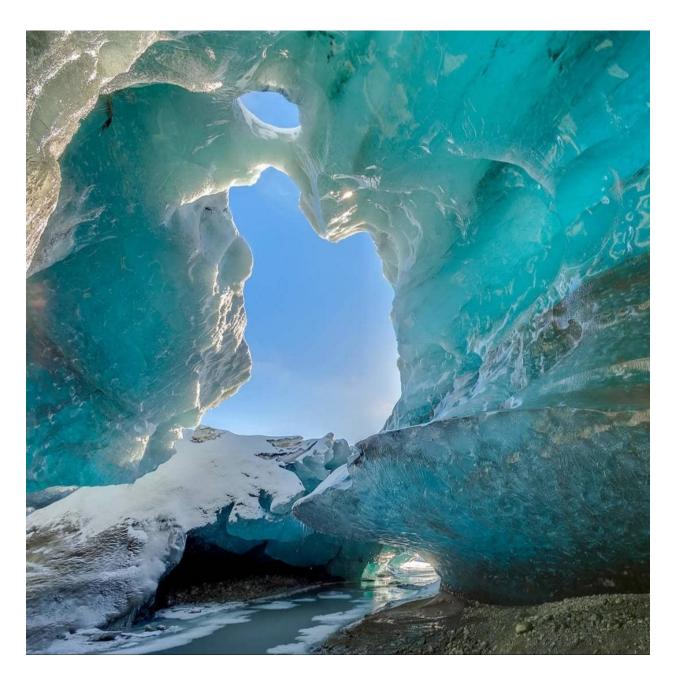
ALASKA WORKERS' COMPENSATION BOARD MEETING



January 13-14, 2022

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TAB 1

ALASKA WORKERS' COMPENSATION BOARD MEETING AGENDA

Jan 13-14, 2022

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT DIVISION OF WORKERS' COMPENSATION

Zoom Video Conference: https://us02web.zoom.us/s/81817971004
To participate telephonically: 833-548-0282, Webinar ID: 818 1797 1004

9:00am Call to order

Roll call establishment of quorum

Introduction of Senior Staff

9:10am Approval of Agenda

9:15am Reading and approval of minutes from Oct 14, 2021, Board meeting

9:30am Director's Report

• Division Update

• Legislative Update

Board Open Forum

Approval of Board Designees

10:00am Break

10:15am Public Comment Period

• Public comments

11:15am Budget & Staffing Update – Alexis Hildebrand, Admin Officer

11:30am Old Business

Regulations

> 8 AAC 45.420, 8 AAC 45.440, 8 AAC 45.500 on the table

A motion to "take from the table" is needed

Proposed changes from staff for RBA

12:00pm Lunch Break1:30pm Old Business

• Workers' Compensation – Regulations as needed

3:00pm Break

3:15pm New Business

Proposed

5:00pm Adjournment

Friday, Jan 14, 2022

9:00am Call to order

Roll call establishment of quorum

9:10am New Business – Open

10:30am Break

10:45am AWCB Training

Board DecorumPesky AcronymsHearing Scenarios

12:00pm Lunch Break1:30pm AWCB Training

• C & R review

• Social Media Common Sense

3:30pm Break

3:45pm Continued Training

5:00pm Adjournment

TAB 2

Workers' Compensation Board Meeting Minutes

October 14, 2021

Thursday, October 14, 2021

I. Call to Order

Workers' Compensation Director Charles Collins called the Board to order at 9:03 am on Thursday, October 14, 2021. Due to concerns related to the COVID-19 public health disaster, the meeting was held by telephone and video conference.

II. Roll call

Director Collins conducted roll call. The following Board members were present:

Bradley Austin	Randy Beltz	Pamela Cline	Mike Dennis
Bob Doyle	Sara Faulkner	Bronson Frye	Anthony Ladd
Sarah Lefebvre	Nancy Shaw	Robert Weel	Lake Williams

Director Collins noted that Members Christina Gilbert and Jason Motyka were excused. Quorum was established. Director Collins introduced senior staff present.

III. Agenda Approval

A motion to approve the agenda was made by member Weel and seconded by member Beltz. Member Frye suggested that the meeting be split into two half days, rather than one full day. Other board members stated their agreement or opposition. The Board voted on the agenda as written. The agenda was approved on a 10 to 2 vote, with members Austin, Beltz, Cline, Dennis, Doyle, Faulkner, Ladd, Lefebvre, Weel and Williams voting in favor, and members Frye and Shaw voting against.

IV. Approval of Meeting Minutes

A motion to adopt the minutes from the May 13, 2021 regular Board Meeting was made by member Austin and seconded by member Weel. The minutes were adopted without objection.

V. <u>Director's Report and Board Open Forum</u>

Director Collins provided an update on Division staffing, active legislation, and the Division's COVID mitigation strategies including telework.

Director Collins reviewed the list of Board Designees. Member Weel motioned to accept the board designees and member Austin seconded. The motion passed unanimously.

Board members asked for an update on the Governor's effort to fill vacancies on the board. The Fairbanks members in particular spoke about the difficulties that the number of vacancies was causing. Member Lefebvre expressed frustration that Jacob Howdeshell was removed from the Board and was being given the run around on

reappointment. She proposed that the board send a letter to the Office of Boards and Commissions stating the Board's support for Howdeshell's reappointment. Other members echoed their support, and this was added as an item for New Business.

Member Shaw requested an update on the Division's effort in legislative change that would allow the Division to impose failure-to-insure penalties upon members of limited liability corporations and others who escape penalties even though they have ownership interest. Director Collins stated that there is no current legislation pending, and stated that Chief Investigator Gerharz would be addressing this topic in her report later in the meeting.

Member Cline asked that the board move to more Zoom or in-person hearings. She stated that fully telephonic hearings are very difficult, especially when interpreters and other parties are involved.

Chief William Soule proposed to change the 2022 hearing calendar by adding two days in Fairbanks. He explained that this would help the hearing officers issue their D&Os timelier, by spreading out the hearings over 4 days a month rather than two. Due to the number of current vacancies on the board, especially in Fairbanks, the board declined to put the revised calendar to vote. The calendar that was approved at the May 2021 board meeting remains the approved version.

Director Collins presented the Division's COVID-19 statistics.

Break 10:00am-10:15am

VI. Public Comment Period 10:15am-11:15am

Heather Johnson – representing self

- Commented that injured workers do not get an attorney immediately after being injured, and often they don't realize that they are in litigation.
- Stated that comments made by the Director, Chief of Adjudications, and Chief of Investigations were offensive to injured workers.
- Stated that the Board is not fast, fair and efficient as it should be.
- Requested that the Division be audited.

Eric McDonald – representing self

- Stated that comments made by the Director, Chief of Adjudications, and Chief of Investigations were offensive to injured workers.
- Made comments about a specific case.

Sandy Travis – representing self

- Commented that she had difficulty connecting to the public meeting.
- Made comments about COVID-19 and the vaccine.

Alaska Workers' Compensation Board Meeting, Oct 14, 2021

Alison Leigh - representing self

- Stated that comments made by the Director, Chief of Adjudications, and Chief of Investigations were offensive to injured workers.
- Made comments about a specific case.

VII. <u>Director's Report Continued</u>

Administrative Officer Alexis Hildebrand provided an update of the Division's EDI program and the FY21 budget performance.

Grace Lee provided an overview of the Alaska regulations process.

VIII. Old Business

Amend 8 AAC 45.083(a), relating to fees for medical treatment and services. Member Beltz moved to approve the amendment of 8 AAC 45.083(a) and member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.083(m), relating to fees for medical treatment and services. Member Austin moved to approve the amendment of 8 AAC 45.083(m) and member Weel seconded the motion. The motion passed unanimously.

Amend 8 AAC 45.185, relating to corporate officers and members of limited liability companies. Member Shaw moved to approve the amendment of 8 AAC 45.185 and member Weel seconded. The motion passed unanimously.

Break 3:07pm-3:18pm

IX. New Business

Velma Thomas, Program Coordinator, reviewed statistics from the Division's 2020 annual report, a compilation of statistics and benefit data obtained from insurers and self-insured employers pursuant to AS 23.30.155(m).

Lunch Break 12:10pm-1:30pm

Stacy Niwa, Reemployment Benefits Administrator, reviewed the performance of the Reemployment Benefits Program.

Rhonda Gerharz, Chief of the Special Investigations Unit (SIU), gave an overview of the SIU's performance.

William Soule, Acting Chief of Adjudications, reviewed the performance of the Adjudications Section.

Dani Byers, Workers' Compensation Officer II, reviewed SIME statistics.

Break 3:00pm-3:15pm

Grace Lee provided options to the board regarding the earlier conversation on prior board member Jacob Howdeshell's reappointment and the general short-staffed status of the Board as a whole. Member Lefebvre motioned to send a letter to Boards and Commissions regarding this issue. Member Williams seconded. Member Cline suggested that the letter be written generically to request that Boards and Commissions fill seats in a more timely manner, with specific focus on the Fairbanks venue, and that applicants with prior board service be highly considered. Member Lefebvre expressed frustration that filling board member seats has become a politicized process. Member Lefebvre amended her motion as member Cline suggested, and member Williams seconded. The motion passed unanimously.

Grace Lee presented an overview of known issues in regulations related to reemployment benefits, under 8 AAC 45.440, 45.500 and 45.420. Member Weel motioned to review the regulations, and member Cline seconded. After some discussion, Member Weel motioned to table this until the January 2022 meeting, and member Doyle seconded. The board members agreed to review the statutes and regulations related to this issue and be prepared for discussion at the January 2022 meeting.

Member Cline requested a Do's & Don'ts of social media at a future meeting

Director Collins reminded the Board members the next regular board meeting will he held on January 13-14, 2022.

Motion to adjourn was made by Member Doyle at 4:30pm. Member Austin seconded the motion. The motion passed unanimously.

Meeting Adjourned 4:30 pm

TAB 3

ALASKA WORKERS' COMPENSATION BOARD

Chair, Commissioner Dr. Tamika L. Ledbetter Alaska Department of Labor and Workforce Development

Name	Seat	District	Affiliation
Charles Collins	Commiss	ioner's Designee	
Brad Austin Christina Gilbert	Labor Industry	1 st Judicial District 1 st Judicial District	Plumbers and Pipe Fitters Local 262 Industry
Randy Beltz Pamela Cline Micheal Dennis Bob Doyle Sara Faulkner Bronson Frye Anthony Ladd Jason Motyka Nancy Shaw Vacant	Industry Labor Industry Industry Industry Labor Labor Industry Labor Labor	3 rd Judicial District	Industry Intl. Brotherhood of Electrical Workers LU 1547 Industry Industry Industry Painters and Allied Trades Local 1959 Labor Industry Labor Labor
Christopher Dean Sarah Lefebvre Lake Williams Vacant Bob Weel Vacant	Industry Industry Labor Labor Industry Labor	4 th Judicial District 4 th Judicial District 4 th Judicial District 4 th Judicial District At Large At Large	Industry Colaska dba Exclusive Paving / University Redi-Mix Operating Engineers Local 302 Labor Industry Labor

TAB 4



DIVISION OF WORKERS' COMPENSATION

P.O. BOX 115512 Juneau, Alaska 99811-5512 Main: 907.465.2790 Fax: 907.465.2797

BOARD DESIGNEES - January 2022

The following staff members are appointed as Board designees to act on the Board's behalf in accordance with the Alaska Workers' Compensation Act and Regulations. (For example, the Board designee may conduct prehearing conferences, take action in connection with Board-ordered second independent medical examinations, and decide whether to continue or cancel scheduled Board hearings.)

NAME	<u>LOCATION</u>	POSITION TITLE
Charles Collins	Juneau	Director
William Soule	Anchorage	Acting Chief of Adjudications
Kathryn Setzer Judy DeMarsh William Soule Janel Wright Jung Yeo Cassandra Tilly	Juneau Anchorage Anchorage Anchorage Fairbanks	WC Hearing Officer II
Robert Vollmer Vacant	Fairbanks Anchorage	WC Hearing Officer II WC Hearing Officer II
Dani Byers Melody Kokrine Grace Morfield Elizabeth Pleitez Harvey Pullen Mike Sargent	Juneau Fairbanks Anchorage Anchorage Anchorage Anchorage	WC Officer II
Carla Gage Julie Milazzo	Anchorage Anchorage	WC Officer I WC Officer I

TAB 5

Board News

Board member terms ending on March 1, 2022 include Brad Austin, Michael Dennis, Bob Doyle, Sara Faulkner, Sarah LeFebvre and Jason Motyka. Any Board member with an expiring term must reapply with Boards & Commissions if intending to stay active on the Board. There are also three vacancies on the Board, one in the northern panel, one in southcentral panel and one at large. The vacant positions are all labor seats.

We have had one addition since October to the Board, Christopher Dean has been appointed to the northern panel industry seat previously held by Julie Duquette.

Legislative Updates

32nd Legislative Session second session begins January 18th.

House Bill 30, "An Act relating to notice of workers' compensation death benefits; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to the payment of workers' compensation death benefits; and providing for an effective date."

This bill updates and increases the amount of benefit paid on death and partial impairment. The amounts under 23.30.190 have not been adjusted since 2000 and have fallen behind due to inflation. This bill recommends an adjustment in line with Alaska CPI and moves the base amount for whole person from \$177,000 to \$273,000. Section 23.30.215 proposes adjustments to funeral expenses and survivor expenses. Language around the notice to employees is also included.

House Bill 30 is now in the House Finance committee.

House Bill 45, "An Act relating to presumption of compensability for workers' compensation claims related to contagious diseases; and providing for an effective date."

This is a presumption bill that makes contagious diseases compensable if a condition of a disaster emergency is declared by the Governor for an outbreak of the contagious disease for certain employee occupations. The list of occupations includes first responders, childcare and teacher occupations along with most employees that work in grocery retail outlets. This bill would be retroactive to November of 2020.

House Bill 45 is in the House Finance Committee.

Senate Bill 131, "An Act relating to the presumption of compensability for a disability resulting from certain diseases for firefighters."

A change to 23.30.121 would be implemented by this bill. An addition of breast cancer to the list of cancers covered under this statute.

Senate Bill 131 has been passed by the Senate and referred to the House Labor & Commerce Committee.

House Bill 204 "An Act relating to the presumption of compensability for a disability resulting from certain cancers in firefighters."

A companion bill to Senate Bill 131. A change to 23.30.121 would be implemented by this bill. An addition of breast cancer to the list of cancers covered under this statute.

House Bill 204 has is now in the Rules Committee.

Division News

Regulations 8 AAC 45.030; 8 AAC 45.032; 8 AAC 45.092; 8 AAC 45.093; 8 AAC 45.122; 8 AAC 45.136; 8 AAC 45.174; 8 AAC 45.184; 8 AAC 45.210 and 8 AAC 45.900 have all been signed into Alaska Administrative Code as amended.

Regulations 8 AAC 45.083 and 8 AAC 45.185 amendments are in process and not yet codified.

The Division has a few new team members, with two new Workers Compensation Officers in Anchorage, (one is on the Reemployment team), and new Technicians in all three locations. Additionally, we have new support staff in Anchorage and a new Investigator.

In December the Director was invited to speak at the Workers' Compensation Institute annual meeting on current issues facing the worker's compensation system and changing state laws. The conference was attended by an estimated 2,000 plus workers compensation professionals and medical staff, representing 49 of the 50 states. Programs were offered by the Professional Mediator's Institute, National Workers' Compensation Judiciary College and the Roger L. Williams National Regulators College. Many groups and trade associations also had meetings at this venue.

The focus for Alaska was networking with other jurisdictions to understand the issues and solutions in comparable workers' compensation systems and how that expertise could assist Alaska. All jurisdictions shared some common concerns, high vacancy rates of qualified applicants for the skilled positions, especially judges or hearing officers. A shortage of employee defense attorneys as opportunities for more lucrative business are available and more complicated proceedings as many injured workers are self-represented. A consensus that improved outreach to education facilities and career counselors to champion workers' compensation law as a career choice is needed.

All jurisdictions spoke about the difficulty in maintaining professionalism in the system due to remote work directives. Resistance to returning to the office by staff and the measurable loss of production have impacted most jurisdictions.

Several states compared notes on presumptive legislation and concerns about limits on workers' compensation law. Most of this topic referred to contagious disease, although I noted several presumption clauses dealing with workplace environmental issues. For example, the firefighter's disease statute in Alaska.

A session on self-insurance entities was of interest as it concerned jurisdictions being fiscally responsible due to business insolvency or bankruptcy. This subject has been a concern the last two fiscal years as the pandemic impacted businesses that had solid balance sheets until business was impacted due to the current economic conditions. A new focus on retaining collateral, letters of credit, was recommended to protect injured employees and their benefits.

A panel on Medical Fees Schedules and Drug Formularies were discussed led by Wes Marshall, President of SAWCA, (Southern Association of Workers' Compensation Administrator's), Bob Swisher of KEMI, (Insurance Company, and Patrick Robinson of ODG, (a subsidiary of Hearst Health).

- Virginia has installed medical guideline recently, had concerns over access to health care, none reported.
- o Kentucky is fishing their second year under medical guidelines and a drug formulary for workers' compensation. Medical disputes have dropped by 30% leading to cost savings and fewer hearings. Guidelines have been used as a training tool for medical providers, delineating the process insurance companies are expecting. This allows the physicians to specify procedures without prior authorization if included on guidelines and if a procedure is not recommended it has a guide for the quick and efficient explanation the adjuster would be asking for, making the process faster for all parties.

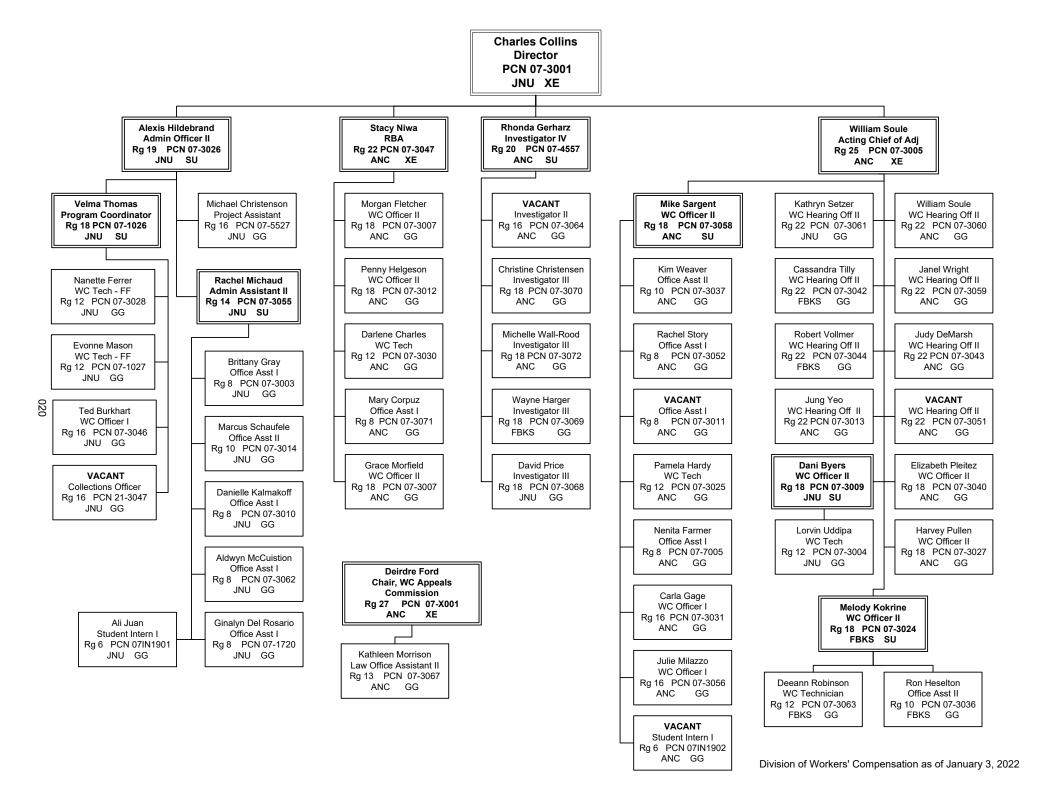
Most states with guidelines use ODG or ACOEM developed guides tailored to meet their laws. Colorado wrote their guidelines in house and update a section annually. Colorado and a few other states that follow this procedure have a complete medical unit, staffed by billing and procedure professionals and the updates are done under the supervision of the medical association with all staff work performed in house. The Manager of that unit, Dan Sung, elaborated on the complexity of an inhouse medical guideline procedure. Alaska does not have the expertise to do this in house.

2022

We have forwarded a suggestion for statute change to the Legislature, 23.30.041 Rehabilitation and reemployment of injured workers, to allow our RBA to engage injured workers and rehabilitation specialist in a more direct fashion. The ask also adjusts the ninety-day requirement to have an evaluation to allow the RBA to use discretion on a case-by-case basis. This will allow those injured workers who are either medically unable to work or already set to return to their respective careers to not be subject to the requirement. Thus, saving employers the expense of unneeded evaluations or premature expense for little value.

Increase our outreach program. Engaging more employer groups about changes in workers' compensation law and coverage issues. Ensure attorneys are kept up to date on the latest in workers' compensation law and ask for feedback on concerns. Investigate methods for reaching injured employees who are disenfranchised with the workers' compensation process.

Updates ongoing in our claims database, continue to work with our business partners to streamline the information flow on claim management and reporting. Enhance our calendaring process and work to make published information a more transparent process. Investigate a procedure for allowing parties to have web access to their claim and build a roadmap for claimants, carriers, employers and attorneys to follow online to enhance the process of tracking a claim.



Division of Workers' Compensation

Monthly Status Report as of: 1/3/2022 Q2 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/12/2021

Summary:

	Initial	Revised	Avail	Adjust	Revised	1/3/2	2022	Current	Exp Adj	Projected	Total	Projected	% Expend
Program	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To-date
Workers' Compensation	6,078,900	0	0	0	6,078,900	2,216,570	584,056	3,278,274	0	2,916,882	5,717,508	361,392	46.1%
WC Appeals Commission	440,500	0	0	0	440,500	144,054	10,107	286,338	0	181,145	335,307	105,193	35.0%
WC Benefits Guaranty Fund	785,100	0	0	0	785,100	74,397	153,734	556,969	0	241,136	469,267	315,833	29.1%
Second Injury Fund	2,864,900	0	0	0	2,864,900	984,216	5,171	1,875,512	0	1,002,361	1,991,749	873,151	34.5%
Fishermen's Fund	1,425,200	0	0	0	1,425,200	360,103	175,585	889,512	0	400,871	936,559	488,641	37.6%
Division Total	11,594,600	0	0	0	11,594,600	3,779,340	928,654	6,886,605	0	4,742,396	9,450,391	2,144,209	40.6%

Program Revenue	Initial Revised Avail Auth Program Auth		Adjust Needed	Revised Budget	
_					
Revenue Type Workers' Safety	6,519,400	0	0	0	6,519,400
Revenue Type Benefits Guaranty Fund	785,100	0	0	0	785,100
Revenue Type Second Injury Fund	2,864,900	0	0	0	2,864,900
Revenue Type Fishermen's Fund	1,425,200	0	0	0	1,425,200
General Funds					
Total Program Funding	11,594,600	0	0	0	11,594,600

Projection Assumptions:

Personal services based on PCN by PCN projections for remainder of year; includes vacancies

Travel is based on anticipated travel

Services is based on most recent indirect rate, core services and lease costs

Commodities is based on anticipated subscription and business supply costs

Benefits are straight line projections

Division of Workers' Compensation

Monthly Status Report as of: 1/3/2022 Q2 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/12/2021

Workers' Compensation AR Unit: 073100060

Program Expenditures	Initial	Revised	Avail	Adjust	Revised	1/3/2	2022	Current	Exp Adj	Projected	Total	Projected	% Expend
	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To Date
Personal Services	4.770.200.00	-96.401.86	0.00	0.00	4.673.798.14	1,942,449.32	000	2,731,348.82	0.00	2.494.437.51	4.436.886.83	236.911.31	41.6%
Personal Services	4,770,200.00	-90,401.00	0.00	0.00	4,073,790.14	1,942,449.32	0.00	2,731,340.02	0.00	2,494,437.51	4,430,000.03	230,911.31	41.0%
Travel	63,100.00	0.00	0.00	0.00	63,100.00	6,271.28	0.00	56,828.72	0.00	36,328.72	42,600.00	20,500.00	9.9%
Services	1,146,700.00	0.00	0.00	0.00	1,146,700.00	233,577.81	555,744.59	357,377.60	0.00	266,115.39	1,055,437.79	91,262.21	68.8%
Commodities	80,900.00	96,401.86	0.00	0.00	177,301.86	27,446.39	23,436.56	126,418.91	0.00	120,000.00	170,882.95	6,418.91	28.7%
Equipment	6,000.00	0.00	0.00	0.00	6,000.00	0.00	0.00	6,000.00	0.00	0.00	0.00	6,000.00	0.0%
NPS Subtotal	1,296,700.00	96,401.86	0.00	0.00	1,393,101.86	267,295.48	579,181.15	546,625.23	0.00	422,444.11	1,268,920.74	124,181.12	60.8%
Grants	12,000.00	0.00	0.00	0.00	12,000.00	6,825.28	4,875.20	299.52	0.00	0.00	11,700.48	299.52	97.5%
Total Program Expenditures	6,078,900.00	0.00	0.00	0.00	6,078,900.00	2,216,570.08	584,056.35	3,278,273.57	0.00	2,916,881.62	5,717,508.05	361,391.95	46.1%

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type Workers' Safety	6,078,900.00				6,078,900.00
Interagency Receipts					
General Funds					0.00
Total Program Funding	6,078,900.00	0.00	0.00	0.00	6,078,900.00

<u>Program Notes</u>

1000 Personal Services is based on PCN by PCN projection, including vacancies.

2000 Travel is based on anticipated travel.

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs. Computer order included in

5000 No Capital Outlay anticipated.

7000 Benefits based on known case info.

Division of Workers' Compensation

Monthly Status Report as of: 1/3/2022 Q2 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/12/2021

WC Appeals Commission AR Unit: 073200060

Program Expenditures	Initial	Revised	Avail	Adjust	Revised	1/3/2	022	Current	Exp Adj	Projected	Total	Projected	% Expend
	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To-date
Personal Services	302,500.00	0.00	0.00	0.00	302,500.00	135,439.29	0.00	167,060.71	0.00	162,452.58	297,891.87	4,608.13	44.8%
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Services	133,000.00	0.00	0.00	0.00	133,000.00	6,301.96	10,107.40	116,590.64	0.00	16,192.51	32,601.87	100,398.13	12.3%
Commodities	5,000.00	0.00	0.00	0.00	5,000.00	2,313.12	0.00	2,686.88	0.00	2,500.00	4,813.12	186.88	46.3%
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NPS Subtotal	138,000.00	0.00	0.00	0.00	138,000.00	8,615.08	10,107.40	119,277.52	0.00	18,692.51	37,414.99	100,585.01	13.6%
Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00			0.0%
Total Program Expenditures	440,500.00	0.00	0.00	0.00	440,500.00	144,054.37	10,107.40	286,338.23	0.00	181,145.09	335,306.86	105,193.14	35.0%

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type: Workers Safety	440,500.00				440,500.00
Interagency Receipts					
General Funds					
Total Program Funding	440,500.00	0.00	0.00	0.00	440,500.00

Program Notes

1000 Personal Services is based on PCN by PCN projection, including vacancies.

2000 -

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.

5000 -

7000 -

Division of Workers' Compensation

Monthly Status Report as of: 6/17/2021 Q4 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/12/2021

Benefits Guaranty Fund

AR Unit: 073300061

Program Expenditures	Initial	Revised	Avail	Adjust	Revised	1/3/2	022	Current	Exp Adj	Projected	Total	Projected	% Expend
	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To-date
Personal Services	95,100.00	0.00	0.00	0.00	95,100.00	4,615.69	0.00	90,484.31	0.00	38,919.71	43,535.40	51,564.60	4.9%
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Services	255,300.00	0.00	0.00	0.00	255,300.00	50,224.65	153,734.33	51,341.02	0.00	1,716.72	205,675.70	49,624.30	79.9%
Commodities	2,000.00	0.00	0.00	0.00	2,000.00	137.12	0.00	1,862.88	0.00	500.00	637.12	1,362.88	6.9%
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NPS Subtotal	257,300.00	0.00	0.00	0.00	257,300.00	50,361.77	153,734.33	53,203.90	0.00	2,216.72	206,312.82	50,987.18	79.3%
Grants	432,700.00	0.00	0.00	0.00	432,700.00	19,419.15	0.00	413,280.85	0.00	200,000.00	219,419.15	213,280.85	4.5%
Total Program Expenditures	785,100.00	0.00	0.00	0.00	785,100.00	74,396.61	153,734.33	556,969.06	0.00	241,136.43	469,267.37	315,832.63	29.1%

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Projected Revenue
GF Program Receipts					
Revenue Type: Benefits Guaranty Fund	785,100.00	0.00			785,100.00
Interagency Receipts					
General Funds					
Total Program Funding	785,100.00	0.00	0.00	0.00	785,100.00

Program Notes

1000 Personal Services is based on PCN by PCN projection, including vacancies.

2000 -

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.

5000 -

7000 Straight Line projection.

4 of 6

Division of Workers' Compensation

Monthly Status Report as of: 6/17/2021 Q4 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

PPE: 12/12/2021

Second Injury Fund

AR Unit: 073400062

Program Expenditures	Initial	Revised	Avail	Adjust	Revised	1/3/2	022	Current	Exp Adj	Projected	Total	Projected	% Expend
	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To-date
Personal Services	209,200.00	0.00	0.00	0.00	209,200.00	94,210.47	0.00	114,989.53	0.00	110,679.65	204,890.12	4,309.88	45.0%
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
Services	83,100.00	0.00	0.00	0.00	83,100.00	14,118.18	5,171.38	63,810.44	0.00	12,294.19	31,583.75	51,516.25	23.2%
Commodities	4,300.00	0.00	0.00	0.00	4,300.00	0.00	0.00	4,300.00	0.00	3,500.00	3,500.00	800.00	0.0%
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NPS Subtotal	87,400.00	0.00	0.00	0.00	87,400.00	14,118.18	5,171.38	68,110.44	0.00	15,794.19	35,083.75	52,316.25	22.1%
Grants	2,568,300.00	0.00	0.00	0.00	2,568,300.00	875,887.55	0.00	1,692,412.45	0.00	875,887.55	1,751,775.10	816,524.90	34.1%
Total Program Expenditures	2,864,900.00	0.00	0.00	0.00	2,864,900.00	984,216.20	5,171.38	1,875,512.42	0.00	1,002,361.38	1,991,748.96	873,151.04	34.5%

1/6/2022

Program Revenue N Si	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget
GF Program Receipts					
Revenue Type Second Injury Fund	2,864,900.00				2,864,900.00
Interagency Receipts					
General Funds					
Total Program Funding	2,864,900.00	0.00	0.00	0.00	2,864,900.00

Program Notes

1000 Personal Services is based on PCN by PCN projection, including vacancies.

2000 -

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.

5000 -

7000 Straight Line projection.

Division of Workers' Compensation

Monthly Status Report as of: 6/17/2021 Q4 FY2022

Pay Periods processed	12
Pay Periods Remaining	14
Total	26

12/12/2021

Fishermen's Fund AR Unit: 073500063

Program Expenditures	Initial	Revised	Avail	Adjust	Revised	1/3/2	022	Current	Exp Adj	Projected	Total	Projected	% Expend
-	Auth	Program	Auth	Needed	Budget	Expend	Encumb	Balance	Needed	Expend	Expend	Balance	To-date
Personal Services	271,200.00	0.00	0.00	0.00	271,200.00	120,085.36	0.00	151,114.64	0.00	143,727.43	263,812.79	7,387.21	44.3%
Travel	46,000.00	0.00	0.00	0.00	46,000.00	406.01	1,511.91	44,082.08	0.00	19,082.08	21,000.00	25,000.00	4.2%
Services	182,200.00	0.00	0.00	0.00	182,200.00	18,310.44	174,072.91	-10,183.35	0.00	15,604.05	207,987.40	-25,787.40	105.6%
Commodities	9,700.00	0.00	0.00	0.00	9,700.00	843.44	0.00	8,856.56	0.00	2,000.00	2,843.44	6,856.56	8.7%
Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%
NPS Subtotal	237,900.00	0.00	0.00	0.00	237,900.00	19,559.89	175,584.82	42,755.29	0.00	36,686.13	231,830.84	6,069.16	82.0%
Grants	916,100.00	0.00	0.00	0.00	916,100.00	220,457.82	0.00	695,642.18	0.00	220,457.82	440,915.64	475,184.36	24.1%
Total Program Expenditures	1,425,200.00	0.00	0.00	0.00	1,425,200.00	360,103.07	175,584.82	889,512.11	0.00	400,871.38	936,559.27	488,640.73	37.6%

Program Revenue	Initial Auth	Revised Program	Avail Auth	Adjust Needed	Revised Budget
GF Program Receipts					
Revenue Type Fishermen's Fund	1,425,200.00				1,425,200.00
Interagency Receipts					
General Funds					
Total Program Funding	1,425,200.00	0.00	0.00	0.00	1,425,200.00

<u>Program Notes</u>
1000 Personal Services is based on PCN by PCN projection, including vacancies.

3000 Services is based on most recent indirect rate, core services and lease costs.

4000 Commodities is based on anticipated subscription and business supply costs.

7000 Straight Line projection.

TAB 6

ALASKA STATE ADVISORY RESOURCES

Alaska Workers Compensation System Overview October 2021

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Alaska Workers Compensation System—An Overview

- Written premium volume decreased in the latest year
- Accident year combined ratios continue to be favorable
- Lost-time claim frequency continues to decline
- Indemnity and medical severities both increased in the latest year



Alaska Premium Volume

Direct Written Premium in \$ Millions

400



Source: NAIC's Annual Statement data.

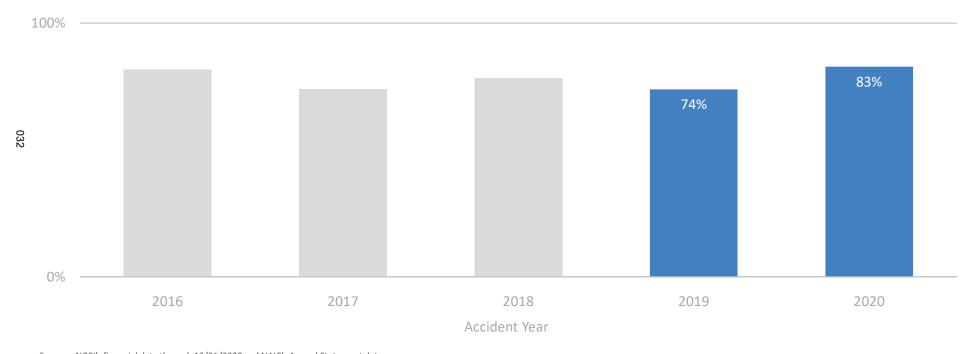


Impact of Discounting on Workers Compensation Premium in Alaska

15 9.3 -5 06 15 07 10 11 12 13 14 17 18 19 20p Policy Year p Preliminary. Based on data through 12/31/2020.



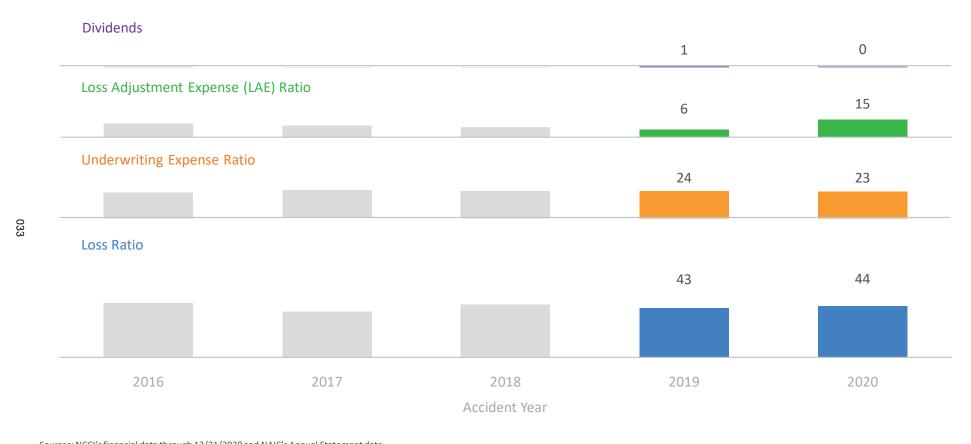
Alaska Combined Ratios



 $Sources: NCCI's \ financial \ data \ through \ 12/31/2020 \ and \ NAIC's \ Annual \ Statement \ data.$



Alaska Combined Ratios by Component

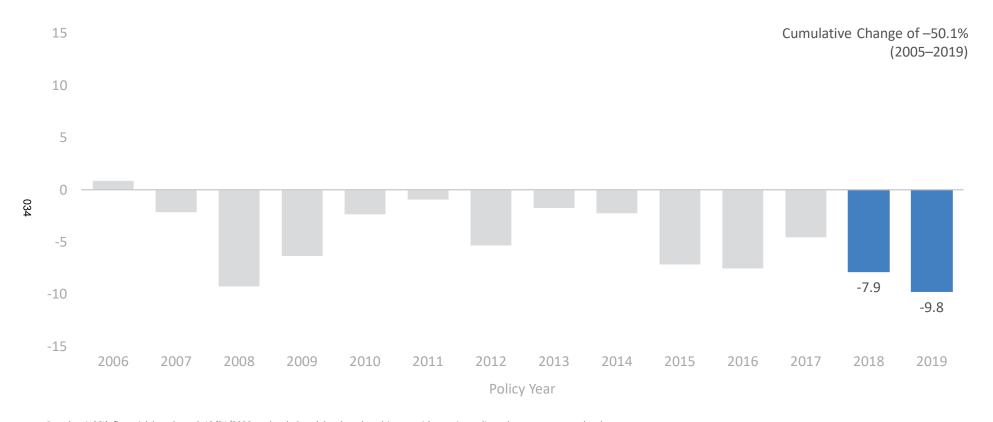


 $Sources: NCCI's \ financial \ data \ through \ 12/31/2020 \ and \ NAIC's \ Annual \ Statement \ data.$



Alaska Change in Claim Frequency

Percent Change in Lost-Time Claims, per \$ Million of On-Leveled Premium

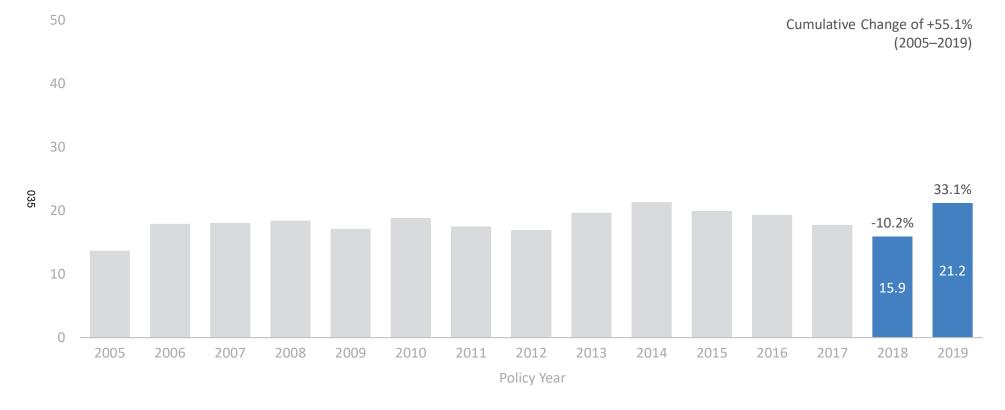


Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate, with premium adjusted to common wage level.



Alaska Average Indemnity Claim Severity

Lost-Time Claim Severity in \$ Thousands

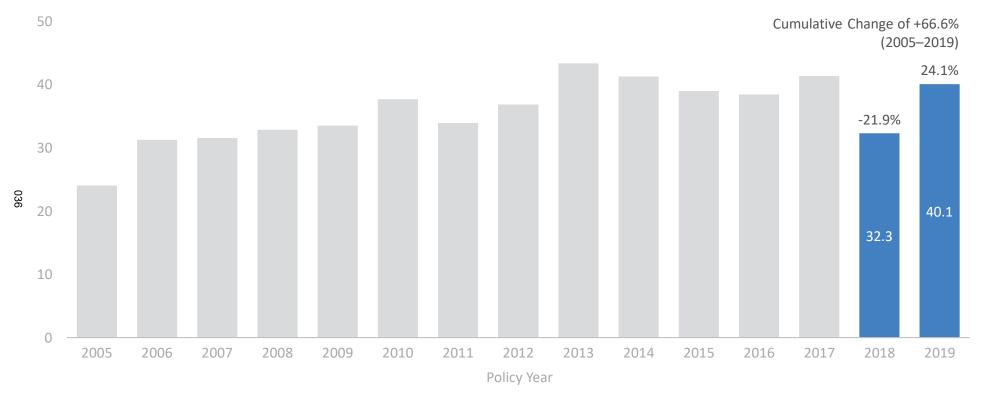


Based on NCCl's financial data through 12/31/2020, on-leveled, and developed to ultimate.



Alaska Average Medical Claim Severity

Lost-Time Claim Severity in \$ Thousands

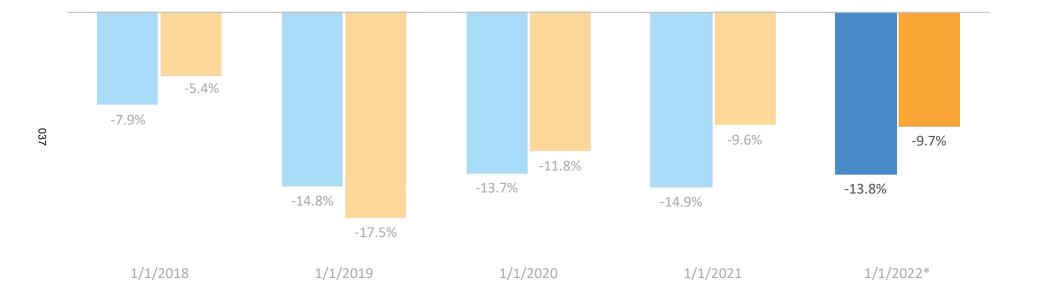


Based on NCCl's financial data through 12/31/2020, on-leveled, and developed to ultimate. Note that medical-only losses are included in the numerator.



Alaska Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



*Pending.



Alaska January 1, 2022 Loss Cost Filing

Change in Experience: -10.4%

Change in Trend: -3.9%

Change in Benefits: +0.3%

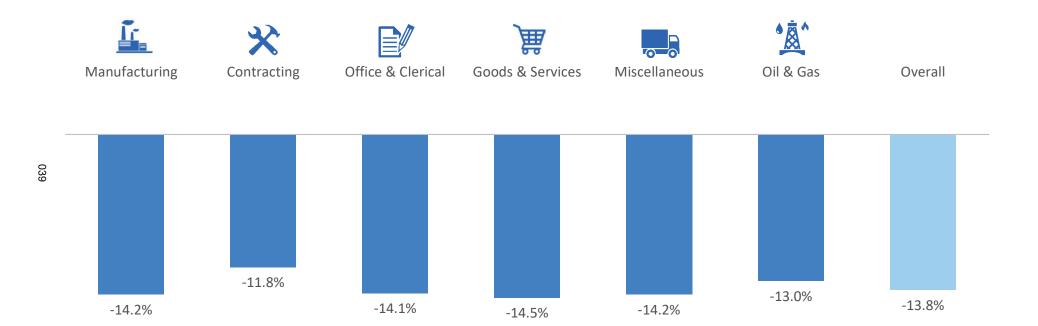
Change in All Other: -0.2%

Overall Loss Cost Level Change: -13.8%



Alaska January 1, 2022 Loss Cost Filing

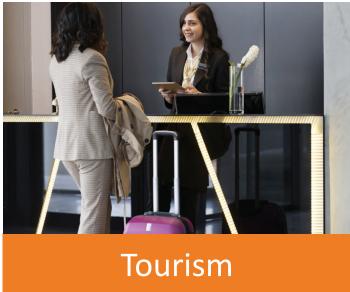
Average Changes by Industry Group





Alaska Economic Drivers







Source: Moody's Analytics, Précis® U.S. State, Alaska, July 2021.



Alaska Economic Assets and Challenges

Assets

- Natural resources with emerging energy industry recovery
- Higher median household income and home equity
- Lower state taxes per capita
- Projected increase in Federal defense spending

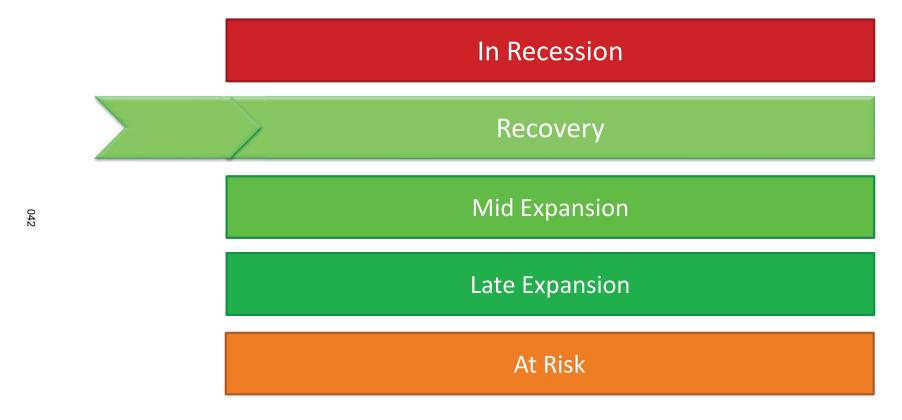
Challenges

- Slower recovery of tourism compared to other states
- Continuing negative migration pattern with more people leaving Alaska than entering
- Continuing above-average unemployment

Source: Moody's Analytics, Précis® U.S. State, Alaska, July 2021.



Alaska Business Cycle Status

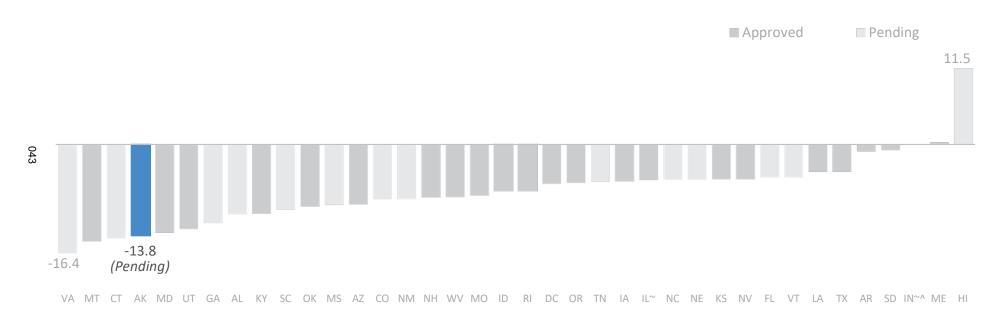


Source: Moody's Analytics, Précis® U.S. State, Alaska, July 2021.



Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



[~]Value shown is a rate level change; the IL and IN lost cost level changes are -7.4% and -2.7%, respectively.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

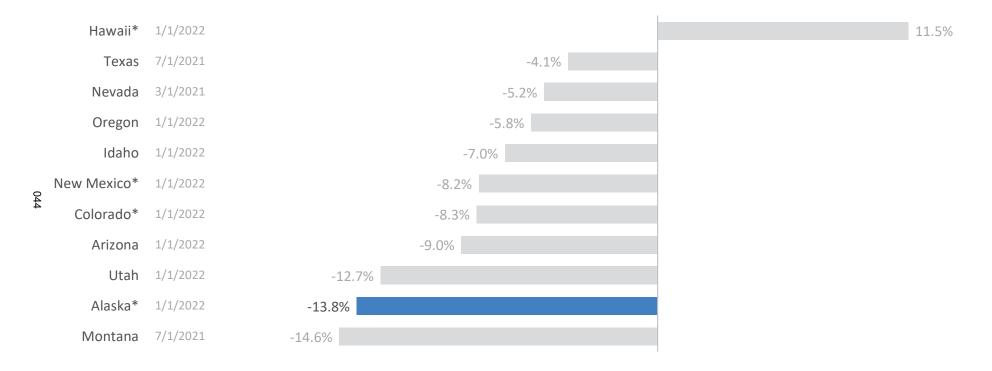


[^]IN approved a flat (0.0%) rate level change.

Reflects the most recent experience filing in each jurisdiction as of 10/15/2021.

Current Voluntary Market Loss Cost/Rate Changes

Western States



^{*}Pending.

Reflects the most recent experience filing in each jurisdiction as of 10/15/2021.

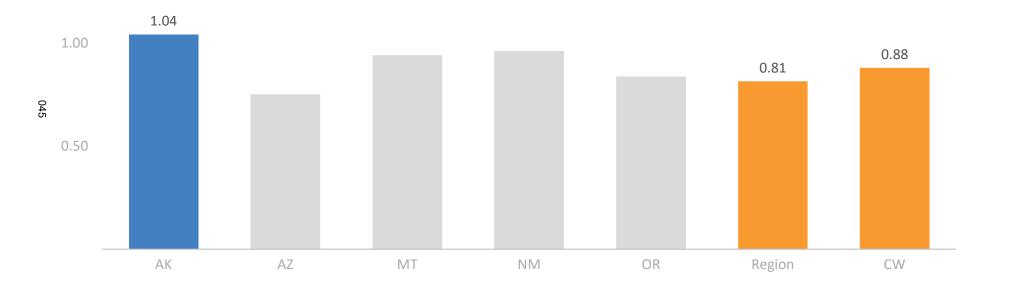
 $Due \ to \ the \ timing \ of \ the \ individual \ loss \ cost/rate \ filings, the \ figures \ shown \ may \ include \ changes \ from \ prior \ filing \ seasons.$



Average Voluntary Pure Loss Costs

Using Alaska Payroll Distribution

1.50



 $Based \ on \ approved \ rates \ and \ loss \ costs \ in \ various \ jurisdictions \ from \ fillings \ using \ data \ valued \ as \ of \ 12/31/2019.$



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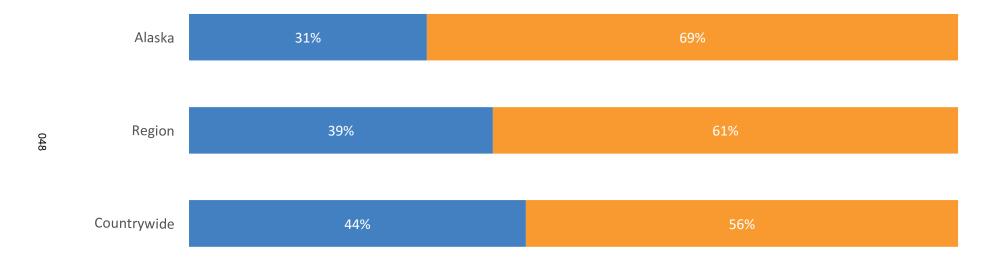


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Distribution of Benefit Costs

Indemnity vs. Medical

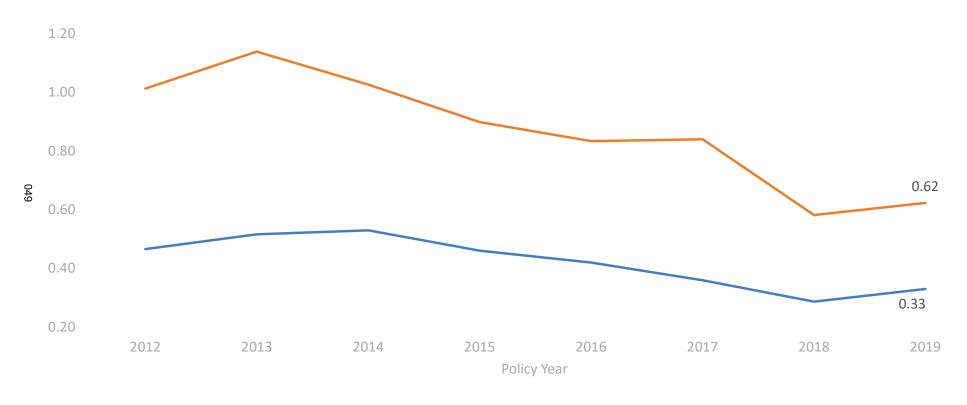


Regional states are AZ, MT, NM, and OR. Based on NCCI's financial data.



Alaska Loss Ratios

Indemnity vs. Medical

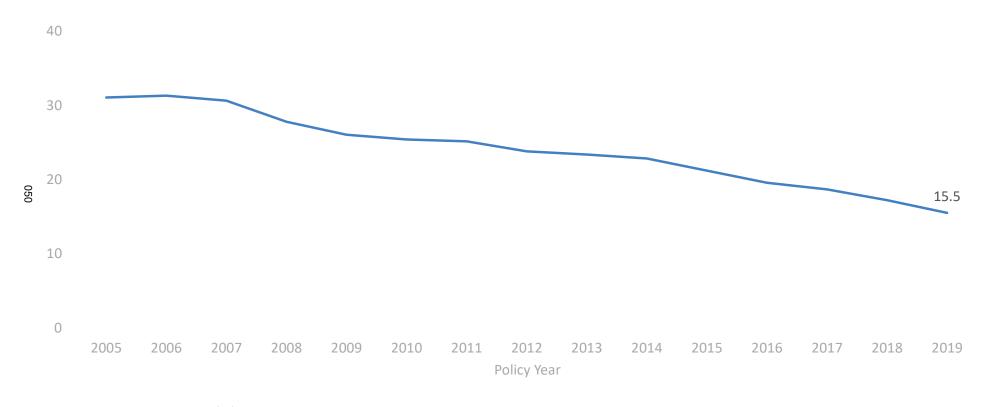


Based on NCCI's financial data through 12/31/2020, on-leveled, and developed to ultimate.



Alaska Claim Frequency

Lost-Time Claims, per \$ Million of On-Leveled Premium

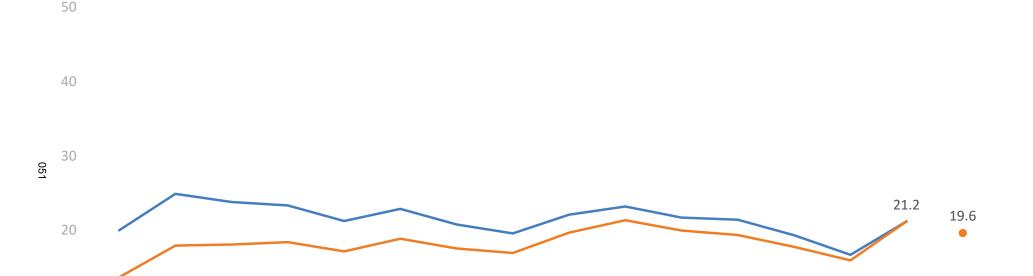


 $Based \ on \ NCCI's \ financial \ data \ through \ 12/31/2020, on-leveled, and \ developed \ to \ ultimate, with \ premium \ adjusted \ to \ common \ wage \ level.$



Alaska Average Indemnity Claim Severity

Adjusted to Common Wage Level vs. Actual, in \$ Thousands



Policy Year

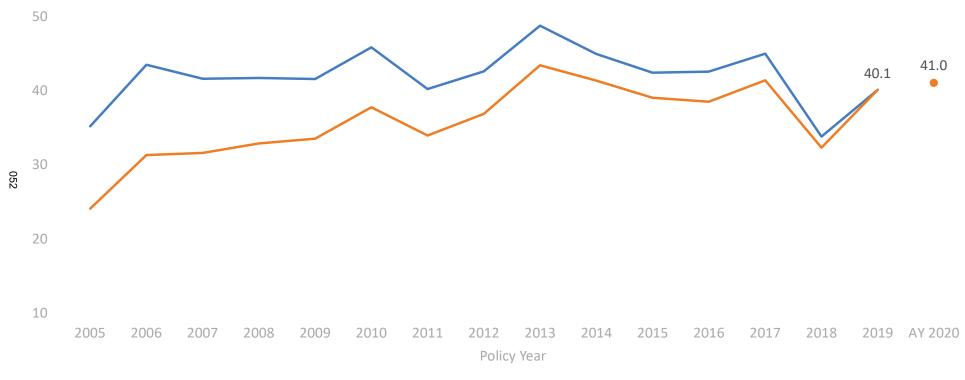
Based on NCCI's financial data through 12/31/2020 for lost-time claims at current benefit level and developed to ultimate.



2019 AY 2020

Alaska Average Medical Claim Severity

Adjusted to Common Wage Level vs. Actual, in \$ Thousands

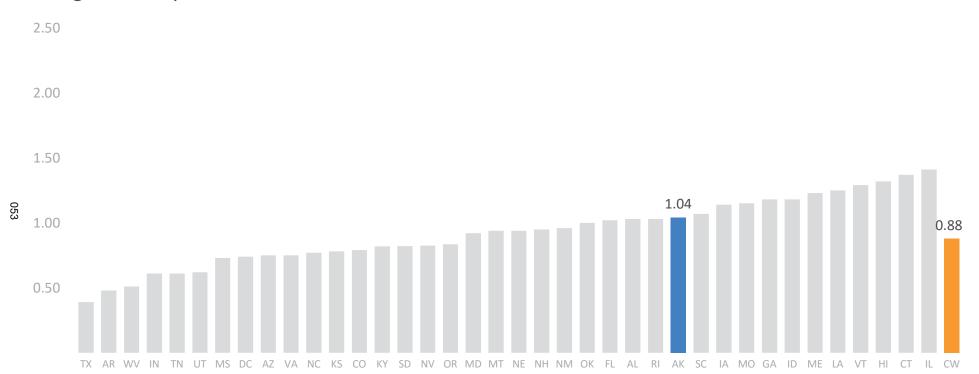


Based on NCCl's financial data through 12/31/2020 for lost-time claims at current benefit level and developed to ultimate. Note that medical-only losses are included in the numerator.



Average Voluntary Pure Loss Costs

Using Alaska Payroll Distribution

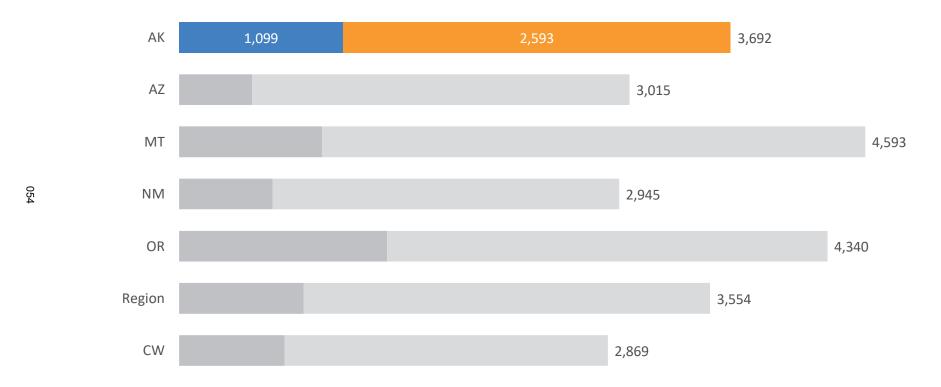


Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2019.



Alaska Average Claim Frequency

Lost-Time vs. Medical Only, per 100,000 Workers

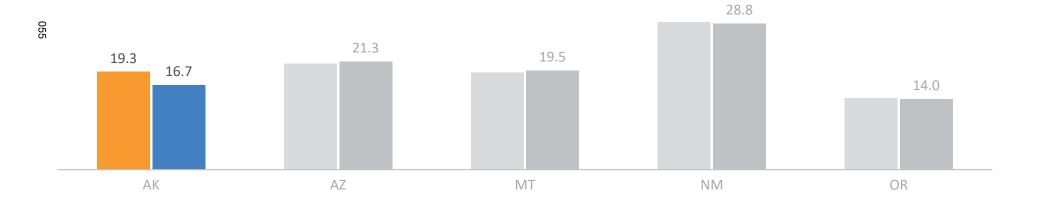


Based on NCCI's Statistical Plan data.



Average Indemnity Claim Severity in the Region

PY 2017 vs. PY 2018, in \$ Thousands

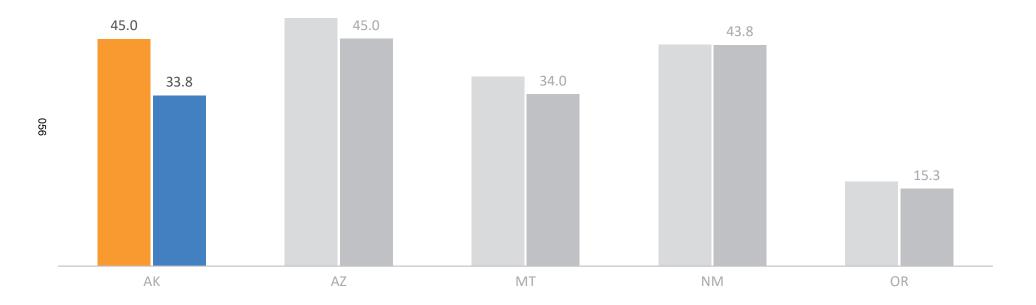


Based on NCCI's financial data for lost-time claims at current benefit level, adjusted to a common wage level, and developed to ultimate.



Average Medical Claim Severity in the Region

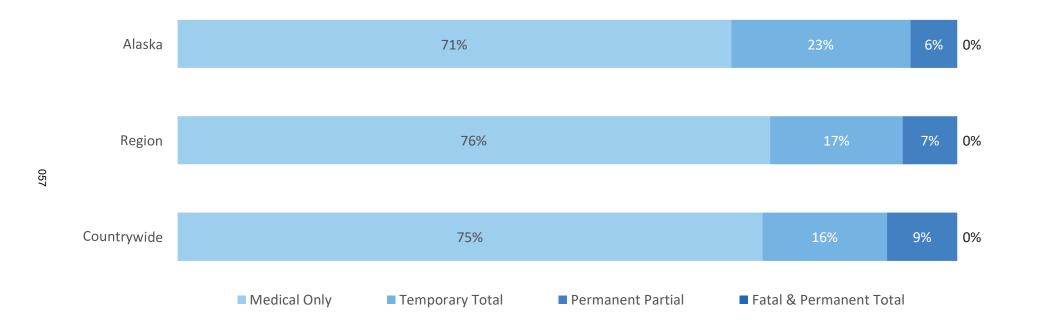
PY 2017 vs. PY 2018, in \$ Thousands



Based on NCCl's financial data for lost-time claims at current benefit level, adjusted to a common wage level, and developed to ultimate. Note that medical-only losses are included in the numerator.



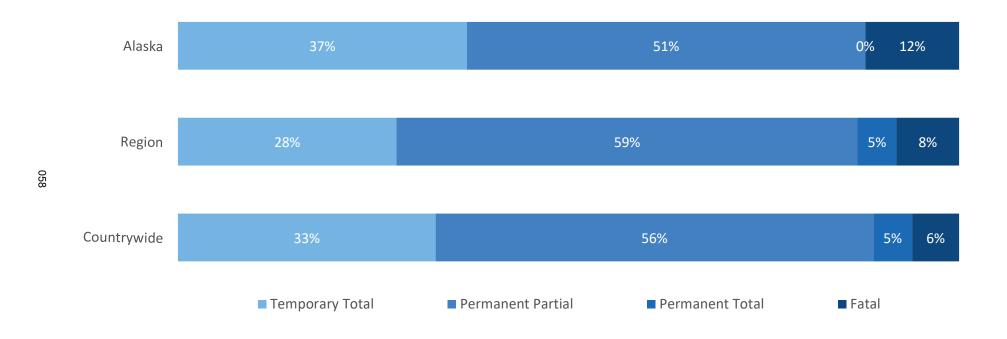
Distribution of Claims by Injury Type



Regional states are AZ, MT, NM, and OR.
Based on NCCI's *Statistical Plan* data for jurisdiction/claim type combinations for which three or more cases exist.



Indemnity Loss Distribution by Injury Type

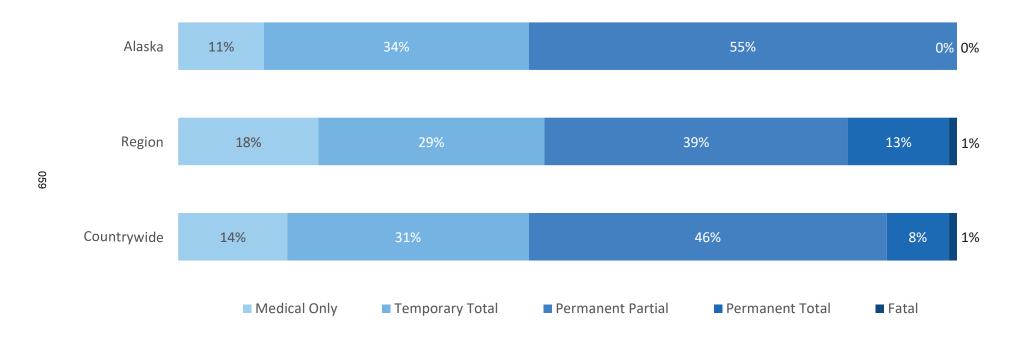


Regional states are AZ, MT, NM, and OR.

 $Based on NCCI's \textit{Statistical Plan} \ data for jurisdiction/claim \ type \ combinations for \ which \ three \ or \ more \ cases \ exist.$



Medical Loss Distribution by Injury Type



Regional states are AZ, MT, NM, and OR.

 $Based on NCCI's \textit{Statistical Plan} \ data for jurisdiction/claim \ type \ combinations for \ which \ three \ or \ more \ cases \ exist.$



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TAB 7

Register,	2022 LABOR AND WORKFORCE DEV.
8 AAC 45.410 is amende	d by adding a new subsection to read:
(d) A person who	is added to the rehabilitation specialists' list after January 1, 2022 shall
be placed on probationary	y rotation as outlined in 8 AAC 45.420(d). During this probationary
rotation, the administrato	r may decline to permanently add the rehabilitation specialist to the
rehabilitation specialist li	st, for reasons under 8 AAC 45.440(b). (Eff. 7/1/88, Register 107; am
10/28/88, Register 108; a	m 7/20/97, Register 143; am 7/2/98, Register 146; am/,
Register)	

Authority: AS 23.30.005 AS 23.30.041

062

Register,	2022 LABOR AND WORKFORCE DEV.
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8 AAC 45.420(b) is amended to read:

(b) Names will be added to the geographical listing in order of the receipt date of the completed application. If more than one completed application is received in a day, the names for that day will be placed on the list in alphabetical order. If a person's name is not added to the list, the administrator will notify the person and state in writing the reason for exclusion. Reasons for exclusion include an incomplete or illegible application or accompanying documents, misrepresentation, [OR] not meeting the requirements of AS 23.30.041(r)(6)[.], or any other reason as determined by the RBA that would in opposition of their duties under AS 23.30.041.

8 AAC 45.420 is amended by adding a new subsection to read:

(d) A rehabilitation specialist on probationary rotation shall receive one case at a time, until three cases are completed to the satisfaction of the administrator. (Eff. 7/1/88, Register 107; am 7/20/97, Register 143; am 7/2/98, Register 146; am 4/16/2010, Register 194; am __/____, Register _____)

Authority: AS 23.30.005 AS 23.30.041

Register	,	2022 LABOR	AND	WORKF	ORCE:	DEV.

8 AAC 45 is amended by adding a new section to read:

8 AAC 45.435 Review of rehabilitation specialists. An administrator shall review the work of a rehabilitation specialist a minimum of once a year. If during the review, the administrator determines that the work completed by the rehabilitation specialist does not meet the standards of 8 AAC 45.440(b)(1)-(3), the administrator may put the rehabilitation specialist on a probationary rotation as described in 8 AAC 45.420(d). If after two cases, work has not improved, the administrator shall propose disqualification under 8 AAC 45.440. (Eff.

___/___, Register ____)

Authority: AS 23.30.005 AS 23.30.041

Register ______, _____2022 LABOR AND WORKFORCE DEV. 8 AAC 45.440(e) is amended to read:

(e) Before disqualifying a rehabilitation specialist, the administrator shall notify the rehabilitation specialist in writing, served either personally or by certified mail, of the proposed disqualification. A rehabilitation specialist who has been notified of a proposed disqualification may, no more than 30 days after receipt of the notice, file a written request with the administrator [FOR AN OPPORTUNITY] to meet [WITH THE ADMINISTRATOR TO] and discuss the proposed disqualification. If the administrator accepts the meeting, it shall be set within 30 days of the written request unless otherwise agreed to by both the administrator and the rehabilitation specialist.

8 AAC 45.440(f) is amended to read:

- (f) The administrator shall issue a written decision within 30 days after a meeting requested under (e) of this section. If no meeting is requested <u>or accepted</u>, the administrator shall issue a written decision within 45 days after the written notice of proposed disqualification was served under (e) of this section.
- 8 AAC 45.440(g)(1) is amended to read:
- (g) The administrator's written decision under (f) of this section must
 - (1) require the rehabilitation specialist to change unsuitable behavior or upgrade skills [ACCORDING TO A PLAN DETERMINED BY THE ADMINISTRATOR] by putting the rehabilitation specialist on a probationary rotation as described in 8 AAC 45.420(d).

2022 LABOR AND WORKFORCE DEV.

8 AAC 45.440(h) is amended to read:

(h) The administrator's decision must be served upon the rehabilitation specialist or the

rehabilitation specialist's representative, either personally or by certified mail. A copy must be

sent to the employee or employer, if any, who requested that the administrator consider

disqualifying or removing the rehabilitation specialist. A disqualification or removal decision is

effective 10 days after the date of the decision. [UNLESS] If a written request for board review is

filed with the board and is served in accordance with (i) of this section no more than 10 days after

service of the administrator's decision[.], the disqualified or removed rehabilitation specialist

shall keep any assigned cases pending the board's final decision but will not be assigned new

cases. (Eff. 7/1/88, Register 107; am 10/28/88, Register 108; am 4/16/2010, Register 194; Eff.

___/___, Register ____)

Authority: AS 23.30.005

AS 23.30.041

Register ______, _____2022 LABOR AND WORKFORCE DEV.

8 AAC 45.500(b) is amended to read:

(b) An itemized billing statement must reflect, for each activity, the date of service, the

activity performed, the name of the individual who performed the activity, and the fee charged for

the activity. The original billing statement shall be submitted to the employer for payment and

copied to the employee and the administrator. Billing statements not in compliance with this

subsection will not be processed for payment. (Eff. 7/20/97, Register 143; am 4/16/2010, Register

194; Eff. ___/___, Register ____)

Authority: AS 23.30.005 AS 23.30.041