

**Department 485 - Workforce Safety and Insurance
House Bill Nos. 1021 and 1081**

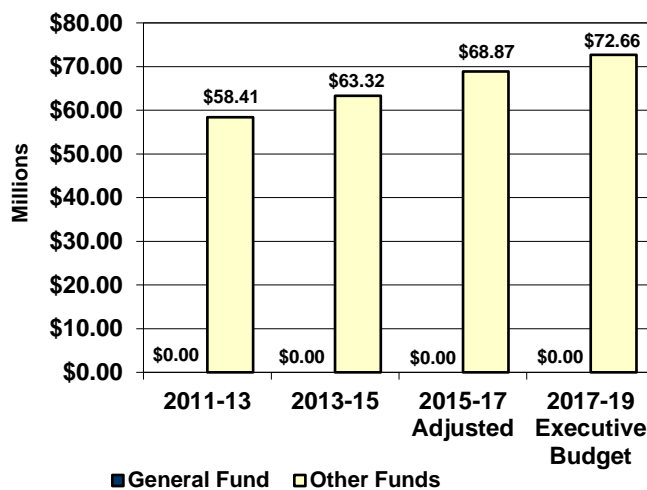
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2017-19 Executive Budget	260.14	\$0	\$72,657,598	\$72,657,598
2015-17 Adjusted Legislative Appropriations	260.14	0	68,865,170	68,865,170
Increase (Decrease)	0.00	\$0	\$3,792,428	\$3,792,428

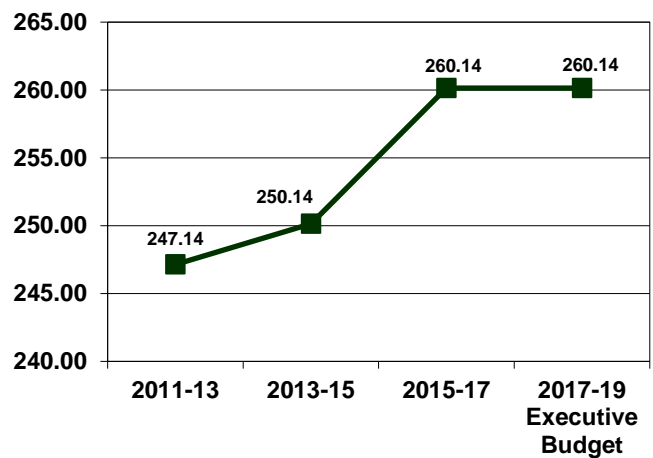
Ongoing and One-Time Total Fund Appropriations

	Ongoing Total Fund Appropriation	One-Time Total Fund Appropriation	Total Fund Appropriation
2017-19 Executive Budget	\$63,724,001	\$8,933,597	\$72,657,598
2015-17 Adjusted Legislative Appropriations	61,865,170	7,000,000	68,865,170
Increase (Decrease)	\$1,858,831	\$1,933,597	\$3,792,428

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Executive Budget	\$0	\$72,657,598	\$72,657,598
2017-19 Base Level	0	61,865,170	61,865,170
Increase (Decrease)	\$0	\$10,792,428	\$10,792,428

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$194,721 is for salary increases and \$775,925 is for health insurance increases	\$0	\$970,646	\$970,646
2. Increases funding for base payroll changes	\$0	\$1,368,799	\$1,368,799
3. Removes funding for lump sum salaries	\$0	(\$122,592)	(\$122,592)
4. Removes funding for temporary salaries	\$0	(\$357,942)	(\$357,942)
5. Increases funding for operating expenses, including increases in professional service fees and information technology data processing	\$0	\$1,199,920	\$1,199,920
6. Removes funding for credit card fees	\$0	(\$1,200,000)	(\$1,200,000)

Continuing Appropriations

Building maintenance account - North Dakota Century Code Section 65-02-05.1 - Money in the Workforce Safety and Insurance (WSI) building maintenance account is appropriated on a continuing basis for bond principal and interest payments, operating, maintenance, repair, and payment in lieu of taxes expenses of the buildings and grounds.

Reinsurance and other states' coverage - Section 65-02-13.1 - Money in the WSI fund is appropriated on a continuing basis to allow the agency to establish a program of reinsurance and a program of extraterritorial coverage and other states' insurance.

Allocated loss adjustment expenses - Section 65-02-06.1 - Money in the WSI fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the agency.

Preferred worker program - Section 65-05-36 - Money in the WSI fund is appropriated on a continuing basis for the payment of the expense of conducting a biennial independent performance evaluation.

Insurance fraud unit - Section 65-02-23 - Money in the WSI fund is appropriated on a continuing basis for the payment of costs associated with identifying, preventing, and investigating employer or provider fraud.

Information fund - Section 65-01-13 - Money in the WSI information fund is appropriated on a continuing basis for the payment of publication and statistical processing expenses incurred by the agency.

Safety programs - Section 65-03-04 - Money in the WSI fund is appropriated on a continuing basis for the purpose of funding work safety and loss prevention programs.

Educational revolving loan fund - Section 65-05.1-08 - Money in the WSI educational revolving loan fund is appropriated on a continuing basis to maintain the fund and provide loans to individuals wanting to pursue a postsecondary education.

Litigation expense - Section 65-02-06.2 - Money in the WSI fund is appropriated for expenses associated with litigating employer-related issues and for payment of organization expenses associated with litigating medical provider-related issues.

Collection agency fees - Section 54-06-29 - Payment of fees to The Affiliated Group to assist in collection past-due accounts.

Independent performance evaluation - Section 65-02-30 - Requires that once every 4 years, the WSI Director shall request the State Auditor's office to select a firm with extensive expertise in workers' compensation practices and standards to complete a performance evaluation of the functions and operations of the organization.

Deficiency Appropriation

There is no deficiency appropriation for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

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 Section 65-02-20.

House Bill No. 1137 - Requires WSI to assign rate classifications based on information provided by the employer or information gathered through investigative process and authorizes WSI to calculate premiums using the wage cap in effect per employee reported in the previous payroll report if WSI 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.

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 WSI's liability for an injured employee's attorney's fees and costs.

Senate Bill No. 2093 - Authorizes WSI to bring an action against a third party to recover its lien for benefits paid to the injured employee.

Senate Bill No. 2094 - Requires employers to reimburse WSI 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 WSI for the first \$350 of medical expenses if the expenses exceed \$350.

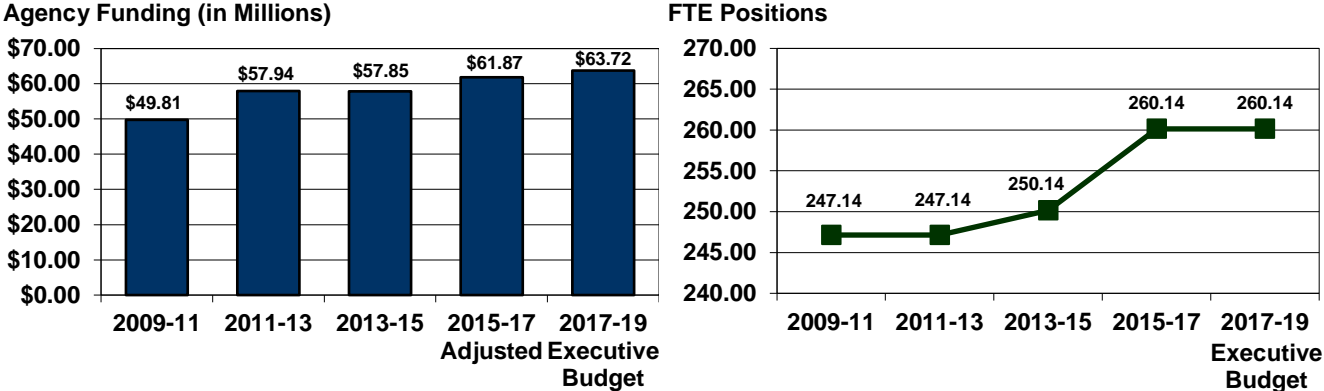
Workforce Safety and Insurance - Budget No. 485
House Bill Nos. 1021 and 1081
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	260.14	\$0	\$61,865,170	\$61,865,170
2017-19 Ongoing Funding Changes				
Base payroll changes			\$1,368,799	\$1,368,799
Salary increase			194,721	194,721
Health insurance increase			775,925	775,925
Removes funding for lump sum salaries			(122,592)	(122,592)
Removes funding for temporary salaries			(357,942)	(357,942)
Increases funding for operating expenses			1,199,920	1,199,920
Removes funding for credit card fees			(1,200,000)	(1,200,000)
Total ongoing funding changes	0.00	\$0	\$1,858,831	\$1,858,831
One-time funding items				
Continues funding for the claims and policy system project			\$8,120,097	\$8,120,097
Adds funding for an extranet enhancement project			538,500	538,500
Adds funding for an internal reporting system project			275,000	275,000
Total one-time funding changes	0.00	\$0	\$8,933,597	\$8,933,597
Total Changes to Base Level Funding	0.00	\$0	\$10,792,428	\$10,792,428
2017-19 Total Funding	260.14	\$0	\$72,657,598	\$72,657,598

Department 485 - Workforce Safety and Insurance

Historical Appropriations Information

Ongoing Total Fund Appropriations Since 2009-11



Ongoing Total Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Executive Budget
Ongoing total fund appropriations	\$49,810,605	\$57,940,475	\$57,847,422	\$61,865,170	\$63,724,001
Increase (decrease) from previous biennium	N/A	\$8,129,870	(\$93,053)	\$4,017,748	\$1,858,831
Percentage increase (decrease) from previous biennium	N/A	16.3%	(0.2%)	6.9%	3.0%
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	16.3%	16.1%	24.2%	27.9%

Major Increases (Decreases) in Ongoing Total Fund Appropriations

2011-13 Biennium

- 1. Reduced funding for operating expenses, including funding for information technology contractual services and professional service fees (\$2,089,620)

2013-15 Biennium

- 1. Added 7 FTE positions, including 1 claims adjuster II FTE position, 1 claims supervisor FTE position, 1 vocational rehabilitation supervisor FTE position, 1 medical case manager supervisor FTE position, 1 underwriter FTE position, 1 compliance officer FTE position, and 1 loss control specialist FTE position. This includes related operating expenses of \$96,060. \$1,303,717
- 2. Transferred 4 FTE positions to the Information Technology Department (\$753,274)
- 3. Adjusted funding for operating expenses to reflect inflationary adjustments and other budget changes (\$4,779,795)

2015-17 Biennium

- 1. Added 6 FTE positions, including 1 underwriter FTE position, 2 vocational rehabilitation case manager FTE positions, 2 nurse case manager FTE positions, and 1 physical therapist FTE position \$878,474
- 2. Converted temporary positions to FTE positions, including 3 claim adjuster FTE positions and 1 collections specialist FTE position \$499,217
- 3. Reduced operating expenses primarily relating to a reduction in information technology software of \$1.5 million (\$1,999,857)

2017-19 Biennium (Executive Budget Recommendation)

- 1. Increases funding for operating expenses, including increases in professional service fees and information technology data processing \$1,199,920
- 2. Removes funding for credit card fees (\$1,200,000)