SECTION 13: SPECIAL PROCESSES
Workers' Compensation

INTRODUCTION

The Alaska Workers' Compensation Act (AS 23.30) provides for lost wage compensation to employees due to work-related injuries or illnesses. The intent is to provide compensation to employees who are injured or contract a disease in the course of or arising out of their employment. The State is self-insured for Workers' Compensation (WC) benefits. Agencies pay their WC premium directly to the Division of Risk Management or through employer charges in AKPAY. This policy covers all persons except those covered under the Public Safety Employees Association (PSEA State Troopers and Airport Safety positions who qualify for administrative leave and Correctional Officers who qualify for injury leave). The State of Alaska WC adjuster pays lost wage compensation to all other employees with temporary total (TTD) and temporary partial (TPD) disabilities.

Employees on WC must use their accumulated sick, annual or personal, excess sick and donated leave for the period of time absent from work (Personnel Memorandum 94-1). Leave usage is reduced by the amount of WC payments for the lost wages (2AAC 08.050) and the employee retains the WC payment. Leave requested for WC time is allocated between WC leave without pay (LWOP) and leave usage in the employee's payroll batch. When the employee has exhausted their leave balances and their family leave entitlement has expired, the employee is placed into Leave of Absence (LOA) status. In the event of death, benefits are paid to the estate or the survivor of the injured employee from the insurance company.

The first three days of disability from the work related injury/illness is referred to as the three-day waiting period. The WC adjuster does not compensate the employee for this time unless the time loss from work due to injury/illness extends beyond 28 days. During the waiting period, the employee uses available leave to remain in pay status with the State of Alaska. Once the Division of Finance is notified that the employee is receiving WC payments from the adjuster, subsequent leave requested with the State of Alaska is allocated in the employee's payroll batch and LWOP recorded for the portion of time covered by WC payments.

Due to the time lag between when the injury/illness occurs and when the Division of Finance is notified the employee is receiving WC payments, the employee may receive a duplication of payments: both WC payments and payments from the State of Alaska for leave used. Retroactive adjustments are required to return a portion of the employee's leave to the leave balance and collect the dollar amount paid for that leave. If the injury/illness extends beyond 28 days, the employee is paid retroactively by the WC adjuster for the three-day waiting period; an adjustment is also required for the leave used during that timeframe. Retroactive WC leave adjustments are processed by the Division of Finance in coordination with the employee's Human Resource (HR) Office and Technical Service Groups.

AKPAY SCREENS

The following screens are used to record time and attendance for an employee receiving WC payments:

G13 Time and Attendance Header
G5B Time and Attendance Detail

For detailed procedures on using these screens, refer to ***SECTION 11: TIME & ATTENDANCE***.

PROCEDURES

Workers' Compensation injury occurs to a state employee.

Complete **Form 02-921** State of Alaska Report of Occupational Injury or Illness.

1. Form 02-921 **must** be completed by the injured employee or a designee for the employee and the employee's supervisor no later than 10 days after having knowledge that the employee claims injury/illness.

2. Distribute according to instructions on the back of Form 02-921 and departmental procedures.

Supervisor **must** also provide the employee with a copy of **Workers' Compensation Notice to Employee**. Refer to Exhibit 13.A.

Workers' Compensation payment is made to employee from WC adjuster.

The employee receives WC payments from the WC adjuster within 21 days of injury/illness.

When the WC payment is made the WC adjuster also sends both the employee and the Division of Finance a Compensation Report which includes computation for and amount of WC payment made to the employee.

Division of Finance receives Compensation Report.

If needed, the Division of Finance will request department WC contact to fax employee's timesheet to FAX number 465-5639.

Division of Finance creates EXCEL spreadsheet using Compensation Report, employee AKPAY information, and timesheet. WC LWOP adjustment rate and any required leave adjustments are calculated. The WC LWOP adjustment rate is the WC weekly rate of compensation divided by State of Alaska weekly rate of compensation.

Division of Finance sends department WC contact copies of spreadsheet and compensation report.

Department WC contact verifies worksheet is correct and notifies Division of Finance if the information is not correct:

1. Verify the employee's name, SSN, bargaining unit and base pay rate.

   NOTE: Review employee's records for any retroactive pay increases/decreases. If the employee's pay rate is not current, the WC weekly rate and the WC LWOP adjustment rate will be incorrect and may require additional leave adjustments.

2. Verify the accrual rates for annual/personal leave.

3. Verify WC LWOP adjustment rate is calculated on the spreadsheet.

4. Verify the correct hours are used for any pending leave adjustments.

Department WC contact notifies employee of impact of WC LWOP on paycheck and discusses timing and amount of any required leave adjustments.

Department WC contact uses WC LWOP adjustment rate to allocate time loss in AKPAY payroll batches.

Subsequent leave requested for WC is allocated between WC LWOP (E963) and leave use, then entered in employee's regular payroll batch. Refer to ***SECTION 11: TIME & ATTENDANCE*** for procedures.

> **EXAMPLE:** A GGU employee submits timesheet with 75 hours of WC leave. The employee's WC LWOP adjustment rate is 66%. Leave requested would be allocated 49.50 hours to WC LWOP (E963) and 25.50 hours to sick leave (E150). (75 hrs X 66% = 49.50 hrs E963. 75 hrs– 49.50 hrs = 25.50 hrs E150).

Three-day waiting period – the first three days of disability from the work related injury/illness is referred to as the three-day waiting period. Leave use in three-day waiting period is <u>not</u> compensated from the WC adjuster. Employee must use accrued leave.

Enter leave requested during three-day waiting period on a separate line in payroll batch using appropriate leave code. If employee is General Government Bargaining Unit and the injury is the result of an on the job assault, the employee may be eligible for the use of Injury Leave.

If the time loss for injury/illness extends beyond 28 days the employee will be paid retroactively for the three-day waiting period from the WC adjuster. A leave adjustment will be required, which is processed by Division of Finance in coordination with the department WC contact.

On the Job Assault – a General Government employee who has a documented injury as the result of a physical assault in the workplace may be eligible for the use of Injury Leave for missed work in the first three days, as provided in GGU Article 29.03. For detailed procedures, refer to ***SECTION 12: LEAVE ACCOUNTING, GGU Injury Leave Bank***.

If approval is received prior to the pay period processing, charge the absence to the injury leave earnings code **E148**. If the approval is not received prior to the pay period processing, charge the employee with personal, sick, excess sick or donated leave as appropriate. Once the late approval is received, process a leave adjustment to charge E148 and credit the leave type actually used, in the following pay period.

Adjustments.

The department WC contact notifies the employee of the required leave adjustments and discusses amounts and timing of adjustments.

The department WC contact notifies the Division of Finance if alternate adjustment processing is needed.

The Division of Finance processes all WC leave adjustments for the employee. A portion of the leave previously used is reinstated to the employee's leave balance and the money paid for that leave is recovered. WC LWOP is recorded for that time. The adjustment is processed in a G5B adjustment batch. The dates used in the batch correspond with the pay period being adjusted. Refer to ***SECTION 11: TIME AND ATTENDANCE, Adjustment batch***.

Employee defaults to LWOP.

When an employee exhausts leave balances and the family leave entitlement has expired, the employee is placed on a leave of absence.

Process action in AKPAY to place employee on leave of absence. Refer to ***SECTION 7: SEPARATION OR INACTIVE STATUS, Leave of Absence***, for procedures.

Inform Division of Finance, WC desk, of employee status.

Public Safety Employees Association (PSEA State Troopers and Airport Safety Officers)

Employees on WC covered under the PSEA bargaining agreement are considered to be on administrative leave. These employees are handled through their department Human Resource office and Technical Service Group.

- The employee's own leave accounts are **not** used. The employee signs the check from the insurance adjuster over to the State and forwards the check to the Human Resource office for deposit into the department's personal services operating account.

- No pay or leave adjustments are made.

- They are not subject to WC LWOP. They receive full leave accruals and retirement service time.

- PSEA employees can be on administrative leave for WC up to one year. After the initial year, they revert to using their own leave accounts, keep check from the insurance adjuster and leave is prorated.