



# 2020 Annual Report • Workers' Compensation Division



# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

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### Executive Summary

This past year has been a challenge to most of us due to the COVID-19 pandemic. We experienced illness, loss, sheltering, and shortages. Employers were driven to reimagine how to provide services and provide protection to their employees and customers.

The entire country realized a shift in employment practices. Kitchen tables became offices, and video cameras became necessary tools for the workplace. Business casual became just casual and telework became a household experience. This led to many new kinds of injury claims; claims based on ergonomic issues and communicable disease causes. The line between workplace injury and personal injury became blurred as claims pointed to causes not normally seen in a workplace. Both insurance carriers, their adjusters and workers' compensation officers were forced to navigate a new path to find the proper solution to address these claims.

At the Division of Workers' Compensation (DWC), we too have had our challenges to provide services while maintaining a safe and healthy workplace. Under the Governor's public health disaster emergency declaration, we implemented new safety protocols to keep our employees and public visitors safe during the pandemic. We expanded our knowledge of virtual hearings, became proficient in remote conferencing and researching claims, installed Plexiglas shields, sourced additional sanitization supplies while adjusting to changing dates and deadlines for hearings. We met the challenge of maintaining open communications and professional relationships with our partners and stakeholders.

I want to take this opportunity to recognize my team for meeting and overcoming these challenges. We have a caring and talented team of dedicated and hard-working decision makers that work well together. This allowed the Division to succeed during the crisis brought on by the COVID-19 pandemic. I am proud to say that the Division continued and shall continue to meet our metrics as stated in Alaska Statute in 2021 and the future.

I would also like to take this opportunity to express my gratitude to the Alaska Workers' Compensation Board (AWCB) for persevering through this time of uncertainty. Many of you served on adjudication panels, worked on Board projects and participated in Board meetings from remote locations and through virtual means. Without the assistance and support of the AWCB, the Division and the Department of Labor and Workforce Development would be unable to provide the much-needed service Alaska's injured employees deserve.

Sincerely,  
Charles Collins, Jr.  
Director



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### Pending Legislation

As previously stated, the Division of Workers' Compensation is supported by Commissioner Ledbetter to forward a proposed bill to address reemployment changes. Currently, this bill dealing with changes to AS 23.30.041 is being reviewed by the Governor and the Department of Law. There is no bill number yet as it has not been filed.

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 is still in the House and pending before the House Finance Committee. The Bill sponsor is Representative Andy Josephson who has championed this legislation in the past few legislatures.

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 Bill is also still in the House and pending before the House Finance Committee. The Bill sponsor is Representative Andy Josephson and deals with impacts of pandemic scenarios.

House Bill 204, "An Act relating to the presumption of compensability for a disability resulting from certain cancers in firefighters." The original sponsor was Representative James Kaufman, Representatives Schrage, Shaw, and Nelson are now co-sponsors. This Bill is in the House Rules Committee.

Senate Bill 131, "An Act relating to the presumption of compensability for a disability resulting from certain diseases for firefighters." This Bill, sponsored by Senator Roger Holland and co-sponsored by Senator Gray-Jackson, has passed the Senate. The Bill is now in the House Labor and Commerce Committee and has been co-sponsored by Representative Tuck on the House side. As generally the same makeup as HB 204 I expect this Bill to become the focus of legislation if the committees decide to work on this subject.

Other legislation that has impact on workers' compensation, such as telehealth bills or changes on administrative proceedings under certain conditions are also in process. The Department of Labor and Workforce Development monitors the progress of these Bills and currently we are unaware of any impacts to the Division. With the continuation of special sessions focusing on subjects not pertaining to workers' compensation I do not expect any movement before the next regular session in January of 2022.

The Alaska Legislature will reconvene for the 2nd Regular Session on January 18, 2022. The Division will monitor proceedings for pertinent information. Research on pending action or to receive personalized updates go to [akleg.gov](http://akleg.gov) and sign up for bill tracking.



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#### Recommendations from the Director

My number one priority has been the change of philosophy on reemployment and rehabilitation for injured workers. Alaska must concentrate on a stay at work or return to work process that keeps employees engaged in their process of reemployment and assists them in moving back to work faster. A RAND study of injured worker return to work programs shows a 38%-42% decrease in the amount of time loss after injury by implementing a plan. The most important aspect of these plans for staying or returning to work is communication.

Continue to work on improving reemployment benefits available to injured workers. Adjustments to AS 23.30.041 are necessary and we will focus on developing criteria that enhances coaching and communication between all parties to shorten the amount of time an injured worker can return to the work force.

Indemnity benefits pertaining to death and disabilities have remained static over the last 20 years, the Board should continue to propose inflation adjustments of these benefits to the Alaska Legislature. As some action is currently in process (HB 30 sponsored by Representative Josephson) action by Board members is appropriate as well as submission of letters of support and personal testimony from the public. For reference, if AS 23.30.190 was adjusted using the Consumer Price Index (CPI), the base amount for compensation would move from \$177,000 to \$262,228. This is not an increase in benefits, this is merely moving the base multiplier rate back to the original level set in 2000.

Provide the Division's Special Investigation Unit with statutory authority to prosecute fraud more efficiently, as well as the means to resolve simple uninsured employer issues quickly and efficiently without petitioning the Board. This will serve to reduce the need for hearings and reduce legal expenses.



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### What is Workers' Compensation

Workers' compensation is a form of insurance that provides certain benefits to employees injured at work in exchange for the injured workers' right to sue their employer in court. In Alaska, every employer that has one or more employees working in Alaska is required to have workers' compensation insurance coverage.

The Alaska Division of Insurance monitors and administers insurance companies and their adjusters for compliance. The Division of Workers' Compensation ensures employers are compliant in the payment of benefits to injured workers. While workers' compensation plans differ among states, benefits for weekly wage replacement, economic loss reimbursement (past and future), medical expenses, reemployment and loss of life are typically covered under the Alaska Workers' Compensation Act.

General damage for pain and suffering, and punitive damages for employer negligence, are generally not available in workers' compensation plans, and negligence is generally not an issue in the case.

#### Key Takeaways

- Workers' compensation is a form of insurance that pays workers who are injured or become disabled as a result of their job.
- Accepting workers' compensation benefits means the employee waives the right to sue their employer.
- In Alaska, all compensation plans offer coverage of medical fees related to injuries incurred as a direct result of employment.
- Workers' compensation is not the same as unemployment benefits or disability insurance.

AS 23.30.001. Legislative intent. It is the intent of the legislature that:

- 1) this chapter be interpreted so as to ensure the quick, efficient, fair, and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers who are subject to the provisions of this chapter;
- 2) workers' compensation cases shall be decided on their merits except where otherwise provided by statute;
- 3) this chapter may not be construed by the courts in favor of a party;
- 4) hearings in workers' compensation cases shall be impartial and fair to all parties and that all parties shall be afforded due process and an opportunity to be heard and for their arguments and evidence to be fairly considered.



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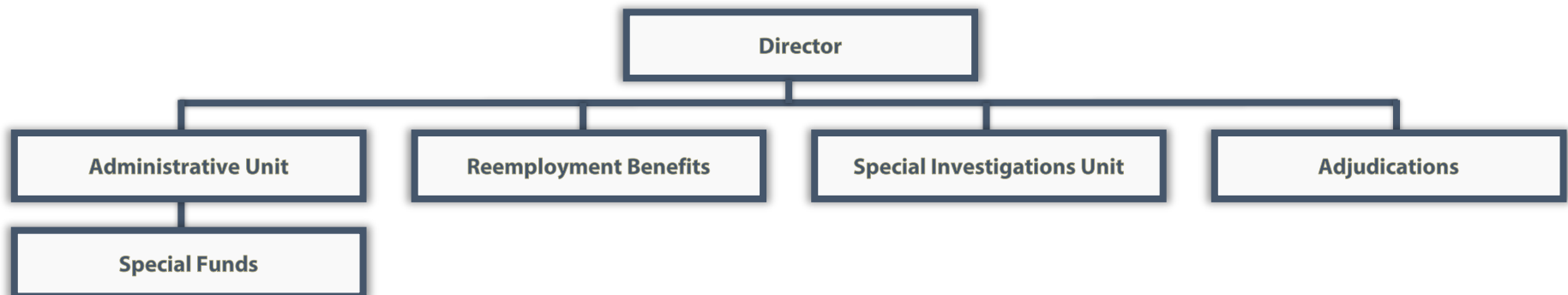
### Organizational Structure

The Division of Workers' Compensation (DWC) is composed of:

- Alaska Workers' Compensation Board
- Adjudications
- Administrative Unit
- Reemployment Benefits
- Special Investigations Unit
- Special Funds Unit
  - Benefits Guaranty Fund, Fishermen's Fund and Second Injury Fund

The DWC maintains offices in Juneau, Anchorage, and Fairbanks, to serve Alaskan employers and employees. All locations house Adjudications and investigative team members with administrative team assistance. Reemployment offices are in Anchorage and the Benefits Guaranty Fund, Second Injury Fund and Fishermen's Fund are administered in Juneau. The Division of Workers' Compensation has 51 positions and the Alaska Workers' Compensation Board has 18 members made up of an equal amount of labor and industry seats.

The DWC also provides administrative assistance to the Alaska Workers' Compensation Appeals Commission with budget, travel, and other resources. The AWCAC is operated separately from the AWCB by statute and is located separately from the DWC.





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### COVID-19 Impacts

#### National Level

The DWC continues to track COVID-19 related injury claims and the impact of those claims on benefit payments. The National Council on Compensation Insurance (NCCI), a licensed rating organization retained by the State of Alaska to assist with rate setting for workers' compensation insurance premiums, also tracks COVID-19 data. NCCI's annual loss cost filing does not include COVID-19 claim data. NCCI has concluded the impact of COVID-19 on workers' compensation is minimal and no adjustment was made for the 2020 annual premiums, however, there may be a potential impact in the future.

#### Preliminary numbers from across the country:

For year 2020, there were \$260 million of case-incurred losses (does not include self-insured losses) due to COVID-19 reported by NCCI jurisdictions. NCCI represents 35 states and the District of Columbia, including Alaska.

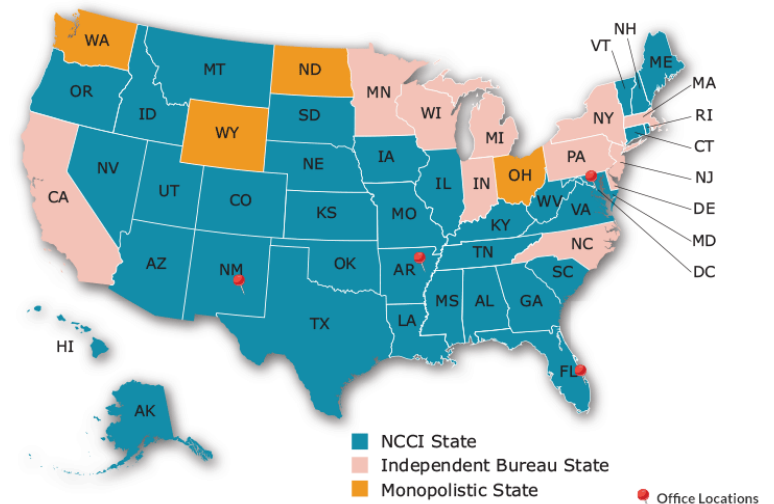
Written workers' compensation premiums declined 10% in 2020.

NCCI estimates that COVID-19 claims have the potential of exceeding \$500 million in workers' compensation claim losses over the duration of the pandemic in states where NCCI provides ratemaking services.

To put this into perspective, 45,000 claims were reported in 2020, out of 56 million covered workers. Stated in percentage, 0.08% of workers in the states represented by NCCI had a claim for COVID-19 under workers' compensation.

#### How does this compare to Alaska?

In 2020 Alaska reported 1,588 accepted COVID-19 WC claims, the Department of Labor shows an average of 282,000 employed in 2020 which works out to 0.56%.







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### COVID-19 Impacts

#### State Level – Report period 03/01/2020 to 09/19/2021

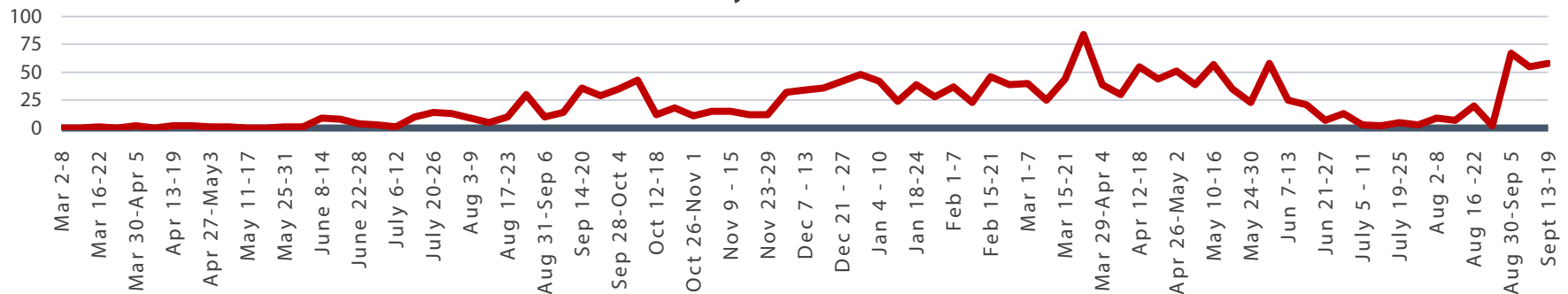
Alaska has realized a growth of claims in the recent months due to the Delta variant. As of 9/19/21, there were 1,483 open.

Opened	Closed	Current	Paid	BTC-to-Date	OBT-to-Date	EP-to-Date	Denials
3,413	1,930	1,483	1,571	\$1,795,306	\$1,388,126	\$618,138	306

The Benefit Type Code (BTC), refers to time-loss wages, any impairment charges, vocational rehabilitation, and settlements payments. The Other Benefit Type Code (OBT), covers medical, transportation, legal fees, and penalties. Alaska currently is on an upward trend for claim costs due to COVID-19. After a mid-summer decline in reported claims, the Division has seen a dramatic increase in the past few weeks. This mirrors the overall surge in COVID-19 cases due to the Delta variant.

Claims are in line with population as expected, led by Anchorage but with distribution statewide. An interesting aspect of the frequency of COVID-19 at work is that generally the percentage of contagion is considerably less at work than other activity. The only major area where transmission is higher at work is in Southwest Alaska due to the presence of the seafood processing industry.

### Payments





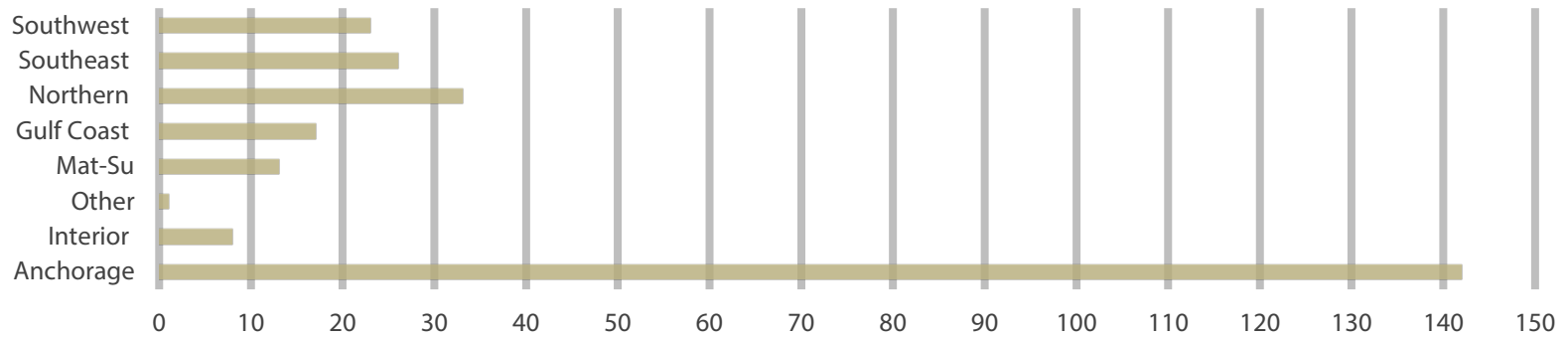
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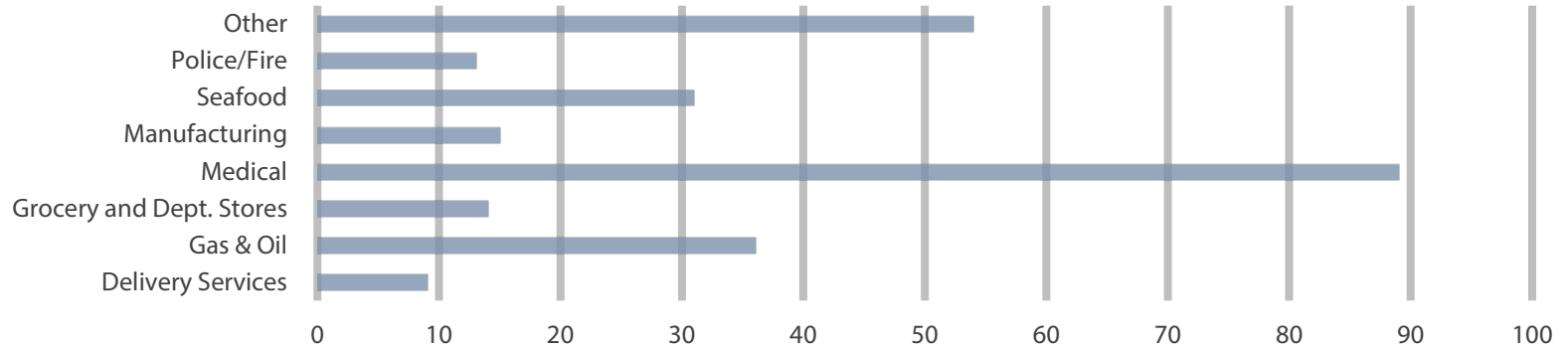
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#### August 2021 Claims By Region



#### August 2021 Claims By Industry





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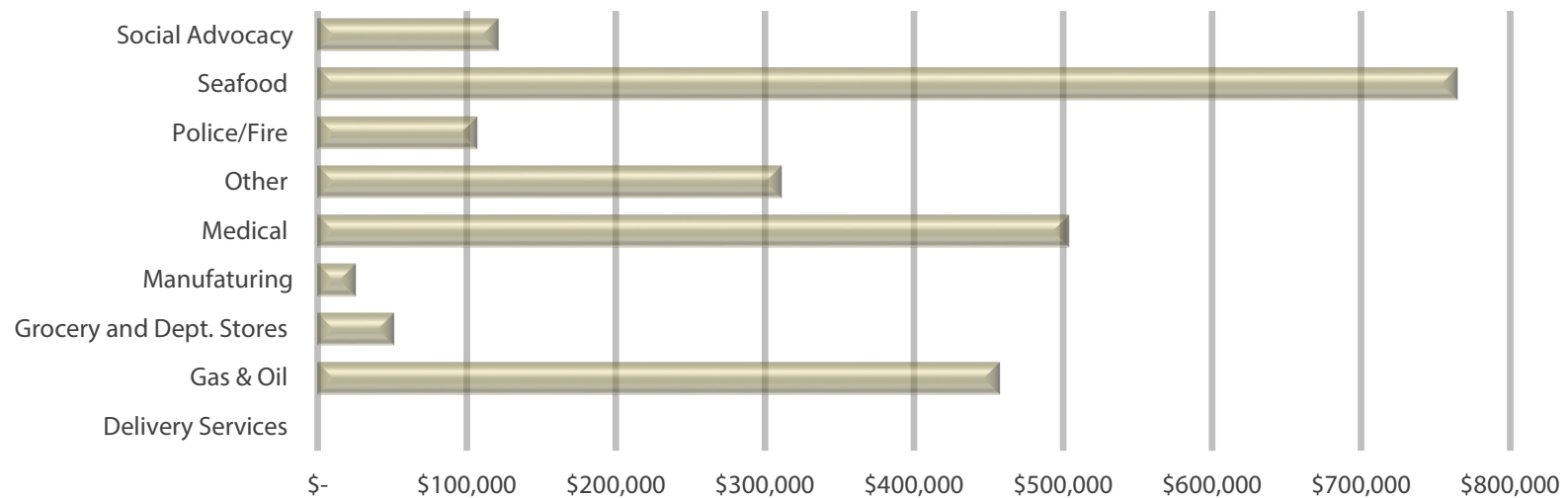
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Claims by industry are led by the medical professions as shown in the previous chart.

However, the breakout by expenditure points to the expense of procuring medical assistance in Alaska as transportation costs from our remote work sites adds to the expense.

Over the past 18 months, COVID-19 claims appear to be a small percentage of the workers' compensation system expenses, accounting for 17% of total spend.

**Claims Paid By Industry – 03/01/2020 to 09/19/2021**





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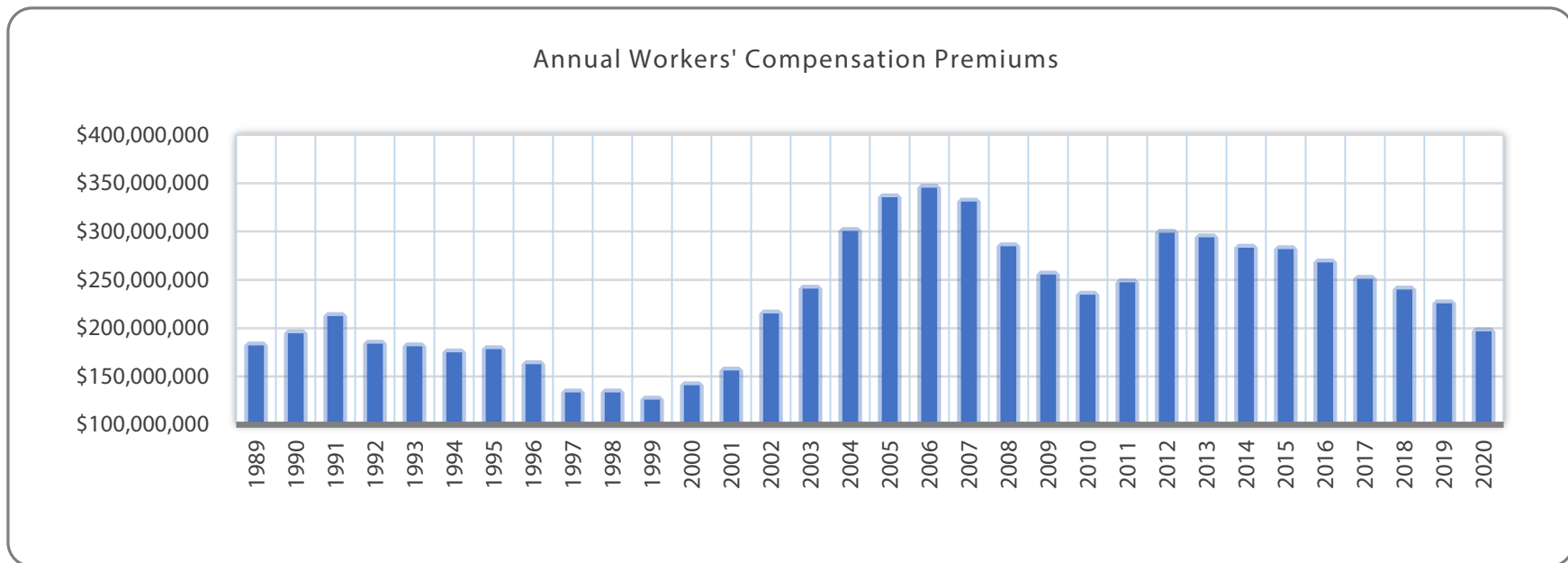
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## — Workers' Compensation System —

### State of Alaska, Division of Insurance – Reported Premiums



Calendar year 2020 shows the sixth year of combined premium spend decline. This overall number shows our efforts in reducing costs to employers is working. The combination of safer workplaces, changing job structures and fee schedule adherence has assisted Alaskan employers in saving capital and increased the ability for employees to have a safe work environment.



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Workers' compensation premium rate ranking						
2020 Ranking	2018 Ranking	State	Index Rate	Percent of study median	Effective Date	Percent of 2018 study median
1	3	New Jersey	2.52	175%	January 1, 2020	167%
2	1	New York	2.23	155%	October 1, 2019	181%
3	9	Vermont	2.21	153%	April 1, 2019	123%
4	2	California	2.16	150%	January 1, 2020	169%
5	13	Hawaii	2.08	144%	January 1, 2020	118%
6	8	Connecticut	1.99	138%	January 1, 2020	129%
7	4	Delaware	1.97	137%	December 1, 2019	148%
8	10	Louisiana	1.95	135%	January 1, 2019	121%
9	7	Rhode Island	1.93	134%	August 1, 2019	132%
10	5	Alaska	1.86	129%	January 1, 2020	148%
11	12	Wisconsin	1.74	121%	October 1, 2019	119%
12	11	Montana	1.69	117%	July 1, 2019	119%
13	23	Oklahoma	1.66	115%	January 1, 2020	103%
14	25	Missouri	1.65	115%	January 1, 2020	101%
15	6	Georgia	1.64	114%	July 1, 2019	134%
16	19	Maine	1.62	113%	January 1, 2020	108%
17	28	Minnesota	1.61	112%	January 1, 2020	98%
19	21	Idaho	1.56	108%	January 1, 2020	106%
19	14	South Carolina	1.56	108%	April 1, 2019	115%
20	17	Pennsylvania	1.55	108%	April 1, 2019	109%
21	30	Iowa	1.54	107%	January 1, 2020	96%
22	16	Washington	1.53	106%	January 1, 2020	110%
23	24	South Dakota	1.48	103%	July 1, 2019	102%
24	22	Illinois	1.46	101%	January 1, 2020	106%
26	16	Wyoming	1.44	100%	January 1, 2020	110%
26	27	Nebraska	1.44	100%	February 1, 2019	100%

Workers' compensation premium rate ranking						
2020 Ranking	2018 Ranking	State	Index Rate	Percent of study median	Effective Date	Percent of 2018 study median
27	21	Florida	1.41	98%	January 1, 2020	106%
28	27	New Hampshire	1.37	95%	January 1, 2020	100%
29	34	New Mexico	1.34	93%	January 1, 2020	88%
30	29	Alabama	1.33	92%	March 1, 2019	97%
31	19	North Carolina	1.31	91%	April 1, 2019	108%
32	41	Virginia	1.28	89%	April 1, 2019	76%
33	35	Colorado	1.25	87%	January 1, 2020	84%
34	31	Mississippi	1.20	83%	March 1, 2019	91%
35	38	Massachusetts	1.17	81%	July 1, 2018	81%
37	37	Michigan	1.14	79%	January 1, 2020	81%
37	39	Maryland	1.14	79%	January 1, 2020	78%
38	33	Kentucky	1.13	78%	October 1, 2019	89%
39	46	Kansas	1.12	78%	January 1, 2020	68%
40	36	Ohio	1.11	77%	July 1, 2019	82%
41	32	Tennessee	1.09	76%	March 1, 2019	89%
42	44	Nevada	1.07	74%	September 1, 2019	70%
43	40	Arizona	1.05	73%	January 1, 2020	78%
44	42	D.C.	1.04	72%	November 1, 2019	74%
45	46	Oregon	1.00	69%	January 1, 2020	68%
46	43	Texas	0.98	68%	July 1, 2019	71%
47	47	Utah	0.85	59%	January 1, 2020	62%
48	48	West Virginia	0.79	55%	November 1, 2019	59%
49	50	Indiana	0.77	53%	January 1, 2020	51%
50	49	Arkansas	0.72	50%	July 1, 2019	53%
51	51	North Dakota	0.67	47%	July 1, 2019	48%

Courtesy of the Oregon Department of Consumer and Business Services.

\*Footnote: Starting with the 2008 study, when two or more states' Index Rate values are the same, they are assigned the same ranking. The index rates reflect adjustments for the characteristics of each individual state's residual market. Rates vary by classification and insurer in each state. Actual cost to an employer can be adjusted by the employer's experience rating, premium discount, retrospective rating, and dividends.



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### — Loss Cost Projections —

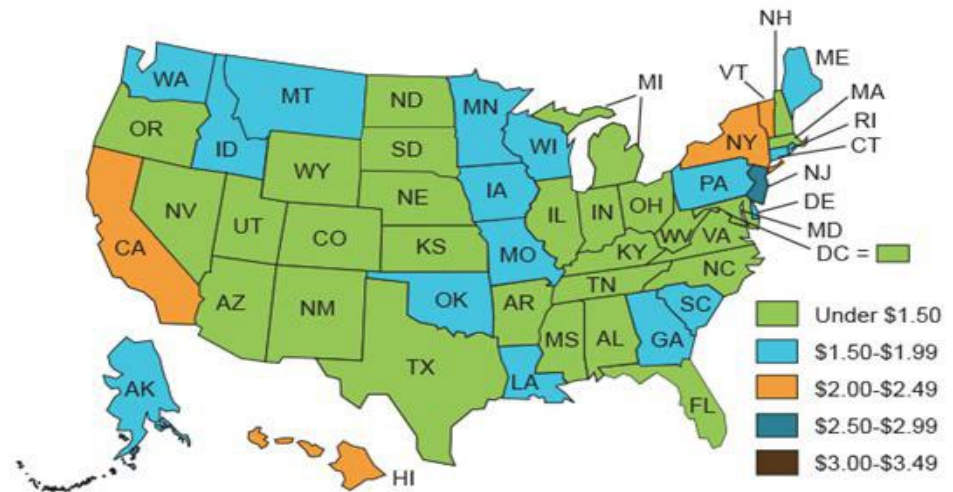
On August 24, 2020, the Division of Insurance approved the 2021 Alaska Workers' Compensation Filing for Voluntary Loss Costs and Assigned Risk Rates from the National Council on Compensation Insurance, Inc. (NCCI). Under regulatory order number R 20-09, in accordance with AS 21.39.043, the filing proposed an overall 17.5% decrease in voluntary loss costs and an overall 11.2% decrease in assigned risk rates. The order went into effect on October 27, 2020.

On August 20, 2019, the Division of Insurance approved the 2020 Alaska Workers' Compensation Filing for Voluntary Loss Costs and Assigned Risk Rates from the National Council on Compensation Insurance, Inc. (NCCI). Under regulatory order number R 19-04, in accordance with AS 21.39.043, the filing proposed an overall 14.4% decrease in voluntary loss costs and an overall 11.3% decrease in assigned risk rates.

Regulatory Order R19-04 provides an estimated 13.8% reduction in voluntary loss costs and 10.7% decrease in assigned risk rates. The order went into effect on November 5, 2019.

As shown on the Oregon Department of Consumer and Business Services website, Alaska has successfully lowered premium costs in relation to the nationwide average. Alaska will record nine consecutive years of reduction in the cost of workers' compensation insurance premiums along with expected reduction for calendar year 2021.

**Workers' compensation 2020 premium rate ranking by state**





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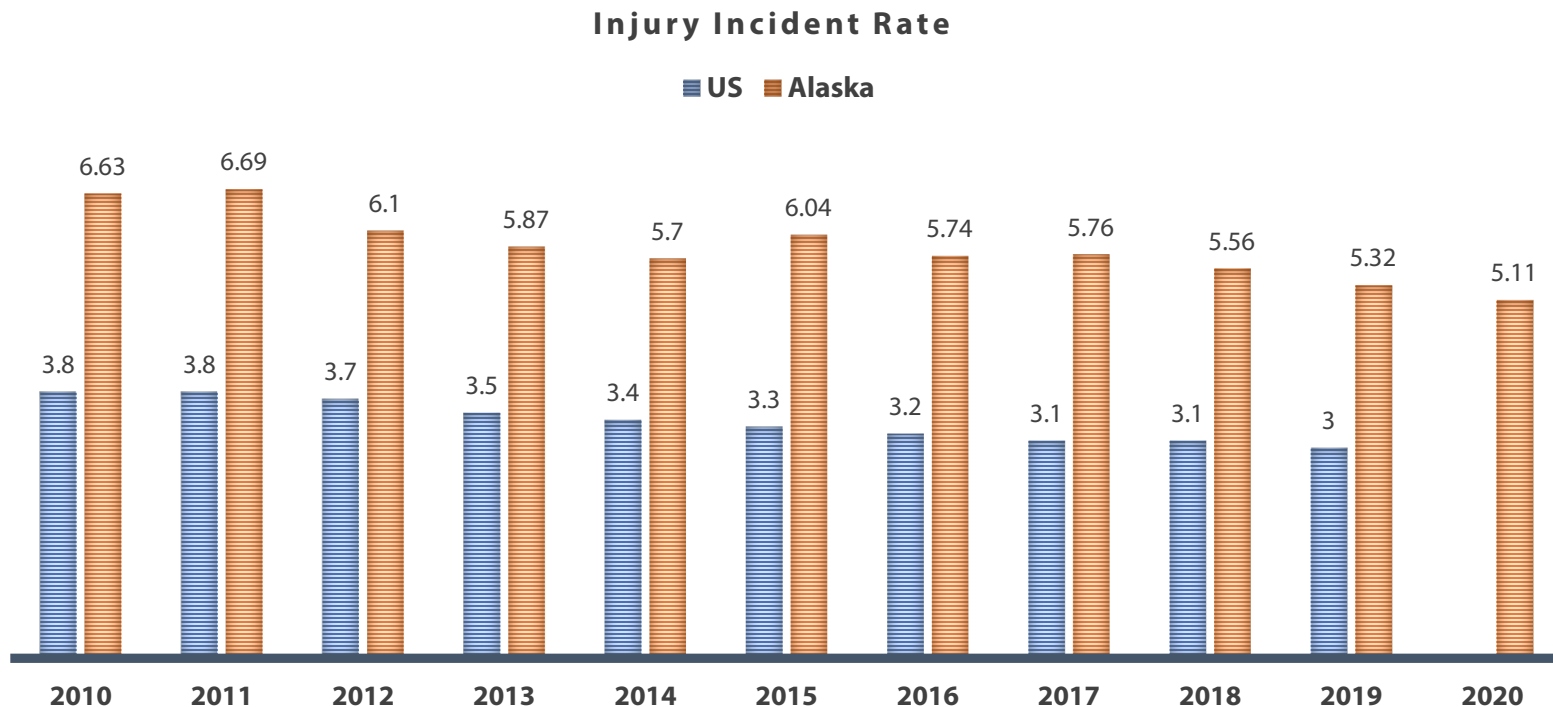
## Department of Labor and Workforce Development

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## — Comparative Injury Rate —

To further punctuate the fact that Alaska's workplace is continually becoming a safer environment, DWC charts the number of "reports of injury" logged annually.



Source: U.S. Department of Labor, Bureau of Labor Statistics



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### — Analysis of Workers' Compensation Claims Data —

In 2020, there were 14,985 reports of injury and occupational illness filed with the Workers' Compensation Division, a 12.2% decrease from 17,075 reports filed in 2019.

Of the case files established in 2020, claim type filings and distribution to total claims filed were:

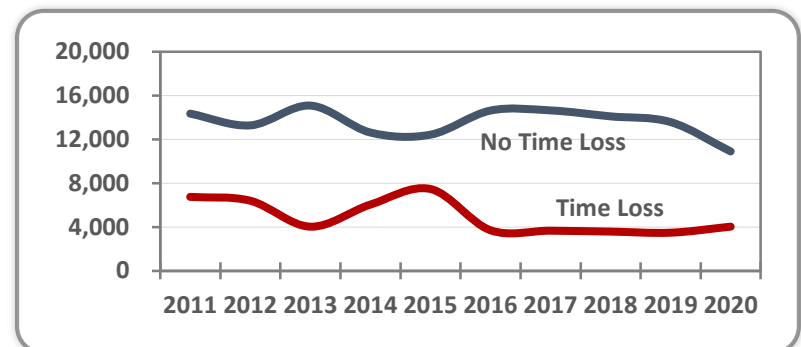
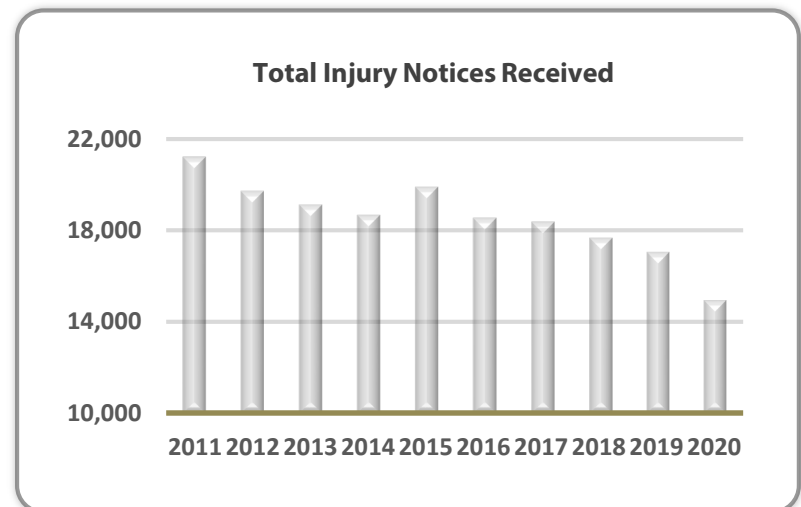
- No-time-loss cases: 10,923 cases, 73%
- Time-loss cases: 4,037 cases, 27%
- Notification only cases: 4,139 cases, 28%
- Fatalities: 25 cases, 0.17%

The Alaska Workers' Compensation Board held 188 hearings in 2020, compared to 225 hearings in 2019, and 231, in 2018.

- 2020:
  - 152 regular hearings
  - 36 written record hearings

The Alaska Workers' Compensation Appeals Commission held 10 hearings and oral arguments in 2020, compared to 14 hearings in 2019 and 10 in 2018.

- 2020:
  - 5 merits of appeals
  - 4 motions for stay
  - 1 show good cause







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### — Analysis of Workers' Compensation Claims Data —

AS 23.30.110(c) requires decisions and orders (D&O) to be issued within 30 days of hearing record closure. Additionally, the Alaska Workers' Compensation Appeals Commission has stated the Board's failure to issue decisions timely may result in denying a party due process.

	2016	2017	2018	2019	2020
Hearings Held	294	255	231	225	205
In-person & Virtual	—	—	—	—	152
Written Record	—	—	—	—	53
D&Os Issued	135	148	133	138	121
Average days from record close to D&O issuance	22	20	23	23	32



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— **Analysis of Workers' Compensation Claims Data** —

AS 23.30.012(b) requires C&Rs to be reviewed by a Board panel if the claimant is not represented by an attorney, is a minor beneficiary or incompetent or is waiving future medical benefits.

C&R Type	2016	2017	2018	2019	2020
Approval Not Required	84	79	57	71	45
Approved	503	432	462	450	374
Denied (required hearing)	174	122	131	85	56

8 AAC 45.160(e) states a C&R in which the employee waives medical benefits is presumptively not in the employee's best interest and will only be approved upon a showing by a preponderance of the evidence that the agreement is in the employee's best interest.

Mediation Statistics	2016	2017	2018	2019	2020
Hearing Officers Mediating	6	6	6	4	4
Cases Mediated	67	69	52	50	75
Cases Resolved or Partially Resolved	53	59	44	45	72
Percent Resolved	79%	86%	85%	90%	96%



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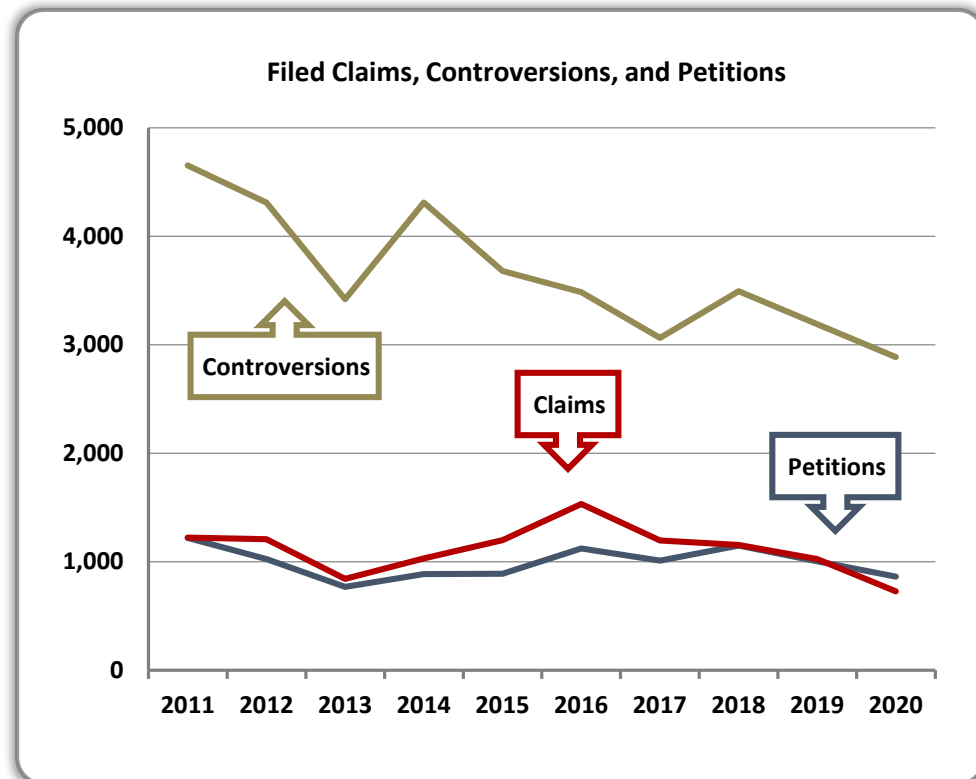
### — Analysis of Workers' Compensation Claims Data —

In 2020, there were 727 claims filed for 610 cases, a 29.1% decrease from 1,025 claims filed in 2019.

There were 863 petitions filed for 516 cases in 2020, a 14.2% decrease from 1,006 petitions filed in 2019.

There were 2,886 controversion notices filed in 2020, a 6.5% decrease from 3,191 in 2019.

The number of injury cases controverted in 2020 totaled 2,241, a 6.5% decrease from 2,398 cases in 2019.





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## — Annual Reporting of Total Paid Compensation —

### Financial Reports and Audits

#### Monitoring:

This section of the report provides information from the prior calendar year.

Under Alaska Statute 23.30.155(m), each insurer, providing workers' compensation coverage in Alaska or their adjuster must file an annual report with the Alaska Workers' Compensation Board providing number of claims filed, the type of claims filed, total dollars spent on medical, lost wages compensation, death benefits, rehabilitation costs and claim litigation costs. The annual report requirement also applies to self-insured employers and uninsured employers.

Along with the annual report, each insurer, adjuster, self-insured employer, or uninsured employer must submit payment of their Second Injury Fund (SIF) contribution and their Workers' Safety and Compensation Administration Account fee (WSCAA). These fees fund reimbursements from the SIF and help support the Division's operations.

#### This report covers activity from:

CY = Calendar Year Period from January 1, 2020, to December 31, 2020.

FY = Fiscal Period from July 1, 2020, to June 30, 2021.

#### Notes:

Medical Costs Totals for CY 2020 include the following Medical Costs: Physical Therapy, Chiropractic Fees, Durable Medical expenses, Medical Travel, Employee Medical-Legal Costs. These costs were previously captured in the other category for CY2014, CY2015, CY2016, and CY2017.

Other Costs for CY 2020 include: Unspecified Lump Sum Payment/Settlement, interest, penalty and SIF Contribution Fee.



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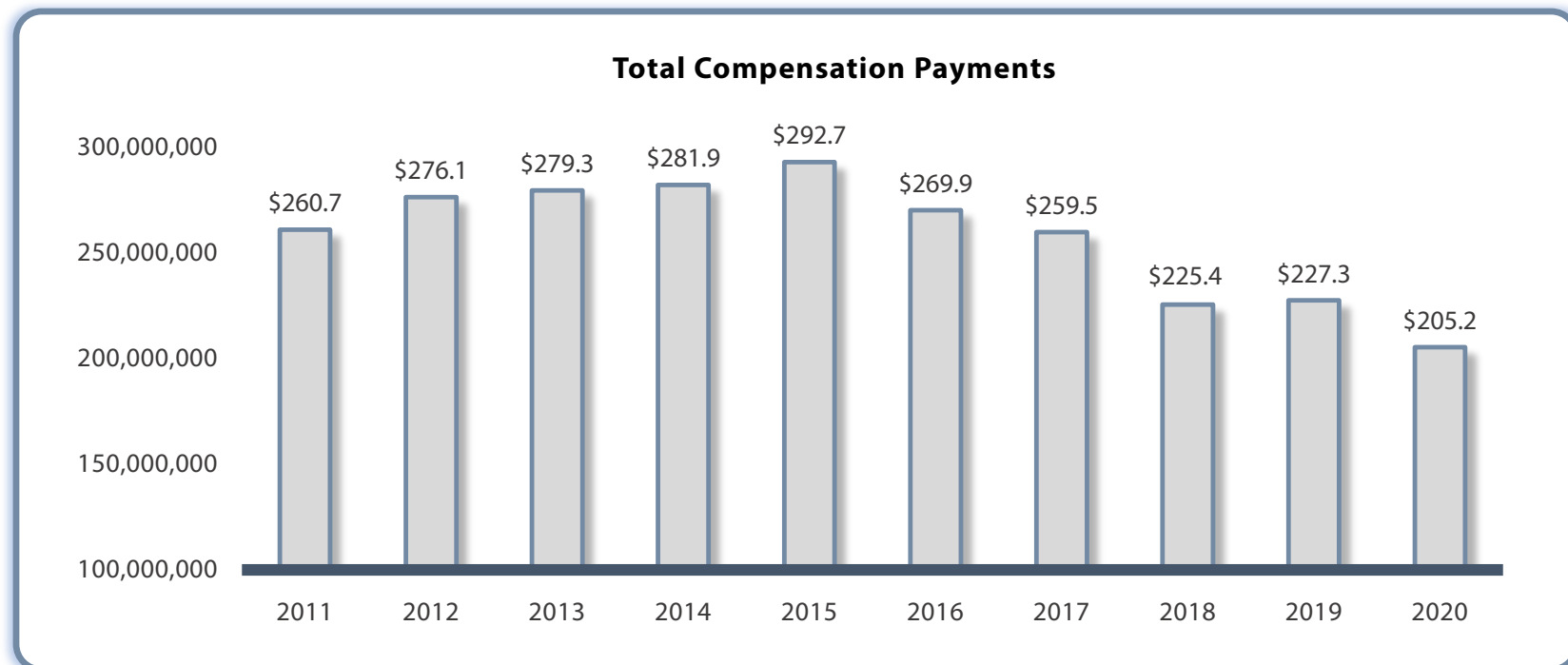
## Department of Labor and Workforce Development

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### — Total Compensation Payments —

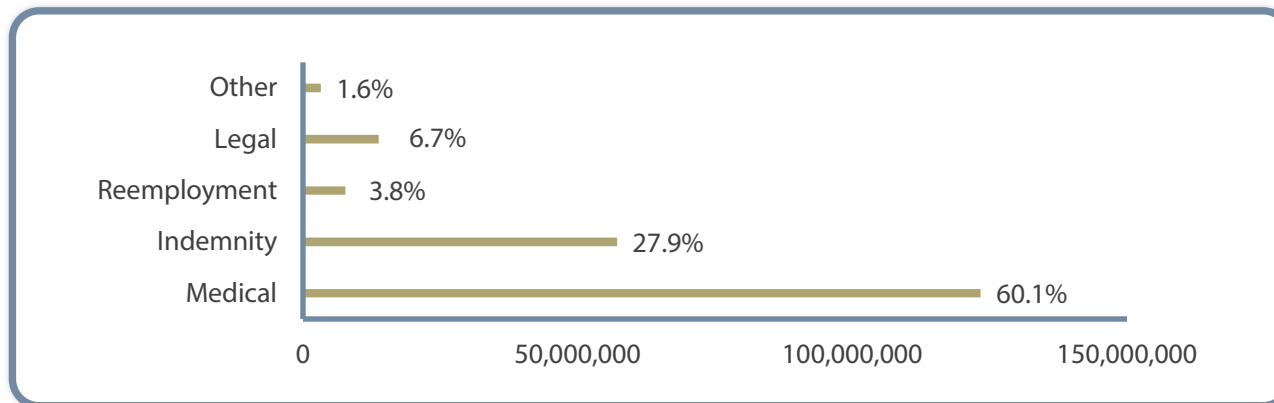
A total of \$205.2 million was paid in workers' compensation benefits during calendar year 2020 by market-insured employers and self-insured employers. This is a decrease of 9.73% from \$227.3 million in 2019.





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— **Total Compensation Payments Distribution** —



Benefit Type	Amount Paid	% of Cost to Total Cost
Medical	\$123,369,759	60.1%
Indemnity	\$57,157,556	27.9%
Reemployment	\$7,699,606	3.8%
Legal	\$13,764,586	6.7%
Other	\$3,228,847	1.6%
<b>Total</b>	<b>\$205,220,354</b>	

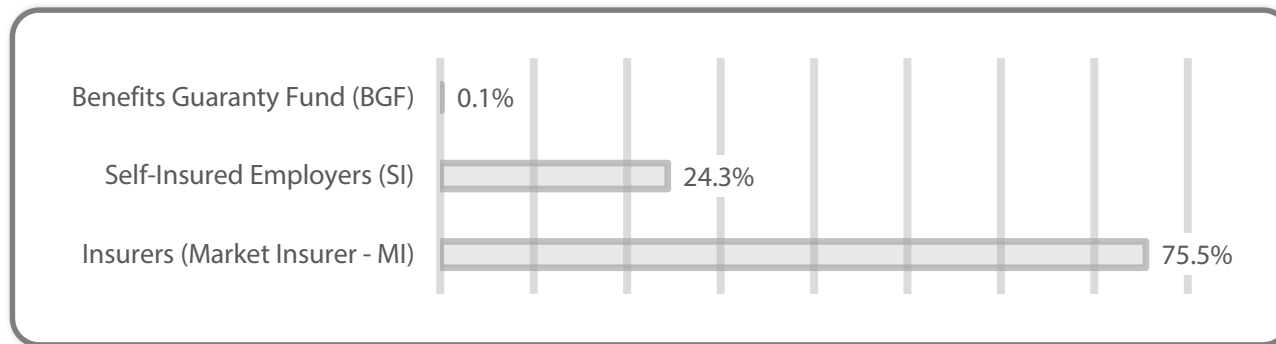


**STATE OF ALASKA**  
**Department of Labor and Workforce Development**  
**Division of Workers' Compensation**  
**2020 Annual Report**

**— Total Benefits Paid by Top 20 Insurers/Self-Insured Employers —**

Of total benefits paid, market-insured employers paid \$154.9 million (75.5%), self-insured employers paid \$49.9 million (24.3%).

Compared to 2019, market-insured employers paid \$174.6 million (76.8%) and self-insured employers paid \$52.4 million (23.1%).



Insurer Type	Total Benefits Paid	% of Total Costs
Market Insurers	\$154,986,746	75.5%
Self-Insured Employers	\$49,953,724	24.3%
Uninsured Fund	\$279,884	0.1%
<b>Total</b>	<b>\$205,220,354</b>	



**STATE OF ALASKA**  
**Department of Labor and Workforce Development**  
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**— Total Benefits Paid by Top 20 Insurers/Self-Insured Employers —**

The top twenty insurers and self-insured employers paid \$138.4 million, or 67.5% of total workers' compensation benefits paid in 2020. This compares to \$156 million, or 67.8%, in 2019.

Rank	Insurer	Benefits Paid
1.	Alaska National Ins Co	\$35,972,663.46
2.	State of Alaska	\$15,500,944.45
3.	American Zurich Ins Co	\$8,721,326.94
4.	Anchorage, Municipality Of	\$7,604,538.99
5.	Commerce And Industry Ins Co	\$7,127,488.72
6.	Arctic Slope Regional Corp	\$5,388,586.53
7.	Liberty Insurance Corp	\$5,380,243.26
8.	Liberty Northwest Insurance Co	\$4,999,379.86
9.	Ace American Insurance Company	\$4,806,215.25
10.	New Hampshire Insurance Co	\$4,719,783.87

Rank	Insurer	Benefits Paid
11.	Indemnity Ins Co of North America	\$4,708,487.18
12.	American Interstate Insurance Co	\$4,540,878.84
13.	Republic Indemnity Co of America	\$4,241,101.80
14.	Berkshire Hathaway Homestate Ins Co	\$3,987,215.42
15.	Alaska Airlines, Inc.	\$3,815,419.82
16.	Umialik Insurance Co	\$3,788,452.84
17.	Alaska Municipal League Joint Ins Assoc	\$3,739,780.12
18.	Zurich American Ins Co	\$3,316,233.44
19.	Travelers Property Casualty Co of America	\$3,120,943.77
20.	Providence Health System – Washington	\$2,999,459.78





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

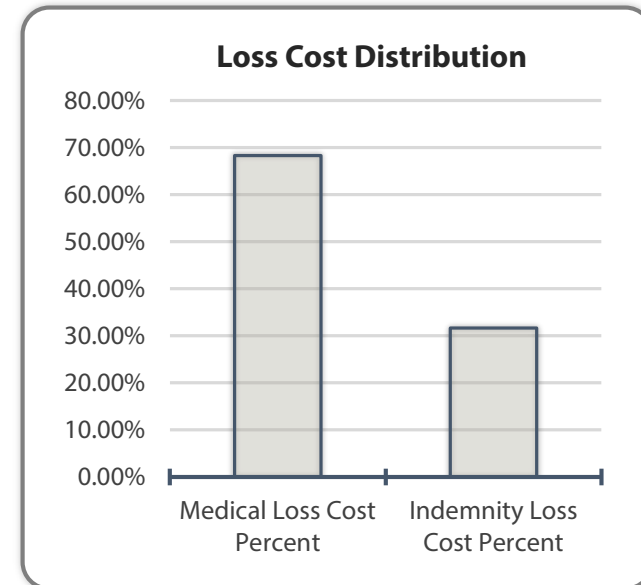
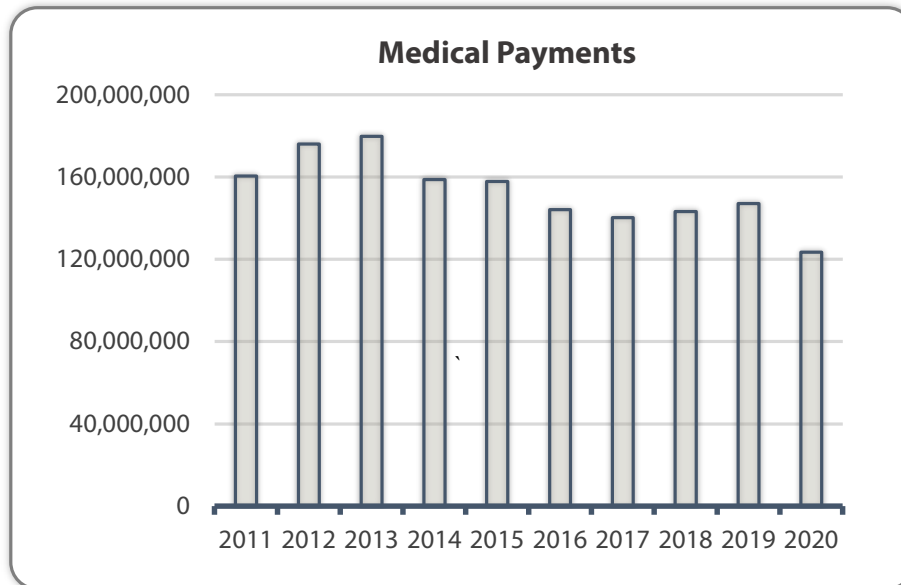
## 2020 Annual Report

### — Medical Benefits —

In the calendar year 2020, medical benefits totaled \$123.3 million, a 16 % decrease from \$146.9 million in 2019.

Medical benefits were 60.1% of total benefits paid and 68.34% of loss costs in 2020, compared to 64.6% of total benefits paid and 73.69% of loss costs in 2019.

Total loss costs were \$180.5 million in 2020 down from \$199.4 million in 2019.





# STATE OF ALASKA

## Department of Labor and Workforce Development

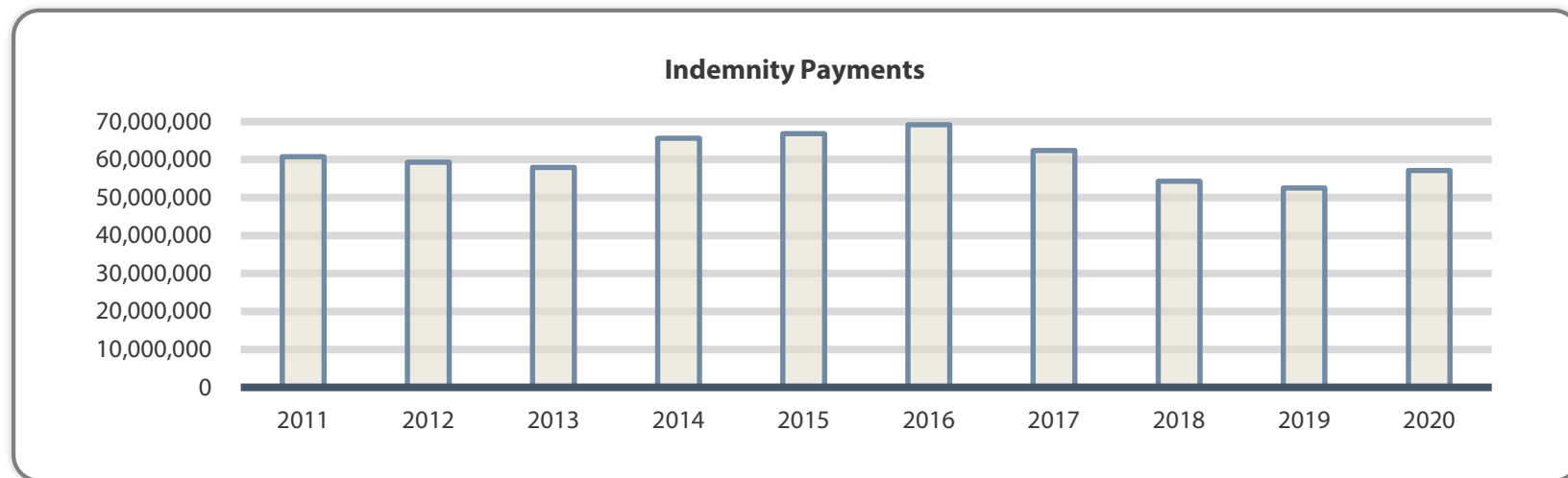
### Division of Workers' Compensation

## 2020 Annual Report

### — Indemnity Benefits —

For calendar year 2020 indemnity benefits (TTD, TPD, PPI, PTD & Death Benefits) totaled \$57.1 million, a 8.9% increase from \$52.4 million in 2019.

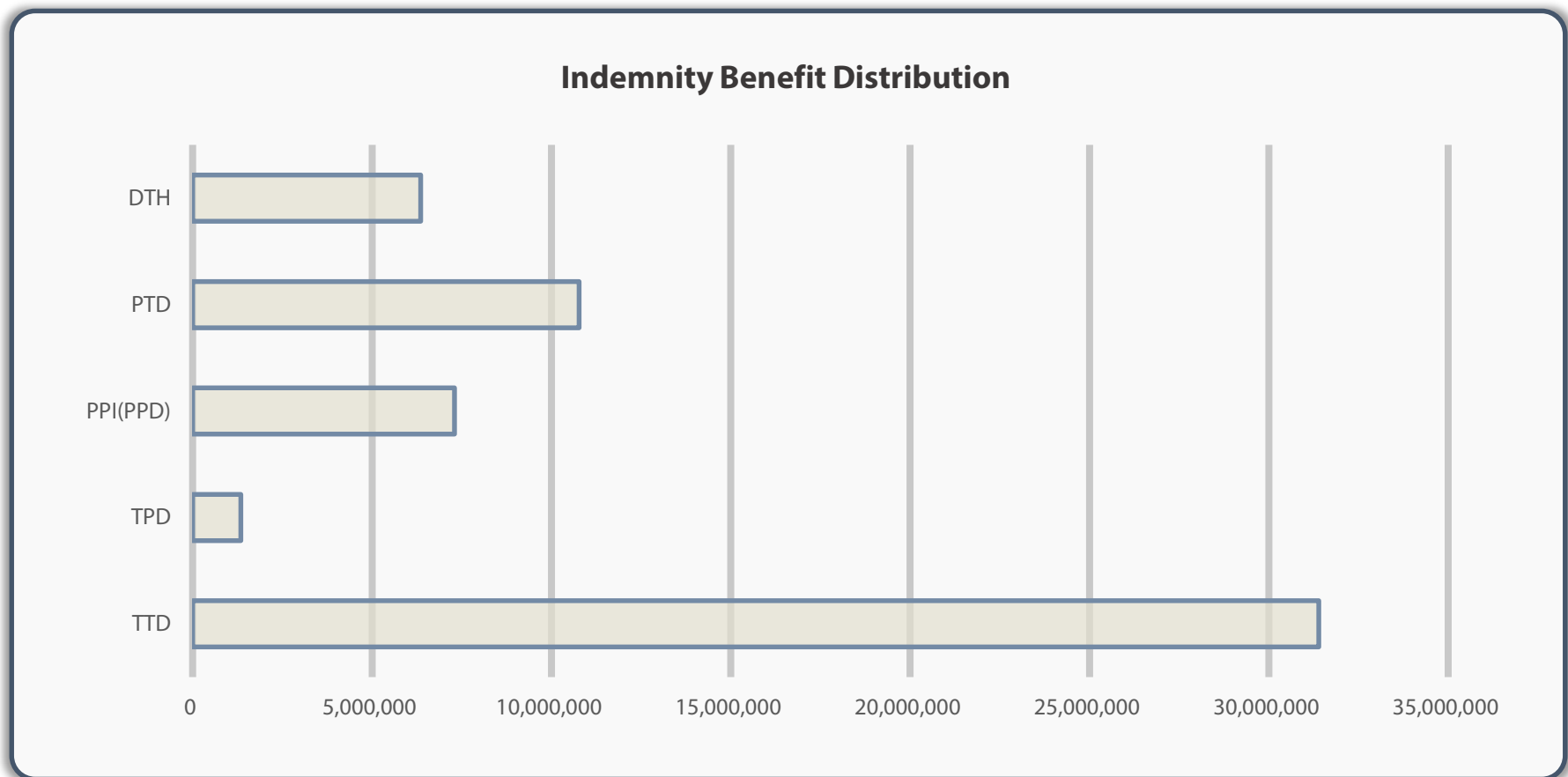
- TTD benefits totaled \$31.3 million in 2020, a 9.4% increase from \$28.6 million in 2019.
- TPD benefits totaled \$1.33 million in 2020, a 1.64% decrease from \$1.36 in 2019.
- PPI benefits totaled \$7.3 million in 2020, a 15.7% decrease from \$8.6 million in 2019.
- PTD benefits totaled \$10.7 million in 2020, a 33.2% increase from \$8.0 million in 2019.
- Death benefits totaled \$6.3 million in 2020, an 11.8% increase from \$5.6 million in 2019.





**STATE OF ALASKA**  
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— **Indemnity Benefits** —





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

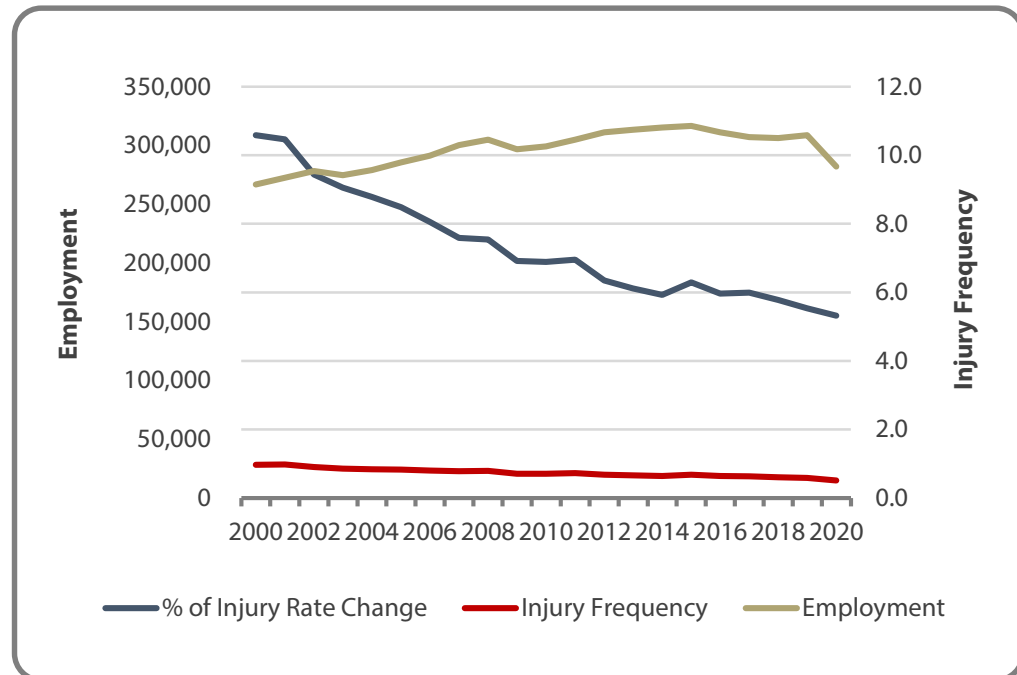
## 2020 Annual Report

### — Alaska Injury Frequency —

In 2020, 14,985 injury cases were reported resulting in an Alaska injury frequency rate per 100 employees is 5.3%. In 2019, 17,075 injury cases were reported resulting in an Alaska injury frequency rate per 100 employees is 5.5%.

Based on Department of Labor & Workforce Development, Research and Analysis Section data of estimated statewide average monthly employment, employment totaled 297,389 in 2020, an 8.1 decrease from 323,636 in 2019. Excluding 15,413 federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2020 was approximately 281,976 an 8.69% decrease from 308,796 in 2019.

Year	Injury Frequency	Employment
2020	14,985	281,976
2019	17,075	308,796
2018	17,694	306,211
2017	18,396	312,886
2016	18,555	316,979
2015	19,909	323,619
2014	18,686	321,874
2013	19,140	319,893
2012	19,726	317,562
2011	21,213	311,529





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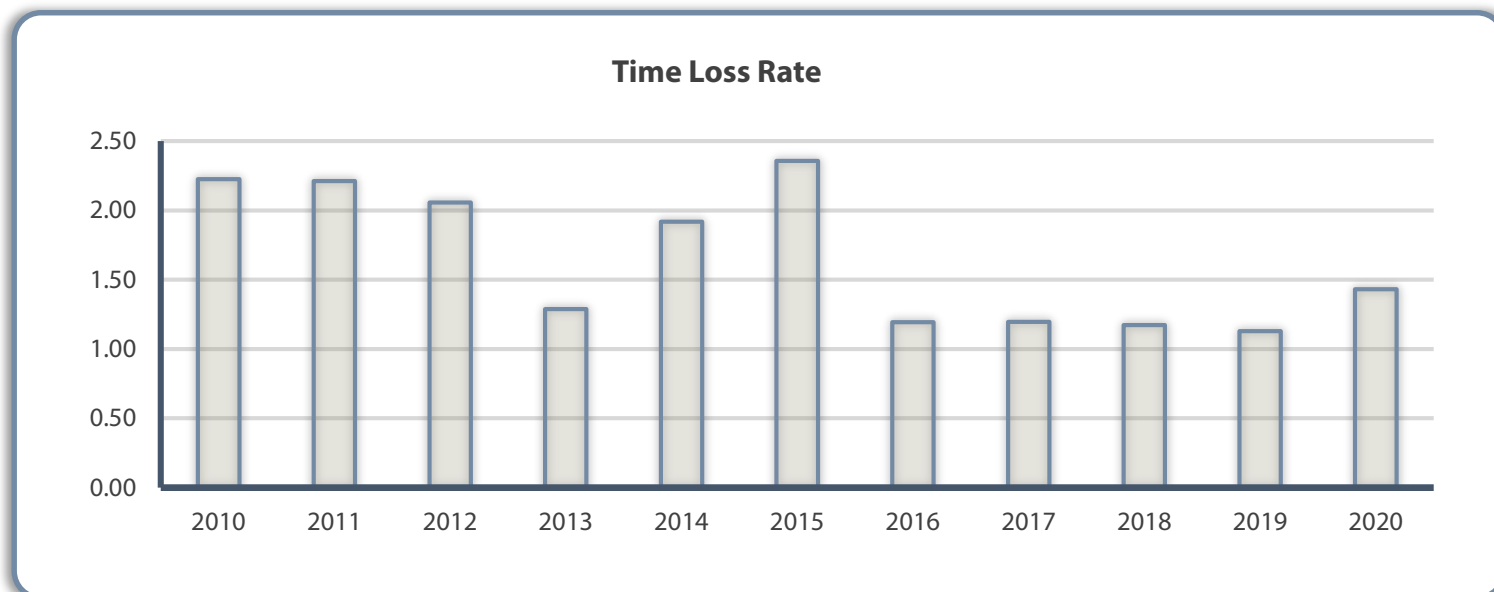
## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### — Time Loss Rate —

Using the number of time-loss claims (4,037) established by the Workers' Compensation Division divided by average monthly employment statewide (less Federal Government, \$297,389 – 15,413), the time loss rate per 100 employees in 2020 was 1.43, a 26.7% increase from a time loss rate of 1.13 in 2019.



A lost time claim is the compensation (financial, leave, other benefits) that is paid to a worker who remains absent for three days or more because of a work-related injury.



# STATE OF ALASKA

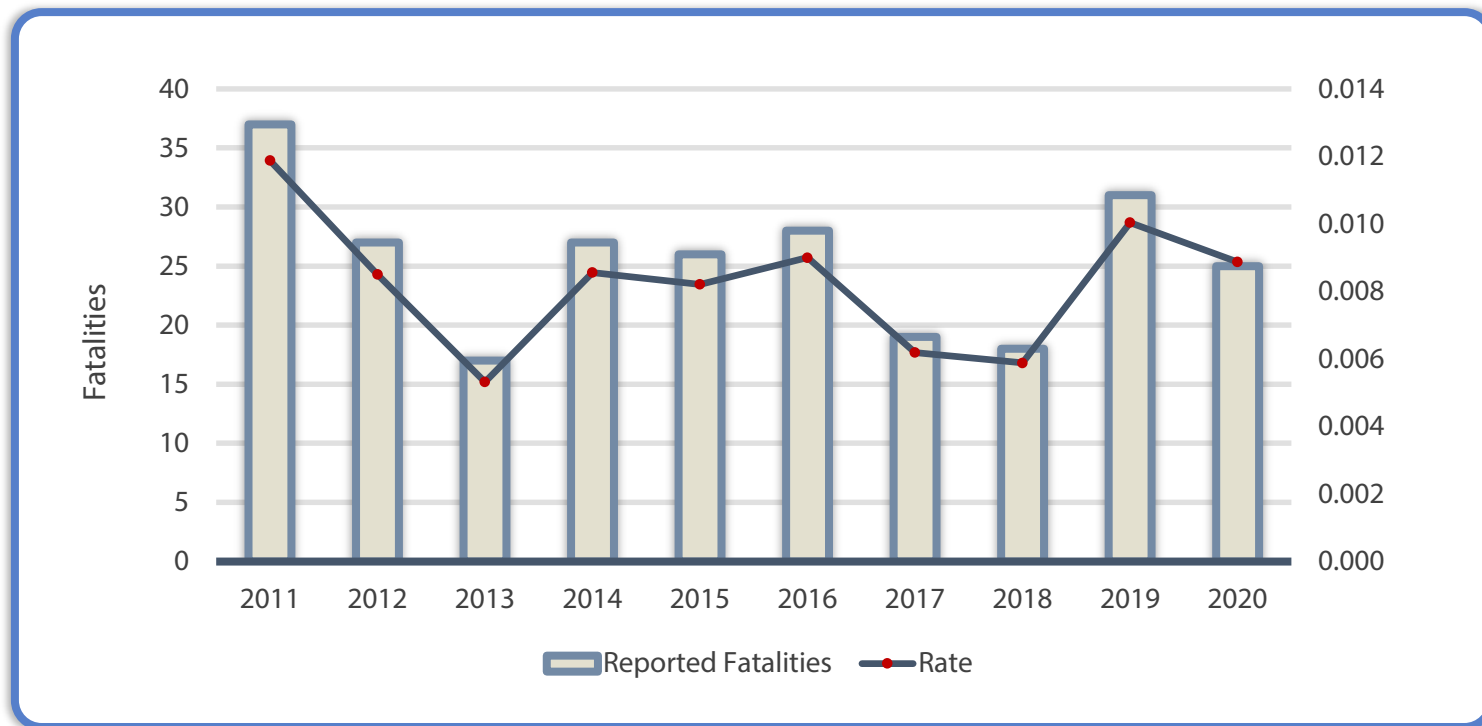
## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

### — Fatality Rate —

There were 25 fatalities reported in 2020, a 19.4% decrease from 31 fatalities reported in 2019. The fatality rate per 100 employees in 2020 was 0.00887, compared to 0.01004 in 2019.





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### — Top Ten Injuries by Body Part Injured —

Body Part	Cases	Percentage*
Body Systems and Multiple Body Systems	1629	11%
Lower Back Area	1267	8%
Finger(s)	1057	7%
Knee	1050	7%
Multiple Body Parts (Including Body Systems & Body Parts)	1033	7%
Shoulder(s)	855	6%
Lungs	790	5%
Hand	773	5%
Ankle	556	4%
Eye(s)	489	3%

\*Percentage to total injury cases reported in 2020 of 14,985



# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

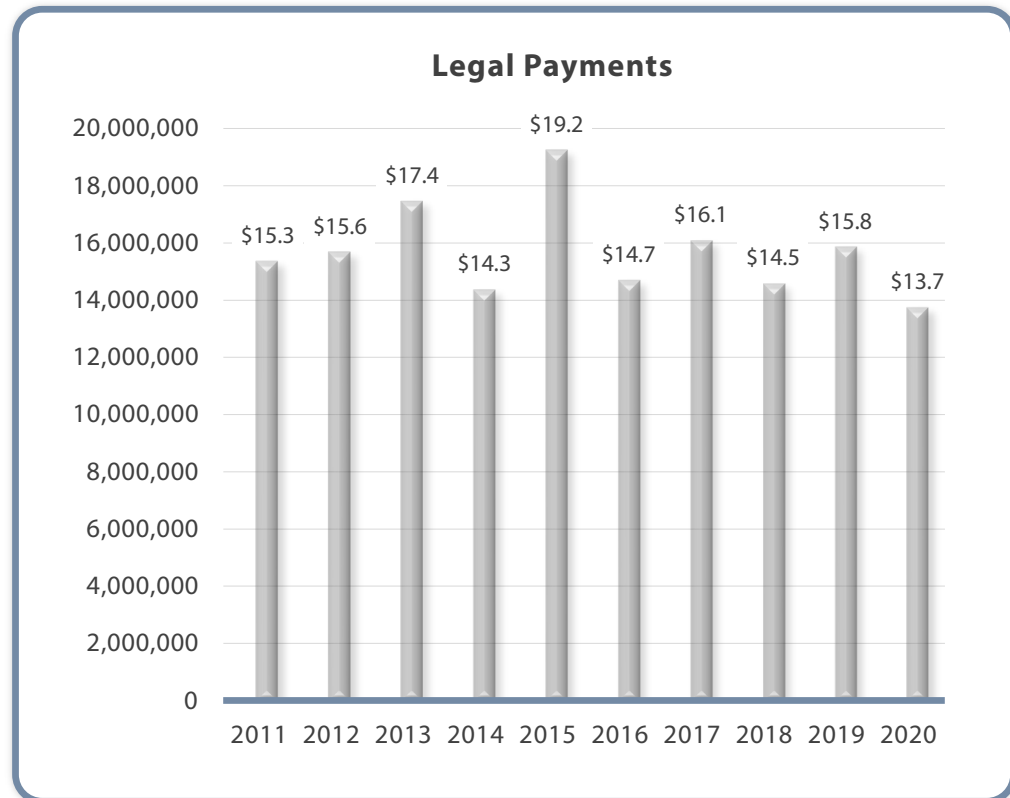
## 2020 Annual Report

### — Legal Costs —

For calendar year 2020, legal expenses totaled \$13.7 million, a 13.2% decrease from \$15.8 million in 2019.

- Employee attorney fees were \$6.3 million in 2020, a 30.5% increase from \$4.8 million in 2019.
- Employer attorney fees were \$6.5 million in 2020, a 30.3% decrease from \$9.3 million in 2019.
- Litigation costs totaled \$946,180 in 2020, a 44.1% decrease from \$1.6 million in 2019.
- Litigation costs include:
  - Total Expert Witness Fees
  - Total Court Reporter Fees
  - Total Private Investigator Fees

\*Some Legal costs may have been reported in lump sum settlements as a total benefit payment.

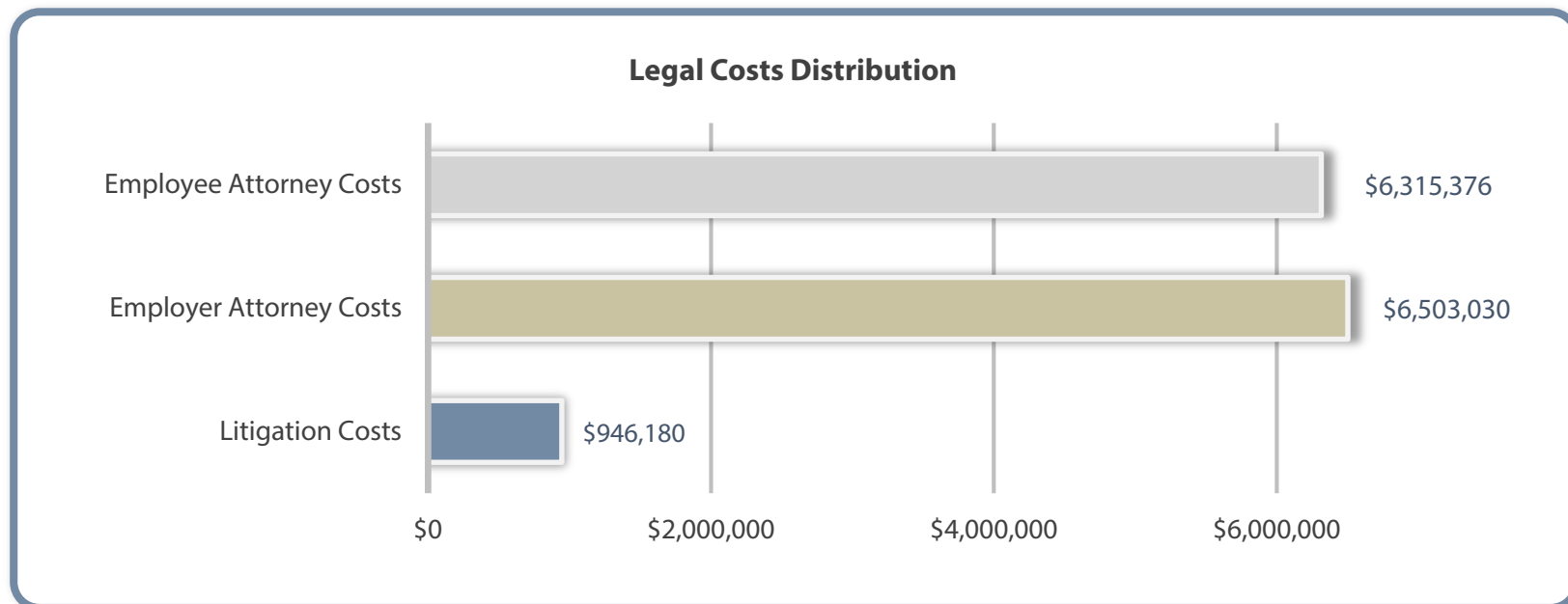






**STATE OF ALASKA**  
**Department of Labor and Workforce Development**  
**Division of Workers' Compensation**  
**2020 Annual Report**

— **Legal Costs Distribution** —





# STATE OF ALASKA

## Department of Labor and Workforce Development

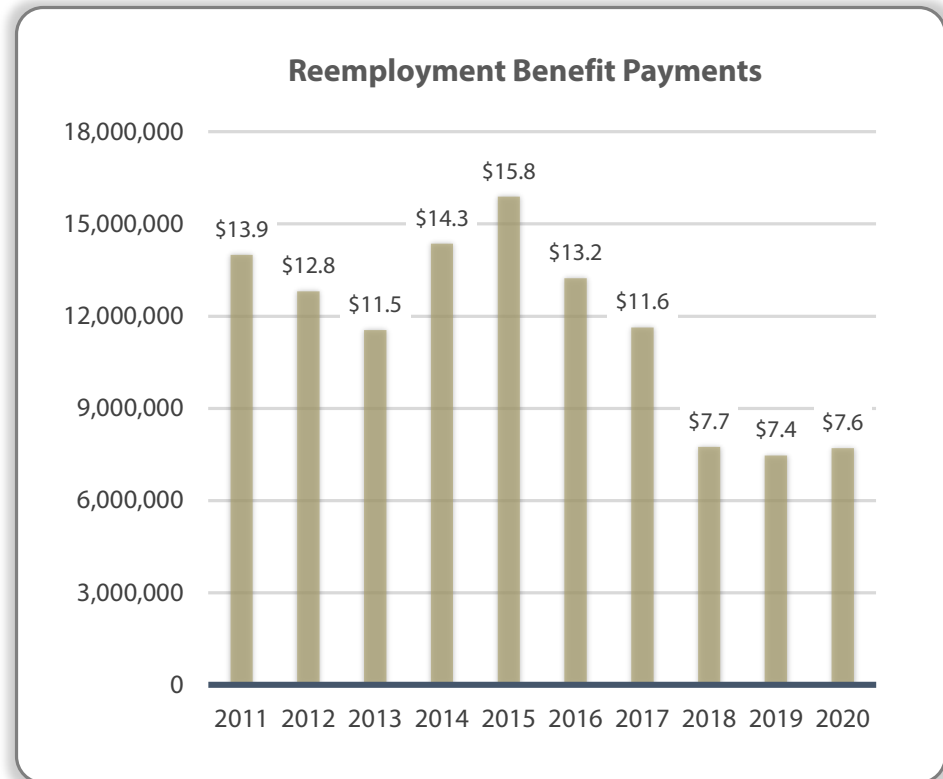
### Division of Workers' Compensation

## 2020 Annual Report

### — Reemployment Benefits —

Total reemployment benefit payments totaled \$7.6 million in 2020, a 3.1% increase from \$7.4 million in 2019.

- Rehabilitation benefit costs under AS 23.30.041(k) totaled \$2.1 million in 2020, a 15.8% decrease from \$2.5 million in 2019.
- Rehabilitation benefit costs under AS 23.30.041(g) totaled \$2.9 million in 2020, an 86.6% increase from \$1.5 million in 2019. This amount also includes lump sum payments for AS 23.30.041(k).
- Employee evaluation costs totaled \$1.4 million in 2020, a 28.6% decrease from \$2.0 million in 2019.
- Rehabilitation specialist fees/plan monitoring fees totaled \$626,545 in 2020, a 2.27% decrease from \$641,112 in 2019.
- Plan development costs totaled \$503,629 in 2020, a 21.4% decrease from \$640,734 in 2019.





# STATE OF ALASKA

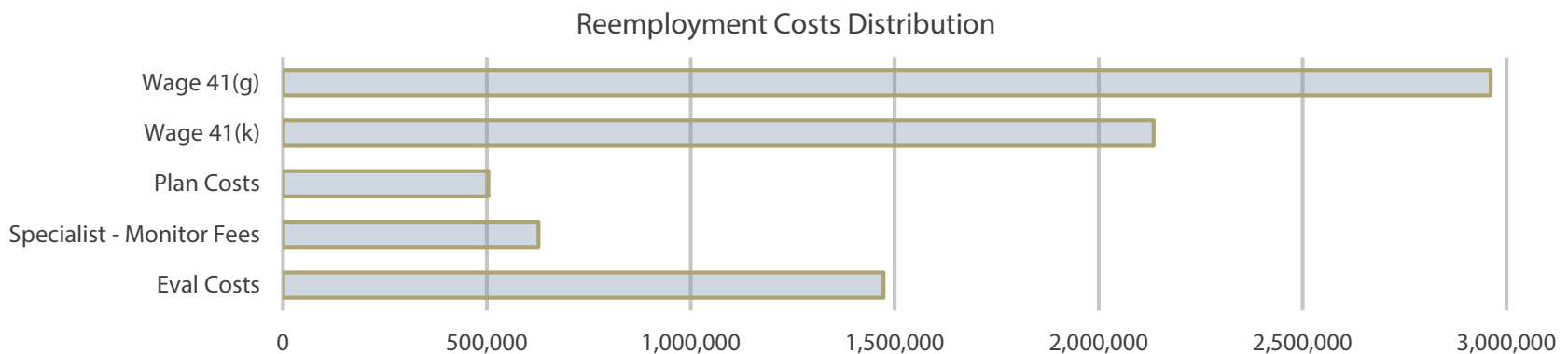
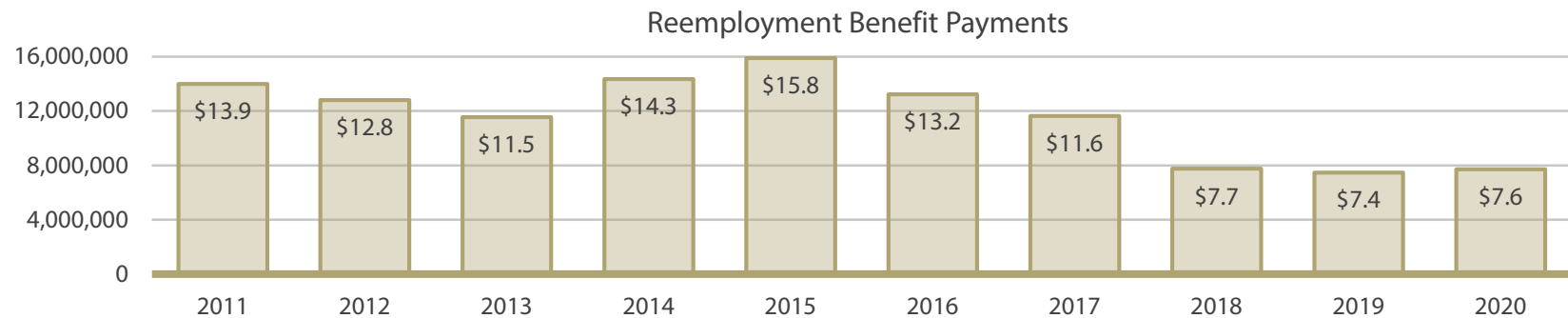
## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

### Reemployment Benefits

Total reemployment benefits in 2020 were \$7.6 million compared to \$7.4 million in 2019, a 3.1% increase from 2019.





# STATE OF ALASKA

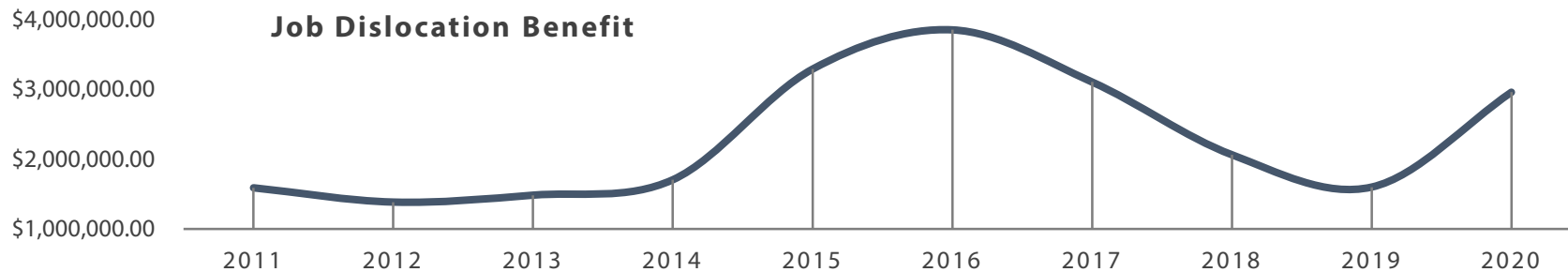
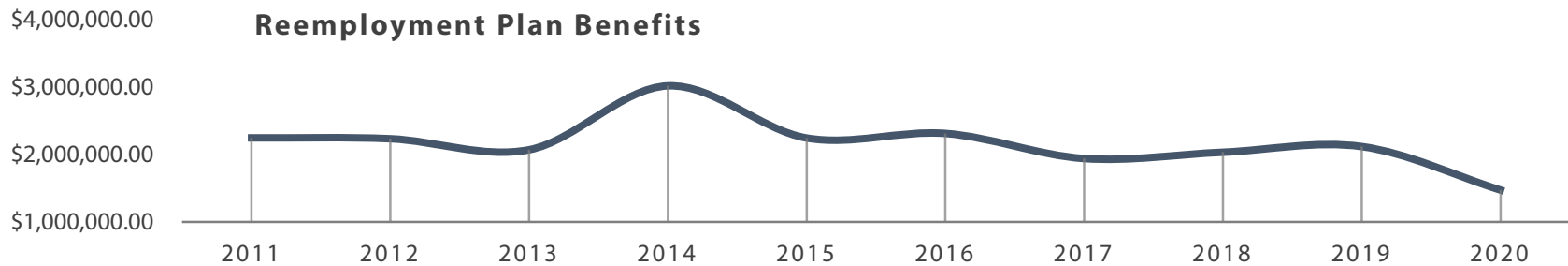
## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

### Reemployment Benefits

Before the pandemic we chart a steady increase in 041(k) benefits as injured employees were in rehabilitation for continually increasing amounts of time. But in 2020 we notice a shift in job relocation benefits as we theorize settlement was preferable to attempting to work a plan and jobs were increasingly harder to acquire.





# STATE OF ALASKA

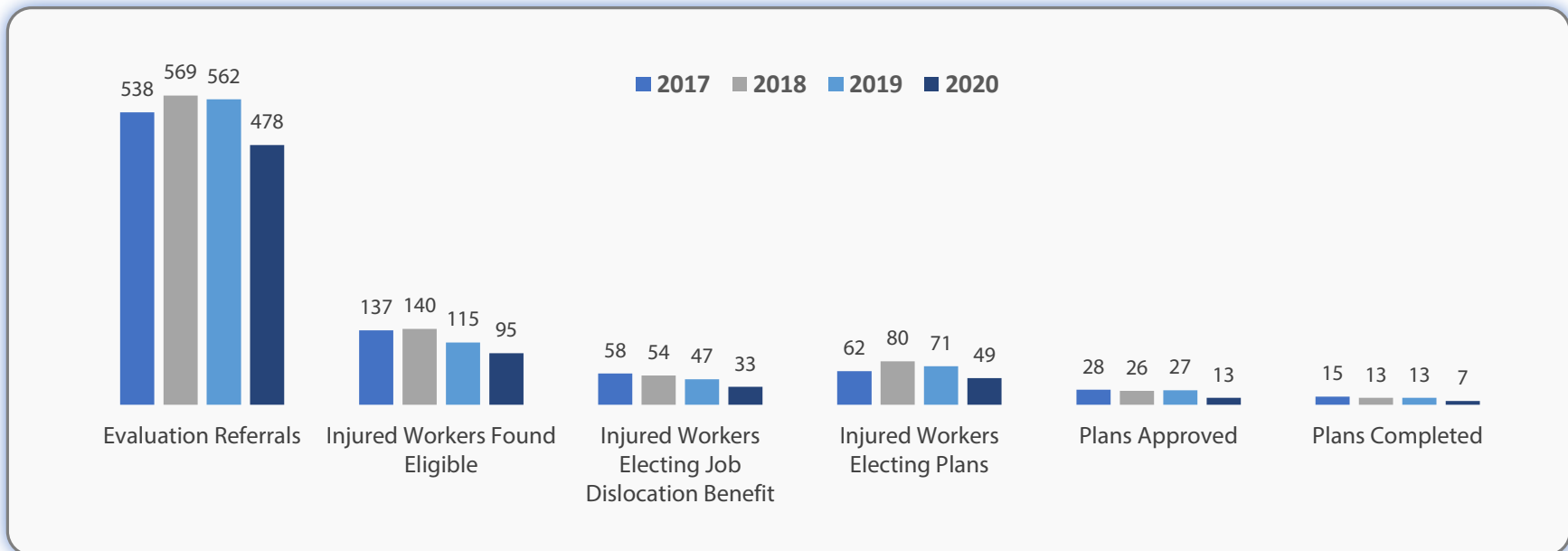
## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

## — Reemployment Unit Annual Report —

Alaskan-based Rehabilitation Specialist accepted 478 referrals for eligibility evaluations in 2020, 92 were referred to out of state specialists. Of those referred, 95 injured employees were found eligible for rehabilitation and reemployment benefits, at year end 49 injured workers has elected plans with 13 having plans approved. Seven plans of reemployment and rehabilitation were completed in 2020. The average plan length in 2020 was 31 months with 111 injured workers in the process during the year with 34 injured worker plans exited without completion. A survey of injured workers with past plan completion yielded some positive results. Of 20 surveys returned, 11 were actively in the workforce, 1 actively searching for a position, 6 non-working due to COVID, 1 retired and 1 deceased.





# STATE OF ALASKA

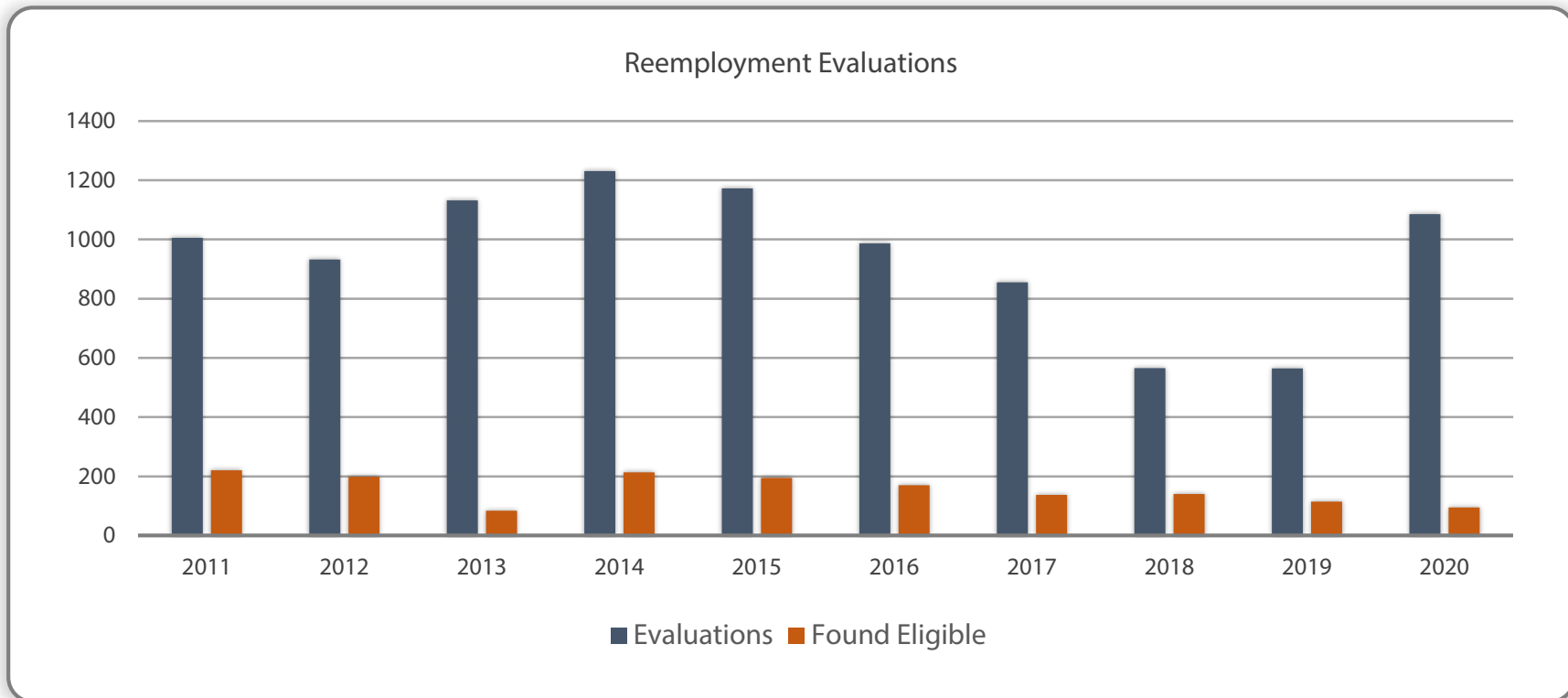
## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Reemployment Unit

Alaska's struggle to rehabilitate and reemploy injured workers continues to show meager results. Every year we evaluate hundreds of injured employees who have missed 90 days or more and very few of those evaluated become eligible for a reemployment plan.





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Reemployment Unit

- 478 injured workers were referred for evaluations for eligibility for reemployment benefits.
- 1085 eligibility evaluation reports were reviewed.
- 509 eligibility determinations were made.
- 95 injured workers were found eligible for reemployment benefits.
- 33 injured workers elected to receive a job dislocation benefit.
- 49 elected to pursue reemployment benefits.

- 37 reemployment plans were submitted.
- 13 plans were signed by all parties and moved forward as agreed upon plans.
- 4 plan reviews were completed.
- 8 informal rehabilitation conferences were held to assist the parties in moving forward with reemployment benefits.
- 7 injured workers completed reemployment plans.



# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Reemployment Unit Annual Report

#### Impact of settlements on reemployment benefits in 2020

- 149 injured workers exited the reemployment benefits process through Compromise and Release agreements.
- 75 injured workers had funds designated for reemployment benefits included in settlements approved in 2020, increasing reemployment benefit costs.
  - 37 of these injured workers had never been determined eligible for reemployment benefits, many had never entered the reemployment process or had been found not eligible for reemployment benefits.
- 78 injured workers exited the reemployment process through a settlement after a determination of eligibility, significantly reducing the number of injured workers available for plan completion.

#### Rehabilitation Specialists

- 18 Alaska Rehabilitation Specialists accepted 478 referrals for eligibility evaluations; 92 evaluations were referred to 43 specialists out of state.
- 2 Alaska specialists retired in 2020.
- For Alaska-Based Specialists:
  - 330 or 69% of the first reports were submitted within 60 days of the referral.
  - 157 or 33% of the evaluations were completed on the first report submission.
  - 207 or 43% of the evaluations were completed prior to a suspension letter from a Reemployment Benefits Administrator Designee.
  - 333 reports did not meet statutory/regulatory requirements.
- Continued improvements in our process are being made to ensure all work is in compliance with statutory and regulatory requirements through suspension letters, discussions, plans of correction and disqualification from providing services under AS 23.30.041.





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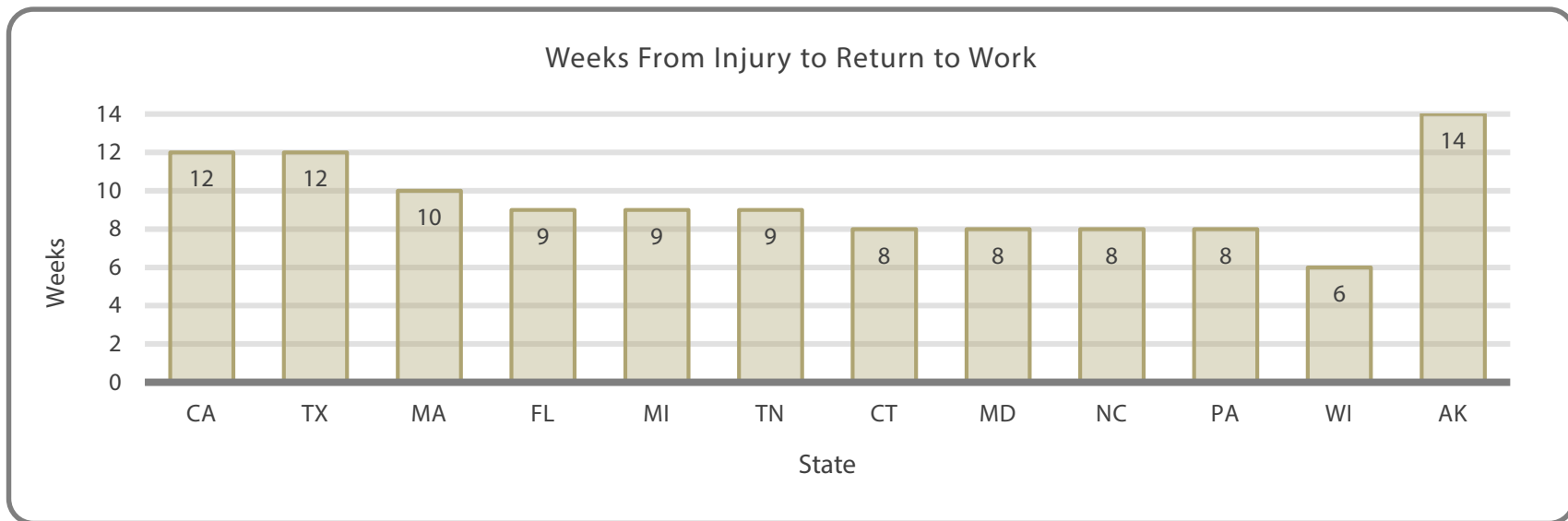
## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

#### Reemployment Unit Annual Report

This is dramatically shown in the steep rise of 041(g) benefits. Alaska trails the average time duration between injury and return to work in the nation. In a recent study by Workers' Compensation Research Institute, (WCRI), involving several states, there was a large variation in the length of time for return to work due to several factors. For example, Wisconsin has developed a plan that involves early communication with injured workers missing more than seven days of work. This plan includes the employee and legal representative, if necessary, employer, and appropriate medical personnel. A determination is made length of temporary total disability, (TTD), and a plan for modified work capability which focuses on clear expectation for the parties in the process of rehabilitation. In Wisconsin's scenario the system has seen an improvement in time loss duration decline by over seven days.





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

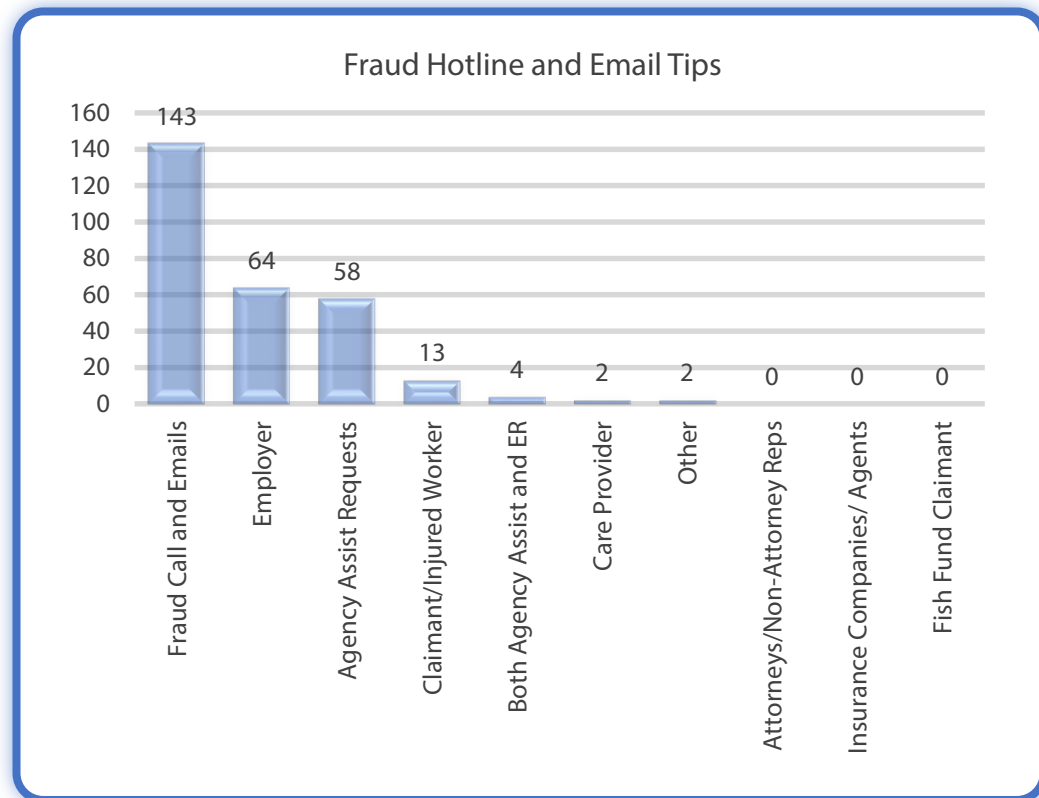
## — Special Investigations Unit Annual Report —

### Challenges

- Criminal Fraud Prosecution
- Employers Without Records
- COVID-19 Limitations
  - Business Sustainability
  - Heightened Community Anxiety
  - Suspended In-Person Presentations

### Achievements

- Goal of 80+ Settlements Reached
- Unusual Matters Resolved
- Continued Agency Collaboration
  - FBI Healthcare Fraud Task Force
  - FBI Financial Crimes Task Force
  - Labor Standards & Safety (AKOSH, W&H)
- 255 Public Inquiry Calls
- 368 Compliance Checks (public & other agencies)
- 323 Active FTI Investigations – 240 Closed





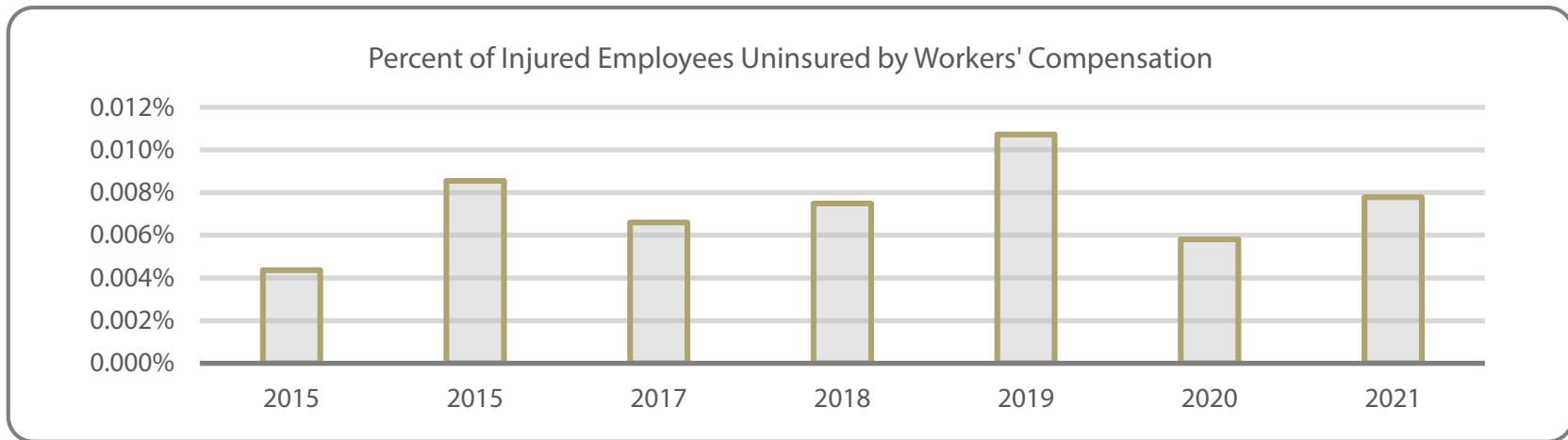
# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Special Investigations Unit Annual Report



Our goal is zero uninsured employers, but we are tasked with staying under 0.01%. To achieve this goal DWC actively monitors for compliance.

Investigations Opened or Reopened	Investigations Closed	Uninsured Injury Referrals Received	Uninsured Injuries Confirmed
235	240	27	21



# STATE OF ALASKA

## Department of Labor and Workforce Development

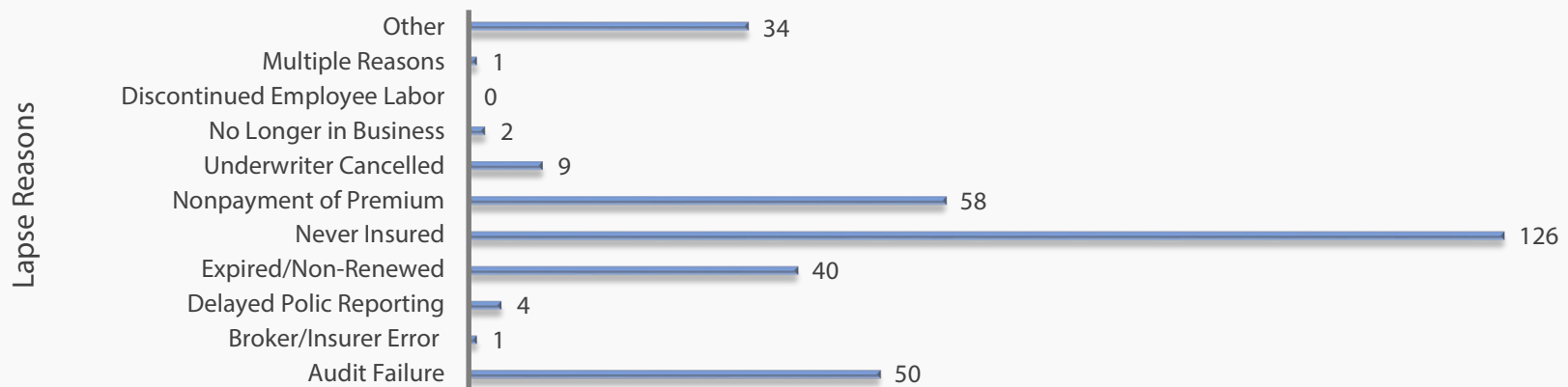
### Division of Workers' Compensation

## 2020 Annual Report

### Special Investigations Unit Annual Report

As a measure of the success of the program our revenue for the Benefits Guaranty Fund continues to benefit. This ensures injured workers will have coverage for future benefits.

Assessed By	Total Assessed	Discounted	Suspended	Ordered To Pay
<b>81 Settlements</b> (15 w/Payment Plans)	<b>\$1,379,566</b>	<b>\$260,930</b>	<b>\$502,041</b>	<b>\$616,595</b>
<b>7 Decisions</b> (All Final)	<b>\$349,026</b>	<b>N/A</b>	<b>\$96,887</b>	<b>\$252,139</b>
<b>TOTALS</b>	<b>\$1,728,592</b>	<b>\$260,930</b>	<b>\$598,928</b>	<b>\$868,734</b>





# STATE OF ALASKA

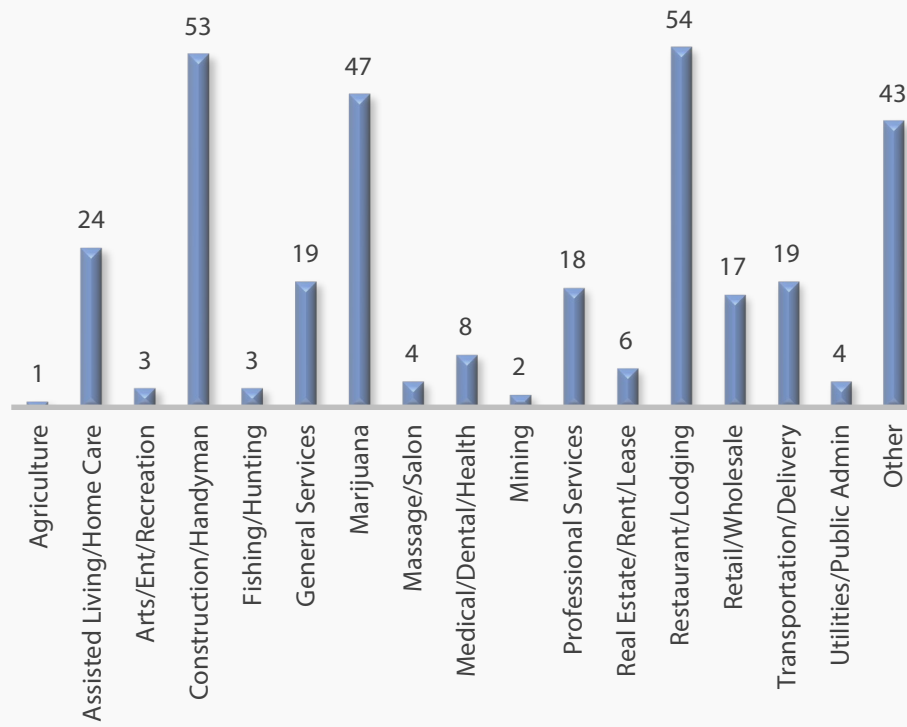
## Department of Labor and Workforce Development

### Division of Workers' Compensation

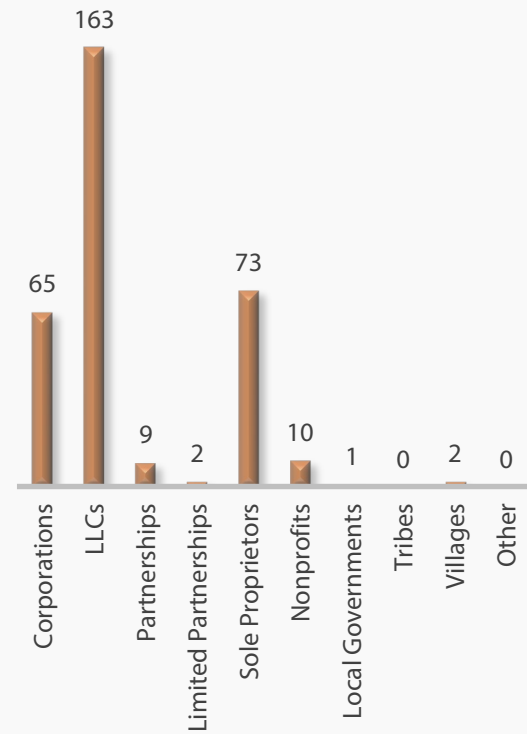
#### 2020 Annual Report

### Special Investigations Unit Annual Report

Represented Industries



Entity Types





# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

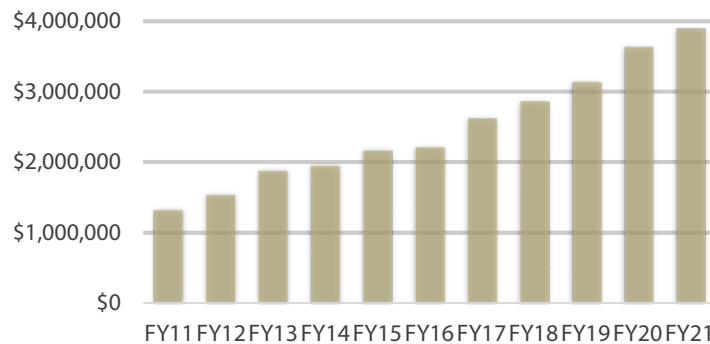
### — Special Funds Annual Report —

Division of Workers' Compensation oversees the administration of three designated funds, the Alaska Workers' Compensation Benefits Guaranty Fund, the Fishermen's Fund and the Second Injury Fund.

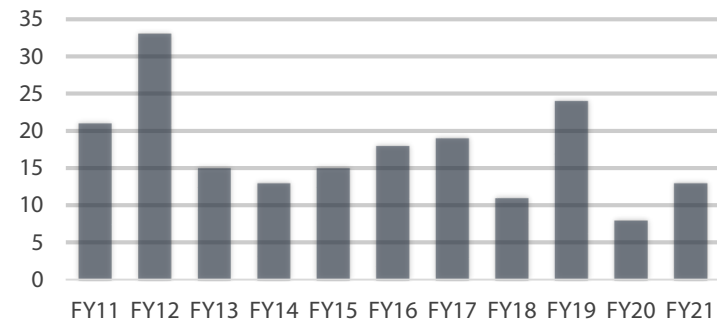
The Benefits Guaranty Fund was established under AS 23.30.082 to provide benefits to injured worker who was employed by employer that did not secure workers' compensation insurance coverage at the time of injury and failed to pay them benefits. The Benefits Guaranty Fund is funded by civil penalties assessed against uninsured employers and uninsured employer reimbursement of benefits paid by the fund. The health of this fund is of extreme importance as benefits are consistently paid for new and open claims and may only be satisfied when the fund balance is sufficient. The Division is pleased to report that this fund continues to operate properly, and the balance is sufficient to meet current needs. Due to the nature of this fund a claim could be levied against this fund that possibly could damage the future solvency.

The Benefits Guaranty Fund balance was \$ 3.8 million in FY2021 compared to \$3.6 million in FY2020. There were 21 reports of uninsured injuries in 2021 and 13 employees working for an uninsured employer filed claims for benefits.

**Fund Balance**



**Claims Filed Against the Fund**





# STATE OF ALASKA

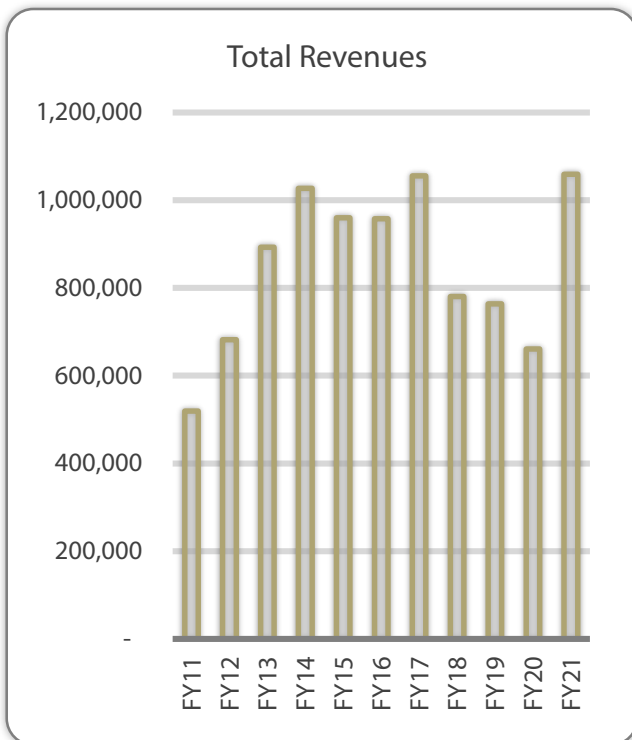
## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Special Funds – Benefits Guaranty Fund

Revenues from penalties increased in FY 2021 as the Division instituted a collaboration plan with uninsured employers.



Revenue Details	FY2021	FY2020	FY2019
Civil Penalty Stipulation	\$179,460	\$209,129	\$680,178
Civil Penalty Settlement	\$464,936	\$190,440	—
Civil Penalty D&O	\$177,231	\$137,407	—
Uninsured Employer Reimbursement	\$70,317	\$123,918	\$83,349
Judgments	\$176,564	\$5,950	—
Less Adjustments (NSF Checks)	(9,442)	(\$5,682)	—
<b>Total Revenues</b>	<b>\$1,059,133</b>	<b>\$661,162</b>	<b>\$763,528</b>
% from Civil Penalties	61%	84%	89%
% from Employer Reimbursement	7%	16%	11%
% from Judgments	17%	1%	—



# STATE OF ALASKA

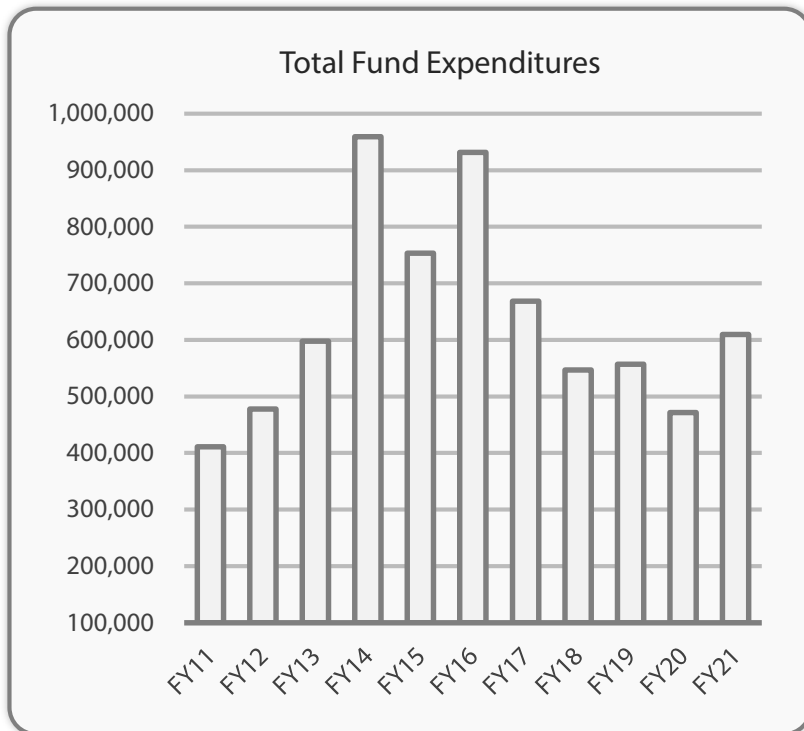
## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Special Funds – Benefits Guaranty Fund

Expenses for the BGF rose slightly in FY 2021 as legal costs contributed a higher percentage than prior years. Benefits make up 60% of expenses for the fund.



Expenditure Details	FY2019	FY2020	FY2021
<b># of Employees Receiving Benefits</b>	6	8	11
<b>Benefit Payments by Type</b>			
Indemnity Costs	\$56,525	\$40,356	\$97,111
Medical Costs	\$244,681	\$120,066	\$169,215
Reemployment Costs	\$55,621	\$14,089	\$4,542
Employee Legal Costs	\$9,856	\$61,578	\$82,343
<b>Total EE Benefits</b>	<b>\$336,684</b>	<b>\$236,088</b>	<b>\$362,257</b>
<b>Administration Costs</b>	<b>\$190,214</b>	<b>\$235,648</b>	<b>\$247,944</b>
<b>Total Expenses</b>	<b>\$556,897</b>	<b>\$471,736</b>	<b>\$609,427</b>
% of Benefit Payments to Total Costs	65.8%	50%	59%
% of Admin. Costs to Total Costs	34.1%	50%	41%





# STATE OF ALASKA

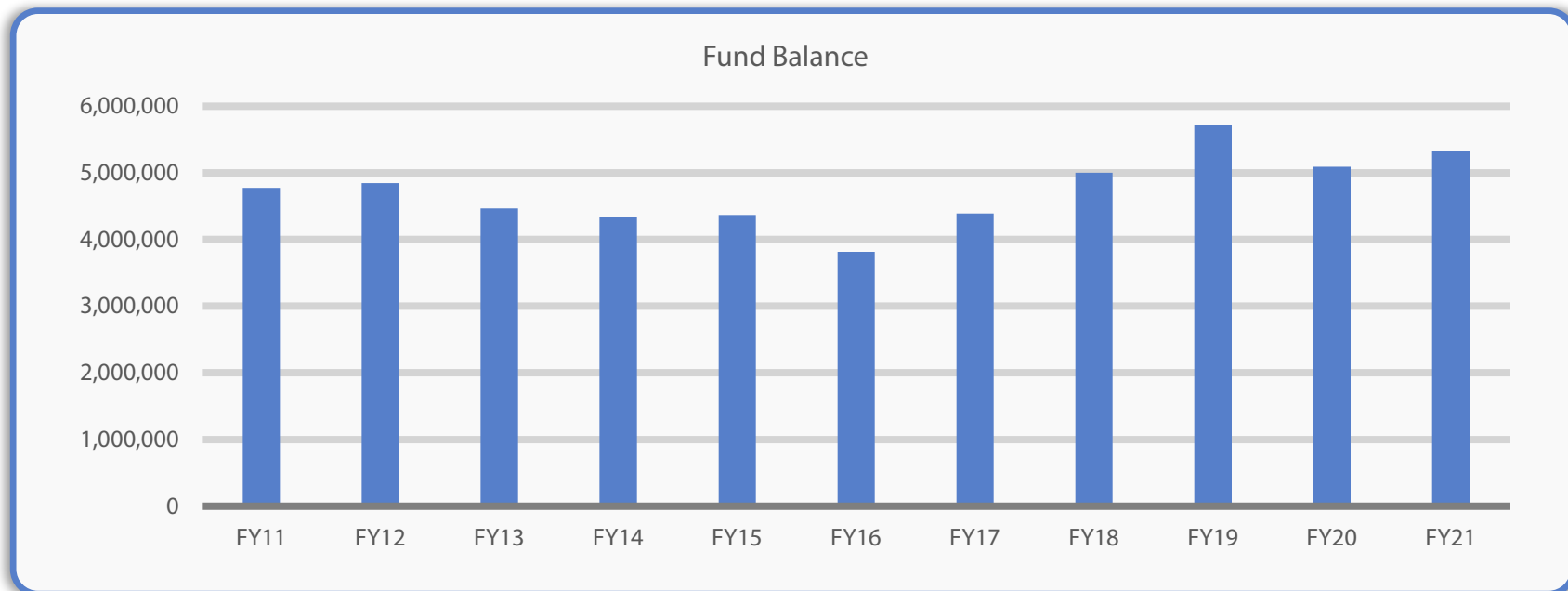
## Department of Labor and Workforce Development

### Division of Workers' Compensation

## 2020 Annual Report

### Special Funds – Second Injury Fund

AS 23.30.040 established the Second Injury Fund to assist rehabilitated workers to find employment by reimbursing costs to employers in the advent of a previously injured worker needing additional benefits. This fund, while closed by the Legislature on May 11, 2018, continues to collect and pay out benefits for legacy claims. The Fund balance was \$5.3 million in FY2021 compared to \$5.0 million in FY2020. The Fund collected \$2.5 million in contribution assessments and reimbursed \$2.4 million on 73 legacy claims.

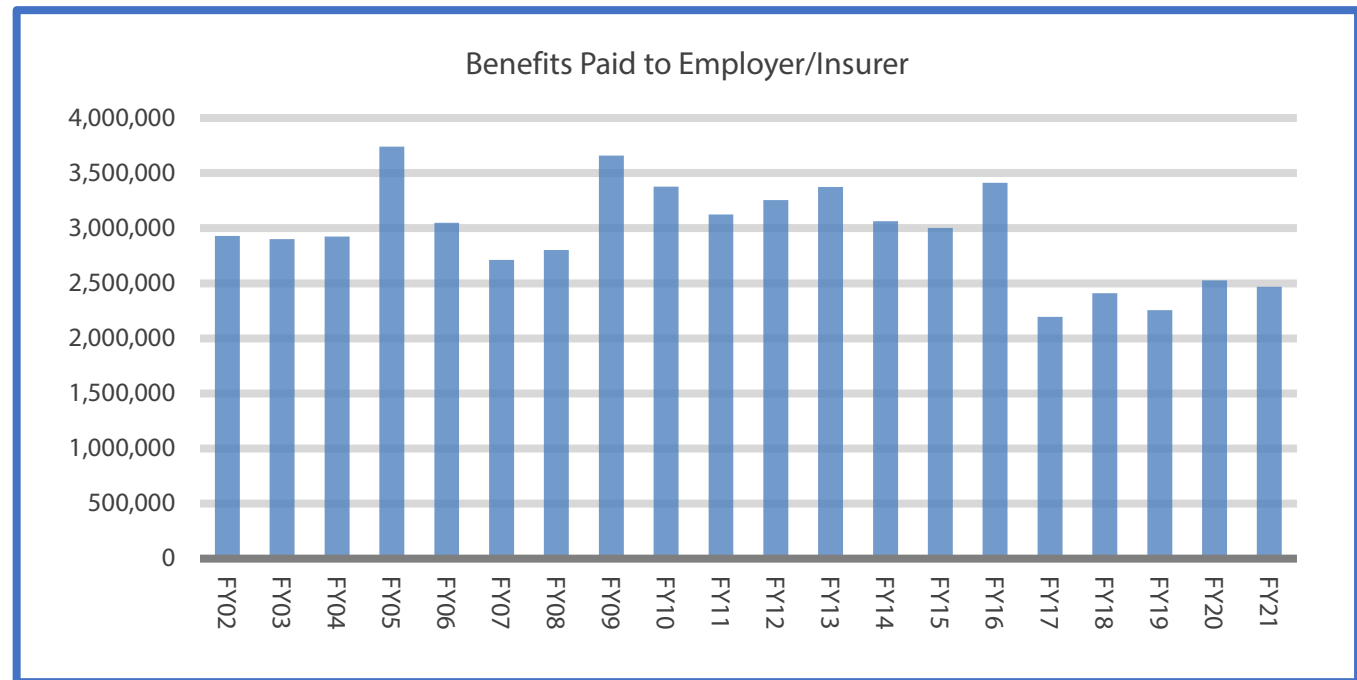




**STATE OF ALASKA**  
**Department of Labor and Workforce Development**  
**Division of Workers' Compensation**  
**2020 Annual Report**

— **Special Funds: Second Injury Fund** —

FY	Revenue
2021	\$2,593,298
2020	\$2,452,494
2019	\$3,190,588
2018	\$3,257,228
2017	\$2,984,507
2016	\$3,067,905
2015	\$3,274,682
2014	\$3,146,551
2013	\$3,171,694





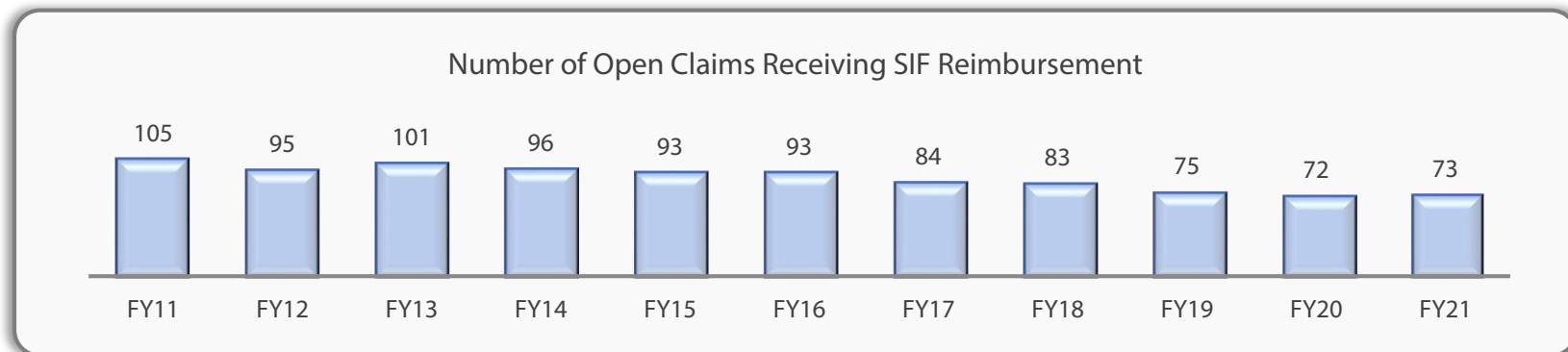
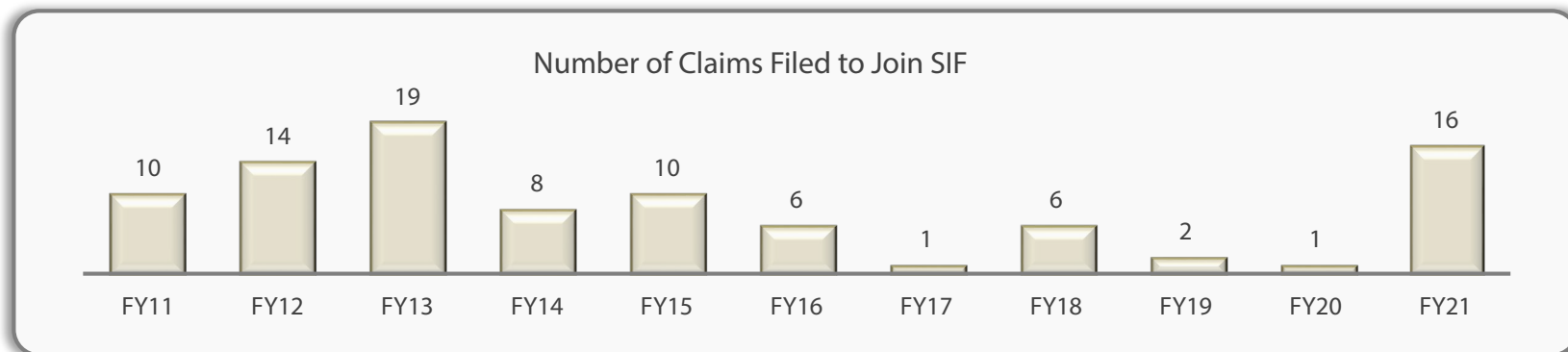
# STATE OF ALASKA

## Department of Labor and Workforce Development

### Division of Workers' Compensation

#### 2020 Annual Report

### — Special Funds: Second Injury Fund —





# STATE OF ALASKA

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### Division of Workers' Compensation

## 2020 Annual Report

## — About the Division of Workers' Compensation —

Workers' Compensation is a system which requires an employer to pay an injured employee's work-related medical and disability benefits. Workers' Compensation also requires the payment of benefits to dependents in the case of work-related death.

For more information about the workers' compensation process, click the following links:

[Workers' Compensation and You - Information for Injured Workers](#)

[Guide to Alaska Workers' Compensation](#)

[State of Alaska ADA Compliance Program](#)

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The Division of Workers' Compensation is the agency charged with the administration of the Alaska Workers' Compensation Act (Act). The Act provides for the payment by employers or their insurance carriers of medical, disability and reemployment benefits to injured workers.

The Division is required to administer the Act in a manner that is both fair and efficient to all parties. In addition to its administrative function, the Division also houses the Alaska Workers' Compensation Board which hears disputes arising between employees and employers or their insurance carriers regarding the payment of benefits under the Act.

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Thank you to the staff at the Division of Workers' Compensation for their contributions collecting these important data.

Thank you to Division of Insurance's Mike Gorman for creating this annual report presentation.