

SB

159

<target><bill>SB 159</bill><subject>SB
159</subject><comm>HFIN26</comm></target>

ALASKA STATE LEGISLATURE

Senator Joe Paskvan

Chair, Labor and Commerce
Vice Chair, Health and Social Services
Member, Transportation
Member, State Affairs
Member, Joint Armed Services

*Senate District E
Fairbanks and Fort Wainwright*



State Capitol Building, Room 7
Juneau, Alaska 99801-1182

Phone (907) 465-3709
Fax (907) 465-4714
sen.joe.paskvan@legis.state.ak.us
<http://paskvan.aksenate.org/>

Sponsor Statement

SB 159: Workers' Compensation Funeral Expenses

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

Senate Bill 159 addresses one section of the Workers' Compensation Statutes in Alaska and proposes that reasonable and necessary funeral expenses will be increased from \$5,000 to \$10,000.

The funeral expense for a worker who is killed on the job has not been adjusted since 2000, even though the cost of a funeral has risen significantly in the last decade.

Last year, according to the Department of Labor and Workforce Development, there were 17 fatalities in the State of Alaska that required payment of the workers' compensation funeral expenses.

As a result of this legislation, there will be no financial impact to the state and the National Council on Compensation Insurance estimates that "overall workers compensation system costs in Alaska will increase by less than 0.1%."

I urge your support of this legislation.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 10, 2010

FURTHER REFERRALS:

Date of Committee Action: 4/15/10

The FINANCE Committee considered:

SENATE BILL NO. 159

"An Act increasing the maximum funeral expenses payable as a workers' compensation death benefit; and providing for an effective date."

SB 159-WORKERS' COMPENSATION FUNERAL EXPENSES

Recommends it be replaced with HCS or CS for _____ (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - CEC
 - COR
 - CRT
 - EED
 - DEC
 - DFG
 - GOV
 - DHS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

NEW FISCAL NOTES				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
LWF	2			✓

<u>Signing with recommendations</u>		Printed Last Name	DP	DNP	NR	AM
		THOMAS	✓			
		Gora	✓			
		DORGAN	✓			
		FOSTER	✓			
		FAIRCLOUGH	✓			
		HUSTEDMAN	X			
		KELLY			✓	
		Salmon	X			
Chair:		Scott	✓			
Chair:		Hawk			★	

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 159
(S) Publish Date: 2/24/10

Identifier (file name): SB159-DOLWD-WC-02-05-10 Dept. Affected: Labor and Workforce Development
Title: Workers' Compensation Funeral Expenses RDU: Workers' Compensation
Component: Workers' Compensation
Sponsor: Senator Paskvan
Requester: Senate Finance Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: None

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

Currently if an employee is fatally injured in a work-related accident, the employer is liable for burial expenses up to a maximum of \$5,000 in addition to the other benefits required under AS 23.30.215. The proposed bill would raise the maximum burial expense from \$5,000 to \$10,000. The maximum funeral expense payable under AS 23.30.215 was last increased from \$2,500 to \$5,000 in 2000. This bill would not change any other benefits. The estimated increase in premium costs associated with this bill will be less than 0.1%. The department does not anticipate any significant fiscal impact from this bill.

Prepared by: Trena L. Heikes, Director Phone 465-6059
Division: Workers' Compensation Date/Time 2/5/10 1:29 PM
Approved by: Click Bishop, Commissioner Date 2/5/10
Agency: Department of Labor and Workforce Development

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 159
 (S) Publish Date: 4/3/09

Identifier (file name): SB159-DOLWD-WC-03-26-09 Dept. Affected: Labor and Workforce Development
 Title: Workers' Compensation Funeral Expenses RDU: Workers' Compensation
 Component: Workers' Compensation
 Sponsor: Senator Paskvan
 Requester: Senate L&C Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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								
1037 GF/Mental Health								
1157 Worker Safety Account								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: None

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated financial impact to the department as a result of this legislation.

Prepared by: Trena Heikes, Director
 Division: Workers' Compensation
 Approved by: Click Bishop, Commissioner
 Agency: Department of Labor and Workforce Development

Phone 465-6059
 Date/Time 3/26/09 3:44 PM
 Date 3/26/09

STATE OF ALASKA

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

OFFICE OF THE COMMISSIONER

Sean Parnell, Governor

P. O. Box 111149
Juneau, AK 99811-1149
PHONE: (907) 465-2700
FAX: (907) 465-2784

February 18, 2010

The Honorable Lyman Hoffman
The Honorable Bert Stedman
Co-Chairs Senate Finance
State Capital Building
Juneau, AK 99801-1182

Dear Senators Hoffman and Stedman,

Attached is the additional information that you requested from Trena Heikes, Director of the Workers' Compensation Division at the Senate Finance hearing on SB 159-Workers' Compensation Funeral Expenses.

The three documents provide the information requested by the committee. They are as follows:

1. Attachment A: Details the minimum funeral costs in Anchorage, Fairbanks and Kenai, Alaska.
2. Attachment B: Identifies the total number of work-related injuries reported for FY 2000 through FY 2009. Total injuries are separated into those involving time-loss from work, those in which no time-loss was required and those resulting in death. The "jurisdictional" portion identifies the total number of injuries in which coverage under the Alaska Workers' Compensation Act was questioned (i.e. may have involved the Longshore and Harbor Workers Act or the Jones Act).
3. Attachment C: Identifies all employer's and cause of death for the 17 work-related deaths reported in FY 2009. By identifying the employer, we hope to identify the various industries involved in these deaths.

If you need further assistance, please contact Paula Scavera, Legislative Liaison at 465-2700.

Sincerely,



Clark Bishop
Commissioner

Attachment A

AVERAGE FUNERAL COSTS

	Anchorage	Kenai	Fairbanks
<u>Traditional Funeral Service Preceded by a Visitation: *</u>			
Basic Services	\$3,500.00	\$3,695.00	\$3,360.00
Casket	2,130.00	2,130.00	2,130.00
Outer Burial Container (Required Fairbanks)			800.00
Marker	735.00	735.00	735.00
Plot Charge	960.00	250.00	650.00
Grave digging fee	510.00	510.00	650.00
Marker Setting Fee & Vault Installation (Required – Fairbanks)			350.00
Total	\$7,835.00	\$7,320.00	\$8,675.00

NOTE: Charges are minimum burial costs and do not include the following:

Refrigeration costs	\$55/day
Weekend/holiday or-after hour fees	\$350.00
Airline Shipping costs (varies)	
Anch. – Fbx.	\$221 + .12/lb
Anch. – Nome	\$315 + .12/lb
Anch – Seattle	\$331 + .12/lb
Air tray required for airline transport	\$200.00
Ground transportation beyond 25 miles:	2.50/mile
Memorial Folders -	75.00/100 cards/.50 ea. additional

Prepared by: Department of Labor and Workforce Development,
Division of Workers' Compensation
February 16, 2010

Attachment B

TOTAL FILINGS BY TYPE
FY09 Annual Report Board Filings
(Percentage Change)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Total Board Files Established	28,233 -1.36%	28,665 1.53%	28,174 -1.71%	25,981 -7.78%	24,544 -5.53%	23,939 -2.46%	23,716 -0.93%	22,528 -5.01%	22,261 -1.19%	21,454 -3.63%
No Time-Loss	18,040 0.67%	18,012 -0.16%	18,281 1.49%	17,193 -5.95%	16,032 -6.75%	15,959 -0.46%	15,873 -0.54%	15,352 -3.28%	15,484 0.86%	14,540 -6.10%
Time-Loss	10,073 -3.12%	10,582 5.05%	9,802 -7.37%	8,739 -10.84%	8,472 -3.06%	7,914 -6.59%	7,771 -1.81%	6,395 -17.71%	6,727 5.19%	6,862 2.01%
Fatality	33 6.45%	37 12.12%	39 5.41%	23 -41.03%	17 -26.09%	27 58.82%	15 -44.44%	21 40.00%	29 38.10%	17 -41.38%
Jurisdictional	87 -68.13%	36 -58.62%	21 -41.67%	14 -33.33%	20 42.86%	39 95.00%	57 46.15%	30 -47.37%	21 -30.00%	35 66.67%

Prepared by the
Department of Labor and Workforce Development February 2010

REPORTED WORKERS' COMPENSATION FATALITIES
FY 2009

AWCB No	Fatality Date	Injury Description	Employer
200813997*	7/8/2008	ACUTE ONSET INTRACRANIAL BLEED	OCEAN BEAUTY SEAFOODS INC
200811129	7/19/2008	UNKNOWN CAUSE	VIKING LUMBER CO INC
200813582	8/21/2008	MOTOR VEHICLE ACCIDENT	NATIVE VILLAGE OF SAVOONGA
200814457	8/29/2008	HOMICIDE VICTIM	GUY BARTLETT B & G HEATED MINI STORAGE
200819190	11/19/2008	HIT BY SNOW MACHINE	SOUTHCENTRAL FOUNDATION
200823012*	11/21/2008	LUNG CANCER	UNIVERSITY OF ALASKA ANCHORAGE
200819856	11/26/2008	GUNSHOT	CENTRAL PENINSULA GENERAL HOSPITAL
200820825*	12/17/2008	CARDIAC ARREST	PROVIDENCE ALASKA MEDICAL CENTER
200900601	1/15/2009	MOTOR VEHICLE ACCIDENT	HOPE COMMUNITY RESOURCES INC
200900891*	1/28/2009	UNKNOWN CAUSE	ICE SERVICES, INC.
200904287	3/4/2009	UNKNOWN CAUSE	LITHIA MOTORS SUPPORT SERVICES INC
200903805	3/22/2009	AIRCRAFT CRASH	FEDERAL EXPRESS CORPORATION
200904122	3/23/2009	AIRCRAFT CRASH	FEDERAL EXPRESS CORPORATION
200905879	4/30/2009	FELL OFF BOAT HITTING HEAD	ALASKA R&C COMMUNICATIONS INC
200907533	5/23/2009	HIT WITH HAYWIRES	PHOENIX LOGGING CO
200908253*	6/19/2009	HEART ATTACK	NYAC MINING CO
200909448*	6/28/2009	MOTOR VEHICLE ACCIDENT	SECON

* Employer has disputed compensation of claim



National
Council on
Compensation
Insurance, Inc.

ANALYSIS OF ALASKA SENATE BILL (SB) 159 As Introduced March 20, 2009

Alaska Senate Bill (SB) 159 proposes to raise the maximum burial benefit from \$5,000 to \$10,000. NCCI estimates that SB 159 would result in a negligible increase in overall workers compensation system costs in Alaska.

Background and Bill Summary

Currently in Alaska, if an employee is fatally injured in a work-related accident, then the employer is liable for burial expenses up to a maximum of \$5,000, in addition to the other benefits required by Alaska statutes.

The proposed language of SB 159 would raise the maximum burial expense from \$5,000 to \$10,000. This bill would not change any other benefits.

Actuarial Analysis of Senate Bill 159

To estimate a cost impact if SB 159 were enacted, NCCI used CPS data for 1989-1993 and NCCI Detailed Claim Information (DCI) data for 1984-1993 for fatalities, to estimate the distribution of fatal cases involving widow alone, widow with children, parents, siblings, etc.

NCCI used annuity calculations to estimate the indemnity benefits payable for 1,000 cases, assuming each fatal claim receives the maximum burial benefit (\$5,000). Based on these calculations burial expenses represent 2.1% of overall fatal indemnity costs.

Other fatal benefit provisions are unchanged by this proposal. Thus, the projected cost impact from a 100% increase ($\$10,000 / \$5,000 - 1.0$) in the maximum burial expense is +2.1% on overall fatal indemnity benefits.

Fatal indemnity benefit costs comprise an estimated 2.8% of Alaska indemnity costs, based on workers compensation statistical plan data from the two-year policy period ending March 31, 2006. Therefore, the estimated impact on indemnity costs would be an increase of +0.1% ($= +2.1\% \times 2.8\%$). Indemnity benefit costs comprise an estimated 26.1% of Alaska's overall benefit costs. If enacted in its current form, NCCI estimates that overall workers compensation system costs in Alaska will increase by less than 0.1% ($= +0.1\% \times 26.1\%$).