

**FISCAL NOTE**

(Return original and 13 copies)

Bill/Resolution No.: HB 1464 Amendment to: \_\_\_\_\_  
Requested by Legislative Council Date of Request: January 22, 1997

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities and school districts.

**Narrative:**

(see attached)

- 2. **State** fiscal effect in dollar amounts:

<u>1995-97</u>		<u>1997-99</u>		<u>1999-2001</u>	
<u>Biennium</u>		<u>Biennium</u>		<u>Biennium</u>	
<u>General</u>	<u>Special</u>	<u>General</u>	<u>Special</u>	<u>General</u>	<u>Special</u>
<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>

Revenues:

Expenditures:

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1995-97 biennium: \_\_\_\_\_
- b. For the 1997-99 biennium: \_\_\_\_\_
- c. For the 1999-2001 biennium: \_\_\_\_\_

- 4. **County, City and School District** fiscal effect in dollar amounts:

<u>1995-97</u>			<u>1997-99</u>			<u>1999-2001</u>		
<u>Biennium</u>			<u>Biennium</u>			<u>Biennium</u>		
<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>

If additional space is needed, attach a supplemental sheet.

Signed J. Patrick Traynor

Typed Name J. Patrick Traynor

Date Prepared: 01/31/97

Department Workers Compensation Bureau

Phone Number (701) 328-3856

**NORTH DAKOTA WORKERS COMPENSATION BUREAU**  
**1997 LEGISLATION**  
**SUMMARY OF ACTUARIAL INFORMATION**

**BILL DESCRIPTION:** New Section to 65-01 Regarding Definitions, etc.

**BILL NO:** HB 1464

**SUMMARY OF ACTUARIAL INFORMATION:** The Workers Compensation Bureau, together with its Actuary, Glenn Evans of Pacific Actuarial Consultants, have reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

*The proposed legislation:*

- *Eliminates the ability of employers in the Bureau's safety program to designate specialized medical providers to treat occupational injuries and diseases.*
- *Creates artificial presumption that the treating doctor is always correct in treatment decisions.*
- *Requires the Bureau to immediately submit all requests for reconsideration to the office of administrative hearings to schedule hearings.*
- *Removes Bureau's continuing jurisdiction over all claims properly filed (explained below).*
- *Allows for workers compensation trials at the district court level with de novo review.*
- *Effectively removes successful early dispute resolution program (Worker Advisor Program).*

**FISCAL IMPACT:** Proposed legislation would serve to eliminate most major medical and legal cost containment strategies implemented during past sessions. This is anticipated to have a substantial increase in medical, legal and administrative costs.

Eliminating the use of designated medical providers (DMP) would increase wage-loss payments and medical expenses. The use of doctors knowledgeable in treating workplace injuries allows for quicker and safer returns to work. Creating the presumption that the treating doctor is always correct in treatment decisions will result in increased medical costs with the Bureau paying for unnecessary or unrelated medical procedures. The requirement that the Bureau submit all requests for reconsideration to the Office of Administrative Hearings would negate the use of the Worker Advisor Program and serve to increase litigation costs. The elimination of the Bureau's continuing jurisdiction over accepted claims would prevent the Bureau from terminating benefits of a person who was later found to be not legally entitled to those benefits, even in cases of fraud in the original claim filing. The Fraud Unit, since inception, has accumulated savings in excess of \$2 million. Allowing de novo review by a district court over any final decision by the bureau will dramatically increase legal and administrative costs.

**RATE LEVEL IMPACT:** It's the actuary's estimate the rate level impact of the proposed bill would be in a range between 5% and 15%.

**RESERVE IMPACT:** Although not fully estimated at this point, the actuary predicts a substantial increase to current reserve levels.