

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1419

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1419

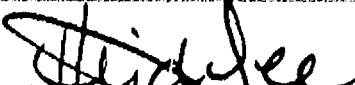
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1419

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Jan 30, 2001

Tape Number	Side A	Side B	Meter #
2		X	0-8.2
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, 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.

Rep Rick Berg: I am sponsoring this bill to find an independent third party to make a study to discover the pros and cons of a private Workers Compensation system.

Dick Johnson: *ND Workers Comp. Board* We support this bill because it will open up Workers Comp. to competition.

Paul Kramer: (2.92) *ND Worker Comp. Director* **Written testimony in support of bill.**

Rep Ekstrom: Could you address the issues regarding competition?

Kramer: Private insurers would compete for an employers insurance business.

Rep Lemieux: What are the real opportunities?

Kramer: It gives employers choices and large companies the option to become self-insured.

Chairman Berg: We'll close the hearing on HB 1419.

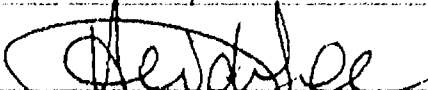
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1419(B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 7, 2001

Tape Number	Side A	Side B	Meter #
2		X	38.7-59.0
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, 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.

Rep N. Johnson: This bill is to have the Insurance Comm.study worker's comp insurance.

Rep Ekstrom: The premium of \$150,000 from Worker's Comp to the sate of ND. Is that okay?

Chairman Berg: Yes because it will benefit them.

Vice-Chair Keiser: This will privatize the board, not the whole agency. I move a do pass and rerefferal to appropriations.

Rep Koppang: I second.

12 yea, 2, nay, 1 absent

Carrier Rep N. Johnson

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/22/2001

Bill/Resolution No.:

Amendment to:            HB 1419

**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:** Workers Compensation Insurance Study

**BILL NO:** Engrossed HB 1419

**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 engrossed bill provides for the legislative council to contract with an industry expert to perform a workers' compensation insurance study; and appropriates \$150,000 out of the workers compensation fund for purposes of funding the study.

**FISCAL IMPACT:** Appropriation of \$150,000 out of the workers compensation fund to fund the cost of the study.

**DATE:** February 26, 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.*

<b>Name:</b>	Paul R. Krainer	<b>Agency:</b>	ND Workers Compensation
<b>Phone Number:</b>	328-3856	<b>Date Prepared:</b>	02/26/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/24/2001

Bill/Resolution No.: HB 1419

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				\$150,000		
Appropriations				\$150,000		

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:** Privatization Study

**BILL NO:** HB 1419

**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 bill provides for the insurance commissioner to perform a workers' compensation insurance study; and appropriates \$150,000 out of the workers compensation fund for purposes of funding the study.

**FISCAL IMPACT:** Appropriation of \$150,000 out of the workers compensation fund to fund the cost of the privatization study.

**DATE:** January 26, 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.*

<b>Name:</b>	Paul R. Kramer	<b>Agency:</b>	ND Workers Compensation
<b>Phone Number:</b>	328-3856	<b>Date Prepared:</b>	01/26/2001



Date: 2-7-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ 1419

House Industry, Business and Labor Committee

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

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

Action Taken Do Pass w/ a Rereferal to Appropriations

Motion Made By Keiser Seconded By Koppang

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) 12 No 2

Absent 1

Floor Assignment Rep Johnson

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

REPORT OF STANDING COMMITTEE (410)  
February 8, 2001 9:16 a.m.

Module No: HR-23-2685  
Carrier: N. Johnson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1419: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **DO PASS** and **BE REREFERRED** to the Appropriations Committee (12 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1419 was rereferred to the Appropriations Committee.

2001 HOUSE APPROPRIATIONS

HB 1419

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1419**

House Appropriations Committee

Conference Committee

Hearing Date **February 14, 2001**

Tape Number	Side A	Side B	Meter #
1		x	1119 - 3464
Committee Clerk Signature <i>L. L. Dauterive</i>			

Minutes:

**House Appropriations Committee Hearing on HB1419.**

**Rep. Timm:** We have the last bill on tap for hearing this morning which is HB1419. Rep. Berg was the main sponsor of the bill which deals with Workman's Compensation, and I see that Paul Kramer is here. I wonder if Rep. Berg wants to testify on this bill. Let us call IBI and see if we can contact him.

**Rep. Berg:** HB1419 is a bill which really gets at the heart of where we are going long term with Workers Compensation. There has been discussion as to whether they should be a private company, should they remain a state monopoly or what should happen and so the intention of this bill is really to do somewhat of an independent study of Workers Compensation and determine what the effect would be of privatization be of Workers Compensation, so hopefully coming back into the next session or future sessions we would have something other than individual perceptions on where we should go with Workers Compensation. The concept of

having the Insurance Commissioner take a look at this is really important from two standpoints. One, it removes it from the Bureau and so the results or information do not appear to be coming from the bureau and also having the Insurance Commissioner do it reflects more how private insurance company would look at it, so we think he would have the ability to bring accurate information from other states, there are a number of states that have converted from a state system to a private system, so again to give the committee a little background.

**Rep. Timm:** How did you come up with \$150,000, was that the figure that the Insurance Commissioner thought?

**Rep. Berg:** It is somewhat of a ball park number, the only kind of review that we have done at Workers Compensation has ranged from \$100,000 to \$150,000 and to use that number is kind of using that as a starting number. There are states that have converted, so possibly the Insurance Commissioner could gather information the begin the basis of his study.

**Rep. Timm:** What I'm wondering is, there is a Workers Compensation fund that's paid for by the employers to take care of employees needs, and I know they are going to appropriate money out of there for building a building, and now were going to appropriate money out of there for a study, these are funds that are paid for by employers for other needs and now were using this money for other things other than employees needs.

**Rep. Berg:** That's exactly the point here. The point is that the results of this will effect employers, if this study comes out and says were going to save 20% on Workers Compensation premiums by keeping a monopolistic system, that's going to benefit employers millions of dollars a year, If the study comes out and says that were going to save %20 by having the private sector insurance with competition that's going to save employers millions of dollars every year, and so really the essence of this study is to go right back to directly benefit those

employers. The worst case scenario for employers in my opinion is not to have a study and go into a legislative session where politically we say we want to make it private, we make it private and premiums go up for employers, or the opposite, we come into a legislative session and say were not going to go to a private insurance we are going to keep it a monopoly because we have built this up and we want to keep it a monopoly when infact we could be costing businesses in North Dakota millions of dollars.

**Rep. Kempenich:** Why couldn't this be a interim study? And have the Insurance Commissioner work along something of those lines?

**Rep. Berg:** Its really a combination of the two, and if you look at line 11 the intention would be that the Insurance Commissioner would infact complete this study no later than April of 2002, so that an interim committee could get this information, question this information, challenge the information and hopefully have recommendations for the following legislative session in 2003.

**Rep. Warner:** I'm somewhat in agreement with Rep. Kempenich. First of all I want to applaud you bringing forth this bill, if were going to go in either of these directions we should do it with our eyes wide open and we should know what the ramifications are going to be, but I was wondering if you would expand a little more on the rationale of assigning this to the Insurance Commissioner rather than taking it completely out of the political context of in state that we see within the legislature within the government, and not hiring an outside consultant from some think tank or some other source.

**Rep. Berg:** Again we need to understand that the role of the legislature is really going to be no different whether we receive this study and then do our deliberations and decisions, or whether we say we are responsible to do the study and quite frankly from my perspective I don't know if we have people on Legislative Council that have the same background in insurance as we do in

