

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1262 Amendment to: \_\_\_\_\_

Requested by Legislative Council Date of Request: 1-13-99

- 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:

Table with 6 columns: 1997-99 Biennium (General Fund, Special Funds), 1999-2001 Biennium (General Fund, Special Funds), 2001-03 Biennium (General Fund, Special Funds)

Revenues:

Expenditures:

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

- a. For rest of 1997-99 biennium: \_\_\_\_\_
b. For the 1999-2001 biennium: \_\_\_\_\_
c. For the 2001-03 biennium: \_\_\_\_\_

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

Table with 9 columns: 1997-99 Biennium (Counties, Cities, School Districts), 1999-2001 Biennium (Counties, Cities, School Districts), 2001-03 Biennium (Counties, Cities, School Districts)

If additional space is needed, attach a supplemental sheet.

Signed J. Patrick Traynor

Typed Name J. Patrick Traynor

Department Workers Compensation Bureau

Phone Number 328-3856

Date Prepared: 01-20-99

***NORTH DAKOTA WORKERS COMPENSATION BUREAU***  
***1999 LEGISLATION***  
***SUMMARY OF ACTUARIAL INFORMATION***

***BILL DESCRIPTION:***      Retirement Presumption

***BILL NO:*** HB 1262

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

The proposed legislation effectively eliminates the retirement presumption initially introduced as part of HB 1228, which passed during the 1995 legislative session and later amended during the 1997 legislative session in SB 2125. Under this proposal, claimants will continue receiving wage-loss benefits even after they begin receiving retirement benefits. The proposed bill also eliminates the three year cap on disability benefits for employees injured after they become eligible for social security retirement benefits. The proposed bill repeals an additional benefit that was created during the 1997 legislative session.

***FISCAL IMPACT:***

**Rate Level Impact:** The proposed legislation will increase the rate level for F/Y 1999-00 by approximately 3%-6% from the level that would otherwise be required. The ultimate cost of reversing the retirement presumption will likely exceed the calculated estimates should the proposals to increase the maximum time loss benefit to 110% of the State's Average Weekly Wage (SAWW) and to decrease the waiting period for supplemental benefits to 7 years be implemented concurrently.

**Reserve Level Impact:** The retroactive nature of the proposed change will increase required reserve levels for injuries occurring prior to the effective date of the law. The "Gregory" and "Ash" decisions handed down by the State Supreme Court last year have effectively eliminated the retirement presumption for claims with accident dates prior to August 1, 1995. Thus, the reserve impact of the current proposal will be limited to fiscal accident years 1995-96 and subsequent. The actuary's calculations suggest that the discounted cost will be \$3 million to \$6 million for each fiscal accident year. The total reserve increase at July 1, 1999 will likely fall in a range between \$15 million and \$20 million.

***DATE:*** 1-21-99