

**FIRST ENGROSSMENT  
with Senate Amendments**

Fifty-fifth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1026**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the workers  
2 compensation bureau and its divisions; to provide authorization to expend funds from the  
3 workers' compensation contingency line item; to create and enact a new section to chapter  
4 65-02 of the North Dakota Century Code, relating to a continuing appropriation for allocated  
5 loss adjustment expenses; and to amend and reenact section 65-06.1-04 of the North Dakota  
6 Century Code, relating to civil air patrol workers' compensation reimbursements.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the  
9 funds as may be necessary, are hereby appropriated out of any moneys in the general fund in  
10 the state treasury, not otherwise appropriated, and from special funds derived from the workers'  
11 compensation fund in the state treasury, not otherwise appropriated, to the workers  
12 compensation bureau for the purpose of defraying the expenses of its various divisions, for the  
13 biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

14 Salaries and wages	\$13,299,049
15 Operating expenses	5,190,609
16 Equipment	576,000
17 Managed care/TPA	858,386
18 Information reengineering	3,250,000
19 Contingency	<u>100,000</u>
20 Total special funds appropriation	\$23,274,044

21 **SECTION 2. WORKERS' COMPENSATION CONTINGENCY - EMERGENCY**

22 **COMMISSION APPROVAL REQUIRED.** The sums appropriated in section 1 of this Act for the  
23 workers' compensation contingency line item for the biennium beginning July 1, 1997, and  
24 ending June 30, 1999, may be spent only upon authorization of the emergency commission.

1           **SECTION 3. REPORT TO BUDGET SECTION.** The workers compensation bureau is  
2 to report to the budget section on the expenditure of the \$350,000 provided for critical salary  
3 adjustments.

4           **SECTION 4.** A new section to chapter 65-02 of the North Dakota Century Code is  
5 created and enacted as follows:

6           **Allocated loss adjustment expenses - Continuing appropriation - Annual review.**  
7 Money in the workers' compensation fund is appropriated on a continuing basis for the payment  
8 of all allocated loss adjustment expenses experienced by the bureau in its administration of this  
9 title. In its annual audit and its biennial report, the bureau shall include a breakdown of those  
10 allocated loss adjustment expenses that reflect the attorney fees and costs paid to attorneys  
11 who represent injured workers, the attorney fees and costs paid to attorneys with whom it  
12 contracts to represent the bureau, the amount paid for administrative law judges for hearings,  
13 and the court reporter and other legal expenses paid. The performance audit required under  
14 1997 Senate Bill No. 2074 must include a review of the bureau's legal costs to determine  
15 whether the system is operating efficiently.

16           **SECTION 5. AMENDMENT.** Section 65-06.1-04 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18           **65-06.1-04. ~~State reimbursement~~ Reimbursement for liability in excess of**  
19 **collected premiums.** Whenever claim liability against the fund credited to the classification of  
20 civil air patrol members exceeds the amount of premiums paid into ~~such~~ the fund, ~~such~~ the  
21 excess liabilities ~~shall be~~ are a general obligation of the state of North Dakota and ~~shall~~ must  
22 be reimbursed to the bureau for credit to the workers' compensation fund through legislative  
23 appropriation. The adjutant general may use the funds available to the adjutant general under  
24 the Federal Employment Compensation Act liability coverage to satisfy the obligation under this  
25 section.