

FIRST ENGROSSMENT

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1150

Introduced by

Representative M. Klein

Senator J. Klein

(At the request of the Workers Compensation Bureau)

1 A BILL for an Act to amend and reenact sections 65-02-03.1, 65-02-30, and 65-03-04 of the
2 North Dakota Century Code, relating to the term of office of members and membership of the
3 workers compensation bureau board of directors and biennial performance evaluations of the
4 functions and operations of the workers compensation bureau; and to provide for application.

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

6 **SECTION 1. AMENDMENT.** Section 65-02-03.1 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **65-02-03.1. Workers compensation board of directors - Appointment.**

9 1. ~~Beginning September 1, 1997, the initial board of directors shall consist of the~~
10 ~~members on the state advisory council on December 15, 1996. The initial board~~
11 ~~shall submit to the governor a list of three names of potential candidates for each~~
12 ~~of the employer member positions and the medical association position. From~~
13 ~~each list the governor shall select an individual to fill the member position of the~~
14 ~~subsequent board. An organization that is statewide in scope and which through~~
15 ~~its affiliates embraces a cross section and a majority of organized labor in this~~
16 ~~state shall submit to the governor a list of three names of potential candidates for~~
17 ~~one of the three employee positions. The governor shall select an individual to fill~~
18 ~~this organized labor employee member position, and the governor shall appoint~~
19 ~~two individuals to fill the remaining two employee positions. The subsequent board~~
20 ~~is effective January 1, 1998.~~

21 2. After ~~December 31, 1997~~ the effective date of this Act, the board consists of ~~ten~~
22 eleven members. The appointment and replacement of the members must ensure
23 that:

- 1 a. Six board members represent employers in this state that maintain active
2 accounts with the bureau, at least one of which must be a participant in the
3 risk management program, at least two of which must be employers with
4 annual premiums greater than twenty-five thousand dollars, at least one of
5 which must be an employer with an annual premium of ten thousand dollars
6 but less than twenty-five thousand dollars, and at least one of which must be
7 an employer with an annual premium of less than ten thousand dollars.
- 8 b. Three members represent employees; at least one member must have
9 received workers' compensation benefits; and at least one member must
10 represent organized labor.
- 11 c. One ~~nonvoting~~ member is a member of the North Dakota medical association.
- 12 d. One member is a member at large who must be a resident of this state and at
13 least twenty-one years of age.
- 14 ~~3.~~ 2. Board members shall serve ~~six-year~~ four-year terms, except ~~of the initial board~~
15 ~~members, an employee representative and two employer representatives shall~~
16 ~~serve only through December 31, 1998; an employee representative and two~~
17 ~~employer representatives shall serve only through December 31, 2000; and an~~
18 ~~employee representative, two employer representatives, and the medical~~
19 ~~association representative shall serve only through December 31, 2002, as~~
20 ~~determined by lot to initiate a cycle that results in three members' terms expiring on~~
21 ~~December thirty first of each even-numbered year, and beginning~~ the initial term of
22 office of the member at large to be appointed upon the effective date of this Act
23 expires on December 31, 2006, and the term of office of the medical association
24 member whose term of office became effective January 1, 2003, expires on
25 December 31, 2006. The governor shall make the necessary appointments to
26 ensure the term of office of members begins on January first of each
27 odd-numbered year. Board members may not serve more than ~~two~~ three
28 consecutive terms. A departing member representing an employer must be
29 replaced by a member representing an employer, most of whose employees are in
30 a different rate classification than those of the employer represented by the
31 departing member. The governor shall appoint the replacement member for a

1 departing employer representative or medical association representative from a list
2 of three candidates submitted by the board. The governor shall select the
3 replacement member for the departing organized labor employee representative
4 from a list of three names of potential candidates submitted by an organization that
5 is statewide in scope and which through its affiliates embraces a cross section and
6 a majority of organized labor in this state, ~~and the~~. The governor shall select the
7 replacement member for a departing nonorganized labor employee representative.
8 The governor shall appoint the replacement member for the member at large from
9 a list of three candidates submitted by the board. Vacancies in the membership of
10 the board must be filled for the unexpired term by appointment by the governor as
11 provided in this subsection.

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

14 **65-02-30. Independent performance evaluation - Bureau development of**
15 **performance measurements - Continuing appropriation.** Biennially, the director shall
16 request the state auditor to select a firm with extensive expertise in workers' compensation
17 practices and standards to complete a performance evaluation of the functions and operations
18 of the bureau during that biennium. This may not be construed to require the firm to be a
19 certified public accounting firm. ~~The~~ As determined necessary by the state auditor, but at least
20 once every other biennium, the biennial independent performance evaluation must evaluate the
21 departments of the bureau to determine whether the bureau is providing quality service in an
22 efficient and cost-effective manner. ~~The firm also shall conduct a performance evaluation of;~~
23 evaluate the effectiveness of safety and loss prevention programs under section 65-03-04; and
24 evaluate the board to determine whether the board is operating within section 65-02-03.3 and
25 within the board's bylaws. The firm's report must contain recommendations for departmental
26 improvement or an explanation of why no recommendations are being made. The director, the
27 chairman of the board, and a representative of the firm shall present the evaluation report and
28 any action taken to the legislative council's legislative audit and fiscal review committee and to
29 the house and senate industry, business and labor standing committees during the next regular
30 session of the legislative session following the performance evaluation. The director shall
31 provide a copy of the performance evaluation report to the state auditor. The bureau shall

1 develop and maintain comprehensive, objective performance measurements. These
2 measurements must be evaluated as part of the independent performance evaluation
3 performed under this section. Money in the workers' compensation fund is appropriated on a
4 continuing basis for the payment of the expense of conducting the performance evaluation.

5 **SECTION 3. AMENDMENT.** Section 65-03-04 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **65-03-04. Safety programs.** The bureau shall create and operate work safety and
8 loss prevention programs to protect the health of covered employees and the financial integrity
9 of the fund, including programs promoting safety practices by employers and employees
10 through education, training, consultation, grants, or incentives. ~~The biennial independent~~
11 ~~performance evaluation of the bureau must evaluate and report on the effectiveness of these~~
12 ~~programs.~~

13 **SECTION 4. APPLICATION OF ACT.** The reduction in the term of office from six
14 years to four years in section 2 of this Act does not affect the term of office of a member
15 appointed before the effective date of this Act, except as provided in section 2 of this Act.