

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1 288

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1288

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1288

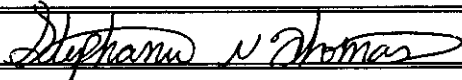
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2494

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on HB 1288.

Rep. Bill Amerman, District 26: This bill has to do with eligibility for supplementary benefits.

We corrected, I think, some of that in HB 1038, and as per suggestion of the chair, I was not about to muddy up HB 1038. What HB 1038 did was claims filed after December 31, 2005, the claimant would be receiving permanent total disability payments of death benefits, and would have to wait 3 years to get supplemental benefits. The ones before that would have to wait 7 years. With this bill, before you would catch the ones that are under the 7 years, then they all would be where you only have to wait 3 years instead of the 7. Basically, what it does it pick up the other half of what HB 1038 didn't, because there's a possibility that somebody might have gotten hurt 2 years before January 2006, then if I get hurt in 3 years I get benefits, while he's already had 5, and he still has to wait 2 more years.

David Kemnitz, AFLCIO: Support HB 1288. This would address those that would be below the 60% of the states average, and for economic security, and for justice. The 7 years is a number, and it came from what? The 3 years is a number, but 3 years to us is what the original intent was, which is nobody would drop below the 60% paid out of the weekly wage in that benefit, and that's not a huge benefit anyway.

Tim Wahlin, WSI: Supplementary benefits are contained in 65-05.20; you're just defining what the supplementary benefits are. Currently, the supplementary benefits essentially establish the cost of living adjustment for individuals who are permanently and totally disabled, and have received benefits for a period of 7 years. At that point in time there are 2 formulas, at which time, we will calculate any adjustments, which are the difference between their average weekly wage if they are being paid, and the amount above that represents cost of living adjustments considered as supplemental payment, and then that supplemental payment is then adjusted every year in July, and that adjustment is based upon the change of the states average weekly wage.

Rep. Keiser: If somebody is below the average weekly wage and gets the 7 years, supplementary doesn't kick in. It's only when they hit the average weekly wage that it goes up, right?

Tim: That was correct. We currently have dual supplementary benefits structure. The old supplementary benefits structure moved everybody up 60% of the states average weekly wage, and then made adjustments upward from that. If I were a high wage earner than I would have to wait for those increases to finally catch the affect of the old law, which was that it pushed everybody through the same wage. That was changed, and that is slowly becoming affective, and the current law reflects that. Everybody will also get a COLA. So, we have dual with ones expiring and ones coming into affect so, the fix is already coming into affect.

Rep. Keiser: What does this bill apply to, both?

Tim: This bill, as written, would apply to the new schedule.

Rep. Keiser: Currently, you have to wait 7 years to adjust, and this just reduces it to 3, correct?

Tim: That's correct.

Sebald Vetter, CARE: Support HB 1288.

Dan Fitterman, Injured Worker: Support HB 1288.

Leroy Volk, Injured Worker: Support HB 1288.

Tim Wahlin, WSI: Opposed to HB 1288. This bill seeks to adjust the waiting period for supplementary benefits from 7 to 3 consecutive years for both permanently and totally disabled recipients and death recipients. Benefits, better known as cost of living adjustments are payable with individuals who have been permanently and totally disabled, and to survivors that have been receiving death benefits for a period of 7 years. It is WSI's concern that such a broad application of a 3 year waiting period would create yet another dislocation in benefits between the classes of 3 HB 1171 and post HB 1171 claim, because each group of claims identifies permanent and total disability difference. If approved HB 1288 would in both the reserve level impact, and a premium rate level increase. The anticipated discounts reserve level increase would be between \$4.5 million and \$6 million. The premium rate level impact is anticipated to be between 1% to 1.5%. These numbers are based on the assumption that this bill is intended for application only to those recipients who are eligible for supplementary benefits after the effective date of the act. For the above stated reasons, WSI asks for a do not pass on HB 1288.

Rep. Amerman: In the fiscal note it currently is estimated that 40 permanent totally disabled claims with arise every year based on this assumption for 1% rate level premiums to increase from 1% to 1.5%. So, you're saying every year the 40 that have gone for 3 years, that's what's raising this?

Tim: Our numbers show that at any given injury years, under the new test, there will arise 40 permanently and totally disabled workers. Those will mature over time, so for the year 2006 we expect as openly as it evolves 40 of them will become deemed permanently and totally

disabled. Prior to HB 1171, we're looking at an average of 50 that were deemed permanently and totally disabled out of each injury class.

Rep. Keiser: So, in your two you'll have 80, and in your three 120, unless they die or something else happens?

Tim: That's correct, but remember that's over time.

Rep. Amerman: Does that necessarily mean even though there's that many that year coming, does that actually mean there are 40 of them that qualify as the 3 year period?

Tim: Yes, probably. If you look at how we're reviewing now with permanent total disability, we're waiting for two years before we make that designation.

Rep. Keiser: You said that there's going to be a disparity between the pre HB 1171 and the post. I don't understand why there's a disparity.

Tim: Last session when HB 1171 went through it did a number of things, and it changed a number of items. One, it changed the definition of permanent and total disability. Before, the definition was sort of vague. The second change is we changed the benefit structure. We changed the benefit structure from ending the benefits, and shortening the period for the claims determination. We also instituted caps on eventual claim payments for not permanently and totally disabled. That class of injured workers with those two alterations is expected that over time more of them will be going back to the workforce than there was in the past.

Rep. Keiser: In the old system there was far more time for somebody to be in the temporary category, and they could be in the system 2, 3, 4, or 5 years as a temporary getting benefits. Then at a point it would be permanent after 3, 4, or 5 years, and that would start the clock than.

Tim: That's absolutely correct.

Bill Shalhoob, ND Chamber of Commerce: Opposed to HB 1288. I think in 1995, the reforms went in. The standard pre 1995 was 3 years, in 1995 in moved to 10 years, and sense then in 2001 it was moved back to 7. So, instrumentally we have moved back from a spot when reforms went in at a 10 year standard that was perceived to be too harsh, and has already been moved back 3 years to a 7 years standard. So, it has already been adjusted once, and we agree that the standard for this is fair.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1288

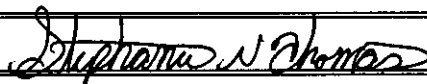
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2496

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on HB 1288. This is the bill will you have the pre HB 1171 from last session group, and the post HB 1171, which would reduce the years before to become eligible for the supplementary benefits from 7 to 3 years for those people prior to HB 1171.

Rep. Ruby: I move a do not pass.

Rep. Vigesaa: Second.

Roll call vote was taken. 6 Yeas, 5 Nays, 3 Absent, Carrier: Rep. Nottestad

Hearing closed.

FISCAL NOTE
 Requested by Legislative Council
 01/10/2007

Bill/Resolution No.: HB 1288

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The proposed legislation shortens the waiting period for supplementary benefit eligibility from seven to three years for Permanent Total Disability and Death benefit recipients that become eligible for supplementary benefits after the effective date of this Act.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

WORKFORCE SAFETY & INSURANCE
 2007 LEGISLATION
 SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1288

BILL DESCRIPTION: Shortens Supplementary Benefit Waiting Period

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with 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 shortens the waiting period for supplementary benefit eligibility from seven to three years for Permanent Total Disability and Death benefit recipients that become eligible for supplementary benefits after the effective date of this Act.

Reserve Level Impact: The proposed legislation can be expected to increase discounted reserve levels for known claims between \$4.5 and \$6.0 million. To the extent additional claims emerge the cost estimates would be higher.

Rate Level Impact: The proposal will serve to increase the costs associated with future claims. Currently, it is estimated that 40 Permanent Total Disability claims will arise out of each injury year. Based on this assumption, the proposal will serve to increase statewide premium rate levels between 1.0% and 1.5%.

DATE: January 30, 2007

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and*

fund affected and any amounts included in the executive budget.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.

Name:	John Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/30/2007

Date: 1-31-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1288

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do NOT Pass

Motion Made By Rep Ruby Seconded By Rep Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman		X
Vice Chairman Johnson			Rep. Boe		X
Rep. Clark	X		Rep. Gruchalla		X
Rep. Dietrich			Rep. Thorpe		X
Rep. Dosch			Rep. Zaiser		X
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 6 No 5

Absent 3

Floor Assignment Rep Nottestad

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 1, 2007 9:45 a.m.

Module No: HR-22-1753
Carrier: Nottestad
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1288: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (6 YEAS, 5 NAYS, 3 ABSENT AND NOT VOTING).
HB 1288 was placed on the Eleventh order on the calendar.