

**FISCAL NOTE**  
**Requested by Legislative Council**  
**02/11/2015**

Amendment to: SB 2170

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

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

see attachment

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

see attachment

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

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

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

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** John Halvorson

**Agency:** WSI

**Telephone:** 328-6016

**Date Prepared:** 02/11/2015

**WORKFORCE SAFETY & INSURANCE  
2015 LEGISLATION  
SUMMARY OF ACTUARIAL INFORMATION**

**BILL NO: Engrossed SB 2170**

**BILL DESCRIPTION: PTD Funeral Expense and Benefit Continuation for Spouse**

**SUMMARY OF ACTUARIAL INFORMATION:** Workforce Safety & Insurance, together with its actuarial firm, Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation extends a burial, cremation, or funeral expense in an amount up to \$10,000 to permanent total disability recipients and transfers a permanent total disability recipient's weekly benefits to the surviving spouse of a permanently and totally disabled injured employee for up to 6 months after the death of the injured employee regardless of cause of death.

Those eligible would include permanent total disability recipients with a date of injury after July 31, 1995 or a pre-August 1, 1995 injury and a date of first disability or recurrent disability date commencing after July 31, 1995. The proposed legislation applies to deaths that occur on or after the effective date of this act.

**FISCAL IMPACT:**

**Reserve Level Impact:** It is anticipated that the proposed legislation will increase discounted reserve levels by \$2.1 million comprised of \$1.43 million for the funeral expense and \$640,000 for the six month spousal benefit continuation.

**Premium Rate Level Impact:** It is anticipated that the proposed legislation will serve to increase statewide premiums by approximately \$250,000 to \$300,000 per year.

**DATE: February 11, 2015**

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/12/2015**

Bill/Resolution No.: SB 2170

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

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

see attachment

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

see attachment

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

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

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

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** John Halvorson

**Agency:** WSI

**Telephone:** 328-6016

**Date Prepared:** 01/14/2015

**WORKFORCE SAFETY & INSURANCE  
2015 LEGISLATION  
SUMMARY OF ACTUARIAL INFORMATION**

**BILL NO: SB 2170**

**BILL DESCRIPTION: PTD Funeral Expense and Benefit Continuation for Spouse**

**SUMMARY OF ACTUARIAL INFORMATION:** Workforce Safety & Insurance, together with its actuarial firm, Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation extends a burial, cremation, or funeral expense in an amount up to \$10,000 to permanent total disability recipients and transfers a permanent total disability recipient's weekly benefits to the surviving spouse of a permanently and totally disabled injured employee for up to 6 months after the death of the injured employee regardless of cause of death.

Those eligible would include permanent total disability recipients with a date of injury after July 31, 1995 or a pre-August 1, 1995 injury and a recurrent disability date commencing after July 31, 1995. The proposed legislation applies to deaths that occur on or after the effective date of this act.

**FISCAL IMPACT:**

**Reserve Level Impact:** It is anticipated that the proposed legislation will increase discounted reserve levels by \$2.1 million comprised of \$1.43 million for the funeral expense and \$640,000 for the six month spousal benefit continuation.

**Premium Rate Level Impact:** It is anticipated that the proposed legislation will serve to increase statewide premiums by approximately \$250,000 to \$300,000 per year.

**DATE: January 13, 2015**

**2015 SENATE INDUSTRY, BUSINESS AND LABOR**

**SB 2170**

# 2015 SENATE STANDING COMMITTEE MINUTES

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

SB 2170  
1/21/2015  
Job Number 22265

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

Relating to workers' compensation burial expenses and benefits for a surviving spouse

## Minutes:

Attachments

**Chairman Klein:** We will call the committee back to order.

**Senator Carlisle:** Introduced the bill. (1:10-4:00)

**Jodi Bjornson, General Counsel with Workforce Safety and Insurance:** Written Testimony Attached (1) and proposed amendment (2). (4:50-9:44)

**Chairman Klein:** This is like a six month life insurance policy the spouse would receive what the deceased injured worker was receiving.

**Jodi Bjornson:** Yes what they would get is a six month continuation of whatever the original injured worker received.

**Chairman Klein:** And generally we don't do that for them?

**Jodi Bjornson:** Right, now as it exists, the death has to be related to the compensable injury in order to qualify for our traditional death benefit.

**Chairman Klein:** If it's a compensable injury you get both the burial and the?

**Jodi Bjornson:** Right and then the indemnity payment, that wage loss payment up to three hundred thousand dollars.

**Chairman Klein:** So in this case you aren't getting the three hundred but you're getting six months of past wages.

**Jodi Bjornson:** If your death isn't a result of the injury then you would have this six month benefit available to you.

**Chairman Klein:** Looking actuarially there are folks who would be entitled to this to quite a degree?

**Jodi Bjornson:** What we looked at for the first part of the bill, the burial expense, I can give you some specifics on that. (11:20-12:00)

**Senator Sinner:** You talked about the fiscal impact to both the funds and the premiums, do you calculate per worker?

**Jodi Bjornson:** The extent to which this is calculated only goes down to the level of the manual premium, that state wide level of premiums. How it is distributed beyond that I am not sure.

**Renee Pfenning, North Dakota Electrical Workers:** In support of the bill.

**Jon Godfrey, North Dakota Chamber:** In opposition of the bill. We simply don't know if this was the intended use of the WSI funds. (17:04-17:40)

**Senator Miller:** Do you feel that the information that was discussed was accurate?

**Jon Godfrey:** We do but this would be a policy shift and it's expanding this beyond the catastrophic injuries.

**Chairman Klein:** We are providing a six month window of earnings and they will also have some compensation to help them be buried.

**Jon Godfrey:** The WSI fund wasn't intended to be an extra life insurance fund. It was to compensate those workers who were injured on the job.

**Russ Hanson, Associated General Contractors of North Dakota:** In opposition of the bill.

**Arik Spencer, North Dakota Motor Carriers Association:** In opposition to the bill.

**Chairman Klein:** Closed the hearing.

# 2015 SENATE STANDING COMMITTEE MINUTES

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

SB 2170  
2/2/2015  
Job Number 23005

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Era Liebelt*

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

Relating to workers' compensation burial expenses and benefits for a surviving spouse

## Minutes:

No Attachments

**Chairman Klein:** This is the bill for WSI benefits for a permanent total disabled person that passes away, their spouse would be eligible for ten thousand dollars for a funeral benefit and additional six months of that deceased permanent total disability benefits. I am not in support of this because this goes outside of providing benefits to somebody who was killed on the line of duty or is this an insurance policy which it seems to be doing.

**Senator Miller:** Moved a do not pass.

**Senator Burckhard:** Seconded the motion.

**Chairman Klein:** Called for discussion.

**Senator Murphy:** Asked if WSI supports the bill what the downside would be of that, if they are willing to do it and had vetted it probably which I presume they did, I thought that might be nice for the survivors.

**Senator Poolman:** Said she felt this would be opening a can of worms by starting to provide benefits beyond wage reimbursement, beyond the initial concept behind WSI. I worry that it doesn't stop here and we become expected to take care of any need someone may have had in addition to their health and wage benefits that we are already paying. I am reluctant to support the bill.

**Senator Miller:** Said he echoed Senator Poolman's concerns.

**Senator Burckhard:** Said he agrees with the can of worms concept and that it would be a serious policy shift and WSI was not intended to be for life insurance, it's as simple as that.

**Senator Sinner:** Said he had questions on Section one, of the bill, which is really just housekeeping and asked if they could amend the bill and fix that part. We could take out section two but I think section one does do something.

**Chairman Klein:** Asked if he was talking about number two in section one.

**Senator Sinner:** Section one number two can be taken out but section one has some cleanup language that allows for burial, cremation or funeral arrangements. I would like to vote down the do not pass and take a look at this to see if there is something else we can do to it.

**Chairman Klein:** If you're taking out number two we would exclude the ten thousand dollar burial benefit.

**Senator Sinner:** That's in subsection 2.

**Chairman Klein:** Two just adds people who have passed away who are under permanent total disability benefits.

**Senator Sinner:** What does subsection one do?

**Chairman Klein:** Cleanup language, they probably just tweaked number one.

**Senator Sinner:** My question is what happens to people whose injury is occurred prior to July 31, 1995. Do they get money for a funeral?

**Chairman Klein:** Current language says you only have funeral benefits if you die on the job. If you are totally disabled and workers' comp has provided your entire medical and your additional weekly payments, that's all covered. That could last for years. He explained what was covered after 1995. (6:30-8:15)

**Senator Sinner:** I recall that people who retire at age sixty-five, do they completely lose their WSI benefits or is it reduced?

**Chairman Klein:** It's reduced; it's called additional benefit payable. The ones that were injured earlier had not built up enough social security so we are giving them more money than the ones injured later in life. This is another one for Tim for tomorrow.

**Senator Miller:** Withdrew his motion.

**Senator Burckhard:** Withdrew his second.

**Chairman Klein:** Closed the hearing.

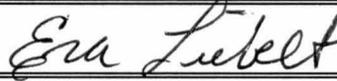
# 2015 SENATE STANDING COMMITTEE MINUTES

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

SB 2170  
2/3/2015  
Job Number 23111

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

Relating to workers' compensation burial expenses and benefits for a surviving spouse

## Minutes:

No Attachments

**Chairman Klein:** Jodi we had some questions yesterday about burial expenses, would quickly explain what we are doing with this bill?

**Jodi Bjornson, Workforce Safety & Insurance:** She went explained the bill. (:41-5:37)

**Senator Campbell:** Said that this wasn't the original intent and why is it moving toward that.

**Jodi Bjornson:** Do you mean this bill in particular?

**Senator Campbell:** Yes this bill in particular and if there is any other general consensus of moving toward giving more benefits on things that probably weren't originally intended.

**Jodi Bjornson:** We do have various provisions in workers' comp law that would fall outside of that strict window of related directly to that injury. A workers' comp disability benefit or a medical benefit are like the main benefits that we think we pay an injured worker. (6:30-7:37)

**Senator Miller:** Yesterday when we were talking Senator Sinner was looking at this burial, cremation or funerals addition here. Do you provide money for cremation?

**Jodi Bjornson:** We would cover that as part of the burial expense but we don't specifically say that in the law. We just decided to make it consistent with the law.

**Chairman Klein:** We are just doing cleanup language?

**Jodi Bjornson:** Correct.

**Chairman Klein:** I believe there was also an amendment. Adjorned.

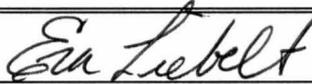
# 2015 SENATE STANDING COMMITTEE MINUTES

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

SB 2170  
2/9/2015  
Job Number 23456

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

Relating to workers' compensation burial expenses and benefits for a surviving spouse

## Minutes:

No Attachments

**Chairman Klein:** Opened the meeting. Senate Bill 2170 is creating the workers' compensation burial expenses. Committee we had a motion and that was all retracted correct? So we have the bill before us, any discussion? There was discussion about whether or not we needed more information so we had WSI come down and explain how this would work.

**Senator Murphy:** Is that when she brought the amendments?

**Chairman Klein:** Said he believed she had them here before that.

**Senator Poolman:** Moved the proposed amendments.

**Senator Murphy:** Seconded the motion.

Roll Call Vote: Yes-7 No-0 Absent-0

**Senator Murphy:** Moved a do pass as amended.

**Senator Sinner:** Seconded the motion.

Roll Call Vote: Yes-2No-5 Absent-0

**Senator Miller:** Moved a do not pass as amended.

**Senator Burckhard:** Seconded the motion.

Roll Call Vote: Yes-5 No-2 Absent-0

**Senator Poolman will carry the bill.**

15.0361.03001  
Title.04000

Adopted by the Industry, Business and Labor  
Committee

February 9, 2015

TO  
2/9/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2170

Page 1, line 18, after "a" insert "date of first disability or"

Page 2, line 22, after "a" insert "date of first disability or"

Renumber accordingly

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2170**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: Proposed Amendment 15.0361.03001

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 Senator Poolman Seconded By Senator Murphy

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

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

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

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2170**

Senate Industry, Business and Labor 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 Senator Murphy    Seconded By Senator Sinner

Senators	Yes	No	Senators	Yes	No
Chairman Klein		x	Senator Murphy	x	
Vice Chairman Campbell		x	Senator Sinner	x	
Senator Burckhard		x			
Senator Miller		x			
Senator Poolman		x			

Total    (Yes) 2    No 5

Absent 0

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

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

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. SB 2170**

Senate Industry, Business and Labor 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 Senator Miller    Seconded By Senator Burckhard

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy		x
Vice Chairman Campbell	x		Senator Sinner		x
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total    (Yes) 5    No 2

Absent 0

Floor Assignment Senator Poolman

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

**REPORT OF STANDING COMMITTEE**

**SB 2170: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2170 was placed on the Sixth order on the calendar.

Page 1, line 18, after "a" insert "date of first disability or"

Page 2, line 22, after "a" insert "date of first disability or"

Renumber accordingly

**2015 TESTIMONY**

**SB 2170**

#1

**2015 Senate Bill No. 2170**  
**Testimony before the Senate Industry, Business, and Labor Committee**  
**Presented by: Jodi Bjornson**  
**Workforce Safety & Insurance**  
**January 21, 2015**

Mr. Chairman, Members of the Committee:

My name is Jodi Bjornson, General Counsel with Workforce Safety and Insurance (WSI), I am here to provide information on Senate Bill No. 2170. WSI's Board supports this bill.

This bill acts to expand benefits payable to injured employees deemed permanently and totally disabled. All sections of the bill will only apply to permanent and totally disability recipients who were injured after July 31, 1995, or who have had a recurrent disability commencing after July 31, 1995. This date is the date of application for North Dakota's retirement presumption which was enacted in 1995. The retirement presumption operates to end indemnity benefits (wage loss benefits) upon an injured employee reaching the age of full Social Security Retirement eligibility. At this point, wage loss benefits convert to an Additional Benefit Payable, a post-retirement benefit, based on the amount and duration of time the employee received wage loss benefits. NDCC 65-05-09.4.

Section 1 would extend burial, cremation, or funeral expenses to all permanently and totally disabled injured employees receiving wage loss benefits or whose benefits have converted and who are receiving Additional Benefits Payable, within the timeframes referenced in the preceding paragraph. Currently, this benefit only extends to injured employees entitled to death benefits under NDCC 65-05-16. In other words, only deaths of employees that were the result of a compensable injury qualify for burial and funeral expenses. Currently, burial and funeral expenses are paid upon application, in an amount not to exceed \$10,000.

WSI's actuaries estimate the financial impact of section 1 of this bill to be an increase in discounted reserve levels of \$1.43 million. This would cover the costs of this expense for those claims currently on our books. To cover the cost of future injuries, they project this section of this bill would serve to increase statewide premiums by approximately \$200,000 per year.

Section 2 would extend a permanently and totally disabled injured employee's wage replacement benefits six months past their date of death if they were married at least ten years, and the surviving spouse is not eligible for benefits under the existing death benefit statute. (NDCC 65-05-16(1)). Currently, only spouses and dependents of employees whose death was caused by a compensable injury within the parameters of NDCC 65-05-16 are eligible for indemnity payments past the date of death.

WSI's actuaries estimate the financial impact of section 2 of this bill to be an increase in discounted reserve levels of approximately \$640,000. Going forward, to cover the cost of future injuries, they project this section of the bill would serve to increase statewide premiums by approximately \$70,000 per year.

Section 3 of this bill is the application section indicating the bill applies to deaths that occur on or after the effective date of the act.

In summary, we would like to offer a technical amendment, which is attached to your testimony. This would allow inclusion of those injured workers whose injury occurred before August 1, 2015, but who first received wage loss benefits after July 31, 2015. In its current form, the bill only covers those injured employees who were injured and received wage loss benefits prior to August 1, 2015, and then had a recurrent disability (again received wage loss benefits) after July 31, 2015.

This concludes my testimony. I would be happy to answer any questions at this time.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2170

Page 1, line 18, after "a" insert "date of first disability or"

Page 2, line 22, after "a", insert "date of first disability or"

Renumber accordingly.