

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902

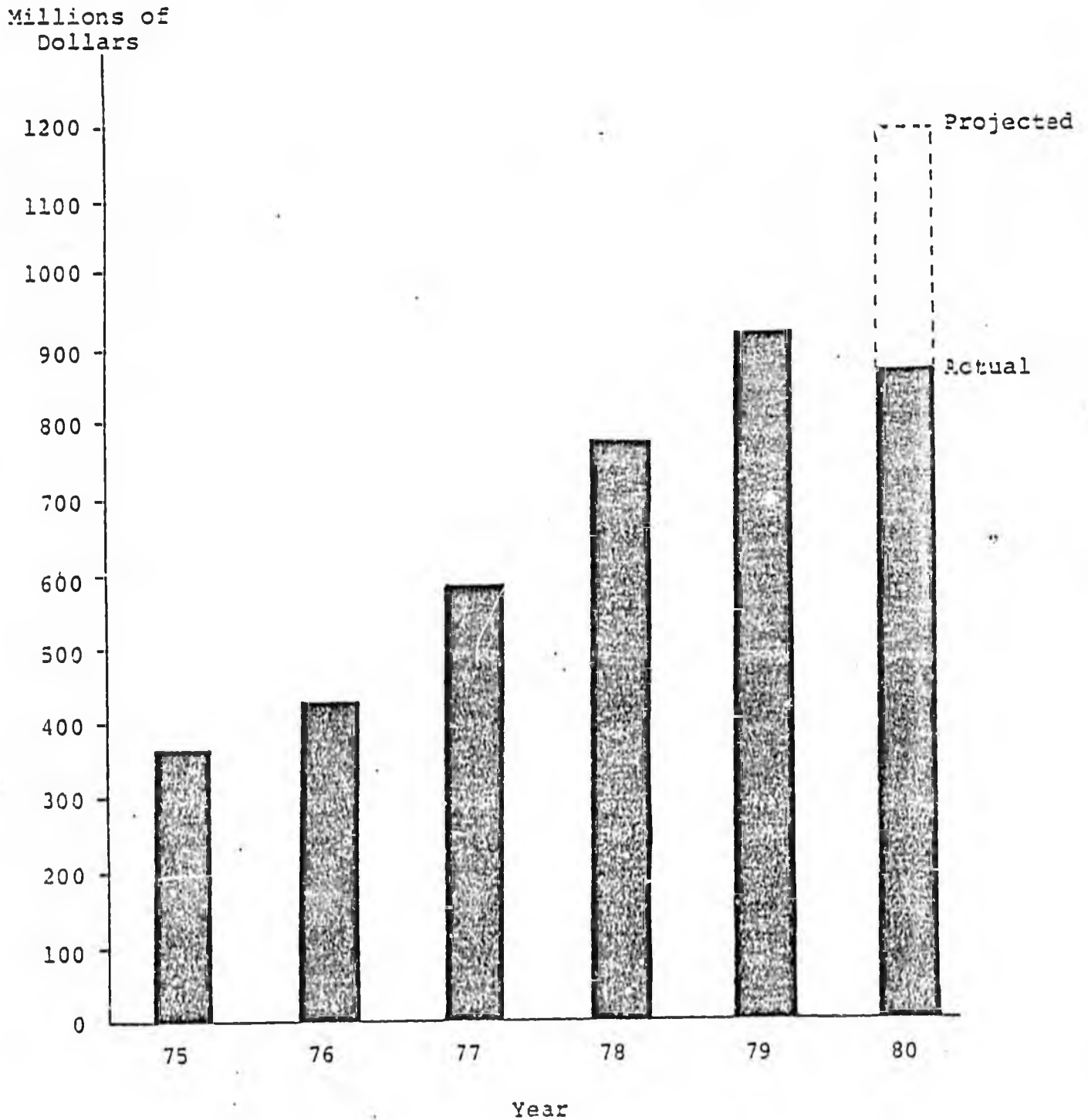
1765 HLC HB 159

These premium rate reductions already have had an effect on actual Workers' Compensation premiums paid by Florida employers. Each year, the Division of Workers' Compensation within the Department of Labor reports the total premiums paid for Workers' Compensation coverage in the State.³⁴ In Figure 2, the historical trend in total premiums paid is shown. The darkened bars represent the actual premium totals for each year. Note the decrease in total value of premiums reported in 1980--the first full year affected by operation of the new law. This reduction occurred despite a 4.2 percent rise from 1979 to 1980 in the number of employees covered by Workers' Compensation and a 8.1 percent increase in the official average weekly wage in the State.

The dashed-line extension of the 1980 bar represents an estimate of the premium level which would have been attained without the 1979 legislation. The estimate assumes that the average annual percentage increase in premiums paid from 1975 through 1979 would have occurred once more in 1980. That average annual increase was 26.3 percent, compounded. Such an increase would have resulted in a 1980 premium total of \$1.2 billion rather than the actual \$377.6 million.

FIGURE 2

TREND IN WORKERS' COMPENSATION PREMIUMS
REPORTED, 1975-1980: IMPACT OF THE NEW LAW

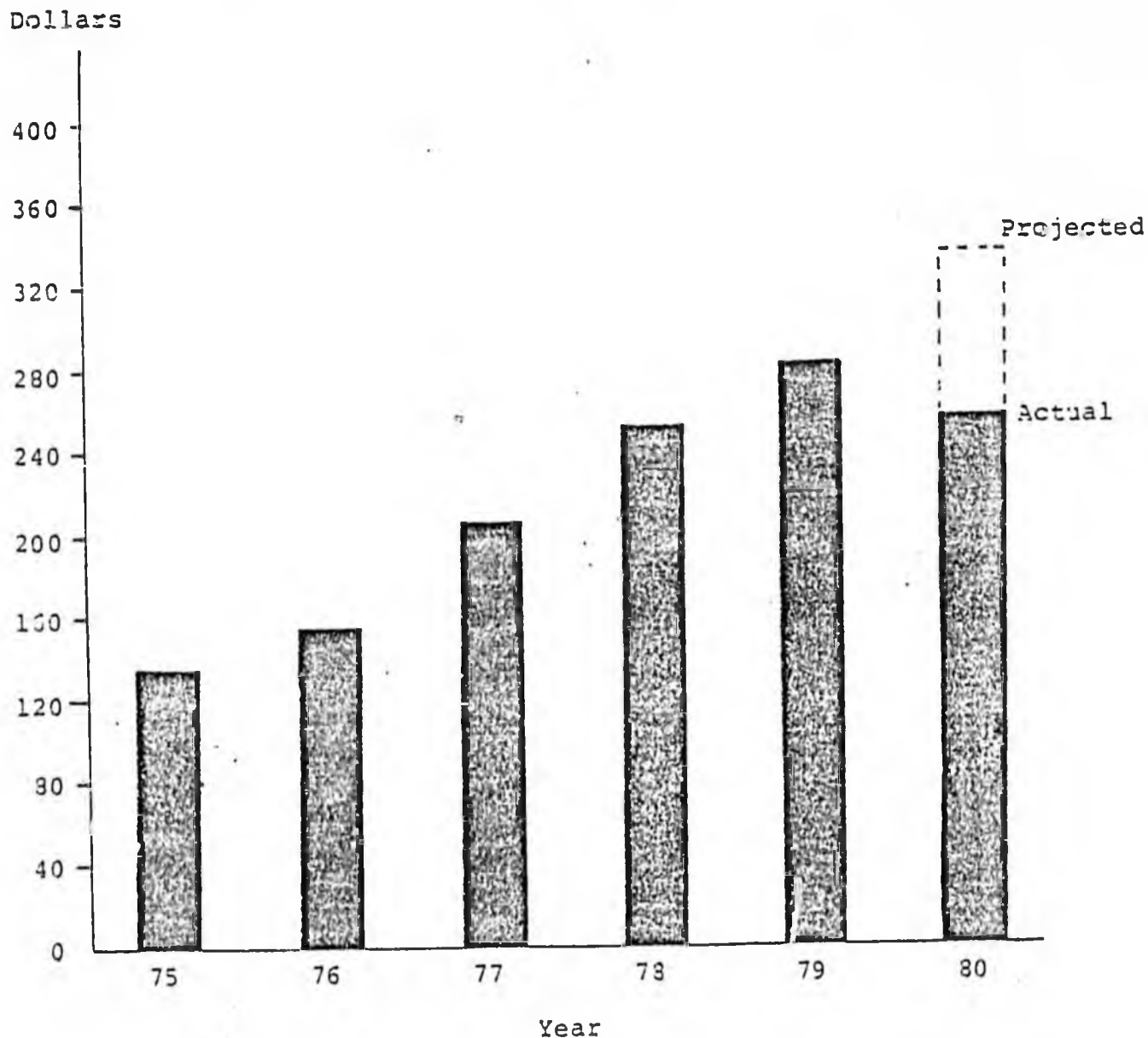


SOURCE: Actual historical data from 1977-1978 Cases Causes Costs, Division of Workers' Compensation, Department of Labor and Employment Security, 1979, p. 214 and by special request. 1980 projection by Bureau of Economic Analysis, Florida Department of Commerce.

Because the number of employees covered by Workers' Compensation is a major determinant of premiums paid, it might be expected that "controlling for" Florida's rapid employment growth might significantly alter the trend in Workers' Compensation costs. However, Figure 3 demonstrates that this is not the case. When the Workers' Compensation premiums paid per covered employee figure is plotted over time, the trend appears quite similar to that of total premiums paid (Figure 2). Once again, the rapid rise in premiums from 1975 to 1979 is clearly evident as is the positive effect of the 1979 legislation. On the average, Florida employers paid substantially less in Workers' Compensation premiums for each of their employees in 1980 than they would have without the new law. 35

FIGURE 3

TREND IN WORKERS' COMPENSATION
PREMIUMS PER COVERED EMPLOYEE, 1975-1980:
IMPACT OF THE NEW LAW



SOURCE: Actual historical data from 1977-1978, Cases Causes Costs, Division of Workers' Compensation, Department of Labor and Employment Security, 1979, p. 214 and by special request. 1980 projection by Bureau of Economic Analysis, Florida Department of Commerce.

Increasing Benefits While Decreasing Premiums

It is important to note that these positive developments in terms of employer costs have taken place at the same time that benefits available to injured workers were being increased rather dramatically. The fact that the maximum weekly benefit amount was increased from 66-2/3 percent of the statewide average weekly wage to 100 percent of that figure has been mentioned. This maximum benefit amount was increased from \$195 to \$211 as of January 1, 1980, and increased again to \$228 as of January 1, 1981. The NCCI has reported that these changes moved Florida from 37th place to 18th place in the nation in this regard.³⁶

Other benefit increases were a direct or indirect result of the 1979 legislation. The maximum period for collecting wage-loss benefits, following maximum medical improvement, was raised from 350 to 525 weeks. The annual inflation adjustment used in calculating wage-loss benefits was increased from 3 percent per annum to 5 percent per annum. An overall 29.3 percent increase was made in the schedule of medical fees.³⁷ The medical fee schedule is to be revised annually.

Many of these benefit changes concern "maximum" benefits available. They are aimed at ensuring that injured workers receive just and adequate medical benefits and disability compensation for their injuries. Continued monitoring and careful examination of experience of the new law will be necessary in order to determine whether the wage-loss concept and the other benefit changes are indeed achieving the objectives for which they were established.

The Possibility of Further Premium Reductions: Early Signals.

It was the hope of the Governor and the Legislature that the 1979 amendments to the Workers' Compensation law would result in further premium reductions in subsequent years. More specifically, the use of an objective wage-loss system of disability benefit determination and the deemphasis of subjective disability ratings were expected to result in considerable cost savings through a reduction in controverted claims, the decreased use of attorneys and medical specialists, a lower frequency of unjustified claims, and so on. These savings would be reflected in the experience of insurance carriers and ultimately result in premium reductions.

Comprehensive data pertaining directly to the possibility of further premium rate reductions will be available in June of this year. At that time, the insurance industry, through the National Council on Compensation Insurance, will make its first "experience filing" under the new law. This request for a rate adjustment (or, if no adjustment is requested, this "informational filing") will reflect 100 percent of the first full calendar year's experience under the new law and 83 percent of the 1979 policy year experience, five month's of which came under the new law.³⁸ It is, in effect, the average of the experiences during these two conceptual years which will serve as the basis for any rate adjustment. The final determination on any Workers' Compensation premium rate adjustment, unless the Legislature decides to directly mandate a reduction as in 1979, will be made by the State Insurance Commissioner, after considering supporting material submitted by

the NCCI, public comments and the advice of the Workers' Compensation Rating Bureau within the Department of Insurance.

Until those data are available it is necessary to rely on information from other sources to obtain an indication of possible future rate reductions. Three sets of preliminary data were available at the time of this writing.

Data Call by Florida House of Representatives, Committee on Insurance--In January, 1980, the Committee on Insurance of the Florida House of Representatives issued to the top fifteen Workers' Compensation Carrier Groups in the State a request for claims data.³⁹ Two samples of data were requested, one consisting of 30 percent of the population of time claims with injury dates between August 1, 1979 and December 31, 1979; the second, the same proportion of claims having injury dates ranging between August 1, 1978 and December 31, 1978. The former sample thus concerned the first five months of operation of the new law. The latter sample covered the same months in the preceding year, while the old law was still in effect. The five insurance carriers responding had written 22 percent of Florida's Compensation Insurance. The actuarial consultant hired by the Committee to conduct the study, Dr. Lena Chang, described the sample of respondents as a "good cross representation" with regard to the company size and the mix of mutual versus stock companies.⁴⁰

In her report to the Insurance Committee, Dr. Chang compared the distribution of Workers' Compensation claims under the new law to that under the old law, for a number of different dimensions. She cited several instances in which the comparison indicated that the intent of the new law was being achieved.

1. The percentage of claims of the permanent partial injury type appeared to have decreased dramatically under the new law. Such claims comprised 24.0 percent of all claims for the five-month survey period under the old law (1978), but only 6.7 percent of claims under the new law. As was discussed in Section II, the permanent partial category was the foremost problem area under the old system accounting for an inordinate amount of Workers' Compensation claim costs.⁴¹
2. Total indemnity costs, including wage-loss and impairment benefits, were 25.8 percent lower in the new law period.
3. The percentage of claims involving attorney representation decreased from 13.0 percent prior to the new law's enactment to 4.1 percent during the first five months of operation under the new law.
4. The time lag from the date of injury to the first reporting date was reduced by seven days. This suggested faster notification and initial processing of Workers' Compensation claims.

5. The proportion of workers returning to their same employer after recovery from their injury increased 9 percent (from 74 percent to 83 percent). Dr. Chang theorized that the new wage-loss system may have been responsible for this development.

Several other findings were presented in Dr. Chang's report. Some further supported the impression that the 1979 amendments were having their intended effects in terms of cost reductions. Other findings showed no definite trend. One comparison, that concerning medical costs, appeared to contradict the intent of the law. However, Dr. Chang attributed at least a part of this unexpected trend to technical adjustments by the insurance companies which would not ultimately affect premium levels.⁴²

Early Analysis by the National Council on Compensation Insurance (NCCI)--On November 12, 1980, the NCCI staff presented to the Florida Classification and Rating Committee (an insurance industry board) an analysis of the need for a Workers' Compensation premium rate adjustment.⁴³ The analysis was based on a supplementary data call to insurance carriers issued during the summer.

On the advice of the NCCI staff, the Classification and Rating Committee decided to postpone a decision on whether to file for a rate adjustment based on experience under the new law until May 1981. The major reason for this was the fact that, at that time, data concerning only 51 percent of experience under Florida's new law was available for analysis. The insurance industry representatives preferred to wait until a more complete picture of the effects of the new law was available.

Despite this decision, the preliminary analysis prepared by the NCCI did include notable findings. First, as with the study prepared for the Florida House of Representatives discussed previously, the data indicated a significant drop in the proportion of Workers' Compensation claims of the permanent partial injury type. According to a NCCI statistical table, the proportion of claims in the permanent partial injury category fell from 20.0 percent prior to enactment of the 1979 legislation to 6.9 percent under the new law. Thus, further evidence was provided of a lower frequency for this particularly costly type of claim. Second, the analysis suggested that, if it were possible to consider experience alone, a 17.3 percent premium level reduction would have been warranted. This indicates considerable claim costs reductions from the perspective of the insurance carriers. However, it is not possible to consider experience alone. At the time the analysis was prepared, it was estimated that the expense of a series of scheduled benefit increases would slightly outweigh the cost savings stemming from claim cost experience.

1980 Data From the Division of Workers' Compensation--The Secretary of the Department of Labor and Employment Security presented a report to the Commerce Committee of the Florida Senate on March 3, 1981. This report included a discussion of the progress made by

the Division of Workers' Compensation in implementing the reforms mandated by the 1979 legislation. It also contained evidence of the effects of the new law on Workers' Compensation claims activity.

This statistical evidence was in the form of comparisons between calendar year 1980 and calendar year 1979 figures.

1. The number of formal Workers' Compensation claims filed fell dramatically from 1979 to 1980.⁴⁴ During the former year, 24,082 such claims were reported while only 12,472 were received during the latter year. That is a decline of 11,610 or 48.2 percent.
2. A substantial decrease was also experienced in the number of joint petitions and washouts. The number of such petitions fell from 15,422 in 1979 to 9,806 in 1980-- a 36.4 percent drop.
3. The amount of benefits awarded in these joint petitions fell from \$91.7 million in 1979 to \$76.0 million in 1980. This amounted to an 17.1 percent reduction and a \$15.7 million savings in benefits paid.
4. The amount of attorneys' fees awarded in controverted claims for Workers' Compensation fell from \$18.9 million in 1979 to \$16.9 million in 1980, a 10.6 percent decline.⁴⁵ The 1980 figure was 20.3 percent below the highest yearly attorney fee figure ever recorded, \$21.2 million in 1977. In 1978, the Legislature began to shift to the claimant the responsibility for attorney fee payment. This trend was continued in the 1979 legislation as has been discussed.

Again, it is important to remember that the further premium rate reductions in all probability will be decided by the State Insurance Commissioner based primarily on his evaluation of a rate filing by the insurance industry. The positive trends suggested by the House Insurance Committee Report, the NCCI analysis and the 1980 data from the Division of Workers' Compensation will not necessarily translate into further rate reductions when all factors are considered. Nevertheless, those desiring further Workers' Compensation premium rate reductions in Florida should be encouraged by the data available at this point.

V. THE FUTURE OF FLORIDA'S WORKERS' COMPENSATION SYSTEM: MAKING SURE IT WORKS

Florida as a Model

The 1979 amendments to Florida's Workers' Compensation law were fundamental reforms to the system. As has been noted, Florida became the first state to adopt the wage-loss concept as the basis for long-term disability benefits for injured workers.

The nature of such reforms has given the Florida Workers' Compensation system the status of an experimental model. The ultimate success of that model is of great interest to other states. Representatives from the States of Washington, California and Delaware have visited Florida to observe the Workers' Compensation system in operation. The Director of the Division of Workers' Compensation has been invited to appear before legislative committees in several states to explain the wage-loss system and administrative reforms.⁴⁶

Monitoring the System's Effectiveness

Perhaps the most important factor in determining the ultimate success of Florida Workers' Compensation system will be the determination of those who participated in its reforms--both inside and outside government--to monitor closely its operation. The Florida Legislature assured continued monitoring of the Workers' Compensation system by statute and by the Legislature's own activities. Several business, professional and labor organizations also have demonstrated their intent to continue their scrutiny of the system.

An example of a monitoring program established by statute is the Medical Utilization and Peer Review program.⁴⁷ Under this program, Workers' Compensation claim histories would be examined for possible instances of needless medical tests or treatment and of excessive charges for medical services. Ultimately, physicians involved in over-utilization of medical services would be subject to review by a committee of their peers. By February of this year, the Division of Workers' Compensation was able to report substantial progress toward establishing this program. A program budget had been prepared, positions established and a program director hired. The Division had entered into a contractual agreement with the Florida Medical Foundation to provide peer review services.⁴⁸

The activities of Legislative Committees constitute another form of governmental monitoring of the Workers' Compensation system. Following the passage of the 1979 legislation, the Speaker of the House of Representatives officially charged the Committee on Insurance with the responsibility for legislative oversight of the implementation of the new law. The Insurance Committee Chairman delegated this responsibility to the Subcommittee on Oversight. That subcommittee has met periodically over the months since then obtaining detailed progress reports from the

Division of Workers' Compensation and hearing testimony from other interested parties.⁴⁹ The subcommittee has issued two calls for claims data from the insurance carriers. The results of the first call have been discussed in some detail earlier in this report.

The Senate Commerce Committee also has maintained an active program of monitoring the success of the Workers' Compensation system. The Division of Workers' Compensation data reported in Section IV was largely taken from testimony offered before that committee.⁵⁰

Just as important to the success of the new system will be the efforts of organizations outside government. Naturally, the insurance industry, through the National Council on Compensation Insurance, will play a central role in future developments-- particularly as regards future premium rate changes. The direct and continuing role of the NCCI has been apparent in the frequent reference to that organization throughout this report.

Associated Industries of Florida, which describes itself as "the voice of business" in the State, was very much involved in the 1979 reforms to the Workers' Compensation law and has remained in close touch with the implementation process. This business association issues periodic newsletters on potential problems in the law and recently has commissioned an analysis of a sample of Workers' Compensation claims filed during the first year of the new law's operation.⁵¹

The Florida Association of Insurance Agents, very active in promoting the adoption of the wage-loss concept, has begun a two-year program of monitoring the total effectiveness of Florida's Workers' Compensation system. The efficiency of claims processing, rehabilitation services and safety programs are early subjects of study.⁵²

Having participated directly in the efforts leading to the 1979 Workers' Compensation legislation, the Florida AFL-CIO has continued its involvement in the Workers' Compensation program. The labor organization's major emphasis has been in monitoring the efficiency and equity with which injured workers have been provided their benefits. The current monitoring technique used is to randomly select case files then to telephone the claimants asking whether they have been satisfied with the way their case has been handled by the employer, the insurance carrier and the Division of Workers' Compensation.⁵³

Notes

¹For an excellent discussion of the theory underlying Florida's Workmen's Compensation system and Worker's Compensation systems in general, see: William E. Sadowski, Jack Herzog, R. Terry Butler and Ruth L. Gokel, "The 1979 Florida Workers' Compensation Reform: Back to Basics," Florida State University Law Review 7 (Fall 1979): 641-649.

²"The Payoff for Pain: A Look at Florida's Workmen's Compensation System," reprinted from The Miami Herald, 18 March through 25 March 1979, p. 2.

³Ibid., p. 11.

⁴Ibid., p. 2.

⁵Florida Department of Insurance, History of Florida Workers' Compensation Rate Revisions Since 7/1/70, special table prepared for this report, January 28, 1981.

⁶Florida Association of Insurance Agents, Workmen's Compensation Wage-Loss Reform Conferences: January 16-February 9, 1979, p. 10.

⁷"Payoff for Pain," Miami Herald, p. 3.

⁸Ibid., p. 11.

⁹Florida Association of Insurance Agents, Wage-Loss Conferences, p. 14.

¹⁰"Payoff for Pain," Miami Herald, p. 2.

¹¹The Fantus Company, Economic Development Study: The State of Florida (Ft. Lauderdale: The Florida Council of 100, 1978), p. 6.

¹²Florida Association of Insurance Agents, Wage-Loss Conferences, p. 5.

¹³"Payoff for Pain." Miami Herald, p. 5.

¹⁴National Council on Compensation Insurance, 1977 Workmen's Compensation Closed Claim Study (Tallahassee: Florida Association of Insurance Agents, 1978).

¹⁵Previously, the comparatively low statutory benefits in Florida were noted. Here, the medical benefits paid to injured workers are described as ". . . unusually high compared to those paid in other states." This apparent paradox is resolved by noting that the benefits were claimed more often, and more frequently up to their maximum allowable limits, than in other states. As a result, the total amount of benefits paid was much higher in Florida.

¹⁶ Division of Workers' Compensation, 1977-1978 Cases Causes Costs: Analysis of Work Injuries Covered by Workers' Compensation (Tallahassee: Department of Labor and Employment Security, 1979), p. 23.

¹⁷ NCCI, Closed Claim Study, p. 6.

¹⁸ Much of the discussion of compensation determination is based on an analysis presented by Fred Karl, Florida Association of Insurance Agents, Wage-Loss Conferences, pp. 30-33. The data for medical specialist involvement is from the NCCI Closed Claim Study, p. 2.

¹⁹ "Payoff for Pain," Miami Herald, p. 16.

²⁰ Ibid, p.2.

²¹ Ibid., pp. 11.

²² Ibid., pp. 19-20, 24.

²³ Ibid., p. 2.

²⁴ Sadowski et al., "The 1979 Florida Workers' Compensation Reform," p. 650. The preceding discussion of legislative intent is based primarily on this same source, pp. 649-654.

²⁵ The following discussion of the major changes in the Workers' Compensation law is based on Sadowski et al., "The 1979 Florida Workers' Compensation Reform," pp. 654-686 and two "Staff Analyses and Economic Impact Statements," prepared by the Senate staff, April 18 and June 1, 1979.

²⁶ Actually, those workers who suffer the impairment injuries previously described would be able to collect wage-loss benefits in addition to their impairment benefits.

²⁷ Florida Statutes, Section 440.44.

²⁸ Senate, "Staff Analysis," April 18, 1979, p. 9.

²⁹ The 11.4 percent reduction in the manual premium rate was partially counter-balanced by other changes affecting other determinants of the premiums paid by employers. When all changes are considered, the actual reductions in premiums paid was an estimated 5.1 percent.

³⁰ Florida Department of Insurance, "Commissioner Gunter Approves Workers' Compensation Rate Cut of \$34 Million," statement released to the press January 6, 1981.

³¹ Letter from Bob Hilton of National Council on Compensation Insurance to Florida Insurance Commissioner Bill Gunter, December 2, 1980.

³² An index is used here rather than the actual average manual premium rate. The National Council on Compensation Insurance estimates the overall premium rate impact, in terms of a percentage change, for each approved rate filing. However, the

National Council is hesitant to provide a calculated average manual rate due to the complications which would arise in attempting to weigh the different premium rates for each of the 500 or so employment classifications and due to the possibility of misleading comparisons with the overall rates of other states. The historical trend of the index used here is, in all probability, identical to the trend of the actual manual rate if that data were available.

³³Florida Department of Insurance, History of Rate Revisions.

³⁴Data provided Bureau of Research and Planning, Division of Workers' Compensation, Department of Labor and Employment Security, Special Request, March 16, 1981.

³⁵The hypothetical 1980 value was calculated by applying the average compounded rate of increase from 1975 through 1979 in premium amount paid per employee to the 1979 value for premium per employee.

³⁶Letter from Bob Hilton to Bill Gunter, December 2, 1980 (previously cited). This ranking also was confirmed in a letter from Clifford Wess, National Council on Compensation Insurance, to Dennis Harmon, Florida Department of Commerce, March 4, 1981.

³⁷National Council on Compensation Insurance, Memorandum to Florida Classification and Rating Committee: Exhibit I, November 12, 1980.

³⁸Ibid.

³⁹Memorandum from Lena Chang, Actuarial Consultant, to the Honorable William Sadowski, Chairman, Committee on Insurance, Florida House of Representatives, August 8, 1980, "Preliminary Report on Committee Study of the New Workers' Compensation Law."

⁴⁰Ibid, pp. 2-3.

⁴¹The decrease in the claims share accounted for by the permanent partial category was accompanied by an increase in the proportion held by the temporary total category. The number of claims in this category also increased absolutely. Historically, the temporary total injury type claim has not had the extreme claim costs associated with it that has the permanent partial category. Nevertheless, trends in this category probably will be closely watched for problems.

⁴²Chang memorandum to Sadowski, p. 4.

⁴³NCCI Memorandum to Florida's Classification and Rating Committee. This committee is comprised of representatives of insurance carriers which sell Workers' Compensation insurance in Florida. The insurance industry bases its rate filing decisions on the recommendations of this committee.

⁴⁴A formal claim is a claim filed by an injured worker with the Division of Workers' Compensation. The filing of such a claim indicates that the worker is dissatisfied with the benefits he has received.

⁴⁵If the unrounded data are used, this percentage change is 10.3 percent. This particular data was provided upon special request by the Bureau of Research and Planning, Division of Workers' Compensation, Department of Labor and Employment Security, March 19, 1981.

⁴⁶Testimony of Wallace Orr, Secretary, Department of Labor and Employment Security, before Senate Commerce Committee, "Status of Florida's Workers' Compensation Law," March 3, 1981, pp.3-4.

⁴⁷Section 440.13(3)(C-D), Florida Statutes.

⁴⁸Department of Labor and Employment Security, Division of Workers' Compensation, "Response to the Report of the Subcommittee on Overview, Committee on Insurance, Florida House of Representatives," February 1981, p. 17.

⁴⁹Florida House of Representatives, Committee on Insurance, Subcommittee on Oversight, "Legislative Oversight of the Implementation of the 1979 Reform of Florida's Workers' Compensation Law," April 1980.

⁵⁰Testimony by Secretary Orr, pp. 3-4.

⁵¹An example is the Special Notice issued by Associated Industries of Florida, February 19, 1981 entitled: "Report to the Governor and Legislature on the Implementation of the New Workers' Compensation Law."

⁵²Telephone conversation with Jim Brainerd, Florida Association of Insurance Agents, March 27, 1981.

⁵³Telephone conversation with Ken Cooper, Florida AFL-CIO, March 27, 1981.



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LEGISLATIVE POSITION PAPER

LEGISLATION: Labor and Management Compromise substitute for CSHB 159

SECTIONS

15 & 32

SUBSTANCE:

These two sections of the bill change the degree to which the presence of alcoholism or drugs can defeat the injured employees rights to compensation.

POSITION:

Support.

ACTION:

No action.

BACKGROUND:

These two sections read together change the burden of proof for the employer with respect to alcoholism from the requirement that they demonstrate liquor solely caused the accident to liquor proximately caused the accident, and adds a similar provision with respect to drugs.

partly probable cause of the accident

We have some cases in which alcoholism was definitely present and a contributing factor to the accident, however, it is clearly the case that no single factor could ever be argued as the sole factor in a accident.

If we could demonstrate that although it wasn't the sole factor it was the proximate cause of the accident it would be useful in defeating some alcoholism and drug related claims.



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LEGISLATIVE POSITION PAPER

LEGISLATION: Labor and Management Compromise substitute for CSHB 159

SECTION

Twelve

SUBSTANCE:

Requires an injured employee to grant specific authority to release medical information to the employers, carriers and so forth.

POSITION:

ok Favor, but would suggest an improvement.

ACTION:

Seek an improvement in the measure, but support in any event.

BACKGROUND:

When a workers' compensation claim is filed, it is necessary for the insurance company to obtain medical information from the treating physicians, examining physicians, or physicians who have rendered medical care in prior cases for the injured worker.

Doctors are understandably reluctant to give out medical information without having a specific release from the employee in order not to violate their responsibilities of privacy.

This statute requires the employee to execute whatever authorities are required by other physicians in order to obtain release of medical information.

We believe that this is an important addition to the workers' compensation statute.

SUGGESTED IMPROVEMENT:

If a provision were placed in the law which had the effect of pro tanto granting the authority would eliminate the need for getting specific written authority and protect the physicians and hospitals.

Further, the authority in the proposed language relates to medical information only relative to his injury.

It is vital that we have access to medical information concerning prior medical treatments.

For example, it is relevant to any adjustment of a case for injury to the employee to have access to medical records concerning prior injuries or prior illness since it bears on the method of handling the medical treatment of the existing case.

We would suggest the following language:

"Upon the filing of a claim under this Act an employee thereby authorizes all providers of medical treatment pertaining to the injury or rendered prior to the date of injury to release information to the employer. If requested by the employer, the employee shall execute all releases to facilitate access to that information."



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LEGISLATIVE POSITION PAPER

LEGISLATION: Labor and Management Compromise substitute for CSHB 159

SECTION

OK Eleven

SUBSTANCE:

Adds a new subsection to give the Board specific definition of permanent impairment.

POSITION:

Not opposed.

ACTION:

No action except to seek modification as indicated.

BACKGROUND:

The Board currently has no specific guidelines for determining the degree of permanent impairment. The proposed section would give the Board authority to establish a schedule for determining the existence and degree of permanent impairment. We believe that the authority to adopt such a schedule is a useful device to add certainty to the system. We would urge however that giving the Board carte blanche authority to adopt a schedule without guidelines is inappropriate.

The Board is currently using, without specific statutory authority to do so, the American Medical Association Guide To Permanent Impairment, a document to which the American Medical Association has devoted a great deal of time and study. We believe this is a satisfactory, impartial, fair, easy to administer, and objective definition of permanent impairment and one with which the medical profession, which must actually render the impairment ratings, is familiar.

We believe that the Board should be directed to use this standard.

SUGGESTED ALTERNATIVE:

We would urge the language be modified as follows:

OK "(j) the board shall adopt and use the American Medical Association Guide To Permanent Impairments as the basis for determining the existence and degree of permanent impairments".



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LEGISLATIVE POSITION PAPER

LEGISLATION: Labor and Management Compromise substitute for CSHB 159

SECTIONS

Two through Eight

SUBSTANCE:

Substantially modifies the approach to providing rehabilitation benefits.

POSITION:

Opposed.

ACTION:

All of the sections must be removed from the bill. If the sections are not withdrawn from the bills the bill must be opposed.
* Preventing adoption of these sections is considered of highest priority.

BACKGROUND:

Rehabilitation has always been regarded as an important part of the workers' compensation system, however, there has not been agreement as to what constitutes effective and reimbursable rehabilitation programs.

Typically, rehabilitation is provided where it is believed vocational retraining will return the injured worker to the level of gainful employment enjoyed prior to injury in a work setting as closely approximating his work setting prior to injury as his new physical condition will permit.

On the other hand, there are those who believe that the rehabilitation program ought to be used to reorient the injured worker to a life or work style unnecessarily different from that he enjoyed prior to injury.

To develop appropriate cost effective and responsive rehabilitation programs, most carriers use professional rehabilitation counselors who determine the need for, and probable value of rehabilitation programs, develop plans and implement them, all at the expense of the employer.

This legislation would usurp the primary responsibility for making professional determinations concerning rehabilitation from the trained professionals operating in and funded by the private sector and transfer that responsibility to a new, unqualified and expensive state bureau at an initial cost of over one quarter of a million dollars.

More particularly:

Section 2 removes any limit for rehabilitation benefits paid from the Second Injury Fund at the same time the Board is granting full temporary total benefits to workers while they are on rehabilitation.

Section 3 establishes a set of principles to guide rehabilitation efforts. While the principles are essentially not objectionable, they are of no value in a statute unless other statutes in fact accomplish those objectives. It is our view that the other sections do not tend toward the intended objectives.

Sections 4, 5, 6 set up the bureaucracy to implement the intended objectives. The Director of the Division of Workers' Compensation testified that the initial cost to the state would be \$350,000. It is our belief that the more difficult to assess but substantially larger cost would be in the increased costs to employers to fund unnecessary, premature, redundant, ill conceived or unwelcome rehabilitation programs designed and mandated by state designated rehabilitation specialists.

Section [23.30.041 (b)], further provides that the Rehabilitation Bureau may impose a rehabilitation program when ever it deems it appropriate which could be in every permanent total disability case. The costs which could be imposed under this and following subsections could be astronomical. They include:

- a) Extention of the rehabilitation program beyond the first 37 weeks at the direction of the rehabilitation administrator with no defined limit.
- b) Travel to and lodging at any location away from the employees residence for the full rehabilitation period.
- c) Temporary total benefits for the full period of rehabilitation.



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LEGISLATIVE POSITION PAPER

LEGISLATION: Labor and Management Compromise substitute for CSHB 159

SECTION

One

SUBSTANCE:

Grants specific authority to file and use a deductible workers' compensation policy.

POSITION:

Not opposed to the substance but redrafting is indicated.

ACTION:

Obtain redrafting of the language then do not oppose.

BACKGROUND:

This company has already filed and obtained approval for a deductible plan; this provision is not objectionable. The provision is more appropriately found in the Insurance Code with some language revisions.

Maybe consider for HB 659

SUGGESTED ALTERNATIVE:

SECTION 1: AS.21.42. is amended by adding a new section to read:

"21.42.165 - An insurer issuing a workers' compensation insurance policy pursuant to AS 23.30.025 may contain a provision requiring the insured to pay a portion of the benefits due under AS.23.30. provided the provision making that requirement has the prior approval of the Director and provided further the policy provides that as to the employee and the Workers' Compensation Board the policy meets all the requirements of 23.30.025 and 23.30.030. Filing for approval under this section is not a deviation under AS.21.39.070.

5. AMENDMENTS PROPOSED

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

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

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

5. AMENDMENTS PROPOSED (continued)

F. On page 38, line 21, remove the words "or draft."

G. Provide a different effective date for sections 1, 2, 19, 20, part of 25, PART OF 26, 29, and part of 64. The effective date for these sections should be July 1, 1982.

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

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

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

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

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

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

ED HOLIDAY

with American Re-Insurance Co.

- will show film on rehabilitation of catastrophic injury cases

Zeel Jackson

Brief recap of Study

John Leeks

Preliminary report on Benefit System

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

file copy

I. REQUEST

Bill Resolution No. Committee Substitute for House Bill No. 159 (L & C)
 Title 'An Act relating to workers' compensation, and providing for an effective . . .'
 Requested by Labor and Commerce Committee Date 3/1/82

II. FISCAL DETAIL

Agency Affected Labor
 Program Category Affected Worker Protection
 BRU, Program, or Subprogram(s) Affected Workers' Compensation

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		161.8	178.0	195.8	215.4	236.9
200 TRAVEL		20.0	22.0	24.2	26.6	29.3
300 CONTRACTUAL		122.3	71.3	78.4	86.2	94.9
400 COMMODITIES		3.4	3.7	4.1	4.5	4.9
500 EQUIPMENT		10.4	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	317.9	275.0	302.5	332.7	366.0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	(132.3)	(197.2)	(216.9)	(238.6)	(262.5)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
**Second Injury Fund		450.2	472.2	519.4	571.3	628.5

POSITIONS

FULL TIME	0	4	4	4	4	4
PART TIME						
TEMPORARY						

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

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

This fiscal note provides that the state administrative costs for rehabilitation under the proposed AS 23.30.041 be paid from the Second Injury Fund. This includes the costs of four new positions, plus the cost of four existing positions which entails a transfer in funding source from General Funds to Second Injury Funds.
 (Continued page 2)

IV. DATE 3/2/82 PREPARED BY Nico Bus
 AGENCY Labor
 PHONE 465-2721
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
 TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 2

1. Assumes an inflation rate of 10% per annum after FY '83.
2. Assumes an effective date of July 1, 1982.
3. The total cost for FY'83 for the four new positions is detailed on attached forms 13. In addition the following items are included in the FY '83 costs.

A Workers' Compensation Officer I reclassification to a Workers' Compensation Officer II with related travel and contractual services. Cost \$16.6

100 Personal Services	\$ 5.5
200 Travel	5.0
300 Auto, lease, Indirect, etc.	6.1
	<u>\$16.6</u>

The data processing operations cost will increase by \$14.0 because of enhancements for a tickler system, running two systems parallel and the files expansion to retain the addresses of all claimants.

The printing of 10,000 Workers' Compensation Acts and 25,000 Employee Information booklets. \$35.0

The design and printing of new forms. \$2.5

Computer program modifications to implement the changes introduced by the bill. \$20.0

Equipment expense for computer terminals, panelling, cabinets, and files. \$6.0

Included one-time items in FY '83

Equipment	\$10.4
Booklets and Acts	35.0
Design and printing of new forms	2.5
Computer programs	20.0
	<u>\$67.9</u>

Funding Change

Items included in the FY 83 Governor's budget that will change funding sources from General Fund to the Second Injury Fund.

4 positions (including benefits)	\$141.3
Non-personal service costs relating to these 4 existing positions	
200: travel	9.9
300: contractual	25.8
400: commodities	2.3
	<u>179.3</u>

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 3

FY' 83 Component Breakdown:

<u>Workers' Compensation Administration</u>		<u>Second Injury Fund</u>
PS		\$161.8
Travel		20.0
Contract*	\$47.0	75.3
Commodities		5.7
Equipment		10.4
TOTAL	<u>\$47.0</u>	<u>\$272.9</u>

<u>Funding</u>	General Fund	Second Injury
Funding transfer	(179.3)	179.3
Rehabilitation Services/ delivery system	47.0	270.9
	<u>(132.3)</u>	<u>450.2</u>

*\$35,000 Workers Compensation Acts and Information Booklets; \$2,000 Data Processing

**Second Injury Fund is currently being reviewed to determine whether revenues are sufficient to cover the cost of rehabilitation. It may be necessary to amend AS 23.30.040 to increase the maximum percentage contribution rate.

1	POSITION TITLE Clerk Typist III			RANGE/STEP 8B	BARG. UNIT. GRU	LOCATION AWA	GOV.	APPROV.	DIGAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE N/A	LEG.	

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES: SALARY 1530 x 12		18,360
5	BENEFITS .1592		2,923
6	SBS .0613		1,125
7	FIXED BENEFITS 183 x 12		2,196
8	TOTAL PERSONAL SERVICES 01		24,604
9	TRAVEL 02		
10	CONTRACTUAL 03		7,004
11	COMMODITIES 04		850
12	EQUIPMENT 05		700
13	OTHER		
14	TOTAL COST		33,158

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The Clerk III position will provide clerical assistance to the Workers' Compensation Officer in the Juneau Second Injury Fund office and will be responsible for providing and coordinating distribution of information from the claim files to the other regions.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17	100	GEN. FUND 1007	
18		I-A RCPTS. 1005	
19		PGM RCPTS 1008	
20	841	OTHER Second Injury Fund	33,158

- 10. Contractual: Space \$3,100 (to be transferred to DDA) Indirect (11.46% x 18,360 = \$2,104) Other costs which include communications, equipment rental, etc. \$1,800
- 11. Commodities: Cost per position
- 12. Equipment: Desk, desk chair \$700

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION	X	
4A KEY NUMBER		COLUMN NO.	

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

13 REQUEST FOR NEW POSITION

FY 83

Page 3 of 4 REVISED DATE _____

1	POSITION TITLE Clerk IV			RANGE/STEP 9B	BARG. UNIT. GRIJ	LOCATION ERA	GOV.	APPROV.	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE	LEG.	

3 TYPE OF EXPENDITURE		AMOUNT
1	2	3
PERSONAL SERVICES:		
4 SALARY 1627 x 12		19,524
5 BENEFITS .1592		3,108
6 SBS .0613		1,197
7 FIXED BENEFITS 183 x 12		2,196
8 TOTAL PERSONAL SERVICES 01		26,025
9 TRAVEL 02		0
10 CONTRACTUAL 03		7,137
11 COMMODITIES 04		850
12 EQUIPMENT 05		700
13 OTHER		
14 TOTAL COST		34,712

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The Clerk IV position will provide clerical assistance to the Rehabilitation Administrator and Workers' Compensation Officer and will be responsible for maintaining follow-up on all rehabilitation files.

10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x \$19,524 = \$2,237) Other costs which include communications, equipment rental, etc. \$1,800

11. Commodities: Cost per position

12. Equipment: Desk and desk chair \$700

RECEIPT CODE	FUNDING SOURCE	AMOUNT
15	FED RCPTS. 1002	
16	GF MATCH. 1003	
17 100	GEN. FUND 1004	
18	I-A RCPTS. 1005	
19	PGM RCPTS 1008	
20 841	OTHER Second Injury Fund	34,712

21 CONTINUATION		FOR B&M USE ONLY
22 ADDITION	X	

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

13 REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE Workers Compensation Officer II			RANGE/STEP 18A	BARG. UNIT. GRU	LOCATION JBA	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE	LEG.	

3	TYPE OF EXPENDITURE	AMOUNT
1	2	3
4	PERSONAL SERVICES: SALARY 3249 x 12	38,988
5	BENEFITS .1592	6,207
6	SBS .0613	2,188
7	FIXED BENEFITS 183 x 12	2,196
8	TOTAL PERSONAL SERVICES 01	49,579
9	TRAVEL 02	5,000
10	CONTRACTUAL 03	14,968
11	COMMODITIES 04	850
12	EQUIPMENT 05	1,395
13	OTHER	0
14	TOT. L COST	71,792

JUSTIFICATION:
It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The workers' compensation officer is necessary to coordinate with workers, employers, insurers and rehabilitation providers to expedite the retraining and re-employment of injured workers. Travel within the Fairbanks and Northern regions will be necessary to coordinate this effort.

- 9. Travel: \$5,000 (10 trips @ \$500 per trip)
- 10. Contractual: Space \$3,100 (to be transferred to DOA) Auto Lease, Maintenance Agreement & Operating Costs \$5,600 Indirect Costs (11.46% x 38,988 = \$4,468) Other costs which include communications, equipment rental, etc. \$1,800
- 11. Commodities: Cost per position
- 12. Equipment: Desk, desk chair, side chair, file, worktable, bookcase \$1,395

5	RECEIPT CODE	FUNDING SOURCE
5		FED RCPTS. 1002
6		GF MATCH. 1003
7	100	GEN. FUND 1004
8		I-A RCPTS. 005
9		PGM RCPTS 1028
10	841	OTHER Second Injury Fund 71,792

11 CONTINUATION
12 ADDITION X FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection
BRU Workers' Compensation
COMPONENT Second Injury Fund

13 REQUEST FOR NEW POSITION.

Page 2 of 4 REVISED DATE _____

FY 83

1	POSITION TITLE Workers Compensation Officer II			RANGE/STEP 18A	BARG. UNIT. GRU	LOCATION JBA	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 PAGE/LINE N/A	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 3249 x 12	38,988
5	BENEFITS .1592	6,207
6	SBS .0613	2,188
7	FIX'D BENEFITS 183 x 12	2,196
8	TOTAL PERSONAL SERVICES 01	49,579
9	TRAVEL 02	5,000
0	CONTRACTUAL 03	14,968
1	COMMODITIES 04	850
2	EQUIPMENT 05	1,395
3	OTHER	0
4	TOTAL COST	71,792

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

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9. Travel: \$5,000 (10 trips @ \$500 per trip)

10. Contractual: Space \$3,000 (to be transferred to DOA) Auto Lease, Maintenance Agreement & Operating Costs \$5,600 Indirect Costs (11.46% x 38,988' = \$4,468) Other costs which include communications, equipment rental, etc. \$1,800

11. Commodities: Cost per position

12 Equipment: Desk, desk chair, side chair, file, work-table, bookcase \$1,395

	RECEIPT CODE	FUNDING SOURCE	
5		FED RCPTS. 1002	
6		GF MATCH. 1003	
7	100	GEN. FUND 1004	
8		I-A RCPTS. 1005	
9		PGM RCPTS 1028	
0	841	OTHER Second Injury Fund	71,792
1	CONTINUATION		
2	ADDITION	X	

FOR B&M USE ONLY

4A KEY NUMBER	COLUMN NO.
---------------	------------

AGENCY Labor PROGRAM Worker Protection
Workers' Compensation
 BRU Second Injury Fund
 COMPONENT _____

13 REQUEST FOR NEW POSITION.

FY 83

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for House Bill No. 159

Title "An Act relating to workers' compensation, and providing for an effective . . ."

Requested by Labor and Commerce Committee Date 2/18/82

II. FISCAL DETAIL

Agency Affected Labor

Program Category Affected Worker Protection

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

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		161.8	178.0	195.8	215.4	236.9
200 TRAVEL		20.0	22.0	24.2	26.6	29.3
300 CONTRACTUAL		122.3	71.3	78.4	86.2	94.9
400 COMMODITIES		3.4	3.7	4.1	4.5	4.9
500 EQUIPMENT		10.4	0	0	0	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	317.9	275.0	302.5	332.7	366.0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	317.9	275.0	302.5	332.7	366.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	4	4	4	4	4
PART TIME						
TEMPORARY						

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

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

1. Assumes an inflation rate of 10% per annum after FY '83.
2. Assumes an effective date of July 1, 1982.
3. The total cost for FY'83 for the four new positions is detailed on attached forms 13. In addition the following items are included in the FY '83 costs. (Continued page 2)

IV. DATE February 19, 1982 PREPARED BY Nico Bis

AGENCY Labor

PHONE 465-2720

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

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 2

III. Analysis

A Workers' Compensation Officer I reclassification to a Workers' Compensation Officer II with related travel and contractual services. Cost \$16.6

100 Personal Services	\$ 5.5
200 Travel	5.0
300 Auto, Lease, Indirect, etc.	6.1
	<u>\$16.6</u>

The data processing operations cost will increase by \$14.0 because of enhancements for a tickler system, running two systems parallel and the files expansion to retain the addresses of all claimants.

The printing of 10,000 Workers' Compensation Acts and 25,000 Employee Information booklets. \$35.0

The design and printing of new forms. \$2.5

Computer program modifications to implement the changes introduced by the bill. \$20.0

Equipment expense for computer terminals, panelling, cabinets, and files. \$6.0

Included one-time items in FY '83

Equipment	\$10.4
Booklets and Acts	35.0
Design and printing of new forms	2.5
Computer programs	20.0
	<u>\$67.9</u>

FY'83 Component Breakdown:

Workers' Compensation Administration

Second Injury Fund

PS		\$161.8
Travel		20.0
Contract*	\$47.0	75.3
Commodities		3.4
Equipment		10.4
TOTAL	<u>\$47.0</u>	<u>\$270.9</u>

*\$10,000 Workers Compensation Acts; \$25,000 Information Booklet; \$12,000 Data Processing

1	POSITION TITLE Rehabilitation Administrator	RANGE/STEP 22A	BARG. UNIT.	LOCATION EBA	GOV.	APPROV.	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE

3	TYPE OF EXPENDITURE	AMOUNT
1	2	3
4	PERSONAL SERVICES: SALARY 3714 x 12	44,568
5	BENEFITS .1592	7,095
6	SBS .0613	2,188
7	FIXED BENEFITS 183 x 12	2,196
8	TOTAL PERSONAL SERVICES 01	56,047
9	TRAVEL 02	10,000
10	CONTRACTUAL 03	15,607
11	COMMODITIES 04	850
12	EQUIPMENT 05	1,600
13	OTHER	
14	TOTAL COST	84,104

JUSTIFICATION:
It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The rehabilitation administrator is necessary to develop and implement a workers' compensation rehabilitation program designed to administer and monitor the rehabilitation benefits of industrially injured workers covered by the Alaska Workers' Compensation Act.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17	100	GEN. FUND 1004	84,104
18		I-A RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	
21	CONTINUATION		
22	ADDITION	X	

Extensive travel within the state is necessary to provide assistance to approximately 12,000 employers in developing programs for re-employment of injured workers and coordinating counselor services with workers, insurers/employers, labor unions, and rehabilitation providers.

9. Travel: \$10,000 (20 trips @ \$500 per trip)
 10. Contractual: Space \$3,100 (to be transferred to DOA)
 Auto Lease & Operating Costs \$5,600
 Indirect (11.46% x 44,568 = \$5,107)
 Other costs which include communications, equipment rental, etc., \$1,800
 11. Commodities: Cost per position
 12. Equipment: Desk, desk chair, side chairs, bookcase, file - \$1,600

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

13 REQUEST FOR NEW POSITION.

Page 1 of 4 REVISED DATE _____

FY 83

1	POSITION TITLE Workers Compensation Officer II			RANGE/STEP 18A	BARG. UNIT. GBU	LOCATION JBA	APPROV. GOV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 PAGE/LINE N/A	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT				
	1	2	3					
4	PERSONAL SERVICES: SALARY 3249 x 12		38,988					
5	BENEFITS .1592		6,207					
6	SBS .0613		2,188					
7	FIXED BENEFITS 183 x 12		2,196					
8	TOTAL PERSONAL SERVICES		01	49,579				
9	TRAVEL		02	5,000				
10	CONTRACTUAL		03	14,968				
11	COMMODITIES		04	850				
12	EQUIPMENT		05	1,395				
13	OTHER			0				
14	TOTAL COST			71,792				
	RECEIPT CODE	FUNDING SOURCE						
15		FED RCPTS. 1002						
16		GF MATCH. 1003						
17	100	GEN. FUND 1004		71,792				
18		I-A RCPTS. 1005						
19		PGM RCPTS 1028						
20		OTHER						
21	CONTINUATION							
22	ADDITION		X	FOR B&M USE ONLY				
4A	KEY NUMBER			COLUMN NO.				

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The workers' compensation officer is necessary to coordinate with workers, employers, insurers and rehabilitation providers to expedite the retraining and re-employment of injured workers. Travel within the Fairbanks and Northern regions will be necessary to coordinate this effort.

9. Travel: \$5,000 (10 trips @ \$500 per trip)

10. Contractual: Space \$3,100 (to be transferred to DOA) Auto Lease, Maintenance Agreement & Operating Costs \$5,600 Indirect Costs (11.46% x 38,988 = \$4,468) Other costs which include communications, equipment rental, etc. \$1,800

11. Commodities: Cost per position

12. Equipment: Desk, desk chair, side chair, file, work-table, bookcase \$1,395

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

13 REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE Clerk Typist III				RANGE/STEP 8B	BARG. UNIT. GBU	LOCATION AWA	GOV.	APPROV.	DISAPP.							
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE N/A	LEG.									
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:											
	1	2	3														
4	PERSONAL SERVICES: SALARY 1530 x 12		18,360	<p>It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.</p> <p>The Clerk III position will provide clerical assistance to the Workers' Compensation Officer in the Juneau Second Injury Fund office and will be responsible for providing and coordinating distribution of information from the claim files to the other regions.</p> <p>10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x 18,360 = \$2,104) Other costs which include communications, equipment rental, etc. \$1,800</p> <p>11. Commodities: Cost per position</p> <p>12. Equipment: Desk, desk chair \$700</p>													
5	BENEFITS .1592		2,923														
6	SBS .0613		1,125														
7	FIXED BENEFITS 183 x 12		2,196														
8	TOTAL PERSONAL SERVICES		24,604														
9	TRAVEL																
10	CONTRACTUAL		7,004														
11	COMMODITIES		850														
12	EQUIPMENT		700														
13	OTHER																
14	TOTAL COST		33,158														
15	RECEIPT CODE	FUNDING SOURCE															
16		FED RCPTS. 1002															
17	100	GF MATCH. 1003															
18		GEN. FUND 1004		33,158													
19		I-A RCPTS. 1005															
20		PGM RCPTS 1028															
21	CONTINUATION																
22	ADDITION		X	FOR B&M USE ONLY													
4A KEY NUMBER				COLUMN NO.													

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1	POSITION TITLE Clerk IV				RANGE/STEP 9B	BARG. UNIT. GBU	LOCATION EBA	APPROV.	DIGAPP.						
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE								
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1	2	3												
4	PERSONAL SERVICES: SALARY 1627 x 12		19,524	<p>It is the intent of the legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.</p> <p>The Clerk IV position will provide clerical assistance to the Rehabilitation Administrator and Workers' Compensation Officer and will be responsible for maintaining follow-up on all rehabilitation files.</p> <p>10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x \$19,524 = \$2,237) Other costs which include communications, equipment rental, etc. \$1,800</p> <p>11. Commodities: Cost per position</p> <p>12. Equipment: Desk and desk chair \$700</p>											
5	BENEFITS .1592		3,108												
6	SBS .0613		1,197												
7	FIXED BENEFITS 183 x 12		2,196												
8	TOTAL PERSONAL SERVICES 01		26,025												
9	TRAVEL 02		0												
10	CONTRACTUAL 03		7,137												
11	COMMODITIES 04		850												
12	EQUIPMENT 05		700												
13	OTHER														
14	TOTAL COST		34,712												
15	RECEIPT CODE	FUNDING SOURCE													
16		FED RCPTS. 1002													
17	100	GF MATCH. 1003													
18		GEN. FUND 1004		34,712											
19		I-A RCPTS. 1005													
20		PGM RCPTS 1028													
21		OTHER													
21	CONTINUATION														
22	ADDITION		X	FOR B&M USE ONLY											
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