

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2092

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2092

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2092**

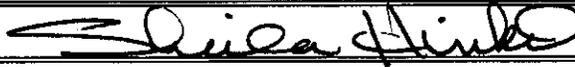
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 9, 2007**

Recorder Job Number: **#812**

Committee Clerk Signature



Minutes:

**A BILL for an Act to amend and reenact subsection 2 of section 65-04-03.1 of the North Dakota Century Code, relating to expenditures from the workers' compensation fund.**

**JO ZSCHOMLER, Director OMB Risk Management Division**

In favor of Bill 2092.

***Testimony presented and covered***

**S. Kline:** All we're trying to do here is clearly name and work on some programs to control losses.

**Senator Andrus** made a motion for a **Do Pass**. Second by **Senator Potter**.

Roll call vote 7-0-0. **Passed**. Floor carrier is **Senator Potter**

**SB 2092** was placed on the Eleventh order on the calendar.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/27/2006

Bill/Resolution No.: SB 2092

**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
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$20,000	\$0	\$25,000
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**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).*

These funds will be used for loss control training expenses related to the state's workers compensation program.

**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.*

Subsection 2 authorizes Risk Management to use monies in the fund to pay loss control expenses.

**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.*

<b>Name:</b>	Jo Zschomler	<b>Agency:</b>	OMB-Risk Management
<b>Phone Number:</b>	328-7580	<b>Date Prepared:</b>	01/04/2007



**REPORT OF STANDING COMMITTEE (410)**  
January 9, 2007 4:36 p.m.

**Module No: SR-05-0388**  
**Carrier: Potter**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2092: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2092 was placed on the Eleventh order on the calendar.**

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2092

## 2007 HOUSE STANDING COMMITTEE MINUTES

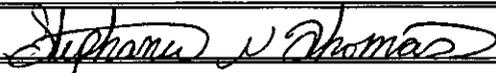
Bill/Resolution No. SB 2092

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 26, 2007

Recorder Job Number: 3898

Committee Clerk Signature 

Minutes:

**Chair Keiser** opened the hearing on SB 2092.

**Jo Zschomler, OMB:** Support SB 2092. See written testimony #1.

**Rep. Johnson:** Who makes the decision on these programs? Is there a committee?

**Jo:** At this point it's our office. We analyze data, we do have intimate reports, we've got our file by all state agencies, and we do runs on what type of injuries are causing accidents, and we research how we can address those, and so mostly it's done in-house.

**Rep. Ruby:** Is this type of payments or program available to any business, or is this just a benefit to the state agencies?

**Jo:** This would be dedicated to state employees only. Our fund is only for premiums, and costs associated with claims for state employees.

**Rep. Keiser:** Are you basically a self insured client within workers comp?

**Jo:** What we have is a \$100,000 deductible, and those we do self insure, but then of course WSI is excess over \$100,000.

**Rep. Keiser:** How does this impact Roughrider?

**Jo:** Roughrider would still have access to the information, the training material we have on our site. That program is working very well.

**Rep. Zaiser:** I move for a do pass.

**Rep. Thorpe:** Second.

**Jo:** Currently, the way the process works is that each state agencies premiums will work as comp coverage, and is determined by WSI. That amount is billed to the state agency, and that agency in turn pays their premium to the Risk Management Division, and that's what has established the Risk Management Workers Compensation Fund. Then WSI, taking into consideration that now the states single account has \$100,000 deductible, they charge with the Risk Management Division for the states one single account premium, and it is less then what all the agency has to pay. So, that difference between what the agencies have paid to the Risk Management Division, WSI has billed the Risk Management Division, and that is the Risk Management Workers Compensation Fund. We use that to pay the first \$100,000 for each claim, and the premium to WSI.

**Rep. Ruby:** I understand that part, it's just that this is using funds basically to pay the Workers Compensation Fund to pay for safety programs, correct?

**Jo:** No, it's using premiums charged to the state agency. That is the only contribution to our fund.

**Rep. Keiser:** WSI, in affect would recalculate a single premium for all state agencies pooled together, and says that agency only needs to pay \$80,000, not the \$100,000. That \$20,000 goes into a reserve account, which is your fund, and that reserve account is used for safety programs, however, it has no impact on what other employees are paying, but it does have a tremendous impact, because the state has a significant case with many people involved, and that's \$100,000 each time. The state is going to pick up what would have been covered by WSI, so everything stays the same except for that recalculation of the \$100,000 deductible.

**Jo:** That's correct. WSI estimated that since the inception of this fund, which was July 1, 2001 to June 2006, the savings to the state for premiums paid have been \$5.8 million dollars, and we have been able, by augmenting WSI's programs, we've been able to turn back \$4.6 million to the state agency.

**Rep. Ruby:** With that savings, why can't that money have been used for safety programs, and training rather than now affecting this fund?

**Rep. Keiser:** It now will be used. It legally could not be used before without this change.

**Roll call vote was taken. 14 Yeas, 0 Nays, 0 Absent, Carrier: Rep. Dosch**

Hearing closed.

Date: 2-26-07  
 Roll Call Vote #: \_\_\_\_\_

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
 BILL/RESOLUTION NO. SB 2092

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO Pass

Motion Made By Rep Zaiser Seconded By Rep. Thorpe

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	X	
Rep. Dosch	X		Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 14 No 0

Absent 0

Floor Assignment Rep. Dosch

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

**REPORT OF STANDING COMMITTEE**

**SB 2092: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2092 was placed on the Fourteenth order on the calendar.**

2007 TESTIMONY

SB 2092

**TESTIMONY BY JO ZSCHOMLER, DIRECTOR**

**OMB Risk Management Division**

**Senate Industry, Business and Labor**

**Senate Bill No. 2092**

**January 9, 2006**

*Same  
given to  
House*

Chairman Klein, and members of the Senate Industry, Business and Labor Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB. I appear today to ask your support for Senate Bill No. 2092

The first portion of the bill is merely a housekeeping measure. The 2001 Legislature established a single workers compensation account for state entities and assigned the administration of that account to the Risk Management Division of OMB. That legislation consolidated 143 State agency accounts into a single account, authorized a \$100,000 deductible per claim, facilitated a cross agency return-to-work program, and established a fund to receive contributions and pay premiums and claims. The fund was titled "the risk management workers compensation fund."

When the Century Code was updated to reflect the North Dakota Workers Compensation Bureau change of name to Workforce Safety and Insurance, the risk management workers compensation fund title was inadvertently included in those changes. This legislation will restore the Fund's proper name and will differentiate it from any WSI program or fund.

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The second portion of Senate Bill 2092 will provide the Risk Management Division authorization to use some of the money in the risk management workers compensation fund for proactive loss control purposes. Currently spending authorization is limited to paying premiums and claims.

Providing tools and resources to state agencies can reduce frequency and severity of state employee workers compensation claims. Our office analyses filed workers compensation claims and incidents. From that data we identify and develop programs to address routine unsafe practices and conditions. Unfortunately, that process can cost money. For example:

- An effective training program would be to provide access to training on-line so an employee may complete the training at his or her desk a time convenient for the employee. That program can be available to all state employees at the minimal cost of posting it once on the Risk Management web site as opposed to a number of agencies purchasing copies of the training or scheduling training sessions involving travel expenses by either the presenter or the attendees. We are requesting authority to use some of the money in the Risk Management Workers Compensation Program Fund to purchase (or to pay the cost of developing) training material that could be used by all state employees.
- Similarly, at times we are presented with unique ergonomic problems that, unless addressed, could result in injury to an employee or employees. In some cases, the most effective way to analyze and resolve these problems would be to contract with ergonomic experts.

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Without the spending authorization we are requesting by this legislation, we do not have the authority to take these proactive measures to address conditions prior to the injury. Similarly, agencies may not have the money in their budgets to contract for these types of services.

These are only two examples of ways this spending authority would assist us in reducing exposure to injury for North Dakota state employees. As you can see by the Fiscal Note that we have filed, we do not expect these expenditures to be excessive – probably less than \$25,000 a biennium. This is, however, an example of how money invested in targeted programs can avoid expenses in the long run.

Thank you for your consideration and, again, we request your support for Senate Bill 2092.