

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1120

Introduced by

Representatives Wald, Kasper

Senator Dever

(At the request of Workforce Safety and Insurance)

1 A BILL for an Act to create and enact a new subsection to section 65-05-32 of the North Dakota
2 Century Code, relating to use of social security numbers by workforce safety and insurance; to
3 amend and reenact sections 65-01-02, 65-01-17, and 65-05-20.1, subsection 1 of section
4 65-05-25, and section 65-05-30 of the North Dakota Century Code, relating to workforce safety
5 and insurance definitions of child and grandchild, the agricultural employment exemption,
6 scholarship fund distribution rules, lump sum settlements, and communications regarding
7 medical treatment; and to provide for application.

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

9 **SECTION 1. AMENDMENT.** Section 65-01-02 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **65-01-02. Definitions.** In this title:

- 12 1. "Acute care" means a short course of intensive diagnostic and therapeutic services
13 provided immediately following a work injury with a rapid onset of pronounced
14 symptoms.
- 15 2. "Adopted" or "adoption" refers only to a legal adoption effected prior to the time of
16 the injury.
- 17 3. "Artificial members" includes only such devices as are substitutes for, and not
18 mere aids to, a natural part, organ, limb, or other part of the body. The term does
19 not include eyeglasses or contact lenses unless the eye is, or eyes are, injured as
20 a result of a compensable injury, and such injury causes a change in sight which
21 requires fitting of eyeglasses or contact lenses not previously worn by the injured
22 worker or requires a change in existing prescription.
- 23 4. "Artificial replacements" means mechanical aids, including braces, belts, casts, or
24 crutches as may be reasonable and necessary due to compensable injury.

- 1 5. "Average weekly wage" means the weekly wages the employee was receiving
2 from all employments for which coverage is required or otherwise secured at the
3 date of first disability. The average weekly wage determined under this subsection
4 must be rounded to the nearest dollar. If the employee's wages are not fixed by
5 the week, they must be determined by using the first applicable formula from the
6 schedule below:
- 7 a. For seasonal employment, during the first consecutive days of disability up to
8 twenty-eight days the average weekly wage is calculated pursuant to the first
9 applicable formula in subdivisions b through g, and after that are calculated
10 as one-fiftieth of the total wages from all occupations during the twelve
11 months preceding the date of first disability or during the tax year preceding
12 the date of first disability, or an average of the three tax years preceding the
13 date of first disability, whichever is highest and for which accurate, reliable,
14 and complete records are readily available.
- 15 b. The "average weekly wage" of a self-employed employer is determined by the
16 following formula: one fifty-second of the average annual net self-employed
17 earnings reported the three preceding tax ~~year~~ years or preceding fifty-two
18 weeks whichever is higher if accurate, reliable, and complete records for
19 those fifty-two weeks are readily available.
- 20 c. Hourly or daily rate multiplied by number of hours or days worked per
21 seven-day week.
- 22 d. Monthly rate multiplied by twelve months and divided by fifty-two weeks.
- 23 e. Biweekly rate divided by two.
- 24 f. The usual wage paid other employees engaged in similar occupations.
- 25 g. A wage reasonably and fairly approximating the weekly wage lost by the
26 claimant during the period of disability.
- 27 6. "Average weekly wage in the state" means the determination made of the average
28 weekly wage in the state by job service North Dakota on or before July first of each
29 year, computed to the next highest dollar.
- 30 7. "Board" means the workforce safety and insurance board of directors.

8. "Brother" and "sister" include a stepbrother and a stepsister, a half brother and a half sister, and a brother and sister by adoption. The terms do not include a married brother or sister unless that person actually is dependent.

9. "Child", for determining eligibility for benefits under chapter 65-05, means a ~~child under eighteen years of age residing in the employee's household or to whom the employee has a legal obligation of support; or a child eighteen years of age or over and physically or mentally incapable of self-support who is actually dependent upon the employee for support; or any child between eighteen and twenty-two years of age who is enrolled as a full-time student in any accredited educational institution who is actually dependent upon the employee for support. This term includes a~~ legitimate child, a stepchild, adopted child, posthumous child, foster child, and acknowledged illegitimate child, ~~but~~ who is under eighteen years of age and resides with the employee; or is under eighteen years of age and does not reside with the employee but a duty of support is substantiated by an appropriate court order; or is between eighteen and twenty-two years of age and enrolled as a full-time student in any accredited educational institution and dependent upon the employee for support; or is eighteen years of age or over and is physically or mentally incapable of self-support and is actually dependent upon the employee for support. A child does not include a married child unless actually dependent on the employee as shown on the preceding year's income tax returns.

10. "Compensable injury" means an injury by accident arising out of and in the course of hazardous employment which must be established by medical evidence supported by objective medical findings.

a. The term includes:

(1) Disease caused by a hazard to which an employee is subjected in the course of employment. The disease must be incidental to the character of the business and not independent of the relation of employer and employee. Disease includes effects from radiation.

(2) An injury to artificial members.

(3) Injuries due to heart attack or other heart-related disease, stroke, and physical injury caused by mental stimulus, but only when caused by the

employee's employment with reasonable medical certainty, and only when it is determined with reasonable medical certainty that unusual stress is at least fifty percent of the cause of the injury or disease as compared with all other contributing causes combined. Unusual stress means stress greater than the highest level of stress normally experienced or anticipated in that position or line of work.

(4) Injuries arising out of employer-required or supplied travel to and from a remote jobsite or activities performed at the direction or under the control of the employer.

(5) An injury caused by the willful act of a third person directed against an employee because of the employee's employment.

(6) A mental or psychological condition caused by a physical injury, but only when the physical injury is determined with reasonable medical certainty to be at least fifty percent of the cause of the condition as compared with all other contributing causes combined, and only when the condition did not preexist the work injury.

b. The term does not include:

(1) Ordinary diseases of life to which the general public outside of employment is exposed or preventive treatment for communicable diseases, except that the bureau may pay for preventive treatment for significant exposures documented by emergency medical services providers under chapter 23-07.3, for significant exposures for the employees of licensed facilities as defined by chapter 23-07.3, and for exposure to rabies occurring in the course of employment.

(2) A willfully self-inflicted injury, including suicide or attempted suicide, or an injury caused by the employee's willful intention to injure or kill another.

(3) Any injury caused by the use of intoxicants or the illegal use of controlled substances.

(4) An injury that arises out of an altercation in which the injured employee is an aggressor. This paragraph does not apply to public safety

employees, including law enforcement officers or private security personnel who are required to engage in altercations as part of their job duties if the altercation arises out of the performance of those job duties.

(5) An injury that arises out of an illegal act committed by the injured employee.

(6) An injury that arises out of an employee's voluntary nonpaid participation in any recreational activity, including athletic events, parties, and picnics, even though the employer pays some or all of the cost of the activity.

(7) Injuries attributable to a preexisting injury, disease, or other condition, including when the employment acts as a trigger to produce symptoms in the preexisting injury, disease, or other condition unless the employment substantially accelerates its progression or substantially worsens its severity.

(8) A nonemployment injury that, although acting upon a prior compensable injury, is an independent intervening cause of injury.

(9) A latent or asymptomatic degenerative condition, caused in substantial part by employment duties, which is triggered or made active by a subsequent injury.

(10) A mental injury arising from mental stimulus.

11. "Date of first disability" means the first date the employee was unable to work because of a compensable injury.

12. "Date of maximum medical improvement" or "date of maximum medical recovery" means the date after which further recovery from, or lasting improvement to, an injury or disease can no longer reasonably be anticipated based upon reasonable medical probability.

13. "Director" means the director of the organization.

14. "Disability" means loss of earnings capacity and may be permanent total, temporary total, or partial.

1 15. "Doctor" means doctor of medicine or osteopathy, chiropractor, dentist,
2 optometrist, podiatrist, or psychologist acting within the scope of the doctor's
3 license.

4 16. "Employee" means a person who performs hazardous employment for another for
5 remuneration unless the person is an independent contractor under the "common
6 law" test.

7 a. The term includes:

8 (1) All elective and appointed officials of this state and its political
9 subdivisions, including municipal corporations and including the
10 members of the legislative assembly, all elective officials of the several
11 counties of this state, and all elective peace officers of any city.

12 (2) Aliens.

13 (3) County general assistance workers, except those who are engaged in
14 repaying to counties moneys that the counties have been compelled by
15 statute to expend for county general assistance.

16 (4) Minors, whether lawfully or unlawfully employed; a minor is deemed
17 sui juris for the purposes of this title, and no other person has any claim
18 for relief or right to claim workforce safety and insurance benefits for
19 any injury to a minor worker, but in the event of the award of a lump
20 sum of benefits to a minor employee, the lump sum may be paid only to
21 the legally appointed guardian of the minor.

22 b. The term does not include:

23 (1) Any person whose employment is both casual and not in the course of
24 the trade, business, profession, or occupation of that person's
25 employer.

26 (2) Any person who is engaged in an illegal enterprise or occupation.

27 (3) The spouse of an employer or a child under the age of twenty-two of an
28 employer. For purposes of this paragraph and section 65-07-01, "child"
29 means any legitimate child, stepchild, adopted child, foster child, or
30 acknowledged illegitimate child.

- 1 (4) Any real estate broker or real estate salesperson, provided the person
2 meets the following three requirements:
- 3 (a) The salesperson or broker must be a licensed real estate agent
4 under section 43-23-05.
- 5 (b) Substantially all of the salesperson's or broker's remuneration for
6 the services performed as a real estate agent must be directly
7 related to sales or other efforts rather than to the number of
8 hours worked.
- 9 (c) A written agreement must exist between the salesperson or
10 broker and the person or firm for whom the salesperson or broker
11 works, which agreement must provide that the salesperson or
12 broker will not be treated as an employee but rather as an
13 independent contractor.
- 14 (5) The members of the board of directors of a business corporation who
15 are not employed in any capacity by the corporation other than as
16 members of the board of directors.
- 17 (6) Any individual delivering newspapers or shopping news, if substantially
18 all of the individual's remuneration is directly related to sales or other
19 efforts rather than to the number of hours worked and a written
20 agreement exists between the individual and the publisher of the
21 newspaper or shopping news which states that the individual is an
22 independent contractor.
- 23 (7) An employer.
- 24 c. Persons employed by a subcontractor, or by an independent contractor
25 operating under an agreement with the general contractor, for the purpose of
26 this chapter are deemed to be employees of the general contractor who is
27 liable and responsible for the payments of premium for the coverage of these
28 employees until the subcontractor or independent contractor has secured the
29 necessary coverage and paid the premium for the coverage. This subdivision
30 does not impose any liability upon a general contractor other than liability to

the organization for the payment of premiums which are not paid by a subcontractor or independent contractor.

17. "Employer" means a person who engages or received the services of another for remuneration unless the person performing the services is an independent contractor under the "common law" test. The term includes:

- a. The state and all political subdivisions thereof.
- b. All public and quasi-public corporations in this state.
- c. Every person, partnership, limited liability company, association, and private corporation, including a public service corporation.
- d. The legal representative of any deceased employer.
- e. The receiver or trustee of any person, partnership, limited liability company, association, or corporation having one or more employees as herein defined.
- f. The president, vice presidents, secretary, or treasurer of a business corporation, but not members of the board of directors of a business corporation who are not also officers of the corporation.
- g. The managers of a limited liability company.
- h. The president, vice presidents, secretary, treasurer, or board of directors of an association or cooperative organized under chapter 6-06, 10-12, 10-13, 10-15, 36-08, or 49-21.
- i. The clerk, assessor, treasurer, or any member of the board of supervisors of an organized township, if the person is not employed by the township in any other capacity.

18. "Fee schedule" means the payment formulas established in the organization publication entitled "Medical and Hospital Fees".

19. "Fund" means the workforce safety and insurance fund.

~~20. "Grandchild" and the terms defined in subsections 8 and 9 include only a person who, at the time of the death of the deceased employee, is under eighteen years of age, or if over that age, is incapable of self support.~~

~~24.~~ "Hazardous employment" means any employment in which one or more employees are employed regularly in the same business or in or about the establishment except:

- 1 a. Agricultural or domestic service.
- 2 b. Any employment of a common carrier by railroad.
- 3 c. Any employment for the transportation of property or persons by
- 4 nonresidents, where, in such transportation, the highways are not traveled
- 5 more than seven miles [11.27 kilometers] and return over the same route
- 6 within the state of North Dakota.
- 7 d. All members of the clergy and employees of religious organizations engaged
- 8 in the operation, maintenance, and conduct of the place of worship.
- 9 ~~22.~~ 21. "Health care provider" means a doctor or any recognized practitioner providing
- 10 skilled services pursuant to the prescription of, or under the supervision or
- 11 direction of, a doctor.
- 12 ~~23.~~ 22. "Organization" means workforce safety and insurance, or the director, or any
- 13 department head, assistant, or employee of workforce safety and insurance
- 14 designated by the director, to act within the course and scope of that person's
- 15 employment in administering the policies, powers, and duties of this title.
- 16 ~~24.~~ 23. "Parent" includes a stepparent and a parent by adoption.
- 17 ~~25.~~ 24. "Permanent impairment" means the loss of or loss of use of a member of the body
- 18 existing after the date of maximum medical improvement and includes
- 19 disfigurement resulting from an injury.
- 20 ~~26.~~ 25. "Permanent total disability" means an employee is determined incapable of
- 21 rehabilitation of earnings capacity as determined by the:
- 22 a. Nature of injury.
- 23 b. Degree of physical impairment.
- 24 c. Education.
- 25 d. Work history.
- 26 e. Vocational rehabilitation potential.
- 27 ~~27.~~ 26. "Rehabilitation services" means nonmedical services reasonably necessary to
- 28 restore a disabled employee to substantial gainful employment as defined by
- 29 section 65-05.1-01 as near as possible. The term may include vocational
- 30 evaluation, counseling, education, workplace modification, and vocational

retraining including ~~on-the-job training or~~ training for alternative employment with the same employer, and job placement assistance.

~~28.~~ 27. "Seasonal employment" includes occupations that are not permanent or that do not customarily operate throughout the entire year. Seasonal employment is determined by what is customary with respect to the employer at the time of injury.

~~29.~~ 28. "Spouse" includes only the decedent's husband or wife who was living with the decedent or was dependent upon the decedent for support at the time of injury.

~~30.~~ 29. "Utilization review" means the initial and continuing evaluation of appropriateness in terms of both the level and the quality of health care and health services provided a patient, based on medically accepted standards. The evaluation must be accomplished by means of a system that identifies the utilization of medical services, based on medically accepted standards, and which refers instances of possible inappropriate utilization to the organization to obtain opinions and recommendations of expert medical consultants to review individual cases for which administrative action may be deemed necessary.

~~31.~~ 30. "Wages" means an employee's remuneration from all employment reportable to the internal revenue service as earned income for federal income tax purposes. For purposes of chapter 65-04, "wages" may not include dismissal or severance pay.

SECTION 2. AMENDMENT. Section 65-01-17 of the North Dakota Century Code is amended and reenacted as follows:

65-01-17. Agricultural employment exemption - Custom agricultural operations.

For purposes of the agricultural service exception to hazardous employment under ~~subsection 21 of~~ section 65-01-02, an agricultural employer that engages in a custom agricultural operation, which is the planting, care, or harvesting of grain or field crops on a contract-for-hire basis, exclusive of hauling by special contractor, retains the exemption unless the employer's custom agricultural operations are based outside this state or require more than thirty actual working days of operation during the calendar year.

SECTION 3. AMENDMENT. Section 65-05-20.1 of the North Dakota Century Code is amended and reenacted as follows:

1 **65-05-20.1. Scholarship fund - Rules.** The organization may establish a scholarship
2 fund to provide scholarships for the spouse and dependent children of a worker who dies as a
3 result of a compensable work-related injury, if the spouse and children have received benefits
4 under section 65-05-17. The organization may also grant scholarships to injured workers for
5 whom the organization determines a scholarship would be beneficial and appropriate because
6 of exceptional circumstances as determined by the organization. Scholarships are payable to
7 an accredited institution of higher education or an institution of technical education on behalf of
8 a student attending that institution. The total amount awarded annually in scholarships may not
9 exceed ~~one~~ three hundred ~~fifty~~ thousand dollars. The maximum amount payable on behalf of
10 an applicant is ~~three~~ four thousand dollars per year for no more than five years, except that
11 scholarships awarded on the basis of exceptional circumstances may not exceed ten thousand
12 dollars per year for more than five years, per applicant. Scholarships must be awarded by a
13 panel chosen by the organization. The organization shall adopt rules establishing selection
14 criteria and obligations associated with the program and identifying information an applicant is
15 required to submit to determine an appropriate scholarship award. There is no right to
16 reconsideration, rehearing, or appeal from any decision regarding the award, denial, or amount
17 of a scholarship.

18 **SECTION 4. AMENDMENT.** Subsection 1 of section 65-05-25 of the North Dakota
19 Century Code is amended and reenacted as follows:

- 20 1. If an employee is determined to be permanently and totally disabled, the
21 organization may pay the employee a lump sum equal to the present value of all
22 future payments of compensation. The probability of the employee's death before
23 the expiration of the period during which the employee is entitled to compensation
24 must be determined by generally accepted mortality studies. The organization
25 may not pay the employee a lump sum unless it has first determined that there is
26 clear and convincing evidence that the lump sum payment is in the best interest of
27 the employee. Best interest of the employee may not be deemed to exist because
28 the employee can invest the lump sum in another manner to realize a better yield.
29 The employee must show a specific plan of rehabilitation which will enable the
30 employee to return ~~to work~~ as a productive member of society.

1 **SECTION 5. AMENDMENT.** Section 65-05-30 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **65-05-30. Filing of claim constitutes consent to use of information received by**
4 **doctor.** The filing of a claim with the organization constitutes a consent to the use by the
5 organization, in any proceeding by it or to which it is a party in any court, of any information,
6 including prior and subsequent prognosis reports, medical records, medical bills, and other
7 information concerning any health care or health care services which was received by any
8 doctor, hospital, or clinic in the course of any examination or treatment of the claimant. The
9 filing of such claim authorizes a doctor, hospital, or clinic to disclose any such information to the
10 organization or to, its representative, or to the employer, except that any such information
11 directly disclosed to the employer must be relevant to the employee's work injury or to return to
12 work issues. No physician or health care provider furnishing such reports or records incurs any
13 liability as a result.

14 **SECTION 6.** A new subsection to section 65-05-32 of the North Dakota Century Code
15 is created and enacted as follows:

16 The organization may release the social security number of an individual claiming
17 entitlement to benefits under this title to health care providers or health care
18 facilities for the purpose of adjudicating a claim for benefits.

19 **SECTION 7. APPLICATION.** Sections 5 and 6 of this Act apply to all claims,
20 regardless of the date of injury. Sections 1 and 4 of this Act apply to all claims filed after
21 July 31, 2005.