

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1162

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1162

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1162

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 01-24-01

Tape Number	Side A	Side B	Meter #
1		x	45.8 - end
2	x		0 - 7.5
Committee Clerk Signature <i>[Handwritten Signature]</i>			

Minutes: **HB 1162**

Chairman Berg opened the hearing.

Julie Leer, General Counsel for ND Workers Compensation, testified in favor of the bill. See written testimony.

**Oppose:**

Sebald Vetter, of CARE Organization, spoke in opposition to language regarding the seven years only for total permanent disabilities. What needs to be added is temporary or partial disability people should be included in that after seven years. There have been people in the system for 15 or more years and never get a raise.

Chairman Berg closed the hearing

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1162(B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb 12, 2001

Tape Number	Side A	Side B	Meter #
1		X	0-4.68
Committee Clerk Signature <i>Heidi Lee</i>			

Minutes: Chairman R. Berg, Vice-Chair G. Kelsner, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Chairman Berg: This bill increases the disability rate. It changes from 10 years to 7 years and it has a one to one point five million dollar impact on funds.

Rep M. Klein: I move a do pass.

Rep Froseth: I second.

15 yea, 0 nay, 0 absent

Carrier Rep Kelsner

**FISCAL NOTE**  
 Requested by Legislative Council  
 03/16/2001

Bill/Resolution No.:

Amendment to: HB 1162

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**NORTH DAKOTA WORKERS COMPENSATION  
 2001 LEGISLATION  
 SUMMARY OF ACTUARIAL INFORMATION**

**BILL DESCRIPTION:** Supplementary Benefit

**BILL NO:** HB 1162 w/ Senate Amendments

**SUMMARY OF ACTUARIAL INFORMATION:** North Dakota Workers Compensation, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation changes the supplementary benefit structure to allow payment of supplementary benefits to death benefit recipients or permanently and totally disabled injured workers who have been receiving death or disability benefits for at least seven consecutive years.

The proposed amendments clarify existing language and result in no change to the fiscal impact for the bill as introduced.

**FISCAL IMPACT:** We understand that the proposed legislation will introduce two material changes to the current benefit structure for supplementary benefits:

## Seven-Year Waiting Period

The bill provides a seven-year period for establishing eligibility for supplementary benefits for permanent total disability and death claims effective on August 1, 2006. The change should not have an impact on prospective rate levels because the current benefit structure contemplates a seven-year waiting period for supplementary benefit claims with injury dates on or after August 1, 1999. However, reserve levels associated with prior claims will increase. Based on assumptions consistent with those underlying the June 30, 2000 reserve review completed by Pacific Actuarial Consultants (PAC), we believe that the proposed change will increase the Bureau's discounted liability for unpaid losses by approximately \$1 million to \$1.5 million.

## Supplementary Benefit Structure

Supplementary benefit amounts will change in line with recommendations offered as part of the Interim Long Term Disability Study that was completed by independent claims consultants earlier this year. Two material changes will be introduced to the benefit structure for workers injured on or after August 1, 2001:

- Supplementary benefits will begin at seven years for all PTD and death claims.
- The formula used to establish supplementary benefit amounts will change to match more closely actual pre-injury wages.

We believe that the rate level impact of the change to the benefit structure will be less than 1%. Required reserve levels should not change because this aspect of the new benefit structure will not be applied to claims with injury dates prior to August 1, 2001.

DATE: March 19, 2001

**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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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<b>Name:</b>	Paul R. Kramer	<b>Agency:</b>	ND Workers Compensation
<b>Phone Number:</b>	328-3856	<b>Date Prepared:</b>	03/19/2001

## FISCAL NOTE

Requested by Legislative Council  
12/26/2000

Bill/Resolution No.: HB 1162

Amendment to:

1A. **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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>						
<b>Appropriations</b>						

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant your analysis.*

### NORTH DAKOTA WORKERS COMPENSATION 2001 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

**BILL DESCRIPTION:** Supplementary Benefit

**BILL NO:** HB 1162

**SUMMARY OF ACTUARIAL INFORMATION :** North Dakota Workers Compensation, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation changes the supplementary benefit structure to allow payment of supplementary benefits to death benefit recipients or permanently and totally disabled injured workers who have been receiving death or disability benefits for at least seven consecutive years.

**FISCAL IMPACT:** We understand that the proposed legislation will introduce two material changes to the current benefit structure for supplementary benefits:



## Seven-Year Waiting Period

The bill provides a seven-year period for establishing eligibility for supplementary benefits for permanent total disability and death claims effective on August 1, 2006. The change should not have an impact on prospective rate levels because the current benefit structure contemplates a seven-year waiting period for supplementary benefit claims with injury dates on or after August 1, 1999. However, reserve levels associated with prior claims will increase. Based on assumptions consistent with those underlying the June 30, 2000 reserve review completed by Pacific Actuarial Consultants (PAC), we believe that the proposed change will increase the Bureau's discounted liability for unpaid losses by approximately \$1 million to \$1.5 million.

## Supplementary Benefit Structure

Supplementary benefit amounts will change in line with recommendations offered as part of the Interim Long Term Disability Study that was completed by independent claims consultants earlier this year. Two material changes will be introduced to the benefit structure for workers injured on or after August 1, 2001:

- Supplementary benefits will begin at seven years for all PTD and death claims.
- The formula used to establish supplementary benefit amounts will change to match more closely actual pre-injury wages.

We believe that the rate level impact of the change to the benefit structure will be less than 1%. Required reserve levels should not change because this aspect of the new benefit structure will not be applied to claims with injury dates prior to August 1, 2001.

**DATE: December 27, 2000**

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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Paul R. Kramer	<b>Agency:</b>	ND Workers Compensation
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Phone Number: 328-3856

Date Prepared: 12/27/2000

Date: 2-12-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ HB 1162

House Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By M. Klein Seconded By Froseth

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich	✓		Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep Keiser

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

**REPORT OF STANDING COMMITTEE (410)**  
February 12, 2001 12:22 p.m.

**Module No: HR-25-3040**  
**Carrier: Keiser**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1162: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1162 was placed on the Eleventh order on the calendar.**

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1162

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1162

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 05, 2001.

Tape Number	Side A	Side B	Meter #
1		x	11.7 to 26.2
(March 14/01) 1		x	34.3 to 40.7
Committee Clerk Signature <i>Doris C. Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1162 relating to payment of supplementary benefits for certain workers' compensation benefit recipients; and to provide an effective date.

**Bob Indvik**, Vice-Chairman, ND WC Board of Directors. Provided brief description of the bill and the Board's position, in favor.

**Julie Leer**, General Counsel, ND WCB, in support. Distributed copies of the Interim Long-term Disability Study, written testimony and proposed amendment. Intent of the amendment is to clarify language dealing with subsequent supplementary adjustments. Distributed copies of letter from **Timothy Effertz** who has concerns about payment of death benefits. These are not being considered at this point and WCB does not support his views.

**Representative Elwood Thorpe**, District 5 on behalf of **Timothy Effertz**. Distributed copies of his letter and proposed amendments.