



Department of Labor and  
Workforce Development  
DIVISION OF WORKERS'  
COMPENSATION  
Web: <http://labor.state.ak.us/wc>

# **STATE OF ALASKA DIVISION OF WORKERS' COMPENSATION**

## **2015 ANNUAL REPORT**



# 2015 ANNUAL REPORT

July 22, 2013, the Division of Workers' Compensation implemented electronic reporting of workers' compensation first reports of injury (FROI) and subsequent reports of injury (SROI) – commonly referred to as compensation reports. Electronic reporting is done via EDI transmission, using the Claims 3.0 reporting standards adopted by the International Association of Industrial Accident Boards and Commissions (IAIABC). The State of Alaska has contracted with Insurance Services Office, Inc. (ISO) to manage its FROI/SROI reporting.

The 2014 Annual report was the first transition of electronic reporting of compensation payments to the Workers' Compensation Division. The transition to electronic reporting by our trading partners (insurer, self-insured employers, and claims administrators) has been challenging. The Division and trading partners had to upgrade IT structures to meet IAIABC 3.0 standards of reporting data. Most of 2014 encompassed extensive communications with the Division, the Division's vendor, and trading partners to have successful transmissions come through at the end of 2014.

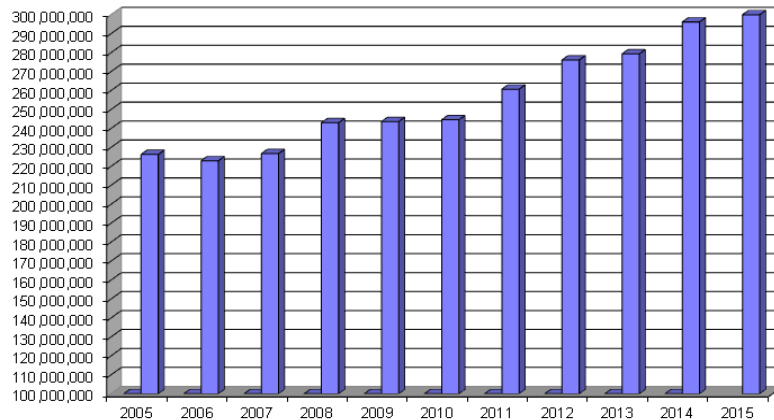
This report reflects unaudited data captured as of 4/27/16 from trading partners and maybe subject to change after all audits for 2014 and 2015 are completed.



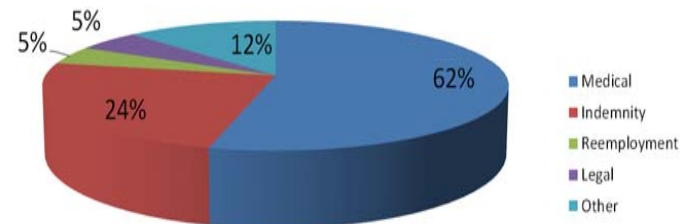
# 2015 ANNUAL REPORT

A total of \$301.2 million was paid in workers' compensation benefits during calendar year 2015. This is an increase of 2% from \$296.2 million in 2014. Benefit payments increased 6% in 2014 from \$279.3 million reported in 2013.

Total Compensation Payments



Benefit Distribution



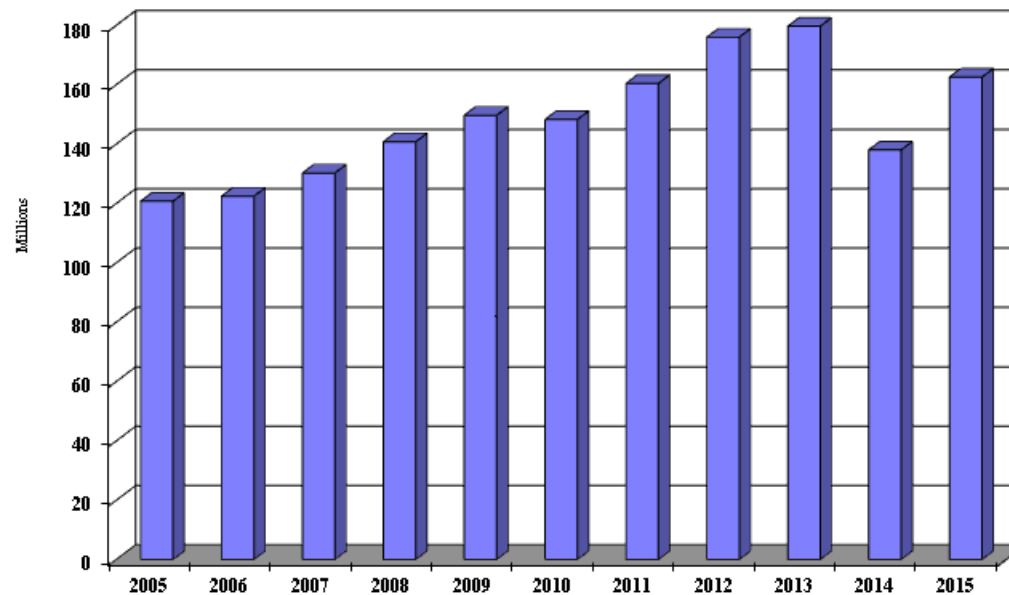


# 2015 ANNUAL REPORT

## MEDICAL BENEFITS

In 2015, medical benefits totaled \$162.5 million, up 17.8% from \$137.9 million in 2014. Medical benefits were 54% of total benefits paid and 69% of loss costs in 2015, compared to 47% of total benefits paid and 67.7% of loss costs in 2014.

**Medical Payments**





# 2015 ANNUAL REPORT

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## INDEMNITY BENEFITS

For calendar year 2015 indemnity benefits (TTD, TPD, PPI, PTD & Death Benefits) totaled \$73 million, up 11% from \$65.8 million in 2014 and \$57.9 million in 2013.

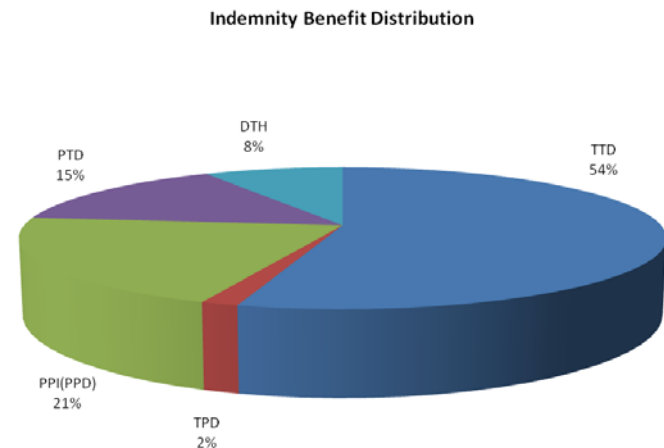
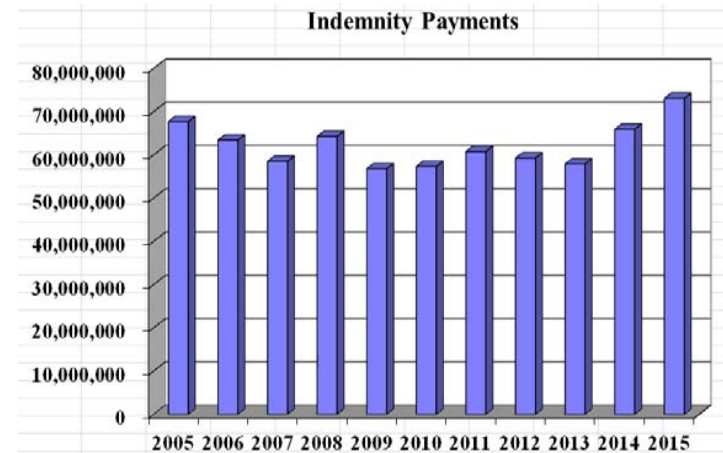
TTD benefits decreased 12%, from \$39.6 million in 2014 to \$34.8 million in 2015.

TPD benefits decreased 7%, from \$1.3 million in 2014 to \$1.2 million in 2015.

PPI benefits increased 17%, from \$12.5 million in 2014 to \$14.9 million in 2015.

PTD benefits increased 125% from \$7.0 million in 2014 to \$15.8 million in 2015.

Death benefits increased 22%, from \$5.4 million in 2014 to \$6.6 million in 2015.





# 2015 ANNUAL REPORT

## LEGAL BENEFITS

Total legal expenses decreased 4% to \$15.5 million in 2015 from \$16.1 million in 2014.

Employee attorney fees increased 3% to \$4.4 million in 2015 up from \$4.3 million in 2014.

Employer attorney fees decreased 4% from \$10.8 million in 2014 to \$10.4 million in 2015.





# 2015 ANNUAL REPORT

## REEMPLOYMENT BENEFITS

Total reemployment benefit payments increased 3% in 2015, to \$13.5 million from \$13.1 million in 2014 and from \$11.5 million in 2013.

Compensation paid while under rehabilitation 041(k) benefits decreased 9%, from \$4.9 million in 2014 to \$4.5 million in 2014.

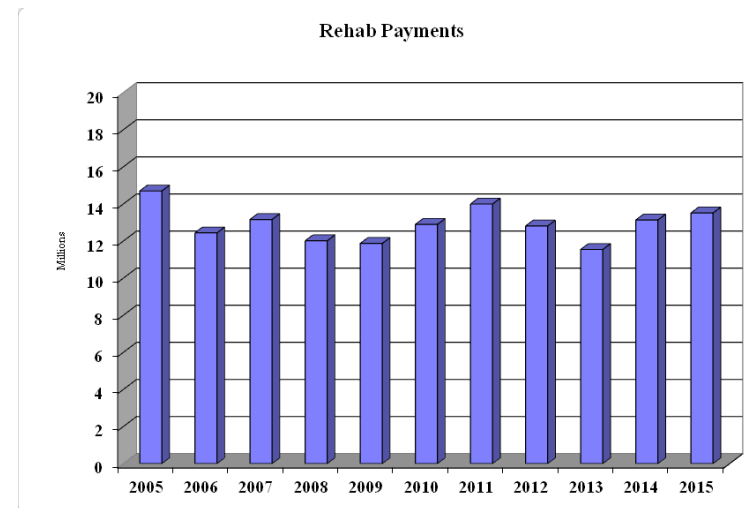
Employee evaluation costs decreased 30%, from \$3 million in 2014 to \$2.1 million in 2015; \$2.0 million was reported in 2013.

IAIABC Claims 3.0 did not offer option to break out costs for rehabilitation specialist fees and plan monitoring fees, this report reflects the combined totals and comparisons to prior years.

Rehabilitation specialist fees/plan monitoring fees increased 2.3% from \$1.7 million in 2014 to \$1.74 million in 2015

Plan development costs decreased 1.2%, from \$1.77 million in 2015 to \$1.74 million in 2014. Plan costs reported in 2013 was \$1.46 million.

Rehabilitation 041(g) benefits increased 103% from \$1.7 million in 2014 to \$3.4 million in 2015.



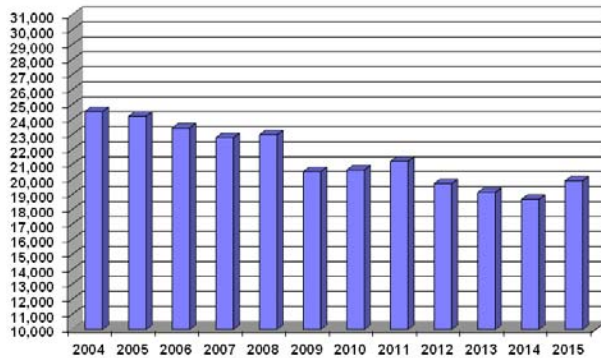


# 2015 ANNUAL REPORT

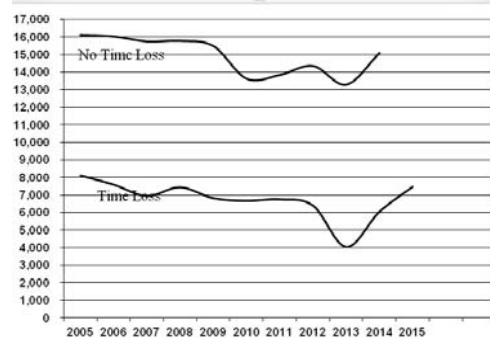
## Analysis of Workers' Compensation Claims

Department of Labor and  
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Total Injury Notices Received

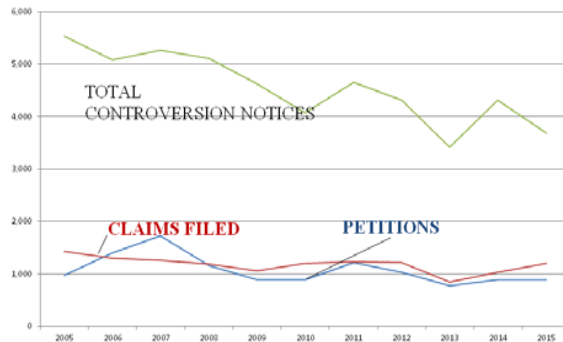


In 2015, the number of reports of injury and occupational illness submitted to the Workers' Compensation Division increased 6.5%, to 19,909 from 18,686 in 2014 and 19,140 in 2013.



Of the case files set up by the Division in 2015:  
12,442 cases, 62.5%, were no-time-loss cases.  
7,467 cases, 37.5%, were time-loss cases.  
22 cases, .001%, were fatalities.  
89 cases, .004%, were jurisdictional claims.

CLAIMS & PETITIONS



In 2015, the number of claims filed increased 16.2%, from 1,200 from 1,033 in 2014 and 843 in 2013.

The number of petitions filed increased 0.2%, from 888 to 890.

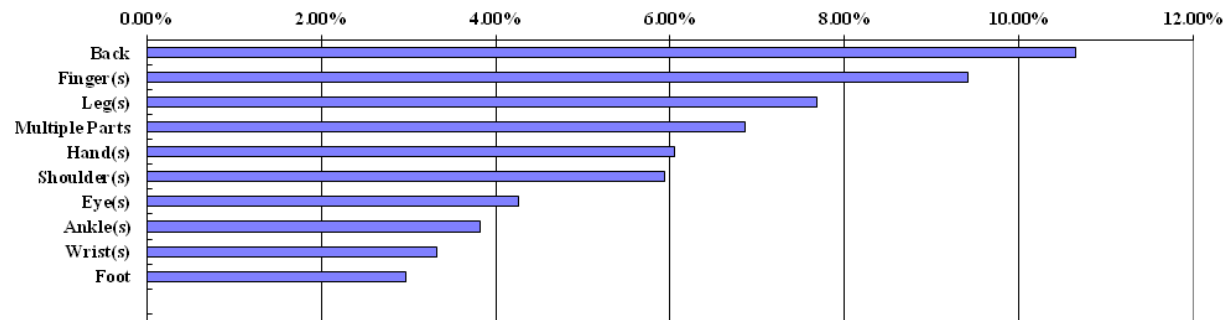
The total number of controversion notices filed decreased 14.6%, from 4,313 to 3,682, and the total number of cases controverted in 2015 increased 7.9%, from 2,451 cases to 2,645 cases.





# 2015 ANNUAL REPORT

Body Part Injured



## Top 10 Injuries by Body Part Injured

back injuries (10.6%)

finger injuries (9.4%)

leg injuries (7.7%)

multiple body part injuries (6.7%)

hand injuries (6%)

shoulder injuries (6%)

eye injuries (4.3%)

ankle injuries(s) (3.8%)

wrist injuries (3.3%).

foot injuries (3%)

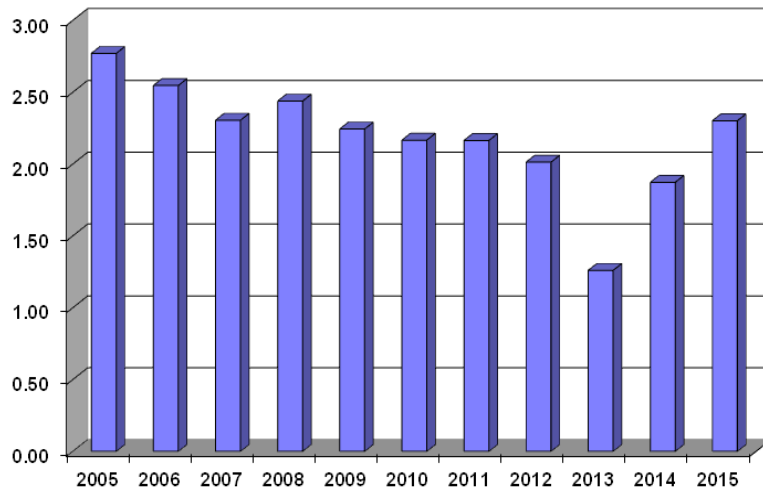


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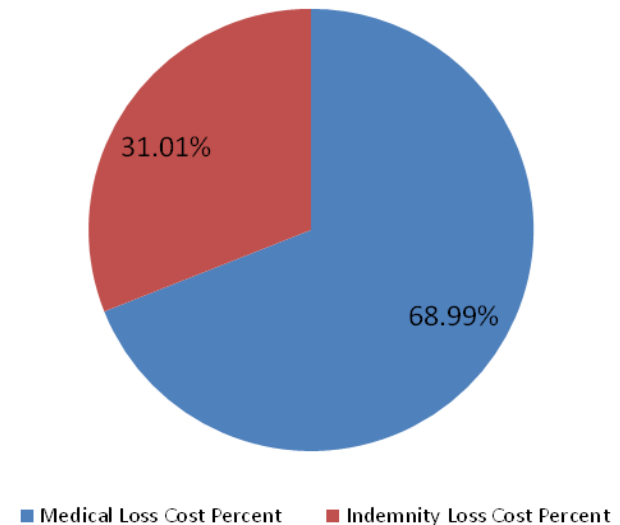
Based on Department of Labor & Workforce Development, Research and Analysis Section data, total average employment in 2015 was estimated at 339,300 down 0.005% from 337,700 in 2014. Excluding federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2015 was approximately 322,800.

Using the number of time-loss claims established by the Workers' Compensation Division, the time loss rate per 100 employees in 2015 was 2.30, up 18.6% from a time loss rate of 1.87 in 2014.

TIME LOSS RATE



Loss Cost Distribution





## 2015 ANNUAL REPORT

There were 22 fatalities reported in 2015, down 18.5% from 27 in 2014. Using the number of fatalities established by the Workers' Compensation Division, the fatality rate per 100 employees in 2015 was .007, down 18.5% from a fatality rate of .008 in 2014.



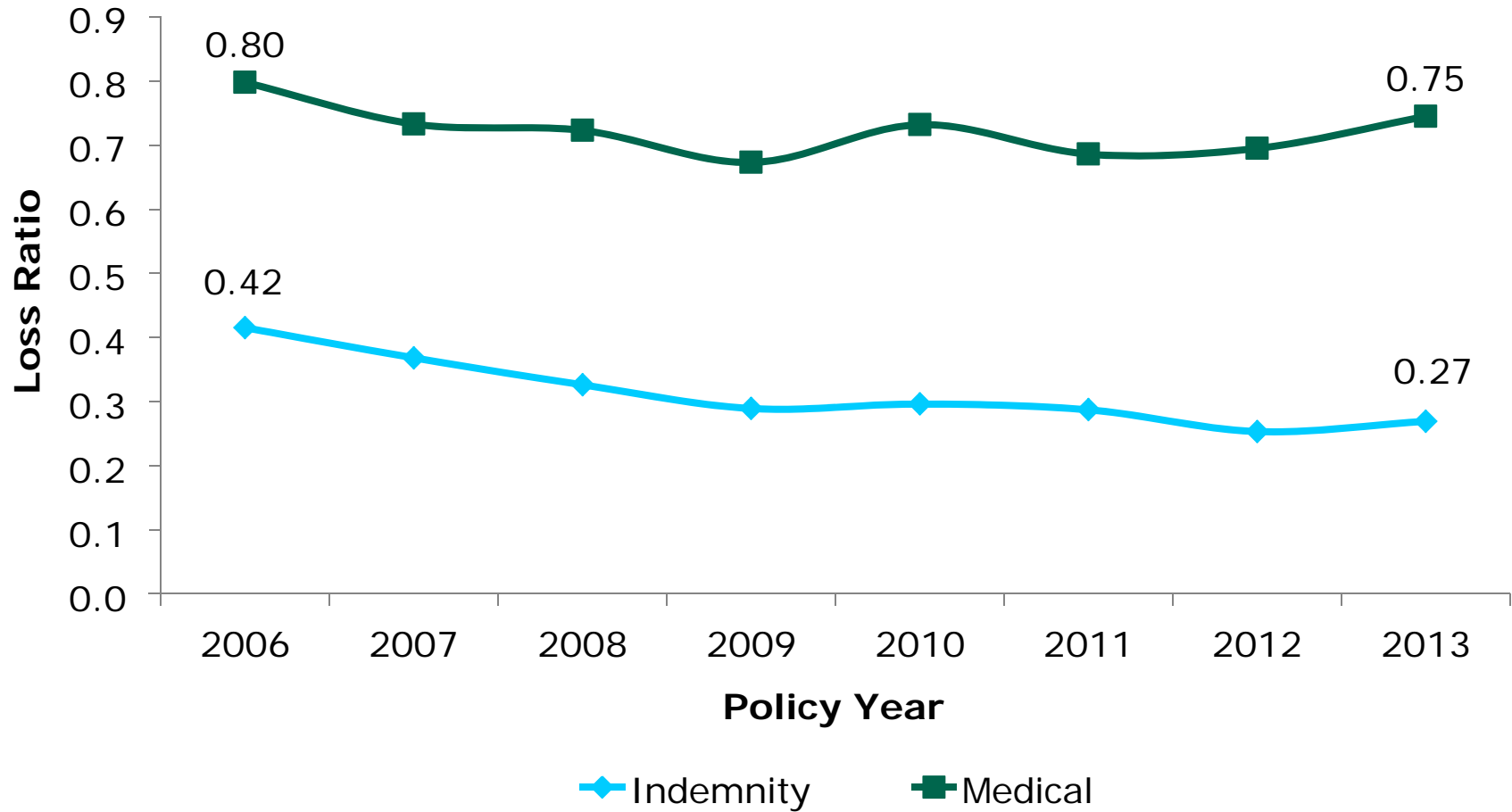


## Workers' Compensation Premium Rate Ranking

Courtesy of the Oregon Department of Consumer and Business Services

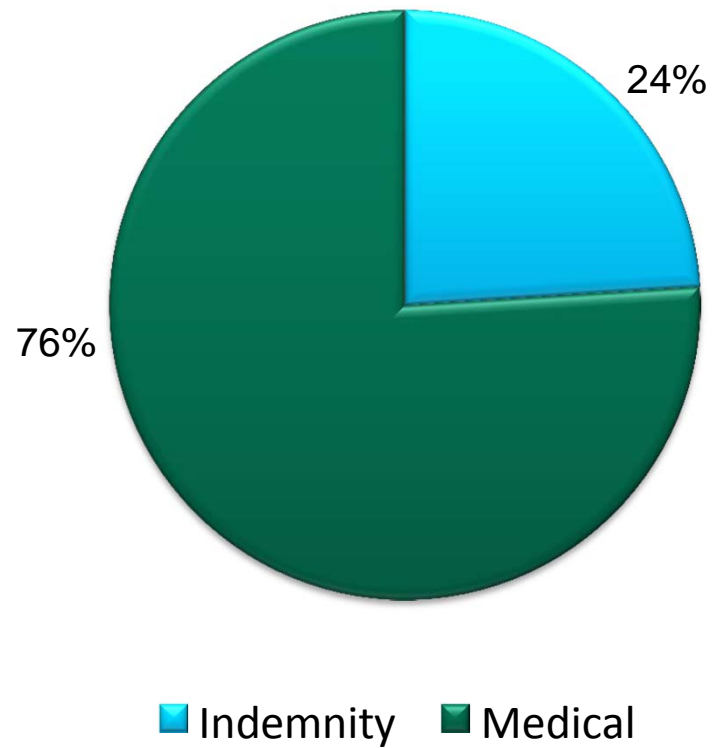
2014 Ranking	2012 Ranking	State	Index Rate	Percent of study median	Effective Date
1	3	California	3.48	188%	January 1, 2014
2	2	Connecticut	2.87	155%	January 1, 2014
3	7	New Jersey	2.82	152%	January 1, 2014
4	5	New York	2.75	148%	January 1, 2014
5	1	Alaska	2.68	145%	January 1, 2014
6	6	Oklahoma	2.55	137%	1/1/13 State Fund, 1/1/14 Private
7	4	Illinois	2.35	127%	January 1, 2014
8	14	Vermont	2.33	125%	April 1, 2013
9	30	Delaware	2.31	125%	December 1, 2013
10	15	Louisiana	2.23	120%	January 1, 2014
11	8	Montana	2.21	119%	July 1, 2013
12	9	New Hampshire	2.18	118%	January 1, 2014
13	10	Maine	2.15	116%	April 1, 2013
14	19	Idaho	2.01	109%	January 1, 2014
17	13	Washington	2.00	108%	January 1, 2014
17	16	South Carolina	2.00	108%	September 1, 2013
17	12	Pennsylvania	2.00	108%	April 1, 2013
20	27	New Mexico	1.99	108%	January 1, 2014
20	20	Rhode Island	1.99	107%	July 1, 2013
20	17	Minnesota	1.99	107%	January 1, 2014
21	36	Missouri	1.98	107%	January 1, 2014
22	19	Tennessee	1.95	105%	March 1, 2013
23	12	Wisconsin	1.92	104%	October 1, 2013
24	25	Iowa	1.88	101%	January 1, 2014
25	23	South Dakota	1.86	100%	July 1, 2013

## Alaska's Indemnity and Medical Loss Ratios



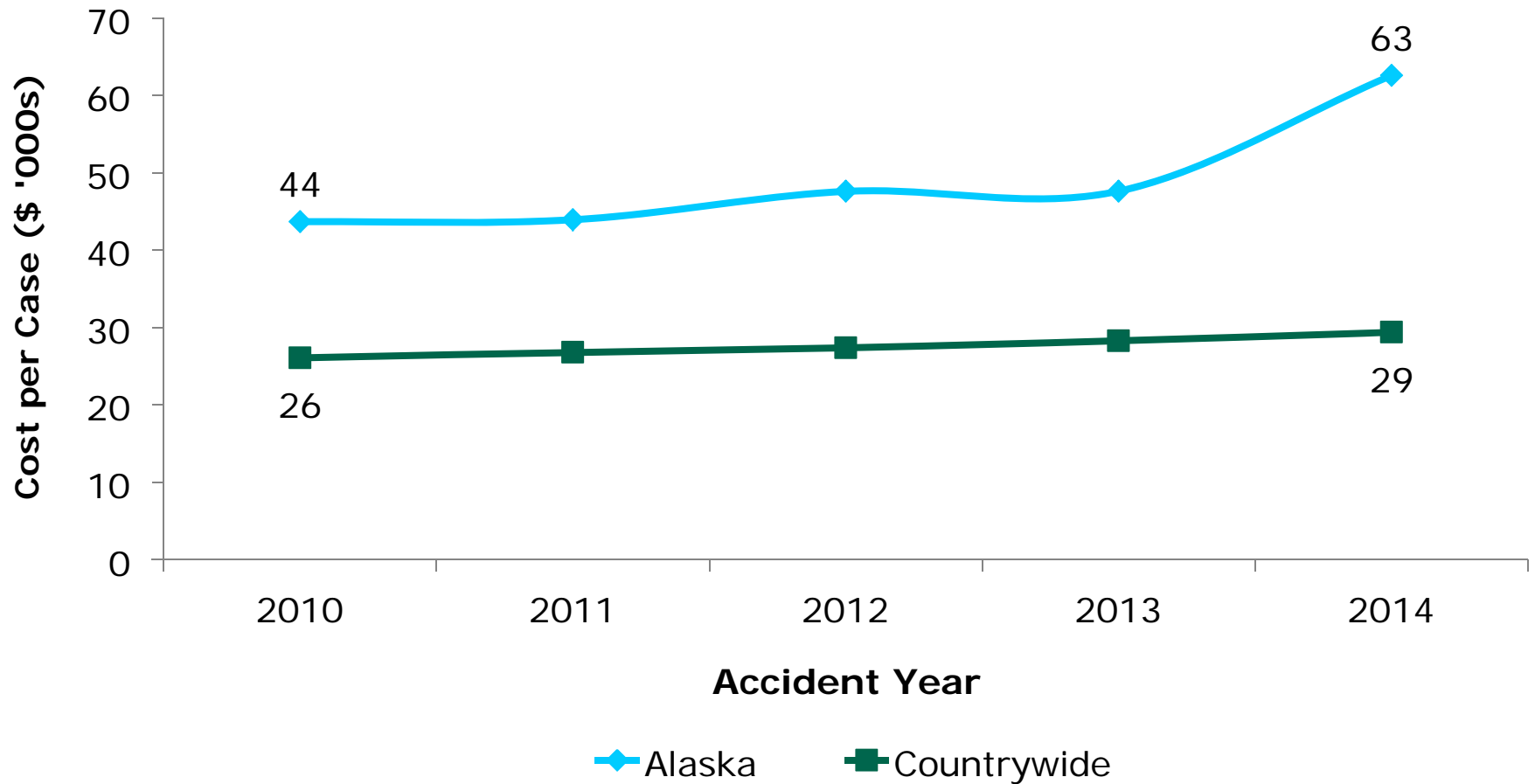
Source: NCCI 2015 State Advisory Forum

## Medical Benefits Constitute the Majority of Total Benefit Costs in Alaska



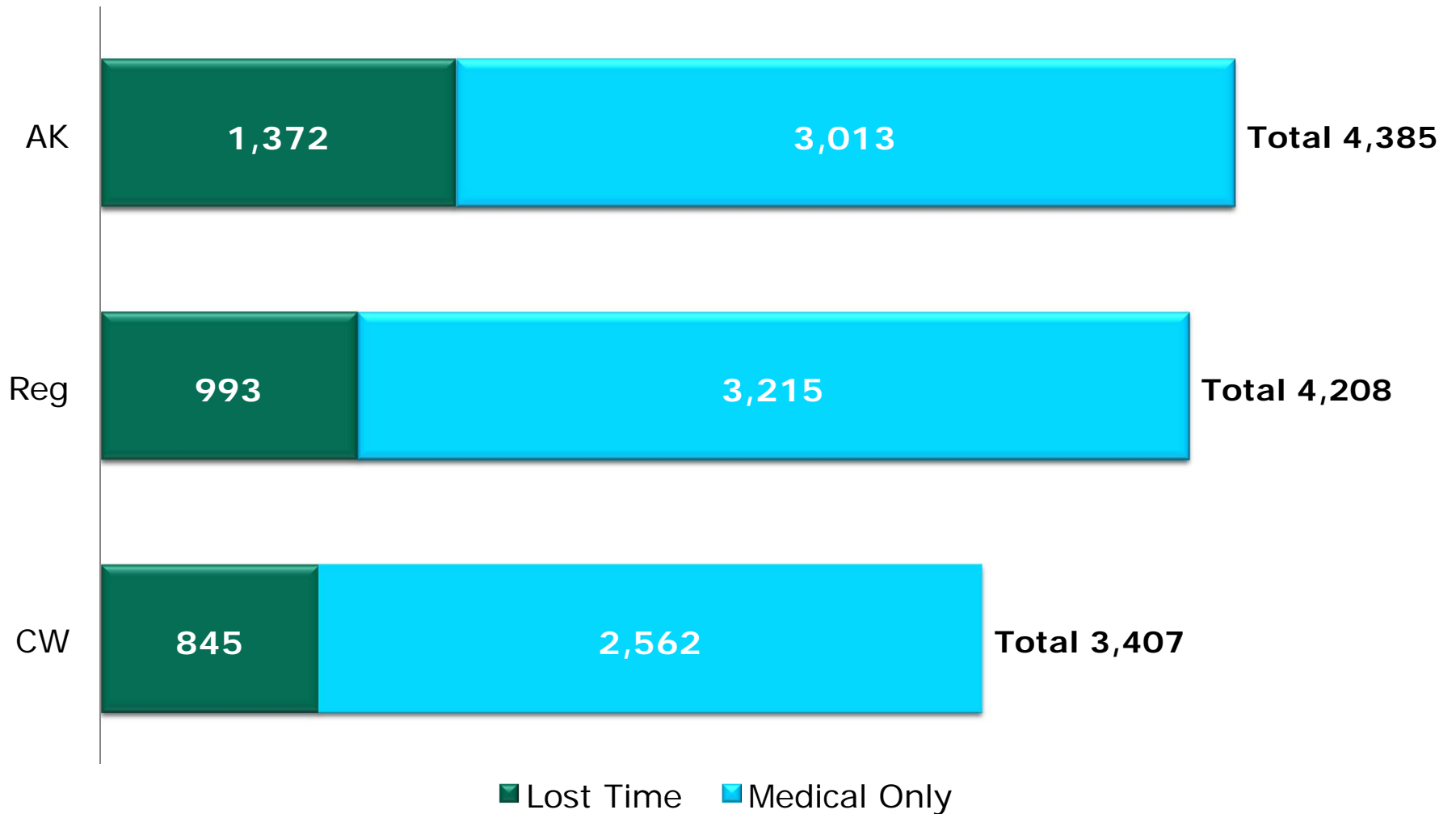
Source: NCCI 2015 State Advisory Forum

## Alaska vs. Countrywide Average Medical Claim Severity



Source: NCCI 2015 State Advisory Forum

## Alaska's Average Claim Frequency per 100,000 Workers – All Claims



Regional states are AZ, MT, NM, and OR  
Based on NCCI's *Statistical Plan* data

Source: NCCI 2015 State Advisory Forum