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2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HCR 3050

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10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3050

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/17/03

Tape Number	Side A	Side B	Meter #
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1		x	0.0-2.1
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: Chairman Keiser opened the hearing on HCR 3050.

Rep. Ekstrom introduced HCR 3050 (see attached #1). She distributed written testimony on behalf of Tim Effertz, Minot, who could not attend today's hearing in person (see attached #2).

This study would pursue the possibility of taking some portion of a permanent impairment award administered by WCB/WSI, have them look at actuarials and take some portion of permanent impairment awards to be put toward a death benefit. All provisions that are currently in law would still be in force so if they die within six years of work related injury this life insurance policy would not come into effect. These policies would modest, about enough to cover funeral expenses. This would not be retroactive, but occur from this point forward.

Rep. Froseth: Could we tie, with our current death benefits package, an insurance policy for the surviving spouse? A long term basis wouldn't be that costly, a \$500,000 policy has \$300-400 yearly premium.

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Rep. Kasper: Life insurance premiums are low when you are young, mortality charges become terribly expensive when purchasing a term policy with lower premiums on the front end where you're not funding some type of cash reserve to help offset premium and death benefits in later years. It might be more costly that we imagine but maybe that's what this study will find out.

Rep. Ekstrom: There's a threshold, there's a correlation between how much impairment there was, a sliding scale wouldn't impact the fund too badly could provide a death benefit.

Rep. Kasper: How many do you think will be disabled, when you examine the whole pool? The fund must build a cash reserve in order to be self funded within Workers Comp Insurance. Unless you cover everybody to begin with, that creates a huge cost right out of the chute.

Rep. Severson: In 6 years, they have \$250,000 in coverage, so this would take effect after that point. A graduated scale could be incorporated. I don't think the intention is to build a nest egg, I want to be sure I understand where we are going with this.

Rep. Ekstrom: These injured workers won't be paying into Social Security, or retirement accounts, this will give them a small cushion to pay funeral expenses etc. This isn't a Bonanzaville.

Rep. Kasper: How many people are covered under Workers' Comp at present? Would \$.50 per month per employee be too onerous to employers to fund this program? Self funded with cash could become the reserve.

Rep. Nottestad: Maybe it ought to be opened to employees. There's a difference in risk for different employees due to their occupations.

Seibold Vetter, representing Concerned Advocates For Rights of Employees (CARE) testified in support of HCR 3050. You're talking about an increase. I don't see why there should be an

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increase. If I die, and my check that I get right now goes to my widow, where is the increase? I'm already getting that benefit now, where is the increase? I was injured 14 years ago, My Social Security went down the drain when I got hurt. We can't afford insurance, even supplementary insurance. Workers Comp is not welfare, it is not a retirement system. We have to fight for any insurance, Workers' Comp Insurance isn't any different

Rep. Froseth: This would extend coverage to be paid longer, so there it has to be an increase in premium to cover anticipated extension of coverage benefit. Not much of one, but a small increase to cost of coverage for that particular claim.

Chairman Keiser: This bill would set up a program where they may pay a lump sum, in addition to what you are getting now. What would be an appropriate payout to your spouse and family at your death? Remove the zero to 6 years from \$197-250?

Vetter: I say eliminate the six year deal, if I die, turn my check over to my spouse, so there wouldn't be an increase. If you pay a death benefit, there would be an increase. But there's no fund right now. I'd be satisfied if my wife got \$800-\$100 a month, she wouldn't care about a lump sum.

Dave Kemnitz, AFL-CIO, testified in support of HCR 3050. I applaud the sponsors for having the foresight to develop a study on this. I urge its passage and request that you lobby the legislative council to pursue this as an interim study.

Rep. Froseth: What about employees to making contributions to a death benefits insurance plan?

Kemnitz: Previous legislative sessions felt that would cede authority to employees which might be incorrect. Employees feel that their labor is their contribution to the welfare of the state's economy and profit of the employer. The employer has the burden of paying the premiums but he

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can offset that burden in tax reduction. The employee doesn't. On the other side, they receive no benefit unless they are injured. This would be difficult to administer.

Rep. Kasper: Would an additional \$.25-.50 per month into a death benefit fund be too much for employers or is that something that they would favor?

Kemnitz: That would be a comfort provision. An annuity situation could make a fund grow quickly.

Rep. Nottestad: How many persons are permanently disabled by Workers Comp standards at this time?

Kemnitz: I don't have those figures, remember that not all disabled employees are on the Bureau's list.

Rep. Keiser: This resolution suggests that we talk about permanent disability, what about 75% disability? How do we approach partial disability to provide retirement?

Kemnitz: Permanent partial impairment is a lifetime situation. WCI determines the percentage and pro rates the benefits. They're already in the system. The interim study should address these questions regarding those injured employees who are not 100% disabled. Those employees who are on *temporary total disability* for years are really in limbo.

Vetter: WCB doesn't put many people on permanent total disability unless they are catastrophically injured. People can be on temporary total disability for years. They should be included in this pool too.

Rep. Nottestad: Does WCB calculate age into their computations?

Vetter: No. It used to be that an injured employee's doctor made recommendations to WCB that were respected and taken into consideration but they do it differently now.

Salvatore Riccardi
Operator's Signature

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Carol Two Eagles appeared in support of HCR 3050. She asked that partially disabled workers be included in this resolution's study.

Dave Theil, Vice-president of Claims for Workers' Compensation Bureau, testified that the Bureau has no objections to this proposed study and that WCB is committed to addressing these issues, whether or not this study takes place.

Rep. Nottestad: How many people are permanently disabled? How does the Bureau determine when an injured worker is eligible for total rather than temporary disability? What criteria are used?

Theil: Permanent total disability is approximately 1000 workers. There are others who are on short term or partial disability. A committee examines these claims at least at the ten and seven year points, because at that point they become eligible for supplementary benefits.. We look at the severity of the injury, the significance of the injury, the attempts at Vocational Rehabilitation to make a determination. We consider what the treating physician foresees as his patient's probability or likelihood of returning to work.

Rep. Nottestad: As people approach retirement age of 62-65, do you consider that in your changes.?

Theil: Age is not a criteria under Vocational Rehabilitation statutes, as it could be considered discriminatory. We want to let people who want to return to work do so.

Rep. Kasper: How many workers are currently classified as permanently and partially disabled?

Theil: There's a five year cap on partial disability. I'll have to get actual statistics for you.

Rep. Kelsner: This is taking the department in a new direction. Currently, death benefits that are offered must be demonstrably and directly related to the injury and by definition, although

