

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1406

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1406

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1406

HOUSE INDUSTRY, BUSINESS AND LABOR

Conference Committee

Hearing Date 1-31-05

Tape Number	Side A	Side B	Meter #
1	x		0-21.
3		x	13.6-25.6
Committee Clerk Signature <i>Jody Benke</i>			

Minutes:

Rep. Keiser: Called the meeting to order on HB 1406. All committee members were present.

Representative Zaiser: Appeared in support of bill and also was a sponsor. This bill really asks for WSI to study this issue.

Dave Kemnitz, President AFL-CIO: Appeared in support of bill. The issue before you has 4 potential strong points.....1. shall study the perceived inequity, which is important. 2. study the history of workers comp. laws relating to retirement age in workers which is vital 3. possible legislative changes that might improve the treatment of retirement age workers 4. shall consult with representatives of retirement age, injured workers including the workers themselves.

Sebald Vetter, C.A.R.E.: Appeared in support of bill

Anne Jorgenson Green, Staff Counsel, WSI: Appeared in opposition of 1406 and provided a written statement (SEE ATTACHED TESTIMONY).

Representative Thorpe: MOVE to ADOPT amendments presented by THORPE.

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House Industry, Business and Labor Committee

Bill/Resolution Number HB1406

Hearing Date 1-31-05

Representative Amerman: SECOND the motion to ADOPT amendments.

Motion failed.

Representative Froseth: I MOVE a DO NOT PASS motion on HB 1406.

Representative Kasper: SECOND the DO NOT PASS motion on HB 1406.

Motion carried. VOTE: 11-YES 2-NO 1-Absent (EKSTROM).

Representative Kasper will carry the bill on the floor.

Hearing closed.

FISCAL NOTE
 Requested by Legislative Council
 01/24/2005

Bill/Resolution No.: HB 1406

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

WORKFORCE SAFETY & INSURANCE
 2005 LEGISLATION
 SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: WSI Study—Retirement Age Injured Workers

BILL NO: HB 1406

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation requires WSI to study the workers' compensation treatment of retirement-age injured workers.

FISCAL IMPACT: If a third party is contracted with to perform the study, estimated study costs could range anywhere from \$25,000 to \$50,000.

DATE: January 27, 2005

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	John Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/28/2005

Roll Call Vote #: 1 Date: 1-31-05

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1406

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Move to adopt as presented by Rep. Thorpe

Motion Made By Rep. Thorpe Seconded By Rep. Amerman

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman		X	Rep. B. Amerman	X	
N. Johnson-Vice Chairman		X	Rep. T. Boe	X	
Rep. D. Clark		X	Rep. M. Ekstrom	A	
Rep. D. Dietrich		X	Rep. E. Thorpe	X	
Rep. M. Dosch		X			
Rep. G. Froseth		X			
Rep. J. Kasper		X			
Rep. D. Nottestad		X			
Rep. D. Ruby		X			
Rep. D. Vigasaa	X				

Total (Yes) 4 No 9

Absent (1) Rep. EKstrom

Floor Assignment Rep. Kasper

If the vote is on an amendment, briefly indicate intent:

Date: 1-31-05
 Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1406

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep. Froseth Seconded By Rep. Kasper

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman		X
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	A	A
Rep. D. Dietrich	X		Rep. E. Thorpe		X
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes) 11 No 2

Absent (1) Rep. EKstrom

Floor Assignment Rep. Kasper

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 1, 2005 7:13 a.m.

Module No: HR-21-1510
Carrier: Kasper
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1406: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).
HB 1406 was placed on the Eleventh order on the calendar.

2005 TESTIMONY

HB 1406

2005 House Bill No. 1406
Testimony before the House Industry, Business, and Labor Committee
Presented by: Anne Jorgenson Green, Staff Counsel
Workforce Safety and Insurance
January 31, 2005

Mr. Chairman, Members of the Committee:

My name is Anne Jorgenson Green and I am staff counsel with Workforce Safety and Insurance (WSI). I am here to testify in opposition to HB 1406 which requires WSI to study the workers' compensation treatment of retirement-age injured workers. The WSI Board of Directors opposes this bill.

WSI opposes the study required by this bill for the following reasons: 1) an independent performance evaluation is already conducted every two years that periodically reviews each part of WSI's benefit structure; 2) a study relevant to this issue was conducted in 2000; and 3) WSI's board and staff regularly prepare a legislative agenda that addresses benefit equity issues every legislative session.

By law, WSI is required to have an independent performance evaluation conducted by workers' compensation industry experts every two years. These evaluations are more expansive than just "retirement-age" benefits. Instead, they include a more wholistic and periodic review of all benefits received by North Dakota's injured workers. It is imprudent to just look at one facet of the benefit structure without understanding how it fits in the total structure of benefits offered. Consequently, we feel a more appropriate method for evaluating WSI's benefit structure already exists.

In addition to the performance evaluations, the 56th Legislative Assembly authorized a study of WSI's long-term disability benefit structure. Based on the legislature's direction, PRM, a workers' compensation consultant, conducted a study in 2000 that evaluated North Dakota's long-term disability benefit structure. Components of the review included: retirement and additional benefit payments; social security offsets; and supplemental benefits. Recommendations from the study resulted in changes to the supplementary benefit structure and were adopted by the 57th Legislative Assembly.

As a result of such evaluations and studies, as well as proactive initiatives by WSI's Board of Directors and the North Dakota Legislature, the following benefit bills were passed during the 1997, 1999, 2001, and 2003 legislative sessions.

- Increased weekly death benefits for surviving spouses from a fixed \$210 per week to up to \$577 per week (110% of statewide average weekly wage (SAWW)).
- Increased lifetime cap on death benefits by more than 25%, from \$197,000 to \$250,000.
- Introduced a post-retirement additional benefit for injured workers whose disability benefit ends at time of retirement.
- Increased the maximum disability benefit from 100% of SAWW to 110% of SAWW. As a percent of state's average wages, its one of the highest maximum benefit rates in the country.
- Shortened the waiting period that the long-term disabled must wait to become eligible for cost of living adjustments from 10 years to 7 years.
- Passed legislation allowing up to a \$50,000 home remodeling and vehicle adaptation allowance for each catastrophically injured worker.
- Increased permanent partial impairment awards for the severely impaired.
- Created the Guardian Scholarship program to help pay for the education of a spouse and/or dependent of a worker who dies on the job. To date, 240 scholarships totaling \$684,000 have been awarded.

I would also like to note that during the current 59th Legislative Assembly, WSI is supporting bills that increase the total amount available to scholarship recipients as well as a more balanced calculation for the Additional Benefits Payable program.

Given the ongoing performance evaluations, the recently conducted long-term disability study, the successive legislative improvements, and the ongoing efforts of WSI and its Board to evaluate benefit levels, we feel the study proposed in HB 1406 and its related costs are not warranted. WSI is also concerned about the language in the bill that would require the creation of law in the following legislative session to correct "perceived" inequities that may or may not exist.

For the stated reasons, WSI asks for a "do not pass" recommendation on HB 1406. Thank you for your consideration. I would be happy to answer any questions that you may have.