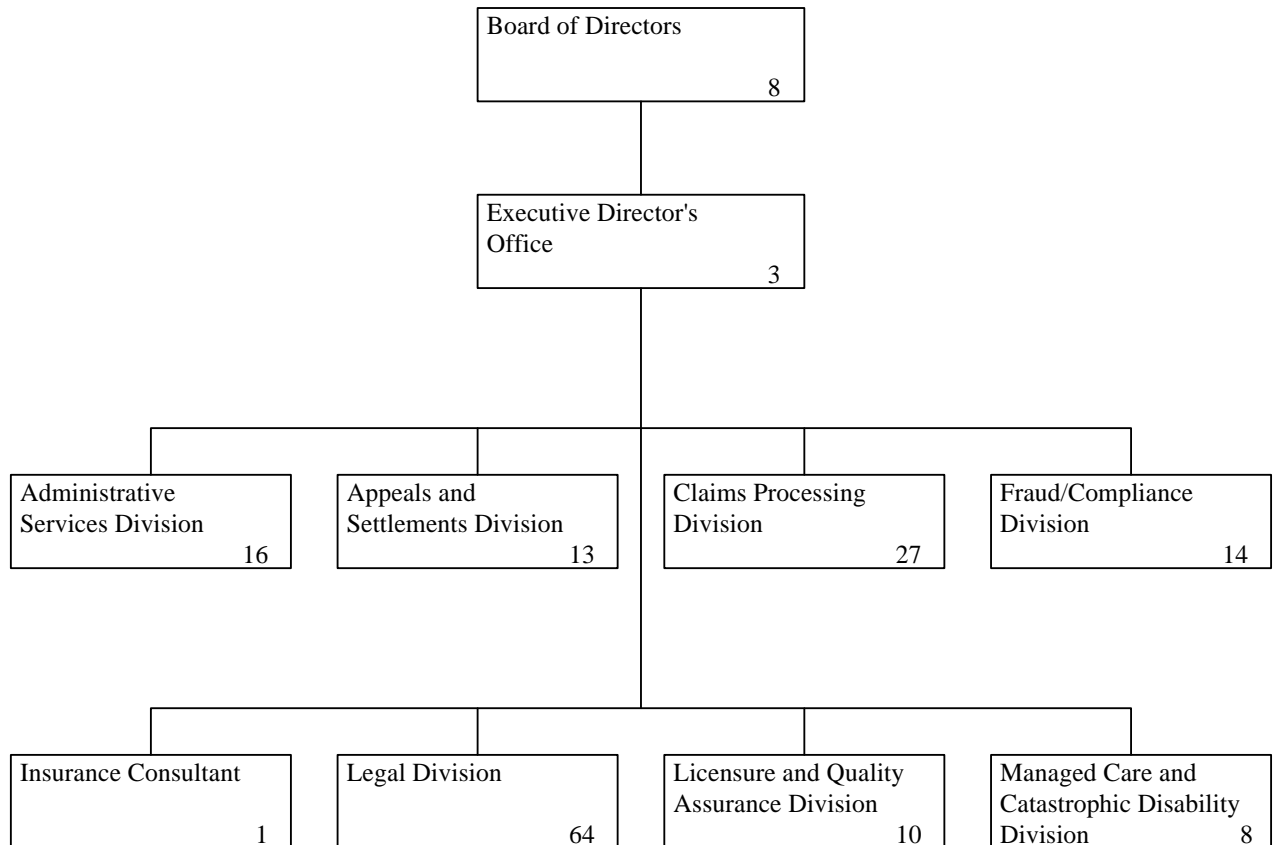


STATE BOARD OF WORKERS' COMPENSATION

Total Budgeted Positions -- 164



STATE BOARD OF WORKERS' COMPENSATION -- Financial Summary

Expenditures, Current Budget and Agency Requests

Budget Classes/Fund Sources	FY 1999 Expenditures	FY 2000 Expenditures	FY 2001 Current Budget	FY 2002 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	9,080,769	9,311,369	9,847,042	9,919,377	117,828	10,037,205
Regular Operating Expenses	621,050	521,161	434,815	434,815	15,100	449,915
Travel	135,099	135,608	140,600	140,600		140,600
Equipment	79,165	19,931	9,288	9,288		9,288
Real Estate Rentals	1,177,909	1,328,494	1,206,524	1,206,524	92,814	1,299,338
Per Diem, Fees & Contracts	121,323	100,251	99,400	99,400	15,100	114,500
Computer Charges	267,926	258,340	220,320	220,320	41,656	261,976
Telecommunications	202,387	206,609	251,656	251,656	(41,656)	210,000
Year 2000 Project	39,025	29,795				
Total Funds	\$11,724,653	\$11,911,558	\$12,209,645	\$12,281,980	\$240,842	\$12,522,822
Less Federal & Other Funds:						
Federal Funds						
Other Funds	480,107	449,543	260,000	260,000		260,000
Governor's Emergency Funds						
Total Federal & Other Funds	\$480,107	\$449,543	\$260,000	\$260,000		\$260,000
TOTAL STATE FUNDS	\$11,244,546	\$11,462,015	\$11,949,645	\$12,021,980	\$240,842	\$12,262,822
Positions	164	164	164	164	2	166
Motor Vehicles	1	1	1	1		1

STATE BOARD OF WORKERS' COMPENSATION -- Financial Summary

Current Budget and Governor's Recommendations

Budget Classes/Fund Sources	FY 2001 Current Budget	FY 2002 Governor's Recommendations				Totals
		Annualizers and Adjustments	Workload	Adjusted Base	Enhancements	
Personal Services	9,847,042	72,335		9,919,377	117,828	10,037,205
Regular Operating Expenses	434,815			434,815	11,900	446,715
Travel	140,600			140,600		140,600
Equipment	9,288			9,288		9,288
Real Estate Rentals	1,206,524			1,206,524		1,206,524
Per Diem, Fees & Contracts	99,400			99,400	5,000	104,400
Computer Charges	220,320			220,320	41,656	261,976
Telecommunications	251,656			251,656	(41,656)	210,000
Year 2000 Project						
Total Funds	\$12,209,645	\$72,335		\$12,281,980	\$134,728	\$12,416,708
Less Federal & Other Funds:						
Federal Funds						
Other Funds	260,000			260,000		260,000
Governor's Emergency Funds						
Total Federal & Other Funds	\$260,000			\$260,000		\$260,000
TOTAL STATE FUNDS	\$11,949,645	\$72,335		\$12,021,980	\$134,728	\$12,156,708
Positions	164			164	2	166
Motor Vehicles	1			1		1

STATE BOARD OF WORKERS' COMPENSATION
FY 2002 Budget Summary

	<u>Governor's Recommendations</u>
ADJUSTMENTS TO CURRENT BUDGET	
FY 2001 STATE APPROPRIATIONS	\$11,949,645
Annualizers:	
1. Annualize the cost of the FY 2001 salary adjustment.	72,335
ADJUSTED BASE	\$12,021,980
ENHANCEMENT FUNDS	
ENHANCEMENTS	
1. Add an additional position for the increased workload from the Peoplesoft accounting program.	49,071
2. Fund an administrative services position for administering the Local Area Network (LAN).	71,957
3. Fund additional delivery service expenses to the 10 field offices.	5,000
4. Fund increased expenses to maintain the LAN servers.	1,200
5. Fund Phase III of the multi-state Workers' Compensation system study.	7,500
6. Transfer \$41,656 from Telecommunications to Computer Charges to realign the budget with project expenditures.	Yes
TOTAL ENHANCEMENT FUNDS	\$134,728
TOTAL STATE FUNDS	\$12,156,708

STATE BOARD OF WORKERS' COMPENSATION
Functional Budget Summary

	FY 2001 Appropriations		FY 2002 Recommendations	
	Total	State	Total	State
1. Workers' Compensation Board	\$12,209,645	\$11,949,645	\$12,416,708	\$12,156,708
TOTAL APPROPRIATIONS	<u>\$12,209,645</u>	<u>\$11,949,645</u>	<u>\$12,416,708</u>	<u>\$12,156,708</u>

RECOMMENDED APPROPRIATION: The Workers' Compensation Board is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$12,156,708.

STATE BOARD OF WORKERS' COMPENSATION

Roles and Responsibilities

WORKERS' COMPENSATION LAW

Most Georgia employees are covered by the state's workers' compensation law. Before this law was passed, employees might not gain benefits from employers when they were injured on the job. The law now ensures employees certain benefits paid to them as a result of on the job injuries. The same law also then provides employers with a form of limited liability from these injuries.

The state's workers' compensation law applies to all employers that have at least three full-time, part-time, or seasonal employees. Some categories of workers are exempt, however, including: federal employees, railroad workers, farmers, domestic servants, business partners, independent contractors, and some corporate officers.

The state created the State Board of Workers' Compensation to oversee the workers' compensation law. It may create rules, regulations, and policies to enforce this area of law. The Board is also vested with the responsibility of conducting training seminars that educate employers, employees, insurers, self-insurers, physicians, and rehabilitation suppliers about workers' compensation law changes and other related issues.

If either the employer or an employee involved in a workers' compensation claim wishes to contest the facts involved in the case, an administrative law judge under the Board or a Board mediator may be used to settle the issue. Either party disagreeing with this ruling may appeal the decision through the appellate division, state superior or appellate courts, but that avenue may only be used to debate points of law, not facts of a case.

ORGANIZATIONAL STRUCTURE

The board consists of three directors, one of which is a chair, all appointed by the Governor. Each serves for a term of four years. The board acts in a quasi-judicial manner, as well as in an administrative and regulatory fashion.

Underneath the board is the legal division. This division reviews requests for hearings and conducts them in disputed cases. The division's screening and administration section processes claims sent to the board.

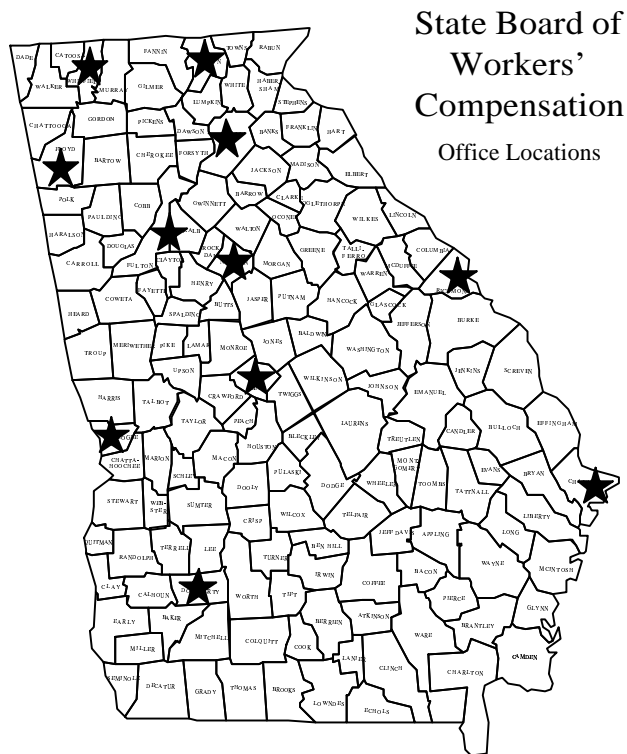
If a claim does not need a full hearing, the alternative dispute resolution section may handle it. If the case is not eligible for this, then it would head to the trial section.

The claims processing division maintains the filing system used by the board. The administrative services division performs accounting and personnel functions for the central and regional offices. The fraud/compliance division investigates worker's compensation fraud and issues of non-compliance.

Other divisions under the board include: managed care and rehabilitation; licensure and quality assurance; and insurance issues.

AUTHORITY

Title 34-9, Official Code of Georgia Annotated.



STATE BOARD OF WORKERS' COMPENSATION

Strategies and Services

After its establishment in 1920 by the Georgia General Assembly, the responsibility of the State Board of Workers' Compensation has grown to overseeing workers' compensation matters for 187,000 employers and almost four million employees.

Funded by assessments from insurance companies and self-insured employers, the board ensures that employees injured on the job who are eligible for replacement of a portion of lost wages, medical payments, or vocational rehabilitation service, receives them, while at the same time providing a limited liability coverage for employers.

Several new strategies have been implemented by the state over the past decade in order to improve the services delivered by the board.

MANAGED CARE

If employers choose to, they may pick a managed care organization as the deliverer of medical service to their injured workers. The organization they choose must be certified by the board, which has the statutory authority to issue certification.

In order to be certified, a managed health care plan will include: financial incentives to reduce service costs and utilization without sacrificing the quality of service; adequate methods of peer review; service utilization review to prevent inappropriate or excess treatments; and efforts to promote services that contribute to workplace health and safety.

There are 21 certified managed care organizations covering over 145,000 employees. Nearly every county in the state has a certified managed care organization.

Board surveys show that 80% of doctors, employers, insurers, and employees who participated in certified managed care organizations have a positive view of the system.

Doctors value the increased communication provided by the managed care organization. Employees are pleased with the care when they are allowed to choose their authorized physician from the network. Finally, employers like the easier access due to the proactive education process.

The division overseeing medical care and rehabilitation is conducting seminars showing employers and employees the benefits of introducing managed care into their workers' compensation services.

ALTERNATE DISPUTE RESOLUTION

Sometimes a disputed workers' compensation claim does not need to have a full evidentiary hearing. During the mid-1990's, the board realized that these cases could be handled through a less costly mediation process.

The staff for this division handles over 500 cases a month, which previously may have gone to a full hearing.

Certain issues are addressed better in a mediation venue. These include: change of physician; approval of income benefits to an employee; provision of emergency medical treatment; resolution of medical and attorney fee disputes; along with other issues.

With an average time of only 41 days for a claim to be processed under this method, this section has shown cost savings to the employers and employees of Georgia.

FRAUD AND COMPLIANCE

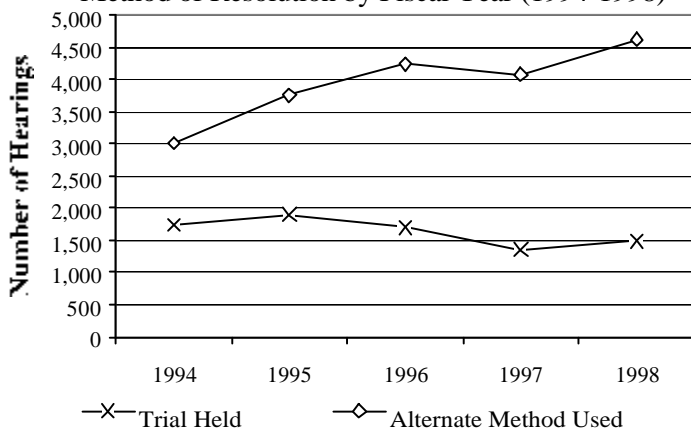
This section was created and staffed in 1995 with a goal of educating and assisting parties involved in workers' compensation so benefits allowable under law are successfully received. To do this, the division conducts compliance checks while investigating and prosecuting fraud throughout the state.

The compliance section has officers located throughout the state. Each officer conducts approximately 15 randomly generated, or in some instances complaint-based, checks a day.

Since its inception, the section has found over 4,500 businesses not carrying the required workers' compensation coverage. These employers now carry the proper insurance for an additional 23,500 employees. At least 15 of these employers have been criminally prosecuted.

The fraud section has been granted law enforcement powers by the General Assembly and has issued 240 arrest warrants for workers' compensation fraud.

Method of Resolution by Fiscal Year (1994-1998)



STATE BOARD OF WORKERS' COMPENSATION

Results Based Budgeting

WORKERS' COMPENSATION SERVICES

Purpose: To fairly administer the law for workers injured on the job by ensuring no-fault and indemnity payments and by protecting employers from tort lawsuits.

	FY 2000 Desired	FY 2000 Actual	FY 2001 Desired	FY 2002 Desired
Goal 1: Ensure access to medical care for all workers injured on the job so that those workers can return to work. - At least 84% of workers injured on the job will return to work within one year of their injuries during FY 2002. [1] - The number of workdays lost by each employee with a work related injury in FY 2002 will be reduced to the FY 1999 average of 60 workdays.	>85%	79%	>84%	>84%
	60 days	62 days	60 days	60 days
GOAL 2: Control the growth of workers' compensation costs by developing reasonable fee schedules and specialized managed care programs. - The FY 2002 cost of medical care for injured workers will increase 20% or less over the FY 2001 costs for medical only claims.	\$91,000.00 +20%	\$80,691.00 +6%	\$109,2000.00 +20%	\$131,040.00 +20%
GOAL 3: Payments of entitled benefits to injured workers by employers and insurers will be correct and timely. - The percent of injured workers receiving their first weekly payment on the twenty-first day after their injury will remain at the FY 1999 rate of 85%.	>85%	85%	>85%	>85%
GOAL 4: Ensure prompt due process to any party in a workers' compensation claim case by providing a judicial forum to address legal complaints with a trial level decision and by evaluating settlement agreements. - At least 2,513 cases will be settled without the need for a formal hearing in FY 2002. - Trial decisions for 75% of workers' compensation cases in FY 2002 will be rendered within 60 days of the initial trial. (Efficiency Measure)	2,370 >75%	3,540 74%	2,440 >75%	2,513 >75%
GOAL 5: Increase communication and improve relations between private industry and all users of the workers' compensation system. - At least 95% of employer attendees will be satisfied with the Board-sponsored workers' compensation training seminars.	>95%	99%	>95%	>95%
Program Fund Allocation -- Total Funds		11,911,558	12,209,645	12,416,708
State Funds		11,462,015	11,949,645	12,156,708
Notes: 1-Based on actual data collected, the FY 2001 desired result is too high. Although the number of total claims has decreased by 1,500, the number workers returning to work within one year of their injury is remaining constant and is governed largely by the type of injury and the ability of the employers to make jobs available.				
TOTAL - All Programs	Total Funds	\$11,911,558	\$12,209,645	\$12,416,708
	State Funds	\$11,462,015	\$11,949,645	\$12,156,708

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