

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1323

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1323

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1323

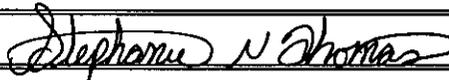
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2495

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on HB 1323.

Rep. Steve Zaiser, District 21: I've had the opportunity where I actually had my own private consulting firm, I grew it for a public sector, I've worked for a private nonprofit, I've worked for the public sector working as a section manger for a city, and I've worked for a quasi public private organization. I also in college sort of focused on organizational management, and looked at these things ironically in terms of my career, and have worked in almost all of these sectors. In terms for the organizations for which I worked, the most difficult organization was probably the issue, and the structure to me was the most cumbersome in terms to make things happen with policy and speed heat authority, which is a district heating system where the public provided some funds, because it was privately run by the private board, and it was very awkward. We sold a huge amount of bonds, and everything had to go through the city much like how currently WSI is structured. The state legislature sets policies, but they have a board of directors that pay schedules and all those type of things. From my perspective, when I ran the speed heat authority, it was always difficult as to knowing what was appropriate, because I went there from working for a city which it was always awkward for the personnel that worked for this authority. In looking at the big picture of WSI, I think that part of the problems stem

from the organizational structure. What I'm proposing is very simple, but has a lot of consequences. I propose a change of name as well as the change of recording process. I think workers compensation is really what this organization is really all about, and to me WSI sounds like the private sector insurance company to make a profit. In some respects, it has been if you look at a profit as having a very low premium. What I've done is changed the board for WSI as an advisory board that would be appointed by the executive director. We call it the Department of Workers Compensation. I cut the bureau, because I think that it's old language. If we don't go this way, I think it should go totally private, and I think there are some problems there, because I think this is really a public responsibility.

Rep. Thorpe: What was the rationale for changing it back to Workers Compensation Department, rather than Workforce Safety & Insurance?

Rep. Zaiser: The reason for that is to me the title of an organization should really denote really what the mission of the organization is. To me the mission of this organization is to provide compensation for injured workers.

Rep. Thorpe: I understand where you are coming from, however I don't see a fiscal note on this.

Rep. Keiser: There is a fiscal note on this, and the impact is negligible.

Rep. Ruby: I was the one who sponsored the bill to change the name at the request of Brent Edison, who was Executive Director at the time, and his thought was the focus is workforce safety. They want severe head injuries more than just workman's compensation, which is much better for all parties involved.

Rep. Zaiser: I think once we take that view, but I see the bottom line as you want to make the work sites and workforce safe, so you don't have to compensate. The bottom line is what we always fight about, which is compensation packages for the injured workers.

Rep. Kasper: In browsing the bill, I think I heard you say that you want to take the politics out of the WSI. Is that where you're going with this?

Rep. Zaiser: I think that would diminish some of the politics. I think to establish this consistency in state government, I think most people would call WSI part of state government, and you have tremendous disparities in pay, and management. My objective here is to step the system so that it can be run better by the individuals that run it, and I think it helps me to less the confrontation and it puts accountability back into the Governor's office.

Rep. Kasper: One of the objectives of the change to WSI, as far as the board makeup and the Executive Directors appointments, was to take the politics out of this industry. By putting this position back in the Governor's office, how do we take the politics out of politics when it is political? Now, we've gotten to the point where we have a need for the board that is supposed to be taking politics out of politics for the Executive Director.

Rep. Zaiser: I feel from my perspective that it minimizes politics. All these other department heads are appointed, and it's not big political issues. I've heard a lot of talk in Fargo about disparities in the board that it's weighted to far to the business side, and not enough to the employee side. I just think it's a cleaner process. Having this board you have one more step in the process, and you again have these moral problems with all these disparities in pay.

Rep. Ruby: The rates on page 2, we talked about the Governor sending compensation, and that's one of the areas of politics that got implemented, where you gain favor of business groups, and the rates will go lower. You see the funds are in trouble, and then others in the legislature at the time had to figure out how to get that fund out of trouble, and that's where employers had to pay for what they did in the previous years. That was one of the areas that was most volatile with the politics of having it in the Governor's hands.

Rep. Zaiser: I can't answer what happened there. What the folks did was very commendable, but I also hear to that maybe the pendulum is swung to far to the point where businesses in this state have the lowest rate of any state in the union. You got the lowest rate, as well as having huge surpluses, and you have workers that are hounding WSI, because they're not getting the benefits, and to me there is a disconnect there.

Rep. Keiser: Under the Governor, the Executive Director was appointed by the Governor. The employment was typically an individual with no expertise in workers compensation or the insurance industry, which resulted in a relatively long learning curve. Prior to the board, workers comp had 14 directors in 17 years, and changes in the governor's led to revolving executive leadership, which led to an inefficient and ineffective organization. Executive leadership had the inability to strategically plan, because you had 14 in 17 years. Recruiting a professional workers comp executive was difficult yet possible, because of the revolving position, as it is in states where appointments occur. That is a political arena, don't you believe?

Rep. Zaiser: Yes, political. I did not know the details; I just knew there were several problems.

Rep. Vigesaa: In section 5, you talk about in the bill the advisory board, but I didn't see any place in there where is suggested a size of that board. Is that in the bill?

Rep. Zaiser: That may be an oversight.

Rep. Bill Amerman, District 26: Support HB 1323. I would suggest if you haven't read the auditor's report that would be a good place to start, and why there should be a change in WSI, and the direction its going. I personally think faculty took it away from the Governor and put it into a board, and it was a mistake. There is a chance to rectify that mistake now. I believe you can't govern by committee, and I don't think you can support in government what's going on

out there. The board is made up of 11 members, and some of the things found in the audit is a lot of the members don't know really what their mission is, and they don't follow through with the director to make sure the mission is carried out. The board isn't doing a good job, they're not meeting enough according to the auditor, and things like that. I don't know how it got in the hole, but I don't think it's from the overall legislation that took it away from the Governor, and put it where it is now. I think that's due to a lot of things like the stock market, better safety in workplaces, fewer injuries, and a lot of good programs that have happened. I don't think the \$1.3 billion dollars can be contributed from taking it away from the Governor, and giving it to the board. The other thing is I don't think the \$1.3 billion dollars is necessarily a measure of success, it certainly is a fine benchmark, and something to look at, but success to me is not how you get up there to get to this, but how you get there. Success comes in the client, how many did you help along the way, and are better off.

Rep. Kasper: In your profession you have a supervisor where you work. So, citing what Rep. Keiser cited on the number of executive directors that were in WSI, I just want to ask your opinion. In the last 17 years in your profession, that 13 supervisors that had no background, no experience in what they were doing, and yet they supervised you and asked you to do your job, and people around you had to do their job, but they didn't know their job. What type of a moral situation might that put you in with that type of chaos, working with nobody giving you the direction, and not knowing what they are doing?

Rep. Amerman: It would be a moral problem.

Rep. Kasper: My fear is that if we go back to a political appointment, we face the definite possibility that we would put WSI, and the people that it's designed to help, which are the workers of our state, in that same type of circumstance. To me this looks like we're going backward, when we can move forward very nicely.

Rep. Amerman: I respect your opinion, but I disagree with it somewhat, although I understand where you are coming from.

Rep. Keiser: I could not agree more with one of your statements, and that is really and truthfully whatever we do, it should serve workers. Are you aware that the claims process in 14 days under the Governor's system was averaging 44% of claims for process for injured workers? The current rate is 63%, and that's a significant improvement, wouldn't you agree?

Rep. Amerman: I agree its significant percentage wise.

Rep. Keiser: Medical bills process within 30 days; it was 39% under the Governor, and 96% today. So, why do we want to go back? How does it help the injured worker?

Rep. Amerman: I don't know if you can blame that on the Governor. I can't disagree with your numbers.

Rep. Kasper: You've seen what we've been working on in this committee on the WSI side with improvement of benefits. Would you agree that we have seen an improvement in benefit payments for workers processing claims, and so on, since you've been on this committee?

Rep. Amerman: I have to agree we've done some things that helped in different areas. I don't know if it's a big help in the big picture, but I have to agree we've done some things.

Rep. Zaiser: Relative to Rep. Keiser's got great numbers, I can't argue with it, but you think back that maybe the way the system was functioning before had something to do with the half climate, in sort of what was going on, and ultimately a changing occurred. If the system had been changed would that be the difference, or was it the directors that were hired?

Rep. Amerman: I certainly don't think it was all on the Governor. I'm not sure what happened out there, it could have been any number of things, and some likely you don't think of today, so there could be many things that might have led to what happened throughout.

David Kemnitz, AFLCIO: Support HB 1323.

See handouts A, B, & C.

Leroy Volk, Injured Worker: Support HB 1323.

Sebald Vetter, CARE: Support HB 1323.

Dan Finneman, Injured Worker: Support HB 1323.

Rep. Kasper: Are you familiar with how the current board members of the WSI are appointed?

Dan: From our aspect as injured workers, we don't feel that we are equally represented here.

Bob lasdvik, WSI: Opposed to HB 1323. In the current 65-02-3.3, board out of the statute, two references I find interesting is that the 1997 legislature felt it was necessary to put into statute #1, point a director on a nonpartisan merit. It would appear to me that would be only a logical thing; it would only be in the best interest of the state, best interest of an agency to appoint somebody on a nonpartisan merit basis. However, the 1997 legislature thought it was important enough to point that out, and put it into the statutes. In section 6, to assist the organization in formulating policy, and discussing problems related to the administration of the organization, while insuring impartiality, and freedom of political influence, again, normal operation you would think that it wouldn't be necessary to demoralize that type of opinion that they would have to put it into statute. We had a little discussion about how things run under the Governor, how things are under the board, and they're very good under the board. There was discussion about the \$240 million deficit that occurred in 1994 under the Governor, where was the accountability then. There was some talk about claims process within 14 days, 44% in 1995 under the Governor, and 63% today. Procedural wise you go from 44% claims processed in 14 days to 63% today is quite amazing. Litigation in 1994 was 1400 cases per year in litigation, and I maintain the main reason for that litigation was because of the poor

processing. While the claims remain fairly static, our total benefits paid in million in 1999 was \$67.6 million, today's date we're at \$82.7 million per year.

See handouts D & E.

Rep. Zaiser: I'm just curious how you describe the mission of WSI?

Bob: We would like to be recognized as a premium provider for following workers comp products and services.

Rep. Zaiser: Do you own property business?

Bob: I work for Bottineau County. I'm the road superintendent for Bottineau County.

Rep. Zaiser: Are there politics in your job at all?

Bob: Of course there's politics. There's politics in everything we do.

Rep. Zaiser: In terms of efficiency, you're using computers now correct?

Bob: Yes.

Rep. Zaiser: Do you think you're operating more efficiently than you were 15 years ago?

Bob: Yes.

Rep. Zaiser: So, wouldn't it be normal that given the fact that there were no computers in the 80's versus 2005/2006, do you operate much more efficiently now?

Bob: Yes, we would say that we're operating more efficiently.

Rep. Zaiser: WSI is operating more efficiently, and maybe that's because of new technology. There are other factors other than the Governor's system. Some of it were maybe the way the governor's were appointed, maybe is could have been that the governor's maybe made mistakes. Is it just the system that is at fault?

Bob: I believe there were some procedural, and policy flaws that certainly were in affect at that time. You don't need technology to have a filing system to find files. I do believe the turnover, the lack of having somebody in the CEO's position with a strong workers comp

background, or knowledge certainly wouldn't help you in a very affective, efficient workers comp insurance.

Rep. Zaiser: Do you think that there's politics in Legislative Assembly?

Bob: Yes.

Rep. Zaiser: The point I'm trying to make is that one of the things we talked about is getting politics out of the process, and there are many 8-5 votes, generally this side takes the side of the workers, and that side the employers. Is that politics?

Bob: I do believe one of the reasons that we had some difficulties would be we did not have the political will. The premiums were premiums that needed to be set, and that is one thing the board has been very steadfast in, and inspectoral you'll determine what those costs are, and you will set up a system in premiums to recoup possibly to cover the expenses. I believe that is the only way you're going to make workers comp for any insurances.

Rep. Zaiser: There are some problems in the system the way we have it, and I think that I'm concerned about the inequities in state government.

Rep. Thorpe: Shareholders in WSI, is that considered the injured workers as the shareholders?

Bob: That would be stakeholders. We refer to everybody as stakeholders, whoever has a stake in workers comp.

Rep. Thorpe: As I recall back when we were having the problems getting workers comp back in the black again, and I recall that we had to get pretty ruthless in cutting benefits. I recall at that time somebody stood up and made a statement that when we get this thing straightened out down the road, maybe we can turn this around and start getting more benefits for workers. It just seems to me that we're having a hard time getting back benefits in workers comp, and maybe their not entitled to all of them, but some of them for sure.

Bob: PPI was one of the huge benefits that was cut back in that time period, and there has been some help in PPI especially for the more catastrophically injured people in PPI. PPI is one of the award benefits that they have not brought back as a benefit, but there have been a number of other benefits that have been enacted since 1997.

Rep. Kasper: Currently, we've got 11 board members; 6 appointed for employer representation, 3 for employees, 1 for the ND Medical Association, and 1 member that's a member at large.

Bob: Correct.

Rep. Kasper: The Governor makes the appointments of the board members the way I read the statute, the current board when the board members going off, will recommend to potential candidates, could you explain how that process works?

Bob: We solicit in the newspapers if there's a board opening, and also get around to the various associations around the state, and they bring names forward to be nominated in nominated committee interviews, and bring those three names to the Governor.

Rep. Kasper: So, the process is you recommend based upon the statewide search, the Governor has a list of three, the Governor then selects one, and that's the new board member?

Bob: That's correct.

Rep. Kasper: The audits being done on WSI, and what I found disturbing is the criticism of the board for not being educated properly through your job, and that the board should have gone through this system, as opposed to that system. You get on there and you don't know what you're doing, and you're not learning anything. Can you share with this committee what a board member goes through to learn what the WSI system is all about, so you can fill the obligations of your job?

Bob: We have an educational session at every board meeting, and we rely heavily on that to bring board members up to speed on how worker's comp works. We bring in a number of speakers, national and international acclaimed reputation in the industry knowledge, and a lot is just learned by the seat of your pants as we're going along. Most of the work is done in committees, so if you're involved in committees that is where the rubber hits the road, and they bring their suggestions out of audit committee to the full board for board action.

Rep. Kasper: If a board member came to you and said that he would like more education to help him do his job better, and there's a seminar here or there, would that be something that your board might look upon favorably?

Bob: That indication is always out to any board member who sees anything that perks their interest that might help them in filling their responsibilities, but honestly we haven't had that used very much, but that certainly is available to them.

Rep. Ruby: There was some discussion about the way the rates were set for the governor that was in charge for the whole operation, and how the rates could be lowered, but there was no political will to raise them. I know there was a remark made about the politics involved both for employees and one for the employers. What would happen if I introduced a bill that did a 5% across the board cut for all employers, would you and your board be in favor of that?

Bob: We would not.

Rep. Zaiser: I was just curious if you had a discussion with Gov. Schafer on this?

Bob: Yes, we did.

Rep. Thorpe: There are 11 on the board. How many are employers, and how many are employees?

Bob: There are 6 employer representatives, 3 employee representatives, 1 political representative, and 1 at large.

Bill Shalhoob, Chamber of Commerce: Opposed to HB 1323. See written testimony #1.

Rep. Thorpe: On the makeup of the board, do you think all the employers in this thing, would they be upset that they were 3 and the employees were 6.

Bill: I'm sure they would be. That goes to the fact that the employers pay the rate.

Rep. Thorpe: The rate pay that should be pretty equal as far as that goes.

Bob: It's been my experience that it's a lot easier to spend other people's money than your own.

Russ Hanson, AGC of ND: Opposed to HB 1323. Since the evolution of the board, in 2004 there was a vacancy in the executive directorship of the agency, and when it came down to the application process, we liked the application process, and when it came down to a group of finalists, every one of those was a professional with experience in dealing with the workers compensation issues, so we thought that was very important. The board seemed to be pretty cohesive within a mission, and they do their job.

Dick Johnson, ND Motor Carriers Association: Opposed to HB 1323. See written testimony #2.

Bill Butcher, National Federation of Independent Business: Opposed to HB 1323. I'd like to report to the committee that 78% of our members believe that management situation or circumstance should remain the same, 13% were opposed and wanted to change back to the Governor, and 9% barely said it was an issue. Our members like the business like manner in which WSI is being run.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1323

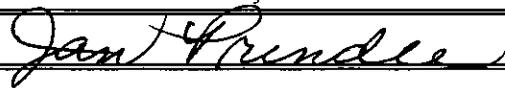
House Industry, Business and Labor

Check here for Conference Committee

Hearing Date: 5 February 2007

Recorder Job Number: 2763

Committee Clerk Signature



Minutes:

Chairman Kaiser opened discussion of 1323. This bill would take the WSI name back to Workman's Comp, would also put back under governor, and balance out the membership of the board to 50% employee and 50% employer representation.

Representative Dietrich: I move Do Not Pass.

Representative Vigesaa: I second.

Representative Zaiser: Much of the testimony in opposition to this bill talked about the way it was. I think that if we look at that, we would have to talk about the problems in the way that is now and the problems in the way it was. One of the oppositions to the bill was that the governor's system didn't work. They hired cronies. There could be an application process for hiring. There were a lot of things that explain why we did so well financially since then: the stock market, interest rates and all kinds of things that go in there. I'm not advocating what it was before, I'm just talking that we have a better system now, but we do have some problems now. I think we should under a system where you are directly accountable to the government.

Chairman Kaiser: Representative Zaiser, at the end of the hearing, made what at the time was a very good point—increased efficiency in operation of WSI could well be the result of computerization and technology changes. I checked on it. WSI's mainframe came in 1987—long before 1995. The computer improvements that were inferred to have accounted for

significant change in operation under a board versus the governor, just doesn't hold. They were computerized. There was some other testimony which I feel compelled to put in to the record because there was so much reference made to WSI's audit and specifically the turnover rate. I want the record to accurately reflect the turnover rate at WSI. In 2006 WSI's turnover rate was 9.1%. That did not include inter departmental transfers. That was their total—9.1%. For the Committee's interest, do you know what the turnover rate in the state auditor's office is? 11.8? That isn't counting interagency transfers. When we talk about the turnover rate being an issue, it is important to know what we are talking about.

Representative Zaiser: One more thing we talked about is bringing the auditor in front of this committee. Wouldn't this be an appropriate bill to do that?

Chairman Kaiser: If time permitted it would perhaps; unfortunately, we have crossover coming. We are scheduling the auditors for after crossover.

A roll call vote was taken on the Do Not Pass motion. Yes: 9, No: 4, Absent: 1
(Thorpe)

Representative Vigesaa will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/11/2007

Bill/Resolution No.: HB 1323

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The proposed legislation eliminates the WSI Board of Directors and creates an advisory board; allows the Governor to appoint WSI's Executive Director; and changes the name of the organization.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

WORKFORCE SAFETY & INSURANCE
2007 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1323

BILL DESCRIPTION: Dissolves WSI Board/Organization Name Change

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 eliminates the WSI Board of Directors and creates an advisory board consisting of an equal number of employer and employee representatives appointed by the Director; allows the Governor to appoint WSI's Executive Director; and changes the name of the organization from Workforce Safety & Insurance (WSI) to "Workers' Compensation Department".

FISCAL IMPACT: Under the assumption the organization's claims environment and operation practices do not change, no significant fiscal impact is anticipated. There would be some additional costs associated with the proposed name change; however, it is anticipated the costs would be nominal.

DATE: January 26, 2007

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	John Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/26/2007

Date: 2-5-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1323

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Rep Dietrich Seconded By Rep Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman		X
Vice Chairman Johnson	X		Rep. Boe		X
Rep. Clark	X		Rep. Gruchalla		X
Rep. Dietrich	X		Rep. Thorpe		
Rep. Dosch	X		Rep. Zaiser		X
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 9 No 4

Absent 1

Floor Assignment Rep Vigesaa

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

REPORT OF STANDING COMMITTEE (410)
February 5, 2007 1:29 p.m.

Module No: HR-24-2142
Carrier: Vigesaa
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1323: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING).
HB 1323 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1323

**Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
HB 1323
January 31, 2007**



Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am here today representing the ND Chamber of Commerce, the principle business advocacy group in North Dakota. Our organization is an economic and geographic cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors bureaus and public sector organizations. For purposes of this hearing we are also specifically representing sixteen local chambers with a total membership of 7,236 and eleven employer associations. Lists of the specific members and associations are attached to my testimony. As a group we stand in opposition to HB 1323 and urge a do not pass vote from the committee on this bill.

This bill does two things, changes the name of WSI back to the workers compensation department and returns the organization to the governor's control. We have no comment or position on the name change. We do, however, unconditionally oppose the return of the agency to the governor and the political arena. Let's review again the history of the agency since 1992. At that time we had an unfunded liability of \$250 million. Led by the management changes initiated by Gov. Schafer, that number was reduced to \$153 million in June of 1995. Through a cooperative effort of the executive and legislative branches of government and the bureau itself reforms needed to further fix the fund were enacted. Rates were triple today's structure and employers agreed to a

\$250.00 co-pay per incident to aid the recovery. Benefits in many areas were adjusted. By 1997 the business community could see these changes were going to be effective in achieving fund health and premium stability. Over the veto of Gov. Shafer the bureau was taken from the Governor's cabinet and exists today with an independent board. Business direction is nothing if not steady. The current form of governance provides certainty as to direction and policy and that is what business seeks in all things, as much certainty as possible. We do not think this is as achievable once politics is entered into the equation.

Today benefits rank 26th among all states and premiums are competitive with all states. Any problems can and should be addressed without resorting to the radical solution proposed in this bill.

Thank you for the opportunity to appear before you today in opposition to HB 1323. I would be happy to answer any questions.



**The following chambers are members of a coalition that support our 2007
Legislative Policy Statements:**

- Beulah Chamber of Commerce - 107**
- Bismarck - Mandan Chamber of Commerce - 1080**
- Cando Area Chamber of Commerce - 51**
- Chamber of Commerce Fargo Moorhead - 1800**
- Crosby Area Chamber of Commerce - 50**
- Devils Lake Area Chamber of Commerce - 276**
- Dickinson Chamber of Commerce - 527**
- Greater Bottineau Area Chamber of Commerce - 153**
- Hettinger Area Chamber of Commerce - 144**
- Langdon Chamber of Commerce - 112**
- Minot Chamber of Commerce - 700**
- North Dakota Chamber of Commerce - 1058**
- Wahpeton Breckenridge Area Chamber of Commerce - 293**
- Watford City Area Chamber of Commerce - 84**
- Williston Chamber of Commerce - 401**
- West Fargo Chamber of Commerce - 400**

Total Businesses Represented = 7236 members

Associated General Contractors of North Dakota

Independent Community Banks of ND

Johnsen Trailer Sales Inc.

North American Coal

North Dakota Auto/Implement Dealers Association

North Dakota Bankers Association

North Dakota Healthcare Association

North Dakota Motor Carriers Association

North Dakota Petroleum Council

North Dakota Retail/Petroleum Marketers Association

Utility Shareholders of North Dakota

North Dakota Hospitality Association

House Bill 1323

Chairman Kaiser and House IBL Committee Members

For the record my name is Dick Johnsen, I chair the legislative committee of the North Dakota Motor Carriers Association. I served 5 years on the Board of WSI.

I appear today in opposition to HB 1323 on behalf of the members of NDMCA.

The Motor Carrier Industry is a large premium payer, over 10% of premiums collected by WSI come from the various segments of our industry and because of that we have always had a keen interest in the operations of WSI.

In the late 80's and early 90's premium rates were out of control, injured workers were not being provided the services they needed in a timely manner, claims analyst were buried in work overload handling 2-3 times the industry standard, medical providers were not getting paid for the services they performed, employer and employee access to claim information was difficult at best, litigation was rampant and the system had an unfunded liability of ¼ billion dollars.

The states business leaders, legislators and other stakeholders with a vested interest brought about the legislation passed in the mid to late 90's to address the situation. The Board was established, a governance model chosen, committees established, goals or outcomes established and the process began to govern the workers compensation system. Measurements were put in place to monitor almost anything measurable however the base line started with the Board since there were few if any previous monitoring systems in place. Further legislation was passed during ensuing sessions to tweak the systems operation and benefits. The unfunded liability is gone, accomplished by increased accountability, improved service and benefit delivery, a more equitable benefit structure, a sound stable premium structure, safety programs, sound investment strategies, and a trained, professional, dedicated workforce.

Each successive legislative session the Board and staff have brought forward legislation to improve the system and provide a more equitable benefit structure. Premiums are among the lowest in the nation with benefits rated in the middle.

As part of the Boards governance duties benefit changes have been requested by the Board and adopted in previous legislative sessions. Operational changes have been made within WSI to improve the delivery of service to their constituents.

The policy and operational reforms and incremental improvements have resulted in the following:

- 1) Increased Accountability;
- 2) Improved Service and Overall Benefit Delivery;
- 3) A More Equitable Benefit Structure;
- 4) Premium Stability; and A Strong Overall Financial Position

A More Equitable Benefit Structure

The policy reforms have provided for a benefit structure with less ambiguities and a focus on increased benefits for the severely injured. The goal of a workers compensation system is to maintain an equitable and adequate benefit structure, not overly excessive in that the incentive to return-to-work is diminished, and adequate enough to ensure the truly injured are adequately compensated.

The following benefit enhancement provisions were passed during the 1997, 1999, 2001, 2003, and 2005 legislative sessions.

- Increased weekly death benefits for surviving spouses from a fixed \$210 per week to up to 110% of statewide average weekly wage (SAWW) (or currently \$624 per week).
- Increased lifetime cap on death benefits by more than 25%, from \$197,000 to \$250,000.
- Increased the lump sum death award for death claims where no surviving spouse or dependents exist from \$2,000 to \$12,500 (or 5% of the lifetime cap on death benefits for claims with surviving dependents).
- Introduced a post-retirement additional benefit for injured workers whose disability benefit ends at time of retirement.
- Increased additional benefit payments by applying the calculation to the compensation rate before any social security offset
- Increased the maximum disability benefit from 100% of SAWW to 110% of SAWW. As a percent of the state's average wages, it's 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.
- Increased the maximum amount of scholarships from \$3,000 to \$4,000 per year for up to 5 years for spouses and dependent children of a worker who died as a result of a compensable work-related injury.
- Established the amount of scholarships issued in exceptional circumstances at \$10,000 per year for up to 5 years.
- Increased the maximum amount of scholarships that can be awarded annually from \$150,000 to \$300,000.
- Established a \$15 million educational revolving loan fund that is accessible to eligible injured workers.
- Created options for an injured worker to choose to pursue a retraining program or opt for up to five years of partial disability benefits.
- Provided discretion for WSI to allow an injured worker to pursue retraining in cases where an employee's first appropriate option was not retraining.
- Established additional safety incentives to ensure the health and safety of North Dakota's workforce.

Contrary to what one might be led to believe from reading the recommendations in the State Auditors Performance Audit, improvements have been made to the system both operationally and from a benefit structure. A truly dedicated workforce of over 200 individuals are getting the job done providing the constituent services required by law.

WSI is now in a sound financial and operational position, governance is in place to keep it that way.

The changes proposed in HB 1323 are not the solution to the perceived problem and I urge a do not pass.

I would be happy to answer any question from the committee.

A

CHAPTER 65-02 WORKFORCE SAFETY AND INSURANCE ORGANIZATION

65-02-01. Workforce safety and insurance - Director - Division directors. The organization must be maintained for the administration of this title. The board shall appoint the director of the organization. The director is subject to the supervision and direction of the board and serves at the pleasure of the board. The director may appoint the director of any division established by the director. The appointment of a division director must be on a nonpartisan, merit basis.

65-02-01.1. Workforce safety and insurance. The legislative council may delete, where appropriate, "workers compensation bureau", "North Dakota workers compensation bureau", or any derivatives of those terms, which when used in context indicate an intention to refer to those terms, wherever they appear in the North Dakota Century Code or in the supplements thereto and to insert in lieu of each deletion "workforce safety and insurance". Such changes are to be made when any volume or supplement of the North Dakota Century Code is being reprinted. It is the intent of the legislative assembly that workforce safety and insurance be substituted for, shall take any action previously to be taken by, and shall perform any duties previously to be performed by the workers compensation bureau. The legislative council may replace "bureau", where appropriate, wherever the term appears in the North Dakota Century Code or in the supplements of the North Dakota Century Code, with the term "organization". These changes are to be made when any volume or supplement is being reprinted.

65-02-01.2. Organization to establish personnel system. The organization shall establish a system of personnel administration for its employees based upon principles and methods to be determined by the organization and governing position classification, pay administration, transfer of employees, discipline of employees, and removal of employees.

65-02-02. Oath of office. Before commencing to perform the duties of director of the organization, the director shall file an oath of office in the usual form.

65-02-03. Organization - Quorum - Effect of vacancy - Vacancies which must be filled within thirty days. Repealed by S.L. 1989, ch. 295, § 21.

65-02-03.1. Workforce safety and insurance board of directors - Appointment.

1. The board consists of eleven members. The appointment and replacement of the members must ensure that:
 - a. Six board members represent employers in this state which maintain active accounts with the organization, at least one of which must be a participant in the risk management program, at least two of which must be employers with annual premiums greater than twenty-five thousand dollars, at least one of which must be an employer with an annual premium of ten thousand dollars but less than twenty-five thousand dollars, at least one of which must be an employer with an annual premium of less than ten thousand dollars, and at least one employer at large representative. Except for the employer at large representative, each employer representative must be a principal owner, chief executive officer, or chief financial officer of the employer.
 - b. Three members represent employees; at least one member must have received workforce safety and insurance benefits; and at least one member must represent organized labor.
 - c. One member is a member of the North Dakota medical association.
 - d. One member is a member at large who must be a resident of this state and at least twenty-one years of age.

2. Board members shall serve four-year terms, except the initial term of office of the member at large to be appointed on August 1, 2003, expires on December 31, 2006, and the term of office of the medical association member whose term of office became effective January 1, 2003, expires on December 31, 2006. The governor shall make the necessary appointments to ensure the term of office of members begins on January first of each odd-numbered year. Board members may not serve more than three consecutive terms. A departing member representing an employer must be replaced by a member representing an employer, most of whose employees are in a different rate classification than those of the employer represented by the departing member. The governor shall appoint the replacement member for a departing employer representative or medical association representative from a list of three candidates submitted by the board. The board shall interview an employer representative or a medical representative before placing that candidate's name on the list of replacement member candidates submitted to the governor. The governor shall select the replacement member for the departing organized labor employee representative from a list of three names of potential candidates submitted by an organization that is statewide in scope and which through its affiliates embraces a cross section and a majority of organized labor in this state. The governor shall select the replacement member for a departing nonorganized labor employee representative. The governor shall appoint the replacement member for the member at large from a list of three candidates submitted by the board. Vacancies in the membership of the board must be filled for the unexpired term by appointment by the governor as provided in this subsection.

65-02-03.2. Compensation of board members. A board member is entitled to receive compensation as determined by the board for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers.

65-02-03.3. Board - Powers and duties. The board may authorize the organization to transfer moneys between line items within the organization's budget. The board shall:

1. Appoint a director on a nonpartisan, merit basis.
2. Set the compensation of the director.
3. Ensure a proper response to any audit recommendations.
4. Present an annual report to the legislative audit and fiscal review committee. The report must be presented by the chairman of the board and the director.
5. Prepare, with the assistance of the organization, an organization budget, beginning with the July 1, 1999, through June 30, 2001, biennium. The organization shall present the budget to the governor for inclusion in the governor's budget. If the governor makes adjustments to the budget, the board may concur in the adjustments or may present testimony to the appropriations committees of the legislative assembly, requesting amendments to the budget to remove adjustments made by the governor. The deadline for submission of the budget is the same as the deadline for all executive agencies.
6. Assist the organization in formulating policies and discussing problems related to the administration of the organization, while ensuring impartiality and freedom from political influence.
7. Incorporate principles of continuous improvement goalsetting, a procedure for implementing a team-oriented continuous improvement program throughout all operations of the organization. The program must include a number of challenging, measurable goals to ensure the organization maintains focus on improving those areas most important to its primary mission.

8. Adopt internal management rules creating bylaws for the board and relating to the election of a board chairman, formation of committees, replacement of departing members, voting procedures, and other procedural matters.

65-02-04. Chairman. Repealed by S.L. 1989, ch. 295, § 21.

65-02-05. Office space for organization - Expenditures from fund for employees and supplies - Travel. The organization must be provided with office space. The organization, at the expense of the fund, shall provide all necessary equipment, supplies, stationery, and furniture, and all clerical and other help necessary to carry out the provisions of this title. The employees of the organization are entitled to receive from the fund for each mile [1.61 kilometers] actually and necessarily traveled in the performance of official duty by motor vehicle the same rates in the same manner as other state officials. If travel is by a motor vehicle owned by the state, or by any department or political subdivision thereof, no allowance may be paid for the mileage. Vouchers for travel and other administrative expenses must bear the approval of the organization and the office of management and budget before payment is made therefor. Travel and other administrative expense payments must be made by warrant-check prepared by the office of management and budget drawn upon the state treasurer against the fund. Expenditures made under this section, however, must be within the limitations designated by the legislative assembly in appropriation measures adopted from time to time.

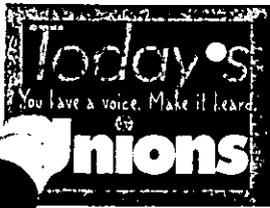
65-02-05.1. Building maintenance account - Continuing appropriation. There is a building maintenance account within the workforce safety and insurance fund, to which the organization shall deposit all building rental proceeds if the organization builds a building that includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the organization to pay bond principal and interest payments, operating, maintenance, repair, and payments in lieu of taxes expenses of the building and grounds. This account may be used only for the purposes identified in this section. The organization may either hire or contract for building maintenance and repair services anticipated by this section. The organization shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

65-02-06. Expenditures by organization from fund - Employment of full-time special assistant attorneys general authorized. The organization may make necessary expenditures to obtain statistical and other information required for the proper enforcement of this title. The salaries and compensation of the director of the organization and of all employees of the organization, and all other authorized expenses of the organization, including the premium on the bond required of the state treasurer under section 65-04-30, must be paid out of the fund. The organization may employ duly appointed special assistant attorneys general and pay from the fund the entire salary of each special assistant attorney general.

65-02-06.1. Allocated loss adjustment expenses - Continuing appropriation - Annual review. Money in the workforce safety and insurance fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the organization in its administration of this title. In its annual audit and its biennial report, the organization shall include a breakdown of those allocated loss adjustment expenses that reflect the attorney's fees and costs paid to attorneys who represent injured workers, the attorney's fees and costs paid to attorneys with whom it contracts to represent the organization, the amount paid for administrative law judges for hearings, and the court reporter and other legal expenses paid.

65-02-07. Organization to have seal. The organization shall have a seal for the purpose of authentication, whenever authentication is required, upon which seal shall be inscribed the words "Workforce Safety and Insurance - North Dakota - Seal".

65-02-08. Rulemaking power of the organization - Fees prescribed by organization. The organization shall adopt rules necessary to carry out this title. All fees on claims for medical and hospital goods and services provided under this title to an injured employee must be in accordance with schedules of fees adopted by the organization. Before the effective date of any adoption of, or change to, a fee schedule, the organization shall hold a public hearing, which is



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John Risch

SOUTH DAKOTA VALLEY LC

John Risch

GREAT NORTHWEST LC

Mark Hager

ND Workers Compensation

Changes Needed in North Dakota's Worker's Compensation as recommended by ND AFL-CIO Convention August 26, 2006

WHEREAS: The North Dakota Workers Compensation system now known as Workforce Safety and Insurance or WSI has been changed significantly

WHEREAS: The control of WC/WSI has been removed from the executive branch and placed in the hands of a board of directors, and

WHEREAS: The system's ability to provide sure and certain relief to injured workers has come under question, now, therefore, be it

RESOLVED: That the following be provided to the 2007 legislative session.

1) Require that WC/WSI use hearing officers and that the hearing officers' finding be final.

2) Fraud. Require that the bureau use the same standard for fraud that is used in all other fraud cases. Equal standards would apply, no harm-no foul.

3) Permanent Partial Impairment (PPI). A PPI award is a one-time payment for job related injuries that result in permanent loss of use of bodily functions(s). Because of the use of weeks, rather than a dollar amount within the formula, Social Security unfairly offsets about 80% of that award. Change the formula for calculating PPI from a "weeks" calculation to a "dollar amount" calculation.

4) Executive Director. The Governor should have sole power to appoint the executive director of the bureau/WSI.

5) Office of Independent Review. Place the control of the OIR with the Governor.

6) Independent Medical Exam (IME). Require that independent medical examinations be conducted in state unless the specific specialty is not available. The IME should be conducted with a physician picked from a panel of all physicians licensed in and practicing in North Dakota.

7) Independent Medical Review (IMR). Give greater weight to the opinion of the claimant's treating physician when the claimant undergoes an independent medical review.

8) Physician. Eliminate the requirement that an employee choose his/her own doctor at the time of hire or 30 days prior to an injury. The injured claimant should be allowed to pick the treating physician.

9) Permanent Partial Impairment (PPI) awards. Presently, an individual must have 16 % whole body impairment to obtain a PPI award. If a person has 16%, in effect, they are getting 1 percent in an award. Although the Bureau/WSI does pay for the more catastrophic impairments, this still does not justify the denial of an award for 5% to 15% impairment. Exclusions for pain, disfigurement, loss of range of motion etc. need to be addressed.

10) Liberal Construction. The loss of the "liberal construction" of the Worker's Compensation Act has made it very difficult for the employee to establish an otherwise legitimate claim.

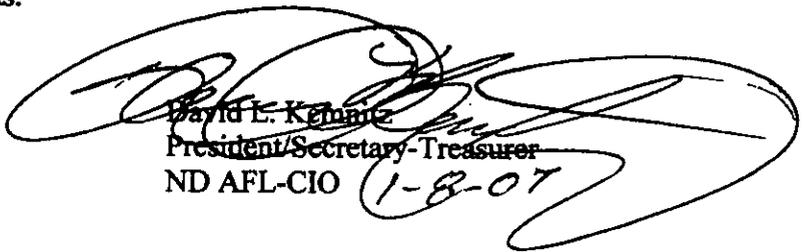
11) Definition of Compensable Injury. There is no specific definition of what is "objective medical evidence." Before 1995, the doctor's notations that the person has sustained an injury and has subjective complaints of pain sufficed. The argument is that the doctor's notations no longer meet the requirements of "objective medical evidence". Injury should be any need for treatment arising out of and as a result of any incident, event or cumulative trauma arising from work.

12) Pre-existing condition. The Bureau now denies claims because the claimant has a pre-existing condition. The language should be changed back to what it was before 1997, thereby requiring that if there is a pre-existing condition that it must be "active" at the time of the injury to allow an offset. Burden of proof should be on the employer to prove that the pre-existing condition would have caused the disability absent the work event.

13) Disability benefits. Changes made to 65-05-08.1, NDCC (1995), make it more difficult for employees to receive disability benefits and demands more from the doctor as to what the doctor is required to do in order for the employee to obtain disability benefits. Presently, the doctor is required not only to say that the person is disabled but also to exclude other types of employment, for example, light or sedentary. The doctor is also to list specifically what the restrictions are. If these are not all included in the doctor's letter, the person is not eligible for disability benefits. Expert vocational evidence by those experienced in job ergonomics is preferable.

14) Closed Claim Presumption. Once again, the 1995 legislature made it much more difficult for an individual to receive benefits that they were clearly entitled to. 65-05-35, NDCC (1995) states that an individual's claim is "presumed closed" if there has not been a payment of any benefit for four years on the claim. The Bureau/WSI maintains that this can be rebutted, however, the only way to rebut this is to establish that the employee proves by "clear and convincing evidence" the work injury is the sole cause of the later symptoms. Virtually throughout the Workers Compensation Act the employee is required to show "more likely than not" or by a preponderance that the claim is compensable. This standard of "clear and convincing evidence" and "sole cause" makes it virtually impossible for a claimant to have their case reopened or any medical bill paid if it has been more than four years since any activity on that claim. It should go back to the old standard of simply preponderance of the evidence rather than clear and convincing evidence.

15) Vocational Rehabilitation Services. Over the past 10 years, vocational rehabilitation services have been virtually eliminated. There are very few people being retrained and/or offered assistance back to work. Vocational Rehabilitation Services reform must address the needs of the claimant and the employers willing to hire people with special needs.


David L. Keimanz
President/Secretary-Treasurer
ND AFL-CIO 1-8-07

**Workforce Safety & Insurance
2005-06 Quick Facts**

*Compliments of
North Dakota AFL-CIO*

Category	1999	2000	2001	2002	2003	2004	2005	2006
Employer accounts ↓	22,108	22,659	20,142	20,006	19,781	19,672	19,586	19,756
Earned premiums (\$millions) ↑	\$112.4	\$112.1	\$99.0	\$93.1	\$89.6	\$96.8	\$108.4	\$121.6
Fund surplus, with 5% discount on liabilities (\$millions) ↑	\$206.3	\$332.9	\$332.6	\$341.1	\$337.4	\$403.7	\$469.2	\$501.3
Restricted surplus, based on 2005 legislation (\$millions) ↑	\$206.3	\$217.2	\$224.4	\$218.3	\$252.0	\$263.7	\$272.2	\$274.7
Declared Premium Dividends (\$millions) ↑	\$0.0	\$0.0	\$12.0	\$12.0	\$0.0	\$0.0	\$46.0	\$54.0
Investments (\$millions) ↑	\$776	\$900	\$925	\$907	\$980	\$1,078	\$1,169	\$1,201
Investment returns ~	7.4%	12.2%	1.4%	-1.7%	9.0%	9.6%	7.3%	3.5%
Covered workforce ↑	292,868	296,663	299,714	301,913	301,777	304,287	311,200	318,240
Medical-only claims filed ↑	17,194	17,399	17,727	17,396	16,311	16,722	17,424	19,268
Wage-loss claims filed ↓	2,840	2,646	2,593	2,554	2,442	2,462	2,463	2,320
Total claims filed	20,034	20,045	20,320	19,950	18,753	19,184	19,887	21,588
Total claims filed per 100 Covered Workers ~	6.84	6.76	6.78	6.61	6.21	6.30	6.39	6.78
Wage-loss claims filed per 100 Covered Workers ↓	0.97	0.89	0.87	0.85	0.81	0.81	0.79	0.73
General Administrative and ULAE Expenses (\$millions) ↑	\$11.8	\$11.5	\$13.0	\$13.9	\$17.1	\$15.4	\$16.7	\$17.4
General Administrative Expense and ULAE Ratio ~	10.5%	10.3%	13.1%	14.9%	19.1%	15.9%	15.4%	14.3%
Indemnity benefits paid (\$millions) ↑	\$31.6	\$32.2	\$34.1	\$33.6	\$34.8	\$35.6	\$36.9	\$37.0
Medical benefits paid (\$millions) ↑↑	\$27.8	\$32.7	\$36.5	\$37.9	\$40.3	\$45.7	\$47.8	\$42.4
Allocated Loss Adjustment Expense (ALAE) paid (\$millions) ↓	\$8.2	\$6.5	\$5.9	\$3.9	\$4.2	\$4.3	\$3.8	\$3.3
Total paid benefits (\$millions)	\$67.6	\$71.4	\$76.5	\$75.4	\$79.3	\$85.6	\$88.5	\$82.7
Maximum weekly wage-loss benefit	\$417	\$480	\$497	\$516	\$537	\$555	\$577	\$624
Minimum weekly wage-loss benefit	\$251	\$262	\$271	\$282	\$293	\$303	\$315	\$341
Claims accepted/denied within 14 days ↓	na	67%	72%	74%	74%	75%	72%	63%
Claims Reported within 14 days ↑	na	na	na	na	68%	72%	75%	83%
Callers' average time on hold (seconds) ↑	17	22	26	20	20	22	29	27
Litigation requests ↓ ~	325	226	183	209	201	170	224	209
Injured Worker Independent Customer Satisfaction Survey (1 to 5 scale)	4.09	4.29	4.18	4.34	4.37	4.38	4.35	4.38
Employer Independent Customer Satisfaction Survey (1 to 5 scale)	na	na	na	4.14	4.17	4.21	4.20	4.21
WSI employee turnover rate ↑ ~	9%	15%	10%	10%	5%	7%	8%	12%

Workers' Compensation System--Old System vs. New System

D

The System of Old	The System Today
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Improved Service and Less Adversarial

Claims Processed w/ 14 days:	44% (1995)	63%	Through Board oversight, operational performance monitoring, and various other accountability mechanisms, benefit delivery and customer service has improved. Improved service results in less delays, fewer disputes, less costs, and more satisfied customers. Employer and injured worker customer satisfaction surveys are conducted periodically by DH Research, an independent research group out of Fargo. Overall satisfaction ranks high on the 1 to 5 scale.
Medical Bills Processed w/in 30 days:	39% (1997)	96%	
Independently Conducted Injured Worker Employer Satisfaction Surveys (Scale 1 to 5):	4.09 (1998)	4.38	
Independently Conducted Employer Customer Satisfaction Surveys (Scale 1 to 5):	Did not exist	4.21	
Medical Provider Satisfaction Survey:	Did not exist	3.83	
Requests for litigation:	1400 (1994)	209	Today's system is much less adversarial than the system of old. Litigation requests have been reduced by over 85%. Today, only 1% of all claims filed request litigation. Constituent service requests are down by over 73% today.
Constituent Service Requests:	336 (1997)	91	
Paid Medical, ALAE, and Wage-Loss Benefits:	\$66.4 Million (1997)	\$82.7 Million	
Payments to IW Counsel:	\$1.1 Million (1997)	\$158,000	

Less Injuries

Claims per 100 Covered Workers:	7.28 (1997)	6.78	Employer participation in safety programs has resulted in declines in claim injury rates.
Wage-Loss Claims per 100 Covered Workers:	1.06 (1997)	0.73	

Premium Stability

Rate Changes:	Numerous double digit rate increases up to 60% one year.	Eight consecutive reductions and three small inflationary increases in the last 11 years.	Legislative reforms providing for Board governance and monitoring, Independent Performance Audits/Evaluations, incentives for participation in safety and return to work programs, operational performance monitoring, and a fraud program have resulted in a more cost-effective and efficient operation which ultimately has contributed to a more stable premium environment.
Statewide Earned Premiums (before dividend credits):	\$133 million (1996)	\$121.6 million	

Financially Healthy

Net Assets:	\$240 Million Deficit (1994)	\$501 Million Surplus	Timely and periodic Board review of the fund's investment allocations and strategies has contributed to an improved financial position. Due to positive investment results, 40% premium dividend credits have been issued the past two years.
Declared Dividends:	\$0	Approximately \$100 million the past two years.	

Less Fraud and Abuse

Fraud program did not exist. There was no means to detect or deter the fraud and abuse that existed within the system.	Special Investigations Unit established in August, 1994. Has resulted in prosecutions and millions of dollars in cost avoidance to the fund.	Return on Investment for 2006 was \$4.03 saved for every dollar spent.
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More Accountable

<p>The Executive Director was appointed by the Governor. The appointment was typically an individual with no expertise in workers' compensation or the insurance industry which resulted in a long learning curve. Prior to the Board, the organization had 14 directors in 17 years. Changes in Governors led to revolving executive leadership which led to an inefficient and ineffective organization. Executive leadership had the inability to strategically plan because the change in governor resulted in a change of leadership. Recruiting a professional workers' compensation executive was difficult because of the revolving Governor door. Premium levels and claims decisions were based on political influence rather than sound business practices.</p>	<p>A Board of Directors was established in 1997 to provide the vision, oversight, and controls to ensure continual improvement. The Executive Director/CEO reports directly to the Board. Numerous accountability measures came along with this. The Board adopted a Governance model, bylaws, and policy manual. The Governance Manual requires a standing Board Audit Committee. The organization created an internal audit department. The Governance manual lays out Board outcomes or expectations for the organization to achieve. Operational performance measures are monitored and reported to the Board quarterly to ensure organizational compliance with Board outcomes. Accompanying the Board legislation was the requirement that the organization undergo biennial independent performance audits to be conducted by workers' compensation industry experts (a recurring mandate that no other state agencies have). Audits are reported to the interim LAFRC committee as well as the House and Senate Industry, Business, and Labor committees.</p>	<p>The Board has allowed the organization to perform in a business-like fashion and focus on providing quality service to injured workers and employers while insulated from political influence. The Board has the ability to recruit a qualified workers' compensation professional and ensure stability in leadership. Leadership stability gives the organization the ability to strategically plan for the short-term as well as the long term. The legislature maintains ultimate authority over workers' compensation benefits, the organizational budget, and whether the system is producing the intended results.</p>
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Workforce Safety & Insurance 2005-06 Quick Facts

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Restricted surplus, based on 2005 legislation (\$millions)	\$206.3	\$217.2	\$224.4	\$218.3	\$252.0	\$263.7	\$272.2	\$274.7
Declared Premium Dividends (\$millions)	\$0.0	\$0.0	\$12.0	\$12.0	\$0.0	\$0.0	\$46.0	\$54.0
Investments (\$millions)	\$776	\$900	\$925	\$907	\$980	\$1,078	\$1,169	\$1,201
Investment returns	7.4%	12.2%	1.4%	-1.7%	9.0%	9.6%	7.3%	3.5%
Covered workforce	292,868	296,663	299,714	301,913	301,777	304,287	311,200	318,240
Medical-only claims filed	17,194	17,399	17,727	17,396	16,311	16,722	17,424	19,268
Wage-loss claims filed	2,840	2,646	2,593	2,554	2,442	2,462	2,463	2,320
Total claims filed	20,034	20,045	20,320	19,950	18,753	19,184	19,887	21,588
Total claims filed per 100 Covered Workers	6.84	6.76	6.78	6.61	6.21	6.30	6.39	6.78
Wage-loss claims filed per 100 Covered Workers	0.97	0.89	0.87	0.85	0.81	0.81	0.79	0.73
General Administrative and ULAE Expenses (\$millions)	\$11.8	\$11.5	\$13.0	\$13.9	\$17.1	\$15.4	\$16.7	\$17.4
General Administrative Expense and ULAE Ratio	10.5%	10.3%	13.1%	14.9%	19.1%	15.9%	15.4%	14.3%
Indemnity benefits paid (\$millions)	\$31.6	\$32.2	\$34.1	\$33.6	\$34.8	\$35.6	\$36.9	\$37.0
Medical benefits paid (\$millions)	\$27.8	\$32.7	\$36.5	\$37.9	\$40.3	\$45.7	\$47.8	\$42.4
Allocated Loss Adjustment Expense (ALAE) paid (\$millions)	\$8.2	\$6.5	\$5.9	\$3.9	\$4.2	\$4.3	\$3.8	\$3.3
Total paid benefits (\$millions)	\$67.6	\$71.4	\$76.5	\$75.4	\$79.3	\$85.6	\$88.5	\$82.7
Maximum weekly wage-loss benefit	\$417	\$480	\$497	\$516	\$537	\$555	\$577	\$624
Minimum weekly wage-loss benefit	\$251	\$262	\$271	\$282	\$293	\$303	\$315	\$341
Claims accepted/denied within 14 days	na	67%	72%	74%	74%	75%	72%	63%
Claims Reported within 14 days	na	na	na	na	68%	72%	75%	83%
Callers' average time on hold (seconds)	17	22	26	20	20	22	29	27
Litigation requests	325	226	183	209	201	170	224	209
Injured Worker Independent Customer Satisfaction Survey (1 to 5 scale)	4.09	4.29	4.18	4.34	4.37	4.38	4.35	4.38
Employer Independent Customer Satisfaction Survey (1 to 5 scale)	na	na	na	4.14	4.17	4.21	4.20	4.21
Employee turnover rate	9%	15%	10%	10%	5%	7%	8%	12%

Workers Compensation: A look at the past decade
Reform Efforts have produced results

The economic well being of North Dakota is dependent upon a favorable business climate as well as the health and safety of its workforce. Through the workers compensation reform efforts of the past decade, the oversight by the Workforce Safety & Insurance (WSI) Board of Directors, and the efforts of the business community, a much improved and stable workers compensation system exists today.

The policy and operational reforms and incremental improvements have resulted in the following:

- 1) Increased Accountability;
- 2) Improved Service and Overall Benefit Delivery;
- 3) A More Equitable Benefit Structure;
- 4) Premium Stability; and
- 5) A Strong Overall Financial Position.

The combined efforts of the business community, past and current lawmakers, past and current Board members, past and current WSI staff, and the various stakeholder groups have all contributed to a more stable workers compensation environment. The details of some of these positive results have been outlined below.

Increased Accountability

- Prior to the reforms, the Executive Director was appointed by the Governor. The appointment was typically an individual with no expertise in workers' compensation or the insurance industry which resulted in a long learning curve. Prior to the Board, the organization had 14 directors in 17 years. Changes in Governors led to revolving executive leadership which led to an inefficient and ineffective organization. Executive leadership had the inability to strategically plan because the change in governor resulted in a change of leadership. Recruiting a professional workers' compensation executive was difficult because of the revolving Governor door. Premium levels and claims decisions were based on political influence rather than sound business practices.
- A Board of Directors made up of various stakeholders was established in 1997 to provide the vision, oversight, and controls to ensure continual improvement. The Executive Director/CEO reports directly to the Board. Numerous accountability measures came along with this. The Board adopted a Governance model, bylaws, and policy manual. The Governance Manual requires a standing Board Audit Committee. The organization created an internal audit department. The Governance manual outlines Board outcomes or expectations for the organization to achieve. Operational performance measures are monitored and reported to the Board quarterly to ensure organizational compliance with Board outcomes. Accompanying the Board legislation was the requirement that the organization undergo biennial independent performance reviews to be conducted by workers' compensation industry experts (a recurring mandate that no other state agencies have) to ensure the ongoing accountability of the workers compensation system. Performance Reviews are reported to the interim LAFRC committee as well as the House and Senate Industry, Business, and Labor committees.
- The Board has allowed the organization to perform in a business-like fashion and focus on providing quality service to injured workers and employers while insulated from political influence. The Board has the ability to recruit a qualified workers' compensation professional and ensure stability in leadership. Leadership stability gives the organization the ability to strategically plan for the short-term as well as the long term. The legislature maintains ultimate authority over workers' compensation benefits, the organizational budget, and whether the system is producing the intended results.

Improved Service and Overall Benefit Delivery

- Through Board oversight, operational performance monitoring, and various other accountability mechanisms, benefit delivery and customer service has improved. Improved service results in fewer delays, fewer disputes, less costs, and more satisfied customers. Employer and injured worker customer satisfaction surveys are conducted periodically by DH Research, an independent research group out of Fargo. Overall satisfaction ranks high on the 1 to 5 scale (consistently between a 4 and 5 for both the injured worker and employer surveys).
- Claims processing timeframes have improved resulting in fewer delays and ultimately less disputes.
- Today's system is much less adversarial than the system of old. Litigation requests have been reduced by over 85%, from 1,400 in 1994 to just over 200 today. Today, approximately 1% of all claims filed request litigation.
- Total constituent service requests, which are constituent inquiries from various public officials, were 336 in 1997 compared to 91 today, a reduction of 73%.

- Safety incentive programs have resulted in reductions in wage-loss claim injury rates, the most severe claims. Wage-loss claims filed per 100 covered workers have declined by 32%, from 1.06 in 1997 to 0.72 today.

A More Equitable Benefit Structure

The policy reforms have provided for a benefit structure with less ambiguities and a focus on increased benefits for the severely injured. The goal of a workers compensation system is to maintain an equitable and adequate benefit structure, not overly excessive in that the incentive to return-to-work is diminished, and adequate enough to ensure the truly injured are adequately compensated.

The following benefit enhancement provisions were passed during the 1997, 1999, 2001, 2003, and 2005 legislative sessions.

- Increased weekly death benefits for surviving spouses from a fixed \$210 per week to up to 110% of statewide average weekly wage (SAWW) (or currently \$624 per week).
- Increased lifetime cap on death benefits by more than 25%, from \$197,000 to \$250,000.
- Increased the lump sum death award for death claims where no surviving spouse or dependents exist from \$2,000 to \$12,500 (or 5% of the lifetime cap on death benefits for claims with surviving dependents).
- Introduced a post-retirement additional benefit for injured workers whose disability benefit ends at time of retirement.
- Increased additional benefit payments by applying the calculation to the compensation rate before any social security offset
- Increased the maximum disability benefit from 100% of SAWW to 110% of SAWW. As a percent of the state's average wages, it's 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.
- Increased the maximum amount of scholarships from \$3,000 to \$4,000 per year for up to 5 years for spouses and dependent children of a worker who died as a result of a compensable work-related injury.
- Established the amount of scholarships issued in exceptional circumstances at \$10,000 per year for up to 5 years.
- Increased the maximum amount of scholarships that can be awarded annually from \$150,000 to \$300,000.
- Established a \$15 million educational revolving loan fund that is accessible to eligible injured workers.
- Created options for an injured worker to choose to pursue a retraining program or opt for up to five years of partial disability benefits.
- Provided discretion for WSI to allow an injured worker to pursue retraining in cases where an employee's first appropriate option was not retraining.
- Established additional safety incentives to ensure the health and safety of North Dakota's workforce.
- Established ongoing appropriation authority to fund safety education, grant, and incentive programs.

Premium Stability

- Prior to the policy and operational reforms, and in part due to the political influence within the rate-setting process, the rating structure was inadequate to cover anticipated losses and resulted in significant successive double digit premium rate increases.
- Statewide premiums peaked in 1996 at \$133 Million. Statewide premiums still remain below that level today. If adjusted for inflation, the gap widens further.
- The operational and policy reforms led to eight consecutive premium rate reductions. Small inflationary increases have occurred the three most recent years.
- A national study conducted annually has cited North Dakota as the lowest workers compensation premium state for the past few years.
- Premium rates today are set actuarially, free from political influence, to cover anticipated losses and expenses incurred for the given policy year.
- Policy and operational reforms providing for Board governance and monitoring, incentives for participation in safety and return to work programs, operational performance monitoring, and a fraud program have resulted in a more cost-effective and efficient operation which collectively has contributed to a more stable premium environment.
- Contributing to the stable premium environment is the relatively low provision for administrative costs contained within the premium rate structure. WSI's administrative expense ratio is approximately 15%, compared to industry averages of 25% to 35%.

Strong Financial Position

- Prior to the policy and operational reforms, the workers compensation fund was in nearly a quarter billion dollar deficit position in 1994.
- Timely and periodic Board review of the fund's investment allocations and strategies has contributed to an improved financial position. Prudent investment management by the Retirement and Investment Office staff as well as the State Investment Board has provided for better than expected investment performance, a significant factor in the positive growth of the fund.
- Today the fund is solvent with an adequate surplus. Given the fact that WSI was now in a fund surplus position, a position the organization was historically unaccustomed to, the 2005 Legislature enacted legislation requiring WSI to maintain an adequate level of reserves plus surplus in the range of 120% to 140% of the actuarially established discounted reserve. The intent was to ensure overall long-term program stability and avoid the deficit positions of the past.
- To the extent the reserves plus surplus exceed statutory requirements (140%), the excess can be returned to policyholders in the form of premium dividend credits.
- Premium dividend credits are determined annually by WSI's Board of Directors (separate from premium rate level adjustments) based on overall fund financial position.
- WSI's Board of Directors has declared 40% premium dividend credits in each of the last 2 years. It is estimated that over the two year time period this will equate to an estimated \$100 million plus in aggregate credits to WSI policyholders.

Workforce Safety & Insurance Claims Filed and Acceptance Rates

Claims Filed

- **FY2006** – total claims filed = 21,588 (2,320 wage-loss & 19,268 med-only)
- **FY2005** – total claims filed = 19,887 (2,426 wage-loss & 17,461 med-only)
 - 8.6% increase in total claims filed from FY2005 to FY2006
 - 4.4% decrease in the number of wage-loss claims filed from FY2005 to FY2006
 - During FY2006 the number of claims filed each quarter showed a decrease from the previous quarter
 - The first quarter FY2007 shows a 3.6% decrease when compared to the first quarter of FY2006.

New Programs in late FY2005 and FY2006

- **April 2005** we started accepting the first report of injury form (FROI) from medical providers
- **August 2005** we implemented an early reporting incentive for employers. This incentive allows for the waiver of the \$250 assessment if we receive notification of the claim or incident by midnight of the business day following the date of the injury or incident.

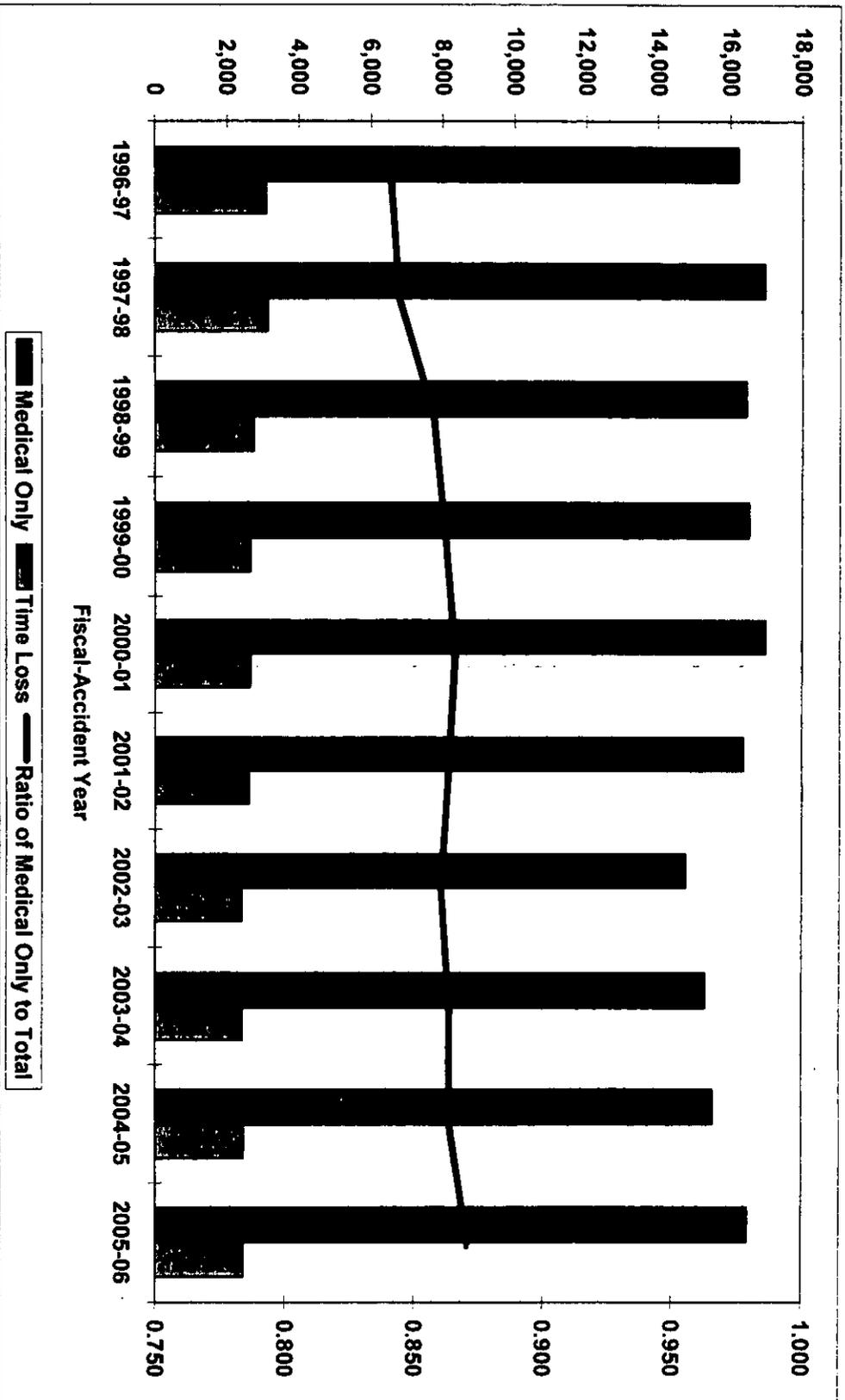
Ultimate Acceptance Rates

- FY2006 – 86.7%
- FY2005 – 91.0%
- FY2004 – 92.9%

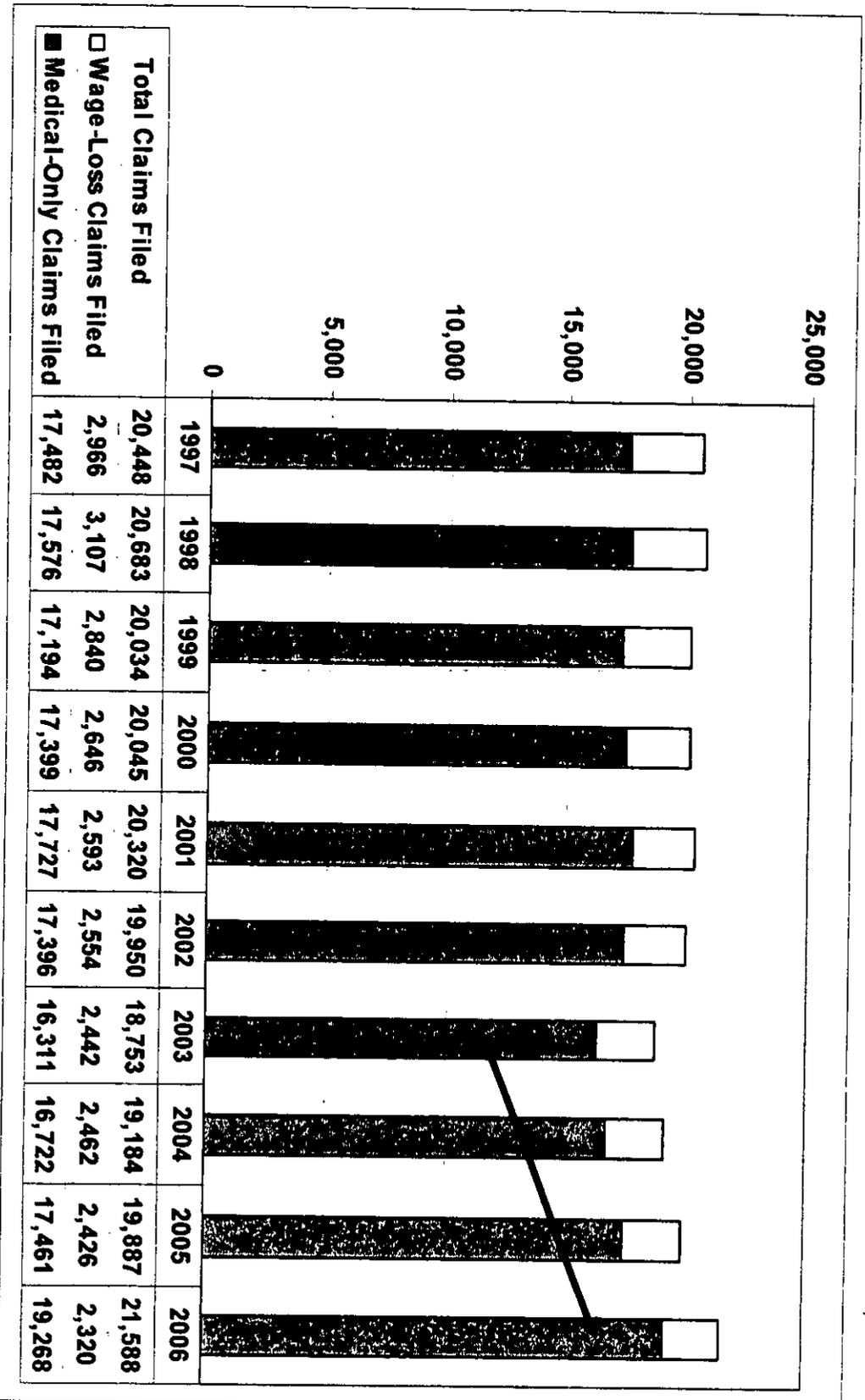
- The most significant change is the increase in the number of claims denied for no medical treatment and no signed injured worker report (C1). These are both a result of the new programs we implemented in April and August 2005.

- If you remove all claims denied for no medical treatment and no signed injured worker report (C1) from all three years the acceptance rates are as follows, which are more consistent:
 - FY2006 – 91.3%
 - FY2005 – 93.5%
 - FY2004 – 93.0%

Workforce Safety and Insurance Claim Counts Data at June 2006

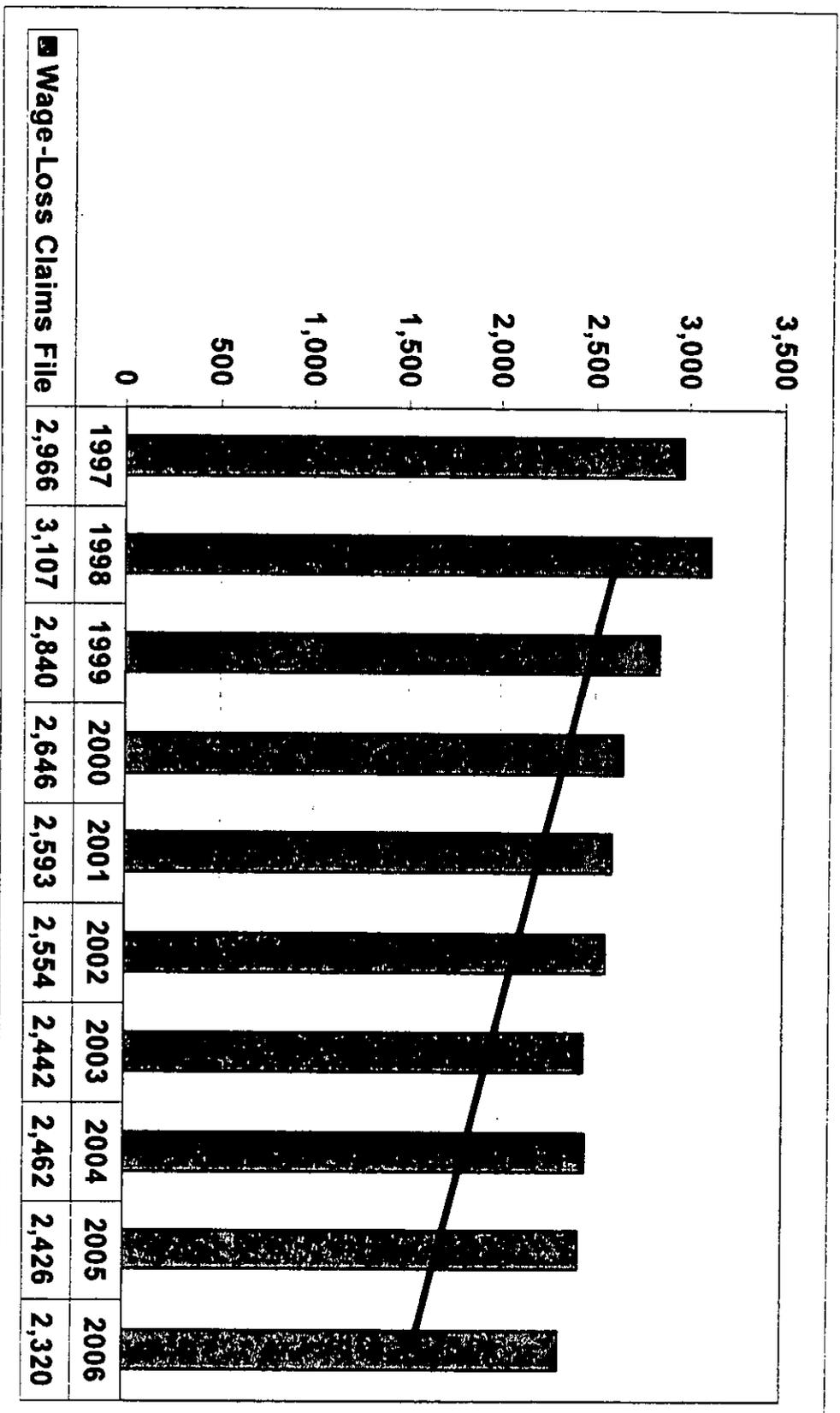


Workforce Safety & Insurance 1997-2006 Claims Reported



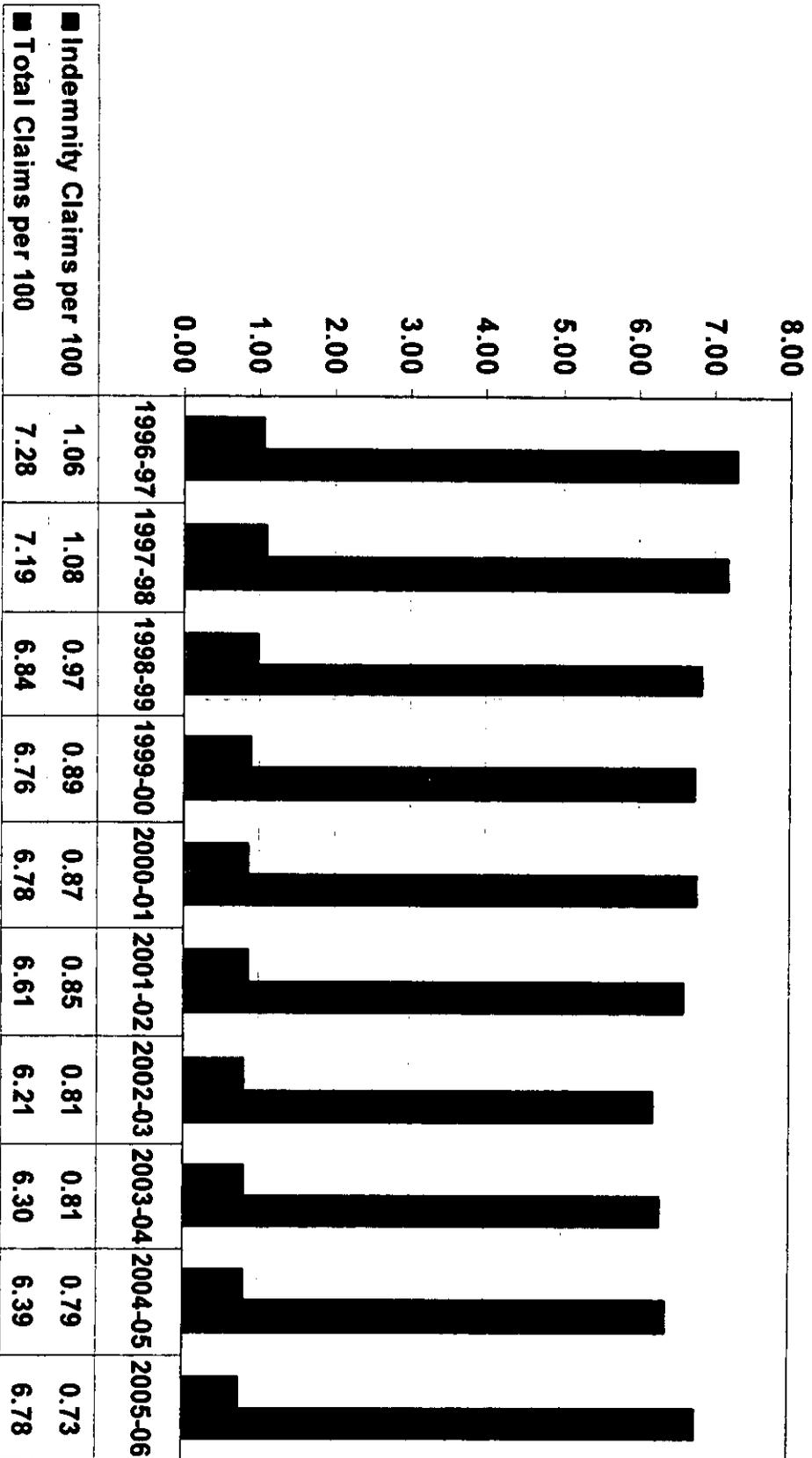
Data taken at September 15 each year

Workforce Safety & Insurance 1997-2006 Wage-Loss Claims Reported



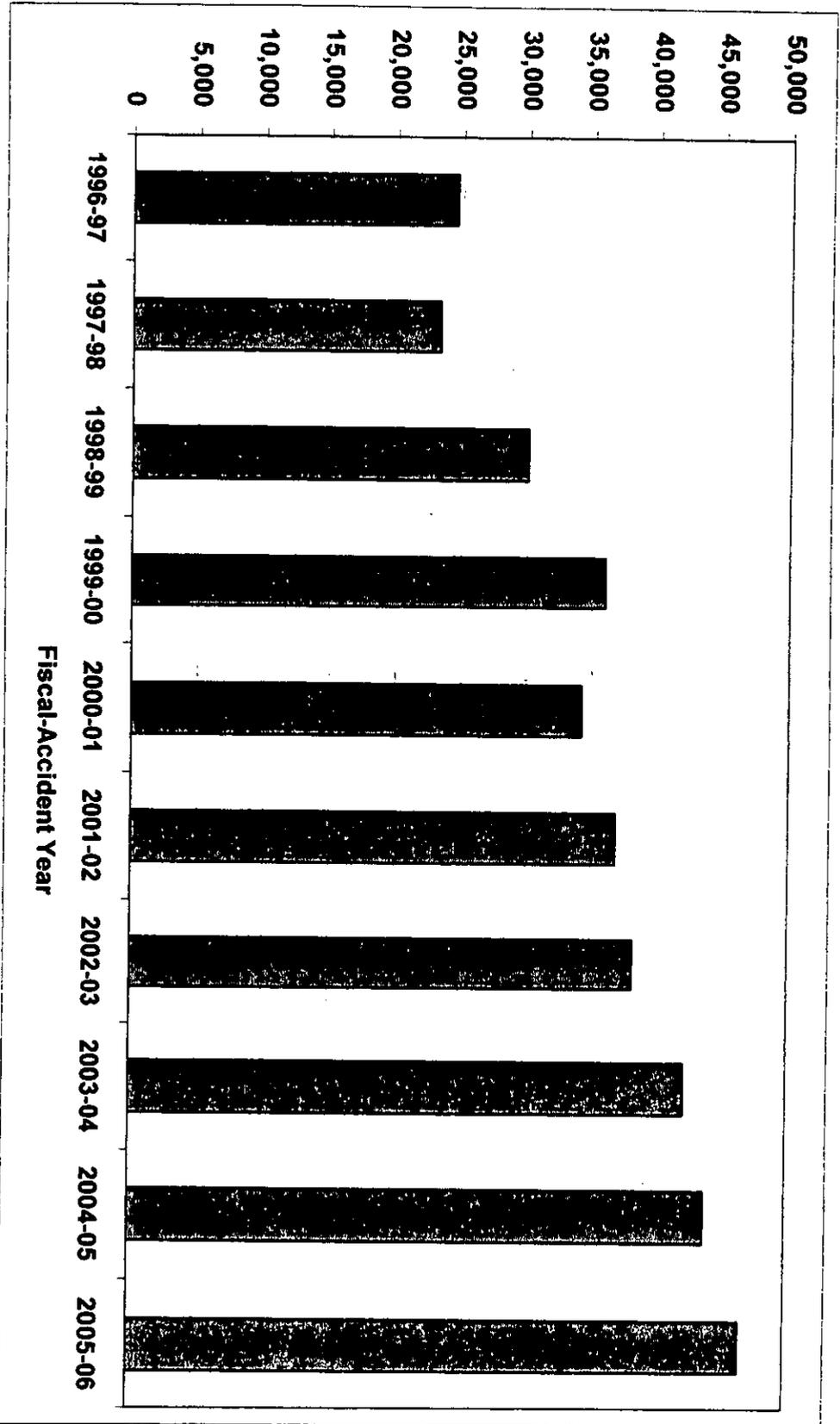
Data taken at September 15 each year

Workforce Safety & Insurance Claims Reported per 100 Covered Workers

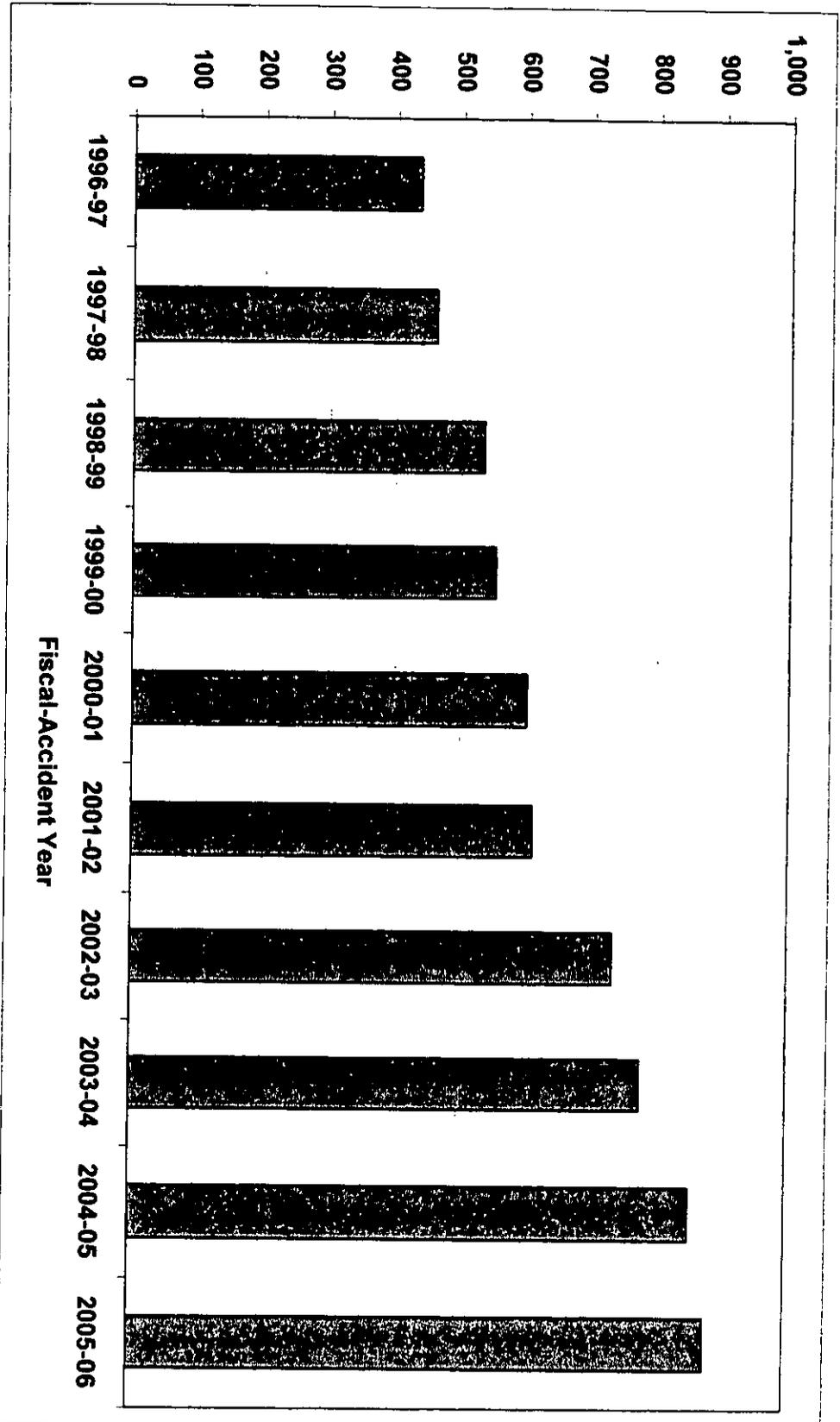


Data taken at September 15 each year

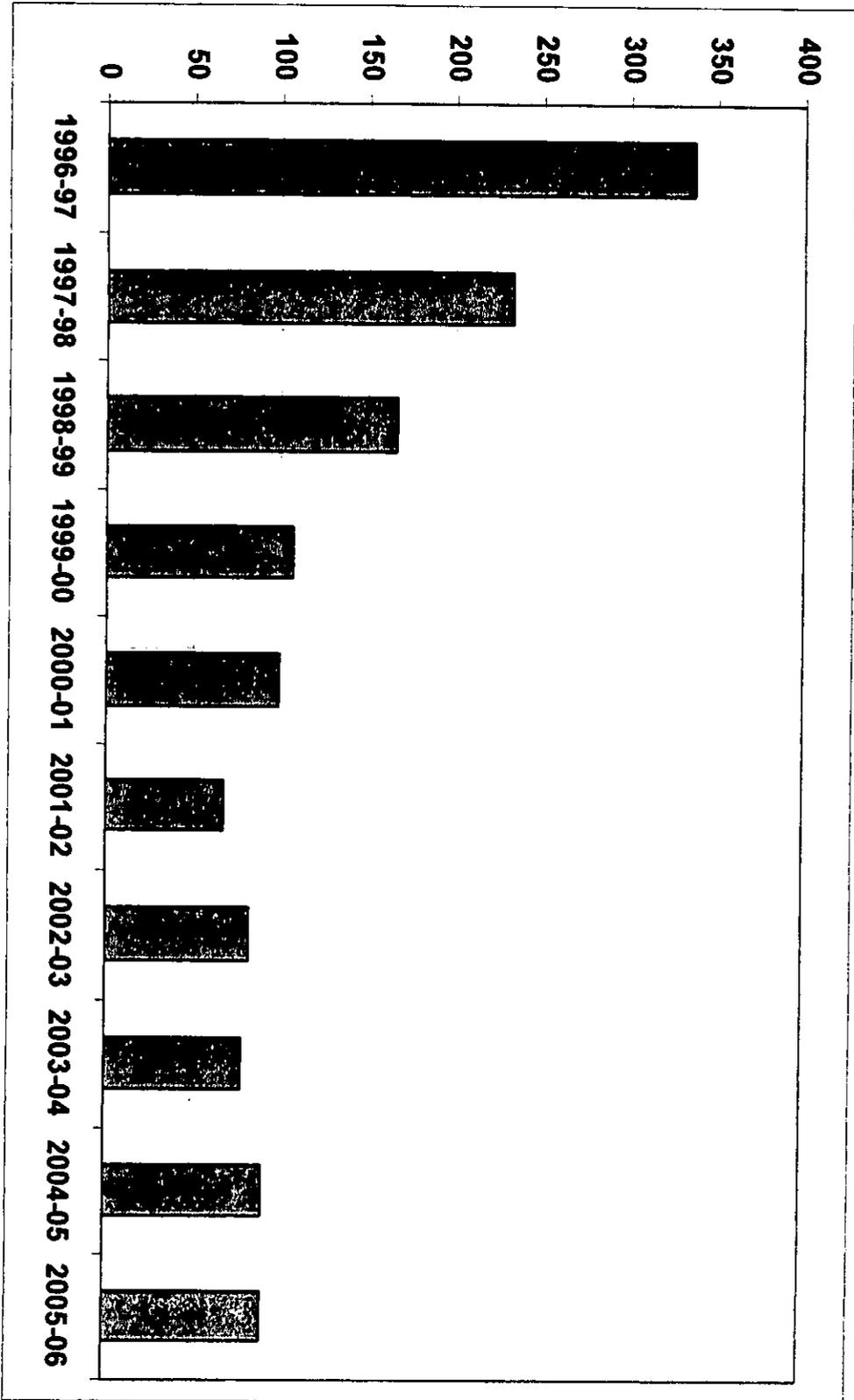
Workforce Safety and Insurance Average Cost per Time Loss Claim Data at June 2006



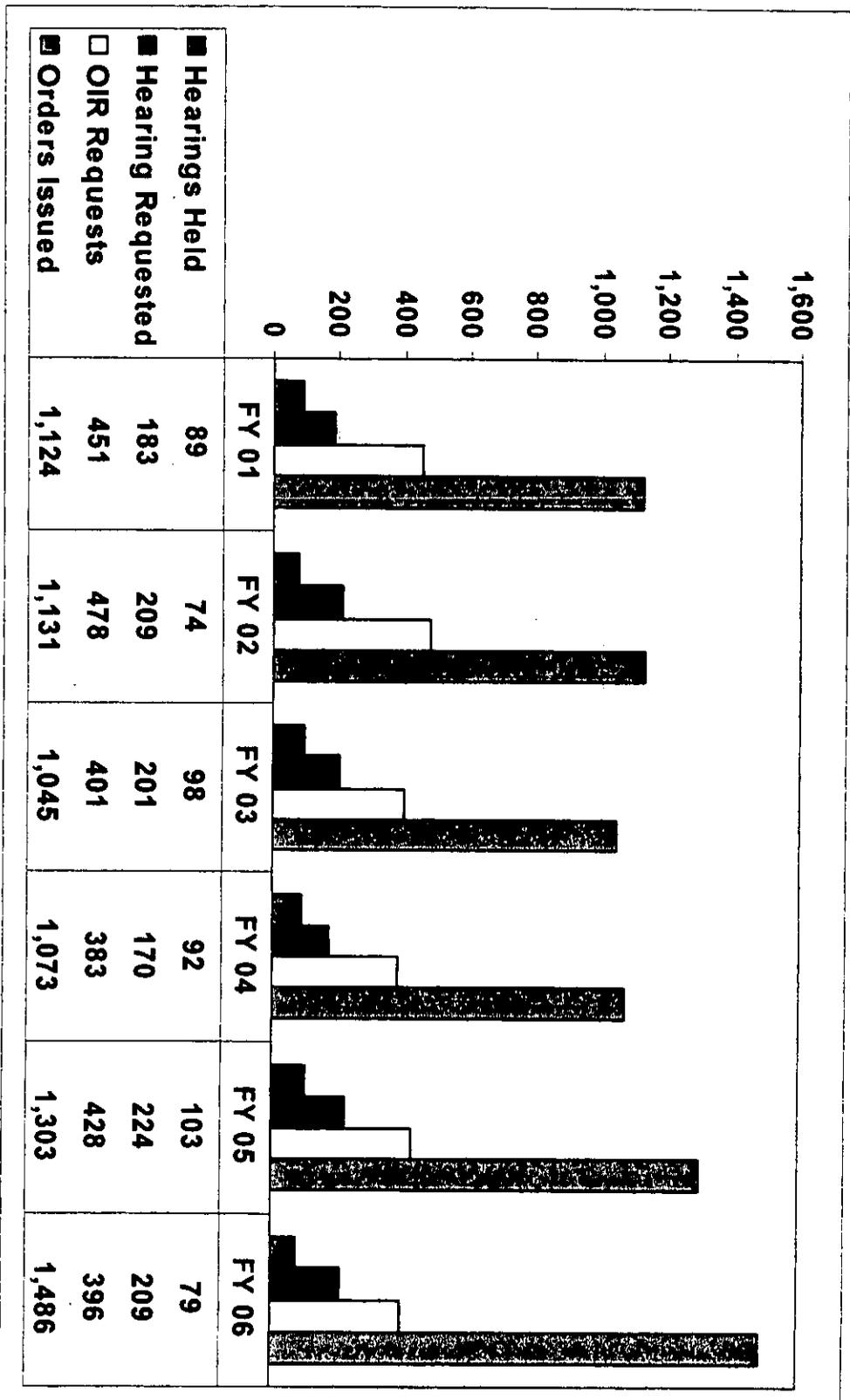
**Workforce Safety and Insurance
Average Cost per Medical Only Claim
Data at June 2006**



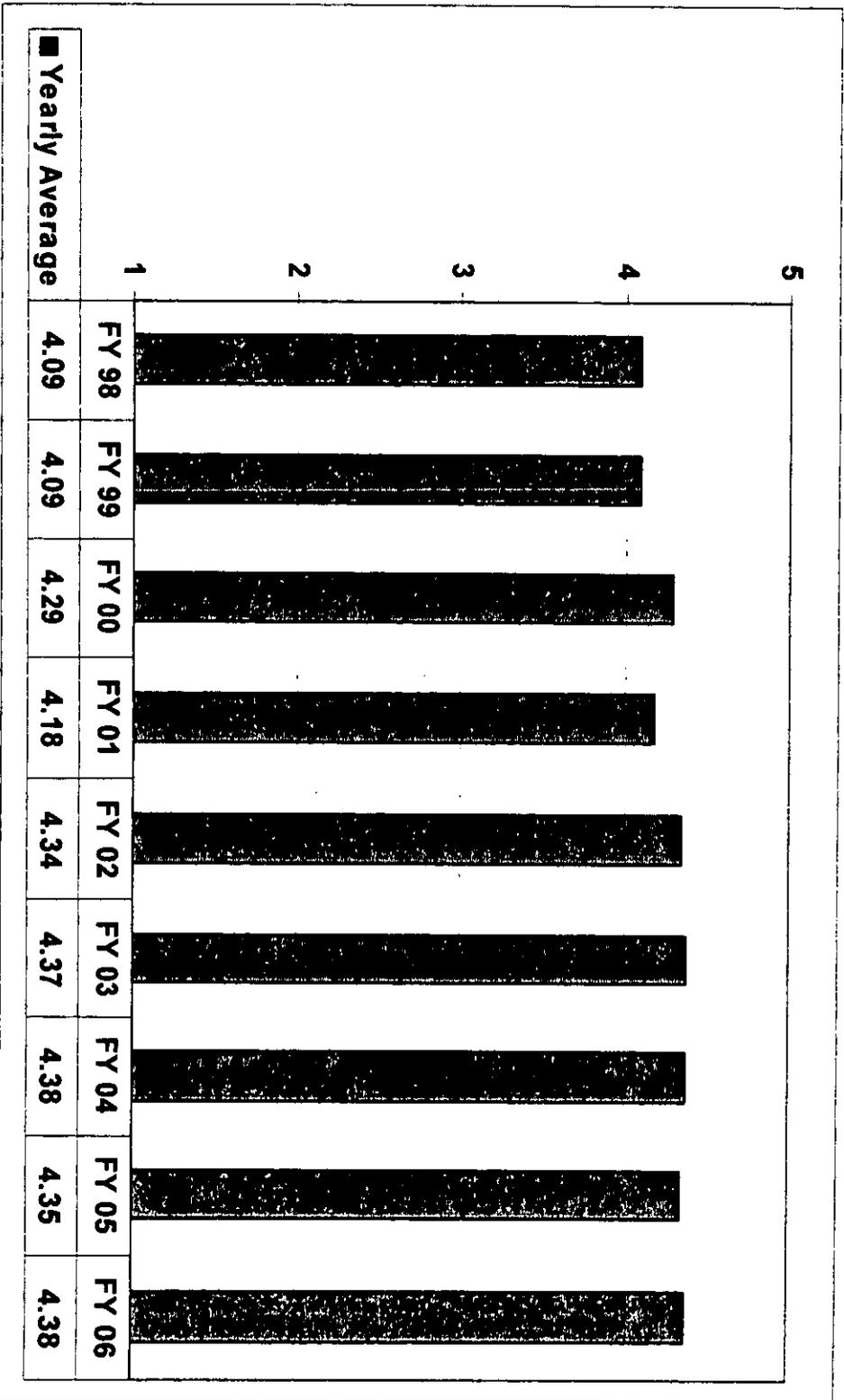
Workforce Safety & Insurance Constituency Requests At June 30 each year



Workforce Safety & Insurance Litigation Requests Data at June 30 each year



Workforce Safety and Insurance Injured Worker Satisfaction Survey Results

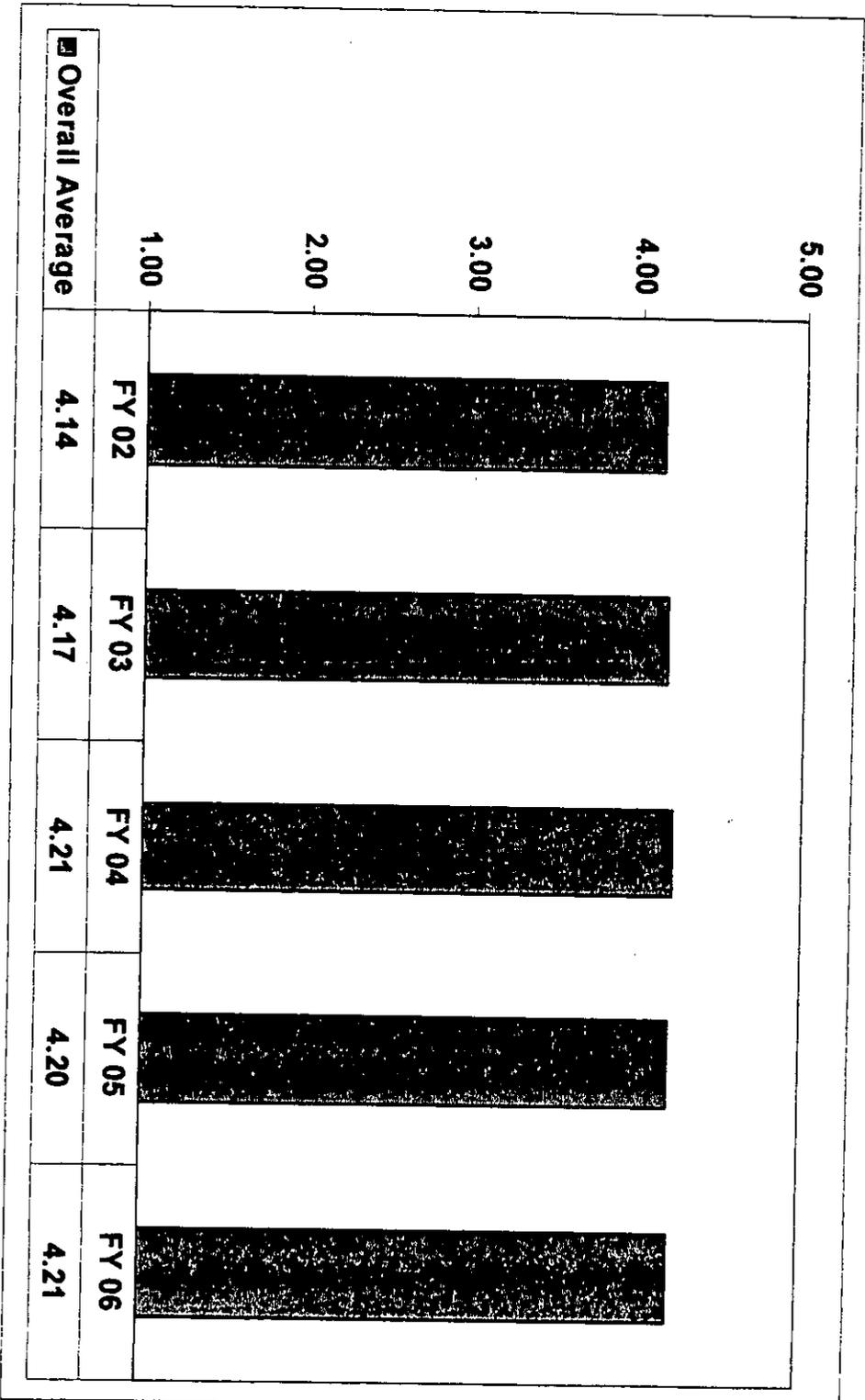


1 indicates least satisfied and 5 is most satisfied.

~Claims 60-90 days post initial acceptance

~Employer surveys are conducted by an independent research group (DH Research)

Workforce Safety and Insurance Employer Satisfaction Survey Results



1 indicates least satisfied and 5 is most satisfied.

~Employer survey was revamped beginning with June 2001

~Employer surveys are conducted by an independent research group (DH Research)

ID	WBS	Task Name	Duration	Start	Finish	% Complete	CR 4 2006
1	1.0	PA2006 Performance Audit	180 days	Mon 11/27/06	Fri 8/3/07	31%	
2	1.0	Procurement Systems-Element 1	90 days	Mon 11/27/06	Fri 3/30/07	51%	
3	1.1	Procurement system	90 days	Mon 11/27/06	Fri 3/30/07	58%	
4	1.1.1	Review OMB and WSI procurement policies	90 days	Mon 11/27/06	Fri 3/30/07	80%	
5	1.1.2	Determine similarities and differences of policies	90 days	Mon 11/27/06	Fri 3/30/07	80%	
6	1.1.3	Determine which policies should remain	90 days	Mon 11/27/06	Fri 3/30/07	50%	
7	1.1.4	Determine which policies involve the greatest risk	90 days	Mon 11/27/06	Fri 3/30/07	75%	
8	1.1.5	Ascertain education and expertise of procurement office	90 days	Mon 11/27/06	Fri 3/30/07	75%	
9	1.1.6	Communicate with department managers	90 days	Mon 11/27/06	Fri 3/30/07	50%	
10	1.1.7	Monitor payment vouchers for contracts or purchases without valid authorization	90 days	Mon 11/27/06	Fri 3/30/07	75%	
11	1.1.8	Assess current recordkeeping practices	90 days	Mon 11/27/06	Fri 3/30/07	90%	
12	1.1.9	Determine most effective method of recordkeeping	90 days	Mon 11/27/06	Fri 3/30/07	90%	
13	1.1.10	Change policy so recordkeeping flows through procurement	90 days	Mon 11/27/06	Fri 3/30/07	90%	
14	1.1.11	Requests for services are reviewed and authorized by procurement	90 days	Mon 11/27/06	Fri 3/30/07	30%	
15	1.1.12	Procurement officer involved in discussions involving procurement needs	90 days	Mon 11/27/06	Fri 3/30/07	10%	
16	1.1.13	Periodic QA audit on contract files	90 days	Mon 11/27/06	Fri 3/30/07	10%	
17	1.1.14	Educate managers in correct procurement procedures	90 days	Mon 11/27/06	Fri 3/30/07	20%	
18	1.1.15	Monitor payment vouchers for proper support documentation	90 days	Mon 11/27/06	Fri 3/30/07	71%	
19	1.2	Procurement office involvement	90 days	Mon 11/27/06	Fri 3/30/07	100%	
20	1.2.1	Determine if more than one employee can act as Procurement Officer	90 days	Mon 11/27/06	Fri 3/30/07	75%	
21	1.2.2	Inform managers of decision on procurement	90 days	Mon 11/27/06	Fri 3/30/07	10%	
22	1.2.3	Educate managers and employees on role of Procurement Officer	90 days	Mon 11/27/06	Fri 3/30/07	100%	
23	1.2.4	Modify Service & Supply request form	90 days	Mon 11/27/06	Fri 3/30/07	32%	
24	1.3	Public funds	90 days	Mon 11/27/06	Fri 3/30/07	10%	
25	1.3.1	Opinion regarding allowable expenditures of public funds	90 days	Mon 11/27/06	Fri 3/30/07	8%	
26	1.3.2	Review NDCC & OMB policies to determine guidelines for WSI	90 days	Mon 11/27/06	Fri 3/30/07	0%	
27	1.3.3	Research AG opinions regarding after the 1994 opinion	90 days	Mon 11/27/06	Fri 3/30/07	75%	
28	1.3.4	Review correspondence between OMB & WSI regarding spending authority	90 days	Mon 11/27/06	Fri 3/30/07	50%	
29	1.3.5	Inform managers and employees of guidelines and limitations	90 days	Mon 11/27/06	Fri 3/30/07	50%	
30	1.3.6	Inform managers of past expenditures and future changes	90 days	Mon 11/27/06	Fri 3/30/07	5%	
31	1.4	Contract award	90 days	Mon 11/27/06	Fri 3/30/07	25%	
32	1.4.1	Review evaluation methodology	90 days	Mon 11/27/06	Fri 3/30/07	25%	

Project: Project 1
 Date: Thu 1/18/07

Task: Milestone: Summary: External Milestone:

Split: Progress: Project Summary: Deadline:

ID	WBS	Task Name	Duration	Start	Finish	% Complete
33	142	Educator's evaluation learns on evaluation methodology	90 days	Mon 11/27/06	Fri 3/30/07	0%
34	143	Monitor evaluation methodology	90 days	Mon 11/27/06	Fri 3/30/07	0%
35	144	Utilize evaluation methodology in accordance with state Procurement Off.	90 days	Mon 11/27/06	Fri 3/30/07	0%
36	145	Request NO Procurement Office to develop written policy for guidance on	90 days	Mon 11/27/06	Fri 3/30/07	60%
37	15	Contract initiation	90 days	Mon 11/27/06	Fri 3/30/07	30%
38	151	Review necessity of contract completion & signing before payments	90 days	Mon 11/27/06	Fri 3/30/07	50%
39	152	Train AP employees to examine contract payment requests	90 days	Mon 11/27/06	Fri 3/30/07	100%
40	153	Require Director of Finance to audit contract payment requests	90 days	Mon 11/27/06	Fri 3/30/07	60%
41	16	Contract payments	90 days	Mon 11/27/06	Fri 3/30/07	30%
42	161	Review necessity of contract completion & signing before payment	90 days	Mon 11/27/06	Fri 3/30/07	50%
43	162	Train AP employees to examine contract payment requests	90 days	Mon 11/27/06	Fri 3/30/07	100%
44	163	Require Director of Finance to audit contract payment requests	90 days	Mon 11/27/06	Fri 3/30/07	0%
45	17	Temporary employee status	90 days	Mon 11/27/06	Fri 3/30/07	0%
46	18	Executive Director reimbursements	90 days	Mon 11/27/06	Fri 3/30/07	83%
47	19	Tax reimbursements	90 days	Mon 11/27/06	Fri 3/30/07	80%
48	191	Employee reimbursements are within policy	90 days	Mon 11/27/06	Fri 3/30/07	100%
49	192	Request written support documentation for reimbursements	90 days	Mon 11/27/06	Fri 3/30/07	50%
50	193	Train AP employees to examine reimbursement requests	90 days	Mon 11/27/06	Fri 3/30/07	100%
51	184	Require Director of Finance to audit reimbursement requests	90 days	Mon 11/27/06	Fri 3/30/07	85%
52	110	Expenditures applied to appropriate biennium	90 days	Mon 11/27/06	Fri 3/30/07	75%
53	1101	Train AP employees to examine business of payment requests	90 days	Mon 11/27/06	Fri 3/30/07	80%
54	1102	Review OMB policy regarding bid splitting and coding of expenditures to or	90 days	Mon 11/27/06	Fri 3/30/07	100%
55	1103	Require Director of Finance to review all expenditures	180 days	Mon 11/27/06	Fri 8/3/07	17%
56	20	Human Resource Management System-Element 2	90 days	Mon 11/27/06	Fri 3/30/07	0%
57	21	Employee performance appraisal process	90 days	Mon 11/27/06	Fri 3/30/07	100%
58	22	Signed performance appraisals	90 days	Mon 11/27/06	Fri 3/30/07	0%
59	23	Consent and uniform hiring process	90 days	Mon 11/27/06	Fri 3/30/07	0%
60	24	Formal policies and procedures	90 days	Mon 11/27/06	Fri 3/30/07	0%
61	25	Veterans preference	90 days	Mon 11/27/06	Fri 3/30/07	0%
62	26	Competitive hiring process	90 days	Mon 11/27/06	Fri 3/30/07	0%
63	27	Compensation adjustments	90 days	Mon 11/27/06	Fri 3/30/07	0%
64	28	Bonus program requirements	90 days	Mon 11/27/06	Fri 3/30/07	100%

Project: Project1
Date: Thu 1/18/07

Task
Split
Progress

Milestone
Summary
Project Summary

External Milestone
Deadline

External Tasks

2

04.2006
04

ID	WBS	Task Name	Duration	Start	Finish	% Complete
65	2.9	Employee modest investigation	180 days	Mon 11/27/06	Fri 8/3/07	0%
66	2.10	Actions taken related to employee investigations	90 days	Mon 11/27/06	Fri 3/30/07	0%
67	2.11	Risk management modification	90 days	Mon 11/27/06	Fri 3/30/07	0%
68	2.12	Classification and pay-for-performance monitoring	90 days	Mon 11/27/06	Fri 3/30/07	0%
69	2.13	Pay range changes based on formal evaluation process	90 days	Mon 11/27/06	Fri 3/30/07	0%
70	2.14	Turn-over rate calculation	90 days	Mon 11/27/06	Fri 3/30/07	0%
71	2.15	Formal procedure for review of policy handbook	90 days	Mon 11/27/06	Fri 3/30/07	100%
72	2.16	Incentive pay	90 days	Mon 11/27/06	Fri 3/30/07	0%
73	2.17	Absenteeism	90 days	Mon 11/27/06	Fri 3/30/07	15%
74	3.0	WSI Management Element 3	180 days	Mon 11/27/06	Fri 8/3/07	0%
75	3.1	Increase moral	90 days	Mon 11/27/06	Fri 3/30/07	0%
76	3.2	Open door policy	90 days	Mon 11/27/06	Fri 3/30/07	0%
77	3.3	Communication	90 days	Mon 11/27/06	Fri 3/30/07	0%
78	3.4	SIU resources	90 days	Mon 11/27/06	Fri 3/30/07	0%
79	3.5	Contractual provisions	90 days	Mon 11/27/06	Fri 3/30/07	0%
80	3.6	Appropriate use of resources	180 days	Mon 11/27/06	Fri 8/3/07	0%
81	3.7	Establish and implement strategic plan	90 days	Mon 11/27/06	Fri 3/30/07	100%
82	3.8	Strategic plan on website	90 days	Mon 11/27/06	Fri 3/30/07	0%
83	3.9	Accurate information	180 days	Mon 11/27/06	Fri 8/3/07	0%
84	3.10	Succession planning	180 days	Mon 11/27/06	Fri 8/3/07	0%
85	3.11	Resource planning for philosophy changes	90 days	Mon 11/27/06	Fri 3/30/07	100%
86	3.12	Quality Assurance functions	180 days	Mon 11/27/06	Fri 8/3/07	0%
87	3.13	Internal Audit staffing level	90 days	Mon 11/27/06	Fri 3/30/07	100%
88	3.14	Barclay board coverage	90 days	Mon 11/27/06	Fri 3/30/07	0%
89	3.15	Premum dividend credits	180 days	Mon 11/27/06	Fri 8/3/07	18%
90	4.0	Board of Directors-Element 4	180 days	Mon 11/27/06	Fri 8/3/07	0%
91	4.1	Board of Directors compliance with legislative intent	180 days	Mon 11/27/06	Fri 8/3/07	0%
92	4.2	Formally establish role for required approval	180 days	Mon 11/27/06	Fri 8/3/07	0%
93	4.3	Carver Policy Governance Model	90 days	Mon 11/27/06	Fri 3/30/07	76%
94	4.4	Carver Policy Governance Model education	90 days	Mon 11/27/06	Fri 3/30/07	80%
95	4.4.1	Identify sources of education and training	90 days	Mon 11/27/06	Fri 3/30/07	100%
96	4.4.2	Establish cost estimate	90 days	Mon 11/27/06	Fri 3/30/07	100%

Oct 4, 2006
04

Project: Project1
Date: Thu 11/8/07

Task
Soft
Progress



Milestone
Summary
Project Summary



External Milestone
Deadline



ID	WBS	Task Name	Duration	Start	Finish	% Complete
97	4.4.3	Clarify time frame when BOB is available	90 days	Mon 11/27/05	Fr 3/30/07	100%
98	4.4.4	Issue RFP	90 days	Mon 11/27/05	Fr 3/30/07	0%
99	4.4.5	Coordinate Usaring with BOB and vendor	90 days	Mon 11/27/05	Fr 3/30/07	0%
100	4.5	Revised outcomes	90 days	Mon 11/27/05	Fr 3/30/07	0%
101	4.6	Measurable performance criteria	180 days	Mon 11/27/05	Fr 8/30/07	0%
102	4.7	Separate monitoring report	180 days	Mon 11/27/05	Fr 8/30/07	0%
103	4.8	Board performance evaluation	180 days	Mon 11/27/05	Fr 8/30/07	0%
104	4.9	Governance process	180 days	Mon 11/27/05	Fr 8/30/07	0%
105	4.10	Executive Directors performance	90 days	Mon 11/27/05	Fr 3/30/07	0%
106	4.11	Salary recommendation for Executive Director	90 days	Mon 11/27/05	Fr 3/30/07	0%
107	4.12	Board compensation	90 days	Mon 11/27/05	Fr 3/30/07	0%
108	4.13	Performance information prior to Board voting	180 days	Mon 11/27/05	Fr 8/30/07	0%
109	4.14	Formal plan for Executive Director vacancy	90 days	Mon 11/27/05	Fr 3/30/07	0%
110	4.15	Executive Directors expenses	180 days	Mon 11/27/05	Fr 8/30/07	0%
111	4.16	Audit Committee charter	90 days	Mon 11/27/05	Fr 3/30/07	100%
112	4.17	Fraud hotline	90 days	Mon 11/27/05	Fr 3/30/07	100%
113	4.18	Performance related contracts	90 days	Mon 11/27/05	Fr 3/30/07	100%

Oct 4, 2005

Project Project!
Date: Thu 11/18/07

Task: [Redacted]

Summary: [Redacted]

Project Summary: [Redacted]

Milestones: [Redacted]

External Milestone: [Redacted]

Deadline: [Redacted]

External Tasks: [Redacted]

65-02-03.3. Board - Powers and duties. The board may authorize the organization to transfer moneys between line items within the organization's budget. The board shall:

1. Appoint a director on a nonpartisan, merit basis.
2. Set the compensation of the director.
3. Ensure a proper response to any audit recommendations.
4. Present an annual report to the legislative audit and fiscal review committee. The report must be presented by the chairman of the board and the director.
5. Prepare, with the assistance of the organization, an organization budget, beginning with the July 1, 1999, through June 30, 2001, biennium. The organization shall present the budget to the governor for inclusion in the governor's budget. If the governor makes adjustments to the budget, the board may concur in the adjustments or may present testimony to the appropriations committees of the legislative assembly, requesting amendments to the budget to remove adjustments made by the governor. The deadline for submission of the budget is the same as the deadline for all executive agencies.
6. Assist the organization in formulating policies and discussing problems related to the administration of the organization, while ensuring impartiality and freedom from political influence.
7. Incorporate principles of continuous improvement goal setting, a procedure for implementing a team-oriented continuous improvement program throughout all operations of the organization. The program must include a number of challenging, measurable goals to ensure the organization maintains focus on improving those areas most important to its primary mission.
8. Adopt internal management rules creating bylaws for the board and relating to the election of a board chairman, formation of committees, replacement of departing members, voting procedures, and other procedural matters.