

2013 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1081

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1081
January 14, 2013
Job 17186

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to the reporting requirements to the Budget Section of the Legislative Management on the single state entities account program with Workforce Safety and Insurance

Minutes:

Attached testimony 1

Hearing opened

Tag Anderson, Director of the Risk Management Division of OMB: Refer to written testimony, attachment 1

Chairman Keiser: How often were reports given? What, if any, was provided by giving the reports? What was positive by doing this?

Tag Anderson: The reporting to the budget section has been annual. We would give a short presentation providing the total potential available savings within the program. I have been doing it for three years, and there has never been a substantive question. That is what prompted us to support this bill. I have not problems doing the reporting.

Chairman Keiser: Does the budget section want it?

Tag Anderson: Anecdotally, I am not so sure they do. We were typically scheduled right before lunch, so maybe that's why they don't ask questions. With no questions, there are essentially no changes to the program. The underlying assumption is that the state pool of workers in the various rate classes can do better than the state as a whole, and that has proven to be true. Therefore, retaining \$100,000 deductible internally has proven to be cost effective for the state.

Chairman Keiser: Are we self-insured?

Tag Anderson: We are self-insured within a deductible layer. The bureau WSI continues to calculate the guaranteed cost premium. That is the premium which each agency would have been billed had there not been a consolidated account. Those monies are paid to the Risk Management Division and placed into the Risk Management Workers' Compensation

Fund, a separate fund. The monies are then expended out of that fund to pay our exposure within the deductible layer, which currently is \$100,000. In other words, we pay the first \$100,000 of any claim for any injured state worker. We also pay our excess premiums to WSI as well as the premiums under the \$100,000 deductible.

Chairman Keiser: Anyone else to testify in support of HB 1081

Support:

4:59 **Jodi Bjornson, General Counsel with Workforce Safety and Insurance:** Our board looked this legislation and has no problem with it. We generally do accompany Tag Anderson and the Risk Management folks at this report, and they are in support of it.

Opposition:

Neutral:

5:33 Hearing closed.

Representative Vigesaa: Motion to do pass.

Representative N. Johnson: Seconded the motion.

Roll call vote: 14 yes, 0 no, 1 absent

Carrier: Representative Frantsvog

Date: 1-14-2013

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1081**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Vigesaa Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson	✓				
Rep. Jim Kasper		✓			
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 14 No 0

Absent 1

Floor Assignment Frantsvog

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

REPORT OF STANDING COMMITTEE

HB 1081: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1081 was placed on the Eleventh order on the calendar.

2013 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1081

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1081
February 19, 2013
Job Number 19182

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the reporting requirements to the budget section of the Legislative Management

Minutes:

Testimony Attached

Chairman Klein: Opened the hearing.

Tag Anderson, Director of the Risk Management Division of OMB: Written Testimony Attached (1).

Senator Murphy: Asked how onerous the reporting is.

Tag: Said it is no big deal it is just the simple fact that he has been the director for four years and has presented it to the budget section three times and there has never been any significant question. There isn't anything to report other than things are still going fine.

Senator Murphy: Said he was concerned with his work load in reporting, does it take him three or four hours when you have to report. He would like to see the reporting continue in case something does happen.

Discussion and questions about reporting continued (3:22-8:15)

Jodi Bjornson, Workforce Safety and Insurance: Said they are in support of the change.

Chairman Klein: Said you can also vouch for the fact that the program has worked extremely well and exactly like we had intended it to.

Jodi: Said nothing has come to her level since Tag has been director.

Chairman Klein: Said we always look to OMB as the negotiators, the ones looking out for the state of North Dakota.

Senator Andrist: Moved a do pass.

Senator Unruh: Seconded the motion.

Senate Industry, Business and Labor Committee
HB 1081
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Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Unruh

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1081**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Andrist Seconded By Senator Unruh

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Unruh

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

REPORT OF STANDING COMMITTEE

HB 1081: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1081 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1081

Testimony on HB 1081
Tag Anderson, Director
OMB Risk Management Division
January 14, 2013

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HB 1081
1-14-2013

Chairman Keiser, and members of the House Industry, Business and Labor Committee, my name is Tag Anderson. I am the Director of the Risk Management Division of OMB. I appear today in support of HB 1081.

NDCC 65-04-03.1 was enacted in 2001. This legislation established a single workers compensation account for all state agencies with authority to enter into large deductible contracts with Workforce Safety and Insurance. The initial legislation had a sunset clause, but as the program proved successful, the statute became permanent following the 2003 legislative session.

The single consolidated account for workers compensation coverage continues to be successful. The underlying assumptions that prompted the legislation have proven to be true and consistent over a long period of time. In addition, the Risk Management Division engages an independent actuary to review its unpaid liability exposure within the deductible layer. This assists the Division in making discount and dividend decisions which are designed to both encourage agencies to adopt proactive loss control practices and return cost savings to individual agencies. HB 1081 simply presents the question of whether continued reporting to the Budget Section of Legislative Management should remain given the lack of any significant change in the program since its inception.

This concludes my prepared remarks and I would be happy to answer any questions you may have.

Thank you.

Testimony on HB 1081
Tag Anderson, Director
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February 19, 2013

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This concludes my prepared remarks and I would be happy to answer any questions you may have.

Thank you.