

**MICROFILM DIVIDER**

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ROLL NUMBER

DESCRIPTION

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10/2/03  
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1302

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1302

House Industry, Business and Labor Committee

Conference Committee

Hearing Date January 28, 2003

Tape Number	Side A	Side B	Meter #
4		X	2332-4932

Committee Clerk Signature *Elizabeth R. Speer*

Minutes: **CHAIR KEISER:** Opened hearing on HB 1302

**GLENN BALTRUSCH:** Supports with written testimony.

**REP. KEISER:** Where has the conflict come in between the doctors and the Bureau. Baltrusch said the Bureau has declined many claims. They do not look at the evidence. Therapies are often denied if the Bureau does not think it is doing any good.

**REP. KASPER** asked Baltrusch to compare decisions by the Bureau doctors with his own physicians. Baltrusch said he believes the patient should be first regardless of who is paying and he does not feel that happens when he has to go to the Bureau physicians.

**TIM EFFERTZ:** Said this bill would have helped him earlier. The Bureau is bound by rules. They are the messengers of the Legislature, but take the heat for the rules. However, if you have an avenue to go through the District Courts and the courts feel the claim is frivolous, then you have to pay the WCB's court fees.

**DAVE KIMNITZ (ND AFL-CIO):** Supports

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House Industry, Business and Labor Committee

Bill/Resolution Number 1302

Hearing Date January 28, 2003

**EVAN MANDIGO (WCB)**: Opposes with written testimony.

**MARV SKAR (E.W. Wylie)**: This would cost the companies. If you allow the employees to choose and then switch doctors when they do not get the answer they want, the employers end up paying more. And if you are a company on the border, you have out-of-state employees and they go to doctors, for example, in Minneapolis.

**JODI BJORNSON (WBC)**: Opposes with written testimony.

**DALE ANDERSON (GNDA)**: Opposes with written testimony.

**VICE CHAIR SEVERSON**: Closed hearing on HB 1302.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1302

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

Tape Number	Side A	Side B	Meter #
2		x	38.9-42.0
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Keiser** called for committee work on HB 1302.

**Rep. Severson** moved a Do Not Pass.

**Rep. Klein** seconded the motion.

**Rep. Ekstrom:** For the record, I've been working with the Bureau with regard to independent medical examiners. I can't support this bill in its present form. These issues do need to be addressed but I agree with Chairman Keiser and Rep. Klein that passage of this bill as it currently stands would set WCB back several years.

The roll call vote results for a **Do Not Pass** were: 11-2-1.

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*10/3/03*  
Date

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/14/2003

Bill/Resolution No.: HB 1302

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.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 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.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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  
 2003 LEGISLATION  
 SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Claims Appeals/Medical Care/Jurisdiction

BILL NO: HB 1302

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 appeals directly to district court, bypassing the administrative hearing process.
- Limits NDWC's continuing jurisdiction over claims properly filed.
- Eliminates NDWC's ability to direct care and utilize preferred providers and managed care programs.
- Requires independent medical evaluations to be conducted by a medical specialist in the employee's state of residence.
- Creates a presumption that the treating doctor is correct and would require NDWC to prove otherwise through the administrative hearing process.
- Allows for workers compensation jury trials at the district court level with de novo review.

FISCAL IMPACT: HB 1302 will reverse many of the legislative changes that were adopted in the early 1990's, particularly those dealing with medical and legal cost containment. We believe that the legislative changes from that period played an important role in NDWC's success in controlling workers' compensation losses in the State. Thus, some or all of those prior gains could be reversed if the proposed legislation passes. It is anticipated that the proposed bill will have a substantial increase in medical, legal,

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and administrative costs.

**Rate Level Impact:** The similarity between the changes proposed under HB 1302 and the environment in which NDWC operated during the late 1980's and early 1990's provided us a way to quantify, at least approximately, the potential rate level impact of the proposed legislation. Medical costs, when measured in relation to payroll, were more than 45% higher during the pre-reform years than the post-reform years. We believe that the historical comparison demonstrates the likelihood that HB 1302 will increase costs, possibly by a significant amount. However, we do not mean to suggest that passage of the bill will necessarily result in a medical cost increase of 45%. Some of the cost savings can be attributed to a variety of other factors including more effective safety programs, increased fraud control efforts, improved retraining and return to work programs, and streamlined claims procedures. For each 10% increase in medical costs, the corresponding rate level increase is approximately 4.8%. If medical costs increase in the range of 10% to 30%, the corresponding rate level increase would be approximately 4.8% to 14.4%.

**Reserve Level Impact:** Data limitations certainly prevent us from attempting to develop a formal estimate of the potential impact the proposed legislation will have on reserve levels. However, passage of HB 1302 would likely generate the need for a substantial reserve increase because the proposed changes would apply to all open claims.

DATE: January 22, 2003

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>	John Halvorson	<b>Agency:</b>	NDWC
<b>Phone Number:</b>	328-3760	<b>Date Prepared:</b>	01/22/2003

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Date: 1/29/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1302

House Industry, Business & Labor Committee

Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Severson Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	✓		Rep.Boe	✓	
Rep.Severson, Vice-Chair	✓		Rep.Ekstrom		✓
Rep.Dosch			Rep.Thorpe		✓
Rep. Froseth	✓		Rep. Zaiser	✓	
Rep. Johnson	✓				
Rep.Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad	✓				
Rep. Ruby	✓				
Rep. Ticman	✓				

Total (Yes) 11 No 2

Absent 1

Floor Assignment Severson

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

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La Costa Rickford Operator's Signature 10/3/03 Date



**REPORT OF STANDING COMMITTEE (410)**  
January 30, 2003 10:23 a.m.

Module No: HR-18-1332  
Carrier: Severson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**HB 1302: Industry, Business and Labor Committee (Rep. Kelsor, Chairman)**  
recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING).  
HB 1302 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-18-1332

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2003 TESTIMONY

HB 1302

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