

SB

299

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

RECORDED OUT
MAY 22 2002

DATE: 2/27/02

FURTHER:

DATE TURNED IN TO OFFICE: 22 March 2002

Finance Committee considered **SENATE BILL NO. 299**
SB 299 WORKERS' COMPENSATION BOARD PANELS

"An Act relating to the establishment of an additional southcentral panel to the Alaska Workers' Compensation Board and to appointments to that panel; and providing for an effective date."

and recommends:

- be replaced with CS SB 299 (FIN)
- adopt previous forthcoming CS
- attached amendmer...
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Labor	2/22/02	5.0		#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Green</i>			✓	
<i>John Gustafson</i>	✓			
<i>Howard C. Olson</i>			✓	
<i>Sammy White</i>	✓			
<i>Gregory Thompson</i>	✓			
<i>Pete Hall</i>	✓			
<i>[Signature]</i>			✓	
COCHAIR:				
COCHAIR:				

REPORTED OUT
 MAR 22 2002
 STATE OF ALASKA
 LEGISLATIVE COUNCIL

FISCAL NOTE

STATE OF ALASKA
 2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 299
 (S) Publish Date: 2/27/02

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Workers' Compensation Board BRU: Workers' Compensation
 Component: Workers' Compensation
 Sponsor: Senate L&C
 Requester: Senate L&C Component Number: 314

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	5.0	5.0	5.0	5.0	5.0	5.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1157 Workers Safety Account	5.0	5.0	5.0	5.0	5.0	5.0
Other (Specify Type)						
TOTAL	5.0	5.0	5.0	5.0	5.0	5.0

Estimate of any current year (FY2002) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill provides for an additional panel of the Workers' Compensation Board in the south-central venue. The panel will allow for additional hearings in that venue to reduce the time lag and back log. The increase in the travel line of the budget is required to provide for the \$50.00 a day stipend paid to the individual panel members when they are presiding over board hearings and other board business. The total is derived from two members working an average of approximately four to five days per month.

Prepared by: Paul Grossi, Director Phone: 465-2790
 Division: Workers' Compensation Date/Time: 2/22/02 2:49 PM
 Approved by: Ed Flanagan, Commissioner Date: 02/22/02
 Agency: Department of Labor and Workforce Development

For distribution information, call the Governor's Legislative Office

Amended
SENATE FINANCE
COMMITTEE

Amendment Number: #1
Bill Number: SB 299
Sponsor: Kelly Date: 3/22/02
Logged In By: J. Mindy

AMENDMENT

By Senator Pete Kelly

adopted

OFFERED IN THE SENATE
TO: SB 299

Page 2 line 6 following "no"
"take effect"
Delete "effect"
Insert "be made"

Page 2 line 6 following "before"
Delete "July 1, 2002"
Insert "January 1, 2003"

Page 2 DELETE lines 14 and 15
Insert "Sec. 3. This Act takes effect January 1, 2003."

CS FOR SENATE BILL NO. 299(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the establishment of an additional southcentral panel to the Alaska
2 Workers' Compensation Board and to appointments to that panel; and providing for an
3 effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 23.30.005(a) is amended to read:

6 (a) The Alaska Workers' Compensation Board consists of a southern panel of
7 three members sitting for the first judicial district, a northern panel of three members
8 sitting for the second and fourth judicial districts, four [THREE] southcentral panels
9 of three members each sitting for the third judicial district, and one panel of three
10 members that may sit in any judicial district. Each panel must include the
11 commissioner of labor and workforce development or the designated representative of
12 the commissioner, a representative of industry, and a representative of labor. The
13 latter two members of each panel shall be appointed by the governor and are subject to
14 confirmation by a majority of the members of the legislature in joint session.

1 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 TERMS AND INITIAL APPOINTMENTS. (a) The governor shall expeditiously
4 make initial appointments to the new southcentral panel of the Alaska Workers'
5 Compensation Board, authorized by sec. 1 of this Act. The appointments made under this #1
6 subsection may not be made before January 1, 2003.

7 (b) Notwithstanding AS 23.30.005(c) and AS 39.05.055, the terms of the initially
8 appointed members of the new panel who are representatives of labor or industry shall be set
9 by the governor as follows:

10 (1) the member who is the representative of labor shall serve a term of two
11 years;

12 (2) the member who is the representative of industry shall serve a term of
13 three years. #1

14 * Sec. 3. This Act takes effect January 1, 2003.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 22 March 2002 TIME: 11:00 am

TO: Legal Sucs.

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final CS SB 299 (FIN) Phase
w/ attached amendment

The Mundy

Alaska State Legislature

SENATOR
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Session:
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Senate District Jf

Sponsor Statement

SB 299

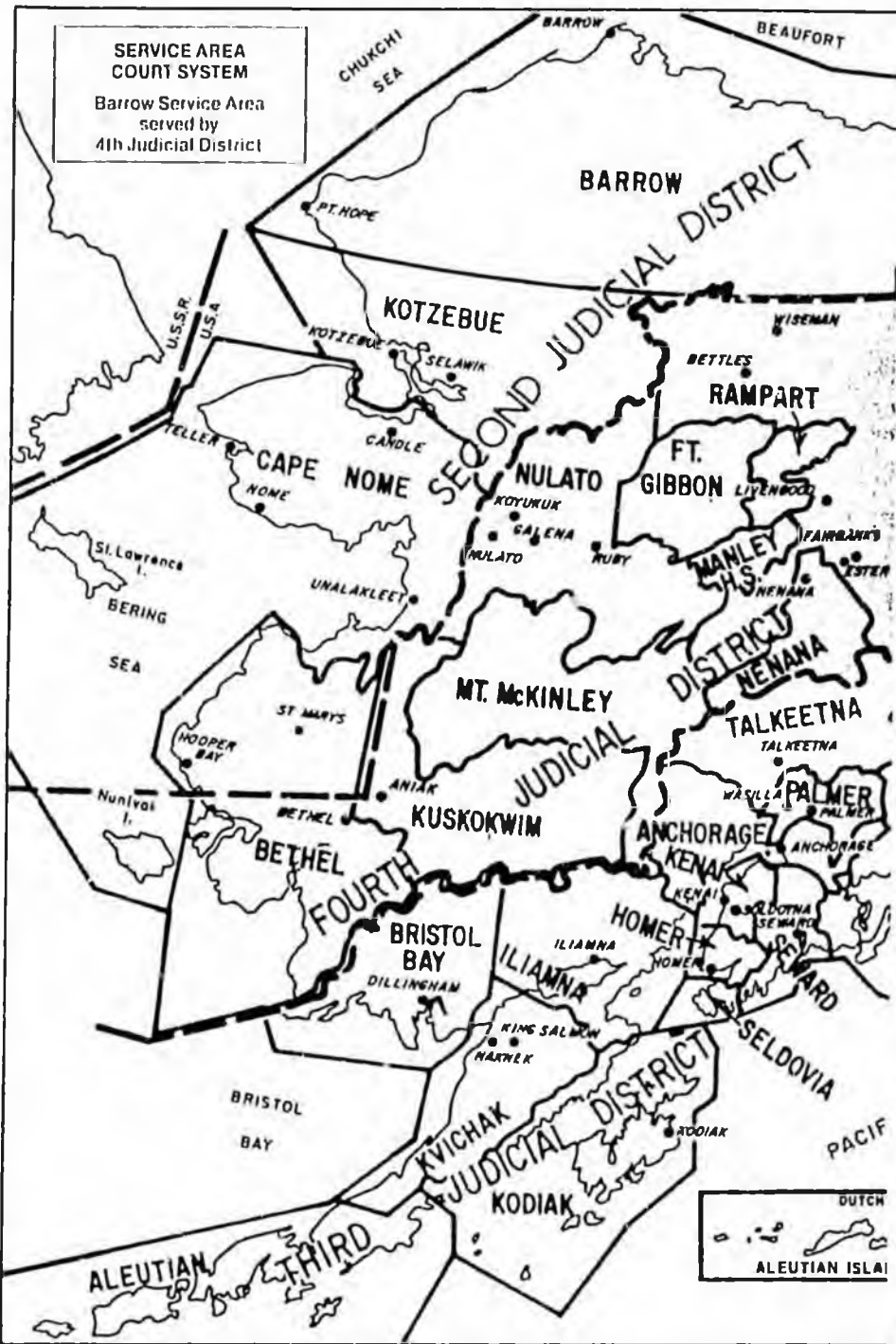
"An act relating to the establishment of an Additional southcentral panel to the Alaska Workers' Compensation Board and to appointments to that panel."

SB 299 would amend the Workers' Compensation Act to provide for an additional panel for the Alaska Workers' Compensation Board in the Southcentral venue. This is needed to help provide more hearings in that area of the state, and will address the need to reduce the lag time between when a worker files a claim and obtaining a hearing. It will also relieve a growing caseload.

The Alaska Workers' Compensation Act requires hearings to be conducted by panels of the Workers' Compensation Board. A panel consists of a labor member and an industry member, with a designee of the commissioner of the department of labor and workforce development. The commissioner's designee is an employee of the State of Alaska, while the other two members are lay volunteers who receive a \$50 per day stipend.

The industry seat members of the panels usually work in some management position, while the labor members are usually officers of labor unions. This makes for a very good mix for deciding these types of cases, but panel members also have full time jobs outside of the division, and, as a result, tend to be very busy, with limited time that they can devote to hearings. Consequently, there are only so many hearings that can be conducted with the current complement of panel members.

Enactment of SB 299 would provide much needed relief to the Worker's Compensation Board



SERVICE AREA COURT SYSTEM
 Barrow Service Area served by 4th Judicial District

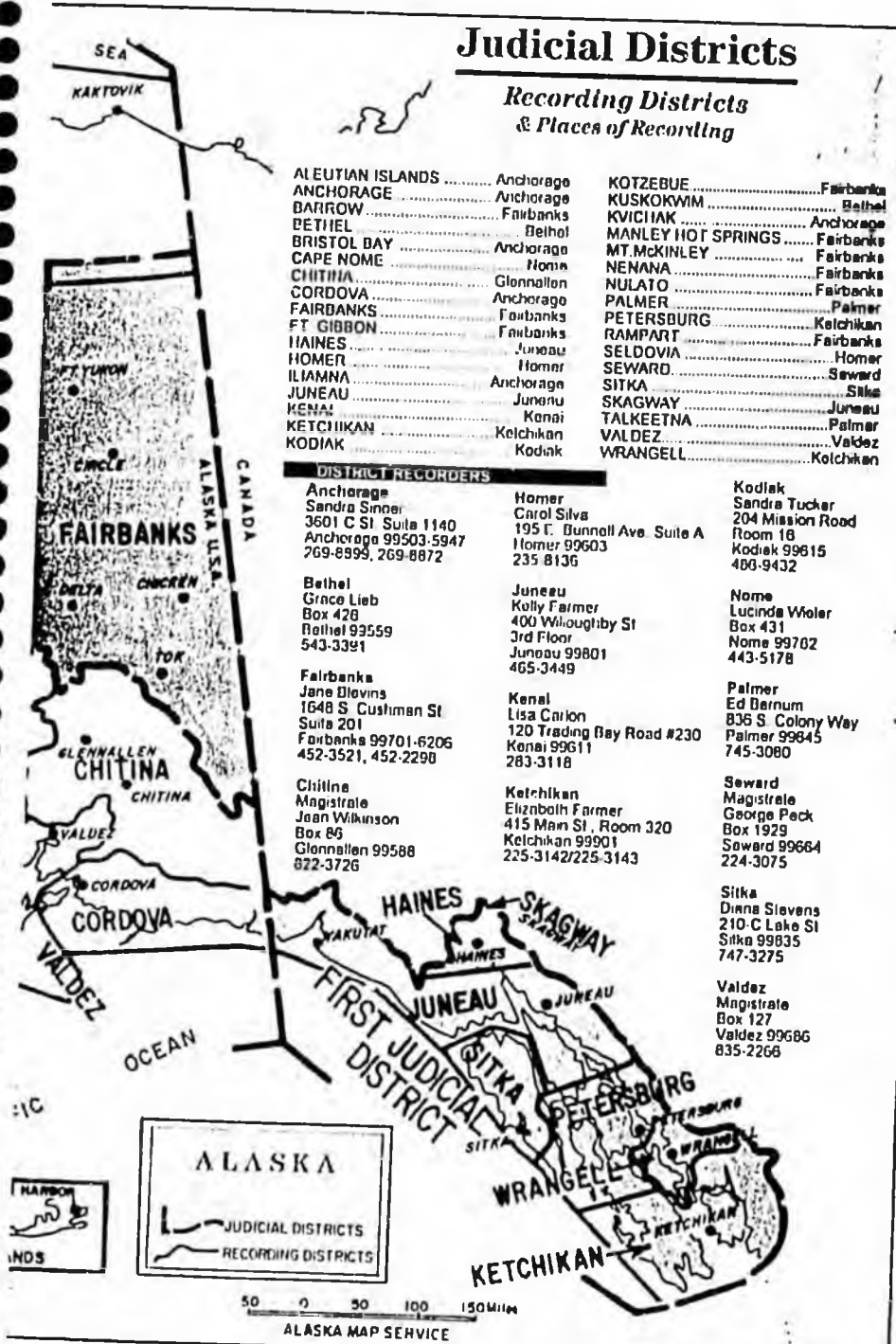
Judicial Districts

Recording Districts & Places of Recording

ALEUTIAN ISLANDS	Anchorage	KOTZEBUE	Fairbanks
ANCHORAGE	Anchorage	KUSKOKWIM	Bethel
BARROW	Fairbanks	KVICHAK	Anchorage
BETHEL	Bethel	MANLEY HOT SPRINGS	Fairbanks
BRISTOL BAY	Anchorage	MT. MCKINLEY	Fairbanks
CAPE NOME	Nome	NENANA	Fairbanks
CHITINA	Glennallen	NULATO	Fairbanks
CORDOVA	Anchorage	PALMER	Palmer
FAIRBANKS	Fairbanks	PETERSBURG	Ketchikan
FT. GIBBON	Fairbanks	RAMPART	Fairbanks
HAINES	Juneau	SELDOVIA	Homer
HOMER	Homer	SEWARD	Homer
ILIAMNA	Anchorage	SITKA	Sitka
JUNEAU	Juneau	SKAGWAY	Juneau
KENAI	Kenai	TALKEETNA	Palmer
KETCHIKAN	Ketchikan	VALDEZ	Valdez
KODIAK	Kodiak	WRANGELL	Ketchikan

DISTRICT RECORDERS

Anchorage Sandra Simer 3501 C St, Suite 1140 Anchorage 99503-5947 769-8999, 269-8872	Homer Carol Silva 195 E. Bunnell Ave. Suite A Homer 99603 235-8136	Kodiak Sandra Tucker 204 Mission Road Room 18 Kodiak 99615 486-9432
Bethel Grace Lieb Box 428 Bethel 99559 543-3391	Juneau Kelly Farmer 400 Wiloughby St 3rd Floor Juneau 99801 465-3449	Nome Lucinda Wheeler Box 431 Nome 99702 443-5178
Fairbanks Jane Elvins 1648 S. Cushman St Suite 201 Fairbanks 99701-6206 452-3521, 452-2298	Kenai Lisa Carlson 120 Trading Bay Road #230 Kenai 99611 283-3118	Palmer Ed Barnum 835 S. Colony Way Palmer 99645 745-3080
Chitina Magistrate Jean Wilkinson Box 86 Glennallen 99588 822-3726	Ketchikan Elizabeth Farmer 415 Main St., Room 320 Ketchikan 99901 225-3142/225-3143	Seward Magistrate George Peck Box 1929 Seward 99664 224-3075
		Sitka Diana Stevens 210 C Lake St Sitka 99835 747-3275
		Valdez Magistrate Box 127 Valdez 99686 835-2268



ALASKA
 JUDICIAL DISTRICTS
 RECORDING DISTRICTS

50 0 50 100 150 Miles
 ALASKA MAP SERVICE

SB 299

- This amendment to the workers' compensation act provides for an additional panel of the Workers' Compensation Board for the South Central Venue.

All contested workers' compensation cases that can't be resolved are heard by panels of the Workers' Compensation Board.

The panels consist of a commissioner's designee (a full time hearing officer of the division), an industry seat member (usually someone who is executive of a company) and a labor member (usually an officer of a labor union). The industry members and labor members are volunteers who receive a \$50 per day stipend.

The Department has a sufficient number of hearing officers at this time to increase the number of hearings in the Anchorage venue, but needs additional lay members.

This bill will provide those additional lay members of the Workers' Compensation Board.

Additional hearings need to be scheduled in Anchorage (South Central) to address time lag and backlog of hearing caseload problems.

Currently

- The average time from a request for hearing to the hearing is 137 days
- The hearing caseload has risen approx. 19% per year over the past two years.

The additional panel will allow the Board to schedule approx. 16% more hearing days. This translates into as much as 25% more hearing days in the South Central Venue.

This bill will give the Board some additional tools to address the time lag and hearing caseload problem at a very low cost.

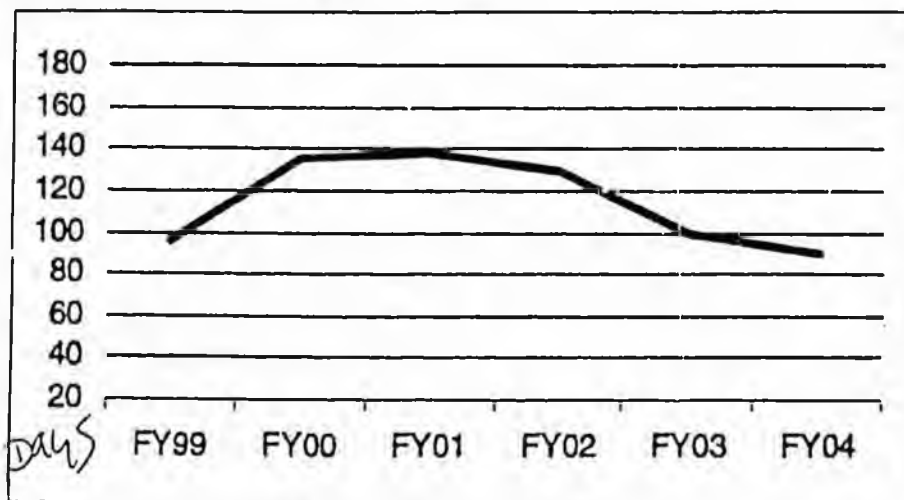
It's a win, win, win:

The Department gets additional resources to address the hearing problems; employees get their hearings sooner; and employers save cost; and employers save money by reducing administrative and legal cost.

Key Performance Measures for FY2003

Measure:

The average time taken from a compensation hearing request until the date on which the hearing is scheduled.
Sec 90(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Reduce the time lag between the request and scheduling of a hearing.

FY99 - 95.8 days

FY00 - 135.8 days

FY01 - 137.7 days

FY02 - 130 days (projection)

FY03 - 100 days (projection)

FY04 - 90 days (projection)

The time lag has gotten worse because of two major factors: the hearing case load has been going up; and because of funding reductions, we had fewer hearing officers.

Benchmark Comparisons:

The benchmark for this measurement is 90 days. This is based on AS 23.30.110(c). This subsection of the statute provides for a hearing to be scheduled within 60 days of request if not opposed by a party. If an opposition is filed, as they are in the vast majority of cases, a prehearing must be held within 30 days to set a hearing. If the hearing is scheduled within 60 days from the prehearing, 90 days to set a hearing from the date of request is a reasonable benchmark. The division expects to be able to begin meeting the 90 day benchmark in FY04 if the current level of funding is not reduced.

Background and Strategies:

The increase in the hearing time lag was noted in FY00. There was an elimination of a hearing officer as a result of budget cuts, and at the same time there was a corresponding rise in the overall hearing caseload. The legislature granted an increment in the FY02 budget for an additional hearing officer to address the problem. The hearing officer was hired in September of 2001 and additional hearings are currently being scheduled.

The Department promulgated and the Workers' Compensation Board approved a new regulation that would require hearings to be scheduled within 60 days from prehearings to further define the legislative intent in AS 23.30.110(c). The regulation will have to be approved by the Department of Law and filed by the Lieutenant Governor to become final. The department anticipates that it will be finalized and in place by the end of fiscal year 2002.

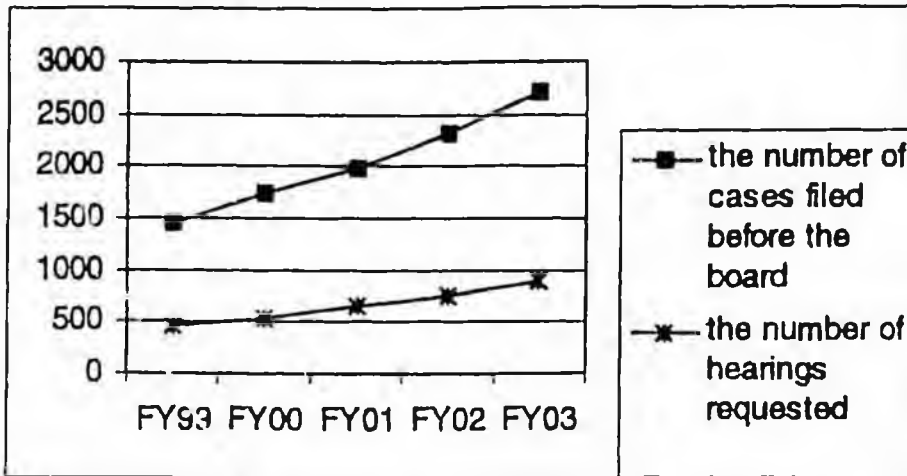
* An additional Workers' Compensation Board panel in the Anchorage venue would expedite the handling of cases to

both reduce the time lag and address the back log. The department will present this situation to the legislature.

Measure:

The number of cases filed before the Workers' Compensation Board compared to the number of requests for hearing. Sec 90(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:



Determine the hearing caseload

- FY99 - 1446 cases filed - 459 hearings requested
- FY00 - 1746 cases filed - 539 hearings requested
- FY01 - 1987 cases filed - 651 hearings requested
- FY02 - 2324 cases filed - 760 hearings requested (projections based on current trends)
- FY03 - 2700 cases filed - 890 hearings requested (projections based on current trends)

Benchmark Comparisons:

There is no benchmark for this measure. This measurement will help determine the hearing caseload to give better understanding to hearing time lag and backlog problems.

Background and Strategies:

This measurement was requested by the house legislative budget subcommittee and will track the increases in both the number of cases filed and the number of hearings. Not all cases filed reach the hearing stage as a number are settled or otherwise resolved prior to the arrival of the hearing date.

SB 299-WORKERS' COMPENSATION BOARD PANELS
SENATE FINANCE COMMITTEE

SIGN-IN

NAME: Paul Grossi Subject/Bill No: _____
Co./Dept./Title: DUL Div W. Comp Phone: 465-2790
Address: " " Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions