

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1187

2001 HOUSE APPROPRIATIONS

HB 1187

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1187

House Appropriations Committee
Education and Environment Division

Conference Committee

Hearing Date January 17, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	Starting at 2190		5,350

Committee Clerk Signature



Minutes:

Representatives Aarsvold, Boehm, Gulleson, Martinson, Monson, Wald, Wentz.

Dick Johnson: Chairman of the audit committee of the Workers Compensation Board of Directors. See attached.

Tammy Dolan: (2488) Vice President for Employer and Fiscal Services at ND Workers Compensation. See attached.

Representative Gulleson: (2840) Will you continue to have the same positions housed around the state? Do you see this as contract for work or will they receive full time benefits.

Tammy Dolan: Yes, and we are requesting a full time employee and they would receive state benefits.

Representative Gulleson: I know you also contract for a lot of attorneys as well. Looking at the dollar amount to hire out as opposed to hiring additional staff what are your numbers there?

Could I get the dollar amounts paid for contracted attorneys?

Tammy Dolan: I don't have the specifics, but I could get those dollar amounts.

Representative Aarsvold: (3050) I would like some clarification on what you call utilization review.

Tammy Dolan: That is the pre-clarification of certain hospital services. There are certain things that need to be certified ahead of time by qualified people, to insure that they are truly related to the injury at hand. The injury is covered. We need to be sure that the services they want are related to the injury so they can be provided.

Representative Aarsvold: Earlier you suggested the need for independent attorneys make some determinations or reviews. Is it not also true to the utilization review that you would want an independent vantage point that would essentially be neither agency nor worker can make those reviews?

Tammy Dolan: Yes.

Representative Wentz: How many outside contract employees do you have hired?

Tammy Dolan: A total of 25.

Representative Wentz: Out of the 25 employees you are requesting, would be how many fewer than you now contract.

Tammy Dolan: I can't quantify the vocational rehab, for the other areas 3-4 probably that we are contracting for now that we are not requesting full time.

Representative Wentz: That is a considerable savings. You say you generate a net savings of 4.2 million. Where is that 4.2 million going to come from?

Tammy Dolan: The cost to provide all of those services right now for a 2 year period is 6.8 million.

Representative Monson: Over the years we have kind of been going over the privatization and getting away from FTE's at the state level and supposedly saving money. I am wondering if this is real savings we are going to see.

Tammy Dolan: The 4.2 million dollars we feel is a real savings that we will generate.

Representative Wald: If this bill were to pass, and these services were contracted out and the bill becomes effective July 1. Can you hire the specialists, nurses, and vocation rehab people with the training to implement this by July 1? How many people are housed in your plant that would stay there and become employees rather than independent contractors.

Tammy Dolan: Of the 25 positions, 13 are in the building. Three or four of the medical case workers are located in our field offices and 17 remain through out the state or in their homes. The contract that we have in place would allow us to hire those employees at no detriment.

Representative Wald: If you are paying for these services now, I am assuming it is coming out of your operating line item in your current budget.

Tammy Dolan: It comes out of the continuing appropriation for claims expenses, which are not appropriated.

Representative Wald: If this is coming out of the claims rather than your operating budget. You are confident that you can find these kinds of people in Bismarek or the other cities with the talent that is needed.

Tammy Dolan: These are claims operational expenses. Yes, they are reflected on our financial statement. I believe that we already have those people.

Representative Aarsvold: We are still talking about the same pool of money, right? You provide all the administration and benefits that are paid in by the ND employers, and what we are doing here would just be a bookkeeping maneuver?

Tammy Dolan: yes, you could look at it that way. We're transferring the cost from one area to another at a net saving over all costs.

Representative Aarsvold: Currently what are the arrangements to the contractors, are they done per case, per hour or retainer?

Tammy Dolan: Each contract is a little bit different. They are all based on the number of cases that are handled.

Representative Wald: Utilization review is totally out source now. Am I right? Aren't you using a firm out of Minneapolis?

Tammy Dolan: We just switched contractors. Those employees are located in the building at this time, but are independent.

Representative Wald: We used to get a lot of complaints from Doctors, when accidents happen on a week end or holiday, they don't know if they can treat this injured worker or how much they can do. Utilization review by an independent party probably gives you more objective assessment of the injury.

Tammy Dolan: That is one of the reasons we switched vendors. You are right, there is some objectivity with having them be our employees, and that would be something we would have to deal with if we could get them as our employees. We are working with our vendor to work in a timely fashion.

Representative Cullerson: Accidents that occur during non business traditional hours. How do you approve or cover them?

Tammy Dolan: For utilization review purposes. I believe there is a 800 number they can call.

Page 5

Education and Environment Division

Bill/Resolution Number HB1187

Hearing Date January 17, 2201

Representative Wald: When you have pre approved medical provider, that tends to legate some of the utilization problems because that provider is familiar with company. Wouldn't they know the perimeters are of treatment and don't get into trouble with utilization.

Tammy Dolan: With a designated medical provider, you are correct.

Representative Wald: You had no objections in amending HB1163 into HB1024. Do you feel the same way about this one or should this be a stand alone bill.?

Tammy Dolan: We'd have no objections.

Representative Wentz: Does anyone else wish to appear in opposition of HB1187? Seeing none we will close the hearing on HB1187.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1187**

House Appropriations Committee

Conference Committee

Hearing Date **February 2, 2001**

Tape Number	Side A	Side B	Meter #
J		x	4656 - 4771
Committee Clerk Signature <i>L L Douker</i>			

Minutes:

HOUSE APPROPRIATIONS ACTION ON HB1187.

Rep. Francis Wald: I would move a DO NOT PASS on HB1187 because that also has been incorporated into HB1024 and there is no further need for the bill. Seconded by Rep. Wentz.

Rep. Mike Timm: Any Discussion? Call the roll on HB1187. YES (20) NO (0) ABSENT and not voting (1). Motion passes. Rep. Wald will carry the bill to the floor.

FISCAL NOTE
 Requested by Legislative Council
 01/05/2001

REVISION

Bill/Resolution No.: HB 1187

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
Revenues						
Expenditures				\$2,572,647		
Appropriations				\$2,572,647		

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: Appropriation for Bringing Contracted Services In-house

BILL NO: HB 1187

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 appropriates \$2.57 million and 25 additional FTEs to bring contracted programs and services in-house. Estimated savings for the next biennium is \$4.2 million.

FISCAL IMPACT: We believe that the proposed change will result in a decrease to the indicated rate level of 1% to 2%.

Our estimate is based on projected annual premiums of approximately \$100 million in conjunction with anticipated net annual administrative cost savings of \$2.1 million (50% of the biennium savings). Implicit in our estimate is the assumption that loss costs will not increase or decrease due to changes in the level and/or quality of service provided through the in-house programs.

The proposed legislation should have little impact on reserve levels because the changes will be made prospectively.

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.*

Name:	Paul R. Kramer	Agency:	ND Workers Compensation
Phone Number:	328-3856	Date Prepared:	01/04/2001

FISCAL NOTE
 Requested by Legislative Council
 01/03/2001

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