

**THE KANSAS WORKERS'
COMPENSATION FUND**

ADMINISTERED BY:
SANDY PRAEGER
COMMISSIONER OF INSURANCE

2003 FISCAL YEAR REPORT
JULY 1, 2002 – JUNE 30, 2003

2003 FISCAL YEAR ANNUAL REPORT

1. INTRODUCTION

Pursuant to K.S.A. 44-566a, the Commissioner of Insurance shall annually report to the Governor and the Legislature the receipts and expenditures from the Workers' Compensation Fund during the preceding fiscal year. The data, which is attached at the beginning of this report, provides a disclosure of receipts and expenditures for Fiscal Year 2003. This report corresponds with the data provided to this Department by the Division of Accounts and Reports of the State of Kansas. This Department has also prepared the remaining sections of this report in order to furnish the Governor and the Legislature with supplemental information regarding the Workers' Compensation Fund. This information provides an analysis of Fiscal Year 2002 and Fiscal Year 2003. Tables are provided to assist in understanding the financial affairs and operations of the Workers' Compensation Fund.

2. RECEIPTS FOR FISCAL YEAR 2003

Receipts during Fiscal Year 2003 to the Workers' Compensation Fund totaled \$968,641. Individual assessments were collected by the Fund from insurance companies and self-insurers in the amount of \$757,846, pursuant to K.S.A. 44-566a(b). There were miscellaneous reimbursements totaling \$96,973 and fines and penalties totaling \$113,822. The available funding for Fiscal Year 2003 was \$13,760,702.

In Fiscal Year 2003, the Department did not assess insurance companies and self-insurers. The previous year carryover balance was \$12,792,061. This balance included a percentage of prior Fiscal Year 2002 assessments. Assessments are to be received prior to July 1 pursuant to K.S.A. 44-566a and are therefore included in the carryover balance.

3. EXPENDITURES FOR FISCAL YEAR 2003

Fiscal Year 2003 expenses totaled \$4,067,687. In addition, there was a \$4,000,000 transfer to the State General Fund pursuant to House Bill 2026 Sec. 10 (a)(1) and miscellaneous legislative sweeps of \$915. The majority of these expenses represent disability compensation, medical, and attorney fees, which totaled 91.68% of the total expenditures (see Figure II). The remaining expenses are composed of vocational rehabilitation of \$2,060, administrative costs specific to legislation at \$40,564, and other operating expenses of \$295,629.

In Fiscal Year 2003, disability compensation represented 38.45% of all expenditures as compared to 44.26% in Fiscal Year 2002 (see Figure II).

4. CONCLUSION

In summary, as of July 1, 2003, the Workers' Compensation Fund has a total of 3,775 active cases. This is a decrease of approximately 6.33% from Fiscal Year 2002. Of these active cases, 3,750 were involved in litigation and 25 cases required monthly payments to be made. The Fund will continue to require additional revenue for cases in which the date of accident occurred prior to July 1, 1994. The Fund will also require revenue for insolvent/uninsured employers and certification cases. The additional revenue will come in the form of future assessments on insurance companies and self-insurers, and miscellaneous reimbursements.

STATE OF KANSAS

**FIGURE I
WORKERS' COMPENSATION FUND
RECEIPT ANALYSIS**

DESCRIPTION	FY 2003	% OF TOTAL	FY 2002	% OF TOTAL
Assessment Receipts	\$ 757,846.34	5.51%	\$ 398,206.28	1.64%
Fines and Penalties	\$ 113,822.20	0.83%	\$ 57,877.27	0.24%
Miscellaneous Reimbursements	\$ 96,972.98	0.70%	\$ 189,811.20	0.78%
TOTAL RECEIPTS	\$ 968,641.52		\$ 645,894.75	
Previous Year Carryover *includes current year assessments	\$ 12,792,060.52	92.96%	\$ 23,703,441.74	97.34%
TOTAL FUNDS AVAILABLE	\$ 13,760,702.04	100.00%	\$ 24,349,336.49	100.00%

FIGURE II
WORKERS' COMPENSATION FUND
EXPENDITURE ANALYSIS

DESCRIPTION	FY 2003	% OF TOTAL	FY 2002	% OF TOTAL
Disability Compensation	\$ 1,564,050.94	38.45%	\$ 2,017,349.01	44.26%
Voc. Rehab. Work Assessments	\$ 2,060.36	0.05%	\$ 2,630.62	0.05%
Medical				
Doctors	\$ 168,937.05	4.16%	\$ 171,098.51	3.75%
Hospitals	\$ 413,335.93	10.16%	\$ 335,936.82	7.37%
Drugs	\$ 142,388.58	3.50%	\$ 94,489.97	2.07%
Misc. (braces, etc.)	\$ 26,948.40	0.66%	\$ 32,813.16	0.75%
Other Services (memberships, tuitions, etc.)	\$ 9,058.15	0.22%	\$ 10,194.76	0.22%
Reimbursements to Insurance Cos. [K.S.A. 44-569(a) and K.S.A. 44-569]	\$ 1,101,539.08	27.08%	\$ 1,231,008.16	27.01%
Attorney's Fees	\$ 303,175.39	7.45%	\$ 285,563.60	6.27%
Court Costs, Depositions, Medical Reports, etc.	\$ 40,563.86	1.00%	\$ 51,883.48	1.14%
Other Operating Expenses	\$ 295,629.33	7.27%	\$ 324,307.88	7.11%
TOTAL EXPENDITURES	\$ 4,067,687.07	100.00%	\$ 4,557,275.97	100.00%

SOURCES OF FUNDING

FISCAL YEARS 2003 - 2002

<u>FY 2003</u>	<u>DESCRIPTION</u>	<u>FY 2002</u>
0.70%	1 = Miscellaneous Reimbursements	0.78%
0.83%	2 = Fines and Penalties	0.24%
5.51%	3 = Assessment Receipts	1.64%
<u>92.96%</u>	4 = Carryover Balance and Cancelled Checks	<u>97.34%</u>
100%		100%