

Sixty-first
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1037

Introduced by

Legislative Council

(Industry, Business, and Labor Committee)

1 A BILL for an Act to amend and reenact sections 65-02-23 and 65-02-30 of the North Dakota
2 Century Code, relating to the independent performance evaluation of workforce safety and
3 insurance.

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

5 **SECTION 1. AMENDMENT.** Section 65-02-23 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **65-02-23. Workforce safety and insurance fraud unit - Continuing appropriation.**

8 The organization shall establish a workforce safety and insurance fraud unit. The organization
9 may employ investigators and licensed attorneys, or contract with a private investigator
10 whenever feasible or cost-effective, to investigate and review any alleged case of fraud against
11 the fund by employers, injured workers, or providers of medical or other services, including
12 activities described under section 65-04-33 or 65-05-33. The unit shall refer cases of fraud to
13 the organization for the imposition of administrative penalties and may refer them to the
14 appropriate authorities for prosecution. Money in the workforce safety and insurance fund is
15 appropriated on a continuing basis for payment of costs associated with identifying, preventing,
16 and investigating employer or provider fraud. ~~The biennial independent performance~~
17 ~~evaluation of the organization must evaluate and report on the effectiveness of these~~
18 ~~expenditures.~~ The organization may establish a process to charge investigative costs against
19 the rate class of an employer being investigated and to credit any recoveries to that rate class.

20 **SECTION 2. AMENDMENT.** Section 65-02-30 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **65-02-30. Independent performance evaluation - Organization development of**
23 **performance measurements - Continuing appropriation.** Biennially, the director shall
24 request the state auditor to select a firm with extensive expertise in ~~workforce safety and~~

1 ~~insurance~~ workers' compensation practices and standards to complete a performance
2 evaluation of the functions and operations of the organization during that biennium. This may
3 not be construed to require the firm to be a certified public accounting firm. ~~As determined~~
4 ~~necessary by the state auditor, but at least once every other biennium, the biennial~~
5 ~~independent performance evaluation must evaluate departments of the organization to~~
6 ~~determine whether the organization is providing quality service in an efficient and cost-effective~~
7 ~~manner; evaluate the effectiveness of safety and loss prevention programs under section~~
8 ~~65-03-04; and evaluate the board to determine whether the board is operating within section~~
9 ~~65-02-03.3 and within the board's bylaws.~~ The firm's report must contain recommendations for
10 departmental improvement or an explanation of why no recommendations are being made.
11 The director or the director's designee, the chairman of the board or the chairman's designee,
12 and a representative of the firm shall present the evaluation report and any action taken to the
13 legislative council's ~~legislative audit and fiscal~~ workers' compensation review committee and to
14 ~~the house and senate industry, business and labor standing committees during the next regular~~
15 ~~session of the legislative session following the performance evaluation~~ the governor. The
16 director shall provide a copy of the performance evaluation report to the state auditor. ~~The~~
17 ~~organization shall develop and maintain comprehensive, objective performance measurements.~~
18 ~~These measurements must be evaluated as part of the independent performance evaluation~~
19 ~~performed under this section~~ Except as otherwise provided in this section, the workers'
20 compensation review committee may select no more than four elements to be evaluated in the
21 performance evaluation and shall inform the state auditor of the selected items to be evaluated.
22 The state auditor shall include the elements selected by the committee in the performance
23 evaluation, but the state auditor may select additional elements to be evaluated. The total
24 number of elements, including those selected by the workers' compensation review committee,
25 may not exceed eight. In exceptional circumstances, the state auditor may include more than
26 eight elements for evaluation. If more than eight elements are selected, the state auditor shall
27 report to the workers' compensation review committee the additional elements selected and the
28 exceptional circumstances to support the inclusion of the additional elements. Money in the
29 workforce safety and insurance fund is appropriated on a continuing basis for the payment of
30 the expense of conducting the performance evaluation. The organization shall develop and

- 1 maintain comprehensive, objective performance measurements. These measurements may be
- 2 evaluated as part of the independent performance evaluation under this section.