts to assist the laborer to learn to earn a living again because he, unlike the office worker, can't return to his job.

Workers with no ratable impairment are ineligible for retraining. This affects office workers, cannery workers, and others with repetitive stress injuries to their forearms, for instance.

Young Slope workers who are able to return to work at the fast foods job they held in high school are ineligible for the benefit. The wage disparity does not matter.

Workers whose job is described inaccurately with physical demands that are lower than the actual job are also found ineligible.

Instead of curing such problems with the present Act, Section 7 (r) of HB 419 seeks to further restrict access to retraining for injured workers. It "allows" workers to forfeit their reemployment benefits before they know whether they will need them and before they know how much they are worth to them. Once they have signed on the dotted line, they can not retract their waiver if they find they are unable to return to work or continue to work because of their injuries.

With no legal advice or explanation from anyone other than their claims adjusters, workers who don't typically read what they sign, who can't speak English, who are functionally illiterate, or who are on pain pills will sign these affidavits "as a matter of course" — a paper sandwiched among others.

At present, workers can already waive their benefit, but only after they reach medical stability, after they understand that the value of the benefit they are forfeiting, and after they have legal advice or advice from the workers' compensation board to assure they understand exactly what they are waiving. Unless they have signed a compromise and release, they can also retract their waiver if they find their new physical limitations prevent their ability to work. Under the present act, the reemployment benefit for uncooperative workers can easily be controverted. **No law changes need occur to make sure the reemployment benefit is voluntary. The mechanism for waiving the benefit is already in place without the passage of Section 7 (r).**

Section 7 (r) invites numerous negative consequences:

- The waiver's irrevocability will encourage numerous legal challenges. Like the Miranda warning has done, this waiver will tie up the legal system for years to come. That litigation will cost the State of Alaska money.
- Workers with no way to earn a living will lose their homes, their savings, and their buying power. That will hurt, not help Alaskan businesses.
- Section 7 (r) of this law is a veiled attempt by the insurance industry to get the State to supplement the benefits for which they collect premiums. Injured workers not adequately served by the comp system will be forced to obtain financial support for themselves and retraining from Public Assistance and DVR. That will cost the State of Alaska money.
- As time passes and their resources decrease, injured workers who are able, will accept inappropriate employment and put themselves, their co-workers, and their next employer at risk. All of us will suffer.
- If workers waive the benefit and their waiver is irrevocable, then subsequently find that they can not work, they may be eligible to be declared permanently and totally disabled. Employers will pay for a lifetime of benefits that could have been over in two years.

Therefore, I urge you to **remove Section 7 (r)** from HB 419 to protect the people of Alaska and the State budget. One life is a precious thing to waste.

It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the 12 months immediately preceding the injury.

It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the calendar year preceding the calendar year of injury.

Section 15 amends AS 23.30.175(a)	Ties future maximum and minimum weekly compensation rates to the Alaska average weekly wage rate of the year preceding the injury. The maximum compensation rate would be 122% of the Alaska average weekly wage rate, and the minimum compensation rate would be 22% of the maximum compensation rate.	Maximum weekly compensation rate is \$700 per week. Minimum compensation rate is \$154/\$110.
Section 16 adds a new section, AS 23.30.175(d)	Requires the annual determination of Alaska average weekly wage.	N/A
Section 17 amends AS 23.30.190(a)	Increases the whole-person value for permanent partial impairment ratings to \$177,000.	The whole-person value for a permanent partial impairment rating is \$135,000.
Section 18 amends AS 23.30.215(a)	Increases funeral expense benefits to \$3,300.	Funeral expense benefits are \$2,500.
	It increases the combined benefits for a widow / widower with one child to 90% of the spendable weekly wage.	Combined benefits for a widow/widower with one child are 80% of the spendable weekly wage.
	It increases the combined benefits of a widow/widower with two children to 100% of the spendable weekly wage.	The combined benefits of a widow/widower with two children are 80% of the spendable weekly wage.
	It increases the benefits of orphans to 100% of the spendable weekly wage.	The benefits of orphans are 80% of the spendable weekly wage.
Section 19 amends AS 23.30.220(a)	Incorporates overtime wages into the calculation of an employee's gross weekly wages.	Overtime and premium pay are excluded from the calculation of an employee's gross weekly wages.

It suspends compensation when a lump-sum permanent partial impairment (PPI) payment has been made, until that PPI amount would have been paid out as weekly compensation benefits.

Uncertain if a PPI lump-sum paid before rehabilitation may be offset against benefits received during the reemployment plan.

Bars entitlement to permanent total disability (PTD) benefits while an employee is engaged in the reemployment process, changing the law as interpreted by the Alaska Supreme Court decision in Meek v. Unocal.

An employee may be entitled to PTD benefits while an employee is engaged in the reemployment process, when no compensation is provided.

Section 5  
amends AS 23.30.041(l)

Increases the maximum cost of a reemployment plan to \$13,300.

The maximum cost of a reemployment plan is \$10,000.

Section 6  
amends AS 23.30.041(n)

Permits an employer to suspend benefits if an employee fails to give the employer timely notice of the employee's choice of rehabilitation specialist under AS 23.30.041(g).

There is no penalty if an employee fails to give timely notice to the employer, concerning the employee's choice of rehabilitation specialist under AS 23.30.041(g).

Section 7  
adds a new subsection,  
AS 23.30.041(r)

Permits an employee to waive reemployment benefits at any time, without having to go through a formal Compromise and Release (C&R) agreement.

An employee's entitlement to reemployment benefits may not be forfeited or waived without Board approval of a formal C&R agreement.

Section 8  
amends AS 23.30.095(f)

Requires the usual, customary and reasonable (UCR) medical fee schedule to be updated at least once a year.

The UCR medical fee schedule has no specific updating requirement.

<p>Section 9 adds new subsections, AS 23.30.095(l)&amp;(m)</p>	<p>Delays the deadline for the payment of medical bills to 30 days. This changes the law resulting from the Alaska Supreme Court decision in <u>Childs v. Copper Valley Electrical Association</u>.</p>	<p>The Alaska Supreme Court decided in <u>Childs</u> that payment on medical bills is due within 14 days under AS 23.30.155.</p>
<p>Section 10 amends AS 23.30.105(a)</p>	<p>Places a two-year time limit on the employee's right to request reemployment benefits.</p>	<p>AS 23.30.105(a) does not list reemployment benefits under the provision placing a two-year time limit on requests for benefits.</p>
<p>Section 11 amends AS 23.30.107(a)</p>	<p>Requires all requests for medical releases to be in writing, and to give notice of the employee's right to request a protective order from the Board.</p>	<p>Does not require requests for medical releases to be in any particular form; and does not require the employer to give notice of the employee's right to request a protective order from the Board.</p>
<p>Section 12 adds a new section, AS 23.30.108</p>	<p>Requires decisions concerning medical releases to be made in prehearing conferences by a Board designee, with a limited right of appeal to the Board for abuse of discretion.</p>	<p>Decisions concerning medical releases may be made in prehearing conferences or by the Board in a hearing. The Board reviews prehearing release decisions under a "preponderance of the evidence" standard.</p>
<p>Section 13 adds a new subsection, AS 23.30.110(h)</p>	<p>Restarts a two-year statute of limitations on an employee's right to pursue a claim, whenever the Board continues or cancels a hearing. This changes the law from the Alaska Supreme Court decisions in <u>Tipton v. ARCO</u> and <u>Huston v. Coho</u>.</p>	<p>The Alaska Supreme Court decided in the <u>Tipton</u> and <u>Huston</u> cases, that a request for a hearing completely stops the running of .110(c), the two-year statute of limitations on an employee's right to pursue a claim.</p>
<p>Section 14 adds a new subsection, AS 23.30.155(p)</p>	<p>Requires interest on late benefits to be paid at the rate used by the Alaska courts (3% above the January 2d prime).</p>	<p>Interest on late benefits are paid at the rate of 10.5 % under A S 45.45.010.</p>

Date: March 7, 2000

HB 419  
Side-by-Side Analysis

SB 278 Section & Alaska Statute Citation	Proposed Law	Present Law
Section 1	Quick, efficient, fair, etc.	The same.
Section 2 amends AS 23.30.041(g)	The employee's choice of a rehabilitation specialist must be made within 15 days.  Allows suspension of benefits for failure to give the employer timely notice of the choice of specialist.	The employee must notify the employer of a choice of a rehabilitation specialist within 10 days.  There is no penalty for late notification.
Section 3 amends AS 23.30.041(h)	Reemployment plans require continuous participation by employees  Plans must maximize use of the employees' transferable skills.  An employee's medical stability to be determined by a Board- appointed physician or a physician retained by the employer, as well as by a treating physician.	Reemployment plans require a defined schedule, not continuous participation.  An employee's technical skills are simply one element of the plan.  An employee's medical stability is to be determined by a treating physician.
Section 4 amends AS 23.30.041(k)	Provides benefits in this section be called "compensation."  Increases the weekly benefit rate to 70% of employee's spendable weekly wage.  Allows an offset or reduction of compensation when compensation and wages exceed 80% of the spendable weekly wage.	Benefits under this section are termed "wages."  Weekly compensation under this section is 60% of the employee's spendable weekly wage.  Benefits are not reduced for wages earned for work in a reemployment plan.

## LEGISLATIVE AGENDA – YEAR 2000

### MANAGEMENT

- Annual Updates – Medical Fee Schedule (09.30.070(a))
- Change Interest Rate to State Specified (095f)
- Medical Bill Payment Within 30 Days (095c)
- Clarification of Time Limitation on Bringing a Claim (110c)
- Reasonable Medical Releases (107a)
- Vocational Rehabilitation
  - Worker Right to Waive (041c)
  - Notice to Accept Re-Employment Benefit (041g)
    - Failure constitutes noncooperation (041n)
  - Transferable Skills (041h(2) / 041l)
  - Medical Stability by an Examining Physician (041h 7)
  - Wages Reduce Benefits Above TTD Limits (041K)
  - Credit for PPI if paid out lump sum (041k)
  - No PTD Benefits During Rehabilitation (041k)
  - 2- year limitation on requesting Voc Rehab (105a)

### LABOR

- Increase PPI - \$177,000 (190a)
- Increase Death Benefit to 100% (215a)
  - Increase Funeral Expense - \$3,300
- Wage Calculations to Include Overtime (220a)
- Establish Weekly Max at 120% of Average Weekly Wage (175a)
- Establish Weekly Min at 22% of Weekly Max (175a)
- Increase Rehabilitation Stipend to 70% (041k)
- Increase Vocational Rehab to \$13,300 (041l)
- Clarify Seasonal / Temporary Worker (220a)
  - Change to Model Act – Last 12 Months

Paul



Carolyn Pearl, CPCU  
State Relations Executive

(907) 485-2797  
Via Facsimile

February 2, 2000

Paul Grassi  
Director, Workers Compensation Division  
State of Alaska  
Department of Labor  
P.O. Box 25512  
Juneau, AK 99802-5512

Re: Proposed Alaska Benefit Changes

Dear Paul:

As you requested, NCCI has reviewed the impact of the workers compensation benefits changes under consideration in Alaska.

Based on the most recent information on the type, distribution and severity of injuries, and the nature of the proposed changes, we have determined that the impact of these changes on overall costs would be between 7.7% and 8.9%.

A number of the proposed changes are difficult to quantify, but could have an impact over time. The ultimate cost will depend on several factors including how any law change is enacted, interpreted and utilized.

I hope this information is helpful, however, please contact me if you have any questions, need additional information or if this proposal becomes legislation.

Sincerely,

Carolyn Pearl, CPCU  
State Relations Executive

DOL-VIC  
JUNEAU FEB 08 2000

HB 419

**1998 stats on reemployment benefits**

850 requests for eligibility

621 by employees

237 by employers

287 employees were found eligible for retraining

25 completed retraining plans

107 where settled with compromise and releases

The rest of the employees where in various other status:

Still in training programs

dropped out

case appealed

plan approval pending

medically disabled (plan pending)

claim controverted

others

*Provided By Dept. of Labor*

HB 419 Sectional analysis

Section 1 states the legislature's intent to provide quick, efficient, fair, and predictable benefits; its intent that the statute not be construed by the courts in any party's favor; and its intent to address the specific topics of sections 2-23.

Section 2 amends AS 23.30.041(g) to increase the deadline for the employee's choice of a rehabilitation specialist from 10 to 15 days, but subjects the employee to the suspension of benefits for failure to give the employer timely notice of the choice of specialist.

Section 3 amends AS 23.30.041(h) to require reemployment plans to require continuous participation by employees and to maximize the use of the employees' transferable skills. It also permits an employee's medical stability to be determined by a Board-appointed physician or a physician retained by the employer, as well as by a treating physician.

Section 4 amends AS 23.30.041(k) to change reemployment "wages" into a form of "compensation", allowing certain offsets and reductions. It increases the weekly compensation rate under this section from 60% to 70% of employee's spendable weekly wage. It also provides an offset of compensation when compensation and wages exceed 80% of the employee's spendable weekly wage. It suspends compensation when a lump-sum permanent partial impairment (PPI) payment has been made, until that PPI amount would have been paid out as weekly compensation benefits. It also bars entitlement to permanent total disability (PTD) benefits while an employee is engaged in a reemployment process, changing the law as interpreted by the Alaska Supreme Court decision in *Meek v. Unocal Corp.*, 914 P.2d. 1276 (Alaska 1996).

Section 5 amends AS 23.30.041(l) to increase the maximum cost of a reemployment plan from \$10,000 to \$13,300.

Section 6 amends AS 23.30.041(n) to permit an employer to suspend benefits if an employee fails to give the employer timely notice of the employee's choice of rehabilitation specialist under AS 23.30.041(g).

Section 7 adds a new subsection, AS 23.30.041(r), to permit an employee to waive reemployment benefits at any time, without having to go through a reemployment evaluation, and without having to go through a formal Compromise and Release (C&R) agreement. It removes the requirement for Board approval of the waiver under AS 23.30.012, and removes the Board's ability to modify the waiver under AS 23.30.130.

Section 8 amends AS 23.30.095(t) to require the usual, customary, and reasonable medical fee schedule to be updated at least once a year.

Section 9 adds new subsections, AS 23.30.095(l)&(m), increasing the deadline for the payment of medical bills from 14 to 30 days in conformity with the national industry standard. This changes the law resulting from the Alaska Supreme Court decision in *Childs v. Copper Valley Electrical Association*, 860 P.2d 1134 (Alaska 1993).

Section 10 amends AS 23.30.105(a) to place a two-year time limit on the employee's right to request reemployment benefits.

Section 11 amends AS 23.30.107(a) to require requests for medical releases to be in writing, and to give notice of the employee's right to request a protective order from the Board.

Section 12 adds a new section, AS 23.30.108, requiring decisions concerning medical releases to be made in prehearing conferences by a Board designee, with a limited right of appeal to the Board for abuse of discretion.

Section 13 adds a new subsection, AS 23.30.110(h), which restarts a two-year statute of limitations on an employee's right to pursue a claim, whenever the Board continues or cancels a hearing. This changes the law from the Alaska Supreme Court decisions in *Tipton v. ARCO Alaska, Inc.*, 922 P.2d 910 (Alaska 1996) and *Huston v. Coho Electric*, 923 P. 2d 818 (Alaska 1996).

Section 14 adds a new subsection, AS 23.30.155(p), requiring interest on late benefits to be paid at the rate used by the Alaska courts.

Section 15 amends AS 23.30.175(a), tying future maximum and minimum weekly compensation rates to the Alaska average weekly wage rate of the year preceding the injury. The maximum compensation rate would be 122% of the Alaska average weekly wage rate, and the minimum compensation rate would be 22% of the maximum compensation rate.

Section 16 adds a new section, AS 23.30.175(d), requiring the annual determination of Alaska average weekly wage.

Section 17 amends AS 23.30.190(a) to increase the whole-person value for permanent partial impairment ratings from \$135,000 to \$177,000.

Section 18 amends AS 23.30.215(a) to increase funeral expense benefits from \$2,500 to \$3,300. It also increases the combined benefits for a widow/widower with one child from 80% to 90% of the spendable weekly wage. It increases the combined benefits of a widow/widower with two children from 80% to 100% of the spendable weekly wage. It increases the benefits of orphans from 80% to 100% of the spendable weekly wage.

Section 19 amends AS 23.30.220(a) to incorporate overtime wages into the calculation of an employee's gross weekly wages. It bases the calculation of seasonal and temporary workers' gross weekly wages on earnings from the 12 months immediately preceding the injury, instead of from the previous calendar year.

Section 20 makes sections 2 & 6-13 retroactive in application, and sections 3-5 & 14-19 effective prospectively from July 1, 2000.

Section 21 authorizes the department to adopt regulations and/or emergency regulations necessary to carry out the changes in the statute.

Section 22 permits the department to begin adopting necessary regulations immediately.

Section 23 provides an effective date of July 1, 2000.

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 5, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/12/00

The FINANCE Committee considered:

HB 419

HOUSE BILL NO. 419

WORKERS' COMPENSATION

"An Act relating to the weekly rate of compensation and minimum and maximum compensation rates for workers' compensation; specifying components of a workers' compensation reemployment plan; adjusting workers' compensation benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers, and orphans, and for funerals; relating to permanent total disability of an employee receiving rehabilitation benefits; relating to calculation of gross weekly earnings for workers' compensation benefits for seasonal and temporary workers and for workers with overtime or premium pay; setting time limits for requesting a hearing on claims for workers' compensation, for selecting a rehabilitation specialist, and for payment of medical bills; relating to termination and to waiver of rehabilitation benefits, obtaining medical releases, and resolving discovery disputes relating to workers' compensation; setting an interest rate for late payments of workers' compensation; providing for updating the workers' compensation medical fee schedule; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 419 (Fin) [ ] the same title [X] a new title

[ ] additional referral to \_\_\_\_\_ Committee [ ] attached amendment(s)

ADOPTS: HFC Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date) [ ] fiscal note(s) 31A fiscal note(s) Gov, Labor, UA 3-29-00

[ ] zero fiscal note(s) [ ] zero fiscal note(s)

Table with columns: SIGNING WITH RECOMMENDATIONS, DP, DNP, NR, AM. Rows include names like Theriault, Muller, Bunde, Austerman, J. Davis, Gussindorf, Moses, G. Davis, Williams, Phillip, and L. Phillips.

CHAIR'S SIGNATURE [Signature]

## FISCAL NOTE

STATE OF ALASKA

BILL NO. HB419

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) \_\_\_\_\_ Dept Affected University of Alaska  
 Title \_\_\_\_\_ BRU Statewide  
 Worker's Comp \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Labor & Commerce by Request  
 Requester \_\_\_\_\_ Component Serial No \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	83.0	83.0	83.0	83.0	83.0
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE**

1002 Federal Receipts	3.2	3.2	3.2	3.2	3.2
1003 GF Match					
1004 GF	62.3	62.3	62.3	62.3	62.3
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	17.5	17.5	17.5	17.5	17.5
<b>TOTAL</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

Estimate of any current year (FY00) cost: none

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

Estimated impact based on 8.3 percent increase as determined by Carolyn Pearl, State Relations Executive, National Council on Compensation Insurance, Inc.

Prepared by Pat Pitney, Director Phone 474-2602  
 Division UA Budget and Institutional Research Date 3/27/00  
 Approved by Commis Pat Pitney, Director Date 3/27/00  
 Agency UA Budget and Institutional Research

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# FISCAL NOTE

II Version: CSHB 419 (L&C)  
(H) Publish Date: 3/29/00

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO.

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Workers' Compensation  
Sponsor: House L&C  
Requestor: House L&C

Department Affected: Labor & Workforce Development  
BRU: Workers' Compensation  
Component: Workers' Compensation

COMPONENT SERIAL NO. 344

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	6.7	6.7	6.7	6.7	6.7	6.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>
<b>CAPITAL</b>						
<b>CHANGE IN REVENUE FUND SOURCE #</b>						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.7	6.7	6.7	6.7	6.7	6.7
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)						
<b>TOTAL</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

**ANALYSIS:** (Attach a separate page if necessary)  
  
Please See Attached

Prepared by: Paul Grossi, Director Phone: 465-2790  
Division: Workers' Compensation Date/Time: 3/7/00 9:18 AM

Approved by Commissioner: Ed Flanagan, Commissioner  
Agency: Department of Labor Date: 3/7/00

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## COMMITTEE COPY

## FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 419

**Title:** An Act relating to the Alaska Workers' Compensation Act, including the weekly rate of compensation and minimum and maximum compensation rates, specifying components of a reemployment plan, adjusting benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers and orphans, and for funerals, calculation of gross weekly earnings for seasonal and temporary workers and for workers with overtime or premium pay, setting time limits for requesting a hearing or rehabilitation benefits, setting time limits for claims for compensation and for the rehabilitation process, setting time limits for payment of medical bills, waiver of rehabilitation benefits, obtaining medical releases and resolving discovery disputes, setting an interest rate for late compensation, and providing for updating the medical fee schedule; and providing for an effective date.

This bill will require that the Division of Workers' Compensation obtain an updated usual, customary, and reasonable medical fee schedule annually. It is anticipated that the additional cost for updating the schedule annually would be approximately \$6.7 per year. It is believed that the change in frequency of medical fee schedule updates will be the only increased cost associated with this bill.

# FISCAL NOTE

Bil. version: CSHB 419 (L&C)  
 (H) Publish Date: 3/29/00

**STATE OF ALASKA  
 2000 LEGISLATIVE SESSION**

Revision Date/Time 03/13/2000 Dept. Affected All State Agencies  
 Title "An act relating to workers' compensation reform. BRU  
 \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Rules Committee  
 Requester House Labor & Commerce Committee Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
<b>TOTAL</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst *Joan Brown* Phone 465-4681  
 Division Office of Management and Budget Date/Time 3/13/00 12:23 PM  
 Approved by Director Annalee McConnell *Annalee McConnell* Date 03/07/2000  
 Agency Governor's Office

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Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra tion 105 9	Comm & Econ Dev 62	Correcio ns 93 0	Court System 13 5	Ed & Early Dev 11 2	Environm ental Conser vation 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 199	Law Legislat ure 8 3 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 77 2	Revenue 9 1	Transporta tion & Public Facilities 194 2	Total
1042	Judicial Retirement System	Other	0 0																0 0
1045	Nail Guard Retirement System	Other	0 1																0 1
1048	Student Revolving Loan Fund	Other															0 0		0 0
1049	Training & Building Fund	Other								0 1									0 1
1050	Perm Fund Dividend Fund	Other														0 2	0 6		0 8
1051	Rural Dev Initiative Fund	Other		0 0															0 0
1052	Oil/Haz Response Fund	Other					2 5												2 5
1053	ILTF	Other															0 0		0 0
1055	IA Oil & Haz	Other							0 0			0 1	0 2	0 0		0 1			0 4
1057	Small Bus Loan Fund	Other		0 0															0 0
1061	CIP Rcpts	Other	0 2	0 2	0 6		0 0	0 6	1 1	0 8			0 2	2 2			0 3	74 7	80 9
1066	Public School Fund	Other															0 0		0 0
1067	Mining Revolving Loan Fund	Other		0 0															0 0
1068	Child Care Revolving Loan Fund	Other		0 0															0 0
1069	Historical District Revolving Loan Fund	Other		0 0															0 0
1070	Fisheries Enhancement Revolving Loan Fund	Other		0 1															0 1
1071	Alternative Energy Revolving Loan Fund	Other		0 0															0 0
1075	Clean Water Loan Fund	Other					0 1												0 1
1076	Marine Hwy System Fund	Other																	8 3
1079	Storage Tank Asst Fund	Other					0 2												0 2
1081	ISF	Other	12 8																12 8
1092	MHTAAR	Other	0 1		0 1					1 5				0 6					2 3
1093	Clean Air Protection Fund	Other						0 6											0 6

110419 and SD278

Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra- tion 105 9	Comm & Econ- Dev 62	Correc- tions 93 0	Court System 13 5	Ed & Early Dev 11 2	Environ- mental Conser- vation 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 19 9	Law 83	Legisla- ture 53	Military & Veterans Affairs 80	Natural Resources 40	Office of the Governor 37	Public Safety 77 2	Revenue 91	Transporta- tion & Public Facilities 194 2	Total
		Mental Health Trust																		
1094	Admin	Other																01		01
		Children's Trust Fund																		
1098	Earnings	Other																00		00
		Alaska Drinking Water																		
1100	Fund	Other						01												01
		Aerospace Dev Corp																		
1101	Rcpls	Other		00																00
1102	AIDEA Rcpls	Other		05																05
1103	AHFC Rcpls	Other																17		17
		Municipal Bond Bank																		
1104	Rcpls	Other																		00
1105	Perm Fund Corp Rcpls	Other													10			08		16
		Post-Secondary Ed																		
1106	Comm Rcpls	Other					21													21
1108	SDPR	Other	22		20		03	01	11	23	01	00			16		01	00	08	105
1109	Test Fishenes Rcpls	Other							14											14
		International Trade & Bus Endowment																		
1115	Income	Other		00																00
1141	RCA Rcpls	Other		08																08
1147	Public Bldg Fund	Other	02																	02
		Other	303	30	30	00	56	45	152	205	30	34	00	08	95	00	32	37	1352	2409
		Grand	1059	62	930	135	112	100	398	1172	199	83	53	80	404	37	772	91	1942	7629

**Proposed Letter of Intent**  
**HB 419**

In adopting amendment # 1 to this bill, the legislature is acting to clarify the existing statute. When a contractor employs a subcontractor who does not have any employees, certain members of the insurance industry are demanding premiums from such contractors. These demands are not based on any specific statutory authority. It is the intent of the legislature to clearly state that when a subcontractor does not have any employees, the contractor who employs that subcontractor is not required to purchase workers compensation insurance for that subcontractor. This legislature believes that the current language in the statute is clear and explicitly refers to "employees of the subcontractor." This legislature believes that this reading of the current language should be used to resolve any current disputes between members of the insurance industry and contractors in the state over workers compensation coverage for subcontractors who do not have any employees. This legislature believes that amendment # 1 clarifies that the contractor of a subcontractor who has no employees is not responsible for providing workers compensation for that subcontractor. This legislature believes that under the current statutes and the proposed amendment, insurance companies have no legal right to demand premiums from a contractor who employs a subcontractor when that subcontractor does not have any employees.

Let's do the math with a fictitious worker who is assumed to have a 5% permanent partial impairment rating at the time of the institution of the re-employment plan (10% is considered high for most in our system), a \$500/week comp rate, and a 2 year, \$13,300 rehab plan. Under this scenario, the worker will receive the following:

BENEFIT	TOTAL AMOUNT	Weekly Benefit
PPI (5 X \$1770) <sup>1</sup>	\$8,850	\$500 for 17.7 weeks
.04i (k) <sup>2</sup>	\$37,935	Approx. \$450 for 84.3 weeks
Tuition, books, and supplies	\$13,300	For a program of up to two years in length
TOTAL WAIVED	\$51,235	

If the worker waives rehab, the PPI (permanent injury payout) increase of \$2100 (\$420 per percentage point) for the injured worker in PPI benefits under HB 419 is counterbalanced by a loss of \$51,235 in benefits. This represents the cost of the employee's support during retraining, as well as the expense of tuition, books, and supplies. The injured worker will be left with \$8850 in his pocket, if he has a 5% impairment award. If he can return to work, he can earn money and still keep this \$8850. If he can't, and he has waived the reemployment benefit, his vocational life will be forfeited for \$8850!

<sup>1</sup> Every point will be worth \$1770 if this legislation passes. Under the 1988 Act presently in effect, each percentage point for impairment of the whole person is \$1350. The new Act changes that to \$1770 per percentage point. Most ratings are under 10%. Examples: a cartilage tear in the knee = 4% WP, operated herniated disc = 10%, unoperated herniated disc = 7%, neck fusion = 10%.

<sup>2</sup> This is the so-called "rehabilitation stipend" that supports the worker during the program while he is being retrained and after his permanent impairment award has been doled out to him at his compensation rate.

P.O. Box 230029  
Anchorage, AK 99523-0029  
(907) 346-2474  
FAX (907) 346-8345  
Email: mtlservices@gcl.net

**MTL SERVICES**

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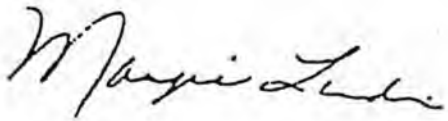
# Fax

**To:** Representative Norman Rokeberg      **From:** Marjorie T. Linder  
**Fax:** (907) 465-2040      **Pages:** 3 to follow  
**Phone:** (800) 773-4968      **Date:** 03/20/00  
**Re:** Testimony you requested      **CC:** [Click here and type name]

Urgent     For Review     Please Comment     Please Reply     Please Recycle

● **Comments:**

Thank you for asking me to submit today's testimony to the House Labor and Commerce Committee regarding HB 419. I've also supplied an example of what a worker who waives the reemployment benefit before medical stability can't know that he is waiving. His PPI can not be defined until after medical stability. The length and cost of his reemployment plan can not be determined until his PPI is determined. I suspect this waiver business won't hold up in the courts.



Margie Linder

# ALASKA

## LABOR-MANAGEMENT AD HOC COMMITTEE ON WORKERS' COMPENSATION

---

February 1, 2000

The Honorable Norman Rokeberg  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Rokeberg:

The Alaska Labor-Management Ad Hoc Committee on Workers' Compensation is in its eighteenth year of service as a private citizen initiative group formed to fairly address concerns in regard to the Alaska Workers' Compensation system. It was through the efforts of the Ad Hoc Committee that major legislative reform was passed in 1988 and as well as continuing reform in 1995. Those measures have helped to stabilize the Workers' Compensation system for employers and employees.

The Ad Hoc Committee has been meeting again in an attempt to work through some issues related to workers' compensation. We have recently reached a resolution on several key items that form the basis of our proposed 2000 legislation. Our proposed legislation has had a preliminary review by the Division of Workers' Compensation. A summary of items in the bill is attached. Key elements of the bill include:

- Increases in basic benefits consistent with changes in wages. Future maximum and minimum weekly benefits will be tied to the average weekly wage.
- Increases to the maximum weekly benefit under the death benefit as the number of dependents increase.
- Expands wage calculations to include overtime wages.
- Increases the Vocational Rehabilitation Stipend from 60% to 70 % of the average weekly spendable wage.
- Enhances the Vocational Rehabilitation process by making the process more timely, avoiding duplication of benefits and setting a reasonable maximum time period to obtain benefits.

Representative Norman Rokeberg  
February 1, 2000  
Page 2

- Defines process and time frame in which to obtain reasonable medical releases.
- Clarifies a reasonable time frame in which a claim can be brought forward.

We thank you for your patience in allowing the Ad Hoc Committee to prepare our agreement and we look forward to your continued support in the future. Should you have any questions or require further information, do not hesitate to contact us.

Sincerely yours,

---

Willem Van Hemert  
CRW Engineering Group

Sally Ann Carey  
Natchiq, Inc

Judy Peterson & Mary Shields  
Northwest Technical Services

John Garrett  
Alyeska Pipeline

---

Kevin Dougherty  
District Council of Laborers

Jim Robison  
Former Commissioner of Labor

John Giuchici  
International Brotherhood of Electrical Workers

David Ford  
Alaska Ironworkers

cc: Governor Tony Knowles  
Senator Jerry Mackie  
Senator Tim Kelly  
Representative Andrew Halcro

# ALASKA STATE LEGISLATURE

## HOUSE LABOR AND COMMERCE COMMITTEE

Representative Norman Rokeberg, Chairman  
Representative Andrew Halero, Vice Chairman  
Representative John Harris  
Representative Lisa Murkowski  
Representative Jerry Sanders  
Representative Tom Brice  
Representative Sharon Cissna



State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-4954  
Fax: (907) 465-2040

### SPONSOR STATEMENT CSHB 419 (JUD) WORKER'S COMPENSATION

The House Labor and Commerce Committee introduced CSHB 419 (L&C) at the request of the Ad Hoc Committee on Workers Comp and the Department of Labor & Workforce Development. The bill updates and revises Alaska's Worker's Compensation law that was last extensively revised in 1988.

The Ad Hoc Committee on Workers Comp consists of representatives from management and labor. This committee reviews worker's comp laws and suggests necessary changes. The bill before you is a result of such review.

Workers' compensation is a system that compensated a worker for on-the-job injuries not proximately caused by the worker. It is meant to provide worker protection when that worker is injured on the job.

Among the changes set forth in HB 419 are: (1) an intent section so that the Legislature's thoughts on worker's compensation are plainly set forth; (2) assurance of continuous employee participation in any reemployment plan; (3) sets forth that the average weekly wage amount is tied to a percent rather than stated amount; (4) mandate of an annual update of the usual, customary and reasonable medical fee schedules; (5) formula for exact weekly compensation in statute so the worker's compensation statute may change as wages change in Alaska; and (6) raises from \$135,000 to \$177,000 the ceiling amount that is used to determine a disability payment.

The Legislative Audit Division recently released a special report on the Workers' Compensation Division. An area of concern was the cap on injury awards and burial costs as set out in the 1988 statute. Legislative Audit indicated that the benefits have eroded over time by inflation. The report also points out that the main thrust of the 1988 statute has been accomplished with workers compensation insurance rates falling 41.5% since 1989. Legislative Audit further estimates that the whole body value of \$135,000, with inflation, should be around \$189,600, more than the \$177,000 agreed to in compromises made by the Ad Hoc committee.

The overall goal of this legislation is to increase the caps (i.e., increase worker benefits), streamline the system, provide the Division with more tools, and provide the employer and the employee with a workers' compensation system fair to all.

ED03:4/06/00

AMENDMENT I

Davis

OFFERED IN THE HOUSE  
TO: CSHB 419(JUD)

Adopted

1 Page 1, line 3, following "plan;":

2 Insert "relating to the liability of an employer for workers' compensation coverage  
3 for a subcontractor;"

4 Page 6, following line 2:

5 Insert a new bill section to read:

6 "\* Sec. 8. AS 23.30.045(a) is amended to read:

7 (a) An employer is liable for and shall secure the payment to employees of  
8 the compensation payable under AS 23.30.041, 23.30.050, 23.30.095, 23.30.145, and  
9 23.30.180 - 23.30.215. If the employer is a subcontractor,

10 (1) the contractor is liable for and shall secure the payment of the  
11 compensation to employees of the subcontractor unless the subcontractor secures the  
12 payment; and

13 (2) the contractor is not liable for and is not required to secure  
14 payment of compensation to the subcontractor, if the contractor does not have  
15 any employees. [V SUB]

16 Renumber the following bill sections accordingly.

17 Page 13, line 10:

18 Delete "secs. 2 - 19"

19 Insert "secs. 2 - 20"

20 Page 13, line 11:

21 Delete "Section 20"

- 1           Insert "Section 21"
  
- 2   Page 13, line 12:
- 3           Delete "sec. 21"
- 4           Insert "sec. 22"

*Adopted*

AMENDMENT 2

OFFERED IN THE HOUSE

TO: CSHB 419(JUD)

- 1 Page 5, line 23, following "determined":
- 2       Insert "and a physician has predicted that the employee may have a permanent
- 3 impairment that may cause the employee to have permanent physical capacities that are less
- 4 than the physical demands of the employee's job at the time of injury"

adopted

**Proposed Letter of Intent  
HB 419**

In adopting amendment # 1 to this bill, the legislature is acting to clarify the existing statute. When a contractor employs a subcontractor who does not have any employees, certain members of the insurance industry are demanding premiums from such contractors. These demands are not based on any specific statutory authority. It is the intent of the legislature to clearly state that when a subcontractor does not have any employees, the contractor who employs that subcontractor is not required to purchase workers compensation insurance for that subcontractor. This legislature believes that the current language in the statute is clear and explicitly refers to "employees of the subcontractor." This legislature believes that this reading of the current language should be used to resolve any current disputes between members of the insurance industry and contractors in the state over workers compensation coverage for subcontractors who do not have any employees. This legislature believes that amendment # 1 clarifies that the contractor of a subcontractor who has no employees is not responsible for providing workers compensation for that subcontractor. This legislature believes that under the current statutes and the proposed amendment, insurance companies have no legal right to demand premiums from a contractor who employs a subcontractor when that subcontractor does not have any employees.

### FISCAL NOTE

STATE OF ALASKA

BILL NO. HB419 | \_\_\_\_\_

2000 LEGISLATIVE SESSION

Revision Date (Note if correction) \_\_\_\_\_ Dept Affected University of Alaska  
 Title \_\_\_\_\_ BRU Statewide  
 Worker's Comp \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Labor & Commerce by Request  
 Requester \_\_\_\_\_ Component Serial No \_\_\_\_\_

**Expenditures/Revenues**

OPERATING EXPENDITURES	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services					
Travel					
Contractual					
Supplies					
Equipment					
Land & Structures					
Grants & Claims	83.0	83.0	83.0	83.0	83.0
Miscellaneous					
<b>TOTAL OPERATING</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------	------------	------------	------------	------------	------------

<b>CHANGE IN REVENUES ( ) ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------------	------------	------------	------------	------------	------------

**FUND SOURCE**

1002 Federal Receipts	3.2	3.2	3.2	3.2	3.2
1003 GF Match					
1004 GF	62.3	62.3	62.3	62.3	62.3
1005 GF/Program Receipts					
1037 GF/Mental Health					
1048 University Receipts	17.5	17.5	17.5	17.5	17.5
<b>TOTAL</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>	<b>83.0</b>

Estimate of any current year (FY00) cost: none

**POSITIONS**

Full-time					
Part-time					
Temporary					

**ANALYSIS:** (Attach a separate page if necessary)

Estimated impact based on 8.3 percent increase as determined by Carolyn Pearl, State Relations Executive, National Council on Compensation Insurance, Inc.

Prepared by Pat Pitney, Director Phone 474-2602  
 Division UA Budget and Institutional Research Date 3/27/00  
 Approved by Commls Pat Pitney, Director Date 3/27/00  
 Agency UA Budget and Institutional Research

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# FISCAL NOTE

II Version: CSHB 419 (L&C)  
(H) Publish Date: 3/29/00

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO.

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Workers' Compensation  
Sponsor: House L&C  
Requestor: House L&C

Department Affected: Labor & Workforce Development  
ERU: Workers' Compensation  
Component: Workers' Compensation

COMPONENT SERIAL NO. 344

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	6.7	6.7	6.7	6.7	6.7	6.7
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

CAPITAL						
---------	--	--	--	--	--	--

CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.7	6.7	6.7	6.7	6.7	6.7
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (New Fund)						
<b>TOTAL</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY00) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)  
  
Please See Attached

Prepared by: Paul Grossi, Director Phone: 465-2790  
Division: Workers' Compensation Date/Time: 3/7/00 9:18 AM

Approved by Commissioner: Ed Flanagan, Commissioner  
Agency: Department of Labor Date: 3/7/00

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## FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 419

**Title:** An Act relating to the Alaska Workers' Compensation Act, including the weekly rate of compensation and minimum and maximum compensation rates, specifying components of a reemployment plan, adjusting benefits for permanent partial impairment, for reemployment plans, for rehabilitation benefits, for widows, widowers and orphans, and for funerals, calculation of gross weekly earnings for seasonal and temporary workers and for workers with overtime or premium pay, setting time limits for requesting a hearing or rehabilitation benefits, setting time limits for claims for compensation and for the rehabilitation process, setting time limits for payment of medical bills, waiver of rehabilitation benefits, obtaining medical releases and resolving discovery disputes, setting an interest rate for late compensation, and providing for updating the medical fee schedule; and providing for an effective date.

This bill will require that the Division of Workers' Compensation obtain an updated usual, customary, and reasonable medical fee schedule annually. It is anticipated that the additional cost for updating the schedule annually would be approximately \$6.7 per year. It is believed that the change in frequency of medical fee schedule updates will be the only increased cost associated with this bill.

# FISCAL NOTE

Bil. ersion: CSHB 419(L&C)

(H) Publish Date: 3/29/00

## STATE OF ALASKA 2000 LEGISLATIVE SESSION

Revision Date/Time 03/13/2000 Dept. Affected All State Agencies  
 Title "An act relating to workers' compensation reform. BRU  
 \_\_\_\_\_  
 \_\_\_\_\_ Component \_\_\_\_\_  
 Sponsor House Rules Committee  
 Requester House Labor & Commerce Committee Component No. \_\_\_\_\_

### Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	762.9	762.9	762.9	762.9	762.9	762.9
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	75.0	75.0	75.0	75.0	75.0	75.0
1016 Federal Incentive Payments	0.3	0.3	0.3	0.3	0.3	0.3
1133 Indirect Cost Reimbursement	0.1	0.1	0.1	0.1	0.1	0.1
1003 GF Match	18.7	18.7	18.7	18.7	18.7	18.7
1004 GF	372.4	372.4	372.4	372.4	372.4	372.4
1005 GF/Program Receipts	27.5	27.5	27.5	27.5	27.5	27.5
other (GF)	28.0	28.0	28.0	28.0	28.0	28.0
Other (Specify Type)	240.9	240.9	240.9	240.9	240.9	240.9
<b>TOTAL</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>	<b>762.9</b>

Estimate of any current year (FY2000) cost: 0.0

### POSITIONS

Full-time						
Part-time						
Temporary						

### ANALYSIS: (Attach a separate page if necessary)

Consolidation of statewide risk management costs to departments' personal services expense. See attached for detailed fund source amounts.

Prepared by: Joan Brown, Chief Budget Analyst *Joan Brown* Phone 465-4681  
 Division Office of Management and Budget Date/Time 3/13/00 12:23 PM  
 Approved by Director Annalee McConnell *Annalee McConnell* Date 03/07/2000  
 Agency Governor's Office

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HB419 and SB278

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstr tion 105 9	Comm & Econ Dev 62	Correcio ns 93 0	Court System 13 5	Ed & Environm Early Dev 11 2	Environm ental Conserva tion 10 0	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 199	Law 8 3	Legisla ure 5 3	Military & Veterans Affairs 8 0	Natural Resources 40 4	Office of the Governor 3 7	Public Safety 77 2	Revenue 9 1	Transportati on & Public Facilities 194 2	Total
1002	Fed Rcpts	Fed	14	01	22		12	26	106	300	137	01		43	26	02	17	33	10	750
1016	Fed Incentive Payments Indirect Cost	Fed																03		03
1133	Reimbursement	Fed																01		01
1003	GF Match	GF	14	01	22	00	12	26	106	300	137	01	00	43	26	02	17	37	10	754
1004	GF	GF	04	01			02	06	02	144	08	00		07	03	03		06	01	187
1004	GF	GF	461	10	842	133	40	14	125	443	22	47	53	22	225	32	704	12	537	3724
1005	GF/PR	GF	104	20			02	09	13	09	02	01		55			13	05	42	275
1037	GF/Mental Health	GF	149		36		00		71			00								256
1118	Pioneers Homes Rcpts	GF	24																	24
	GF Total		742	31	878	135	44	29	140	667	32	48	53	29	283	35	723	17	580	4466
1007	IA Rcpts Advance College	Other	68	08	03		31	03	28	160	26	33		04	29		22	04	25	444
1011	Tuition Payment Fund Donated Commodity /	Other																00		00
1014	Handling Fee	Other					01													01
1017	Benefit Systems Rcpts	Other	23																	23
1018	Exxon Valdez Oil Spill	Other						00	09						02					11
1021	Ag Loan Fund	Other													10					10
1023	FICA Admin Fund	Other	01																	01
1024	Fish & Game Fund	Other						79			00						06			85
1025	Science & Tech	Other		02																02
1026	Hwy Working Capital International Airports	Other																		149
1027	Revenue Fund	Other																00	340	340
1029	PERS	Other	37																	37
1031	Second Injury Fund Disabled Fishermans	Other									01									01
1032	Reserve Acct	Other									01									01
1033	Surplus Property	Other	03																	03
1034	TERS	Other	15																	15
1035	Vets Revolving Loan Fund	Other		00																00
1036	Comm Fish Revolving Loan Fund	Other		04																04
1040	Real Estate Surety Fund	Other		00																00

Workers' Compensation Reform

Fund Code	Fund Source	Category	Adminstra tion 105.9	Comm & Econ, Dev 62	Correctio ns 930	Court System 135	Ed & Early Dev 112	Environm ental Conserva tion 100	Fish & Game 39.8	Health & Social Svcs 117.2	Labor & Workforce Dev 199	Law 83	Legisla ture 53	Military & Veterans Affairs 80	Natural Resources 40.4	Office of the Governor 37	Public Safety 77.2	Revenue 91	Transporta tion & Public Facilities 194.2	Total
1042	Judicial Retirement System	Other	0.0																	0.0
1045	Nail Guard Retirement System	Other	0.1																	0.1
1046	Student Revolving Loan Fund	Other																0.0		0.0
1049	Training & Building Fund	Other									0.1									0.1
1050	Perm Fund Dividend Fund	Other															0.2	0.6		0.8
1051	Rural Dev Initiative Fund	Other		0.0																0.0
1052	Oil/Haz Response Fund	Other						2.5												2.5
1053	ILTF	Other																0.0		0.0
1055	IA Oil & Haz	Other							0.0			0.1		0.2	0.0		0.1			0.4
1057	Small Bus Loan Fund	Other		0.0																0.0
1061	CIP Rcpts	Other	0.2	0.2	0.6		0.0	0.6	1.1	0.8				0.2	2.2			0.3	74.7	80.9
1068	Public School Fund	Other																0.0		0.0
1067	Mining Revolving Loan Fund	Other		0.0																0.0
1068	Child Care Revolving Loan Fund	Other		0.0																0.0
1069	Historical District	Other		0.0																0.0
1070	Revolving Loan Fund	Other		0.1																0.1
1071	Fisheries Enhancement	Other		0.0																0.0
1071	Alternative Energy	Other		0.0																0.0
1075	Clean Water Loan Fund	Other						0.1												0.1
1076	Marine Hwy System	Other																		8.3
1076	Storage Tank Ass't	Other																		0.2
1079	Fund	Other						0.2												0.2
1081	ISF	Other	12.8																	12.8
1092	MHTAAR	Other	0.1		0.1					1.5					0.6					2.3
1093	Clean Air Protection	Other						0.6												0.6

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Workers' Compensation Reform

Fund Code	Fund Source	Category	Administra tion 105 9	Comm & Econ Dev 62	Correcio ns 93 0	Court System 13 5	Ed & Environ mental Dev 112	Fish & Game 39 8	Health & Social Srvc 117 2	Labor & Workforce Dev 19 9	Law, Legislat 83	Public Affairs 53	Military & Veterans Affairs 80	Natural Resources 40 4	Office of the Governor 37	Public Safety 77 2	Revenue 91	Transportati on & Public Facilities 194 2	Total	
1094	Mental Health Trust Admin	Other																	01	01
1098	Children's Trust Fund Earnings	Other																	00	00
1100	Alaska Drinking Water Fund	Other						0.1												01
1101	Aerospace Dev Corp Rcpls	Other		00																00
1102	AIDEA Rcpls	Other		05																05
1103	AHFC Rcpls	Other																		17
1104	Municipal Bond Bank Rcpl	Other																		00
1105	Perm Fund Corp Rcpls	Other												10						06
1106	Post-Secondary Ed Comm Rcpls	Other					21													21
1108	SDPR	Other	22		20		03	01	11	22	01	00		16		01	00		08	105
1109	Test Fishenes Rcpls	Other							14											14
1115	International Trade & Bus Endowment Income	Other		00																00
1141	RCA Rcpls	Other		08																08
1147	Public Bldg Fund	Other	02																	02
		Other	303	30	30	00	56	45	152	205	30	34	00	08	95	00	32	37	1352	2409
		Grand	1059	62	930	135	112	100	398	1172	199	83	53	80	404	37	772	91	1942	7629