

**Workforce Safety and Insurance
Budget No. 485
House Bill No. 1021 and Senate Bill No. 2021**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	260.14	\$0	\$72,481,659	\$72,481,659
2017-19 base budget	260.14	0	61,865,170	61,865,170
Legislative increase (decrease) to base budget	0.00	\$0	\$10,616,489	\$10,616,489

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$1,368,799	\$1,368,799
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			719,707	719,707
Removed lump sum salary equity funding.			(122,592)	(122,592)
Reduced funding for temporary salaries.			(357,942)	(357,942)
Increased funding for operating expenses, including increases in professional service fees and information technology data processing.			1,199,920	1,199,920
Removed funding for credit card fees.			(1,200,000)	(1,200,000)
Added one-time funding for a claims and policy system project.			8,120,097	8,120,097
Added one-time funding for an extranet enhancement project.			538,500	538,500
Added one-time funding for an internal reporting system project.			275,000	275,000
Added one-time funding for an electronic payment processing system to be implemented by the Information Technology Department, of which \$36,000 is from Bank of North Dakota loan proceeds and \$39,000 is for repayment of the loan. (Senate Bill No. 2021)			75,000	75,000
Total	0.00	\$0	\$10,616,489	\$10,616,489

FTE Changes

The 2017-19 biennium appropriations for Workforce Safety and Insurance include funding for 260.14 FTE positions, the same as the 2015-17 biennium.

One-Time Funding

	Other Funds
Computer software replacement project	\$8,120,097
Extranet enhancement	538,500
Internal reporting system	275,000
Implementation of an electronic payment processing system (Bank of North Dakota loan proceeds and special fund authority for loan repayment) (Senate Bill No. 2021)	75,000
Total	\$9,008,597

Claims and Policy System

The claims and policy system (CAPS) is a program designed to replace core Workforce Safety and Insurance business systems, which support injury services and employer services, with current industry web-based technology in order to improve customer service, enhance system maintainability, and provide enhanced reporting and accessibility to information. The CAPS program consists of 5 phases and multiple projects, as shown in the schedule below:

Phase	Number of Projects	Status	Completion Date
Planning and analysis		Completed	June 2015
Shared components refacing	3	Completed	February 2017
Policy holder services application refacing	6	Incomplete	November 2019 (Projected)
Claims management system refacing	11	Incomplete	June 2023 (Projected)
Program finalization		Incomplete	September 2023 (Projected)

The 2015 Legislative Assembly provided a one-time appropriation of \$6 million from the workmens compensation fund for the CAPS program for the 2015-17 biennium. The 2017 Legislative Assembly provided a one-time appropriation of \$8,120,097 from the workmens compensation fund for the CAPS program for the 2017-19 biennium. Workforce Safety and Insurance anticipates additional funding will be needed in the 2019-21 and 2021-2023 bienniums to complete the project and meet the September 2023 projected completion date. Workforce Safety and Insurance estimates total funding for the project will be approximately \$30 million.

Other Sections in House Bill No. 1021

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Related Legislation

Injured employees - House Bill No. 1086 removes the requirement for injured employees electing to discontinue benefits to send a notice to the injured employee's doctor. The bill also identifies personal reimbursement requests as managed care decisions addressed under North Dakota Century Code Section 65-02-20.

Rate classifications and premiums - House Bill No. 1137 requires Workforce Safety and Insurance to assign rate classifications based on information provided by the employer or information gathered through investigative process and authorizes Workforce Safety and Insurance to calculate premiums using the wage cap in effect per employee reported in the previous payroll report if Workforce Safety and Insurance does not receive the annual payroll report from a noncompliant employer or reliable and accurate payroll information is not available. The bill also establishes a cease and desist order and civil penalty order for employers without worker's compensation coverage, authorizing a penalty up to \$10,000 and \$100 per day for each day the violation continues.

Medical marijuana - House Bill No. 1156 defines medical marijuana for workers' compensation purposes, prohibits payment for medical marijuana, and prohibits wage loss payments related to the use of medical marijuana.

Confidential records - House Bill No. 1235 amends North Dakota Code Section 54-61-02, relating to access to confidential records by the Commission on Legal Counsel for Indigents, including Workforce Safety and Insurance records pursuant to a release signed by an individual or as otherwise provided in Section 65-05-32.

Electronic payment processing system - Senate Bill No. 2021 authorizes Workforce Safety and Insurance to obtain a loan of \$36,000 from the Bank of North Dakota, which will be used to pay the Information Technology Department to implement an electronic payment processing system for credit card fees. An appropriation of \$39,000 is also provided for the repayment of the loan, resulting in a total appropriation of \$75,000 to Workforce Safety and Insurance in Senate Bill No. 2021.

Attorney fees - Senate Bill No. 2048 addresses worker's compensation attorney's fees and costs, including the requirements for the establishment of costs payable, maximum costs, a reasonable maximum hourly rate, and Workforce Safety and Insurance's liability for an injured employee's attorney's fees and costs.

Liens for benefits paid - Senate Bill No. 2093 authorizes Workforce Safety and Insurance to bring an action against a third party to recover its lien for benefits paid to the injured employee.

Medical expense assessments - Senate Bill No. 2094 requires employers to reimburse Workforce Safety and Insurance for all medical expenses related to a compensable injury to an employee if the expenses do not exceed \$250 and to reimburse WSI for the first \$250 of medical expenses when the expenses exceed \$250. If a claim for benefits is filed with the organization more than 14 days from the date the employer received notice of the workplace injury from the employee, the employer is required to reimburse Workforce Safety and Insurance for the first \$350 of medical expenses if the expenses exceed \$350. The bill also increases the penalty amount from \$2,000 to \$5,000 that Workforce Safety and Insurance may assess if an employer willfully misrepresents payroll or willfully fails to secure coverage. A civil penalty of \$5,000 is established for an employer who willfully makes a false statement in an attempt to preclude an injured worker from securing benefits, which is now considered a Class A misdemeanor.