

**2015 SENATE APPROPRIATIONS**

**SB 2021**

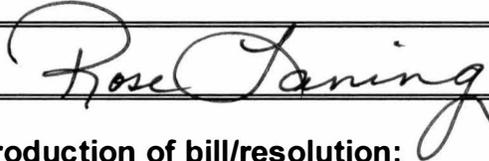
# 2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

SB 2021  
1/13/2015  
Job # 21928

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

## Minutes:

Attachment # 1

Legislative Council - Michael Johnson  
OMB - Becky Deichert

**Chairman Holmberg** called the committee to order on SB 2021. All committee members were present. The sub-committee will be **Senators Carlisle, G. Lee and Robinson**

**Bryan Klipfel Director, Workforce Safety and Insurance:** Introduced staff (Attachment 1)

**Senator Krebsbach:** On the chart on the bottom of page 6, with the delinquent premiums increase, are the majority new filers?

**Bryan Klipfel:** Our business has increased so much. We've gone from \$160M to \$320M in our premium, so we've got a lot more employers. There are a lot of new employers coming into the state that want to make the money that they can, so sometimes they may overlook to get the Workmen's comp. premium. If they are out of state, it's very difficult to track them down and try to get them to pay.

**Senator Robinson:** Regarding the million dollars for litigation, have we seen any progress? What are the chances of being successful?

**Bryan Klipfel:** What I hope for is that we can sell it before we go to trial and that we can get some money from the company for the wrong they did us.

**Senator Robinson:** What has happened to our fraud bill in the last couple years.

**Bryan Klipfel:** I can get you the information of how many investigations we have done on injured workers, ongoing investigations, employers and providers. We have concentrated

on the employer. We hired a compliance specialist that will check employers that don't have the correct coverage. We also have premium auditors. I will get you the information on our investigations.

**Senator Carlisle** asked for information that will be needed for the sub-committee:

- 1) Claims payout ratio - the number of claims which is usually in the 90s plus.
- 2) Latest actuarial study
- 3) The 6 temps going to fulltime and how many hours they've been working.
- 4) A little synopsis about safety in the oil patch.
- 5) Any unfilled positions
- 6) The number of employees
- 7) Time frame from filing to paying the claim
- 8) Status of the fund

**Senator G. Lee:** A question on page 5 about the FTEs. It says Claims Filed and the next category is Claims Filed with Out-of-State Addresses. Is the Claims Filed a summary of or include the Out-of-State as well?

**Bryan Klipfel:** That's correct. The Out-of-State Claims would be included in the full ...

**Senator G. Lee:** Commended department - turnover rate is only 5% and yet you come with about 10% increase in FTEs. I'll need more justification when you come to sub-committee in regard to that.

**Senator Carlisle:** What is our state employee turnover rate? (Counsel will look it up.)

**Senator Robinson:** OMB is working on analysis of agencies by salary. When will that be available?

**Chairman Holmberg** I mentioned the vacant positions and how long they'd been vacant.

**Senator Robinson:** It would also be helpful if we had access to the large picture in terms of vacant positions and some agencies that are way behind in salaries.

**Becky Deichert, OMB:** Comp ratio? (Answer: Yes) We can get that for you?

**Senator Bowman:** When there's an accident dealing with people that are using illegal drugs, do they still get the same treatment because that accident could've probably been avoided if they weren't. What does that cost us?

**Bryan Klipfel:** There is a provision in WSI code that if the injured worker is under the influence of alcohol and/or drugs, the claim can be denied. The problem is getting a certified test. If we have information that the accident was caused by alcohol or drugs, we can deny claim.

**Chairman Holmberg** closed the hearing on SB 2021.

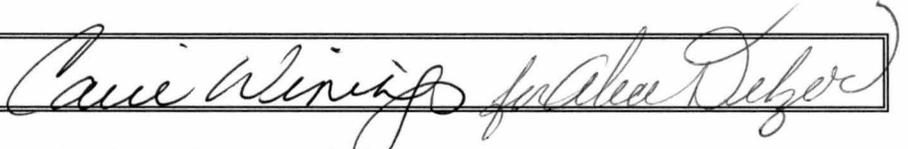
# 2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

SB 2021  
1/27/2015  
Job # 22661

Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A subcommittee hearing for Workforce Safety and Insurance Commission (WSI)

## Minutes:

Testimony # 1

**Chairman Carlisle** called the subcommittee to order on Tuesday, January 27, 2015 at 3:00 pm in the Harvest Room in regards to SB 2021. Let the record show that all three subcommittee members were present: Chairman Carlisle, Senator Gary Lee and Senator Robinson. Michael Johnson, Legislative Council and Becky Deichert, OMB, were also present.

**Bryan Klipfel, Director, WSI:** (See Attachment #1 for information brought to the committee). We are here to give you some of the answers to the questions that you had. The only one that we were not sure of was the question on peer review and we did attach some peer review information of our actuarial reports.

**Chairman Carlisle:** I was looking to see if right now WSI is financially sound based on their actuarial.

**Bryan Klipfel:** That is correct. It is one thing that we can say about our actuarial service is that they do a very good job for us. What has been good about them is that they have told us what our rate should be and we have been fairly consistent. That is important in our business.

**Chairman Carlisle:** Could you go through the figures?

**Cindy Ternes, Director of Finance for WSI:** With our actuaries, we have a team and they review our reserves quarterly, and at the end of the year when we submit our financials to our external financial auditors, they also have another actuary that does a peer review of our actuaries work. It is very well covered.

**Senator Robinson:** There must be some type of formula in place that they compare and contrast your financial strength based on a projection of anticipated injuries, current injuries

that we are making payment to, and some type of increment in terms of inflationary increases over the years on those payments. Is that correct?

**Cindy Ternes:** That is correct. They actually have 5 different modules that they run numbers through. Then they compare the different assumptions and come up with what they think trends most closely to our history and what they are seeing in the industry.

**Senator Robinson:** In terms of rates, do they make recommendations and the board makes the final decision?

**Bryan Klipfel:** The actuaries will give us the projected rates for the upcoming year based on the items we just talked about, we present that to the board, the board makes a recommendation, and then the final decision goes to the Governor.

**Senator Robinson:** On the payout side, how do you determine what you are going to pay out from year to year?

**Cindy Ternes:** The industry does different studies that identifies and calculates the medical inflation and also the indemnity inflation. Now indemnity, because it is based on the state averaged weekly wage, is somewhat higher. Our wage inflation is higher than the other states in our country, but all of that is taken into account.

**(5:35) Cindy Ternes:** (Continues on Attachment #1 - chart on page 2)

**(8:25) Senator Robinson:** (On % of Claims adjudicated within 14 days) Is that a product of the oil patch and a lot of out of state oil field workers and increased work load activity?

**Cindy Ternes:** It is both. Not only do you need more people to do this work, you have to train them. North Dakota's statutes are much different than any other state in the nation and it takes a lot of training for them to understand.

**(9:05) Cindy Ternes:** (Continues on Attachment #1 - chart on page 2)

**Senator Carlisle:** (On number of temporary employers) Are those negotiated if they're temps? Do you work out a pay schedule or do you offer benefits?

**Bryan Klipfel:** That is one of the things we had to do to hire the temps. Last session we received 3 new employees, and we needed a lot more to accomplish our growth work. So to accomplish our business with the growth and our numbers, we did hire more temporary employees. With our temp employees, we need them to keep our business operating so we do pay them a little bit extra. We look at what that particular person should make per hour as a full time employee and we give them a 10% over that because they get no benefits. We give them a single health plan and then we give \$120 extra a month for the fact they don't get a family plan. We've been trying to make it more lucrative for our temps to stay. If you look at our turnover rate for our temps, we are still at 22%. That is a lot higher than our FTE's. The employees don't want to be temps; they want to be full time. In the long run if we can't find a position for them, they will leave.

**Senator Carlisle:** So, your overall turnover rate is 7%, but your temp turnover rate is 22%?

**Bryan Klipfel:** Yes.

**Senator Robinson:** What would say is the average salary of temp employees?

**Bryan Klipfel:** When you look at office services, they run about \$16 or \$17 an hour, and a claim adjuster is probably \$20 an hour, and nurses are closer to \$30 an hour.

**Senator Lee:** So, the temp employees run the gambit in terms of types of positions they occupy. When I was looking at your FTE request, you are looking for 12, so you want to convert 6 of those temps to full-time and then add another 6 full-time. Then the remaining temps that you have on staff, what are you planning to do with those?

**Bryan Klipfel:** We will still need to keep them because we need the bodies there to get our business accomplished. When we convert 6 of the 35 temps to full-time, keep in mind some of them work half-time, we will still need 25 temps to operate plus we are hoping to get those 6 FTE's also.

**Senator Lee:** In looking at the employees you are recruiting, you probably had one vacant position?

**Bryan Klipfel:** We are filling our positions. We just had a couple of claims adjusters resign so we are filling those positions. The two you are looking at are our physician and our safety consultant. They have been open for a while. The safety consultant is one that we can't fill, we want to fill it in Minot or Williston and we have been unable to because of the salary we pay compared to what they can make in the oil field. The physician just resigned and we want to convert it to an occupational therapist.

**Senator Carlisle:** So you are looking for 12 new FTE's, but out of those 35 temps how many are you going to give the opportunity to go full-time?

**Bryan Klipfel:** I hope to convert 6 to the FTE's. And we want to add an additional 6. That is where the 12 FTE's come from.

**Senator Lee:** I was looking at the claims filed it really doesn't change in terms of the number of claims per FTE; if that is any relationship that can be looked at. It seems the business model you have is working very well. You can see your phone calls have increased, your claims are going up maybe 2% a year, so your growth year to year isn't large but you are covering your business with temps. I think you satisfied my questions that I had initially. It is interesting that you are taking the physician to an occupational therapist. You must see some change there in terms of the kinds of patients you are seeing. Why would you be doing that?

**Bryan Klipfel:** He resigned back in August and he was our medical director. We have been able to fill our needs that we have of medical opinions from our two contract doctors. The occupational therapist position is one that would work with our vocation rehab consultants. That is a big part of our philosophy at WSI. If people get hurt, we don't want

to pay them benefits a long time. We want them to get back to work and do something. We have a very good vocational rehab unit and we have medical case management nurses and vocational rehab can use an occupational therapist to determine if the worker is ready to go back to work. It will be a tremendous help in that area.

**Senator Carlisle:** We will have some time this week and we will have some budget adjustments in your agency along with others. We don't know yet what the numbers will be. We will get the "official" budget report in March. We don't have any answers for that yet. If you can get us some definitive bullet points regarding your computer system and safety for when we go to the full committee and then to the floor, that would be helpful.

**Senator Robinson:** I think we have great information here and I think overall things are going very well. You've probably already surveyed your business members, and your injured workers. If there is one thing that your membership is asking for, what would it be? And if there is one thing that your injured workers are asking for, what would it be?

**Bryan Klipfel:** Probably the most important thing for our business and our business purpose is to care for the injured worker is to make sure that we have the people to handle the claim. If you handle the claim properly, hopefully, it won't cost as much, it will get the injured worker healed, the sooner we can get it reported, a nurses assigned, there will be a better outcome for that claim. That is what we need. Our claims have gone up, we still have more injuries, we have out of state claims. The type of business coming in is a dangerous business, and it takes a lot to manage the claims. This all started in 2011, and our claims adjusters were saying to get some help for us or we will quit. We need our extra people. If you have a temp employee, they want to have a full time position at some point.

**Senator Robinson:** I would imagine that your temp employees aren't costing you any less when you look at everything. One last question; a few years ago we had concerns with injured workers, it seemed to be a one way street, and it didn't matter who the injured worker wanted to see, has that issue been resolved?

**Bryan Klipfel:** I think things have turned around a little bit. A number of years ago there was a perception that WSI was doing everything for the employers and they did not care about the injured worker. I don't know if that was true, but now, we need to get an even pendulum. We have done a very good job working with our injured workers. Some of these claims are very complicated, and you sometimes have to have this other medical opinion.

**Senator Robinson:** There was time a few years ago, that I was getting calls on a regular basis, and it got to the point where there were so many that my perception was impacted. That has changed dramatically and to somebody's credit that has changed. I can appreciate the need for balance. The goal has to be to get as close as possible.

**Senator Carlisle:** I don't get calls. I've had them before, but we'd know if something is not working, we haven't had them.

**Senator Lee:** I would concur. I used to get several calls as well, but I don't remember the last one. I hope that continues. In looking at the technology, there is a \$6 million one-time spending item; will that satisfy your technology needs?

**Bryan Klipfel:** That will be for this next biennium. We will need more for the next biennium. Our process now is more of an evolutionary process. Instead of hiring a company and coming in and switching everything over and then turning the switch off on the old one - we don't want to go through that anymore. We are going to take bits and pieces and work on it. We need a new platform to get it accomplished. We are working with ITD very closely. It is a longer process doing it that way. It may take 4 or 5 years. I knew the question was coming, and I do not really know for sure, but our consultants that worked with us said that it would be anywhere from \$5 to \$15 million.

**Senator Lee:** There is a litigation cost of \$1million; is that just in case money?

**Bryan Klipfel:** That is what we are hoping for. We have to have the determination to go all the way to trial if we have to, but we need to have the funds if we go to trial. We are hoping that we don't have to do that and that we will settle out before that. This is for the company AION that had some other issues with other states and they settled out with them. That is what we are hoping but we don't know that.

**Senator Lee:** Do you use the HAY system in terms of salary?

**Bryan Klipfel:** I think the HAY group was used by WSI before my timeframe there, but at that time we were non-classified employees. After 2008 they made all our employees classified with the exception of 6 or 7 people in the executive level that are non-classified.

**(32:33)Senator Carlisle:** Under this April 29<sup>th</sup> date, where people can't process their blue cross, do you know of any folks that are exercising that?

**Bryan Klipfel:** We are not that old of a group of employees. We have a few that are eligible to retire, but generally our average age is younger.

**Senator Robinson:** In regards to AION, were you the 4<sup>th</sup> administrator to inherit that?

**Bryan Klipfel:** It started with Sandy Blunt.

**Senator Robinson:** So, your relationship with ITD is good?

**Bryan Klipfel:** Yes.

**Senator Carlisle:** Can you think of anything else that we need? We have to sell it to the full committee. We will wait later in the week.

**Senator Robinson:** We look at all budgets. There is a recognition and a feeling that when we can support all agencies that are going through some growth and some pressure. Your needs of the employers and injured workers requires a staff to be in place to respond. That speaks to the part time to full time.

**Senator Carlisle:** So the net will be 6 more folks on staff? And you have a pool to pick from?

**Bryan Klipfel:** Yes. We have people in place already for the 6 that will convert from temp to full time. For the 6, we may have some temps that will go into that too or we will recruit from outside.

**Senator Carlisle:** Do you have people in the oil patch?

**Bryan Klipfel:** With the safety consultants it is really difficult because there is so much competition for them. I think the average salary for a safety consultant is \$75,000 or \$80,000 or more. It is hard to compete for those positions. We are in the classified system, and we try to pay them almost towards the top because we have that flexibility. We have two people we are doing housing that we are doing rental assistance with in Williston and Minot.

**Senator Carlisle:** How about fraud? Where are we at with that?

**Bryan Klipfel:** The fraud unit is working hard. They are working the same percentage for injured workers as employers. It is difficult to deal with some of the out of state workers.

**Senator Lee:** How many employees do you have outside of Bismarck?

**Bryan Klipfel:** Probably 40. We have a fairly big office in Fargo.

**Senator Carlisle:** We are obviously watching the number of rigs, are there fewer claims?

**Bryan Klipfel:** We are hoping for fewer claims. We haven't seen a lot of decline yet. When they renew, it will take us a few months to get a handle on this.

**Senator Carlisle:** We'll meet again. Meeting adjourned.

# 2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

SB 2021  
2/9/2015  
Job # 23538

Subcommittee  
 Conference Committee

Committee Clerk Signature

*Katie Oliver for Rose Lanning*

## Explanation or reason for introduction of bill/resolution:

A subcommittee hearing for Workforce Safety and Insurance Commission.

## Minutes:

Attachments 1 - 4

Legislative Council - Alex Cronquist  
OMB - Becky Keller

**Senator Carlisle** called the sub-committee to order on SB 2021. **Senator G. Lee** and **Senator Robinson** were also present.

**Cindy Ternes Ternes, Chief Financial Officer, Workforce Safety & Insurance** handed out general information on WSI.

**Dangerous Work Doesn't Have to Be Unsafe** - Attachment 1.

**WSI System Replacement Project (SRP) quarterly status report** - Attachment 2.

**WSI System Replacement Project (SRP)** - Attachment 3

**Position Titles** - Attachment 4.

**Bryan Klipfel State Commissioner, Workforce Safety & Insurance:** we're beyond the planning stage now, we are looking at getting a vendor and we are going to work on making sure our data is stable. I would say that we would start implementation on July 1.

**Senator G. Lee:** Is this a system that is common to other agencies.

**Bryan Klipfel:** Our system is very different and complex. You need to tour the place and see what you can do with our system. The base of our platform is outdated.

**Senator Robinson:** Have we done a business analysis plan for workforce safety. Based on lessons learned, there will be a plan so we know exactly what we need.

**Bryan Klipfel:** We're doing this now. The business process modeling is done and is ready to implement.

**Senator G. Lee:** Do you have a completion date in mind.

**Bryan Klipfel:** About 5 years. It's an evolutionary process.

**Senator Carlisle:** FTEs, so let's work off of 6 new FTE positions.

**Bryan Klipfel:** We put in for 19 got 12, last session got 3 FTEs. Last session there were a lot of public safety issues; we almost have to have those 12 just to get caught up. If we can't handle our claims we will have problems and then you will get some calls again it makes it difficult to cut anything.

**Senator Robinson:** You're a special funded agency so no impact on the general fund but there is a big concern with FTEs. As special fund agency, do they have the ability or flexibility to hire temps?

**Becky Keller, OMB:** They would have to follow what they are appropriated unless they have money in a fund to cover.

**Bryan Klipfel:** We'd like to have the top six. We have problems with collections, a lot more employers, others are with increased claims.

**Senator G. Lee:** Would you expect some of your temps to fill some of these roles?

**Bryan Klipfel:** The top six are specialized positions that you can't bring a temp in. These are nurses, vocational rehabilitation case manager, you can't retain them.

**Senator G. Lee:** If we could move them in - would they take those positions?

**Bryan Klipfel:** Yes.

**Senator Carlisle:** So the next three would be priority two. Do you have a burn out rate when people working overtime?

**Bryan Klipfel:** We don't have a lot of people working overtime because we discourage that because it burns people out.

**Cindy Ternes:** Typically we have so much work to do. They work hard and then if we ask them to do overtime, we wouldn't have people.

**Senator G. Lee:** Part of your issue has been claims filed. I was looking for numbers where you'd need claims adjuster or nurse? Claims come in

**Bryan Klipfel:** Look at our claims has gone up 28% but our number of employees have gone up 5%. If it's a serious claim, a nurse has to go to appointment with - the also have vocational rehab people

**Senator Carlisle:** Why is a vocational rehab adjuster paid more than case manager?

**Bryan Klipfel:** More claims and it goes down the line trying to get the guy back to work.

**Senator G. Lee:** The claims adjuster is really the triage person to say where the claim goes.

**Bryan Klipfel:** If they need a medical opinion, they send out for it. They work with our case manager, nurses. As you get the vocational rehab, it's gotten much more complex.

**Senator Carlisle:** We'll have worksheet amendment and then run it by chairman. The salary package - using salary package form Governor's bill (SB 2001)

**Alex Cronquist:** The \$406,335 is market equity.

**Senator Carlisle:** And that's coming out - the targeted equity. Do we sell the top six and then put three on the table? Relative to business you do, you're treating injured workers.. to take out the bottom three.

**Cindy Ternes:** The support specialist (in blue) - right now we have a temp employee.

**Senator Carlisle:** We understand the top six. All agencies have temps that are sitting there.

**Senator G. Lee:** What is the most critical problem you're trying to solve? If your backlog - or how long you process a claim, is that how these are ranked.

**Cindy Ternes:** When we sat down and ranked them. If you are looking nine, if we could just as easily go up to 10. If we don't get the paperwork into the system when the claim adjuster goes to work on the claim and it is not there then they have to go find it.

**Senator Robinson:** How much to do with the Bakken?

**Bryan Klipfel:** In 2008, we had \$57,000,000 in oil field area. Now we're \$160,000,000. Most of the growth we have seen is in the oilfield.

**Senator Carlisle:** Get us a little snap shot of each of these 12 positions. Some type of bullet points for the committee.

**Senator Robinson:** We look at AG office and number of employees. You did ask for 19 and did significant screening to get to this point. We want a business friendly state and this is important piece of it.

**Senator Carlisle:** Equity, salary based on Governor's bill, let's call it 6 plus 3 with an option.

**Senator G. Lee:** Thought they were going to provide a list.

**Becky Deichert:** On the bottom six, they had temporary dollars for those positions. And we may want to add back those temp dollars (\$1,300,000) for temps. That's what was removed in the 2015-17 budget. Part of that relates to the top six so it wouldn't be nearly that high.

**Senator G. Lee:** But this is eliminating six of those, so it would be less than the \$1,300,000.

**Senator Carlisle:** Once you have a budget, we have to sell this to the whole committee.

Alex Cronquist, Legislative Council clarifying the working amendment.

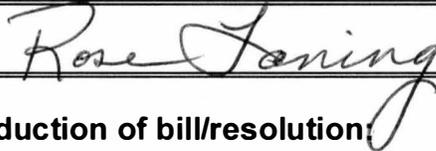
# 2015 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

SB 2021  
2/16/2015  
Job # 23872

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

This is a vote on the budget of the Workforce Safety and Insurance.

## Minutes:

Amendment

**Senator Carlisle moved amendment 15.8154.01001**  
**Senator G. Lee seconded.**

**Senator Carlisle** explained the amendment. In the Governor's budget, they asked for 19 and got 12. Our committee settled on 10 new FTEs.

**Chairman Holmberg:** The executive budget gave them 12 FTEs and you gave them 10. A question for Chris - The one-time funding for litigation costs for the computer software, is that money solely for that and if there is none, they can't spend it on anything else?

**Chris Kadrmas, Legislative Council:** I'd have to verify that.

**Senator Robinson:** The money is for the intent - it's for the litigation. On the FTEs, it would be a strong case. They are behind on the eight ball working with injured employees and employers. So many of the people have left the state, so they have a tremendous workload following up on these people that no longer live in North Dakota.

**Senator Carlisle** said until the new forecast in March, they'll know more.

**Senator Wanzek:** \$750,000 for the litigation fund - We are removing that? They would no longer have the litigation funding.

**Chris Kadrmas:** It is being removed - that's the 2013-2015 litigation amount, but then it's being added in again in one-time funding for litigation costs for computer services for \$1M.

**Voice vote on the amendment - carried.**

**Senator Carlisle moved Do Pass as Amended on SB 2021.**  
**Senator Robinson seconded.**

**A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0**  
**Senator Robinson will carry the bill on the floor.**

1 of 2  
 TD  
 2/16/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2021

Page 1, replace lines 10 through 15 with:

"Workforce safety and insurance operations	\$60,909,457	\$8,146,940	\$69,056,397
Accrued leave payments	1,662,965	(1,662,965)	0
Litigation contingency	<u>750,000</u>	<u>(750,000)</u>	<u>0</u>
Total special funds	\$63,322,422	\$5,733,975	\$69,056,397
Full-time equivalent positions	250.14	10.00	260.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action

	Base Budget	Senate Changes	Senate Version
WSI operations	\$60,909,457	\$8,146,940	\$69,056,397
Litigation contingency	750,000	(750,000)	
Accrued leave payments	<u>1,662,965</u>	<u>(1,662,965)</u>	
Total all funds	\$63,322,422	\$5,733,975	\$69,056,397
Less estimated income	<u>63,322,422</u>	<u>5,733,975</u>	<u>69,056,397</u>
General fund	\$0	\$0	\$0
FTE	250.14	10.00	260.14

Department No. 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adds Funding for Base Payroll Changes <sup>1</sup>	Adds Funding for Salary and Benefit Increases <sup>2</sup>	Adds New Positions <sup>3</sup>	Decreases Operating Expenses <sup>4</sup>	Removes Projects Authorized in the 2013-15 Biennium <sup>5</sup>	Adds One-Time Funding for Computer Software Replacement <sup>6</sup>
WSI operations	\$3,714,031	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$4,725,000)	\$6,000,000
Litigation contingency					(750,000)	
Accrued leave payments	<u>(1,662,965)</u>					
Total all funds	\$2,051,066	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$5,475,000)	\$6,000,000
Less estimated income	<u>2,051,066</u>	<u>2,780,075</u>	<u>1,377,691</u>	<u>(1,999,857)</u>	<u>(5,475,000)</u>	<u>6,000,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	10.00	0.00	0.00	0.00

	Adds One-Time Funding for Litigation Costs <sup>7</sup>	Total Senate Changes
WSI operations	\$1,000,000	\$8,146,940
Litigation contingency		(750,000)
Accrued leave payments		<u>(1,662,965)</u>
Total all funds	\$1,000,000	\$5,733,975
Less estimated income	<u>1,000,000</u>	<u>5,733,975</u>
General fund	\$0	\$0
FTE	0.00	10.00

<sup>1</sup> Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance		\$1,683,348	\$1,683,348
Health insurance increase		1,096,727	1,096,727
Total	\$0	\$2,780,075	\$2,780,075

<sup>3</sup> The following new positions are added:

	FTE	General Fund	Other Funds	Total
Underwriter	1.0		\$129,759	\$129,759
Vocational rehabilitation case manager	2.0		259,518	259,518
Nurse case manager	2.0		279,146	279,146
Physical therapist	1.0		210,051	210,051
Claim adjuster converted from temporary	3.0		378,083	378,083
Collections specialist converted from temporary	1.0		121,134	121,134
Total	10.0		\$1,377,691	\$1,377,691

<sup>4</sup> Funding for operating expenses are reduced primarily relating to a reduction in IT software (\$1,571,008).

<sup>5</sup> The following projects and funding authorized in the 2013-15 biennium are removed:

	General Fund	Other Funds	Total
Data warehouse project		(\$2,000,000)	(\$2,000,000)
Web portal project		(1,500,000)	(1,500,000)
Policy replacement project		(1,225,000)	(1,225,000)
Litigation contingency for failed system project		(750,000)	(750,000)
Total		(\$5,475,000)	(\$5,475,000)

<sup>6</sup> One-time funding is added for a computer software replacement project.

<sup>7</sup> One-time funding is added for litigation costs for a computer software replacement project.

Date: 2-16-13  
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2021

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: # 15.8134.01001

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Carlisle    Seconded By Lee

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: 2-16-13  
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2021**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Carlisle    Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13    No 0

Absent 0

Floor Assignment Robinson

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

**REPORT OF STANDING COMMITTEE**

**SB 2021: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2021 was placed on the Sixth order on the calendar.

Page 1, replace lines 10 through 15 with:

"Workforce safety and insurance operations	\$60,909,457	\$8,146,940	\$69,056,397
Accrued leave payments	1,662,965	(1,662,965)	0
Litigation contingency	<u>750,000</u>	<u>(750,000)</u>	<u>0</u>
Total special funds	\$63,322,422	\$5,733,975	\$69,056,397
Full-time equivalent positions	250.14	10.00	260.14"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action**

	<b>Base Budget</b>	<b>Senate Changes</b>	<b>Senate Version</b>
WSI operations	\$60,909,457	\$8,146,940	\$69,056,397
Litigation contingency	750,000	(750,000)	
Accrued leave payments	<u>1,662,965</u>	<u>(1,662,965)</u>	
Total all funds	\$63,322,422	\$5,733,975	\$69,056,397
Less estimated income	<u>63,322,422</u>	<u>5,733,975</u>	<u>69,056,397</u>
General fund	\$0	\$0	\$0
FTE	250.14	10.00	260.14

**Department No. 485 - Workforce Safety and Insurance - Detail of Senate Changes**

	<b>Adds Funding for Base Payroll Changes<sup>1</sup></b>	<b>Adds Funding for Salary and Benefit Increases<sup>2</sup></b>	<b>Adds New Positions<sup>3</sup></b>	<b>Decreases Operating Expenses<sup>4</sup></b>	<b>Removes Projects Authorized in the 2013-15 Biennium<sup>5</sup></b>	<b>Adds One-Time Funding for Computer Software Replacement<sup>6</sup></b>
WSI operations	\$3,714,031	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$4,725,000)	\$6,000,000
Litigation contingency					(750,000)	
Accrued leave payments	<u>(1,662,965)</u>					
Total all funds	\$2,051,066	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$5,475,000)	\$6,000,000
Less estimated income	<u>2,051,066</u>	<u>2,780,075</u>	<u>1,377,691</u>	<u>(1,999,857)</u>	<u>(5,475,000)</u>	<u>6,000,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	10.00	0.00	0.00	0.00

	<b>Adds One-Time Funding for Litigation Costs<sup>7</sup></b>	<b>Total Senate Changes</b>
WSI operations	\$1,000,000	\$8,146,940
Litigation contingency		(750,000)
Accrued leave payments		<u>(1,662,965)</u>
Total all funds	\$1,000,000	\$5,733,975
Less estimated income	<u>1,000,000</u>	<u>5,733,975</u>
General fund	\$0	\$0
FTE	0.00	10.00

<sup>1</sup> Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase - Performance		\$1,683,348	\$1,683,348
Health insurance increase		1,096,727	1,096,727
Total	\$0	\$2,780,075	\$2,780,075

<sup>3</sup> The following new positions are added:

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**2015 HOUSE APPROPRIATIONS**

**SB 2021**

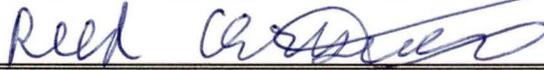
# 2015 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

SB 2021  
3/5/2015  
24402

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

### Minutes:

Attachment #1

Chairman Monson: Called the meeting to order.

Bryan Klipfel, Director of Workforce Safety & Insurance (WSI): Attachment #1

Rep. Guggisberg: We are giving back \$22,000,000 like the dividend program. How would they qualify to get the money back?

Klipfel: That is a safety discount program. If the companies participate in those programs they can get up to a 25% discount. This is different than the premium dividend. Cont. Attachment #1.

Rep. Guggisberg: So you say it is .88 cents per \$100,000 as the premium, does that include the \$115,000,000 that goes back to the employers or would it make that number smaller?

Klipfel: It would make it smaller.

Rep. Guggisberg: So we're at half of what other states charge and we are going to return another 115 million?

Klipfel: You have to look at the difference between the two funds. We set our rates to cover our future liabilities.

Chairman Monson: so this is a combination of being safe and making good investments.

Klipfel: The third one is that we have enough people to help handle the claims.

Chairman Monson: What time frame are you looking at?

Klipfel: 41% within 14 days, saving money. We need to be sure that we have enough people. Cont. attachment #1

Chairman Monson: Do you see much fraud?

Klipfel: We do see that. We have more delinquent accounts. Cont. Attachment #1.

Chairman Monson: Would it behoove a company to move their business headquarters here? Do we have other disadvantages like corporate income tax?

Klipfel: I think we see them moving here already, Montana is really interested in developing a reciprocity program. There are a lot of companies who are taking advantage of the program.

Chairman Monson: You charge that company for the workers that actually work in ND.

Klipfel: We can prorate and are willing to work with companies. Cont. Attachment #1.

Chairman Monson: What do you consider a temporary employee?

Klipfel: We have 39 temps, 34 of those are fulltime. We pay a pretty good hourly wage.

Chairman Monson: Are you having trouble finding temporary workers?

Klipfel: Yes we are; our temps have a turnover rate up to 22% the average length is one year. Our turnover rate was 5.8% for FTE. Temps want to be FTE's.

Chairman Monson: So they leave you and you have to train them all over again. What does it cost to train someone?

Klipfel: Correct, I don't have that exact number. The adjuster, for example, follows the claim and manages it. It is a long training period to teach them how to handle a claim.

Chairman Monson: I'm just trying to figure out a temp salary plus the cost to train if you keep them for a year versus making them a FTE. There are disadvantages in having too many FTE's and not needing them. What is the cost of FTE versus temps + training and the pros / cons?

Klipfel: We need to find the happy medium. There really isn't much of a difference between a temp employee's full package and a FTE package. Full time employees obviously get time off and sick leave.

Chairman Monson: But you wouldn't have as much turnover and therefore decrease your training cost.

Rep. Guggisberg: I think you are exactly right, state employees tend to jump ship to other departments unless you offer them a full time job. Get rid of some of the temp positions. WSI doesn't provide any services do they? Or what does a therapist do at WSI.

Klipfel: We have them on staff. They are our employees and they do utilization reviews. So if there is a bill that comes in on an injured worker, they review the treatment and make sure that it is not out of line. They are also a resource to our claims adjuster. If there is a question on treatment for an injured worker, the physical therapist can help with the treatment plan.

Rep. Guggisberg: Did you look at more compliance specialists or people in the premium audit group? Did you consider maybe expanding that department?

Klipfel: That is a good point. The main way you save dollars is by having enough claims adjusters and nurses. Also, make sure the companies are paying the premium required.

Rep. Guggisberg: Sometimes the problem I have with how we budget is that we don't want to spend an extra \$100,000 for another employee that is going to make us \$4,000,000? And then we also say that we want government to run more like a business? Could you get me the schedule for how much the premium is per employee? The testimony from the North Dakota Safety Council was about opposite as far as how safe we are. What is WSI doing to improve the safety and lower workplace injuries?

Klipfel: I could go on for days about the things we do for safety. We have 14 safety consultants that are very proactive. Safety has to be from the top down. We will cost share with companies to get a fiscal therapist into the company. They will review what is being done. We spend a lot of money and do a lot of good in incentivizing of the workforce. Our premiums have gone 280% for construction, trucking, and oil field. Our increase is in the dangerous type of activity so you are going to have more deaths and more injuries.

Rep. Guggisberg: I look forward to getting some more information from you. I don't remember where I got those numbers from, but I think we all just want accurate numbers. I need to go home and talk to my constituents. Have you been thinking outside the box? Can we find more ways to prevent injuries? I just want the real data.

Klipfel: If you look at the state in general and the number of fatalities we have 52% of our fatal workplace incidents are traffic. There has been a lot done out there. I think we get an unfair rap for safety in the oilfield and that all those injuries are our fault. We spend a lot of money and time on safety but everybody has to be on board to do this or else it won't work.

Vice Chairman Streytle: (inaudible)

Chairman Monson: I have a question on these grants you are giving out; are the employers ok with you doing this? They aren't complaining about subsidies?

Klipfel: Actually, our board of directors will take a look at it and try to understand the whole picture. They have been very good about saying when money is available.

Chairman Monson: This is the smoothest I have ever seen WSI run. We have had very few issues.

Klipfel: I think it has a lot to do with the staff we have and doing our own work. It frustrates me when I see these news articles on how bad things are because it isn't so. It can't be positive news or else they wouldn't sell any newspapers.

Chairman Monson: There is always going to be somebody upset. Because then they wouldn't sell any newspapers. 2 FTE's and \$162,835 is the difference between us and the Senate.

No Opposition

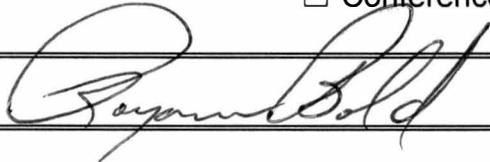
Meeting adjourned.

# 2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division  
Roughrider Room, State Capitol

SB 2021  
3/27/2015  
25524

- Subcommittee  
 Conference Committee

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## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

## Minutes:

2 attachments

**Chairman Monson:** Called the meeting to order.

**Rep. Guggisberg:** Referenced amendments 15.8154.02002 & 15.8154.02003 (Attachments 1-2)  
Mr. Klipfel said he is going to have a presentation from someone who has come up with some analytic software to try to better measure whether programs are paying for themselves and he said it would cost up to \$100,000. So one of these amendments allows them to do this in their budget. The second amendment would offer to build a new building and get up to a \$5M grant or use that grant for refurbishing a building. As the state is shifting and moving some of our campuses have buildings that need replacement and this could be an option for them. After talking to Repr. Keiser and Mr. Klipfel it seems there is interest for mobile training vehicles for safety programs. I did some research and other states have a mobile safety training unit that goes around and does workforce training for them. This is similar to HB 1416 related to alcohol servers. They can already do this with safety grants. There is interest for more safety training.

**Chairman Monson:** This is all in SB2003?

**Rep. Guggisberg:** 2003 is just the analytics.

**Chairman Monson:** you switched over into 2002, I didn't catch the slowdown.

**Rep. Sanford:** Did you do any cost analysis on the mobile units? I have an idea of what others cost.

**Rep. Guggisberg:** I did not look into the cost of these specific units, I think WSI has done some research.

**John Halvorson, WSI:** we purchased one that was \$700,000 to \$1M.

**Rep. Sanford:** can you offer your opinion on mobile units?

**Halvorson:** We did a demo; we haven't had much discussion internally with our board or stakeholders. We certainly could have that between now and early next week.

**Rep. Guggisberg:** This doesn't say that they have to buy these things; it just says they have to look at it. They still would have to have board approval. It's a legislative. I have used the medical one as EMT's that was the best day of training I've had as an EMT ever.

**Rep. Dosch:** do you envision WSI owning that or someone like the Safety Council?

**Rep. Guggisberg:** if we did something like that it would be best if WSI owned them

**Chairman Monson:** the study part of it and feasibility of whether they should have mobile units or building or how they should go forward with that; its probably the way to go; 02003; 02002 seems a little premature if you're going to do the study, then maybe you want to wait after you've done the study and see what they need.

**Rep. Sanford:** The medical ones came from the Helmsly Foundation and they are very interested in rural states in providing this kind of service. They have involvement in South Dakota.

**Chairman Monson:** I would like to see the study include all the options and there may be some opportunities to get special funds that are funding things like this.

**Rep. Dosch:** On the study itself of \$100,000; it seems like every time we put a dollar amount to these studies that that's exactly what they cost and when you look at things the study should include. WSI already has some of the information. The direct and indirect costs associated with workplace injuries; that is already out there. The effectiveness of workplace safety programs; that may be a new element and as well as safety improvement programs; so last two lines of that will be legitimate. I have a concern of putting in \$100,000; only the last two sentences that they would have; maybe \$25,000 is more in line than \$100,000.

**Chairman Monson:** Since this is 100% special funded, you could put any amount you want. I don't think it makes a big difference. They are run like an insurance company. They want to keep everything very affordable.

**Rep. Martinson:** Why even put in an amount? It's their money.

**Chairman Monson:** I don't know if they need an authorization to spend that. You do the study and we could leave it open.

**Rep. Guggisberg:** I just got these amendments last night and they are not quite corrected. It would just under \$100,000 for the software and the actual programs. We maybe don't even need to put an actual dollar amount in there; just give them the authority to purchase

it, if we need to do that. We should do everything we can to keep the premiums as low as possible and keep the workforce safe.

**Chairman Monson:** Shawn, do we need to designate an amount?

**Shawn Smith, Legislative Council:** I will look into it.

**Becky Deichert, OMB:** I would think you would want to put into it the authority so the authority is there to spend it

**Chairman Monson:** for an amount, or just give them the authority?

**Deichert:** no, you would need an amount.

**Chairman Monson:** The senate did not add some of the FTE positions, they added a collection specialist, but they are temporary, is that correct, Shawn?

**Smith:** The two on the bottom

**Chairman Monson:** On page 3 they wanted to convert to FTE's.

**Smith:** yes, that is correct.

**Chairman Monson:** Is there an explanation of the 6 new FTEs?

**Rep. Sanford:** what was the Senate thinking to permit 4 and take away 2 specifically?

**Chairman Monson:** I see they added on the bottom of page one; they were all new and then they have the four temps. Growing number of employees, more businesses, more workers; case load will be bigger. Whoever carries this bill to the floor will have to be ready to answer the questions about the added FTE's; it makes it easier when its special funded.

**Rep. Martinson:** I think the WSI has become a well-managed organization and it's the employer's money and they have directors that are tougher on them than we are. If they need a couple more employees, they should have them.

**Chairman Monson:** what are you referencing; the two the Senate took out?

**Rep. Martinson:** I was just generally speaking.

**Chairman Monson:** years ago WSI was a hot potato, but I agree.

**Rep. Guggisberg:** I do hear a lot of complaints; they come to me because of my previous positions. Small tweaks could help them do what they do. There is money going out in grants and if we do things like a big project, we can offer safety to a broader audience.

**Chairman Monson:**  
Meeting adjourned.

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

SB 2021  
3/30/2015  
Job #25605

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

### Minutes:

**Chairman Monson:** Called the meeting to order.

**Rep. Guggisberg:** After talking with Mr. Klipfel, he insures me that they are going to go forward with the analytics portion, so I don't think we're going to need that amendment. He said they would do it with or without the language in the bill. I would like to still talk about the other amendment for the safety training facilities, or mobile training units. Again, this isn't a mandate; this is just something similar to the bill on server training, where it would direct WSI to look into this, and see if it's something that's worth investing in.

**Chairman Monson:** So 02003, throw away?

**Rep. Guggisberg:** Yes.

**Chairman Monson:** And 02002, you still want to follow up on that one. It would provide up to \$5-million in grants to provide for a safety training facility of an institution under the control of the state board of higher education, and for the costs related to acquiring property, constructing or remodeling a building. The next part is grants to applicant to provide for a mobile training vehicle to provide safety training. I like that idea, and I think it's probably a lot more efficient. I'm not so sure about the first one myself. Any other discussion?

**Rep. Schmidt:** Rep. Guggisberg, where is the \$5-million dollars coming from?

**Rep. Guggisberg:** The \$5-million would come from operating costs, premium dollars, basically. The same place the current grants come from. I don't know that they would even need this. They wouldn't need any language to do it. They can currently do this. This would just encourage them to look into this, because this is something that they haven't done before; invest in a program like this.

**Rep. Dosch:** You're specifying a facility on the campus of an institution. Why is that?

**Rep. Guggisberg:** One is because of the current project we looked at the first half, on BSC campus through the N.D. Safety council. The other is, we've had a lot of discussion about use of buildings on campuses. I think this could be a win-win, where they would already have a lot of the resources that they would need for training. Plus, there's probably space available, with the changing needs of our campuses in this state. And there's also 11 campuses across the state, spaced out across the state.

**Chairman Monson:** Do you have a building on the campus of NDSU in mind for this?

**Rep. Guggisberg:** No, I do not. One thing that came to mind was, when we were talking about NDSCS, they do some safety training down there, and maybe this could encourage some other campuses that aren't actually in the bigger cities to provide this training. Only with the blessing of the WSI committee.

**Chairman Monson:** Any other discussion? What do you want to do, Rep. Guggisberg?

**Rep. Guggisberg:** **Made a motion to accept amendment #.02002 and seconded by Rep. Boe**

**Chairman Monson:** Any other discussion? So if they already can do this, for the most part, why do we need to do this? If they're on board with doing this, wouldn't they be able to make this report and kind of study it?

**Rep. Guggisberg:** It's like the bill we previously passed. It just asks them to look at it. I did hear some earlier conversation this morning about how the Governor is now in charge of WSI, and we want to keep an eye on this stuff, too, and I think this is some legislative intent that says, we want you to look at this as well.

**Chairman Monson:** Workforce Safety and Insurance shall investigate, that means study, whether there is an industry interest in using safety programs under section 65-03-04 to provide up to \$5-million in grants. So they're just going to study this; they can't go out and spend it, they just can't do it. So it's a study. What legislative management doesn't do, we're telling WSI to do.

**Rep. Guggisberg:** That is correct. And it says, whether there is industry interest. I think we saw in the first half, when we were talking about the other building, that there is industry interest out there. Then it would be up to the WSI board, who ultimately is looking out for worker safety and low premiums, to decide the best way to provide that training.

**Rep. Dosch:** I don't like that we are studying it, and yet we're allocating \$5-million, and that's premium dollars that have to be set aside. I wouldn't have a problem if it was a study, if we could take out the dollars.

**Chairman Monson:** Their study will come, will be; do you want to spend \$5-million for this, employers of the state of North Dakota, or don't you? That's what their study will be. I don't

know why we need a number because maybe they decide that they want to spend \$10-million. Maybe they want to spend more. I think they study the need for safety, and whether it be on campus or mobile, and I would feel better about that, myself. How could you not? And they can do it without us putting it on. So how could you not be against them going to the employers and asking them?

**Rep. Sanford:** When I look at the title of the budget, and the organization; safety is an obvious component of their mission. So it seems to me, wouldn't they bring something to us if they... I don't know that there even is a...they must study this every day; they must think about this every day. That's where I'm kind of struggling, is how to, there isn't an initiative coming from the entity that is responsible for this.

**Chairman Monson:** If the 5 million wasn't in there, and that kind of confuses it a little. If that \$5-million wasn't there, it would be much more palatable to me. Like Rep. Sanford said, safety is in their title, so, obviously they must be doing all they can, and trying to. But if you just took out, there's an industry interest in using safety programs, under Section 65-, to provide for a safety training facility on the campus of an institution, or take the \$5-million out.

**Rep. Guggisberg:** The 5 million is not a, I mean, it's a limit. It can't be over \$5-million, and I look at it like this is maybe a pilot project of something to try. It's not an appropriation, so I don't look at it as \$5-million is a scary number. I look at it as that limits their, it keeps it from going out of control, which I don't think is going to happen anyway.

**Rep. Sanford:** I did like the discussion about the use of open space on campuses, because I know there is a lot of that. So, if that option was made available for them to use, I don't know that there would be a need for \$5-million or \$1-million or whatever. The space would be there. That part of the discussion makes some sense.

**Rep. Schmidt:** Could there be a possibility that we have the one on BSC, and then we do another one on another campus?

**Chairman Monson:** It depends on what their study finds out.

**Rep. Dosch:** I don't think that one on BSC, I don't think that land is owned by BSC, so that would exclude that one.

**Rep. Schmidt:** If we did that, if we helped fund that, and we did this, then we would have two buildings. Do we need two bricks and mortar to do this?

**Chairman Monson:** We'll take a vote on this. The clerk will read the roll.

**Roll Call vote taken: Yes 2, No 6, Absent 0. Motion failed.**

**Chairman Monson:** Rep. Guggisberg, I like the idea of doing a study, and I think they're sitting here in the room, and they can probably take that idea. I didn't like the number \$5-million.

**Rep. Boe:** If we took the \$5 million out and took out the university segment of the study, would you be more in favor of the amendment?

**Chairman Monson:** I would be thinking that if you changed the whole thing and just said that they should study the possibility of a safety training facility, or mobile training vehicles, that would be about all that you would need. Who could vote against that? I think it's a great idea. You just took off too big a bite.

**Rep. Guggisberg:** I think the analytics is important, and we don't have a State OSHA system, so we kind of rely on WSI for all things as far as state responsibility for worker safety goes. As a firefighter, I know that the best way to make sure nobody gets hurt is to prevent accidents from happening in the first place. On a second note, I know we say that we should just let them do their job, but if we just wanted to let them do their job, we wouldn't have cut two positions out of this budget already. I kind of agree with that. Maybe we can put the other two positions back in. I'll let you make that motion.

**Chairman Monson:** All the senate didn't include was to convert those two temps to the two new document processing specialist FTE positions. They can still have temps. Otherwise, anything anybody else sees? It's 100 percent special funded; they're doing their job.

**Rep. Guggisberg:** I'm looking at #3, and it says the Senate did not add the funding or convert temporary positions. So they took out the funding and the FTE positions. \$162,000, it looks like.

**Chairman Monson:** Sean, does that mean that they can't continue to keep on doing their temporary positions or not?

**Sean Smith, Legislative Council:** Yes that is correct. In IBARS, they removed those positions and then they add them as FTEs. So we removed them. That funding won't be in there.

**Rep. Guggisberg:** So does that mean they are going to end up with less positions than they had last session? Or just not increase them?

**Smith:** The positions will increase. It's just the temporary positions; they won't have that funding for those two positions anywhere.

**Chairman Monson:** But they'll actually be increasing by 10 employees over last biennium, if I'm reading this right, because they asked for 12 and we gave them 10. If they find the money in their budget, can they hire the temps? That's what they've been doing with those other positions for the last number of years anyway. Correct?

**Smith:** That is correct.

**Chairman Monson:** So, really, they're getting 10 new FTEs and they'll just have to continue to find the money in their budget to contract, or whatever, to get the temps. The only reason we can't send this out; or maybe there is no reason we can't send it out. Sean,

I think you've got the amendment that I think all budgets we've been kind of in the House saying we're going to take out the insurance money, or something, the difference between the Sanford bid. What do you have there?

**Smith:** I can give you the number.

**Chairman Monson:** Have you got a hard copy of the amendment, or you just would tell us what the amendment will do?

**Smith:** I can tell you what it would do for the health insurance portion.

**Chairman Monson:** We'll have to have that as a motion, to make that happen in this budget, correct?

**Smith:** Yes, that is correct.

**Rep. Martinson:** **Made a motion to amend the health insurance and seconded by Rep. Dosch.**

**Chairman Monson:** Do you have the amount, Sean?

**Smith:** I don't have the amount, but I can try to get it. It's a smaller change.

**Chairman Monson:** It would remove the amount of insurance that would be appropriate for those positions. Are you comfortable with that? And all of the budgets are probably going to have this.

**Chairman Monson:** Any other discussion?

**Voice vote taken. Motion carried.**

**Chairman Monson:** So, the only change that we have done to this bill is what we just passed, to take out the insurance difference.

**Rep. Dosch:** **Made a motion for do pass as amended and seconded by Rep. Schmidt: Roll call vote taken: Yes 7, No 0, Absent 1. Motion carried.**

**Chairman Monson:** Rep. Guggisberg, you seem to have a real desire to work on this one. Do you have any problems carrying this one to the floor? It can't get much easier than this one.

**Rep. Guggisberg will carry.**

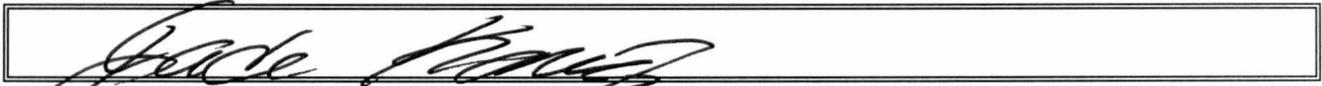
Meeting was adjourned.

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

SB 2021  
4/7/2015  
25889

- Subcommittee  
 Conference Committee



## **Explanation or reason for introduction of bill/resolution:**

Provide an appropriation for defraying the expenses of workforce safety and insurance.

## **Minutes:**



**Representative Guggisberg:** Amendment .02004 the only change we made from the Senate was with the insurance. I would move the amendment.

**Representative Monson:** Seconded.

**Chairman Jeff Delzer:** Discussion?

Motion to Adopt Amendment .02004.  
Motion made by Representative Guggisberg.  
Seconded by Representative Monson.  
Voice vote.  
Motion carries.

**Representative Hogan:** Did the committee do the retirement pay out. There is accrued leave but there is not anything on retirement is that in accrued leave and did your committee discuss that?

**Representative Guggisberg:** The WSI employees aren't in their defined benefit plan, is that right?

**Brady Larson ~ Legislative Counsel:** They are now classified. They were unclassified.

**Representative Skarphol:** It is on line 12 of the bill, they took it out.

**Chairman Jeff Delzer:** No that is the way the bill came in, because none of them the way they were introduced had money in the current leave line but it was there last time.

**Representative Skarphol:** 6 million dollar computer project, this agency doesn't have a very good track record on computer projects. Did you discuss what the 6 million is for?

**Representative Guggisberg:** I can't remember exactly what it is for can you help me out Representative Streyle?

**Representative Streyle:** No I don't remember either.

**Chairman Jeff Delzer:** Representative Skarphol do you want to hold the bill until we get some answers?

**Representative Skarphol:** I don't think I want to mess with it.

**Representative Guggisberg:** Where is the 6 million at?

**Representative Skarphol:** Its reflected on the green under number 9.

**Brady:** This is a program based budget so it's all in one line item. It is part of line 10 workforce safety insurance operation.

**Chairman Jeff Delzer:** Representative Skarphol if you want some information we can hold it.

**Representative Skarphol:** We can act on it but I think we should get a good explanation before we send it to the floor.

**Representative Guggisberg:** I move a Do Pass As Amended on SB 2021 As Amended.

**Representative Monson:** Second.

Motion for Do Pass As Amended on SB 2021  
Motion made by Representative Guggisberg.  
Seconded by Representative Monson.  
Total yes 21. No 0. Absent 2.  
Motion carries.  
Floor assignment Representative Guggisberg.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after "insurance" insert "; and to provide for a report to the legislative management"

Page 1, after line 15, insert:

**"SECTION 2. WORKFORCE SAFETY AND INSURANCE - SAFETY PROGRAMS - REPORT.** During the 2015-16 interim, workforce safety and insurance shall investigate whether there is an industry interest in using safety programs under section 65-03-04 to provide up to \$5,000,000 in grants to an applicant to provide for a safety training facility on the campus of an institution under the control of the state board of higher education and for the costs related to acquiring property, constructing or remodeling a building, and designing and implementing the associated safety programs. Under this section, in addition to or as an alternative to the safety training facility, workforce safety and insurance may investigate and award safety program grants to an applicant to provide for a mobile training vehicle to provide safety training. Before August 1, 2016, workforce safety and insurance shall report to the legislative management on the outcome of the organization's efforts under this section."

Renumber accordingly

*SK*  
*4/8/15*

Fiscal No. 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, replace lines 10 and 11 with:

"Workforce safety and insurance operations" \$60,909,457 \$7,955,713 \$68,865,170

Page 1, replace line 14 with:

"Total special funds \$63,322,422 \$5,542,748 \$68,865,170"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2021 - Workforce Safety and Insurance - House Action**

	Base Budget	Senate Version	House Changes	House Version
WSI operations	\$60,909,457	\$69,056,397	(\$191,227)	\$68,865,170
Litigation contingency	750,000			
Accrued leave payments	1,662,965			
Total all funds	\$63,322,422	\$69,056,397	(\$191,227)	\$68,865,170
Less estimated income	63,322,422	69,056,397	(191,227)	68,865,170
General fund	\$0	\$0	\$0	\$0
FTE	250.14	260.14	0.00	260.14

**Department No. 485 - Workforce Safety and Insurance - Detail of House Changes**

	Adjusts Funding for Health Insurance Premium Increases <sup>1</sup>	Total House Changes
WSI operations	(\$191,227)	(\$191,227)
Litigation contingency		
Accrued leave payments		
Total all funds	(\$191,227)	(\$191,227)
Less estimated income	(191,227)	(191,227)
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

Date: 3/30/15  
 Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2021

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Guggisberg Seconded By Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson		✓	Rep. Boe	✓	
Vice Chairman Streyle		✓	Rep. Guggisberg	✓	
Rep. Dosch		✓			
Rep. Martinson		✓			
Rep. Sanford		✓			
Rep. Schmidt		✓			

*Motion failed*

Total Yes 2 No 6  
 Absent 0

Floor Assignment \_\_\_\_\_

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

*Amendment  
 02002  
 Moved to accept Amendment*

Date: 3/30/15  
 Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2021

House Appropriations - Education and Environment Division Committee

Amendment LC# or Description:  Subcommittee  
See below

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Martinson Seconded By Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson			Rep. Boe		
Vice Chairman Streyle			Rep. Guggisberg		
Rep. Dosch					
Rep. Martinson					
Rep. Sanford					
Rep. Schmidt					

*Roll Call Vote*  
*Motion Carried*

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*health*  
 Removes amb, Insurance for those positions

Date: 3/30/15  
 Roll Call Vote #: 3

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2021

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Dosch Seconded By Schmidt

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson	✓		Rep. Boe	✓	
Vice Chairman Streyle	A		Rep. Guggisberg	✓	
Rep. Dosch	✓				
Rep. Martinson	✓				
Rep. Sanford	✓				
Rep. Schmidt	✓				

Total Yes 7 No 0

Absent 1

Floor Assignment Guggisberg

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





**REPORT OF STANDING COMMITTEE**

**SB 2021, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2021 was placed on the Sixth order on the calendar.**

Page 1, replace lines 10 and 11 with:

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Renumber accordingly

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General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

**2015 TESTIMONY**

**SB 2021**



# Testimony on Senate Bill 2021



our purpose  
...to care for the injured worker

Senate  
Appropriation  
Committee



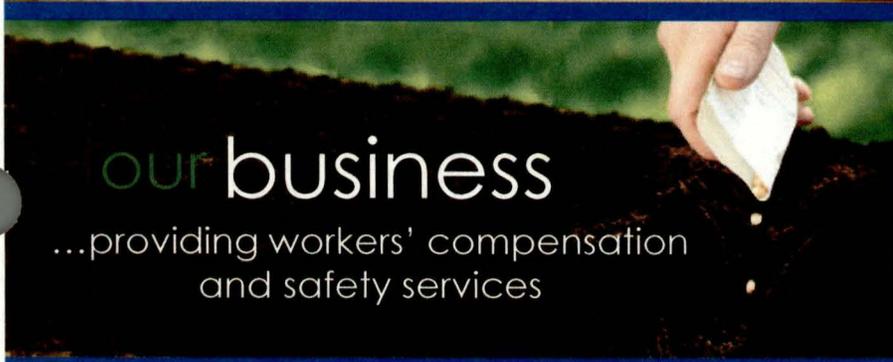
Loyal  
Caring  
Forthright  
our core  
values

01/13/2015



our strategy

- ✓ Exceptional People
- ✓ Exceptional Service
- ✓ Financial Stability



our business  
...providing workers' compensation  
and safety services

# WSI

North Dakota Workforce  
Safety & Insurance

*Cover Sheet*

**2015 Senate Bill No. 2021  
Testimony before the Senate Appropriations Committee**

**Presented by:  
Bryan Klipfel, WSI Director**

**Workforce Safety & Insurance  
January 13, 2015**

Mr. Chairman and Members of the Committee:

Good afternoon. My name is Bryan Klipfel, Director of Workforce Safety & Insurance (WSI). I am here to testify before the committee to provide you a brief background of WSI, the current positives as well as the ongoing challenges with the existing workers compensation environment, and to ask for your support of WSI's biennial appropriations, Senate Bill 2021. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

**WSI Background**

Workforce Safety & Insurance (WSI) was established in 1919 as an exclusive state fund for workers compensation insurance. Today, North Dakota is one of four remaining monopolistic workers compensation systems in the United States. The others are Ohio, Washington, and Wyoming.

WSI, a state entity, functions as the sole provider of workers compensation insurance in the state of North Dakota. There are no provisions for self-insurance or private insurance for purposes of workers compensation. If a business has significant contacts in North Dakota, they must insure with WSI.

WSI currently has 250.14 authorized full-time employees (FTEs). Claims for occupational injury and disease are filed with WSI and adjudicated by in-house agency claims adjustors.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars.

With that brief background, I will now go into some of the positives of North Dakota's workers compensation environment.

#1-1

## WSI Positives

**Good Benefits.** North Dakota's benefit structure is set by statute and compares quite favorably to other jurisdictions. Benefits provided include:

- Lifetime, deductible-free medical benefits related to the work injury.
- Weekly disability benefits ranging up to a maximum of \$1143/week (125% of North Dakota's State Average Weekly Wage (SAWW) which is \$914 per week).
- A post-retirement benefit (additional benefit payable-ABP) when disability benefits cease at time of eligibility for social security retirement benefits.
- Cost of living adjustments (COLAS). Long-term disability recipients are eligible for COLAS after 3 years and receive increases equivalent to the increase in the SAWW. This year's COLA was 4.1%, compared to 10.3% for FY 2013 and 9.9% for FY 2012. COLAs have averaged 5.8% over the last decade and 6.6% over the last five years.
- Vocational Rehabilitation benefits that provide for up to two years or more of retraining.
- Death benefits of up to \$300,000 for the recipient's lifetime.

Additionally, numerous benefit and policy provisions have been passed by previous Legislative Assemblies that have served to enhance the benefits and services provided to injured workers (**see Attachment A**).

**Good Payer.** Based on a recent medical and hospital fee schedule analysis, effective January 1, 2015, WSI reimbursement for physician services equates to 185% of Medicare reimbursements and WSI reimbursements for hospital services ranges between 160% (Inpatient) and 171% (Outpatient) of Medicare reimbursements.

**Low Premiums.** Over the last decade, and before any dividends are issued, North Dakota has continually been ranked the lowest premium state in the country (2014 Oregon Premium Study). Statewide premium rate levels have been stable with small inflationary increases.

North Dakota rates are the lowest in the country and nearly 53% below the median state in the study.

The following chart outlines the difference in premium rate indices between North Dakota and neighboring states, as well as the other three monopolistic states. North Dakota's premium index rate was \$.88.

Neighboring States	Index Rate	Comparison
South Dakota	1.86	2.1 times higher
Minnesota	1.99	2.3 times higher
Montana	2.21	2.5 times higher

Other Monopolistic States	Index Rate	Comparison
Ohio	1.74	2.0 times higher
Wyoming	1.76	2.0 times higher
Washington	2.00	2.3 times higher

**Low incidence of time-loss claims.** Time-loss claims account for only 13% of the total claims in North Dakota compared to 20% in other jurisdictions. North Dakota employees have a good work ethic, and if they are injured, they want to get back to work. WSI's Return to Work programs greatly assist these efforts.

**Safety and Loss Control.** WSI plays a vital role in preventing workplace accidents by providing proactive safety programs, premium discounts to employers who utilize WSI safety programs, matching training grants to industry associations, safety consultants, and online safety training through WSI's Learning Management System (LMS). WSI has a dedicated safety/loss control department consisting of fourteen WSI safety consultants that assist employers in the prevention of workplace injuries.

Since 2005, WSI has issued \$32 million in safety grants to employers as well as funds for safety training and education for thousands of workers statewide. Premium discounts to employers for successfully implementing safety programs totaled \$22 million in FY 2014 and nearly \$55 million over the past three years.

**Administratively efficient.** WSI has a 10.3% administrative expense ratio (FY 2014). Workers' compensation industry expense ratios typically range between 25% and 35%. As a monopoly, North Dakota does not incur the marketing, broker, tax, and other fees incurred by other private workers compensation insurers.

**Few disputes & low litigation requests.** Overall litigation requests represent only one percent of total claims filed.

**Good Service and Overall Customer Satisfaction.** In FY2014, WSI received 26,395 filed claims with an acceptance rate of 92%. The WSI acceptance rate of 92% exceeds the acceptance rate of other similar states. Periodic injured worker and employer customer satisfaction surveys independently conducted for WSI consistently rank in the "high" satisfaction category. On a low to high satisfaction scale of 1 to 5, most recent surveys reflected an injured worker satisfaction rate of 4.31 and an employer satisfaction rate of 4.22.

**Financially Stable.** A financially secure fund benefits both injured workers and businesses.

Favorable investment returns have resulted in additional surplus growth. Fund investment returns for the last five years (FY 2010-2014) have averaged 10.27%, ranging between 6.14% and 13.26% per year.

State law outlines the required surplus levels which are 20% to 40% of reserve liabilities. WSI's surplus ratio (as of 10/31/14) is at 39%. To the extent the WSI fund exceeds statutory surplus requirements they must issue dividends to the policyholders. Total dividends declared in nine out of the past ten years have amounted to nearly \$850 million ranging between 39% and 62%, including an estimated \$115 million dividend credit for the current policy year.

## WSI Challenges

**Increased Workloads.** The increased economic activity within the state has resulted in increased staff workloads.

A sampling of workload indicator information comparing 2014 workloads to 2009 workloads is as follows:

<b>Workload Indicator</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>% Increase (2009-2014)</b>
Covered workforce	341K	340K	349K	370K	403K	418K	23%
Claims filed	20,544	19,388	21,693	24,647	25,835	26,395	28%
Claims filed with out-of-state addresses	2,766	2,652	3,570	5,351	5,901	6,008	117%
Active employer accounts	19,946	20,316	21,552	23,812	24,793	25,359	27%
New employer applications	1,794	2,061	2,957	4,937	4,205	4,105	129%
Average calls per day	495	509	543	669	742	766	55%
Earned Premium (Net of Safety Discounts)	\$161 M	\$154 M	\$192 M	\$256 M	\$317 M	\$320 M	98%
Paid Benefits (Medical & Indemnity)	\$115 M	\$114 M	\$124M	\$134M	\$174 M	\$198 M	71%
FTE Authority	237	237	237	247	247	250	5%

Since 2009, considering the increase in employer accounts and the increase in claim filings, workloads have generally increased by nearly 30% as compared to increased staffing (or FTE authority) of only 5%. To manage the growth, WSI has significantly expanded the number of temporary positions.

Additionally, through attrition and turnover, WSI evaluates FTE positions as they come open to determine whether allocation elsewhere is necessary.

WSI has a loyal and dedicated staff. Through extreme growth, average turnover over the last five years has averaged only 5.8%. The effects of the heavier workloads are compounded by the overall increase in business complexity.

**Increased Claim Complexity.** Claim processing is becoming more complex. Claims with out-of-state addresses used to account for approximately 13% of all claims. Today, approximately 23% of all claims have out-of-state addresses. Managing the medical, return to work, and vocational rehabilitation for out-of-state claims, and working with out of state medical providers requires additional time and resources.

**Increased Underwriting Complexity.** Policyholder Services and Underwriting is becoming more complex. The coverage, compliance, and jurisdictional determinations for out of state companies have increased significantly. Delinquent premiums associated with out of state companies have increased as well, making the collections process more problematic.

Managing the more complex and increased workloads with existing staffing levels, while trying to maintain an acceptable level of service, has been a significant challenge. In reviewing periodic performance measurements there was deterioration in claim and bill processing times, and an increase in the number of employers that were not in good standing. To help mitigate and reverse these trends, WSI has hired a number of temporary employees within various departments.

Some of the areas requiring additional attention due to more complex workloads are:

**Collections Specialist.** WSI has recognized a significant increase in the number of policyholders and premium charges assessed annually. A significant portion of this increase is attributable to businesses located out-of-state or engaged in those industries that historically have experienced a high delinquency rate. This has resulted in a significant increase in both the number policyholders and premium dollars considered delinquent.

	FY 2011	FY 2012	FY 2013	FY 2014
# of Delinquent Premium Accounts	503	720	1,099	1,134
Delinquent Premium	\$3,304,301	\$4,633,788	\$8,482,690	\$8,565,027
% of In Force Premium	1.79%	2.05%	3.00%	2.67%

**Employer Premium Compliance Specialist.** This position was created to assist in identifying employers operating in North Dakota who are non-compliant in securing workers' compensation coverage. To date, a total of 634 noncompliant accounts have been identified resulting in premium and penalty charges of over \$3 million.

**Premium Audit.** For FY2014, the Premium Audit group was responsible for auditing 1,398 accounts which resulted in 731 premium adjustments. As a result of these audits, net additional premium charges of over \$3 million have been assessed. This is in addition to the \$3 million identified by the compliance specialists.

**Technology.** In February 2013, the Executive Steering Committee (ESC) directed six steps be completed prior to and in preparation of any procurement related to replacing the current claims and policy systems. Status of the six steps is as follows:

- **Perform Lessons Learned** – completed and approved by ESC on November 21, 2013. Following the Lessons Learned, the ITTP-AIM project Closeout Report was accepted by the ESC on December 6, 2013 and submitted to Large Project Oversight.
- **Review Business Processes** – contract was executed with Major Oak Consulting on May 5, 2014 to complete a business process modeling (BPM) effort documenting current state and future state business processes for claims and policy. BPM effort was completed and approved by ESC on July 17, 2014.
- **Perform Market Research** – completed and approved by ESC on March 6, 2014.
- **Perform Architecture Review** – completed and approved by ESC on May 1, 2014.
- **Develop a New Project Charter** – completed and approved by the ESC on December 4, 2014.
- **Review Requirements** – a written plan detailing this step has been completed. This plan was approved by the ESC on December 4, 2014.

In addition to the above steps, WSI retained the services of Major Oak Consulting as an independent third party to perform an objective evaluation of various options to replace WSI's core business systems. An extensive evaluation was completed and a Final Report including findings and recommendations was presented to the ESC on September 18, 2014. On October 2, 2014 the ESC approved moving forward with Major Oak's recommendation to replace/upgrade WSI's core systems using an "Evolutionary Approach" which minimizes risks and costs.

This “evolutionary approach” is a phased approach, whereby the system replacement / upgrade will be completed in phases, with each phase consisting of multiple segments. The first phase is a detailed planning phase and is scheduled to be completed by June 30, 2015. We anticipate this approach to cover two bienniums, 2015-2017 and 2017-19. The estimated cost relevant to the 2015-2017 biennium is projected to be \$6 million. A detailed project schedule and budget for the entire project will be developed during the planning phase.

A “kickoff” meeting for the System Replacement Project (SRP) was held on December 11, 2014 and included individuals from WSI and ITD.

**WSI Finances**

Below is a status report of WSI’s 2013-2015 budget appropriation. WSI estimates to have funding remaining in both of the one-time funding areas above at the end of the current biennium. Continued work is being performed in each area. WSI has requested funding in both of these areas for the new biennium.

**Status of WSI’s 2013-2015 appropriation**

	<b>Current Appropriation 2013-15</b>	<b>Expenditures through 11/30/2014</b>	<b>Estimated Anticipated Expenditures through 06/30/2015</b>	<b>Estimated Remaining Appropriation 2013-15</b>	<b>% Remaining</b>
<b>Operations</b>	57,847,422	(37,814,721)	(19,833,261)	199,440	0%
<b>ONE TIME FUNDING</b>					
<b>IT Projects Funding</b>	4,725,000	(1,424,432)	(575,568)	2,725,000	58%
<b>IT Litigation Contingency</b>	750,000	(60,015)	(139,985)	550,000	73%
<b>Totals</b>	<b>63,322,422</b>	<b>(39,299,168)</b>	<b>20,548,814</b>	<b>3,474,440</b>	<b>5%</b>

Next we will review WSI’s administrative budget recommendation of \$70,443,045 for the 2015-2017 biennium. This is an increase of 11% over the previous biennium. As indicated earlier, WSI’s budget contains no general fund dollars.

## Governor's Budget Recommendation 2015-2017

	Current Appropriation 2013-15	Base Appropriation Changes for 2015-2017	Recommended Appropriation 2015-17	% Change
<b>WSI Operations</b>	57,847,422	5,595,623	63,443,045	10%
<b>ONE TIME FUNDING</b>				
System Replacement Project	-	6,000,000	6,000,000	
IT Projects Funding	4,725,000	(4,725,000)	-	
IT Litigation Contingency	750,000	250,000	1,000,000	
<b>Agency Appropriation</b>	63,322,422	7,120,623	70,443,045	11%
<b>**FTE's</b>	250.14	12.00	262.14	5%

\*\*As of 12/31/2014, WSI had 34 full and/or part-time temporary employees, equivalent to 31.6 positions.

Based on the 2015-17 budget recommendation, WSI's operations are projected to increase by 10% over the 2013-15 biennium.

WSI requested additional FTE's to help handle the increased workload we discussed earlier. The 10% increase includes continued funding for numerous temporary employees and twelve FTE's. Six of these twelve would be new FTE's and the remaining six would be used to convert existing temporary positions to FTE status.

### Optional Adjustment Requests

The final page of our testimony (**see Attachment B**) is a comparison of Optional Adjustment Requests as asked for by the Committee.

As you can see, WSI had four requests. Each of these has already been discussed in detail. As noted, WSI's original request was for 19 FTE's. The Executive Recommendation approved 12 of the 19, which created a variance of \$757 thousand. Similarly an equity request of \$500 thousand was not included in the Executive Recommendation and you can see the related variance.

WSI supports the Executive Recommendation for the 2015-2017 biennium and is not requesting any changes.

We hope this helps you better understand what WSI does, the positives that exist and the challenges we are currently facing. North Dakota's workers' compensation system today remains stable, is continually improving, and functioning very well as we strive to meet the challenges brought forth by our economic growth.

Thank you again for your time today and your consideration of WSI's biennial appropriation request. At this time, we would be glad to answer any questions that you may have.

Historical Workers Compensation Benefit/Service Enhancement Legislation2013 Legislation

Provided for a study of the preferred provider program (HB 1051)  
 Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)  
 Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)  
 Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)  
 Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)

2011 Legislation

Established a vocational rehabilitation grant program (HB 1050)  
 Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)  
 Reduced the threshold for percentage of whole body impairment to qualify for a PPI award (HB 1055)  
 Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)  
 Expanded eligibility for the scholarship program (SB 2114)  
 Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)  
 Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)  
 Streamlined the personal reimbursement process for injured workers (SB 2114)  
 Expanded eligibility for the educational revolving loan fund (SB 2114)

2009 Legislation

Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)  
 Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)  
 Increased the eligibility pool for job search benefits (HB 1062)  
 Established pilot program to assess new methods of providing rehabilitation services (HB 1062)  
 Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)  
 Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)  
 Expanded COLA eligibility for pre-1/1/06 claims to include both permanent total and temporary total benefit recipients (HB 1064)  
 Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)  
 Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)  
 Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)  
 Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)  
 Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)  
 Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)  
 Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)  
 Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)  
 Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)  
 Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)  
 Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)  
 Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)  
 Resolution to study injured worker access to legal representation (HCR 3013)  
 Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)  
 Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)  
 Established a PPI schedule award for the partial loss of eye sight (SB 2057)  
 Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)  
 Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)  
 Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)  
 Provided that WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)  
 Shortened the time period in which an injured worker can request a change of doctor (SB 2432)  
 Provided that WSI notify injured workers of work search obligations (SB 2433)

#### 2007 Legislation

Provided funds for the purchase or adaptation of motor vehicles for the catastrophically injured (HB 1038)  
Provided increased post-retirement additional benefits for certain injured workers (HB 1038)  
Expanded the population that is eligible for death benefits (HB 1038)  
Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)  
Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)  
Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)  
Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)  
Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

#### 2005 Legislation

Established additional safety incentives (HB 1125)  
Established ongoing funding for safety education, grant, and incentive programs (HB 1125)  
Created retraining options for injured workers (HB 1171)  
Established an injured worker educational revolving loan fund (HB 1491)  
Increased the non-dependency death award (HB 1506)  
Increased post-retirement additional benefit payments (SB 2351)

#### 2003 Legislation

Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)  
Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)  
Increased the maximum amounts for scholarship awards (HB 1120)

#### 2001 Legislation

Increased certain permanent partial impairment awards (HB 1161)

#### 1999 Legislation

Increased permanent partial impairment awards for the severely impaired (HB 1422)  
Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)  
Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

#### 1997 Legislation

Increased weekly death benefits for surviving spouses (SB 2116)  
Created the Guardian Scholarship program (SB 2116)  
Established a post-retirement additional benefit (SB 2125)

**Optional Adjustment Requests**

Item	Agency Request	Executive Recommendation	Variance
IT Litigation Contingency	1,000,000	1,000,000	-
IT System Replacement Project	6,000,000	6,000,000	-
Additional FTE's **	2,297,299	1,540,526	(756,773)
Equity Compensation	500,000	-	(500,000)

\*\* WSI requested nineteen FTE's. The Executive Recommendation included funding for twelve additional FTE's.

WSI is not requesting any changes be made to the executive recommendation.

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Subcommittee  
#1  
1-27-13

WSI Information Packet Contents per Request of Senate Appropriations

- Data Table including:
  - Claim Acceptance Rates
  - # Employers
  - Claim Processing Times
  - # temporary employees at end of each year
  - Average duration of temporary employees
  - Administrative Expense
  - Turnover Rate
- WSI Safety Information Sheet
- 2014 Performance Evaluation Table of Monopolistic Fund Acceptance Rates
- Open FTE Chart and Status
- Listing of 6 Temporary Positions to be converted to FTEs
- Special Investigations Unit (SIU) Information Sheet
- WSI Fund Status Chart
- Actuarial Peer Review Summary

# WSI Information

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Increase (2009-2014)
Covered workforce	341K	340K	349K	370K	403K	418K	23%
Claims filed	20,544	19,388	21,693	24,647	25,835	26,395	28%
Claims filed with out-of-state addresses	2,766	2,652	3,570	5,351	5,901	6,008	117%
Claim acceptance rate	92%	92%	90%	92%	92%	92%	-
% of claims adjudicated within 14 days	54%	52%	49%	47%	45%	41%	-24%
Active employer accounts	19,946	20,316	21,552	23,812	24,793	25,359	27%
New employer applications	1,794	2,061	2,957	4,937	4,205	4,105	129%
Average calls per day	495	509	543	669	742	766	55%
Earned Premium (Net of Safety Discounts)	\$161 M	\$154 M	\$192 M	\$256 M	\$317 M	\$320 M	98%
Admin expense	\$23.6 M	\$25.9 M	\$24.4 M	\$28.4 M	\$28.9 M	\$33.1 M	40%
Admin expense ratio	14.7%	16.9%	12.7%	11.1%	9.1%	10.3%	-43%
Paid Benefits (Medical & Indemnity)	\$115 M	\$114 M	\$124 M	\$134 M	\$174 M	\$198 M	71%
FTE Authority	237	237	237	247	247	250	5%
FTE filled	231	234	233	243	246	246	6%
Temp employees*	15	13	5	16	27	35	133%
Total employees	246	247	238	259	273	281	14%
FTE turnover rate**	4%	2%	5%	7%	8%	7%	75%

\*Temp. emp. turnover rate from 7/1/13 to 12/31/14 has been 22%. Average duration of existing temp employees is approximately 1 year.

\*\*Five year average FTE turnover rate is 5.8%.

1.2

**WSI Safety Information**

WSI is an insurer--a provider of workers compensation insurance and safety consulting services.

WSI employs 14 safety consultants throughout the state to assist employers directly in their effort to prevent and reduce workplace injuries.

WSI provides premium discounts to employers for successful participation in safety programs. Employers can receive up to a 25% premium discount by choosing to participate in a variety of safety programs. \$22 million in safety premium discounts were issued in FY 2014.

Qualifying North Dakota associations and employee organizations can receive funding up to \$150,000 annually for safety training and education programs. A partial list of participants includes the ND Petroleum Council, North Dakota Safety Council, Associated General Contractors of ND, and ND Firefighter's Association.

Over the last nine years, WSI has provided nearly \$35 million in safety grants. WSI also provides employers with online training programs through the WSI Learning Management System (LMS).

Since 1995, by emphasizing safety in the workplace, the overall injury rate has declined from 7.66 injuries per 100 covered workers to 6.30 injuries per 100 covered workers in 2014, a reduction of nearly 18%.

Severe injury rates (injuries resulting in time away from work) in North Dakota have declined 39% since 1995.

More than half of all covered fatalities are the result of motor vehicle accidents. (52.7% for 2013 and 2014)

Independent surveys of North Dakota's injured workers and employers consistently show a satisfaction rating of 4 plus based on a scale of 1-5. (4.31 and 4.22 respectively in the last survey).

There has not been a marked increase in the insurance rates being charged to employers for covering the expected accident risks in the oil patch. (table below)

Rate adjustments are reflective of class experience. Classes with favorable loss movement experience rate reductions and classes with adverse loss movement experience rate increases.

5 of the 6 oil classes experienced rate reductions in 2013 (3 classes with double digit reductions).

2 of the 6 oil classes experienced continued rate reductions in 2014.

<b><u>Manual rates</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Oil and Gas Operations	-9.2%	+3%
Oil and Gas Development-Drilling	-5.1%	-9%
Oil & Gas Well Sply or Equip. Dlrs.	+6.6%	+13%
Oil Well Trucking	-19.9%	+1.7%
Oil Well Servicing	-13%	-4.9%
Oil and Gas Instrument Logging	-23.4%	+9.4%

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2014 Performance Evaluation of North Dakota Workforce Safety and Insurance conducted by  
Sedgwick

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**Table 3.3: Acceptance Rates for Monopolistic Programs by Fiscal Year**

State	FY 2011	FY 2012	FY 2013
North Dakota	90%	92%	92%
Ohio	90%	90%	90%
Washington	N/A	86%	86%
Wyoming – by calendar year, not fiscal year	89%	89%	91%

1.4

Agency -

(Please scroll down to complete all three sections of this survey. Enter NONE if no positions meet the criteria for the section.)

Section 1 of 3 - Positions vacant as of December 31, 2014:

Position No.	FTE	Position Description	Date Vacated	Number of Months Vacant January 2015	Date Expected to Be Filled	Current Status	Position Number	Salary and Fringe Benefit Amounts Included in the 2015-17 Executive Budget			
								General Fund	Special Funds	Total	
29009	1.00	Safety Consultant - WSI	7/1/2013	18	4/1/2015	Changed min quals and plan to begin recruiting again February 1, 2015	29009		212,630.82	212,630.82	
5291	1.00	Physician Not Classified	8/16/2014	5	4/1/2015	Converting to Occupational Therapist and starting recruitment at this time.	5291		602,346.59	602,346.59	
5199	1.00	Admin Staff Officer III	9/12/2014	4	1/1/2015	Position was filled from within on January 1, 2015	5199		279,735.98	279,735.98	
5163	1.00	Paralegal	12/6/2014	1	1/12/2015	New hire started on January 12, 2015	5163		154,352.10	154,352.10	
5105	1.00	Claims Adjuster Senior - WSI	12/15/2014	0	1/1/2015	Position was filled from within on January 1, 2015	5105		153,994.25	153,994.25	
5098	1.00	Auditor II - Premium Auditor	12/31/2014	0	3/1/2015	Currently recruiting for this vacancy	5098		195,199.47	195,199.47	
Total										<u>6.00</u>	
Additional narrative explanations, if necessary:											
											<u>1,598,259.21</u> <u>1,598,259.21</u>

Section 2 of 3 - Positions vacant as of November 30, 2014, but filled in December 2014:

Position No.	FTE	Position Description	Date Vacated	Number of Months Vacant December 2014	Date Filled
5237	1.00	Business Analyst I	8/29/2014	3	12/1/2014
Total <u>1.00</u>					

Additional narrative explanations, if necessary:

Section 3 of 3 - Positions vacant as of October 31, 2014, but filled in November 2014:

Position No.	FTE	Position Description	Date Vacated	Number of Months Vacant November 2014	Date Filled	
5157	1.00	Claims Adjuster I	10/17/2014	0	11/1/2014	Filled with a current temp employee
5205	1.00	Document Imaging Specialist II	9/15/2014	2	11/18/2014	Filled from within
Total <u>2.00</u>						

Additional narrative explanations, if necessary:

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## WSI Information

### Six Temp Employees Converting to FTEs

Document Processing Specialist  
Registration Processor  
PHS Support Specialist  
Collection Specialist  
Claims Adjuster  
Claims Adjuster

SIU Claim and Employer Investigation Statistics  
 January 1, 2010 - December 31, 2014

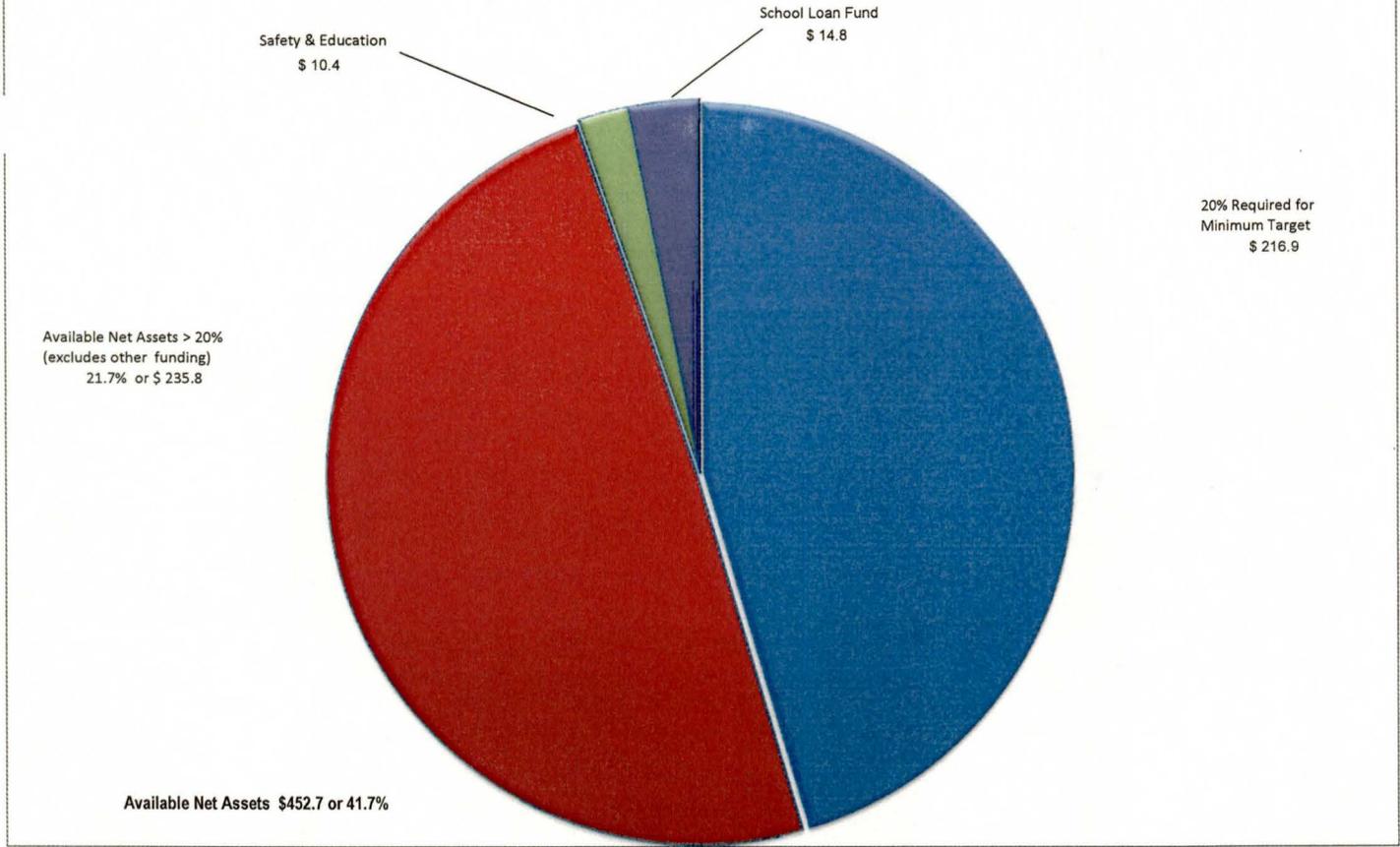
<u>Year</u>	<u>Claim Investigations</u>	<u>Claims with Activity</u>	<u>% of Claims Investigated</u>
2010	287		
2011	328		
2012	308		
2013	267		
2014	276		
	1466	199214	0.74%

<u>Year</u>	<u>Employer Investigations</u>	<u>Employer Accts with Activity</u>	<u>% of Employer Accts Investigated</u>
2010	33		
2011	42		
2012	39		
2013	64		
2014	38		
	216	39212	0.55%

1.7

## Net Asset Detail November 30, 2014

Chart numbers in millions



	Actual June 2013	Actual June 2014	Actual Nov 2014
<b>NET POSITION or "SURPLUS"</b>	\$ 354,758,275	\$ 439,127,853	\$ 477,923,423
<b>Estimated Discounted Financial Reserves</b>	958,709,000	1,052,806,000	1,084,718,853
<b>Net Position (Surplus)</b>	\$ 354,758,275	\$ 439,127,853	\$ 477,923,423
<b>2009 HB 1035 Allowable Deductions from Net Position (Surplus)</b>			
Safety Education & Grants	10,824,046	6,885,767	10,408,990
Revolving School Loan Fund	14,821,186	14,806,047	14,797,047
<b>Total Exclusions from Net Position (Surplus)</b>	25,645,232	21,691,814	25,206,037
<b>Available Fund Surplus</b>	\$ 329,113,043	\$ 417,436,039	\$ 452,717,386
	34.3%	39.6%	41.7%

### NDCC 65-04-02 Reserves - Surplus

Reserves + Available Surplus	Required Action
120 % or less	May not issue dividends. Modify premium rate levels so organization is estimated to come into compliance within the following two years.
120% - 130%	May not issue dividends.
130% -140%	May issue dividends. Dividends may not exceed 40%. Dividends may not reduce available surplus below 130%.
Greater than 140%	Shall issue dividends so organization is estimated to come into compliance within the following two years. Dividends may not exceed 50%.

"Available Surplus" = Net assets less legislatively approved, designated program funding.

*h.8*



## Actuarial Report Review Workforce Safety & Insurance

Prepared on September 11, 2014

Scott Anderson of Christopher Gross Consulting, Inc. was engaged by Eide Bailly, LLP to provide an audit support actuarial review of the actuarial techniques, analysis and conclusions reached by Workforce Safety & Insurance's contracted actuarial firm of Bickerstaff, Whatley, Ryan & Burkhalter. This consisted of a review of the appropriateness of the actuarial estimation techniques selected as well as the reasonableness of the assumptions underlying the actuarial analysis and the conclusions reached based on the analysis. This review is not an independent opinion or certification of the reserves, often referred to as a review opinion or second opinion, but a review of documentation for completeness and to verify that the assumptions and analysis are supported adequately. This review has been provided specifically for this engagement, is not intended for any other purposes and must be shared in its entirety.

The items subject to the review included the following:

- a. WSI Unpaid Estimate June 2014 FINAL Report (157 pages)
- b. Balance sheet values provided by email on 9/5/2014 in a spreadsheet titled "Loss Lead"
- c. An email request was made for clarification, the response was dated 9/11/2014

The procedures included:

- a. Review of narrative to verify that communication was appropriate for the circumstances, the appropriate information was conveyed and summary values were consistent with the technical exhibits
- b. An NAIC prescribed "Statement of Actuarial Opinion" is not required for these circumstances and is not a part of this review
- c. Verify if there were any deviations from the standard practices that would require additional documentation and that at a minimum all standard methods were included
- d. Review of technical exhibits including:
  - a. Integrity of model – data and selections flow through exhibits
  - b. Reasonability of selected assumptions based on analysis
  - c. Reasonability of selected best estimates based on analysis
  - d. Verification that a number of methods were used to generate indications
  - e. Review of the comparison to prior analysis and actual versus expected to see any changes since the prior analysis
- e. Comparison of the documentation to the applicable Actuarial Standards of Practice: 13, 20, 21, 23, 38, 41, and 43

Conclusions:

- a. The exhibits support the conclusions and findings.
- b. The actuarial estimation techniques selected are appropriate.
- c. The assumptions underlying the actuarial analysis are reasonable and follow from the underlying analysis.
- d. The conclusions reached are reasonable given the assumptions.

I am available for additional discussion or documentation as needed.



---

Scott Anderson, FCAS, MAAA, FCA  
SVP & Actuary  
Gross Consulting  
332 Minnesota Street, W2700  
St. Paul, MN 55101  
651-224-0041

September 11<sup>th</sup>, 2014

2-9-15 SB 2021 Sub

#  
1

# Dangerous Work Doesn't Have to be Unsafe

Workplace Fatalities and Injuries in the Bakken

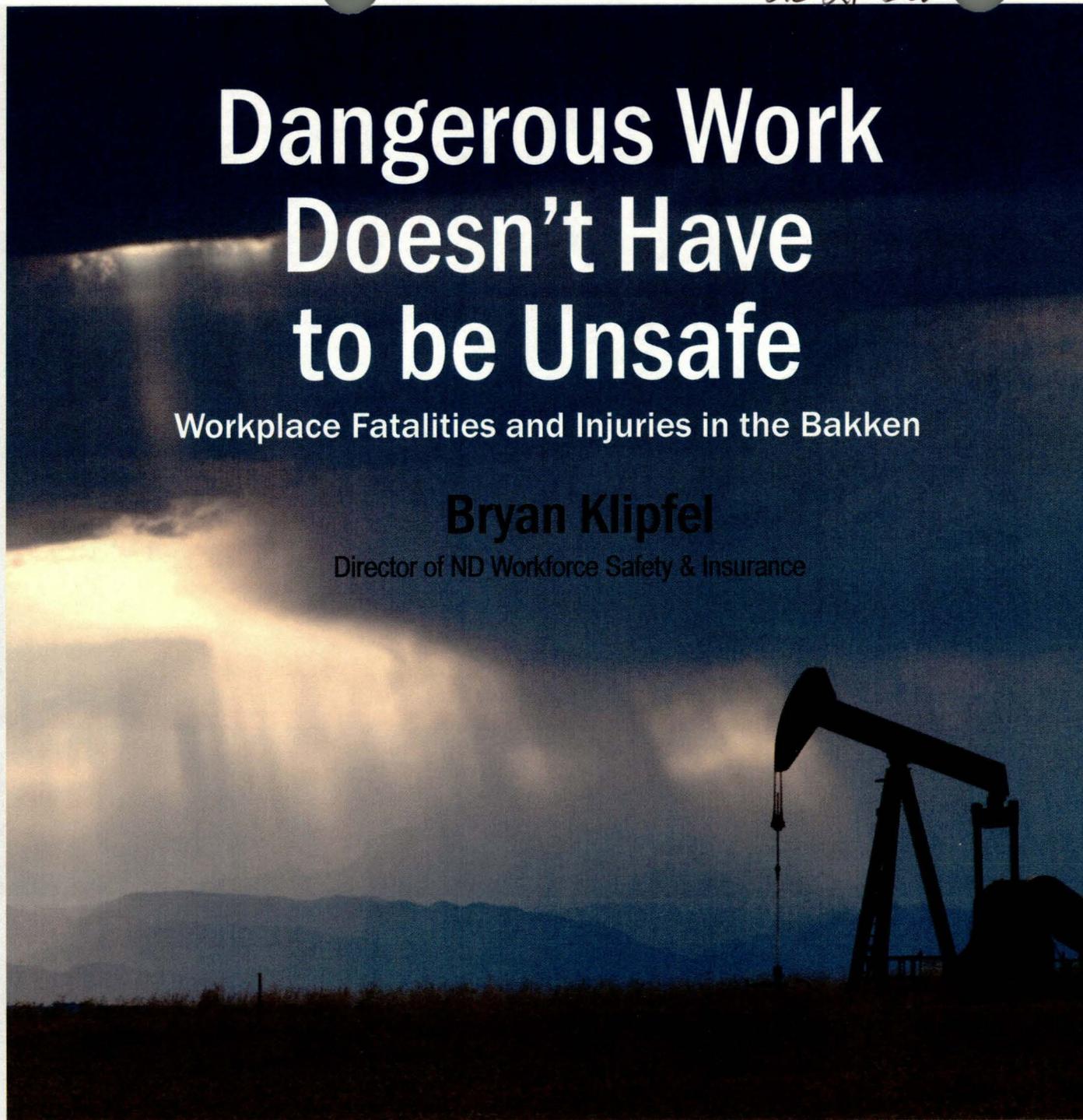
**Bryan Klipfel**

Director of ND Workforce Safety & Insurance

# WSI

North Dakota Workforce  
Safety & Insurance

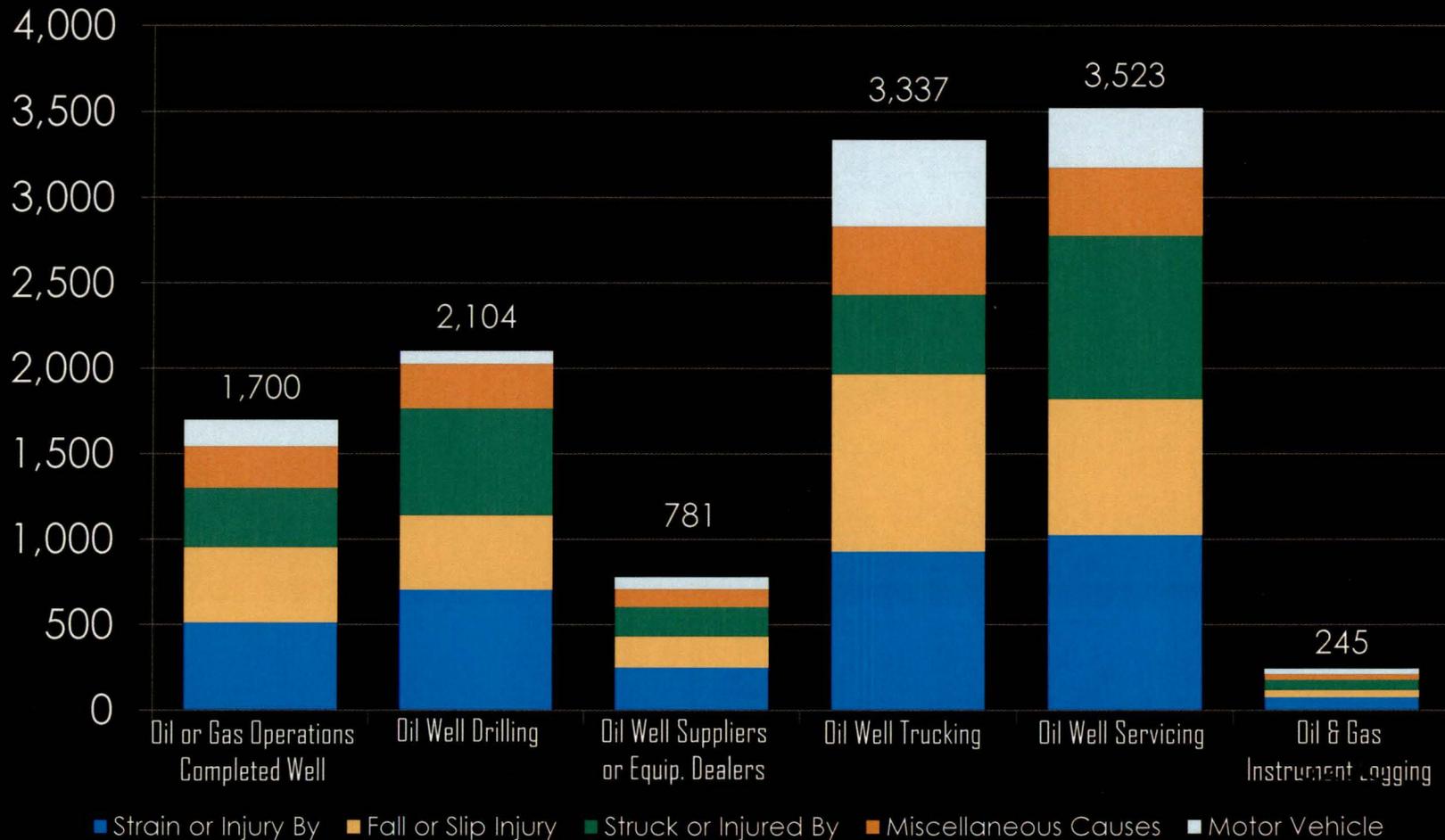
[www.workforcesafety.com](http://www.workforcesafety.com)



1.1

# Top Five - Cause of Injury

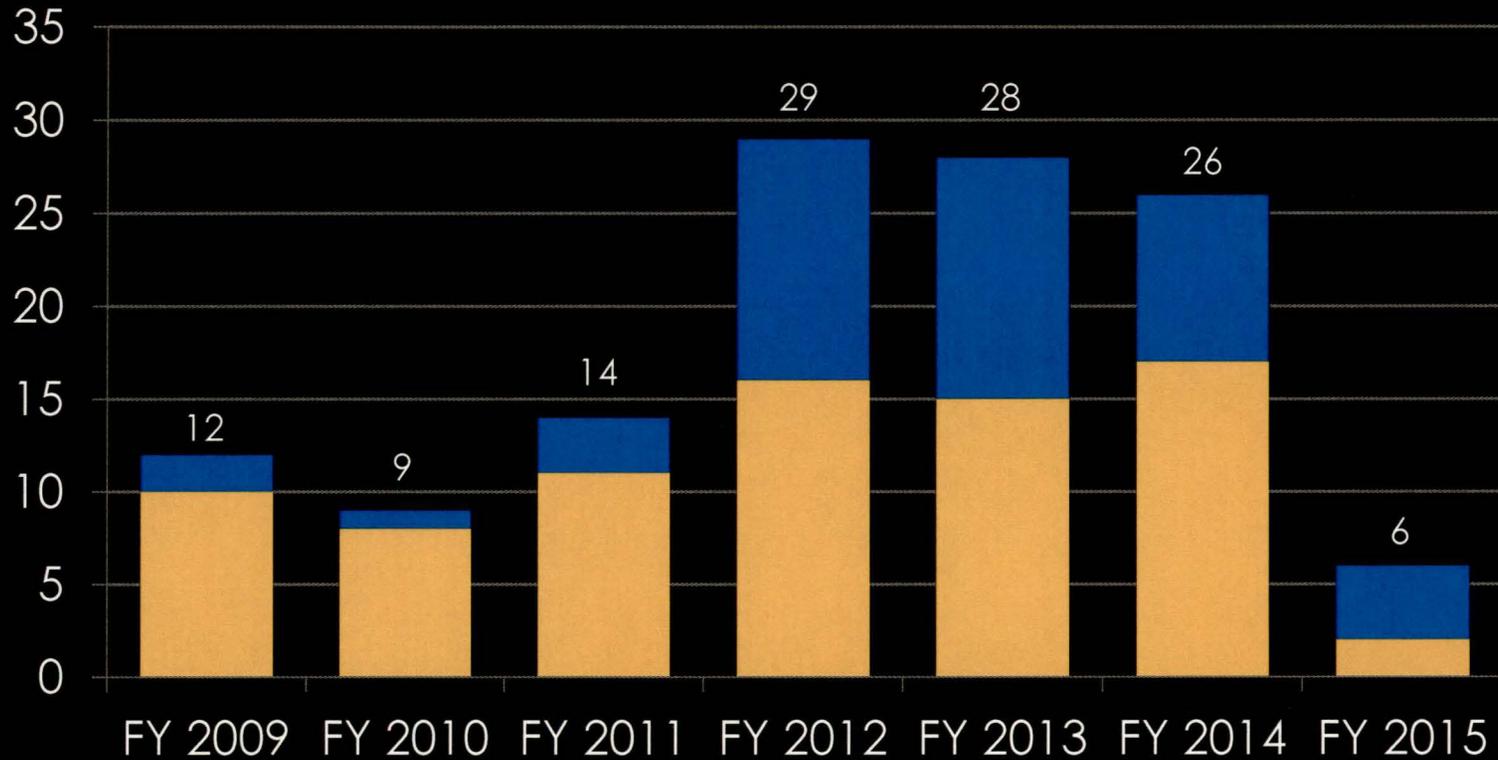
FY 09 – FY 15 (As of 12/31/2014)



**WSI**  
North Dakota Workforce  
Safety & Insurance

# Accepted Fatalities

FY 09 – FY 15 (As of 12/31/2014)



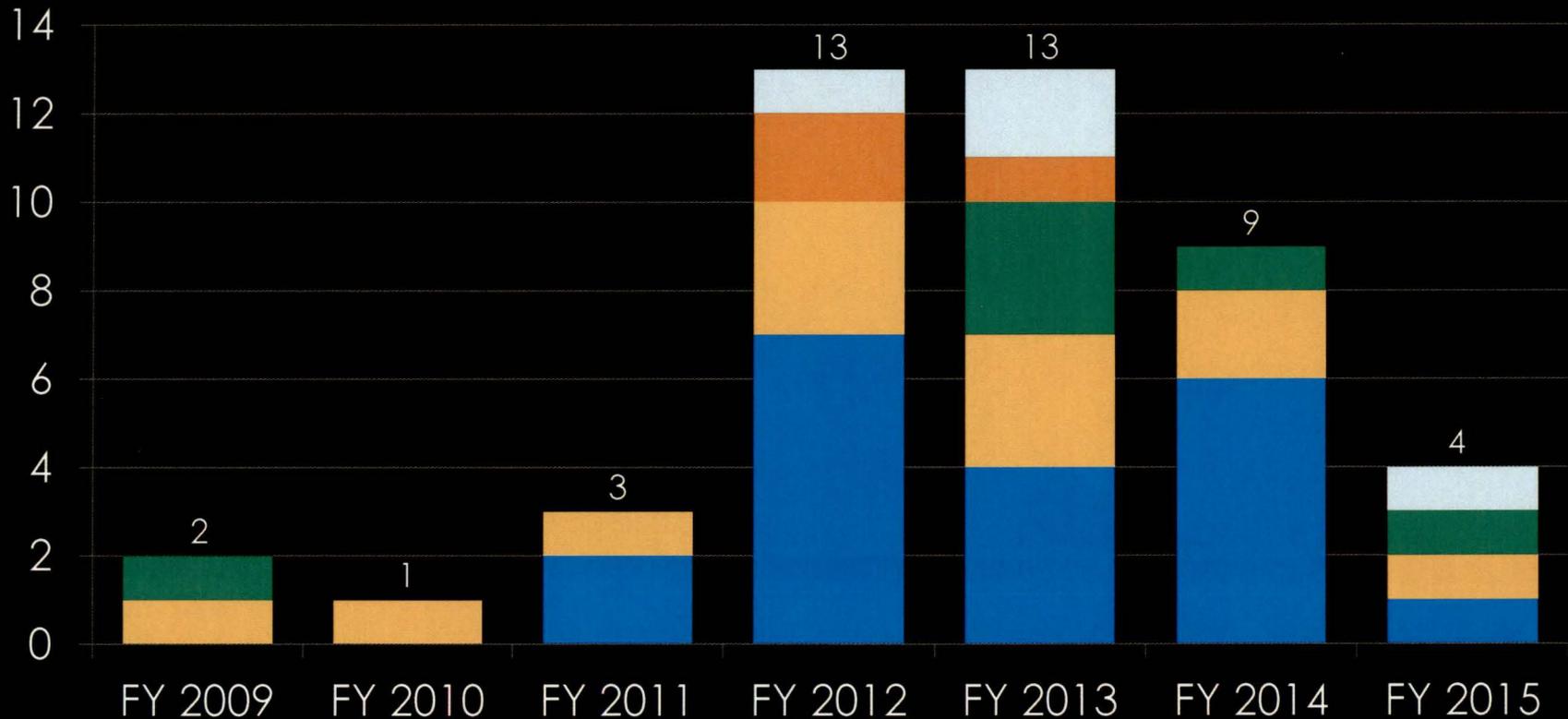
■ All Other ■ Oil Industry



**WSI**  
North Dakota Workforce  
Safety & Insurance

# Oil Industry-Accepted Fatalities

By Cause of Injury



■ Motor Vehicle ■ Miscellaneous Causes ■ Struck or Injured By ■ Burn or Scald/Heat or Cold Exposure ■ Fall or Slip Injury



**WSI**  
North Dakota Workforce  
Safety & Insurance

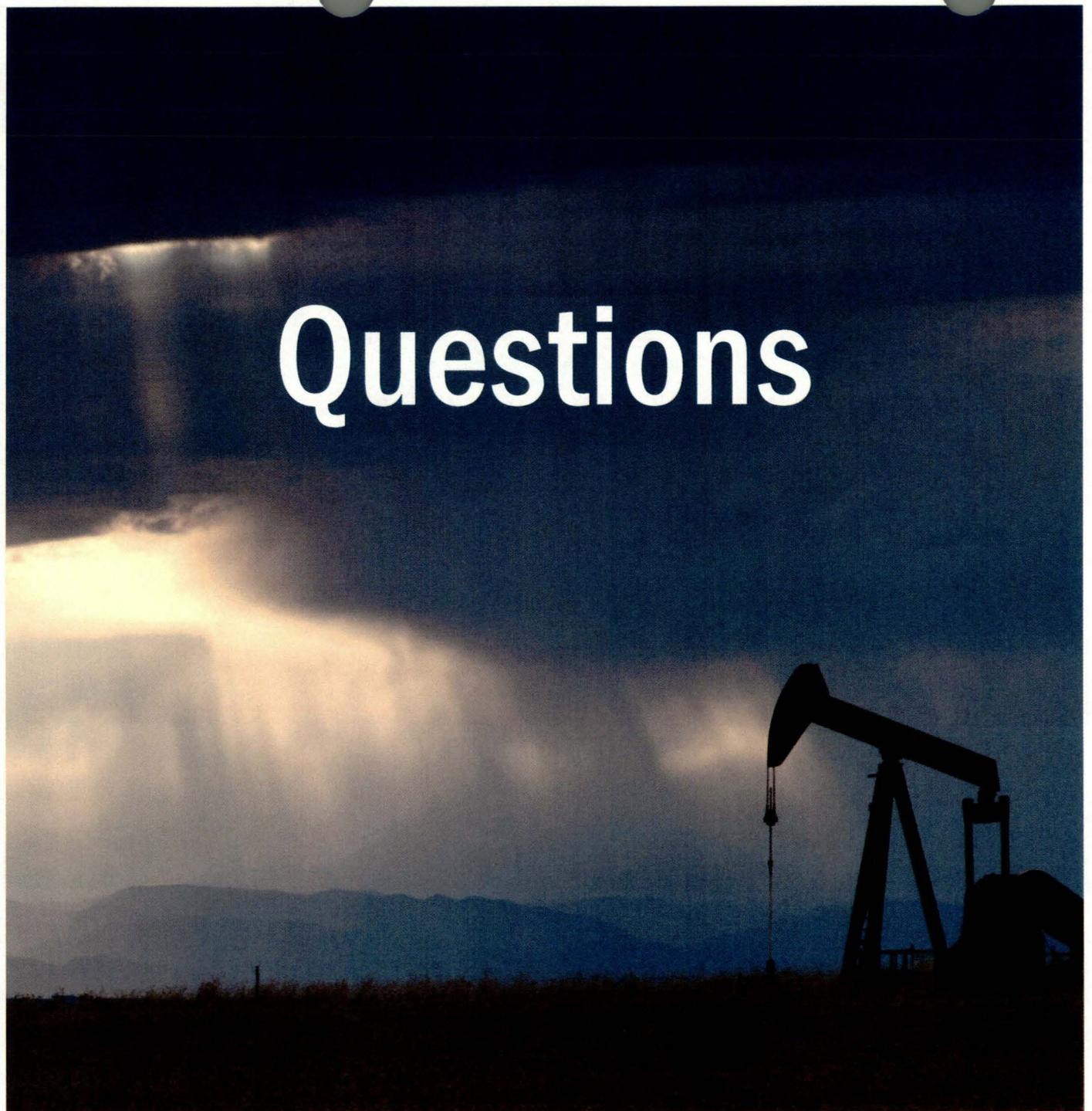
1.4

# Questions

**WSI**

North Dakota Workforce  
Safety & Insurance

[www.workforcesafety.com](http://www.workforcesafety.com)



SB 2021 Sub  
2-9-15  
#2

## System Replacement Project (SRP) Quarterly Status Report

<b>Project Name:</b>	WSI System Replacement Project (SRP)
<b>Sponsor:</b>	Clare Carlson
<b>Report Type:</b>	Quarterly Planning
<b>For Period:</b>	Q4 2014*
<b>Project Managers:</b>	Jennifer Kunz, Doug Hintz

\*Quarterly Status Reports are required for major projects and summarize the progress of the entire quarter

### EXECUTIVE SUMMARY

Overall Summary	Prior Status	Green	Current Status	Green
<p><b>Summary</b></p> <p>The WSI System Replacement Project will replace core business applications in order to improve customer service, meet WSI's anticipated demand for growth, and enable WSI to remain current with technology. A phased, evolution implementation approach will be used.</p> <p>The Planning and Analysis Phase began on December 5, 2014 and will continue through June 31, 2015.</p>				
<p><b>Accomplishments for Q4 2014</b></p> <ul style="list-style-type: none"> <li>• The Initiation Phase of the project concluded in early December after development of the Project Charter and Kickoff launch in October/November</li> <li>• Phase 1 Planning and Analysis commenced on December 5, 2014</li> <li>• The first Project Kickoff meeting was held on December 11, 2014; approximately 35 individuals attended from WSI, ITD, OMB and the Governor's Office for a successful launch of the project</li> <li>• The WSI application services team completed the Review of Programmatic Business Logic and Business Rules <u>on schedule</u></li> <li>• The project planning team developed the Work Order and Scope of Work for procurement of the Database Analysis and Design consulting services</li> <li>• The project planning team began planning the Evolution Project Roadmap consulting services procurement</li> <li>• The first Governing Committee meeting was held on January 8, 2014</li> </ul>				
<p><b>Expected Accomplishments for Q1 2015</b></p> <ul style="list-style-type: none"> <li>• Continue developing the Project Plan, focusing on the Governance and Communications sections</li> <li>• Begin the Skills Requirements/Gaps assessment task</li> <li>• Begin the Requirements Review task</li> <li>• Procurement for Database Analysis and Planning               <ul style="list-style-type: none"> <li>○ The consulting services will involve the analysis and planning for the Database Consolidation and is targeted to begin in February and complete in May (the actual Database consolidation will not take place until Phase 2)</li> </ul> </li> <li>• Procurement for Detailed Evolution Project Roadmap</li> </ul>				



North Dakota Workforce  
Safety & Insurance

- This consulting service will involve the development of a detailed application Evolution Project Roadmap (targeted to occur March through May)

**Additional Comments:**

### SCHEDULE

Planning Start Date	Estimated Project Execution Start Date	Estimated Project Completion Date
12/05/2014	07/01/2015	N/A*
<b>Comments:</b> *The project completion date is unknown until planning is complete, but the estimated duration of the project is five years		

### COST

Project Spending Authorized	Planning Budget	Expenditures to Date
N/A*	\$406,900**	Will be calculated for the next quarterly report
<b>Comments:</b> *Total Project Budget Estimate is \$8-12 million, dependent on 2015-17 and 2017-19 legislative appropriations **The Planning Budget is from available 2013-15 WSI funding		

SB2021 Sub

2-9-15

#3

## WSI System Replacement Project (SRP)

Since the last legislative session, a comprehensive "lessons learned" report, facilitated by ITD, was completed and the old "System Replacement Project" was closed out. Additionally, WSI has satisfied the other steps required in the appropriations bill for this biennium prior to moving forward with a new "System Replacement Project". All steps were completed to the satisfaction of the Executive Steering Committee (ESC) governing/overseeing the project.

Based on lessons learned, extensive market research conducted by WSI, and research and evaluation conducted by an independent third-party (Major Oak Consulting), it was determined that a phased incremental approach (evolution) for replacing existing systems is the best option. High-level planning projects a three-phase project that will occur over the next two bienniums. Phase I, which occurs between now and the end of the current biennium (June 30, 2015), is the planning and lays the ground work for the other two phases. Phase II will occur over the 2015-17 biennium with focus on replacement of the policy system. Phase III will occur over the 2017-2019 biennium with focus on replacement of the claims system.

Because we are currently in the planning phase it is difficult to offer a precise dollar amount for completion of the project. However, we believe this approach minimizes risk, is the least costly, allows us to continue operations with minimal interruption and allows us to advance our technology to better serve claimants, employers and medical providers.

SB 2021

2-9-15

#4

Category	Position Title
NEW FTE	Nurse Case Manager
NEW FTE	Nurse Case Manager
NEW FTE	Vocational Rehabilitation Case Manager
NEW FTE	Vocational Rehabilitation Case Manager
NEW FTE	Underwriter
NEW FTE	Physical Therapist
Convert Temp to FTE	Claim Adjuster
Convert Temp to FTE	Claim Adjuster
Convert Temp to FTE	Collections Specialist
Convert Temp to FTE	Support Specialist
Convert Temp to FTE	Document Processing Specialist
Convert Temp to FTE	Registration Processor

4.1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2021

Page 1, replace lines 10 through 15 with:

"Workforce safety and insurance operations	\$60,909,457	\$8,146,940	\$69,056,397
Accrued leave payments	1,662,965	(1,662,965)	0
Litigation contingency	<u>750,000</u>	<u>(750,000)</u>	<u>0</u>
Total special funds	\$63,322,422	\$5,733,975	\$69,056,397
Full-time equivalent positions	250.14	10.00	260.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action

	Base Budget	Senate Changes	Senate Version
WSI operations	\$60,909,457	\$8,146,940	\$69,056,397
Litigation contingency	750,000	(750,000)	
Accrued leave payments	<u>1,662,965</u>	<u>(1,662,965)</u>	
Total all funds	\$63,322,422	\$5,733,975	\$69,056,397
Less estimated income	<u>63,322,422</u>	<u>5,733,975</u>	<u>69,056,397</u>
General fund	\$0	\$0	\$0
FTE	250.14	10.00	260.14

Department No. 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adds Funding for Base Payroll Changes <sup>1</sup>	Adds Funding for Salary and Benefit Increases <sup>2</sup>	Adds New Positions <sup>3</sup>	Decreases Operating Expenses <sup>4</sup>	Removes Projects Authorized in the 2013-15 Biennium <sup>5</sup>	Adds One-Time Funding for Computer Software Replacement <sup>6</sup>
WSI operations	\$3,714,031	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$4,725,000)	\$6,000,000
Litigation contingency					(750,000)	
Accrued leave payments	<u>(1,662,965)</u>					
Total all funds	\$2,051,066	\$2,780,075	\$1,377,691	(\$1,999,857)	(\$5,475,000)	\$6,000,000
Less estimated income	<u>2,051,066</u>	<u>2,780,075</u>	<u>1,377,691</u>	<u>(1,999,857)</u>	<u>(5,475,000)</u>	<u>6,000,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	10.00	0.00	0.00	0.00

	Adds One-Time Funding for Litigation Costs <sup>7</sup>	Total Senate Changes
WSI operations	\$1,000,000	\$8,146,940
Litigation contingency		(750,000)
Accrued leave payments		<u>(1,662,965)</u>
Total all funds	\$1,000,000	\$5,733,975
Less estimated income	<u>1,000,000</u>	<u>5,733,975</u>
General fund	\$0	\$0
FTE	0.00	10.00

<sup>1</sup> Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase - Performance		\$1,683,348	\$1,683,348
Health insurance increase		1,096,727	1,096,727
Total	\$0	\$2,780,075	\$2,780,075

<sup>3</sup> The following new positions are added:

	FTE	General Fund	Other Funds	Total
Underwriter	1.0		\$129,759	\$129,759
Vocational rehabilitation case manager	2.0		259,518	259,518
Nurse case manager	2.0		279,146	279,146
Physical therapist	1.0		210,051	210,051
Claim adjuster converted from temporary	3.0		378,083	378,083
Collections specialist converted from temporary	<u>1.0</u>		<u>121,134</u>	<u>121,134</u>
Total	10.0		\$1,377,691	\$1,377,691

<sup>4</sup> Funding for operating expenses are reduced primarily relating to a reduction in IT software (\$1,571,008).

<sup>5</sup> The following projects and funding authorized in the 2013-15 biennium are removed:

	General Fund	Other Funds	Total
Data warehouse project		(\$2,000,000)	(\$2,000,000)
Web portal project		(1,500,000)	(1,500,000)
Policy replacement project		(1,225,000)	(1,225,000)
Litigation contingency for failed system project		<u>(750,000)</u>	<u>(750,000)</u>
Total		(\$5,475,000)	(\$5,475,000)

<sup>6</sup> One-time funding is added for a computer software replacement project.

<sup>7</sup> One-time funding is added for litigation costs for a computer software replacement project.



# Testimony on Engrossed Senate Bill 2021



our purpose  
...to care for the injured worker

House  
Appropriations  
Committee

Education &  
Environment  
Division



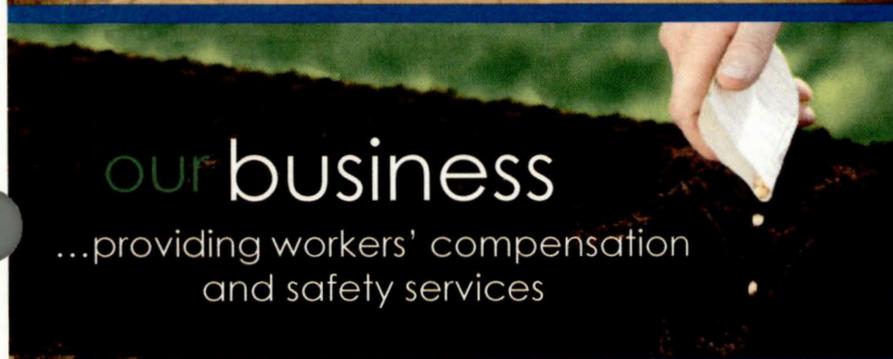
Loyal  
Caring  
Forthright  
our core  
values



our strategy

- ✓ Exceptional People
- ✓ Exceptional Service
- ✓ Financial Stability

03/05/2015



our business  
...providing workers' compensation  
and safety services

# WSI

North Dakota Workforce  
Safety & Insurance

**2015 Engrossed Senate Bill No. 2021  
Testimony before the House Appropriations Committee  
Education and Environment Division**

**Presented by:  
Bryan Klipfel, WSI Director**

**Workforce Safety & Insurance  
March 5, 2015**

Mr. Chairman and Members of the Committee:

Good afternoon. My name is Bryan Klipfel, Director of Workforce Safety & Insurance (WSI). I am here to testify before the committee to provide you a brief background of WSI, the current positives as well as the ongoing challenges with the existing workers compensation environment. We respectfully request your support of WSI's biennial appropriations, Engrossed Senate Bill 2021, with the adjustments we will address later. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

**WSI Background**

Workforce Safety & Insurance (WSI) was established in 1919 as an exclusive state fund for workers compensation insurance. Today, North Dakota is one of four remaining monopolistic workers compensation systems in the United States. The others are Ohio, Washington, and Wyoming.

WSI, a state entity, functions as the sole provider of workers compensation insurance in the state of North Dakota. There are no provisions for self-insurance or private insurance for purposes of workers compensation. If a business has significant contacts in North Dakota, they must insure with WSI.

WSI currently has 250.14 authorized full-time employees (FTEs). Claims for occupational injury and disease are filed with WSI and adjudicated by in-house agency claims adjustors.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars.

With that brief background, I will now go into some of the positives of North Dakota's workers compensation environment.

## **WSI Positives**

**Good Benefits.** North Dakota's benefit structure is set by statute and compares quite favorably to other jurisdictions. Benefits provided include:

- Lifetime, deductible-free medical benefits related to the work injury.
- Weekly disability benefits ranging up to a maximum of \$1143/week (125% of North Dakota's State Average Weekly Wage (SAWW) which is \$914 per week).
- A post-retirement benefit (additional benefit payable-ABP) when disability benefits cease at time of eligibility for social security retirement benefits.
- Cost of living adjustments (COLAS). Long-term disability recipients are eligible for COLAS after 3 years and receive increases equivalent to the increase in the SAWW. This year's COLA was 4.1%, compared to 10.3% for FY 2013 and 9.9% for FY 2012. COLAs have averaged 5.8% over the last decade and 6.6% over the last five years.
- Vocational Rehabilitation benefits that provide for up to two years or more of retraining.
- Death benefits of up to \$300,000 for the recipient's lifetime.

Additionally, numerous benefit and policy provisions have been passed by previous Legislative Assemblies that have served to enhance the benefits and services provided to injured workers (**see Attachment A**).

**Good Payer.** Based on a recent medical and hospital fee schedule analysis, effective January 1, 2015, WSI reimbursement for physician services equates to 185% of Medicare reimbursements and WSI reimbursements for hospital services ranges between 160% (Inpatient) and 171% (Outpatient) of Medicare reimbursements.

**Low Premiums.** Over the last decade, and before any dividends are issued, North Dakota has continually been ranked the lowest premium state in the country (2014 Oregon Premium Study). Statewide premium rate levels have been stable with small inflationary increases.

North Dakota rates are the lowest in the country and nearly 53% below the median state in the study.

The following chart outlines the difference in premium rate indices between North Dakota and neighboring states, as well as the other three monopolistic states. North Dakota's premium index rate was \$.88.

Neighboring States	Index Rate	Comparison
South Dakota	1.86	2.1 times higher
Minnesota	1.99	2.3 times higher
Montana	2.21	2.5 times higher

Other Monopolistic States	Index Rate	Comparison
Ohio	1.74	2.0 times higher
Wyoming	1.76	2.0 times higher
Washington	2.00	2.3 times higher

**Low incidence of time-loss claims.** Time-loss claims account for only 13% of the total claims in North Dakota compared to 20% in other jurisdictions. North Dakota employees have a good work ethic, and if they are injured, they want to get back to work. WSI's Return to Work programs greatly assist these efforts.

**Safety and Loss Control.** WSI plays a vital role in preventing workplace accidents by providing proactive safety programs, premium discounts to employers who utilize WSI safety programs, matching training grants to industry associations, safety consultants, and online safety training through WSI's Learning Management System (LMS). WSI has a dedicated safety/loss control department consisting of fourteen WSI safety consultants that assist employers in the prevention of workplace injuries.

Since 2005, WSI has expended just over \$40 million in safety grants to employers as well as funds for safety training and education for thousands of workers statewide. Premium discounts to employers for successfully implementing safety programs totaled \$22 million in FY 2014 and nearly \$55 million over the past three years.

**Administratively efficient.** WSI has a 10.3% administrative expense ratio (FY 2014). Workers' compensation industry expense ratios typically range between 25% and 35%. As a monopoly, North Dakota does not incur the marketing, broker, tax, and other fees incurred by other private workers compensation insurers.

**Few disputes & low litigation requests.** Overall litigation requests represent only one percent of total claims filed.

**Good Service and Overall Customer Satisfaction.** In FY2014, WSI received 26,395 filed claims with an acceptance rate of 92%. The WSI acceptance rate of 92% exceeds the acceptance rate of other similar states. Periodic injured worker and employer customer satisfaction surveys independently conducted for WSI consistently rank in the "high" satisfaction category. On a low to high satisfaction scale of 1 to 5, most recent surveys reflected an injured worker satisfaction rate of 4.31 and an employer satisfaction rate of 4.22.

**Financially Stable.** A financially secure fund benefits both injured workers and businesses. Favorable investment returns have resulted in additional surplus growth. Fund investment returns for the last five years (FY 2010-2014) have averaged 10.27%, ranging between 6.14% and 13.26% per year.

State law outlines the required surplus levels which are 20% to 40% of reserve liabilities. WSI's surplus ratio (as of 01/31/15) is at 38%. To the extent the WSI fund exceeds statutory surplus requirements they must issue dividends to the policyholders. Total dividends declared in nine out of the past ten years have amounted to nearly \$850 million ranging between 39% and 62%, including an estimated \$115 million dividend credit for the current policy year.

**WSI Challenges**

**Increased Workloads.** The increased economic activity within the state has resulted in increased staff workloads.

A sampling of workload indicator information comparing 2014 workloads to 2009 workloads is as follows:

<b>Workload Indicator</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>% Increase (2009-2014)</b>
Covered workforce	341K	340K	349K	370K	403K	418K	23%
Claims filed	20,544	19,388	21,693	24,647	25,835	26,395	28%
Claims filed with out-of-state addresses	2,766	2,652	3,570	5,351	5,901	6,008	117%
Active employer accounts	19,946	20,316	21,552	23,812	24,793	25,359	27%
New employer applications	1,794	2,061	2,957	4,937	4,205	4,105	129%
Average calls per day	495	509	543	669	742	766	55%
Earned Premium (Net of Safety Discounts)	\$161 M	\$154 M	\$192 M	\$256 M	\$317 M	\$320 M	98%
Paid Benefits (Medical & Indemnity)	\$115 M	\$114 M	\$124M	\$134M	\$174 M	\$198 M	71%
FTE Authority	237	237	237	247	247	250	5%

Since 2009, considering the increase in employer accounts and the increase in claim filings, workloads have generally increased by nearly 30% as compared to increased staffing (or FTE authority) of only 5%. To manage the growth, WSI has significantly expanded the number of temporary positions.

Additionally, through attrition and turnover, WSI evaluates FTE positions as they come open to determine whether allocation elsewhere is necessary.

WSI has a loyal and dedicated staff. Through extreme growth, average FTE turnover over the last five years has averaged only 5.8%. The effects of the heavier workloads are compounded by the overall increase in business complexity.

**Increased Claim Complexity.** Claim processing is becoming more complex. Claims with out-of-state addresses used to account for approximately 13% of all claims. Today, approximately 23% of all claims have out-of-state addresses. Managing the medical, return to work, and vocational rehabilitation for out-of-state claims, and working with out of state medical providers requires additional time and resources.

**Increased Underwriting Complexity.** Policyholder Services and Underwriting is becoming more complex. The coverage, compliance, and jurisdictional determinations for out of state companies have increased significantly. Delinquent premiums associated with out of state companies have increased as well, making the collections process more problematic.

Managing the more complex and increased workloads with existing staffing levels, while trying to maintain an acceptable level of service, has been a significant challenge. In reviewing periodic performance measurements there was deterioration in claim and bill processing times, and an increase in the number of employers that were not in good standing. To help mitigate and reverse these trends, WSI has hired a number of temporary employees within various departments.

Some of the areas requiring additional attention due to more complex workloads are:

**Collections** WSI has recognized a significant increase in the number of policyholders and premium charges assessed annually. A significant portion of this increase is attributable to businesses located out-of-state or engaged in those industries that historically have experienced a high delinquency rate. This has resulted in a significant increase in both the number policyholders and premium dollars considered delinquent.

	FY 2011	FY 2012	FY 2013	FY 2014	12-31-14
# of Delinquent Premium Accounts	503	720	1,099	1,134	1,263
Delinquent Premium	\$3,304,301	\$4,633,788	\$8,482,690	\$8,565,027	\$9,369,830
% of In Force Premium	1.79%	2.05%	3.00%	2.67%	2.60%

**Employer Premium Compliance Specialist.** This position was created to assist in identifying employers operating in North Dakota who are non-compliant in securing workers' compensation coverage. During calendar year 2014, a total of 716 noncompliant accounts have been identified, resulting in premium and penalty charges of \$4.1 million.

**Premium Audit.** For FY2014, the Premium Audit group was responsible for auditing 1,398 accounts which resulted in 731 premium adjustments. As a result of these audits, net additional premium charges of over \$3 million have been assessed.

**Technology.** In February 2013, the Executive Steering Committee (ESC) directed six steps be completed prior to and in preparation of any procurement related to replacing the current claims and policy systems. Status of the six steps is as follows:

- **Perform Lessons Learned** – completed and approved by ESC on November 21, 2013. Following the Lessons Learned, the ITTP-AIM project Closeout Report was accepted by the ESC on December 6, 2013 and submitted to Large Project Oversight.
- **Review Business Processes** – contract was executed with Major Oak Consulting on May 5, 2014 to complete a business process modeling (BPM) effort documenting current state and future state business processes for claims and policy. BPM effort was completed and approved by ESC on July 17, 2014.
- **Perform Market Research** – completed and approved by ESC on March 6, 2014.
- **Perform Architecture Review** – completed and approved by ESC on May 1, 2014.
- **Develop a New Project Charter** – completed and approved by the ESC on December 4, 2014.
- **Review Requirements** – a written plan detailing this step has been completed. This plan was approved by the ESC on December 4, 2014.

In addition to the above steps, WSI retained the services of Major Oak Consulting as an independent third party to perform an objective evaluation of various options to replace WSI's core business systems. An extensive evaluation was completed and a final report including findings and recommendations was presented to the ESC on September 18, 2014. On October 2, 2014 the ESC approved moving forward with Major Oak's recommendation to replace/upgrade WSI's core systems using an "Evolutionary Approach" which minimizes risks and costs.

This “evolutionary approach” is a phased approach, whereby the system replacement / upgrade will be completed in phases, with each phase consisting of multiple segments. The first phase is a detailed planning phase and is scheduled to be completed by June 30, 2015. We anticipate this approach to cover two bienniums, 2015-2017 and 2017-19. The estimated cost relevant to the 2015-2017 biennium is projected to be \$6 million. A detailed project schedule and budget for the entire project will be developed during the planning phase.

A “kickoff” meeting for the System Replacement Project (SRP) was held on December 11, 2014 and included individuals from WSI and ITD.

**WSI Finances**

Below is the Executive Recommendation for WSI of \$70,443,045 for the 2015-2017 biennium. This is an increase of 11% over the previous biennium. As indicated earlier, WSI’s budget contains no general fund dollars.

**Governor’s Budget Recommendation 2015-2017**

	<b>Current Appropriation 2013-15</b>	<b>Base Appropriation Changes for 2015-2017</b>	<b>Recommended Appropriation 2015-17</b>	<b>% Change</b>
<b>WSI Operations</b>	57,847,422	5,595,623	63,443,045	10%
<b>ONE TIME FUNDING</b>				
<b>System Replacement Project</b>	-	6,000,000	6,000,000	
<b>IT Projects Funding</b>	4,725,000	(4,725,000)	-	
<b>IT Litigation Contingency</b>	750,000	250,000	1,000,000	
<b>Agency Appropriation</b>	<b>63,322,422</b>	7,120,623	<b>70,443,045</b>	11%
<b>**FTE's</b>	250.14	12.00	262.14	5%

\*\*As of 12/31/2014, WSI had 34 full and/or part-time temporary employees, equivalent to 31.6 positions.

Based on the 2015-17 budget recommendation, WSI’s operations are projected to increase by 10% over the 2013-15 biennium.

WSI requested additional FTE’s to help handle the increased workload we discussed earlier. The 10% increase in WSI operations includes continued funding for numerous temporary employees and twelve FTE’s. Six of these twelve would be new FTE’s and the remaining six would be used to convert existing temporary positions to FTE status.

## Engrossed Senate Bill 2021 2015-2017

	2013-15 Current Appropriation	2015-2017 Executive Recommendation	2015-17 Engrossed SB 2021	2015-17 Senate Changes	2015-17 Reinstate 2 FTE's
<b>WSI Operations</b>	60,909,456	70,443,045	69,056,397	(1,386,648)	162,835
<b>Accrued Leave</b>	1,662,965	-	-	-	-
<b>Litigation</b>	750,000	-	-	-	-
<b>Agency Appropriation</b>	63,322,421	70,443,045	69,056,397	(1,386,648)	162,835
<b>Base FTE's</b>	250.14	250.14	250.14	-	250.14
<b>Change in FTE's</b>	-	12	10	(2.00)	12.00
<b>Total FTE's</b>	250.14	262.14	260.14	(2.00)	262.14
<b>Temporary Employees</b>	34	34	34		34
<b>Change in temp employees</b>	0	(6)	(4)		(6)
<b>Total temporary employees</b>	34	28	30		28

WSI originally requested nineteen FTE's. Thirteen of these FTE's were to convert current temporary employees to FTE's to aid in retaining these employees. The remaining six FTE's are for new positions. These six positions are from highly professional areas that are very difficult to fill without the benefits of a FTE.

The Executive Recommendation for the 2015-2017 biennium provided for twelve FTE's. The twelve FTE's would encompass converting six current temporary positions to FTE's, and adding six new FTE's for those positions that are more difficult to fill.

Engrossed Senate Bill 2021 reduced the salary compensation package and it also removed two of the temporary conversion FTE's. WSI requests that these two FTE's be reinstated as they are essential to WSI's business. Furthermore, when these two FTE's were removed from the proposed budget, all funding was removed and no funds were left in place to fund the two temporary employees that are currently employed with WSI.

We hope this helps you better understand what WSI does, the positives that exist and the challenges we are currently facing. North Dakota's workers' compensation system today remains stable, is continually improving, and functioning very well as we strive to meet the challenges brought forth by our economic growth.

Thank you again for your time today and your consideration of WSI's biennial appropriation request. At this time, we would be glad to answer any questions that you may have.

## Historical Workers Compensation Benefit/Service Enhancement Legislation

### 2013 Legislation

Provided for a study of the preferred provider program (HB 1051)  
 Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)  
 Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)  
 Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)  
 Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)

### 2011 Legislation

Established a vocational rehabilitation grant program (HB 1050)  
 Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)  
 Reduced the threshold for percentage of whole body impairment to qualify for a PPI award (HB 1055)  
 Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)  
 Expanded eligibility for the scholarship program (SB 2114)  
 Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)  
 Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)  
 Streamlined the personal reimbursement process for injured workers (SB 2114)  
 Expanded eligibility for the educational revolving loan fund (SB 2114)

### 2009 Legislation

Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)  
 Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)  
 Increased the eligibility pool for job search benefits (HB 1062)  
 Established pilot program to assess new methods of providing rehabilitation services (HB 1062)  
 Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)  
 Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)  
 Expanded COLA eligibility for pre-1/1/06 claims to include temporary total benefit recipients (HB 1064)  
 Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)  
 Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)  
 Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)  
 Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)  
 Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)  
 Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)  
 Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)  
 Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)  
 Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)  
 Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)  
 Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)  
 Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)  
 Resolution to study injured worker access to legal representation (HCR 3013)  
 Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)  
 Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)  
 Established a PPI schedule award for the partial loss of eye sight (SB 2057)  
 Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)  
 Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)  
 Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)  
 Provided WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)  
 Shortened the time period in which an injured worker can request a change of doctor (SB 2432)  
 Provided that WSI notify injured workers of work search obligations (SB 2433)

#### 2007 Legislation

- Provided funds for the purchase or adaptation of motor vehicles for the catastrophically injured (HB 1038)
- Provided increased post-retirement additional benefits for certain injured workers (HB 1038)
- Expanded the population that is eligible for death benefits (HB 1038)
- Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)
- Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)
- Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)
- Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)
- Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

#### 2005 Legislation

- Established additional safety incentives (HB 1125)
- Established ongoing funding for safety education, grant, and incentive programs (HB 1125)
- Created retraining options for injured workers (HB 1171)
- Established an injured worker educational revolving loan fund (HB 1491)
- Increased the non-dependency death award (HB 1506)
- Increased post-retirement additional benefit payments (SB 2351)

#### 2003 Legislation

- Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)
- Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)
- Increased the maximum amounts for scholarship awards (HB 1120)

#### 2001 Legislation

- Increased certain permanent partial impairment awards (HB 1161)

#### 1999 Legislation

- Increased permanent partial impairment awards for the severely impaired (HB 1422)
- Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)
- Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

#### 1997 Legislation

- Increased weekly death benefits for surviving spouses (SB 2116)
- Created the Guardian Scholarship program (SB 2116)
- Established a post-retirement additional benefit (SB 2125)

15.8154.02002  
Title.

Prepared by the Legislative Council staff for  
Representative Guggisberg  
March 26, 2015

*Attachment #1  
SB 2021  
3/27/15*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after "insurance" insert "; and to provide for a report to the legislative management"

Page 1, after line 15, insert:

**"SECTION 2. WORKFORCE SAFETY AND INSURANCE - SAFETY PROGRAMS - REPORT.** During the 2015-16 interim, workforce safety and insurance shall investigate whether there is an industry interest in using safety programs under section 65-03-04 to provide up to \$5,000,000 in grants to an applicant to provide for a safety training facility on the campus of an institution under the control of the state board of higher education and for the costs related to acquiring property, constructing or remodeling a building, and designing and implementing the associated safety programs. Under this section, in addition to or as an alternative to the safety training facility, workforce safety and insurance may investigate and award safety program grants to an applicant to provide for a mobile training vehicle to provide safety training. Before August 1, 2016, workforce safety and insurance shall report to the legislative management on the outcome of the organization's efforts under this section."

Renumber accordingly

*Attachment #2  
SB 2021*

15.8154.02003  
Title.

Prepared by the Legislative Council staff for Representative Guggisberg  
March 26, 2015 *3/27/15*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after "insurance" insert "; and to provide for a study of workplace safety analytics"

Page 1, after line 15, insert:

**"SECTION 2. SAFETY ANALYTICS STUDY FUNDING.** The workforce safety and insurance operations line item in section 1 of this Act includes the sum of \$100,000, which may be spent for the limited purpose of covering costs of conducting a workplace safety analytics study as provided under section 3 of this Act.

**SECTION 3. WORKPLACE SAFETY ANALYTICS STUDY.** During the 2015-17 biennium, workforce safety and insurance may conduct a study of workplace safety analytics and may contract with a private consultant to conduct the study. The study may include analysis of the frequency and severity of workplace injuries, the direct and indirect costs associated with workplace injuries, the effectiveness of workforce safety and insurance's safety programs, and recommendations to increase workplace safety and to improve safety programs."

Renumber accordingly