

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1024

2001 HOUSE APPROPRIATIONS

HB 1024

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

House Appropriations Committee  
Education and Environment Division

☐ Conference Committee

Hearing Date January 12, 2001

Tape Number	Side A	Side B	Meter #
1 of 2	3,300	x	
2 of 2	x	x	19
Committee Clerk Signature			

Minutes:

Representatives Aarsvold, Boehm, Gulleson, Martinson, Monson, Wald, Wentz.

Representative Wentz: We will open the hearing on HB1024 Workers Compensation.

David Ystebo: (3440) Chairman of ND Workers Compensation Bureau's Board of Directors.

See attached.

Dick Johnson: (3715) Chair of the ND Worker's Compensation Bureau's Board of Directors

Audit Committee. See attached

Paul Kramer: (3945) Executive Director and CEO of ND Worker's Compensation. See attachments.

Representative Gulleson: (5510) On your satisfaction survey, why wouldn't you curvy the workers that were denied claims?

Paul Kramer: When they are denied they may not be truthful, and may not be able to respond not having gone through a claim.

Representative Gulleason: If you only survey the successful claims you should have an extremely high rating, and not much to learn from that information. I question that . I don't know any other business that can measure their business by only the success.

Representative Wald: (5830) What is the percentage rate of claims denied?

Paul Kramer: We are at 4-5 percent. Our percent is lower than the national averages.

Tammy Dolan: (6015) Vice President of Employer and Fiscal Services for Workers Compensation Bureau. See Attached

Representative Wentz: (787) I am going to ask you a question about the office building. You use the language it is considering construction and yet it sounds as if a decision has been made.

Tammy Dolan: The board has not made an official decision to construct an office building. We have not chosen a site.

Representative Wentz: But you have not listed any rent expenses for 2003. How would you pay your rent in 2003?

Tammy Dolan: If the board decides not to build, it may require an amendment to our budget. We could also purchase the building we are in now. It was authorized in the last session as a continuing appropriation.

Representative Wald: (925) If you were to build , do you have any preliminary costs?

Tammy Dolan: Yes, 5-6 1/2 million dollars.

Representative Wald: I assume you would use your surplus or equity to pay for the building, and that would show up in your asset side rather than cash in the bank. Would you pay your self rent?

Tammy Dolan: Yes to your first question and secondly we would consider it as an asset. We look at building as an investment.



Representative Wald: Have you done a cash flow analyst of renting as contrasted to owning?

And how long are you obligated to your lease? Does the State Investment Board manage your funds?

Tammy Dolan: The numbers clearly point out renting was not the best financial decision for us. We are on a annual lease at this time. And yes, our funds are managed by the investment board.

Representative Aarsvold: (1350) I am feeling uncomfortable about the rent issue budget situation with what seems like a black hole. I would be in favor of reinstating the 66,000 in the advent that the board should make a decision contrary to their apart intent at this point. I would like something a bit more solid. Secondly, in regard to the professional development of the 436,000, how does that compare on a employee basis with other states?

Tammy Dolan: I'm not sure. For most of the employees the seminars are local.

Representative Wald: (1540) Back to page of your testimony under operating expenses. I too am concerned about that. If we left the budget as you asked, and you hit a snag of some sort How would we fund the other 466,000 if you needed it and we didn't put it in now?

Tammy Dolan: You are absolutely right we would have a bit of a situation in finding funding for that second year. We potentially make adjustments and hold off on other things, and go month to month.

Representative Wald: Wouldn't it make more sense to include it into your budget rather than you come begging to an emergency commission.

Tammy Dolan: The reason we did not and could not include it in our original budget request, we needed to meet the Governor's holding budget request. In order to do that we had to make some savings

Representative Wald: Was building your own building a recommendation of your consultants?

Tammy Dolan: One of the recommendations in the performance audit wasn't necessarily specific. They did recommend we look at more privatized situations, which of course owning your own building was one of them.

Representative Gulleason: (1980) Was one of your recommendations that your agency just go privatize completely?

Tammy Dolan: I don't think so, many other things that are similar to privatization.

Representative Aarsvold: If you began to operate in a more independent fashion, are there any tax consequences if you were to build you own building. Especially if you were to lease space.

Tammy Dolan: We are tax exempt since we are a state agency. For property tax there is a provision that we will make a payment in lieu of property taxes to where ever it is we decide to build.

Representative Wald: I suggest everyone in this room including those in the back, get a copy of the consultants report before we make a decision on this budget.

Tammy Dolan: Continue with equipment attachment.

Representative Wald: (3246) In your whole fraud arena, I would hope that if we approve that FTE that you would have more emphasis on employers that hire some employees, and pay them in cash, or call them an independent contractor. I am convinced that you need an addition staff person to see that all employers pay premiums.

Representative Aarsvold: (3611) On page 7, the two technological fraud detection systems that are being purposed. What are we talking about?

Tammy Dolan: Computerized systems. One focused on employer fraud and the other for injured workers.

Representative Aarsvold: Certainly with Medicaid and Medicare we read a lot about provider fraud. It seems to me that is one place where some energy could be devoted.

Tammy Dolan: Medical provider fraud is one of the most difficult one to find and research. There are systems out there and we will use them as much as possible.

Representative Wald: I don't think your auditing department is doing enough work in the area of reclassifying some employers.

Tammy Dolan: We have found accounts have been misclassified for years. We now have a new process which will classify new accounts properly.

Representative Wald: Are you asking for money for auditing in your budget? How is your accounts receivable situation today.

Tammy Dolan: No. Our accounts receivable as of June 30 was 35 million dollars. A large portion of that is past due. About 2 million would be over a year old. We can cancel a policy if payment is past due.

Michael Wolf: Manager of the County Employers Group (CEG) for the ND Associations of Counties (NDACo). See Attached.

Representative Wentz: (6075) What was the amount of the grant and the life of the grant?

Michael Wolf: The amount was 160,000, which will expire in June 30, 2001.

Representative Wald: Are the counties billed as one unit, or is each county billed for their premium?

Michael Wolf: In 1916 we consolidated all 53 counties into one account.

Representative Wentz: Does anyone else wish to appear in opposition of HB1024? Seeing none we will close the hearing on HB1024.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

House Appropriations Committee  
Education and Environment Division

☐ Conference Committee

Hearing Date JANUARY 26, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	x		3,150
Committee Clerk Signature <i>Judith Schock</i>			

Minutes:

Representatives Aarsvold, Boehm, Gulleson, Martinson, Monson, Wald, Wentz.

Representative Wentz: We have a hand out from Legislative Council.

L.C. Member: What I distributed was a vacant FTU listing. As of December 31, the number of vacant positions in each agency budgets that are funded in the Governors budget. The number of vacant positions in each agency budgets that are funded in the Governors budget. If there is a vacant position that the Executive Budget doesn't have funding for it is not included in here.

Representative Wald: On HB1024, the sub committee consisting of Representative Boehm, Representative Gulleson, and myself. There are two amendments 0106, and 0105. We are transferring two other bills into HB1024. We are moving HB1163 and HB1187. See attached amendments. Remembering Workers Compensation is all special funds. There are no general fund dollars in this bill. In the testimony they included rent for only one more year because they were going to build their own building. They have run into some snags as to a location and clear

title to property. We are including the 466,000 dollars to pay rent for the entire biennium.

Should they complete their property prior to this time this will be a turn back in that particular line item which is doubtful.

Representative Aarsvold: Is there language in either 1163 and 1187 that we must save in terms of implementing those programs.

Representative Wald: Our legal council, Joe says no.

Representative Wentz: I still have question about the money they maintain they think they can save by moving those in house. They said, it cost them 6.8 million to contract for them and if they bring them in house they are telling us they are going to save 4.2 million. That just doesn't all up.

Representative Wald: I think what happened, in the last four years we have seen dramatic changes. They contracted with people that are expertise in that field. When you are in a hurry you can't always negotiate the best deal.

Representative Aarsvold: Are those competitive bidding sorts of situations that we see for those services?

Representative Wald: As I said if no competition they can ask what they want. Living in ND it is hard to attract associations from Minnesota. I believe it is a negotiated situation. Utilization review was a Minneapolis firm. They have moved some employees here.

Representative Aarsvold: Have we computed new employees with benefits etc. As opposed to contracted employees?

Representative Wald: If you look at the house version it will increase the salaries of 17.8 to possibly 20.2 million. The other amendment see attached 0105.

Paul Kramer: Executive Director and CEO of ND Worker's Compensation Bureau. What we have done is negotiated some new contracts for everything, but both rehabs. In the course of those changes we have made a substantial savings. The 4.2 million savings, about 2.6 of that is in both rehabs. That savings is in the 4.2 million.

Representative Monson: Did you say some of the 4.2 million that you have in your projections is already saved because you did some switching?

Paul Kramer: The 4.2 million is new.

Representative Wald: Would you specify in 0105, what a special investigator's duties would be. I understand you use many outside adjusters or law firms. Some of that would be picked up by this.

Paul Kramer: We contract out our actual investigation. That would save us the travel expense. Our internal people manage our external investigators and put the case together.

Representative Wald: I move amendment 0106. Representative Boehm: Seconded the motion. 5 yes, 1 no, 1 absent.

Representative Wald: I move amendment 0106. Representative Martinson: Second the motion. 6 yes, 0 no, and 1 absent.

Representative Wald: I move a do not pass on HB 1163. Representative Boehm: Second the motion. 6 yes, 0 no 1 absent.

Representative Wald: I move a do not pass of HB1187. Representative Boehm: Second the motion. 6 yes, 0 no, and 1 absent.

Representative Wald: I move a do pass as amended on HB1024. Representative Martinson: Second the motion. 6 yes 0 no and 1 absent.

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Representative Wentz: Representative Wald you will be responsible to carry the amendments and bill to the full committee. We adjourn the formal part of the committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

House Appropriations Committee

☐ Conference Committee

Hearing Date February 2, 2001

Tape Number	Side A	Side B	Meter #
1	x		5889 - 6223
		x	0 - 2480
Committee Clerk Signature <i>L. L. Doughty</i>			

Minutes:

**House Appropriations Committee action on HB1024.**

**Rep. Francis Wald:** I'm responsible for the Workers Compensation Bureau budget, first of all I want to take you to the budget book if you care to on page 271, the executive recommendation is about a 4.2% increase from the previous biennium, and I won't recite all those numbers, as you can see it for yourself. But if you will go to your bill book and find amendment .0107 dated July 29, 2000, that's what I'll walk you through. This budget is all off budget its all employer paid premiums that drive this and there is no general fund money in it. All of the employees in Workers Compensation are not classified so they don't come under the state personnel system, I can also tell you that, in the industry, somewhere between 25 and 30% of the premium income is used for overhead and operating expenses. In North Dakota Workers Compensation there somewhere between 10 and 12%, so in comparison to the industry and to other state funds, North Dakota runs a very efficient operation in terms of the premium dollars used for administration.



Now if I can take you to the bottom 2/3rds, we made several changes in this budget, in that the first column where it says "Increased Funding for Expansion of the safety grant program, we amended HB1163 into HB1024, and what were doing there is increasing the budget in one FTE and this is a program that was started several biennium's ago for the association of counties. The first column that you see there increased funding for the safety grant program is basically HB1163, the next column is a substantial increase, and I will explain that, that's HB1187 which we amended into this bill and will have to DO NOT pass those two bills later. To continue on in that column, increased funding for bringing contracted programs and services in-house and then there is a number one footnote. What were doing here is bringing in utilization of new people, medical bill and entry people, and audit people, case manager people and rehabilitation services in-house. All of those programs are currently contracted for with private contractors, and one of those contractors is with the Utah Work Comp fund, and another one is out of the Twin Cities, so basically what were doing is rather than contracting for these services, were going to hire them and there going to come on stream and be on workers compensation payroll. Most all of these people are already housed inside workers compensation on front street, some case managers in rehab are in Fargo, Grand Forks, Minot, and some of them are out of town. What were doing there is picking up 25 FTE's that are currently working for the bureau on a contract basis, were simply going to convert them from independent contractors to employees, and that is HB1187. The cost of paying for those people on a contract basis is \$6.8 million per biennium, but bringing them in-house the cost is going to be, as you can see \$2, 572,647 dollars, so its a savings of about \$4.2 million dollars to the bureau over one biennium by bringing them in-house as employees. The third column is increasing the rent for the entire year when the budget was put together, they had anticipated that they would have their new building ready by the end of the first year of the

coming biennium, that is not the case, their behind in terms of nailing down a specific location in getting moving on their own building, so the \$466,000 would be the rent for 2nd year of the biennium to pay for an entire two years, and then the fourth column provides for funding for a special investigator, and that would be primarily in the area of fraud in employers of auditing payroll people who simply avoid paying premiums at all because they pay their employees in cash or simply don't buy workers comp. Right now they use about 15 private investigative and law firms in fraud cases and they believe they will save money by bringing in a full time specialist in some of these cases. They also asked for an additional person, as a Human Resource Specialist and we turned that request down, we felt that the one Human Resource Specialist they have on staff was sufficient to handle about 200 employees. Those are the amendments to the bill, and as I said we incorporated HB1163 and HB1187 into HB1024, with an additional 25 FTE's in the in-house services and the other two amount to 27 FTE's.

**Rep. Mike Timm:** In the discussions with the bill they were talking about a new building, did anything come about other cities making proposals to build a building and move the bureau to another city? Response: No there was no serious discussion about moving the bureau to another city.

**Rep. Ole Aarsvold:** Just to refresh my memory from last session, my recollection was to authorize the agency to look at options of building, but there was never an authorization offered to my recollection, was that true? Response: No, we passed legislation last session authorizing them to build their own building, and if you will recall the governor vetoed it and we overrode his veto.

**Rep. Jeff Delzer:** Again I would say that we could buy the Butte school for about \$5,000.

**Rep. Elliot Glassheim:** In increasing the wages to bring on 25 new FTE's for 2.2, they said there going to save \$6.8 million in contracting services.? Response: Were going to save \$4.2 million, its a change from operating to salaries.

**Rep. Bob Skarphol:** It was never in this budget so you can't reflect the change in this budget, it actually was in the other House Bill, and the change would be reflected if that passed and then were amended in here, then it all could get reflected, but its theoretically going to get killed.

**Rep. Mike Timm:** So it can't be reflected in here unless its in here to begin with, but the additional costs are reflected in here, but not the savings. Its referred to as savings of an anticipated increase in spending.

**Rep. Keith Kempenich:** We had a HIPPA they said Workers Compensation was exempt, but is Workers Comp going to have to change some stuff? Did you have any conversation about that with Workers Comp, and how they were approaching that issue?

**Rep. Ken Svedjan:** Workers Comp is exempt from the provisions from HIPPA and no one can explain why, nor can anyone explain the logic.

**Sandy - OMB:** There hasn't been any conversation on that, in which I participated regarding that, however, I was just looking at the amendment that you were proposing on the contracted services, and what Rep Glassheim had said. Currently their contracts are part of their operating expense, the cost is coming out of that, so it would appear to me that there would be an offsetting reduction under operating for the money that will be saved in this next biennium.

**Knudson - Legislative Council:** I would agree that it appears that if that is being spent now it would be in their current budget and in their proposed budget, and any savings should be an offset to this increase.

**Rep. Mike Timm:** HB1187, that bill was it just a bill to re-authorize a program that's been going in the bureau now? Response: That bill was to provide for the changes that are reflected here under number 2 to provide the additional appropriation of about \$2.6 million. That's what that bill did.

**Rep. Bob Skarphol:** If you get on cyber and start looking at the contractual services in the last biennium they have \$2.5 million which is going to be reduced by \$937,000, which is a subsequent reduction in building and leases of \$319,373, so there are some reductions taking place as well.

**Rep. Ole Aarsvold:** I think perhaps Rep. Wald could respond since he is closest to this agency. I'm wondering what is unique about Workmen's Compensation in that they are able to save significant dollars by bringing services in-house as opposed to contracting, when other agencies it seems it goes the other way, it is more cost effective to contract for those services.

**Rep. Francis Wald:** We asked them that question and in conversations I have with Paul, your right, generally speaking, the buzz word today is outsourcing, and privatizing and this kind of goes in the opposite direction as you eluded to, and I think when they started going into utilization review and they started moving into the 21st century in terms of work comp reforms the other industry people were doing in other state funds in other states. It is almost at there mercy to find these people on short notice, and so they pretty much dictate what the cost is going is going to be for providing those services, and the best deal they could find was contracting with the Utah Fund and a firm in Mpls, and I suppose now that they have had some time to know where they are going and that sort of thing, so its much cheaper to hire them as employees than contracting. And I suppose those who were providing the contract did whatever the freight would bear, and I guess that's how things work in the business world.

**Rep. Elliot Glasshelm:** So if I were to draw a conclusion then, the nature of this is pretty specialized and there are a limited amount of vendors out there to provide those contracted services. Response: I think that would be a fair statement. I find now in the testimony in page 3 what I think answers my question, they have been taking the payment for these contractors not out of operations but out of allocated loss adjustment expenses, and so the savings is off budget because its coming out of there claims which we don't deal with, and we have no way of seeing it.

**Rep. Francis Wald:** I would move the amendments. Seconded by Rep. Skarphol.

**Rep. Mike Timm:** Any Discussion? All those in favor of adopting the amendments signify by Saying Aye. Voice Vote. Motion passes. Amendments are adopted. Any more additional amendments that any one wants to make?

**Rep. Bob Martinson:** I have an amendment that I would like propose that I have passed around and it basically it forces the Workers Comp Bureau to pick their site selection by Feb. 28, 2001 or they will lose their authority to build their building. (18024.0109) Seconded by Aarsvold.

**Rep. Bob Skarphol:** I guess I would like more of an explanation from Rep. Martinson as to his reasons why?

**Rep. Bob Martinson:** They have had over two years to get moving on this and there are those that think they are dragging their feet and they might not get it done in the next two years. They preliminary looked at three sites in Bismarck and some say they have selected a site, but it just gets them off the dime.

**Rep. Mike Timm:** Maybe their still considering the possibility of putting it up in Minot

**Rep. Bob Martinson:** They may be, but I think they may be much more favorable to looking at the piece of property I have for sale. (This was a Joke)

**Rep. Francis Wald:** I agree with Rep. Martinson, that we should have a time certain as to when they need to make a decision on their own building and its location, but I guess Feb. 28th is within their time frame, but I would feel more comfortable if it were July 1, 2001 or June 30 at the end of this biennium. Feb. 28th is a month away.

**Rep. Bob Martinson:** The people that I talked to, including the director said Feb. 17th would be fine, and I said why don't we at least make it the end of the month.

**Rep. Rex Byerly:** If the Director of Workers Comp said that Feb. 17th was fine, I would assume that the board is going to make a decision directly, so I have no problem with the amendment but it just seems like, why would we amend it if their on the verge of making a decision, I am not close to the issue, and I'm not from Bismarek, and I know its not going to be in Williston, I guess I don't understand why were putting the amendment on. Normally on one of these things, we would put a sunset clause on that corresponds with the end of a fiscal or calendar year, the effective date of the bill, something like that, but to put in an amendment that has a retroactive clause on it, this bill isn't going to get out of the Legislature before the trigger date sets in.

**Rep. Bob Martinson:** They appointed a building committee.

**Rep. Mike Timm:** Rep. Martinson, would you be willing to make that July 1st, 2001?

**Rep. Keith Kempenich:** The only way that this would push them, because it doesn't take effect until everybody gets through signing it and even then would it go to July 1st.

**Rep. Francis Wald:** Were putting an amendment on a bill that takes effect on July 1, 2001 with something that triggers on January 28th, which is in the present biennium, the bill before us HB1024 starts in the next biennium, so can we put an amendment on a bill that really doesn't become activated until July 1, 2001?

**Rep. Ole Aarsvold:** The reason I'm supporting this, is that I would like to be in town when they make the announcement.

**Rep. Mike Timm:** A motion was made by Rep. Martinson, seconded by Rep. Aarsvold to adopt this amendment.

**Rep. Bob Martinson:** I would like to add one more thing, this really came about, because in the budget they had only requested rent payment for one year, so when we asked them on when they were going to make a decision, we got mealy mouthed all over the place, well they weren't sure about this and that, so we said why don't we make you make a decision, and there seemed to be some agreement on that, and then I asked, how soon can you make it? And they said that Feb. 17th would be a reasonable date, so I said we should at least make it until the end of the month, so that's how this all came about.

**Rep. Mike Timm:** Rep. Martinson, is it your intention that we slap this amendment on knowing that they will take notice, knowing that the Senate will probably take it off later, is that your intention? But at least you will make your point. Any other discussion on the amendment? All those in favor of adopting this amendment (.0109) signify by saying AYE. Voice vote. Motion passes and the amendment is adopted.

**Rep. Francis Wald:** I would like to alleviate the fear that was raised by Rep. Glassheim, if you will go to HB1187 and go to the testimony on pages 1 & 2 and its in the middle paragraph, and I will just read it to you. "Work Comp presently contracts with several vendors to provide a multitude of services, contractors provide utilization review, medical bill audit, and medical bill entry already located within the Bismarck office, some case managers Voc Rehab Counselors work in field offices throughout the state while others work from their homes, these services cost the fund approx. \$3.4 million each year or \$6.8 million per biennium, since the program services

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Hearing Date February 2, 2001

provide a direct relationship to specific claims, these costs are paid through a continued appropriation loss adjustment expenses, these expenses are reflected on the Work Comp profit and loss statement, not in the biannual appropriation request" and so we don't need to have an offsetting item in operating, because it comes out of the claims column not out of salary, payroll or operating.

**Rep. Mike Thum:** We have the bill HB1024, are there any other amendments? Rep. Wald moves for a DO PASS as amended. Seconded by Rep. Skarphol. Any Discussion? Clerk will call the roll for Do Pass as amended. YES (17) NO (3) ABSENT and not voting (1). Motion passes and Rep. Wald will carry the bill to the floor. (2480)



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1024

House Appropriations Committee  
~~Government Operations~~ Division  
Education? FTE's?

☐ Conference Committee

Hearing Date February 8, 2001

Tape Number	Side A	Side B	Meter #
02-08-01 tape #2	0 - 502		
Committee Clerk Signature <i>Kristen Ball</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1024, reconsidered back to this committee because of some error in adopting the amendment.

Rep. Wald: Handed out the amendments for HB 1024 and the Engrossed HB 1024. The correct amendment number is 18024.0201. The difference between the first bill and the engrossment was explained, as it adds Section 3. Moves that the subcommittee reconsiders its action wherein it passed HB 1024. Rep. Martinson seconded.

Verbal vote to reconsider passed.

Rep. Wald: The same amendment you had before, but this time it is an amendment to the engrossed bill. There were no substantive changes. No changes to FTE's or the other bills. The change was just to the engrossed version of the bill, not the original bill. The amendment dated February 2, 2001, is obsolete because it was to the original bill.

Rep. Wald: moves DO PASS AS AMENDED. Rep. Boehm seconded.

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Government Operations Division

Bill/Resolution Number HB 1024

Hearing Date February 8, 2001

Vote on Do Pass as Amended, 6 yes, 0 no, 1 absent and not voting (Rep. Gulleason).

Rep. Wald is assigned to carry this to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1024A**

House Appropriations Committee

☐ Conference Committee

Hearing Date **February 09, 2001**

Tape Number	Side A	Side B	Meter #
1	x		1410 - 2788
Committee Clerk Signature <i>L. L. Goulben</i>			

Minutes:

**HOUSE APPROPRIATIONS ACTION ON HB1024.**

**Rep. Timm:** HB1024 is a bill we passed out previously, we had it up on the calendar, and we found out that there was a mistake made on the amendments, so we have to bring it back and we have to reconsider our actions by which we passed it out, and reconsider our amendments to put the proper amendments on the bill and Jim you're going to explain when we get ready. So I need a motion to reconsider the action by which we passed out HB1024. Moved by Rep. Wald, Seconded by Rep. Kempenich. All those in favor of that motion say AYE. Voice Vote. Motion Carried. We have the bill in front of us with amendments, and I need motion to reconsider the amendments. Moved by Rep. Skarphol, Seconded by Rep. Kempenich that we reconsider the action by which we amended HB1024. All those in favor of that motion say AYE. Voice Vote. Motion Carried. Now we have the bill in front of us without amendments.

**Jim Smith, Legislative Council:** What happened here was that there were two sets of amendments that the committee approved, one got attached to the bill and was approved on the sixth order, so the bill has been engrossed, and part of the amendment that was in the bill is in relation to the building for Workers Compensation, so what you have in your bill book hopefully is the proposed amendments to the engrossed bill, and what that amendment does is make the other changes that were contained in the set of amendments that weren't attached to the bill.

**Rep. Timm:** Jim, we just stripped those amendments off.

**Jim:** You wouldn't have needed to do that, because you have the engrossed bill returned from the floor I think, If we look at the bill file it should contain an engrossed bill.

**Rep. Wald:** In your book you should have the original bill and then the first engrossment, and the difference between the initial bill and the first engrossment adds the Martinson amendment to put a time certain on making up their mind on a building site location, that's the only difference between the original bill and the first engrossment. And then also in your bill book you should have an amendment to the engrossed bill dated Feb. 7, 2001 (.0201).

**Rep. Byerly:** Can we just move to adopt the engrossed bill and then legislative council could go forward with the additional amendments.

**Rep. Timm:** But the members don't have a copy of the engrossed bill. We have the amendments.

**Rep. Koppleman:** If I understood what you said as correct we have just acted to remove the amendments, meaning that we are back to the original bill. So to get us to the engrossed bill I would move that we reconsider our action by which we removed the amendments a moment ago.

**Rep. Timm:** We have a motion to reconsider our action by which we just removed the amendments that were adopted from the bill, and it was seconded by Rep. Skarphol. O.K. That way we would readopt the amendments or part of the amendments that were put on the bill previously.

**Rep. Wald:** In terms or mechanics we have to put the amendments (.0201) on the engrossed version, am I correct, Jim?

**Jim:** That's correct

**Rep. Timm:** The bill was taken off the 11th order, and those amendments have been approved, so we want to amend the engrossed bill. So your motion Rep. Koppleman is out of order.

**Rep. Byerly:** If you would just move to accept the engrossed bill, that's all we have to do.

**Rep. Timm:** Rep. Koppleman you will remove your amendment? Response was YES. Motion to amend was withdrawn. Does everyone have a copy of the engrossed bill? We have the engrossed bill in front of us. The motion is to reconsider our action by which we passed a motion to take off the amendments to the bill. And then we will be proper, is that right Jim? Response was YES. All those in favor of that motion say AYE. Voice Vote. Motion carried. Now we have the engrossed bill in front of us and we are ready to adopt amendments.

**Rep. Delzer:** Could I just asked the question of whether Workers Compensation has moved on the question of setting the place for their building yet?

**Rep. Wald:** That was Rep. Martinson's doing, not mine, so you will have to ask him.

**Rep. Carlisle:** On all these amendments on HB1024, what ones have we thrown out, as we have about five amendments in here.

**Rep. Wald:** We have only one that your concerned about, which is (.0201) dated Feb. 7, 2001.

**Rep. Timm:** Does everyone have a set of amendments (.0201) ? Does everyone have a copy of the bill? The first engrossment? Jim, explain the changes on these amendments.

**Jim:** These are the changes to the funding for the Workers Compensation Bureau that the committee had actually approved before but did not get attached to the bill.

**Rep. Timm:** One the bill, the first engrossment, the amendment made by Rep. Martinson is on there, but the rest of the amendments didn't get on there, is that correct. Response was yes. So basically what we forgot to get on there was the money matters.

**Rep. Wald:** I would move that we adopt amendment (0201) Feb. 7, 2001 to engrossed HB1024. Seconded by Rep. Wentz.

**Rep. Timm:** All those in favor of adopting these amendments (.0201) say AYE. Voice Vote Motion carried. We have the bill before us.

**Rep. Wald:** I would move a DO PASS as amended, Seconded by Rep. Skarphol.

**Rep. Timm:** A roll call vote will be taken. (18) YES (3) NO. Motion Carried. Rep Wald will carry the bill to the floor.

**End of Committee Action on HB1024A.**

18024.0107  
Title.  
Fiscal No. 6

Prepared by the Legislative Council staff for  
House Appropriations - Education and  
Environment

January 29, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1024

Page 1, line 9, replace "17,854,134" with "20,348,251"

Page 1, line 10, replace "7,373,732" with "8,114,732"

Page 1, line 11, replace "1,354,057" with "1,418,357"

Page 1, line 12, replace "630,000" with "1,260,000"

Page 1, line 13, replace "27,211,923" with "31,141,340"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1024 - Workers Compensation Bureau - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$17,854,134	\$2,494,117	\$20,348,251
Operating expenses	7,373,732	741,000	8,114,732
Equipment	1,354,057	64,300	1,418,357
Safety partnership grants	<u>630,000</u>	<u>630,000</u>	<u>1,260,000</u>
Total all funds	\$27,211,923	\$3,929,417	\$31,141,340
Less estimated income	<u>27,211,923</u>	<u>3,929,417</u>	<u>31,141,340</u>
General fund	\$0	\$0	\$0
FTE	191.00	27.00	218.00

Dept. 485 - Workers Compensation Bureau - Detail of House Changes

	INCREASE FUNDING FOR EXPANSION OF THE SAFETY GRANT PROGRAM	INCREASE FUNDING FOR BRINGING CONTRACTED PROGRAMS AND SERVICES IN-HOUSE <sup>1</sup>	INCREASE OPERATING FOR RENT EXPENSE FOR THE SECOND YEAR OF THE BIENNIUM	PROVIDES FUNDING FOR A NEW SPECIAL INVESTIGATIONS FTE	TOTAL HOUSE CHANGES
Salaries and wages	\$108,000	\$2,276,447		\$109,670	\$2,494,117
Operating expenses	23,600	236,400	\$466,000	15,000	741,000
Equipment		59,800		4,500	64,300
Safety partnership grants	<u>630,000</u>				<u>630,000</u>
Total all funds	\$761,600	\$2,572,647	\$466,000	\$129,170	\$3,929,417
Less estimated income	<u>761,600</u>	<u>2,572,647</u>	<u>466,000</u>	<u>129,170</u>	<u>3,929,417</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	1.00	25.00	0.00	1.00	27.00

<sup>1</sup> This amendment increases funding and FTE to allow for utilization review, medical bill audit and entry, and case managers and rehabilitation services to be provided in-house by the Workers Compensation Bureau.

	FTE	SALARIES AND WAGES	OPERATING	EQUIPMENT	TOTAL
Utilization review	4.00	\$388,619			\$388,619
Medical bill audit and entry	8.00	868,171			868,171
Case managers and rehabilitation	13.00	1,239,657	\$236,400	\$59,800	1,535,857
Total	25.00	\$2,276,447	\$236,400	\$59,800	\$2,572,647

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1024

Page 1, line 2, after "bureau" insert "; to amend and reenact section 3 of chapter 548 of the 1999 Session Laws, relating to the purchase of building and property by the workers compensation bureau; and to provide for retroactive application"

Page 1, after line 13, insert:

**"SECTION 2. AMENDMENT.** Section 3 of chapter 548 of the 1999 Session Laws is amended and reenacted as follows:

**SECTION 3. EXPIRATION DATE.** ~~This~~ If the workers compensation bureau selects a site for construction of a building before March 1, 2001, this Act is effective through July 31, 2003, and after that date is ineffective. If the workers compensation bureau does not select a site for construction of a building before March 1, 2001, this Act is effective through February 28, 2001, and after that date is ineffective.

**SECTION 3. RETROACTIVE APPLICATION OF ACT.** Section 2 of this Act is retroactive in application."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

HOUSE - This amendment adds a section amending 1999 House Bill No. 1266 requiring the Workers Compensation Bureau to select a site for construction of a building to house its operations before March 1, 2001, or lose authority for construction.



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1024

Page 1, line 9, replace "17,854,134" with "17,963,804"

Page 1, line 10, replace "7,373,732" with "7,388,732"

Page 1, line 11, replace "1,354,057" with "1,358,557"

Page 1, line 13, replace "27,211,923" with "27,341,093"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1024 - Workers Compensation Bureau - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$17,854,134	\$109,670	\$17,963,804
Operating expenses	7,373,732	15,000	7,388,732
Equipment	1,354,057	4,500	1,358,557
Safety partnership grants	<u>630,000</u>		<u>630,000</u>
Total all funds	\$27,211,923	\$129,170	\$27,341,093
Less estimated income	<u>27,211,923</u>	<u>129,170</u>	<u>27,341,093</u>
General fund	\$0	\$0	\$0
FTE	191.00	1.00	192.00

**Dept. No. 485 - Workers Compensation Bureau - Detail of House Changes**

	PROVIDES FUNDING FOR A NEW SPECIAL INVESTIGATIONS FTE	TOTAL HOUSE CHANGES
Salaries and wages	\$109,670	\$109,670
Operating expenses	15,000	15,000
Equipment	4,500	4,500
Safety partnership grants		
Total all funds	\$129,170	\$129,170
Less estimated income	<u>129,170</u>	<u>129,170</u>
General fund	\$0	\$0
FTE	1.00	1.00

Date: January 24, 01  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House \_\_\_\_\_ Committee \_\_\_\_\_

☒ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18054.0105

Action Taken Voted ~~on~~ Amendment H

Motion Made By Reps. Wald Seconded By Reps. Boehm

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold					
Rep. Pam Gulleon	●	✓			
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 5 No 1

Absent 1

Floor Assignment \_\_\_\_\_

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1024

Page 1, line 9, replace "17,854,134" with "20,238,581"

Page 1, line 10, replace "7,373,732" with "8,099,732"

Page 1, line 11, replace "1,354,057" with "1,413,857"

Page 1, line 12, replace "630,000" with "1,260,000"

Page 1, line 13, replace "27,211,923" with "31,012,170"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1024 - Workers Compensation Bureau - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$17,854,134	\$2,384,447	\$20,238,581
Operating expenses	7,373,732	726,000	8,099,732
Equipment	1,354,057	59,800	1,413,857
Safety partnership grants	<u>630,000</u>	<u>630,000</u>	<u>1,260,000</u>
Total all funds	\$27,211,923	\$3,800,247	\$31,012,170
Less estimated income	<u>27,211,923</u>	<u>3,800,247</u>	<u>31,012,170</u>
General fund	\$0	\$0	\$0
FTE	191.00	26.00	217.00

**Dept. No. 485 - Workers Compensation Bureau - Detail of House Changes**

	INCREASE FUNDING FOR EXPANSION OF THE SAFETY GRANT PROGRAM	INCREASE FUNDING FOR BRINGING CONTRACTED PROGRAMS AND SERVICES IN-HOUSE <sup>1</sup>	INCREASE OPERATING FOR RENT EXPENSE FOR THE SECOND YEAR OF THE BIENNium	TOTAL HOUSE CHANGES
Salaries and wages	\$108,000	\$2,276,447		\$2,384,447
Operating expenses	23,600	236,400	\$466,000	726,000
Equipment		59,800		59,800
Safety partnership grants	<u>630,000</u>			<u>630,000</u>
Total all funds	\$761,600	\$2,572,647	\$466,000	\$3,800,247
Less estimated income	<u>761,600</u>	<u>2,572,647</u>	<u>466,000</u>	<u>3,800,247</u>
General fund	\$0	\$0	\$0	\$0
FTE	1.00	25.00	0.00	26.00

<sup>1</sup> This amendment increases funding and FTE to allow for utilization review, medical bill audit and entry, and case managers and rehabilitation services to be provided in-house by the Workers Compensation Bureau.

	FTE	SALARIES AND WAGES	OPERATING	EQUIPMENT	TOTAL
Utilization review	4.00	\$368,619			\$368,619
Medical bill audit and entry	8.00	668,171			668,171
Case managers and rehabilitation	<u>13.00</u>	<u>1,239,657</u>	<u>\$236,400</u>	<u>\$59,800</u>	<u>1,535,857</u>
Total	25.00	\$2,276,447	\$236,400	\$59,800	\$2,572,647

Date: January 26, 01  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House \_\_\_\_\_ Committee \_\_\_\_\_

☒ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18034.0106

Action Taken Filed on Amendment

Motion Made By Rep. Wald Seconded By Rep. Martinson

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	<input checked="" type="checkbox"/>				
Rep. James Boehm - Vice Chairman	<input checked="" type="checkbox"/>				
Rep. Ole Aarsvold					
Rep. Pam Gulleon	<input checked="" type="checkbox"/>				
Rep. Bob Martinson	<input checked="" type="checkbox"/>				
Rep. David Monson	<input checked="" type="checkbox"/>				
Rep. Francis J. Wald	<input checked="" type="checkbox"/>				

Total (Yes) 6 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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

Date: January 26, 01  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. Appropriations Education and Environment Division**

House A Committee

☒ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken As per as Amended 10.34

Motion Made By Rep. Wald Seconded By Rep. Martinson

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold					
Rep. Pam Gulleon	✓				
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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

Wald to carry to floor

Date: 02-02-01  
Roll Call Vote #: # 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

HB1024

House APPROPRIATIONS

Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

DO PASS AS AMENDED

Motion Made By

WALD

Seconded

By

SKARPHOL

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold		✓	Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson		✓	Rep - Warner		✓
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman					
Rep - Kliniske	✓				

Total (Yes) 17 No 3

Absent 1

Floor Assignment WALD

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

**PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1024**

Page 1, line 11, replace "17,854,134" with "20,348,251"

Page 1, line 12, replace "7,373,732" with "8,114,732"

Page 1, line 13, replace "1,354,057" with "1,418,357"

Page 1, line 14, replace "630,000" with "1,260,000"

Page 1, line 15, replace "27,211,923" with "31,141,340"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1024 - Workers Compensation Bureau - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$17,854,134	\$2,494,117	\$20,348,251
Operating expenses	7,373,732	741,000	8,114,732
Equipment	1,354,057	64,300	1,418,357
Safety partnership grants	<u>630,000</u>	<u>630,000</u>	<u>1,260,000</u>
Total all funds	\$27,211,923	\$3,929,417	\$31,141,340
Less estimated income	<u>27,211,923</u>	<u>3,929,417</u>	<u>31,141,340</u>
General fund	\$0	\$0	\$0
FTE	191.00	27.00	218.00

**Dept. 485 - Workers Compensation Bureau - Detail of House Changes**

	INCREASE FUNDING FOR EXPANSION OF THE SAFETY GRANT PROGRAM	INCREASE FUNDING FOR BRINGING CONTRACTED PROGRAMS AND SERVICES IN-HOUSE <sup>1</sup>	INCREASE OPERATING FOR RENT EXPENSE FOR THE 2ND YEAR OF THE BIENNIUM	PROVIDE FUNDING FOR A NEW SPECIAL INVESTIGATIONS FTE	TOTAL HOUSE CHANGES
Salaries and wages	\$108,000	\$2,276,447		\$109,870	\$2,494,117
Operating expenses	23,800	238,400	\$468,000	15,000	741,000
Equipment		59,800		4,800	64,300
Safety partnership grants	<u>630,000</u>				<u>630,000</u>
Total all funds	\$761,800	\$2,572,647	\$468,000	\$129,170	\$3,929,417
Less estimated income	<u>761,800</u>	<u>2,572,647</u>	<u>468,000</u>	<u>129,170</u>	<u>3,929,417</u>
General fund	\$0	\$0	\$0	\$0	\$0
FTE	1.00	26.00	0.00	1.00	27.00

<sup>1</sup> This amendment increased funding and FTE to allow for utilization review, medical bill audit and entry, and case managers and rehabilitation services to be provided in-house by the Workers Compensation Bureau.

	FTE	SALARIES AND WAGES	OPERATING	EQUIPMENT	TOTAL
Utilization review	4.00	\$368,619			\$368,619
Medical bill audit and entry	8.00	668,171			668,171
Case managers and rehabilitation	13.00	1,239,657	\$238,400	\$59,800	1,536,857
Total	25.00	\$2,276,447	\$238,400	\$59,800	\$2,572,647

Date: 2-8-61  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. Appropriations Education and Environment Division

116,1034

House Appropriations Committee

☒ Subcommittee on Education & Environment

or  
☐ Conference Committee

Legislative Council Amendment Number 18024, 0201

Action Taken In P.M. 11:20 Approved (Unopposed)

Motion Made By Rep Wald Seconded By Rep Boehm

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold	✓				
Rep. Pam Gulleon					
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Rep Wald

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



Date: 2/9/01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB1024R.

House APPROPRIATIONS

Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS AS AMENDED

Motion Made By WALD Seconded By SKARPHOL

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold		✓	Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleson		✓	Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman		✓			
Rep - Kliniske	✓				

Total (Yes) 18 No 3

Absent 0

Floor Assignment WALD

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

Johnson, N.; Keiser; Kelsch, R.; Klein; Klirische; Koppang; Kroeber; Lemieux; Maragos; Martinson; Monson; Mueller; Nelson; Niemeier; Nottestad; Pollert; Porter; Sandvig; Schmidt; Svedjan; Thoreson, L.; Thorpe; Warner; Weisz; Wentz; Winnich

#### ABSENT AND NOT VOTING: Nicholas

Engrossed HB 1437 passed and the title was agreed to.

#### SECOND READING OF HOUSE BILL

**HB 1449:** A BILL for an Act to amend and reenact section 54-52.3-01 of the North Dakota Century Code, relating to participation by members of the legislative assembly in the pretax benefits program; and to provide an effective date.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, and is PLACED ON THE CALENDAR WITHOUT RECOMMENDATION, the roll was called and there were 95 YEAS, 2 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING:

**YEAS:** Aarsvold; Bellew; Berg; Boehm; Boucher; Brandenburg; Brekke; Brusegaard; Carlisle; Carlson; Clark; Cleary; Dekrey; Delmore; Delzer; Devin; Disrud; Dosch; Drowda; Eckre; Ekstrom; Fairfield; Froelich; Froese; Galvin; Glasheim; Grande; Grosz; Grumbo; Gulleon; Gunter; Haas; Hanson; Hawken; Herbel; Huether; Hunsford; Jensen; Johnson, D.; Johnson, N.; Kasper; Keiser; Kelsch, R.; Kelsch, S.; Kempenich; Kerzman; Kingsbury; Klein, F.; Klein, M.; Klein; Kliniske; Koppang; Koppelman; Kretschmar; Kroeber; Lemieux; Lloyd; Mahoney; Maragos; Martinson; Meier; Metcalf; Monson; Mueller; Nelson; Niemeier; Nottestad; Orstad; Pietsch; Pollert; Porter; Price; Renner; Rennerfeldt; Ruby; Sandvig; Schmidt; Severson; Solberg; Svedjan; Thoreson, B.; Thoreson, L.; Thorpe; Tieman; Timm; Wald; Warner; Weisz; Wentz; Wilkenheiser; Winnich; Wrangham; Speaker Bernstein

**NAYS:** Byerly; Skarphol

#### ABSENT AND NOT VOTING: Nicholas

Engrossed HB 1449 passed and the title was agreed to.

#### SECOND READING OF HOUSE BILL

**HB 1466:** A BILL for an Act to amend and reenact section 57-15-16 of the North Dakota Century Code, relating to school district building funds; and to provide an effective date.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 21 YEAS, 76 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING:

**YEAS:** Delmore; Disrud; Eckre; Ekstrom; Glasheim; Haas; Hawken; Hunsford; Jensen; Johnson, N.; Kelsch, S.; Kroeber; Maragos; Meier; Mueller; Nottestad; Price; Sandvig; Thoreson, L.; Wentz; Winnich

**NAYS:** Aarsvold; Bellew; Belter; Berg; Boehm; Boucher; Brandenburg; Brekke; Brusegaard; Byerly; Carlisle; Carlson; Clark; Cleary; Dekrey; Delzer; Devin; Disrud; Drowda; Fairfield; Froelich; Froese; Galvin; Grande; Grosz; Grumbo; Gulleon; Gunter; Hanson; Herbel; Huether; Johnson, D.; Kasper; Keiser; Kelsch, R.; Kempenich; Kerzman; Kingsbury; Klein, F.; Klein, M.; Klein; Kliniske; Koppang; Koppelman; Kretschmar; Lemieux; Lloyd; Mahoney; Martinson; Metcalf; Monson; Nelson; Niemeier; Orstad; Pietsch; Pollert; Porter; Renner; Rennerfeldt; Ruby; Schmidt; Severson; Skarphol; Solberg; Svedjan; Thoreson, B.; Thorpe; Tieman; Timm; Wald; Warner; Weisz; Wilkenheiser; Wrangham; Speaker Bernstein

#### ABSENT AND NOT VOTING: Nicholas

Engrossed HB 1466 was declared lost

#### SECOND READING OF HOUSE RESOLUTION

**HCR 3009:** A concurrent resolution for the amendment of section 9 of article I of the Constitution of North Dakota, relating to judicial review of governmental determinations that impact a person's property or activities.

#### ROLL CALL

The question being on the final passage of the resolution, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 47 YEAS, 50 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING:

**YEAS:** Belter; Boucher; Brandenburg; Brekke; Carlson; Dekrey; Delmore; Delzer; Drowda; Eckre; Ekstrom; Fairfield; Froelich; Galvin; Glasheim; Grande; Grumbo; Gulleon; Hanson; Hunsford; Kasper; Kelsch, S.; Kempenich; Kerzman; Kingsbury; Klein, F.; Koppelman; Kroeber; Lemieux; Mahoney; Maragos; Mueller; Nelson; Orstad; Pietsch; Pollert; Rennerfeldt; Ruby; Sandvig; Schmidt; Solberg; Timm; Wald; Warner; Wilkenheiser; Winnich; Wrangham

**NAYS:** Aarsvold; Bellew; Berg; Boehm; Brusegaard; Byerly; Carlisle; Clark; Cleary; Devin; Disrud; Dosch; Froese; Gunter; Haas; Hawken; Herbel; Huether; Jensen; Johnson, D.; Johnson, N.; Keiser; Kelsch, R.; Klein, M.; Klein; Kliniske; Koppang; Kretschmar; Lloyd; Martinson; Meier; Metcalf; Monson; Niemeier; Nottestad; Porter; Price; Renner; Severson; Skarphol; Svedjan; Thoreson, B.; Thoreson, L.; Thorpe; Tieman; Weiler; Weisz; Wentz; Speaker Bernstein

#### ABSENT AND NOT VOTING: Nicholas

HCR 3009 was declared lost

#### MOTION

**REP. BELTER MOVED** that HB 1382, which is on the Eleventh order, be laid over one legislative day, which motion prevailed.

**SPEAKER BERNSTEIN** RECOGNIZED former Rep. Art Meib,.

#### APPOINTMENT OF CONFERENCE COMMITTEE

**THE SPEAKER ANNOUNCED** the following appointments to a Conference Committee on HCR 3003: Reps. M. Klein, Meier, Hunsford.

#### REPORT OF STANDING COMMITTEE

**HB 1024:** Appropriations Committee (Rep. Timm, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (17 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1024 was placed on the Sixth order on the calendar.

Page 1, line 2, after "bureau" insert "; to amend and reenact section 3 of chapter 546 of the 1999 Session Laws, relating to the purchase of building and property by the workers compensation bureau; and to provide for retroactive application"

Page 1, after line 13, insert:

"SECTION 2. **AMENDMENT.** Section 3 of chapter 546 of the 1999 Session Laws is amended and reenacted as follows

SECTION 3. **EXPIRATION DATE.** ~~For~~ If the workers compensation bureau selects a site for construction of a building before March 1, 2001, this Act is effective through July 31, 2003, and after that date is ineffective. If the workers compensation bureau does not select a site for construction of a building before March 1, 2001, this Act is effective through February 28, 2001, and after that date is ineffective.

SECTION 3. **RETROACTIVE APPLICATION OF ACT.** Section 2 of this Act is retroactive in application."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

**HOUSE** - This amendment adds a section amending 1999 House Bill No. 1266 requiring the Workers Compensation Bureau to select a site for construction of a building to house its operations before March 1, 2001, or lose authority for construction.

#### REPORT OF STANDING COMMITTEE

**HB 1025: Appropriations Committee (Rep. Timm, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1025 was placed on the Sixth order on the calendar.

Page 1, line 18, replace "2,314,750" with "2,237,072"

Page 1, line 19, replace "1,507,730" with "1,500,998"

Page 1, line 20, replace "12,000" with "7,500"

Page 1, line 22, replace "3,859,480" with "3,770,570"

Page 1, line 23, replace "6,649,613" with "6,560,703"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1025 - Summary of House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Department and Investment Office			
Total all funds	\$2,790,133	\$0	\$2,790,133
Less estimated income	2,790,133	\$0	2,790,133
General fund	\$0	\$0	\$0
Public Employees Retirement System			
Total all funds	\$3,859,480	(\$88,910)	\$3,770,570
Less estimated income	3,859,480	(\$88,910)	3,770,570
General fund	\$0	\$0	\$0
SB Total			
Total all funds	\$6,649,613	(\$88,910)	\$6,560,703
Less estimated income	6,649,613	(\$88,910)	6,560,703
General fund	\$0	\$0	\$0

House Bill No. 1025 - Public Employees Retirement System - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,314,750	(\$77,678)	\$2,237,072
Operating expenses	1,507,730	(6,732)	1,500,998
Capital expenditures	12,000	(4,500)	7,500
Contingency	23,000	\$0	23,000
Total all funds	\$3,859,480	(\$88,910)	\$3,770,570
Less estimated income	3,859,480	(\$88,910)	3,770,570
General fund	\$0	\$0	\$0
SB Total			
Total all funds	\$6,649,613	(\$88,910)	\$6,560,703
Less estimated income	6,649,613	(\$88,910)	6,560,703
General fund	\$0	\$0	\$0

Dept. 192 - Public Employees Retirement System - Detail of House Changes

	REVENUE NEW FTE AND RELATED FUNDING	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,314,750	(\$77,678)	\$2,237,072
Operating expenses	1,507,730	(6,732)	1,500,998
Capital expenditures	12,000	(4,500)	7,500
Contingency	23,000	\$0	23,000
Total all funds	\$3,859,480	(\$88,910)	\$3,770,570
Less estimated income	3,859,480	(\$88,910)	3,770,570
General fund	\$0	\$0	\$0
SB Total			
Total all funds	\$6,649,613	(\$88,910)	\$6,560,703
Less estimated income	6,649,613	(\$88,910)	6,560,703
General fund	\$0	\$0	\$0

\* The attached summary of the SB's employee benefits program, options, pension and related funding included in the Summary and Revenue Budget recommendations for conducting member education program.

#### REPORT OF STANDING COMMITTEE

**HB 1099: Appropriations Committee (Rep. Timm, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1099 was placed on the Sixth order on the calendar.

Page 3, line 22, replace "e" with "g"

Page 5, line 29, remove "premium payment amount and history for any"

Page 5, line 30, remove "available insurance coverage."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1099 - House Action

This amendment removes proposed language which would have provided that public employee records relating to insurance premium payments are confidential.

#### REPORT OF STANDING COMMITTEE

**HB 1101: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1101 was placed on the Sixth order on the calendar.

Page 7, remove lines 22 and 23

Renumber accordingly

#### REPORT OF STANDING COMMITTEE

**HB 1105, as engrossed and amended: Appropriations Committee (Rep. Timm, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed HB 1105, as amended, was placed on the Sixth order on the calendar.

Page 142, line 12, replace "general" with "secretary of state's general services operating"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 108 - Secretary of State

**HOUSE** - This amendment changes the source of funds from the general fund to the Secretary of State's general services operating fund for the \$21,000 appropriation relating to costs of providing direct access to the central indexing system.

#### REPORT OF STANDING COMMITTEE

**HB 1123: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1123 was placed on the Sixth order on the calendar.

Page 2, line 10, replace "or unless competition may be limited of" with "When it is advantageous that the purchase be of a particular brand of product or products of a particular manufacturer to the exclusion of competitive brands or manufacturers, the purchasing board or entity must document those circumstances and provide written justification for the proprietary specification or purchase. The purchasing board or entity shall procure the proprietary product through a competitive process unless the necessary product is available exclusively from one source of supply or other circumstances exist under which competition can be waived."

Page 2, remove line 11

Renumber accordingly

2001 SENATE APPROPRIATIONS

HB 1024

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 21, 2001

Tape Number	Side A	Side B	Meter #
Tape #2	x		14.0-54.8
Tape #2		x	0.0-18.3
Committee Clerk Signature <i>Annie Ruten</i>			

Minutes:

Senator Solberg opened the hearing on HB1024 - workers Compensation Bureau.

Dick Johnsen, Chairman of the Audit Committee for the North Dakota Workers Compensation Board of Directors, presented testimony in support of Engrossed House Bill Number 1024 (a copy of his written testimony is attached).

Senator Solberg: Has the Bureau responded to the recommendations by the BI-performance audit?

Dick Johnsen: As of last Thursday when we met and review the current update status -- of the 138 recommendations; 47 have been implemented; 50 partially implemented; 17 are not applicable; and 14 are pending (waiting for legislative action).

We took the recommendations seriously, though felt a number of them could have been rolled into one -- however the track performance of the Bureau is important.

Paul Kramer, Executive Director and CEO of North Dakota Workers Compensation, presented a brief overview of the Bureau's activities during the past biennium (A copy of his written testimony is attached).

Senator Robinson: Investment slide -- one in independent provider column. When Oregon presented their list of problems in the area of providers -- there were more; this doesn't seem consistent?

Paul Kramer: Perhaps in the definition of a problem -- hard to determine fraud; we have provided education and made changes; look differently at the category perhaps -- they may list problems that are not fraud. We have educated individuals to properly code items; fraud is hard -- difficult for one provider to testify against another provider.

Senator Robinson: Broad spectrum --- but if fraud, it's fraud.

Senator Heitkamp: My area is heavy industrial -- we have injured workers who have experienced difficulty in seeking funds --- you indicate what you're doing, but what are you doing about all the injured workers? I've a list -- I've called regarding them, have been told the Bureau's practices nothing directly related to the individuals -- can understand their frustration with Bureau.

Paul Kramer: I will be happy to take the list and review it.

Senator Heitkamp: Workers Compensation is for the workers -- yet you're ranked 3rd highest in profitability (only Wyoming and the Virgin Islands are ahead of us) -- money in it--- not out to workers? Worried about losing system by not protecting the workers?

Paul Kramer: The Board is looking at full system -- doing sound business decisions, similar to the private businesses not government. Regarding benefits, we administer by past laws, pay as stated.

Senator Heitkamp: Subjective laws, by interpretation of individuals.

Senator Thune: Realize the good work you're doing; but need to sell to the public, how will you accomplish?

Paul Kramer: Twice a year we have seminars; now have a newsletter -- trying to improve information throughout the state. There was a bill in the House that would have provided a discount to firms hiring someone who had been injured at another company --- 3 year discount; get injured worker back into the work force.

Senator Thune: Remember the Fargo Forum article "Shame on ND" which was critical of the Bureau --- erased a lot of hard work on your part.

Paul Kramer: We talked about that letter. It is frustrating; but unless the individual signs a release --- no release signed --- we cannot talk about it. No counter action to be taken by us.

Senator Bowman: Customer satisfaction --- ultimate goal? A- can't be bad -- do you survey all injured workers?

Paul Kramer: Survey sample of those who accepted claims; no interactions with staff.

Senator Tomac: Customer satisfaction --- denied customers not surveyed? Only claims handled?

Paul Kramer: Customer service can be evaluated only with those who have had interactions with our staff.

Senator Tomac: Reason for denial? Most surveys are dumped if one feels it's going nowhere, or one is dissatisfied?

Paul Kramer: We do a follow up phone call. Of 500 surveys sent out, 400 plus were returned.

Senator Tomac: Chart 1, equity difference and 6% adjusted --liability adjustment all the same year? What rate decreased? Comparison with other states?

Paul Kramer: North Dakota figures are based on payroll cap; other states gross pay.

Senator Tomac: Explain?

Paul Kramer: Earnings of 40 thousand -- charged on first 16 thousand; Minnesota pays on 40 thousand. Only 3 states use payroll caps: Wyoming, Washington and North Dakota.

Senator Tomac: House bill to change this tried?

Paul Kramer: Tried bill, didn't market it well, House is not to blame, we didn't do our job in educating.

Senator Tomac: work under statutes?

Paul Kramer: Based on state average wages.

Senator Tomac: Medical bills expedited -- 87 to 90% -- what of those in dispute, medical, hospital bills go to recipient?

Paul Kramer: Us or the insurance company. 50% decisions within 70 days; cases filed through insurance (such as Blue Cross/Blue Shield) have their own checks -- may deny and ask that they be filed with worker compensation --- then if it goes back to BCBS if not workers compensation claim. We believe the process could be speeded up if BCBS would phone us--- save filing time, etc.

Senator Tomac: My neighbor gets the bills -- past due bills -- on what is truly a workmen's compensation related claim.

Paul Kramer: Can't address unless I could review the case. Perhaps medical servers were not aware it was work related.

Senator Lindaas: Contact those not satisfied? I've a small file of those who are not. What is the Office of Independent Review? How does it operate? Where do they get the support?

Paul Kramer: Yes we have such a division; part of the workers compensation -- off site from the office- claims officers. We fund, purpose is to have an independent look -- work with the person



-- if wrong, they work with workers compensation to correct; is if right in denial, work and convince the worker.

Senator Lindaas: Contact independent physicians? Work related, multi doctors say not in shape to work -- but contract physicians say okay to work-- how does that work? Do you have contract physicians?

Paul Kramer: Can't address a specific case without a release. Medication evaluation is necessary if their doctor is not PPI certified, we have a 1/2 time medical director not on contract who is certified and can do the evaluation required.

Senator Lindaas: Not in department?

Paul Kramer: No

Senator Robinson: Customer satisfaction survey -- how is it conducted? Other funds use it? Only positive clients surveyed-- not a complete picture? Other do it ?

Paul Kramer: Not sure what other states do, we'll try to find out. We had experts look at our surveys, need to trust them that we are doing it right. We have outside sources doing one of the surveys and looking to have them do both - customer and employers satisfaction.

Tammy Dolan, Vice President of Employer and Fiscal Services for the Workers Compensation Bureau, presented budget information (a copy of written testimony is attached).

Senator Heitkamp: Have anyone employed as a contractor who retired from your office?

Tammy Dolan: two, on a very part time basis.

Senator Tomac: Additional funds, 6.8 M spent on contract salaries and claims are currently paying 40% --- total repayment of 2.5M?

Tammy Dolan: 2.5 is salary line item -- employees; 6.8 current payroll; project to pay next 2 years, claims expenses.

Page 6  
Senate Appropriations Committee  
Bill/Resolution Number HB1024  
Hearing Date February 21, 2001

Senator Tomac: Not take all out?

Tammy Dolan: Still some part time contracts; this is for the majority who will become employees.

Senator Tomac: Why? Salaries and wages if expenses and hire contractors?

Michael Wolf (Lobbyist #444) , Manager of the County Employer Group (CEG) for the North Dakota Association of Counties, testified in support of HB1024 ( a copy of his written testimony is attached).

Senator Solberg: Total tax dollars saved since '96?

Michael Wolf: In excess of 2 M saved through '99.

Senator Solberg: Not counting lost time?

Michael Wolf:: Correct.

Chuck Peterson (Lobbyist # 496), Greater North Dakota Association, businessman, testified in support of HB 1024 ( a copy of his written testimony is attached).

No additional testimony, hearing closed by Senator Solberg.

Page 7

Senate Appropriations Committee

Bill/Resolution Number HB1024

Hearing Date ~~February 27, 2001~~

3-28-01 Full Committee Action (Tape #1, Side B, Meter # 6.7-31.7)

Senator Nething reopened the hearing on HB1024 - Workers Compensation Bureau.

Senator Bowman, Chair of the Subcommittee, reviewed the bill, the findings of the Committee; and presented amendments # 18024.0303.

Discussion; move for adoption of the amendments by Senator Bowman; seconded by Senator Solberg. Discussion. Call for a Roll Call Vote: 9 yes; 5 no; 0 absent and not voting. Discussion on the bill.

Senator Bowman moved a DO PASS AS AMENDED; Senator Solberg seconded the motion.

Discussion; call for the vote. Roll Call Vote: 10 yes; 4 no; 0 absent and not voting.

Senator Bowman accepted the floor assignment.

PROPOSED AMENDMENTS TO BILL 2002-001 HOUSE BILL 2002-001

Page 1, line 2, replace "amend and reenact section 3 of chapter 548 of the 1999 Session Laws" with "authorize and provide an appropriation for additional full-time equivalent positions for the workers compensation bureau; to authorize and provide an appropriation for the issuance of bonds and use of bond proceeds; to create and enact a new section to chapter 65-02 of the North Dakota Century Code relating to the creation of a building maintenance account; and to amend and reenact section 65-02-03.2 of the North Dakota Century Code, relating to compensation of workers compensation board members"

Page 1, remove line 3

Page 1, line 4, remove "and to provide for retroactive application"

Page 1, remove lines 11 through 14

Page 1, line 16, replace "AMENDMENT. Section 3 of chapter 548 of the 1999 Session Laws is" with "**NORTH DAKOTA WORKERS COMPENSATION BUREAU FULL-TIME EQUIVALENT EMPLOYEE POSITIONS AUTHORIZATION - APPROPRIATION - REPORT TO BUDGET SECTION.** The North Dakota workers compensation board of directors may authorize the workers compensation bureau to hire, upon a determination that employees are needed to facilitate the economic and efficient administration of the bureau, up to ten full-time equivalent employee positions in addition to the full-time equivalent employee positions authorized in section 1 of this Act for the biennium beginning July 1, 2001, and ending June 30, 2003. There is appropriated out of any moneys in the workers' compensation fund, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the workers compensation bureau for the purpose of providing wages, salaries, and benefits for any additional full-time equivalent positions authorized under this section. The workers compensation board of directors shall report to the budget section of the legislative council on any additional full-time equivalent employee positions and related funding authorized.

**SECTION 3. PROJECT AUTHORIZATION.** The industrial commission, acting as the North Dakota building authority, may, at the request of the workers compensation board of directors, arrange for funding of the project authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2001, and ending June 30, 2003. The proceeds of the evidences of indebtedness and other available funds are appropriated during the period beginning July 1, 2001, and ending July 31, 2003, for the following project:

Workers compensation bureau	Office building	\$14,000,000
-----------------------------	-----------------	--------------

The industrial commission may issue evidences of indebtedness in the principal amount of \$14,000,000 plus costs of issuance, capitalized interest, and any reasonable required reserves under this section with the condition that lease rental payments need not begin until July 1, 2003. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2003, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

**SECTION 4. BOND ISSUANCE REPAYMENT RESPONSIBILITY.** A total of \$14,000,000 in principal amount plus interest must be made available by the workers

compensation bureau from non-general fund revenues to be appropriated to the industrial commission to retire the debt incurred in order to decrease the interest costs associated with the construction of the project authorized by P.L. 84-1.

**SECTION 5. LEGISLATIVE INTENT - WORKERS COMPENSATION BUREAU BUILDING - OTHER STATE AGENCIES LEASING.** It is the intent of the legislative assembly that if a new facility is built to house the operations of the workers compensation bureau that the facility be built to include rental space for other state agencies and that the workers compensation bureau work with the office of management and budget to identify which agencies will lease space in the workers compensation bureau building and report to the budget section of the legislative council on plans for leasing to other agencies. The bureau shall have exclusive responsibility for setting and collecting rental amounts and for the maintenance and control of the building and its grounds.

**SECTION 6.** A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

**Building maintenance account - Continuing appropriation.** There is a building maintenance account within the workers' compensation fund, to which the workers compensation bureau shall deposit all building rental proceeds if the workers compensation bureau builds a building which includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the workers compensation bureau to pay for bond principal and interest payments, operating, maintenance, repair, and payments in lieu of taxes expenses of the building and grounds. This account may only be used for the purposes identified in this section. The workers compensation bureau may either hire or contract for building maintenance and repair services anticipated by this section. The bureau shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

**SECTION 7. AMENDMENT.** Section 65-02-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.2. Compensation of board members.** A board member is entitled to receive compensation ~~in the amount of sixty-two dollars and fifty cents per day as determined by the board~~ for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers."

Page 1, remove lines 17 through 24

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1024 - Workers Compensation Bureau - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$17,854,134	\$20,348,751	(\$2,348,751)	
Operating expenses	7,373,732	8,114,732	(\$6,114,732)	
Equipment	1,354,057	1,418,357	(\$1,418,357)	
Safety partnership grants	530,000	1,260,000	(\$1,260,000)	
Workers Compensation Bureau			45,641,340	145,641,340
Total all funds	\$27,211,923	\$31,141,340	\$14,560,000	\$45,641,340
Less estimated income	<u>27,211,923</u>	<u>31,141,340</u>	<u>14,560,000</u>	<u>45,641,340</u>
General fund	\$0	\$0	\$0	\$0
FTE	191.00	218.00	0.00	218.00

# Dept. 485 - Workers Compensation Bureau - Detail of Senate Changes

	CONSOLIDATE FUNDING INTO ONE LINE ITEM	PROVIDE FUNDING FOR ADDITIONAL FULL-TIME EQUIVALENT POSITIONS <sup>1</sup>	PROVIDE FUNDING FOR CONSTRUCTION BONDING PROCEEDS <sup>2</sup>	TOTAL SENATE CHANGES
Salaries and wages	(\$20,348,251)			(\$20,348,251)
Operating expenses	(8,114,732)			(8,114,732)
Equipment	(1,418,357)			(1,418,357)
Safety partnership grants	(1,260,000)			(1,260,000)
Workers Compensation Bureau	31,141,340	\$500,000	\$14,000,000	45,641,340
Total all funds	\$0	\$500,000	\$14,000,000	\$14,500,000
Less estimated income		<u>500,000</u>	<u>14,000,000</u>	<u>14,500,000</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment adds a section that authorizes the Workers Compensation Board of Directors to allow the Workers Compensation Bureau to hire upon a determination that positions are needed to facilitate the economic and efficient administration of the bureau up to 10 FTE positions in addition to the FTE positions authorized by the 2001 Legislative Assembly and provides a special funds appropriation of \$500,000 for salaries, wages, and benefits for any additional FTE positions hired under this section.

<sup>2</sup> This amendment adds a section that allows the Industrial Commission at the request of the Workers Compensation Board of Directors to issue and sell bonds for the purpose of financing the purchase of land and the construction of a new facility to house bureau operations and provides an appropriation to the Workers Compensation Bureau use of the bond proceeds.

This amendment also:

- Adds a section of legislative intent that if a new facility is built to house the operations of the Workers Compensation Bureau, the facility be built to include rental space for other state agencies.
- Creates a new section to the North Dakota Century Code (NDCC) that establishes a building maintenance account in the workers' compensation fund to be used for deposit of all rental proceeds and for payment of all building operation, maintenance, and financing costs.
- Amends NDCC Section 65-02-03.2 to allow the Workers Compensation Board of Directors to set compensation for board members.

Date: 5-28-01Roll Call Vote #: 12001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. \_\_\_\_\_Senate Appropriations

Committee



Subcommittee on \_\_\_\_\_

or



Conference Committee

Legislative Council Amendment Number

180.24.0.523

Action Taken

Adopt Amend

Motion Made By

Senator

Bowman

Seconded

By

Senator

Solberg

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger		✓			
Elroy N. Lindaas		✓			
Harvey Tallackson	✓				
Larry J. Robinson		✓			
Steven W. Tomac		✓			
Joel C. Heitkamp		✓			
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total

Yes

9

No

5

Absent

0

Floor Assignment

Senator \_\_\_\_\_

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

Date: 3/3/83Roll Call Vote #: 2

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 1039**

Senate Appropriations

Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference CommitteeLegislative Council Amendment Number 18024.033Action Taken do pass on committee

Motion Made By

Senator Burman

Seconded

By

Senator Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger		✓			
Elroy N. Lindaas		✓			
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac		✓			
Joel C. Heitkamp		✓			
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 10No 4Absent 6

Floor Assignment

Senator Burman

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



**REPORT OF STANDING COMMITTEE**

**HB 1024, as reengrossed: Appropriations Committee (Sen. Nething, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1024 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "amend and reenact section 3 of chapter 548 of the 1999 Session" with "authorize and provide an appropriation for additional full-time equivalent positions for the workers compensation bureau; to authorize and provide an appropriation for the issuance of bonds and use of bond proceeds; to create and enact a new section to chapter 65-02 of the North Dakota Century Code, relating to the creation of a building maintenance account; and to amend and reenact section 65-02-03.2 of the North Dakota Century Code, relating to compensation of workers compensation board members"

Page 1, remove line 3

Page 1, line 4, remove "and to provide for retroactive application"

Page 1, remove lines 11 through 14

Page 1, line 16, replace "AMENDMENT. Section 3 of chapter 548 of the 1999 Session Laws is" with "**NORTH DAKOTA WORKERS COMPENSATION BUREAU FULL-TIME EQUIVALENT EMPLOYEE POSITIONS AUTHORIZATION - APPROPRIATION - REPORT TO BUDGET SECTION.** The North Dakota workers compensation board of directors may authorize the workers compensation bureau to hire, upon a determination that employees are needed to facilitate the economic and efficient administration of the bureau, up to ten full-time equivalent employee positions in addition to the full-time equivalent employee positions authorized in section 1 of this Act for the biennium beginning July 1, 2001, and ending June 30, 2003. There is appropriated out of any moneys in the workers' compensation fund, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the workers compensation bureau for the purpose of providing wages, salaries, and benefits for any additional full-time equivalent positions authorized under this section. The workers compensation board of directors shall report to the budget section of the legislative council on any additional full-time equivalent employee positions and related funding authorized.

**SECTION 3. PROJECT AUTHORIZATION.** The industrial commission, acting as the North Dakota building authority, may, at the request of the workers compensation board of directors, arrange for funding of the project authorized in this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2001, and ending June 30, 2003. The proceeds of the evidences of indebtedness and other available funds are appropriated during the period beginning July 1, 2001, and ending July 31, 2003, for the following project:

Workers compensation bureau	Office building	\$14,000,000
-----------------------------	-----------------	--------------

The industrial commission may issue evidences of indebtedness in the principal amount of \$14,000,000 plus costs of issuance, capitalized interest, and any reasonable required reserves under this section with the condition that lease rental payments need not begin until July 1, 2003. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2003, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered before that date.

**SECTION 4. BOND ISSUANCE REPAYMENT RESPONSIBILITY.** A total of \$14,000,000 in principal amount plus interest must be made available by the workers compensation bureau from non-general fund sources to be appropriated to the industrial commission to retire the evidences of indebtedness issued for the project costs associated with the construction of the project authorized by this Act.

**SECTION 5. LEGISLATIVE INTENT - WORKERS COMPENSATION BUREAU BUILDING - OTHER STATE AGENCIES LEASING.** It is the intent of the legislative assembly that if a new facility is built to house the operations of the workers compensation bureau that the facility be built to include rental space for other state agencies and that the workers compensation bureau work with the office of management and budget to identify which agencies will lease space in the workers compensation bureau building and report to the budget section of the legislative council on plans for leasing to other agencies. The bureau shall have exclusive responsibility for setting and collecting rental amounts and for the maintenance and control of the building and its grounds.

**SECTION 6.** A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Building maintenance account - Continuing appropriation. There is a building maintenance account within the workers' compensation fund, to which the workers compensation bureau shall deposit all building rental proceeds if the workers compensation bureau builds a building that includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the workers compensation bureau to pay bond principal and interest payments, operating, maintenance, repair, and payments in lieu of taxes expenses of the building and grounds. This account may be used only for the purposes identified in this section. The workers compensation bureau may either hire or contract for building maintenance and repair services anticipated by this section. The bureau shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

**SECTION 7. AMENDMENT.** Section 65-02-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.2. Compensation of board members.** A board member is entitled to receive compensation ~~in the amount of sixty-two dollars and fifty cents per day~~ as determined by the board for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers."

Page 1, remove lines 17 through 24

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1024 - Workers Compensation Bureau - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$17,854,134	\$20,348,261	(\$20,348,261)	
Operating expenses	7,373,732	8,114,732	(8,114,732)	
Equipment	1,354,067	1,418,357	(1,418,357)	
Safety partnership grants	830,000	1,280,000	(1,280,000)	
Workers Compensation			45,841,340	\$45,841,340

**REPORT OF STANDING COMMITTEE (410)**  
**March 28, 2001 3:28 p.m.**

**Module No: SR-54-7048**  
**Carrier: Bowman**  
**Insert LC: 18024.0303 Title: .0400**

<b>Bureau</b>				
Total all funds	\$27,211,923	\$31,141,340	\$14,500,000	\$45,641,340
Less estimated income	<u>27,211,923</u>	<u>31,141,340</u>	<u>14,500,000</u>	<u>45,641,340</u>
General fund	\$0	\$0	\$0	\$0
FTE	191.00	218.00	0.00	218.00

**Dept. 485 - Workers Compensation Bureau - Detail of Senate Changes**

	CONSOLIDATE FUNDING INTO ONE LINE ITEM	PROVIDE FUNDING FOR ADDITIONAL FULL-TIME EQUIVALENT POSITIONS 1	PROVIDE FUNDING FOR CONSTRUCTION BONDING PROCEEDS 2	TOTAL SENATE CHANGES
Salaries and wages	(\$20,348,251)			(\$20,348,251)
Operating expenses	(8,114,732)			(8,114,732)
Equipment	(1,418,357)			(1,418,357)
Safety partnership grants	(1,260,000)			(1,260,000)
Workers Compensation Bureau	31,141,340	\$500,000	\$14,000,000	45,641,340
Total all funds	\$0	\$500,000	\$14,000,000	\$14,500,000
Less estimated income		<u>500,000</u>	<u>14,000,000</u>	<u>14,500,000</u>
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment adds a section that authorizes the Workers Compensation Board of Directors to allow the Workers Compensation Bureau to hire upon a determination that positions are needed to facilitate the economic and efficient administration of the bureau up to 10 FTE positions in addition to the FTE positions authorized by the 2001 Legislative Assembly and provides a special funds appropriation of \$500,000 for salaries, wages, and benefits for any additional FTE positions hired under this section.

<sup>2</sup> This amendment adds a section that allows the Industrial Commission at the request of the Workers Compensation Board of Directors to issue and sell bonds for the purpose of financing the purchase of land and the construction of a new facility to house bureau operations and provides an appropriation to the Workers Compensation Bureau use of the bond proceeds.

This amendment also:

- Adds a section of legislative intent that if a new facility is built to house the operations of the Workers Compensation Bureau, the facility be built to include rental space for other state agencies.
- Creates a new section to the North Dakota Century Code (NDCC) that establishes a building maintenance account in the workers' compensation fund to be used for deposit of all rental proceeds and for payment of all building operation, maintenance, and financing costs.
- Amends NDCC Section 65-02-03.2 to allow the Workers Compensation Board of Directors to set compensation for board members.

2001 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1024

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

House Appropriations Committee  
Education and Environment Division

☒ Conference Committee

Hearing Date April 09, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	x		3,185
Committee Clerk Signature <i>Judith Schick</i>			

Minutes:

Representatives Wald, Boehm, Aarsvold, Senators Bowman, Solberg, Tomac.

Rep Wald opens the HB1024. I agree with the Senate putting the appropriation in a one line item. I am working on amendments 18024.0304, the most current. I would like some amendments I would like the Senate to consider. They are 0304. page 2 section 7. I talked to Paul at the Bureau and they would like this amendment added on. Paul explains. (205) Senator Solberg is confused as to should we be doing this in conference committee, and does this open every thing up again? (345) Discussion among committee, and Paul as to what could and should be done. Senator Solberg questions, why so late? (615) How do we proceed with this and the difference? Rep Wald explains the major difference between the House and Senate which would be the cap of 14 million. (775) Each explains their reasoning, following with discussion on bonding. The difference between the House and the Senate is the cap, and bonding. Senator

Page 2

Education and Environment Division

Bill/Resolution Number HB1024

Hearing Date April 09,2001

Solberg made a motion to further amend in section 3 to remove the CAP. Vote was taken, 6 yes, 0 no, 0 absent.

Representative Wald: (1970) Are there any further amendments? Rep Boehm makes a motion to change section 7 on Voch Rehab issue. Rep Bowman seconds the motion. Any discussion? The vote was taken 6 yes, 0 no, 0 absent.

Rep Aarsvold asks for explanation of 500,000 for 10 full time positions. (2160) Rep Wald explains. A quick summary on the decisions of the committee. Senator Solberg makes a motion the Senate recede to the House amendments, and further amend on the rehab and taking the CAP off in section 3 and 7. Seconded by Rep Boehm. Rep Aarsvold opposes the conference committee report and explains why. (2490) Some discussion as to if this is worded properly. It should read Senate recedes to further amend on rehab and remove cap. Just so the two changes get put in and properly worded. The committee agrees in changes just concerned on proper procedure. Senators Solberg's motion is House accedes to Senate amendments and further amend section 3 and 4 to remove the CAP of 14 million and section 7 to add Rep Wald's amendment 0302. Vote was taken 5 yes, 1 no, 0 absent. Rep Wald to take to the floor.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1024

House Appropriations Committee  
Education and Environment Division

☐ Conference Committee

Hearing Date April 10, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	x		220
Committee Clerk Signature <i>Judy Schrock</i>			

Minutes:

Representatives Wald, Boehm, Aarsvold, Senators Bowman, Solberg, Tomac.

Representative Wald: We need to reconsider our actions.

Senator Bowman makes a motion to reconsider our actions, seconded by Rep Boehm. All in favor say 1, opposed no. It is carried. The chair will now entertain a motion as per the suggestion of Legislative Council to get the correct word age. Senator Solberg makes the motion the Senate recede and further amend. Seconded by Senator Bowman. Any discussion? The vote is taken 4, yes, and 2 no, 0 absent. Motion carries. Rep Wald to carry to the floor.

## CONFERENCE COMMITTEE REPORT ON ENGROSSED HOUSE BILL NO. 1024

This memorandum is to address issues regarding the Conference Committee amendments to Engrossed House Bill No. 1024, the Workers Compensation Bureau appropriation bill.

The Senate amendments included changes to provide for a single appropriation line item, to provide an additional appropriation and authorization for up to 10 FTE employees, to provide for the North Dakota Building Authority to issue bonds for a Workers Compensation Bureau office building of up to \$14 million, to provide legislative intent regarding other state agencies' leasing of the Workers Compensation Bureau building, and to provide statutory changes regarding a building maintenance account and the compensation of Workers Compensation Bureau board members.

The Conference Committee has decided to adopt the Senate amendments with changes to remove the \$14 million limit on the office building project bonding

authorization and to add an amendment to the North Dakota Century Code regarding contracts for Vocational Rehabilitation Services.

The decision whether to accede to the Senate amendments or recede from the Senate amendments depends on the type of further amendments to be made. If the new amendments change the Senate amendments, the appropriate method is to recede from the Senate amendments.

In this situation as the Conference Committee is proposing changing the Senate amendments (relating to the removal of the limit on bonding of \$14 million), the Conference Committee report should be for the Senate to recede from its amendments and further amend to include provisions of the Senate amendments agreed to by Conference Committee members and to make the additional two changes regarding the building financing limit and statutory provisions relating to Vocational Rehabilitation Services.



PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1024

That the Senate recede from its amendments as printed on pages 1167-1169 of the House Journal and pages 1010-1012 of the Senate Journal and that Reengrossed House Bill No. 1024 be amended as follows:

Page 1, line 2, replace "amend and reenact section 3 of chapter 548 of the 1999 Session" with "authorize and provide an appropriation for additional full-time equivalent positions for the workers compensation bureau; to create and enact a new section to chapter 65-02 of the North Dakota Century Code, relating to the creation of a building maintenance account; and to amend and reenact sections 65-02-03.2 and 65-05.1-06.2 of the North Dakota Century Code, relating to workers compensation board members and workers' compensation vocational rehabilitation services"

Page 1, remove line 3

Page 1, line 4, remove "and to provide for retroactive application"

Page 1, remove lines 11 through 14

Page 1, line 16, replace "AMENDMENT. Section 3 of chapter 548 of the 1999 Session Laws is" with "**NORTH DAKOTA WORKERS COMPENSATION BUREAU FULL-TIME EQUIVALENT EMPLOYEE POSITIONS AUTHORIZATION - APPROPRIATION - REPORT TO BUDGET SECTION.** The North Dakota workers compensation board of directors may authorize the workers compensation bureau to hire, upon a determination that employees are needed to facilitate the economic and efficient administration of the bureau, up to ten full-time equivalent employee positions in addition to the full-time equivalent employee positions authorized in section 1 of this Act for the biennium beginning July 1, 2001, and ending June 30, 2003. There is appropriated out of any moneys in the workers' compensation fund, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the workers compensation bureau for the purpose of providing wages, salaries, and benefits for any additional full-time equivalent positions authorized under this section. The workers compensation board of directors shall report to the budget section of the legislative council on any additional full-time equivalent employee positions and related funding authorized.

**SECTION 3. PROJECT APPROVAL.** The workers compensation board of directors may proceed with construction of a new facility to house its operations authorized by section 2 of chapter 548 of the 1999 Session Laws upon approval of construction plans by the Industrial commission.

**SECTION 4. LEGISLATIVE INTENT - WORKERS COMPENSATION BUREAU BUILDING - OTHER STATE AGENCIES LEASING.** It is the intent of the legislative assembly that if a new facility is built to house the operations of the workers compensation bureau that the facility be built to include rental space for other state agencies and that the workers compensation bureau work with the office of management and budget to identify which agencies will lease space in the workers compensation bureau building and report to the budget section of the legislative council on plans for leasing to other agencies. The bureau shall have exclusive responsibility for settling and collecting rental amounts and for the maintenance and control of the building and its grounds.

**SECTION 5.** A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

**Building maintenance account - Continuing appropriation.** There is a building maintenance account within the workers' compensation fund, to which the workers compensation bureau shall deposit all building rental proceeds if the workers compensation bureau builds a building that includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the workers compensation bureau to pay bond principal and interest payments, operating, maintenance, repair, and payments in lieu of taxes expenses of the building and grounds. This account may be used only for the purposes identified in this section. The workers compensation bureau may either hire or contract for building maintenance and repair services anticipated by this section. The bureau shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

**SECTION 6. AMENDMENT.** Section 65-02-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.2. Compensation of board members.** A board member is entitled to receive compensation in the amount of ~~sixty-two dollars and fifty cents per day~~ as determined by the board for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers.

**SECTION 7. AMENDMENT.** Section 65-05.1-06.2 of the North Dakota Century Code is amended and reenacted as follows:

**65-05.1-06.2. ~~Bids~~ Contract for vocational rehabilitation services.** The bureau ~~shall solicit bids from~~ may contract with vocational rehabilitation vendors to provide vocational rehabilitation services relative to ~~vocational rehabilitation of~~ claimants. ~~The bureau shall contract with the lowest and best bidder to provide these services on a biennial basis.~~ The bureau shall determine the criteria that render a vocational rehabilitation vendor qualified. ~~The request for bids must contain a detailed outline of services each vendor will be expected to provide. The accepted bid is binding upon both the bureau and the rehabilitation vendor.~~ If additional services are determined to be necessary as a result of failed or inappropriate rehabilitation of an injured employee through no fault of the employee, the bureau may contract with the vendor for additional services. If the failure or inappropriateness of the rehabilitation of the injured employee is due to the vendor's failure to provide the necessary services to fulfill the contract, the bureau is not obligated to use that vendor for additional services on that claim and the bureau may refuse payment for a service that the vendor failed to perform which was a material requirement of the contract."

Page 1, remove lines 17 through 24

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1024 - Workers Compensation Bureau - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$17,854,134	\$20,348,251	(\$20,348,251)			
Operating expenses	7,373,732	8,114,732	(8,114,732)			
Equipment	1,354,057	1,418,357	(1,418,357)			
Safety partnership grants	630,000	1,260,000	(1,260,000)			
Workers Compensation Bureau			31,641,340	\$31,641,340	\$45,641,340	(\$14,000,000)

Total all funds	\$27,211,923	\$31,141,340	\$500,000	\$31,641,340	\$45,641,340	(\$14,000,000)
Less estimated income	<u>27,211,923</u>	<u>31,141,340</u>	<u>500,000</u>	<u>31,641,340</u>	<u>45,641,340</u>	<u>(\$14,000,000)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	191.00	218.00	0.00	218.00	218.00	0.00

**Dept. 485 - Workers Compensation Bureau - Detail of Conference Committee Changes**

	CONSOLIDATE FUNDING INTO ONE LINE ITEM	PROVIDE FUNDING FOR ADDITIONAL FULL-TIME EQUIVALENT POSITIONS <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$20,348,251)		(\$20,348,251)
Operating expenses	(8,114,732)		(8,114,732)
Equipment	(1,418,357)		(1,418,357)
Safety partnership grants	(1,260,000)		(1,260,000)
Workers Compensation Bureau	<u>31,141,340</u>	<u>\$500,000</u>	<u>31,641,340</u>
Total all funds	\$0	\$500,000	\$500,000
Less estimated income	<u>-----</u>	<u>500,000</u>	<u>500,000</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment adds a section that authorized the Workers Compensation Board of Directors to allow the Workers Compensation Bureau to hire upon a determination that positions are needed to facilitate the economic and efficient administration of the bureau up to 10 FTE positions in addition to the FTE positions authorized by the 2001 Legislative Assembly and provides a special funds appropriation of \$500,000 for salaries, wages, and benefits for any additional FTE positions hired under this section. (This section was added by the Senate.)

This amendment also:

- Adds a section that provides that the Workers Compensation Board of Directors may proceed with construction of a new facility to house its operations authorized in 1999 House Bill No. 1266 upon approval of construction plans by the Industrial Commission.
- Adds a section of legislative intent that if a new facility is built to house the operations of the Workers Compensation Bureau, the facility be built to include rental space for other state agencies.
- Creates a new section in the North Dakota Century Code (NDCC) that establishes a building maintenance account in the workers' compensation fund to be used for deposit of all rental proceeds and for payment of all building operation, maintenance, and financing costs.
- Amends NDCC Section 65-02-03.2 to allow the Workers Compensation Board of Directors to set compensation for board members.
- Amends NDCC Section 65-05.1-06.2 to allow the Workers Compensation Bureau to contract for vocational rehabilitation services.

Date:

## 2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES

## House

☐

**X**

Legislative Council Amendment Number

### Action Taken

**Motion Made By**

[illegible]

Total

**Absent**

## Floor Assignment

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

Date: 4/9/01

Roll Call Vote # 2

## 2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES

<b>House</b>	<b>Committee</b>
--------------	------------------

Subcommittee on HB 1024

or

☒ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Adopted Sec. 7

Motion Made By Rep. Bachman Seconded By Rep. Bowman

[illegible]

Total (Yes) 6 No 0

**Absent** 0

## Floor Assignment

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

Date: April 9, 01  
Roll Call Vote # 3

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

House	Committee

☐ Subcommittee on HB 1084

**or**

☒ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action-Taken House agrees to Senate Amendment to further  
Amend. of section 344 to remove Crp of 14 million in Section 70302  
 Motion Made By Senator Salberg Seconded By Rep. Buckner Amendments

[illegible]

Total (Yes) 5 No 1

Absent 12

Floor Assignment Rep. Wald

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

Date: April 10, 01

Roll Call Vote # /

## 2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES

House	Committee

☐ Subcommittee on 14 B 10 2 4  
or \_\_\_\_\_

☒ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Motion to reconsider action

Motion Made By Senator Bowen Seconded By Rep. Boehm

[illegible]

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent

### Floor Assignment

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

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1024

That the Senate recede from its amendments as printed on pages 1167-1169 of the House Journal and pages 1010-1012 of the Senate Journal and that Reengrossed House Bill No. 1024 be amended as follows:

Page 1, line 2, replace "amend and reenact section 3 of chapter 548 of the 1999 Session" with "authorize and provide an appropriation for additional full-time equivalent positions for the workers compensation bureau; to create and enact a new section to chapter 65-02 of the North Dakota Century Code, relating to the creation of a building maintenance account; and to amend and reenact sections 65-02-03.2 and 65-05.1-06.2 of the North Dakota Century Code, relating to workers compensation board members and workers' compensation vocational rehabilitation services"

Page 1, remove line 3

Page 1, line 4, remove "and to provide for retroactive application"

Page 1, remove lines 11 through 14

Page 1, line 16, replace "AMENDMENT. Section 3 of chapter 548 of the 1999 Session Laws is" with "**NORTH DAKOTA WORKERS COMPENSATION BUREAU FULL-TIME EQUIVALENT EMPLOYEE POSITIONS AUTHORIZATION - APPROPRIATION - REPORT TO BUDGET SECTION.** The North Dakota workers compensation board of directors may authorize the workers compensation bureau to hire, upon a determination that employees are needed to facilitate the economic and efficient administration of the bureau, up to ten full-time equivalent employee positions in addition to the full-time equivalent employee positions authorized in section 1 of this Act for the biennium beginning July 1, 2001, and ending June 30, 2003. There is appropriated out of any moneys in the workers' compensation fund, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the workers compensation bureau for the purpose of providing wages, salaries, and benefits for any additional full-time equivalent positions authorized under this section. The workers compensation board of directors shall report to the budget section of the legislative council on any additional full-time equivalent employee positions and related funding authorized.

**SECTION 3. PROJECT AUTHORIZATION.** The industrial commission, acting as the North Dakota building authority, may, at the request of the workers compensation board of directors, arrange for funding of an office building project authorized by this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the biennium beginning July 1, 2001, and ending June 30, 2003. The proceeds of the evidences of indebtedness and other available funds are appropriated during the period beginning July 1, 2001, and ending July 31, 2003, for a workers compensation bureau office building.

The industrial commission may issue evidences of indebtedness in the principal amount requested plus costs of issuance, capitalized interest, and any reasonable required reserves under this section with the condition that lease rental payments need not begin until July 1, 2003. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2003, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.



**SECTION 4. BOND ISSUANCE REPAYMENT RESPONSIBILITY.** Funding must be made available by the workers compensation bureau from non-general fund sources to be appropriated to the industrial commission to retire the evidences of indebtedness issued for the project costs associated with the construction of the project authorized by this Act.

**SECTION 5. LEGISLATIVE INTENT - WORKERS COMPENSATION BUREAU BUILDING - OTHER STATE AGENCIES LEASING.** It is the intent of the legislative assembly that if a new facility is built to house the operations of the workers compensation bureau that the facility be built to include rental space for other state agencies and that the workers compensation bureau work with the office of management and budget to identify which agencies will lease space in the workers compensation bureau building and report to the budget section of the legislative council on plans for leasing to other agencies. The bureau shall have exclusive responsibility for setting and collecting rental amounts and for the maintenance and control of the building and its grounds.

**SECTION 6.** A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

**Building maintenance account - Continuing appropriation.** There is a building maintenance account within the workers' compensation fund, to which the workers compensation bureau shall deposit all building rental proceeds if the workers compensation bureau builds a building that includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the workers compensation bureau to pay bond principal and interest payments, operating, maintenance, repair, and payments in lieu of taxes expenses of the building and grounds. This account may be used only for the purposes identified in this section. The workers compensation bureau may either hire or contract for building maintenance and repair services anticipated by this section. The bureau shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

**SECTION 7. AMENDMENT.** Section 65-02-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.2. Compensation of board members.** A board member is entitled to receive compensation in the amount of ~~sixty-two dollars and fifty cents per day~~ as determined by the board for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers.

**SECTION 8. AMENDMENT.** Section 65-05.1-06.2 of the North Dakota Century Code is amended and reenacted as follows:

**65-05.1-06.2. ~~Bids~~ Contract for vocational rehabilitation services.** The bureau ~~shall solicit bids from~~ may contract with vocational rehabilitation vendors to provide vocational rehabilitation services ~~relative to vocational rehabilitation of claimants. The bureau shall contract with the lowest and best bidders to provide these services on a biennial basis.~~ The bureau shall determine the criteria that render a vocational rehabilitation vendor qualified. ~~The request for bids must contain a detailed outline of services each vendor will be expected to provide. The accepted bid is binding upon both the bureau and the rehabilitation vendor.~~ If additional services are determined to be necessary as a result of failed or inappropriate rehabilitation of an injured employee through no fault of the employee, the bureau may contract with the vendor for additional services. If the failure or inappropriateness of the rehabilitation of the injured employee is due to the vendor's failure to provide the necessary services to fulfill the contract, the bureau is not obligated to use that vendor for additional services on that claim and the bureau may refuse payment for a service that the vendor failed to perform which was a material requirement of the contract."

Page 1, remove lines 17 through 24

Renumber accordingly

# **STATEMENT OF PURPOSE OF AMENDMENT:**

## **House Bill No. 1024 - Workers Compensation Bureau - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$17,854,134	\$20,348,251	(\$20,348,251)			
Operating expenses	7,373,732	8,114,732	(8,114,732)			
Equipment	1,354,057	1,418,357	(1,418,357)			
Safety partnership grants	630,000	1,260,000	(1,260,000)			
Workers Compensation Bureau			31,641,340	\$31,641,340	\$45,641,340	(\$14,000,000)
Total all funds	\$27,211,923	\$31,141,340	\$500,000	\$31,641,340	\$45,641,340	(\$14,000,000)
Less estimated income	<u>27,211,923</u>	<u>31,141,340</u>	<u>500,000</u>	<u>31,641,340</u>	<u>45,641,340</u>	<u>(14,000,000)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	191.00	218.00	0.00	218.00	218.00	0.00

## **Dept. 485 - Workers Compensation Bureau - Detail of Conference Committee Changes**

	CONSOLIDATE FUNDING INTO ONE LINE ITEM	PROVIDE FUNDING FOR ADDITIONAL FULL-TIME EQUIVALENT POSITIONS <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$20,348,251)		(\$20,348,251)
Operating expenses	(8,114,732)		(8,114,732)
Equipment	(1,418,357)		(1,418,357)
Safety partnership grants	(1,260,000)		(1,260,000)
Workers Compensation Bureau	31,141,340	\$500,000	31,641,340
Total all funds	\$0	\$500,000	\$500,000
Less estimated income	<u>-----</u>	<u>500,000</u>	<u>500,000</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment adds a section that authorized the Workers Compensation Board of Directors to allow the Workers Compensation Bureau to hire upon a determination that positions are needed to facilitate the economic and efficient administration of the bureau up to 10 FTE positions in addition to the FTE positions authorized by the 2001 Legislative Assembly and provides a special funds appropriation of \$500,000 for salaries, wages, and benefits for any additional FTE positions hired under this section. (This section was added by the Senate.)

This amendment also:

- Adds a section that allows the Industrial Commission at the request of the Workers Compensation Bureau to issue and sell bonds for the purchase of land and the construction of a new facility to house bureau operations.
- Adds a section of legislative intent that if a new facility is built to house the operations of the Workers Compensation Bureau, the facility be built to include rental space for other state agencies.
- Creates a new section to the North Dakota Century Code (NDCC) that establishes a building maintenance account in the workers' compensation fund to be used for deposit of all rental proceeds and for payment of all building operation, maintenance, and financing costs.
- Amends NDCC Section 65-02-03.2 to allow the Workers Compensation Board of Directors to set compensation for board members.
- Amends NDCC Section 65-05.1-06.2 to allow the Workers Compensation Bureau to contract for vocational rehabilitation services.

Date: April 10, 01  
Roll Call Vote # 2

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

House	Committee

☐ Subcommittee on HB 1034  
or

☒ Conference Committee

Legislative Council Amendment Number 0305

Action Taken Senate records & further amend

Motion Made By Senator Sawyer Seconded By Senator Freeman

[illegible]

Total (Yes) 4 No 2

Absent 0

Floor Assignment Kapriel

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

Mason, Nelson, C., Nelson, G., Neffing, Nichols, O'Connell, Polovitz, Robinson, Schaeffer, Soberg, Steneberg, Tallackson, Thane, Tollefson, Tomac, Traynor, Tredegar, Unkrich, Wanzel, Wardner, Watne

Reengrossed SB 2308 passed and the title was agreed to.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1024, As Reengrossed:** Your conference committee (Sens. Bowman, Solberg, Tomac and Reps/Ward, Boehm, Aarsvold) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1167-1169, adopt amendments as follows, and place HB 1024 on the Seventh order.

That the Senate recede from its amendments as printed on pages 1167-1169 of the House Journal and pages 1010-1012 of the Senate Journal and that Reengrossed House Bill No. 1024 be amended as follows:

Page 1, line 2, replace "amend and reenact section 3 of chapter 548 of the 1999 Session" with "authorize and provide an appropriation for additional full-time equivalent positions for the workers compensation bureau, to create and enact a new section to chapter 65-02 of the North Dakota Century Code, relating to the creation of a building maintenance account, and to amend and reenact sections 65-02-03.2 and 65-05-1-06 of the North Dakota Century Code, relating to workers compensation board members and workers compensation vocational rehabilitation services"

Page 1, remove line 3

Page 1, line 4, remove "and to provide for retroactive application"

Page 1, remove lines 11 through 14

Page 1, line 16, replace "AMENDMENT. Section 3 of chapter 548 of the 1999 Session Laws is" with "NORTH DAKOTA WORKERS COMPENSATION BUREAU FULL-TIME EQUIVALENT EMPLOYEE POSITIONS AUTHORIZATION - APPROPRIATION - REPORT TO BUDGET SECTION. The North Dakota workers compensation board of directors may authorize the workers compensation bureau to hire, upon a determination after employees are needed to facilitate the economic and efficient administration of the bureau, up to ten full-time equivalent employee positions in addition to the full-time equivalent employee positions authorized in section 1 of this Act for the period beginning July 1, 2001, and ending June 30, 2003. There is appropriated out of any moneys in the workers compensation fund, not otherwise appropriated, the sum of \$506,000 or so much of the sum as may be necessary, to the workers compensation bureau for the purpose of providing wages, salaries and benefits for any additional full-time equivalent positions authorized under this section. The workers compensation board of directors shall report to the budget section of the legislative council on any additional full-time equivalent employee positions and related funding authorized."

**SECTION 3. PROJECT AUTHORIZATION.** The industrial commission, acting as the North Dakota building authority, may, at the request of the workers compensation board of directors, arrange for funding of an office building project authorized by this section, declared to be in the public interest, through the issuance of evidences of indebtedness under chapter 54-17.2, during the period beginning July 1, 2001, and ending June 30, 2003. The proceeds of the evidences of indebtedness and other available funds are appropriated during the period beginning July 1, 2001, and ending July 31, 2003, for a workers compensation bureau office building.

The industrial commission may issue evidences of indebtedness in the principal amount requested plus costs of issuance, capitalized interest, and any reasonable required reserves under this section with the condition that lease rental payments need not begin until July 1, 2003. This authority of the industrial commission to issue evidences of indebtedness ends June 30, 2003, but the industrial commission may continue to exercise all other powers granted to it under chapter 54-17.2 and this Act and to comply with any covenants entered into before that date.

**SECTION 4. BOND ISSUANCE REPAYMENT RESPONSIBILITY.** Funding must be made available by the workers compensation bureau from non-general fund sources to be appropriated to the industrial commission to retire the evidences of indebtedness issued for the project costs associated with the construction of the project authorized by this Act.

**SECTION 5. LEGISLATIVE INTENT - WORKERS COMPENSATION BUREAU BUILDING - OTHER STATE AGENCIES LEASING.** It is the intent of the legislative assembly that if a new facility is built to house the operations of the workers compensation bureau that the facility be built to include rental space for other state agencies and that the workers compensation bureau work with the office management and budget to identify which agencies will lease space in the workers compensation bureau building and report to the budget section of the legislative council on plans for leasing to other agencies. The bureau shall have exclusive responsibility for setting and collecting rental amounts and for the maintenance and control of the building and its grounds.

**SECTION 6.** A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

**Building maintenance account - Continuing appropriation.** There is a building maintenance account within the workers compensation fund, to which the workers compensation bureau shall deposit all building rental proceeds if the workers compensation bureau builds a building that includes rental space for other state entities. The moneys in the account are appropriated on a continuing basis to the workers compensation bureau to pay bond principal and interest payments, operating maintenance, repair, and payments in lieu of taxes, expenses of the building and grounds. This account may be used only for the purposes identified in this section. The workers compensation bureau may either hire or contract for building maintenance and repair services anticipated by this section. The bureau shall report to the budget section of the legislative council on a biennial basis on all revenues deposited into this account and expenditures made from the account.

**SECTION 7. AMENDMENT.** Section 65-02-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.2. Compensation of board members.** A board member is entitled to receive compensation in the amount of only two dollars and fifty cents per day as determined by the board for days spent in attendance at board meetings or other business as approved by the board. A board member is entitled to reimbursement for mileage and expenses as provided for state officers.

**SECTION 8. AMENDMENT.** Section 65-05-1-06.2 of the North Dakota Century Code is amended and reenacted as follows:

**65-05-1-06.2. Bids Contract for vocational rehabilitation services.** The bureau shall select bids from any contract with vocational rehabilitation vendors to provide vocational rehabilitation services relative to workers compensation claimants. The bureau shall contract with the vendor and first bidder to provide these services on a fee-for-service basis. The bureau shall determine the criteria that render a vocational rehabilitation vendor qualified. The bureau shall select a vendor from a list of vendors that are recommended by the bureau. If additional services are determined to be necessary as a result of failed or inappropriate rehabilitation of an injured employee through no fault of the employee, the bureau may contract with the vendor for additional services. If the failure or inappropriateness of the rehabilitation of the injured employee is due to the vendor's failure to provide the necessary services to fulfill the contract, the bureau is not obligated to use that vendor for additional services on that claim and the bureau may refuse payment for a service that the vendor failed to perform which was a material requirement of the contract.

Page 1, remove lines 17 through 24:

Reenact accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1024 - Workers Compensation Bureau - Conference Committee Action

**YEAS:** Andrist, Bowman, Christmann, Cook, Daver, Erbele, Espgaard, Every, Fisher, Flaxell, Freborg, Grindberg, Heikamp, Holmberg, Kitzer, Klein, Krauter, Krebsbach, Kingsstad, Lee, Lindgaas, Lyson, Mutch, Nelson, G. Nelving, Nichols, Postle, Robinson, Schenberger, Solberg, Steneheim, Talackson, Thane, Tolson, Tomlin, Turen, Trenbeath, Ullacher, Wanzen, Wardner, Watne

**NAVS:** Barber, Christenson, Kelish, Kroepflin, Mainern, D. Mainern, T. Nelson, C. O'Connor

Reengrossed HB 1024, as amended passed and the bill was agreed to

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY):**  
**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed SB 2013, SB 2244, SB 2306

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY):**  
**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1024

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY):**  
**MR. SPEAKER:** The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1196

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate be on the Fourteenth and Seventeenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 1:00 p.m. Monday, April 16, 2001, which motion prevailed

**COMMUNICATION FROM GOVERNOR JOHN HOEVEN**

This is to inform you that on April 13, 2001, I have signed the following: SB 2034, SB 2035, SB 2036, SB 2037, SB 2038, and SB 2039

**REPORT OF CONFERENCE COMMITTEE**

**HB 1283, as engrossed:** Your conference committee, Sens. Cook, Flaxell, O'Connor, and Reps. Brusegaard, Meier, Hanson, recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 1000-1001 and place HB 1283 on the Seventh order

Engrossed HB 1283 was placed on the Seventh order of business on the calendar

**REPORT OF CONFERENCE COMMITTEE**

**HB 1365, as engrossed:** Your conference committee, Sens. Kutzer, Lee, Politz, and Reps. Weisz, Galvin, Sandvig, recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 1099, accept further amendments as follows, and place HB 1365 on the Seventh order

That the House accede to the Senate amendments as printed on page 1099 of the House Journal and pages 909 and 910 of the Senate Journal and the Engrossed House Bill No. 1365 be further amended as follows:

Page 1, line 15, after "problems" insert "and other problems of the 1990s, and the House agreed to the House's voluntary placement of it there if a private agreement, there is a public determination by the people that a government is in the best interests of the state"

Renumber accordingly

Engrossed HB 1365 was placed on the Seventh order of business on the calendar

**REPORT OF CONFERENCE COMMITTEE**

**HB 1451, as engrossed:** Your conference committee, Sens. Wagner, Nelson, Nelson, and Reps. Grandel, Kingsbury, Eide, recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 1121, accept further amendments as follows, and place HB 1451 on the Seventh order

That the House accede to the Senate amendments as printed on page 1121 of the House Journal and page 959 of the Senate Journal and the Engrossed House Bill No. 1451 be amended as follows

Page 1, line 1, after "number" insert "and"

**JOURNAL OF THE SENATE**

SENATE JOURNAL	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	1404	1405	1406	1407	1408	1409	1410	1411	1412	1413	1414	1415	1416	1417	1418	1419	1420	1421	1422	1423	1424	1425	1426	1427	1428	1429	1430	1431	1432	1433	1434	1435	1436	1437	1438	1439	1440	1441	1442	1443	1444	1445	1446	1447	1448	1449	1450	1451	1452	1453	1454	1455	1456	1457	1458	1459	1460	1461	1462	1463	1464	1465	1466	1467	1468	1469	1470	1471	1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486	1487	1488	1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	1499	1500	1501	1502	1503	1504	1505	1506	1507	1508	1509	1510	1511	1512	1513	1514	1515	1516	1517	1518	1519	1520	1521	1522	1523	1524	1525	1526	1527	1528	1529	1530	1531	1532	1533	1534	1535	1536	1537	1538	1539	1540	1541	1542	1543	1544	1545	1546	1547	1548	1549	1550	1551	1552	1553	1554	1555	1556	1557	1558	1559	1560	1561	1562	1563	1564	1565	1566	1567	1568	1569	1570	1571	1572	1573	1574	1575	1576	1577	1578	1579	1580	1581	1582	1583	1584	1585	1586	1587	1588	1589	1590	1591	1592	1593	1594	1595	1596	1597	1598	1599	1600	1601	1602	1603	1604	1605	1606	1607	1608	1609	1610	1611	1612	1613	1614	1615	1616	1617	1618	1619	1620	1621	1622	1623	1624	1625	1626	1627	1628	1629	1630	1631	1632	1633	1634	1635	1636	1637	1638	1639	1640	1641	1642	1643	1644	1645	1646	1647	1648	1649	1650	1651	1652	1653	1654	1655	1656	1657	1658	1659	1660	1661	1662	1663	1664	1665	1666	1667	1668	1669	1670	1671	1672	1673	1674	1675	1676	1677	1678	1679	1680	1681	1682	1683	1684	1685	1686	1687	1688	1689	1690	1691	1692	1693	1694	1695	1696	1697	1698	1699	1700	1701	1702	1703	1704	1705	1706	1707	1708	1709	1710	1711	1712	1713	1714	1715	1716	1717	1718	1719	1720	1721	1722	1723	1724	1725	1726	1727	1728	1729	1730	1731	1732	1733	1734	1735	1736	1737	1738	1739	1740	1741	1742	1743	1744	1745	1746	1747	1748	1749	1750	1751	1752	1753	1754	1755	1756	1757	1758	1759	1760	1761	1762	1763	1764	1765	1766	1767	1768	1769	1770	1771	1772	1773	1774	1775	1776	1777	1778	1779	1780	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862	1863	1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	19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2001 TESTIMONY

HB 1024

**Department 485 - Workers Compensation Bureau**  
**House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Executive Budget	191.00		\$27,211,923	\$27,211,923
1999-2001 Legislative Appropriations	191.00		26,120,384	26,120,384
Increase (Decrease)	0.00	\$0	\$1,091,539	\$1,091,539

\* The 1999-2001 appropriation amounts include \$9,128 of other funds for the agency's share of the \$1.4 million funding pool appropriated to the Office of Management and Budget for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

**Major Items Affecting Workers Compensation Bureau 2001-03 Budget**

	General Fund	Other Funds	Total
1. Increases funding for the operating line item to provide the Office of Independent Review funding to contract with an independent third party to conduct claims review and provide legal services.		\$345,000	\$345,000
2. Removes funding for 2 FTE positions in the Office of Independent Review due to contract with third party for claims review and legal services.		(\$147,777)	(\$147,777)
3. Provides funding for 2 new FTE positions in the Information Services Division.		\$278,038	\$278,038
4. Decreases funding for information technology contracting services due to the addition of 2 new FTE positions.		(\$1,112,640)	(\$1,112,640)
5. Reduces funding for building lease payments due to the completion of construction or purchase of a new office building in the second year of the biennium. 1999 House Bill No. 1266 (Chapter 548 of the North Dakota Session Laws) allows the agency to purchase a building after meeting certain requirements and is effective through July 31, 2003.		(\$466,000)	(\$466,000)
6. Reduces operating funding for the safety initiative program established in the 1999-2001 biennium to accurately reflect program costs.		(\$266,051)	(\$266,051)
7. Increases funding for the operating line item for increased information technology costs associated with the statewide information technology network (\$15,750) and increased Central Services costs (\$60,000).		\$75,750	\$75,750
8. Increases funding for salaries and wages (\$762,900), dues and professional development (\$200,987), and information technology equipment (\$456,657) to maintain operations at their current level.		\$1,420,544	\$1,420,544

**Major Legislation Affecting the Workers Compensation Bureau**

House Bill No. 1153 creates a new preferred worker program under which an approved preferred worker employer would not be assessed premiums on a preferred worker's salary for three years from the date of hiring, and any claims costs incurred as the result of an injury sustained by a preferred worker would be charged against the general fund.

House Bill No. 1163 provides a special fund appropriation of \$761,600, including funding for one new FTE for expanding the safety grant program authorized by North Dakota Century Code Section 65-03-04.

House Bill No. 1187 provides a special fund appropriation of \$2,572,647, including funding for 25 new FTEs for bringing contracted services in house.

Senate Bill No. 2134 removes the expiration date for the Workers Compensation Bureau scholarship fund that allows the Workers Compensation Bureau to provide a scholarship for the spouse and dependent children of a worker who dies as the result of a compensable work-related injury.

Senate Bill No. 2157 creates a single penalty section by combining penalty provisions in existing sections, creates a new section regarding decisions of the bureau, and identifies when an employer who defaults on a premium will be declared uninsured.

**Department 485 - Workers Compensation Bureau**  
**House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	191.00		\$27,211,923	\$27,211,923
1999-2001 Legislative Appropriations	191.00		26,120,384	26,120,384 <sup>1</sup>
Increase (Decrease)	0.00	\$0	\$1,091,539	\$1,091,539

2001-03 Hoeven Executive Budget	191.00		\$27,211,923	\$27,211,923
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

<sup>1</sup> The 1999-2001 appropriation amounts include \$9,128 of other funds for the agency's share of the \$1.4 million funding pool appropriated to the Office of Management and Budget for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

**Major Schafer Recommendations Affecting Workers Compensation Bureau 2001-03 Budget**

	General Fund	Other Funds	Total
1. Increases funding for the operating line item to provide the Office of Independent Review funding to contract with an independent third party to conduct claims review and provide legal services.		\$345,000	\$345,000
2. Removes funding for 2 FTE positions in the Office of Independent Review due to contract with third party for claims review and legal services.		(\$147,777)	(\$147,777)
3. Provides funding for 2 new FTE positions in the Information Services Division.		\$278,038	\$278,038
4. Decreases funding for information technology contracting services due to the addition of 2 new FTE positions.		(\$1,112,640)	(\$1,112,640)
5. Reduces funding for building lease payments due to the completion of construction or purchase of a new office building in the second year of the biennium. 1999 House Bill No. 1266 (Chapter 548 of the North Dakota Session Laws) allows the agency to purchase a building after meeting certain requirements and is effective through July 31, 2003. (The House restored funding of \$466,000 for building lease payments for the second year of the biennium.)		(\$466,000)	(\$466,000)
6. Reduces operating funding for the safety initiative program established in the 1999-2001 biennium to accurately reflect program costs.		(\$266,051)	(\$266,051)
7. Increases funding for the operating line item for increased information technology costs associated with the statewide information technology network (\$15,750) and increased Central Services costs (\$60,000).		\$75,750	\$75,750
8. Increases funding for salaries and wages (\$762,900), dues and professional development (\$200,987), and information technology equipment (\$456,657) to maintain operations at their current level.		\$1,420,544	\$1,420,544

**Major Hoeven Recommendations Affecting Workers Compensation Bureau 2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)**

	General Fund	Other Funds	Total
1. The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.			



### **Major Legislation Affecting the Workers Compensation Bureau**

House Bill No. 1153 creates a new preferred worker program under which an approved preferred worker employer would not be assessed premiums on a preferred worker's salary for three years from the date of hiring, and any claims costs incurred as the result of an injury sustained by a preferred worker would be charged against the general fund. (This bill has been passed by the House.)

House Bill No. 1163 provides a special fund appropriation of \$761,600, including funding for one new FTE for expanding the safety grant program authorized by North Dakota Century Code Section 65-03-04. (The provisions of this bill were incorporated into House Bill No. 1024 and therefore this bill has been defeated.)

House Bill No. 1187 provides a special fund appropriation of \$2,572,647, including funding for 25 new FTEs for bringing contracted services in house. (The provisions of this bill were incorporated into House Bill No. 1024 and therefore this bill has been defeated.)

House Bill No. 1281 removes the Workers Compensation Bureau from the biennial appropriations process. (At the present time, the House has not yet taken final action on this bill.)

House Bill No. 1419 provides for a transfer of \$150,000 from the workers' compensation fund to the Insurance Commissioner to perform a workers' compensation insurance study. (At the present time, the House has not yet taken final action on this bill.)

Senate Bill No. 2134 removes the expiration date for the Workers Compensation Bureau scholarship fund that allows the Workers Compensation Bureau to provide a scholarship for the spouse and dependent children of a worker who dies as the result of a compensable work-related injury. (This bill has been passed by the Senate.)

Senate Bill No. 2157 creates a single penalty section by combining penalty provisions in existing sections, creates a new section regarding decisions of the bureau, and identifies when an employer who defaults on a premium will be declared uninsured. (This bill has been passed by the Senate.)

### **Summary of Legislative Changes Resulting From First House Action**

See Statement of Purpose of Amendment (attached).

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1024 - Funding Summary**

	Executive Budget	House Changes	House Version
Workers Compensation Bureau			
Salaries and wages	\$17,854,134	\$2,494,117	\$20,348,251
Operating expenses	7,373,732	741,000	8,114,732
Equipment	1,354,057	64,300	1,418,357
Safety partnership grants	630,000	630,000	1,260,000
Total all funds	\$27,211,923	\$3,929,417	\$31,141,340
Less estimated income	27,211,923	3,929,417	31,141,340
General fund	\$0	\$0	\$0
FTE	191.00	27.00	218.00
Bill total			
Total all funds	\$27,211,923	\$3,929,417	\$31,141,340
Less estimated income	27,211,923	3,929,417	31,141,340
General fund	\$0	\$0	\$0
FTE	191.00	27.00	218.00

**House Bill No. 1024 - Workers Compensation Bureau - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$17,854,134	\$2,494,117	\$20,348,251
Operating expenses	7,373,732	741,000	8,114,732
Equipment	1,354,057	64,300	1,418,357
Safety partnership grants	630,000	630,000	1,260,000
Total all funds	\$27,211,923	\$3,929,417	\$31,141,340
Less estimated income	27,211,923	3,929,417	31,141,340
General fund	\$0	\$0	\$0
FTE	191.00	27.00	218.00

**Department No. 485 - Workers Compensation Bureau - Detail of House Changes**

	Increase Funding for Expansion of the Safety Grant Program	Increase Funding for Bringing Contracted Programs and Services In- House <sup>1</sup>	Increase Operating for Rent Expense for the 2nd Year of the Biennium	Provides Funding For a New Special Investigations FTE	Total House Changes
Salaries and wages	\$108,000	\$2,276,447		\$109,670	\$2,494,117
Operating expenses	23,600	236,400	466,000	15,000	741,000
Equipment		59,800		4,500	64,300
Safety partnership grants	630,000				630,000
Total all funds	\$761,600	\$2,572,647	\$466,000	\$129,170	\$3,929,417
Less estimated income	761,600	2,572,647	466,000	129,170	3,929,417
General fund	\$0	\$0	\$0	\$0	\$0
FTE	1.00	25.00	0.00	1.00	27.00

This amendment increases funding and FTE to allow for utilization review, medical bill audit and entry, and case managers and rehabilitation services to be provided in-house by the Workers Compensation Bureau.

	FTE	Salaries and Wages	Operating	Equipment	Total
Utilization review	4.00	\$368,619			\$368,619
Medical bill audit and entry	8.00	668,171			668,171
Case managers and rehabilitation	13.00	1,239,657	236,400	59,800	1,535,857
Total	25.00	\$2,276,447	\$236,400	\$59,800	\$2,572,647

This amendment also adds a section amending 1999 House Bill No. 1266 requiring Workers Compensation Bureau to select a site for construction of a building to house its operations before March 1, 2001, or lose authority for construction.

## HOUSE BILL 1024

**Fifty-Seventh Legislative Assembly  
Before the House Appropriations Committee,  
Education and Environment Division  
January 12, 2001  
Testimony Regarding Workers Compensation Appropriation**

Good morning Chairman Wentz and Members of the Committee. My name is Dave Ystebo, and I am the Chairman of the North Dakota Workers Compensation Bureau's Board of Directors. Paul Kramer and Tammy Dolan will be providing an overview of the status of NDWC and an explanation of its 2001 - 2003 appropriation request. Prior to that, I would like to explain how the appropriation was developed and the approval process used by the Board of Directors.

The first goal of the Board of Directors was to meet Governor Schafer's hold-even budget directive. NDWC department managers were asked to evaluate their department's needs for the upcoming biennium. They were told not to simply use prior expenditures as the base, but to start from zero and determine what would actually be needed based on planned activities, programs, etc. Once the hold-even budget goal was achieved, the Board also considered several proposals for additional FTE, new programs, etc. Initially there were 11 separate requests, each of which was studied and prioritized. As a result, three were eliminated. Another three were packaged and submitted in a separate bill, HB 1187. The remaining 5 were submitted to the Governor as optional adjustments, however, none were approved. Additionally, the Governor made adjustments to the hold-even budget initially submitted.

NDCC 65-02-03.3 gives the NDWC Board of Directors authority to "present testimony to the appropriations committees of the legislative assembly, requesting amendments to the budget to remove adjustments made by the governor." At its January 8, 2001 Board meeting, the Board directed NDWC staff to ask the appropriations committee to reinstate the governor's adjustments and two of the optional adjustments. Tammy Dolan will be presenting this request later this morning.

Speaking as the Chairman of the Board of Directors, you can be assured the Board as a whole studied every issue and did not submit any appropriation requests that are not critical to the continued improvement and operation of the North Dakota workers compensation program.

At this time Dick Johnsen, Chairman of the Board of Director's Audit Committee, will be discussing the comprehensive process the Board has in place to monitor and assess NDWC's status and progress towards established goals.

## **HOUSE BILL 1024**

**Fifty-Seventh Legislative Assembly  
Before the House Appropriations Committee,  
Education and Environment Division**

**January 12, 2001**

### **Testimony Regarding Workers Compensation Appropriation**

Good morning, Chairman Wentz and Members of the Education and Environment Division of the House Appropriations Committee, for the record my name is Paul Kramer, and I am the Executive Director and CEO of North Dakota Workers Compensation.

On behalf of Workers Compensation and its Board of Directors I would like to begin this presentation with a brief overview of the Bureau's activities during the past biennium.

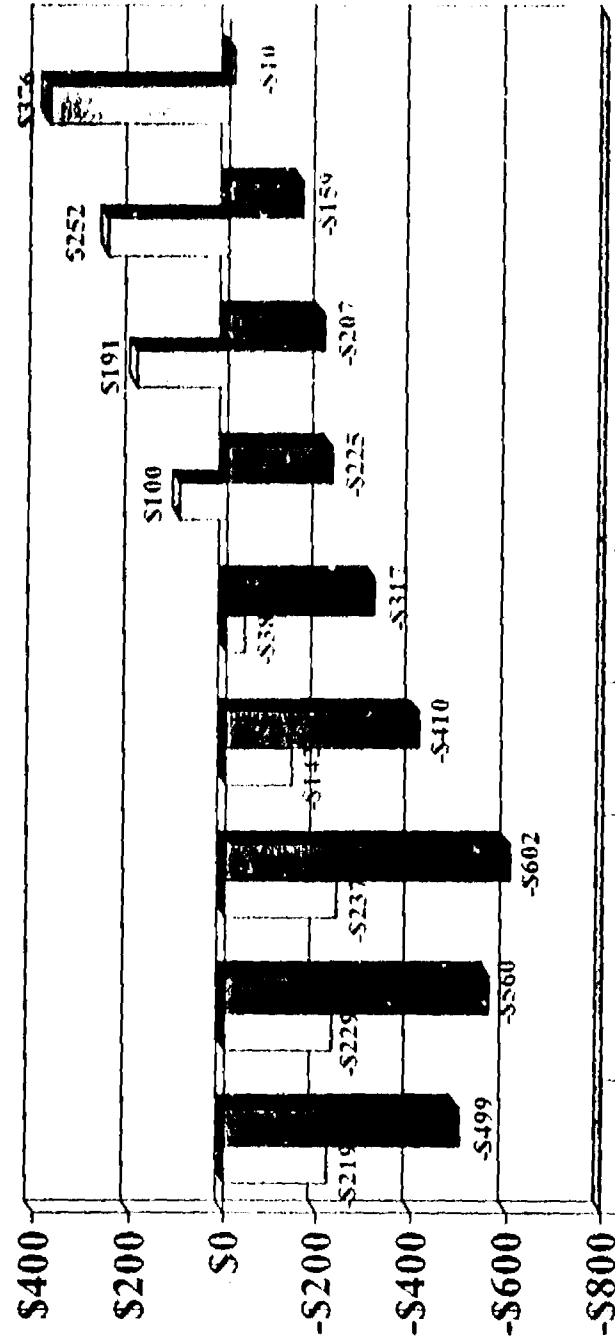
One of the accomplishments that we are most proud of at Workers Compensation is the dramatic turn-around that has been made in our Fund status. In 1994, the Bureau was nearly bankrupt. Today, our Fund status is at a point that would allow all claims to be paid if, for some reason, we were forced to close our doors tomorrow.

At the same time as the Fund status was making its turn-around, NDWC has been able to make significant strides in reducing employer premiums, reducing work related injuries, increasing benefits, and containing medical costs while maintaining a favorable rating on customer satisfaction surveys conducted with injured workers and employers.

The following slides will provide more information on how the Bureau has been able to accomplish these tasks.

*Slide  
2-21-01 testimony to  
same as  
by*

# NDWC Fund Equity w/ Contingency Reserve



	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
□ Total Unallocated Fund Equity w/ Contingency Reserve *	-\$219	-\$229	-\$237	-\$142	-\$38	\$100	\$191	\$252	\$326
■ Total Unallocated Fund Equity w/ Contingency Reserve (undisc.) **	-\$499	-\$560	-\$602	-\$410	-\$317	-\$225	-\$207	-\$159	-\$10

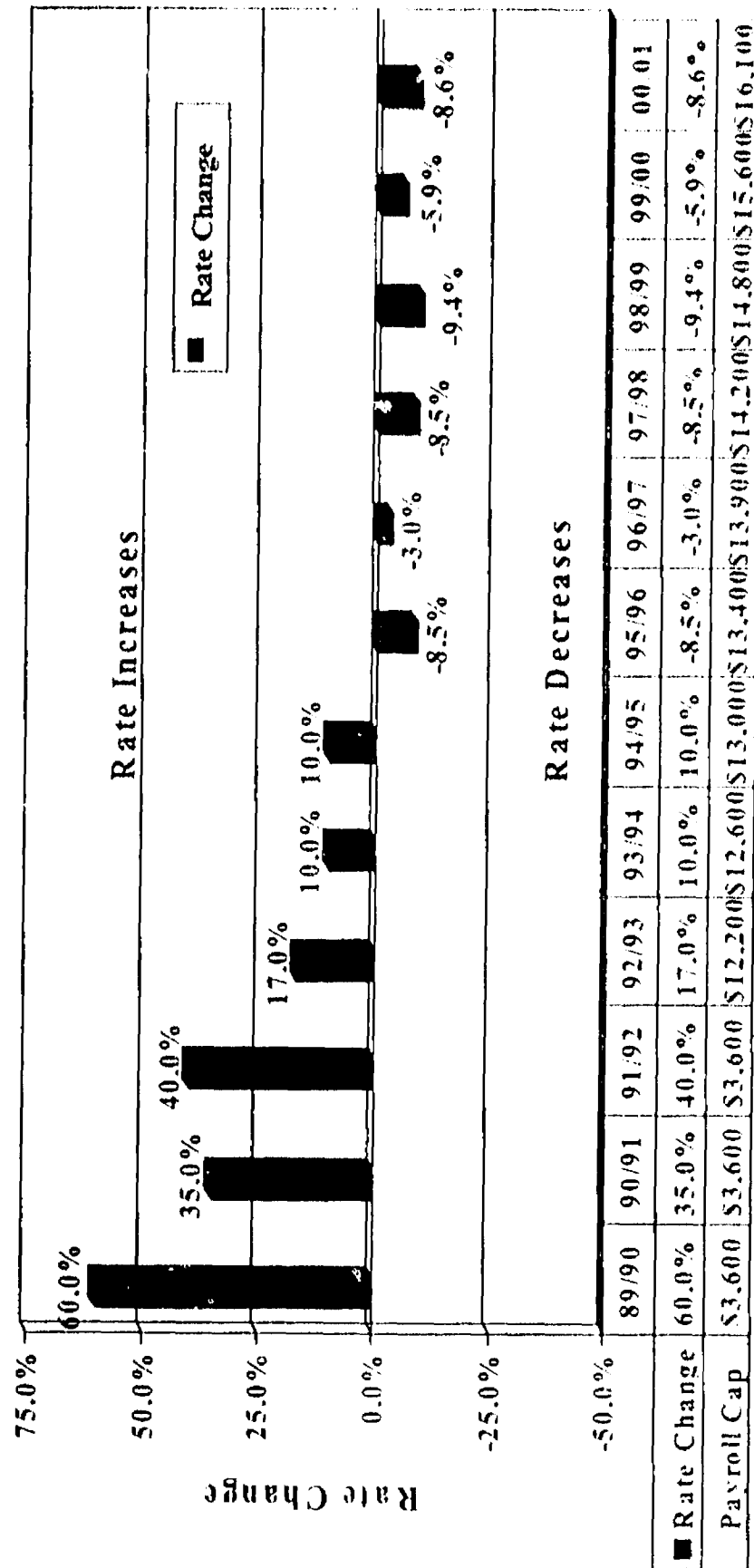
\*Fund equity position reflects NDWC's current practice of discounting claims liabilities at 6%.

\*\*Fund equity position restated assuming NDWC booked claims liabilities on an undiscounted basis.

NDWC

# NDWC Rate Change History

by Fiscal Year



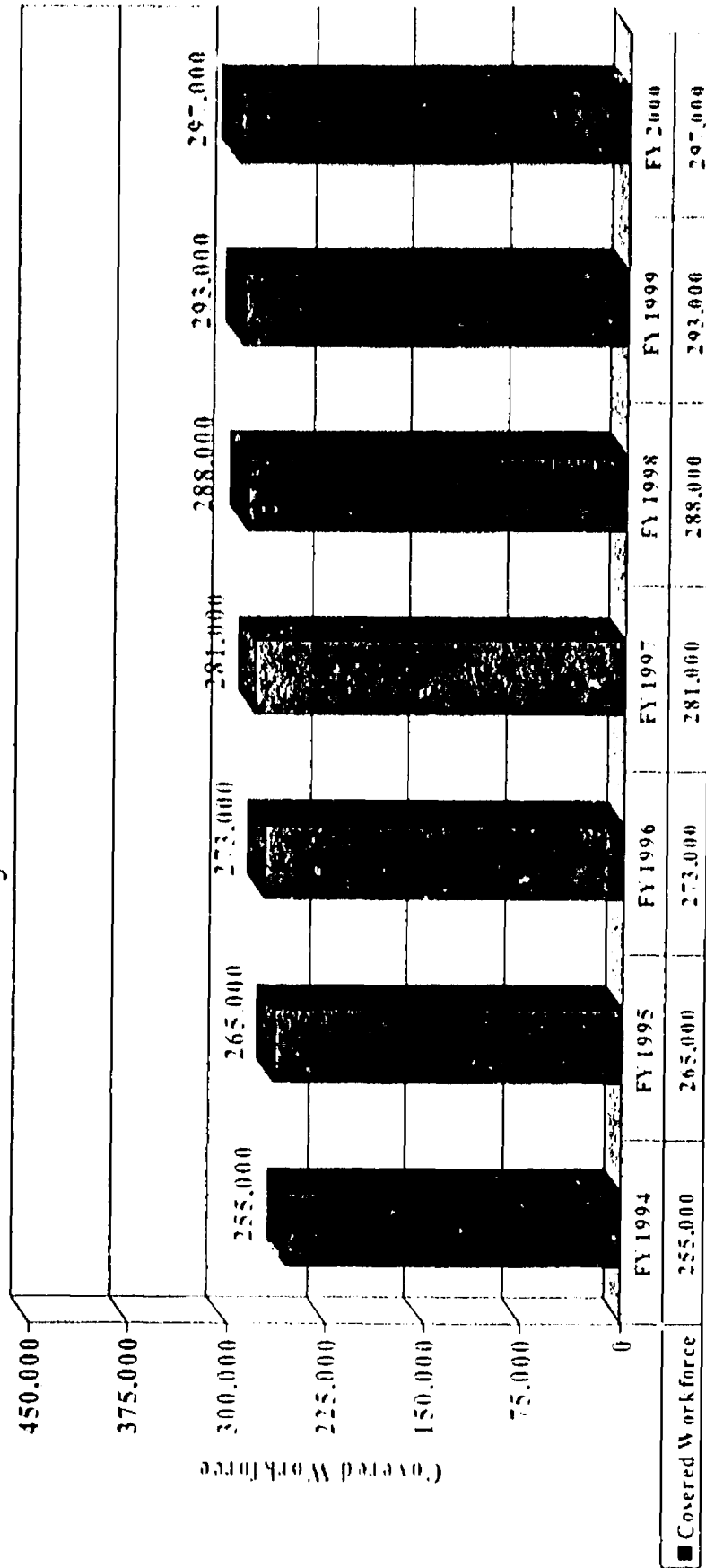
~Rate changes are effective July 1 of each fiscal year.

NDWC



# Covered Workforce

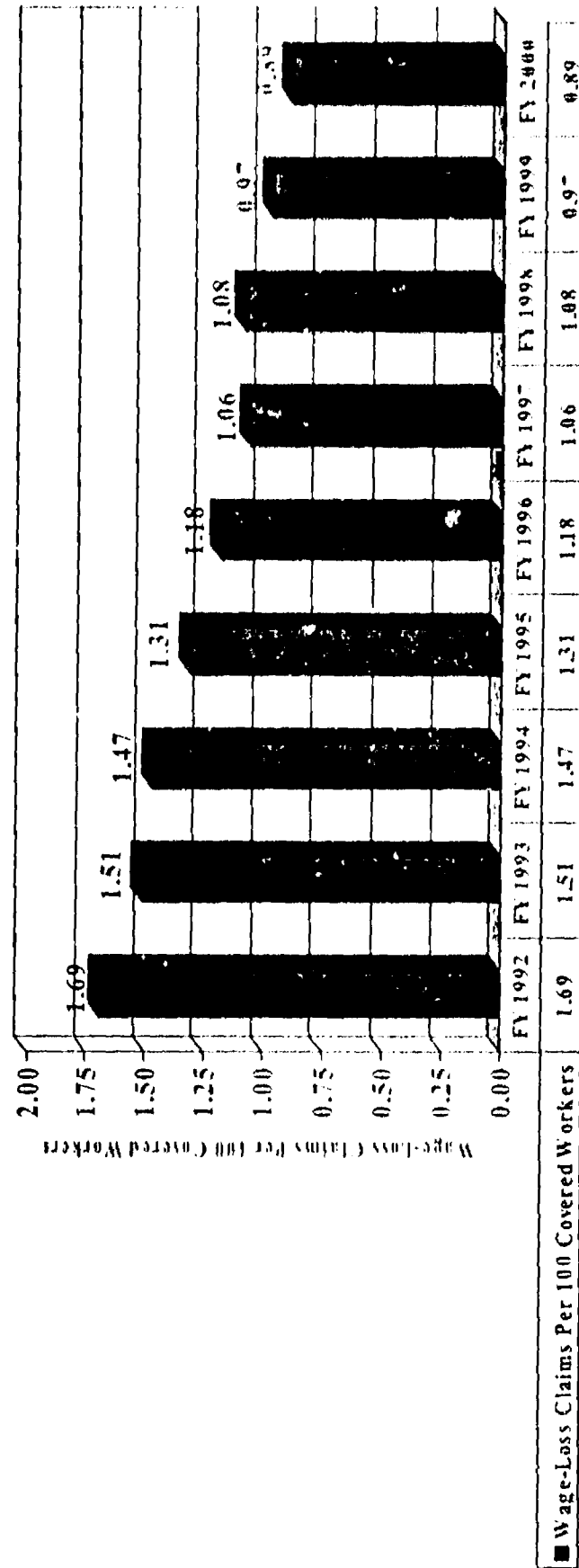
by Fiscal Year



NDWC

# Safety Pays

Wage-Loss Claims Reported Per 100 Covered Workers



The Safety Program was introduced in early 1994. By 2000, there were about 1,115 employers (representing over 1/2 of the state's workforce) utilizing an approved safety plan.

# Special Investigations Unit

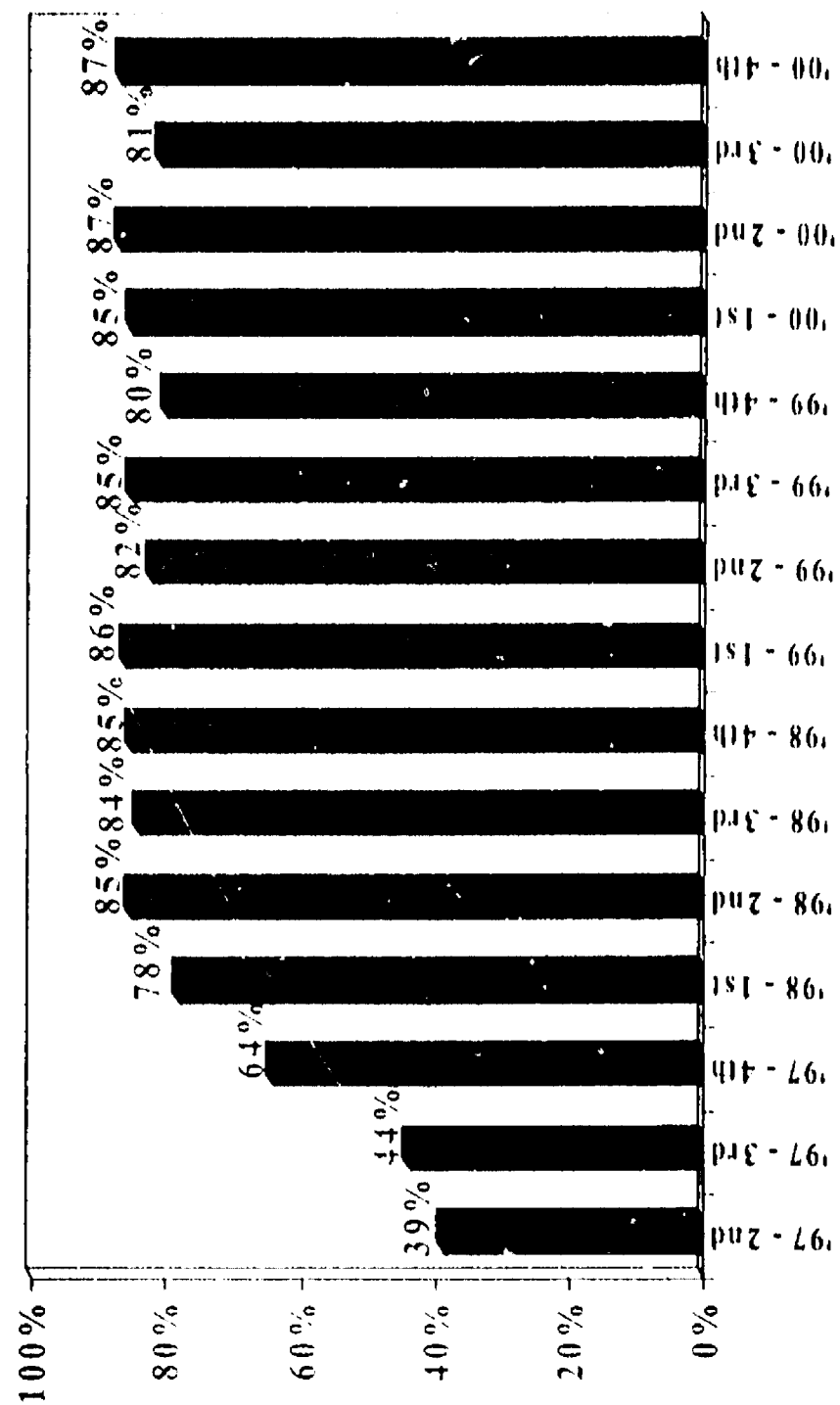
(developed in 1994)



• Active investigations as of December 2000:	
• Injured worker:	73
• Employer:	37
• Provider:	1
• Criminal fraud prosecutions since inception:	39
• Civil fraud orders since inception:	166
• Estimated net cumulative savings:	\$13,895,425
• Fraud amnesty period:	June 1- July 31, 2001

NDWC

## Expedited Medical Bill Processing less than 30 Days Old

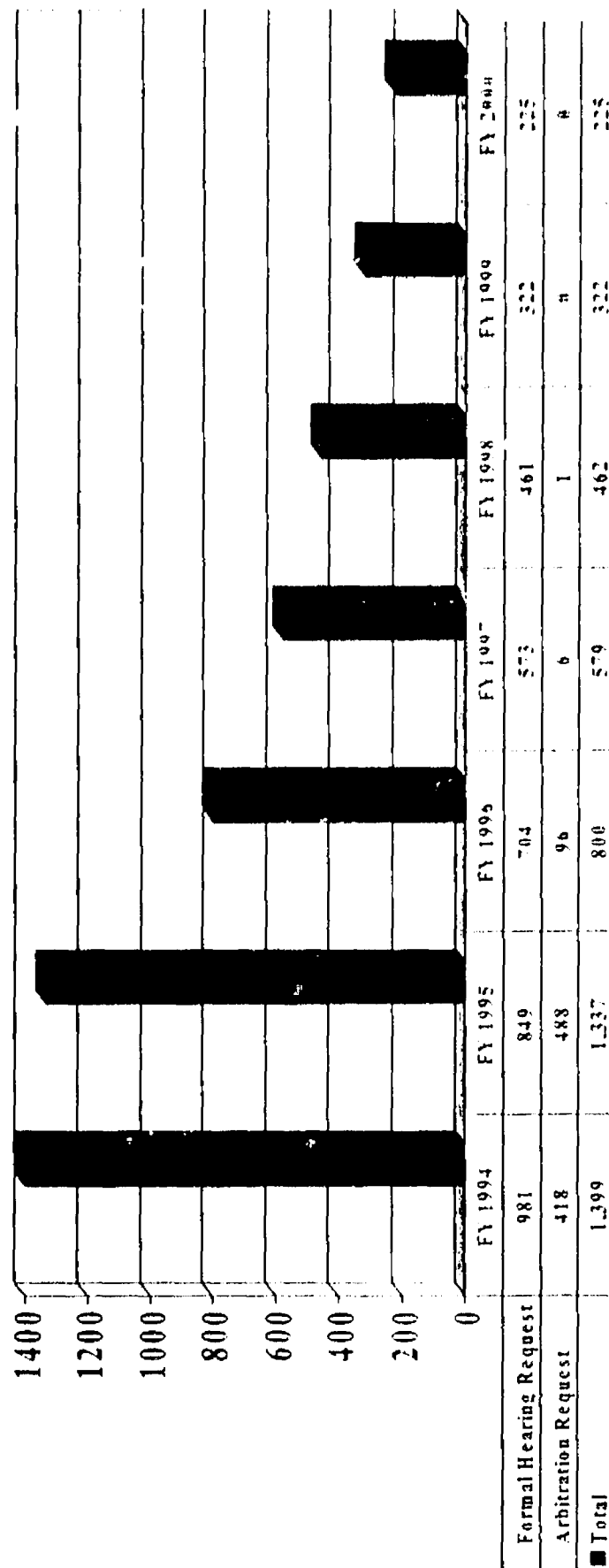


Quarter Ending

NDWC

# Fewer Disputes

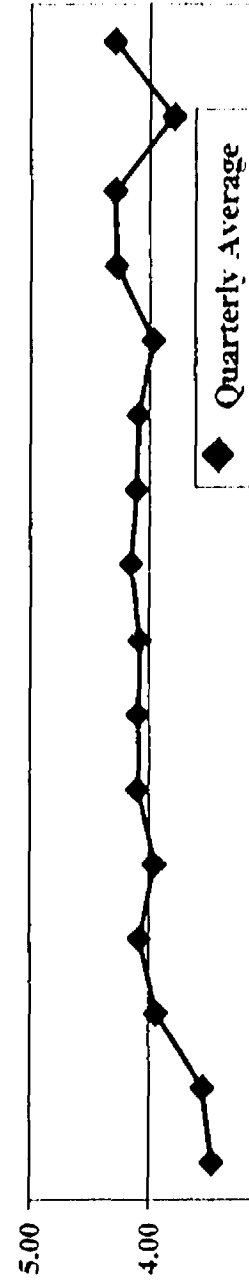
Litigation Requests by Fiscal Year



As of: November 30, 2000

NDWC

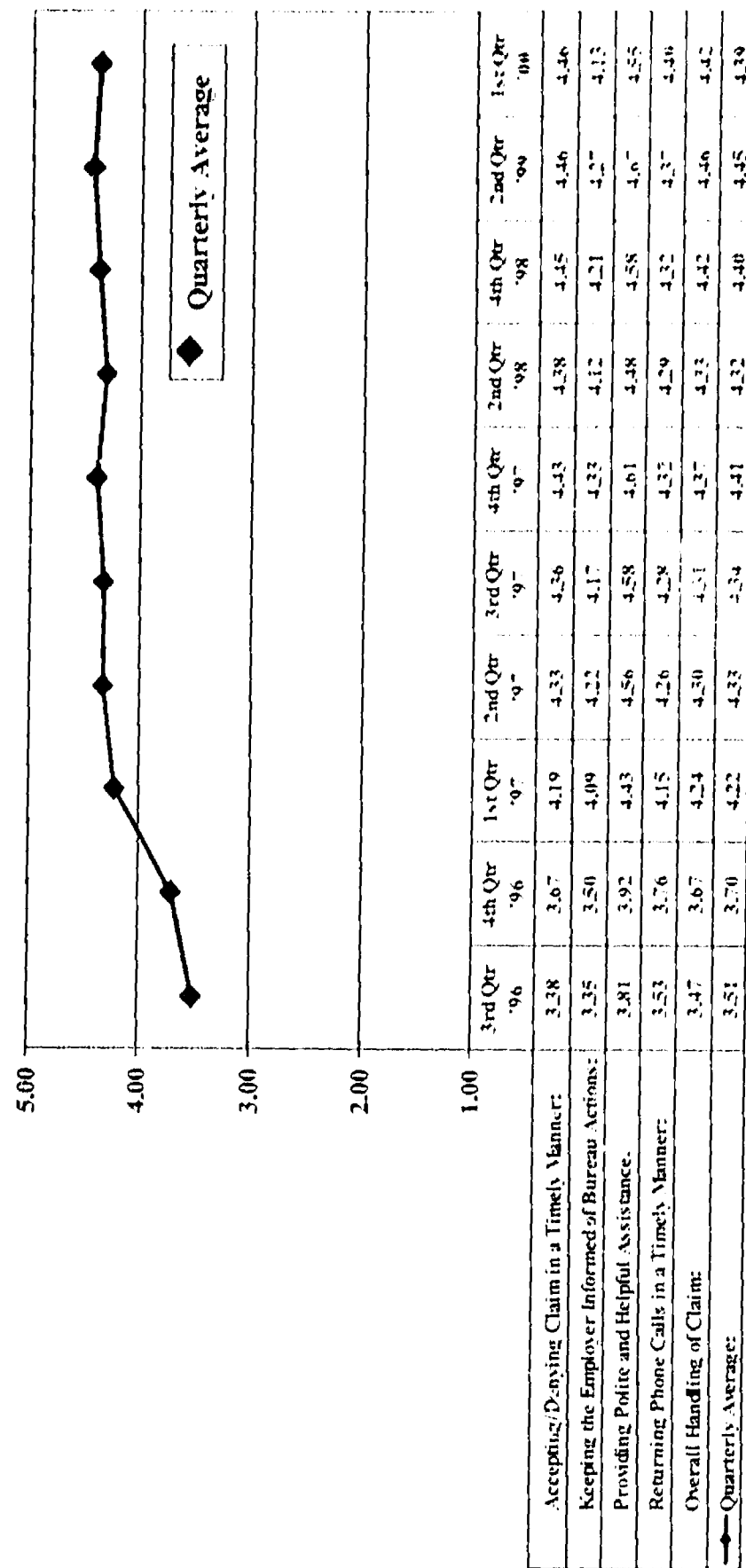
# Injured Worker Customer Satisfaction Survey



1.00	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	Qtr	
	'96	'96	'97	'97	'97	'97	'97	'97	'97	'97	'98	'98	'98	'98	'98	'98	'98	'98	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	'99	
Accepting Denying Claim in a Timely Manner:	3.26	3.41	3.94	4.05	3.93	4.11	4.19	4.09	4.15	4.25	4.20	4.10	4.26	4.20	4.23	4.26	4.30	4.29	4.20	4.18	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	
Paying Benefits in a Timely Manner:	3.31	3.29	3.79	3.93	3.71	3.90	3.92	3.89	4.03	4.03	4.09	4.18	4.15	4.23	4.23	4.15	4.26	4.27	4.23	4.18	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	
Providing Polite and Helpful Assistance:	3.63	3.88	4.16	4.32	4.23	4.30	4.33	4.38	4.29	4.44	4.35	4.41	4.38	4.44	4.33	4.38	4.38	4.38	4.28	4.39	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	
Returning Phone Calls in a Timely Manner:	3.55	3.62	3.83	4.01	4.01	4.08	3.85	3.91	4.11	3.43	3.66	3.55	4.28	4.39	4.28	4.39	3.88	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	
Overall Handling of Claim:	3.49	3.56	3.98	4.07	3.89	4.07	4.21	4.09	4.20	4.42	4.22	4.08	4.24	4.28	4.28	4.24	3.97	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	4.28	
Quarterly Average:	3.47	3.55	3.94	4.08	3.95	4.09	4.10	4.07	4.16	4.11	4.10	3.97	4.26	4.27	4.27	4.26	3.80	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	4.29	

NDWC

# Employer Customer Satisfaction Survey



NDW/C

**HOUSE BILL 1024**

**Fifty-Seventh Legislative Assembly  
Before the House Appropriations Committee,  
Education and Environment Division**

**January 12, 2001**

**Testimony Regarding Workers Compensation Appropriation**

Good morning Chairman Wentz and Members of the Committee. My name is Dick Johnsen, and I am the Chair of the North Dakota Workers Compensation Bureau's Board of Directors Audit Committee. Through its governance policies, the Board has established a comprehensive system of monitoring the status of the workers compensation fund and results of the agency's operations. The Audit Committee, which consists of 3 Board members, meets quarterly to review all monitoring documents, which include updates on financial audit results, performance evaluation recommendations, progress towards established goals, investment activity, and the results of operations.

Operational results are measured by a set of defined benchmarks called Outcomes. These outcomes are established to reflect the most critical aspects of each major NDWC department. Examples of the Outcome Monitoring Report contents are attached to my testimony. Through this document the Board is able to see results over a period of time. From this, both positive and negative trends can be identified and corrective actions taken if necessary.

I believe the criteria used for monitoring the fund have proven to be an excellent tool to ensure the Bureau operates within its appropriation. I strongly encourage you to adopt the changes that will be presented to you by Tammy Dolan. Paul Kramer, Executive Director and CEO, will now provide an overview of the Bureau's activities during the past biennium.



# Outcome Monitoring Report

## Outcome: Customer Relations

### I. Vital Indicators

Quarter Ending:

	99' - 1st	99' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd	00' - 3rd	00' - 4th
1 Customer Satisfaction Survey Avg's-Cltmt	4.12	3.97	NA	NA	4.21	4.12	3.98	4.23
2 Cust Satisfaction Survey Avg's-Employer		4.45		NA	4.33			
3 Average Speed Calls Answered (Seconds)	15	16	25	18	22	23	21	
4 Percentage of Calls Answered	96%	98%	99%	97%	96%	94%	94%	
5 Constituency Service Inquiries	33	35	31	22	25	21	23	
6 Inquiry Turnaround Time (Days)*	1.27	1.30	1.22	1.00	1.00	1.17	1.43	

\* Average turnaround time from date the NDWC receives signed request for information

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Unify Customer Service Throughout the Departments	2/1/00	2/2/00	100.0%	Transition made without any significant impact on hold time or percent of calls answered, while the number of calls per day increased by more than 200.
2	Liaison Program	11/1/00	10/26/00	100.0%	
Overall Weighted Achievement Percentage				100.0%	

### III. Significant Notes

- May-98 Professional Research Group reviewed NDWC survey protocols
- Feb-00 Combined Policyholder Services and Claims Customer Service Units, providing for more personalized service to our customers, virtually eliminating pre-recorded messages
- Nov-00 Independent research group to review and validate injured worker customer satisfaction survey protocols.
- Jan-01 D & H Research completed review of injured worker customer satisfaction survey protocols and conducted 4th quarter 2000 survey

# Outcome Monitoring Report

## Outcome: Claims

### I. Vital Indicators

Quarter Ending:	98' - 4th	99' - 1st	9' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd	00' - 3rd
1 % of Claims Acc/Den within 7 Days				41.8%	43.3%	46.8%	48.5%	49.9%
2 % of Claims Acc/Den within 14 Days				61.1%	64.9%	69.1%	69.3%	71.8%
3 % of Claims Acc/Den within 21 Days	80.0%	83.9%	NA	75.3%	78.2%	82.9%	81.3%	82.8%
4 % of Claims Acc/Den within 31 Days				86.8%	88.4%	91.8%	91.5%	92.2%
5 Claims Pending Over 60 Days	40	24	25	53	33	19	10	9
6 % of Med Bills < 30 Days Old	85%	86%	82%	85%	80%	85%	87%	81%
7 Claims Analyst Turnover Ratio	2.2%	2.2%	2.2%	0.0%	4.7%	2.4%	4.5%	10.3%
8 % of Claims Reported within 7 Days		34.2%	37.5%	30.7%	34.9%	36.0%	40.3%	39.3%
9 % of Claims Reported within 14 Days		57.6%	62.0%	55.1%	58.6%	58.7%	65.7%	62.6%
10 % of Claims Reported within 21 Days		68.0%	72.5%	69.1%	68.4%	68.3%	74.2%	71.8%
11 % of Claims Reported within 31 Days		76.0%	80.1%	78.8%	76.3%	75.4%	80.3%	79.0%
12 # of Reinsurance Claims Reported						3	4	1
# Accepted						3	3	1
# Denied						0	1	0
# Pending						0	0	0

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Benchmarks	9/1/00	-	-	Deferred to 2001
2	Internet Claim Filing	12/31/00			
3	Automatic Adjudication	12/1/00	-	-	Deferred to 2001
4	Utilization Review Program	10/1/00	10/1/00	100.0%	
5	Case Management	6/1/00	5/31/00	97.5%	
6	Vocational Rehabilitation	12/1/00	10/13/00	100.0%	
7	Bill Audit and Reimbursement Best Practices	11/1/00	10/31/00	97.5%	
8	Electronic Medical Records	12/1/00	12/1/00	100.0%	
9	Internal Medical Education Services	12/1/00	12/1/00	90.0%	
10	Electronic Bill Submittal and Processing	12/1/00	12/1/00	100.0%	
	Overall Weighted Achievement Percentage				

### III. Significant Notes

- Jul-99** Conversion to new claims computer system was completed
- Jan-00** Inception of Internal Case Management Program providing for a more efficient and cost effective system (Advantage)
- Mar-00** Hired Dr. Greg Peterson as NDWC Medical Director
- May-00** Completed Claims Reserve training for all claims analysts and supervisors
- May-00** Hired 2 additional case managers - 1 for Fargo area - 1 for Grand Forks area
- Jun-00** Issued Request For Proposal's for In-house Contracted Utilization Review Services
- Aug-00** Contract for utilization review services awarded to Advantage
- Oct-00** Utilization Review is now being performed In-house under Advantage
- Dec-00** Began claims department restructure per independent performance audit recommendation. There will be 5 claims units instead of 4

## Outcome Monitoring Report

### Outcome: Safety/Loss Prevention

#### I. Vital Indicators

Year Ending:	1994	1995	1996	1997	1998	1999	2000
Total Claims/100 Covered Workers (as of FY end)	7.68	7.66	7.47	7.28	7.19	6.34	6.75
VL Claims/100 Covered Workers (as of FY end)	1.47	1.31	1.18	1.06	1.08	0.97	0.89
3 Approved RMP Discount Participants (as of CY end)		532	594	883	1012	1063	1115
4 Approved SASIP Discount Participants (as of CY end)							335
5 Employer Visits (by Calendar Year)	na	na	na	2824	2868	2847	2914
6 MO Claims Filed	15,883	16,843	17,210	17,482	17,575	17,194	17,399
7 LT Claims Filed	3,745	3,459	3,218	2,966	3,107	2,840	2,646

\* Number of RMP participants through 11-7-2000

\*\* As of 10/1/00

#### II. Goals Program

##### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Benchmarks	12/1/00			Final results pending.
2	Loss Control Education	9/1/00	7/1/00	95.0%	
3	Marketing Plan	9/1/00	8/31/00	95.0%	
4	Emergency Response Team	12/1/00	11/1/00	97.5%	
Overall Weighted Achievement Percentage					

#### III. Significant Notes

##### Sep-99 Safety Partnership Initiative Grants Awarded to:

- 1) ND Motor Carriers Association  
ND Auto Dealers  
ND Implement Dealers
- 2) ND Labor Education Council
- 3) ND Association of Counties (NDACO)
- 4) ND Associated General Contractors (AGC)

##### Oct-99 Workers Compensation Annual Conference

##### Mar-00 Implemented 3% Substance Abuse Discount Program

##### Apr-00 Annual Spring Risk Management Program Statewide Seminars

##### Apr-00 Implemented 8% Small Account Safety Incentive Program

##### Apr-00 Implemented 2% Designated Medical Provider Discount Program

##### May-00 First issuance of the "Accident Record", a newsletter that chronicals serious accidents to NDWC policyholders

##### May-00 First issuance of "Heads up for Safety", a topic-specific informational handout

##### May-00 Internet web site with Loss Control Information went on-line

##### Jun-00 Adoption of OSHA Standard

##### Oct-00 NDWC Annual Regional Conferences

##### Nov-00 Significant expansion of Loss Control Audio/Visual Library to 180 videos

# Outcome Monitoring Report

## Outcome: Financial

### I. Vital Indicators

Fiscal Year Ending:

	1994	1995	1996	1997	1998	1999	2000
Earned Premium (millions)	\$ 104.5	\$ 120.3	\$ 133.1	\$ 125.3	\$ 121.9	\$ 112.4	\$ 111.5
Incurred Losses (millions)*	\$ 106.7	\$ 55.0	\$ 57.9	\$ 53.3	\$ 109.1	\$ 97.5	\$ 60.6
3 Discounted Reserve Adjustment Liability (millions)	N/A	N/A	\$ 35.0	\$ 62.0	\$ 115.0	\$ 160.0	\$ 250.0
4 Loss Ratio (Incurred Losses/Earned Premium)	1.02	0.45	0.44	0.42	0.89	0.87	0.54
5 Administrative Expenses (millions)	\$ 7.6	\$ 10.3	\$ 8.9	\$ 10.4	\$ 10.3	\$ 11.2	\$ 10.0
6 Fund Surplus (millions)**	\$ (236.9)	\$ (141.2)	\$ (72.7)	\$ 38.1	\$ 75.3	\$ 91.2	\$ 125.2
7 Investments (millions)	\$ 244.7	\$ 328.0	\$ 414.8	\$ 547.0	\$ 683.3	\$ 770.5	\$ 892.3
8 Safety Dividends (millions)							\$ 12.4
	98' - 4th	99' - 1st	99' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd
9 Investment Rate of Return (quarterly)	9.58%	0.45%	3.13%	-0.09%	7.72%	4.31%	-0.04%

\* The increase in incurred losses for 1998 is due to adverse Supreme Court decisions (Ash Gregory)

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Direct Deposit	9/1/00	-	-	Deferred to 2001
2	Annual Statement	12/31/00	12/28/00	95.0%	
	Overall Weighted Achievement Percentage			95.0%	

### III. Significant Notes

- Sep-00 Brady Martz on site to conduct financial audit as of 6/30/00
- Nov-00 Reserve Review completed by PAC
- Nov-00 June 30, 2000-financial statements approved by an independent accounting firm, Brady Martz & Associates
- Dec-00 Rate Review begins (Pacific Actuarial Consultants)

## HOUSE BILL 1024

Fifty-Seventh Legislative Assembly  
Before the House Appropriations Committee,  
Education and Environment Division  
January 12, 2001

### Testimony Regarding Workers Compensation Appropriation

Good morning Chairman Wentz and Members of the Committee. My name is Tammy Dolan and I am the Vice President of Employer and Fiscal Services for the Workers Compensation Bureau. I will be presenting you with an explanation of the 2001 - 2003 appropriation request. A summary of the budget request appears below, as it was included in Governor Schafer's and Governor Hoeven's budget recommendations.

North Dakota Workers Compensation (NDWC) does not receive any State General Fund dollars; therefore, employer premiums fund the entire appropriation.

	Present Budget <u>1999-2001</u>	Executive Recommendation <u>2001-2003</u>	Amount of Change From <u>1999-2001</u>	Percentage Change From <u>1999-2001</u>
Salaries & Wages	16,084,560	17,854,134	1,769,574	11.0%
Operating Expenses	8,133,984	7,373,732	(760,252)	(9.3%)
Equipment	1,301,840	1,354,057	52,217	4.0%
Safety Partnership Grants	<u>600,000</u>	<u>630,000</u>	<u>30,000</u>	<u>5.0%</u>
Total Line Items	<u>26,120,384</u>	<u>27,211,923</u>	<u>1,091,539</u>	<u>4.2%</u>
Total FTE	191.00	191.00	0.00	0.0%

Each line item will now be explained in greater detail.

### EXECUTIVE BUDGET RECOMMENDATION

#### Salaries and Wages

The recommended 2001-2003 budget includes \$16,972,674 to support the current staffing levels of 191 FTE, 6 Temps, and 10 Board Members. It also includes \$881,460, the Governor's recommendation for pay increases in the next biennium. This is the same funding level provided for other state agencies. However, NDWC employees do not receive the same across-the-board increases as other state employees. Salary increases are based on performance. The average increase for fiscal year 2000 was 5.0%.

To further solidify the independence of the Office of Independent Review (OIR) from NDWC's Claims Department, the Board of Directors authorized OIR to contract for advocacy services, rather than use NDWC employees. This decision resulted in a reduction of 2 FTE.

NDWC then requested that these 2 positions be transferred, and another 2 FTE be added, to its Information Services department. These 4 FTE would replace positions that are currently contracted through an outside vendor. The addition of 4 FTE, at a biennial cost of \$530,438, generated a savings of about \$1.1 million in the Operating Expense line.

NDWC relies heavily on its custom-developed software applications to provide the best possible service to injured workers, medical providers and North Dakota employers. As with any software application, improvements and enhancements are essential in order to keep up with the rapid change in technology. These positions are critical to NDWC success in this area.

The Executive Recommendation approved the FTE transfer but denied the 2 additional positions. Rather, they have included \$280,750 to continue contracting for 2 FTE. The \$280,750 is not adequate to pay for those contracted services. The cost associated with the 2 contracted FTEs is \$420,000 - about 50% more than the amount allowed in the Executive Recommendation, and more than 1½ times what it would cost to hire them as FTE.

At the reduced funding level, NDWC will have to reduce its Information Services consulting staff, which will negatively impact its ability to maintain and enhance its operating systems. This will affect NDWC's service to injured workers, employers, and medical providers. Therefore, NDWC, at the direction of its Board of Directors, respectfully requests that the House restore the original request by allowing 2 additional FTE, increasing Salaries and Wages by \$265,219 and decreasing Operating Expenses by \$280,750.

### Operating Expenses

The recommended 2001-2003 budget of \$7,373,732 calls for a 9.3% reduction from the current biennium. Included in this line item is \$432,000 to cover ITD Data Processing costs, which are expected to rise 42%, based on projected ITD rates. These costs are necessary in order to connect our computers to the state system. The budget also includes \$476,044 for ITD Telephone expenses over the next two years.

The \$628,600 projected in IT Software and Supplies will cover expenses relating to the Oracle, Filenet, IBM AIX, and Great Plains software applications -- all essential to NDWC customer service and efficient operations. Also included are toner, tape cartridges, compact discs, and other consumable items.

Continual improvement is demanded of all NDWC employees, as their pay depends on the quality of their performance. Therefore, NDWC is obligated to provide professional development opportunities for its staff. Over the next two years, we expect to spend \$436,390, \$2,285 per FTE, on professional development. This will allow NDWC to attract and retain high-quality employees, as well as maintain high employee morale.

The NDWC Board of Directors is considering constructing an office building. It is anticipated that construction would be completed by June 2002. At that time, NDWC would discontinue leasing its current office space in Bismarck. Therefore, no rent expenses are budgeted for FY 2003, resulting in a savings of \$466,000.

NDWC continues to contract for services essential to claims management; however, these costs are charged directly to the claims as allocated loss adjustment expenses (ALAE). If FTE could be utilized rather than contracts, a tremendous dollar savings would be realized. The problem is that the savings is "off-budget" rather than through the appropriation. A separate bill, HB1187, addresses this issue by requesting funding and FTE authority for 25 employees at a biennial cost of \$2.6 million. The projected net savings from this change would be \$4.2 million.

### **Equipment**

The recommended 2001-2003 budget of \$1,354,057 provides for an increase of 4.0% over previous levels. \$1,156,657 - 85% of all equipment - is allocated for hardware purchases to maintain and enhance the information technology infrastructure that supports NDWC business applications. These systems are used to generate every employer billing, each injured worker payment, and every medical provider reimbursement. Some of the projected purchases are:

- replacing 4 IBM file servers for \$291,000
- replacing 3 Compaq file servers for \$95,000
- replacing 3 Uninterruptible Power Supplies (UPS) for \$100,000
- replacing 160 personal computers for \$240,000
- replacing 45 computer monitors for \$36,000
- replacing 15 network printers for \$34,500
- acquiring a shared disk drive system for about \$300,000

Two of the IBM file servers will support web development and application services. One Compaq file server will be dedicated to source control for application development in order to ensure the integrity of all business applications. NDWC's two major business applications - Claims Management System (CMS) and Policyholder Information Control System (PICS) - and its accounting system, Great Plains eEnterprise, are located on a client-server environment located on site at NDWC. Every employee has a personal computer that shares access through a Local Area Network (LAN).

The remainder of the funding, \$197,400, is reserved for office furniture as well as updating records management, image processing, mail processing, and loss prevention equipment.



### **Safety Partnership Grants**

The 1999 Legislative Assembly appropriated \$600,000 for Safety Partnership Grants, with the goal of educating employers and employees to help prevent workplace injuries. Grants were awarded to four large employer group accounts in high-risk areas in order to serve the largest number of employees possible. These industries were allowed to customize their own specific safety program based on first hand experiences. The grants also served to enhance the partnership necessary between NDWC and employers working together for the benefit of North Dakota employees.

The recommended 2001-2003 budget continues this funding and enhances it by 5.0% to \$630,000. A separate bill, HB1163, seeks to expand this program by doubling the grant funding to \$1.26 million. As was shown earlier in Paul Kramer's portion of the presentation, NDWC is seeing a significant reduction in work place injuries, which we feel merits the continuation and expansion of such safety initiatives.

## **BOARD OF DIRECTORS ADJUSTMENT REQUEST**

In addition to the hold even budget request, as required by the Governor, NDWC submitted 5 optional adjustments, none of which were approved. At the direction of the Board of Directors, we respectfully request the following two optional adjustments be added to the NDWC 2001-2003 biennial appropriation:

### **Addition of 1 FTE - Human Resource Specialist**

NDWC employees are not "classified" like other State employees. As a result, NDWC staffs and maintains its own Human Resources (HR) department. The department is responsible for developing, implementing and monitoring personnel, compensation, and performance appraisal policies and procedures. The department also develops job descriptions for each position, coordinates the hiring of new employees, conducts training, assists with personnel actions, and provides any other human resource support needed.

The industry standard is to have at least one human resource professional, excluding administrative support, for every 100 employees. Currently, the NDWC HR department consists of one manager and one administrative assistant and serves approximately 200 employees - as a result our staff to employee ratio is only half the recommended standard.

NDWC is required by NDCC 65-02-30 to conduct an independent performance evaluation every biennium. The most recent evaluation was completed in September 2000 by The Hays Group of Minneapolis, Minnesota. The Hays Group specializes in workers compensation consulting. One of their recommendations was to increase staffing in the HR department. The Hays Group stated, "We understand that the current human resources department at North Dakota Workers Compensation consists of one [professional] person. Considering the size of NDWC, we believe it is important NDWC expand their human resource staff. We feel it is important that NDWC increase their human resource staff to support supervisory and management positions, so that all human resource functions are being handled in a professional and consistent basis."

While the addition of 1 FTE increases the budget request by \$102,017 in the next biennium, it allows NDWC to efficiently maintain all the employee programs, records, and projects necessary for an organization of its size.

#### **Addition of 1 FTE - Special Investigator**

Currently, NDWC's Special Investigation Unit (SIU) contracts with approximately 15 external private investigative agencies each year. Special investigators are crucial to managing increasing investigative caseloads, controlling and containing incurred costs, and stopping fraudulent activities of employers, providers, and injured workers. Adding 1 FTE will increase the appropriated budget by \$129,170 in the 2001-2003 biennium; however, it will save \$187,200 of contracted expenses currently paid "off-budget." These costs are specific to certain claims and are paid through a continuing appropriation. This is a net savings of \$58,030 over the next two years.

In addition, two technological fraud detection systems are scheduled for implementation during the fourth quarter of 2001 and will generate additional fraud cases for investigation. These two advanced detection systems are estimated to increase the current investigative caseload by approximately 33%. Therefore, it is pivotal for NDWC's continued financial and economic success to acquire another fraud investigator at this time.

Appendix A is attached and reflects how the NDWC 2001-2003 biennial appropriation will appear after considering the Board's requested adjustments.

Thank you for your time and consideration. Both Paul Kramer and I would now be happy to answer any questions you may have regarding the budget request or other workers compensation issues.

**North Dakota Workers Compensation  
2001 - 2003 Appropriation Request  
Executive Recommendation with Board of Director's Adjustments  
Attachment A**

	Executive Recommendation 2001-2003	Information Services 2 FTE	Human Resources 1 FTE	Special Investigations 1 FTE	NDWC Request 2001-2003	Amount of Change From 1999-2001	Percentage Change From 1999-2001
Salaries & Wages	17,854,134	265,219	90,557	109,670	18,319,580	2,235,020	13.9%
Operating Expenses	7,373,732	(280,750)	5,900	15,000	7,113,882	(1,020,102)	(12.5%)
Equipment	1,354,057	0	5,560	4,500	1,364,117	62,277	4.8%
Safety Partnership Grants	630,000	0	0	0	630,000	30,000	5.0%
Total Line Items	<u>27,211,923</u>	<u>(15,531)</u>	<u>102,017</u>	<u>129,170</u>	<u>27,427,579</u>	<u>1,307,195</u>	<u>5.0%</u>
Total FTE	191.00	2.00	1.00	1.00	195.00	4.00	2.1%

PROPOSED AMENDMENTS TO HOUSE BILL 1024

Page 1, line 9 replace "17,854,134" with "18,319,580"  
Page 1, line 10 replace "7,373,732" with "7,113,882"  
Page 1, line 11 replace "1,354,057" with "1,364,117"  
Page 1, line 13 replace "27,211,923" with "27,427,579"

Renumber accordingly

TESTIMONY TO THE  
HOUSE APPROPRIATIONS COMMITTEE

Prepared January 12, 2001 by the  
North Dakota Association of Counties  
Michael W. Wolf, County Employer Group Manager

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CONCERNING HOUSE BILL NO. 1024

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Madam Chair, members of the committee. Good morning, my name is Michael Wolf and I am the Manager of the County Employer Group (CEG) for the North Dakota Association of Counties (NDACo). Thank you for allowing me the opportunity to appear before you today. I am here today testifying in support of HB1024 as it relates to the Safety Partnership Grants.

Through a cooperative effort with North Dakota Workers Compensation (NDWC), the North Dakota Association of Counties formed the County Employer Group in 1996. The CEG Program resulted in the consolidation of 53 individual county workers compensation accounts into a single account. There are currently over 6,000 employees covered under the CEG Program and the County Employer Group is the largest single workers compensation premium payer in North Dakota.

In 1999, the North Dakota Associations of Counties applied for and was fortunate enough to receive a Safety Partnership Grant from North Dakota Workers Compensation. The Safety Partnership Initiative was an exciting new concept introduced by NDWC to promote safety in high-hazard industries. The fundamental objective of the initiative was to direct loss prevention resources towards specific

industries that were causing significant losses to North Dakota Workers Compensation and thereby reduce those losses.

The focus of the partnership grant for the North Dakota Association of Counties was to designate an Internal Claims Manager to manage all claims and develop an aggressive transitional work program. Prior to January 1, 2000, the County Employer Group had done a very good job in implementing an effective risk management program. However, once an injury occurred, there was no mechanism in place to manage the claims or any organized return to work effort. As a result, NDWC and NDACo saw a dramatic increase in claims costs. Annual claims costs of \$396,096.90 in 1997 increased to \$647,332.36 in 1998. Since the CEG was formed in 1996, average annual claims losses have been approximately \$445,820.

On January 1, 2000, as part of the Safety Partnership Grant, the NDACo hired Jennifer Morman as the Internal Claims Manager to manage all components of medical and lost time workers compensation claims. Her specific tasks include managing the medical care for each new injury and to work closely with the injured worker, their medical provider, and their supervisor to accommodate meaningful and medically appropriate return to work options. Jennifer was also directed to manage the medical care for all injuries that had occurred over the past 5 years and determine if return to work options were possible for those injured workers who were still off the job.

The result of having a dedicated Internal Claims Manager on staff has been phenomenal.

According to our latest loss run we received earlier this week, total claims costs for calendar year 2000, including future reserves are a mere \$49,384.41. The keys to our success are a result of focused efforts on early reporting, increased communication with medical providers, additional training opportunities for county risk managers, employee involvement, and pro-active return to work strategies.

Here is one of many examples of how being actively involved in the claims process and the return to work process can benefit NDWC and North Dakota employers:

- 35-year old male; Injured 11/8/00
- Serious snow-plow rollover accident
- 3 broken ribs, punctured lung, separated shoulder, multiple lacerations and muscle sprains
- Extended hospital stay
- Physical therapy
- We personally met with the treating physician to determine the employees capabilities
- We personally met with physical therapist
- We personally met with injured employee and his wife
- Worked directly with county risk manager and county department heads to identify a meaningful job within the employee's restrictions
- Employee returned to modified sedentary full-time duty on January 2, 2001
- Without intervention, we feel this employee would still be off work.

I am happy to inform you that all county employees injured in 2000 are back at work, continue to be productive, and they remain a valuable resource to their county. The reality of having all injured employees back at work would be highly unlikely without the assistance we have received as a participant in the Safety Partnership Grant.



As part of the safety partnership grant, NDACo is also in the process of developing a model transitional work program. Extensive work has already been done in Cass County and Stutsman County conducting a job task analysis for each position and identifying transitional job opportunities. Having pre-defined transitional jobs lends credibility to both the employee and the medical community. The transitional work program is unique in that we focus on an injured employee's capabilities, not their disabilities. Once fully developed, this state-of-the-art program will serve as a model that can be shared with other employers throughout the state.

We truly believe that without the support of the Safety Partnership Grant, NDWC and NDACo wouldn't have seen such a dramatic decrease in claims related costs this past year. Our Association urges your support of the bill with a "do pass" recommendation. Thank you. I will attempt to answer any questions you may have.

**ENGROSSED HOUSE BILL No. 1024**

**Fifty-Seventh Legislative Assembly  
Before the Senate Appropriations Committee,  
February 21, 2001**

**Testimony Regarding Workers Compensation Appropriation**

Good morning, Chairman Nething and members of the Senate Appropriations Committee:  
My name is Dick Johnsen and I am the Chairman of the Audit Committee for the North Dakota Workers Compensation Board of Directors. I am here today to testify in support of Engrossed House Bill No. 1024.

In preparing this appropriation request, the first goal of the Board of Directors was to meet Governor Schafer's hold-even budget directive. Once the hold-even budget goal was achieved, the Board considered several proposals for additional FTE, new programs, etc. Of those additional proposals, only the programs that are critical to the continued improvement and operation of the North Dakota workers' compensation system were brought forward for consideration.

The House of Representatives approved House Bill No. 1024 as amended by a vote of 76 to 21 with 1 absent and not voting. The bill as approved by the House provides \$31.14 million to defray the expenses for the upcoming biennium. It includes funding for salaries and benefits for the existing 191 FTE. It also grants the authority to hire an additional fraud investigator. It expands the funding for the safety grant program to approximately \$1.2 million per biennium and gives NDWC the authority to hire one FTE to administer the safety grants. It also allows NDWC to hire 25 additional FTE to bring some contracted services in-house, which will actually save an estimated \$4.2 million over the next two years.

The Board takes the responsibility of the appropriations process very seriously. Through its governance policies, the Board has established a comprehensive system of monitoring the status of the workers' compensation fund and the results of the agency's operations. The Audit Committee, which consists of three Board members, meets quarterly to review all monitoring documents, which include updates on financial audit results, performance evaluation

recommendations, progress toward established goals, investment activity, and the results of operations.

Operational results are measured by a set of defined benchmarks called Outcomes. These outcomes are established to reflect the most critical aspects of each major NDWC department. Examples of the Outcome Monitoring Report contents are attached to my testimony. Through this document the Board is able to see results over a period of time. From this, both positive and negative trends can be identified and corrective actions taken if necessary.

I believe the criteria used for monitoring the fund have proven to be an excellent tool to ensure the bureau operates within its appropriation. On behalf of the entire Board of Directors, I strongly encourage you to approve the funding level and FTE level presented to you this morning.

# Outcome Monitoring Report

## Outcome: Customer Relations

### I. Vital Indicators

	Quarter Ending	99' - 1st	99' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd	00' - 3rd	00' - 4th
1	Customer Satisfaction Survey Avgs-Cimt	4.10	3.97	NA	NA	4.27	4.30	3.80	4.29
2	Cust Satisfaction Survey Avgs-Employer		4.45		NA	4.39			
3	Average Speed Calls Answered (Seconds)	15	18	25	18	22	28	31	25
4	Percentage of Calls Answered	98%	98%	96%	97%	96%	94%	94%	97%
5	Constituency Service Inquiries	39	35	31	22	25	29	23	20
6	Inquiry Turnaround Time (Days)*	1.67	1.60	1.20	1.90	1.60	1.60	1.43	1.67

\* Average turnaround time from date the NDWC receives signed release of information.

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Unify Customer Service Throughout the Departments	2/1/00	2/3/00	100.0%	Transition made without any significant impact on hold time or percent of calls answered, while the number of calls per day increased by more than 200.
2	Liaison Program	11/1/00	10/26/00	100.0%	
Overall Weighted Achievement Percentage				100.0%	

#### 2001 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Reduce On-Hold Time	12/1/01			
2	Reduce Transferred Calls	12/1/01			
Overall Weighted Achievement Percentage					

### III. Significant Notes

- Feb-00 Combined Policyholder Services and Claims Customer Service Units, providing for more personalized service to our customers, virtually eliminating pre-recorded messages
- Nov-00 Independent research group to review and validate injured worker customer satisfaction survey protocols.
- Jan-01 D & H Research completed review of injured worker customer satisfaction survey protocols and conducted 4th quarter 2000 survey

# Outcome Monitoring Report

## Outcome: Claims

### I. Vital Indicators

Quarter Ending:		99' - 1st	99' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd	00' - 3rd	00' - 4th
1	% of Claims Acc/Den within 7 Days			41.8%	41.8%	46.8%	48.6%	49.9%	47.8%
2	% of Claims Acc/Den within 14 Days			61.1%	64.9%	69.1%	69.3%	71.8%	69.1%
3	% of Claims Acc/Den within 21 Days	83.9%	NA	75.3%	76.2%	82.9%	81.8%	83.8%	81.9%
4	% of Claims Acc/Den within 31 Days			86.8%	88.4%	91.8%	91.5%	92.2%	92.0%
5	Claims Pending Over 60 Days	24	25	53	33	19	10	0	16
6	% of Med Bills < 30 Days Old	86%	82%	85%	80%	85%	87%	81%	87%
7	Claims Analyst Turnover Ratio	2.2%	2.2%	2.2%	4.7%	2.4%	4.9%	10.3%	5.0%
8	% of Claims Reported within 7 Days	34.2%	37.5%	30.7%	34.9%	36.0%	40.8%	39.3%	36.5%
9	% of Claims Reported within 14 Days	57.6%	62.0%	55.1%	58.6%	58.7%	65.0%	62.6%	60.0%
10	% of Claims Reported within 21 Days	68.0%	72.5%	69.1%	68.4%	68.3%	74.2%	71.8%	71.1%
11	% of Claims Reported within 31 Days	76.0%	80.1%	78.8%	76.3%	75.4%	80.8%	79.0%	78.3%
12	# of Reinsurance Claims Reported					3	4	1	2
	# Accepted					3	3	1	2
	# Denied					0	1	0	0
	# Pending					0	0	0	0

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Benchmarks	9/1/00	.	.	Deferred to 2001
2	Internet Claim Filing	12/31/00	.	.	Online Employer Testing begins February 2001
3	Automatic Adjudication	12/1/00	.	.	Deferred to 2001
4	Claims Analyst Authority Level	10/1/00	9/1/00	100.0%	
5	Utilization Review Program	10/1/00	10/1/00	100.0%	
6	Case Management	8/1/00	5/31/00	97.5%	
7	Vocational Rehabilitation	12/1/00	10/13/00	100.0%	
8	Bill Audit and Reimbursement Best Practices	11/1/00	10/31/00	97.5%	
9	Electronic Medical Records	12/1/00	12/1/00	100.0%	
10	Internal Medical Education Services	12/1/00	12/1/00	90.0%	
11	Electronic Bill Submittal and Processing	12/1/00	12/1/00	100.0%	
Overall Weighted Achievement Percentage				98.7%	

#### 2001 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Implement Automatic Adjudication of Selected Claims	8/1/01			
2	Review Active Claims 10 Years Old and Greater	12/1/01			
3	Reduce the Number of Days from Injury Date to NDWC Notification Date	12/1/01			
Overall Weighted Achievement Percentage					

### III. Significant Notes

- Jan-00 Inception of Internal Case Management Program providing for a more efficient and cost effective system (Advantage)
- Mar-00 Hired Dr. Greg Peterson as NDWC Medical Director
- May-00 Completed Claims Reserve training for all claims analysts and supervisors
- May-00 Hired 2 additional case managers - 1 for Fargo area - 1 for Grand Forks area
- Jun-00 Issued Request For Proposal's for In-house Contracted Utilization Review Services
- Aug-00 Contract for utilization review services awarded to Advantage
- Oct-00 Utilization Review is now being performed in-house under Advantage
- Dec-00 Began claims department restructure per independent performance audit recommendation, including addition of 5th claims unit.

# Outcome Monitoring Report

## Outcome: Safety/Loss Prevention

### I. Vital Indicators

	Year Ending:						
	1994	1995	1996	1997	1998	1999	2000
1 Total Claims/100 Covered Workers (as of FY end)	7.68	7.68	7.47	7.28	7.19	6.84	6.78
2 WL Claims/100 Covered Workers (as of FY end)	1.47	1.31	1.18	1.06	1.08	0.97	0.89
3 Approved RMP Discount Participants (as of CY end)		532	694	934	1005	1063	1089
4 Approved SASIP Discount Participants (as of CY end)							335
5 Employer Visits (by Calendar Year)	na	na	na	2824	2868	2847	3833
6 MO Claims Filed	15,883	16,643	17,210	17,482	17,576	17,194	17,399
7 LT Claims Filed	3,745	3,459	3,218	2,966	3,107	2,840	2,646

### II. Goals Program

#### 2000 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Benchmarks	12/1/00	-	-	Will be finalized early 2001
2	Loss Control Education	9/1/00	7/1/00	95.0%	
3	Marketing Plan	9/1/00	8/31/00	95.0%	
4	Emergency Response Team	12/1/00	11/1/00	97.5%	
Overall Weighted Achievement Percentage				95.6%	

#### 2001 Goals Program

#	Goal	Target Date	Completed	Score	Comments
1	Expand and Enhance the Safety Partnership Initiative	4/1/01			
2	Provide Enhanced Assistance to Targeted Employers	7/1/01			
3	Increase Participation in the Small Account Safety Incentive Program (SASIP)	12/1/01			
Overall Weighted Achievement Percentage					

### III. Significant Notes

Sep-99 Safety Partnership Initiative Grants Awarded to:

- 1) ND Motor Carriers Association  
ND Auto Dealers  
ND Implement Dealers
- 2) ND Labor Education Council
- 3) ND Association of Counties (NDACO)
- 4) ND Associated General Contractors (AGC)

Oct-99 Workers Compensation Annual Conference

Mar-00 Implemented 3% Substance Abuse Discount Program

Apr-00 Annual Spring Risk Management Program Statewide Seminars

Apr-00 Implemented 6% Small Account Safety Incentive Program

Apr-00 Implemented 2% Designated Medical Provider Discount Program

May-00 First Issuance of the "Accident Record", a newsletter that chronicals serious accidents to NDWC policyholders

May-00 First Issuance of "Heads up for Safety", a topic-specific informational handout

May-00 Internet web site with Loss Control information went on-line

Jun-00 Adoption of OSHA Standard

Oct-00 NDWC Annual Regional Conferences

Nov-00 Significant expansion of Loss Control Audio/Visual Library to 180 videos

**Outcome: Financial****I. Vital Indicators**

		Fiscal Year Ending:								
		1994	1995	1996	1997	1998	1999	2000	2001	
1	Earned Premium (millions)	\$ 104.6	\$ 120.9	\$ 133.1	\$ 125.8	\$ 121.9	\$ 112.4	\$ 111.5		
2	Incurred Losses (millions)*	\$ 106.7	\$ 65.0	\$ 67.9	\$ 53.3	\$ 109.1	\$ 97.6	\$ 60.6		
3	Discounted Reserve Adjustment Liability (millions)	N/A	N/A	\$ 35.0	\$ 62.0	\$ 115.0	\$ 160.0	\$ 250.0		
4	Loss Ratio (Incurred Losses/Earned Premium)	1.02	0.45	0.44	0.42	0.39	0.87	0.54		
5	Administrative Expenses (millions)	\$ 7.6	\$ 10.3	\$ 8.9	\$ 10.4	\$ 10.3	\$ 11.2	\$ 10.9		
6	Fund Surplus (millions)**	\$ (236.9)	\$ (141.2)	\$ (72.7)	\$ 36.1	\$ 76.3	\$ 91.2	\$ 126.2		
7	Investments (millions)	\$ 244.7	\$ 328.0	\$ 414.8	\$ 547.0	\$ 683.3	\$ 770.5	\$ 892.3		
8	Safety Dividends (millions)							\$ 12.4		
		98' - 4th	99' - 1st	99' - 2nd	99' - 3rd	99' - 4th	00' - 1st	00' - 2nd	00' - 3rd	00' - 4th
9	Investment Rate of Return (quarterly)	9.66%	0.45%	3.13%	-0.09%	7.72%	4.31%	-0.04%	1.71%	-2.89%**

\* The increase in incurred losses for 1998 is due to adverse Supreme Court decisions (Ash, Gregory).

\*\*Through November of 2000

**II. Goals Program****2000 Goals Program**

#	Goal	Target Date	Completed	Score	Comments
1	Direct Deposit	9/1/00	-	-	Deferred to 2001
2	Annual Statement	12/31/00	12/28/00	95.0%	
Overall Weighted Achievement Percentage				95.0%	

**2001 Goals Program**

#	Goal	Target Date	Completed	Score	Comments
1	Provide Enhanced Financial Reporting	4/1/01			
2	Implement an Electronic Payment Application	6/1/01			
Overall Weighted Achievement Percentage					

**III. Significant Notes**

Nov-00 Reserve Review completed by PAC

Nov-00 June 30, 2000-financial statements approved by an independent accounting firm, Brady Martz &amp; Associates

Dec-00 Rate Review begins (Pacific Actuarial Consultants)

**NORTH DAKOTA**  
**Workers Compensation**

Paul R. Kramer  
Executive Director & CEO

500 East Front Avenue  
Bismarck ND 58504-5686

To: Chairman Wentz and Members of the House Appropriations Committee, Education and Environment Division  
From: Tammy Dolan, Vice President, Employer and Fiscal Services *TD/mm*  
Date: January 22, 2001  
Re: Further Information on Testimony for House Bill No. 1187

As requested, I am providing further information on two topics, utilization review and legal fees. If you have any additional questions, please contact me directly at 328-3774 or e-mail me at [tdolan@web.state.nd.us](mailto:tdolan@web.state.nd.us).

**Utilization Review**

Utilization review (UR) is the determination of the necessity, appropriateness and efficiency of clinical services rendered to patients for the management of specified clinical conditions. Under utilization review, the use of health care services for a specific patient is compared to an established norm concerning similar services for comparable patients. Providing an unnecessary service is not only costly, it can actually harm individuals who receive the care.

NDWC's UR department conducts pre-service reviews for the following services:

- Physical Therapy beyond the first 10 treatments or 30 days
- High-tech imaging (CT scans, MRIs, myelograms, discograms)
- In-patient hospital stays
- Surgical procedures
- Therapeutic Injections

The goals of UR include:

- Ensuring that the treatment provided to injured workers is medically necessary and appropriate
- Improving the quality of care by promoting timely access to health care
- Preventing unnecessary services or treatment
- Facilitating positive outcomes for recovery and early return to work

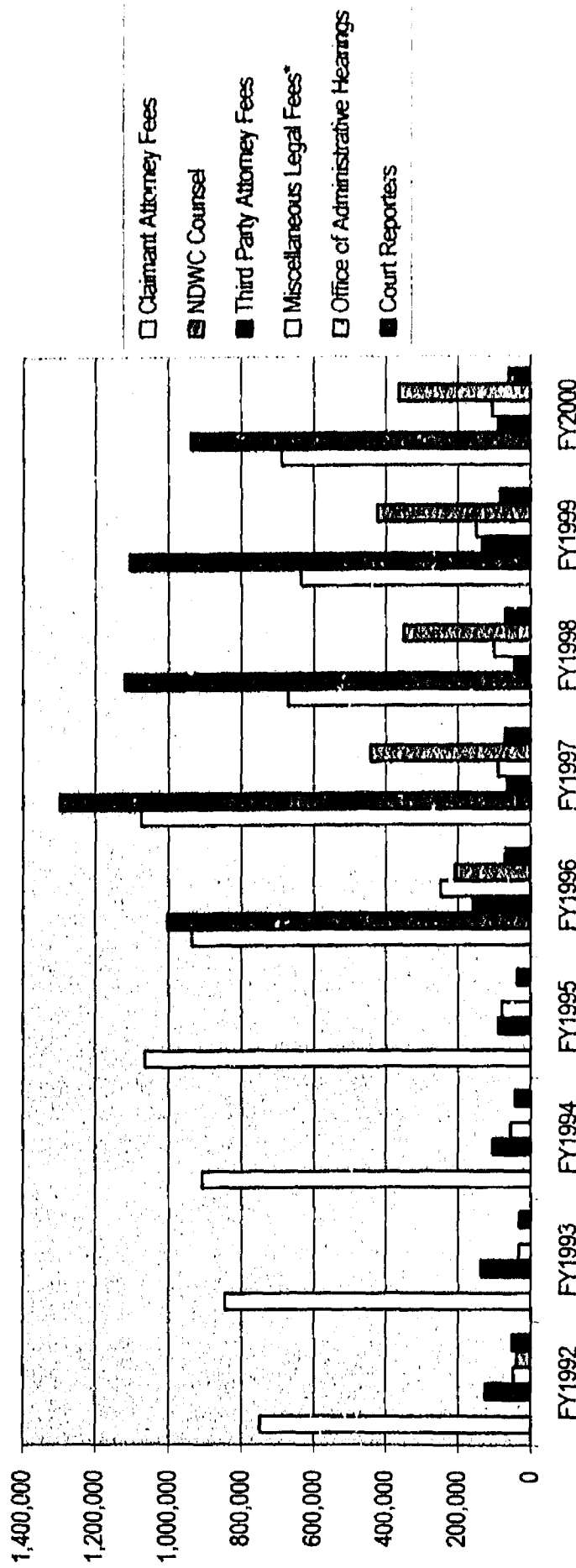
Medical providers (even designated medical providers) are required to contact the UR department to precertify care prior to performing the services. Providers can initiate a review by phone or fax. **If the care is performed on an emergency basis, the provider is required to contact UR on the next business day.**

The UR nurse makes a recommendation as to the medical necessity of the proposed services. The UR nurse reviews the medical records and information given by the medical provider. The medical director is consulted whenever care does not appear to meet the standards for medical necessity. The UR nurse notifies the provider of the recommendation (medically necessary or not) by phone within 24 hours of receiving the medical information required to complete the review. The nurse also generates a letter outlining the UR recommendation and rationale. The letter is sent to the medical provider and a copy is mailed to the injured worker. If services are not recommended as medically necessary, the provider has 30 days in which to appeal the recommendation. The medical director reviews appeals.

Performing UR services on-site at NDWC is beneficial because the UR staff has direct access to the Claims computer and imaging systems. Providers do not have to send their medical records to the UR department if they have already submitted them to the Claims department. The Claims staff and UR staff



# North Dakota Workers Compensation Legal Fees by Type



Effective August 1, 1995 NDWC implemented legislation to contract with outside firms for legal counsel. 1997 House Bill 1026 has required NDWC to disclose legal fees in its annual financial audit report.

\*Miscellaneous Legal Fees include: deposition/medical expert costs, other witness fees, sheriff's fees, court fees/costs, rehabilitation expert witness costs, binding arbitration fees, and ancillary dispute resolution costs.

## ENGROSSED HOUSE BILL 1024

Fifty-Seventh Legislative Assembly  
Before the Senate Appropriations Committee  
February 21, 2001

### Testimony Regarding Workers Compensation Appropriation

Good morning Chairman Nething and Members of the Committee:

My name is Tammy Dolan and I am the Vice President of Employer and Fiscal Services for the Workers Compensation Bureau. I will be presenting you with an explanation of the 2001 - 2003 appropriation request. A summary of the budget request appears below, as passed by the House of Representatives.

North Dakota Workers Compensation (ND'WC) does not receive any State General Fund dollars; therefore, employer insurance premiums fund the entire appropriation.

	Present Budget <u>1999-2001</u>	Engrossed House Bill 1024	Amount of Change From <u>1999-2001</u>	Percentage Change From <u>1999-2001</u>
Salaries & Wages	16,084,560	20,348,251	4,263,691	26.5%
Operating Expenses	8,133,984	8,114,732	-19,252	-0.2%
Equipment	1,301,840	1,418,357	116,517	9.0%
Safety Partnership Grants	<u>600,000</u>	<u>1,260,000</u>	<u>660,000</u>	<u>110.0%</u>
Total Line Items	<u>26,120,384</u>	<u>31,141,340</u>	<u>5,020,956</u>	<u>19.2%</u>
Total FTE	191.00	218.00	27.00	14.1%

Each line item will now be explained in greater detail.

### Salaries and Wages

Engrossed House Bill 1024 includes the Governor's recommendation of \$16,972,674 to support the current staffing levels of 191 FTE, 6 Temps, and 10 Board Members and an additional \$881,460 for current staff pay increases in the next biennium, which is the same funding level provided for other state employees. The House also approved funding in the amount of \$2,494,117 for 27 additional FTE. Of the 27 new positions, 25 positions will be used to bring contracted personnel in-house as employees, as recommended by The Hays Group in their 2000 independent performance evaluation of NDWC operations.

NDWC presently contracts with several vendors to provide a multitude of services. Contractors providing utilization review, medical bill audit and medical bill entry are already located within the NDWC Bismarck office. Some medical case managers and vocational rehabilitation counselors work in NDWC field offices throughout the state, while others work from their homes. These services cost the workers compensation fund approximately \$3.4 million each year, or \$6.8 million per biennium. Bringing these on as FTE will save an estimated \$4.2 million during the 2001-2003 biennium.

Since the program services provided are directly related to specific claims, these costs are paid through a continuing appropriation as allocated loss adjustment expenses. This is the same manner in which wage loss and medical benefits are tracked. Claims and claims related expenses (which are 90% of total annual costs) are reflected on the NDWC profit and loss statement, not in the biennial appropriation request, which only includes administrative expenses. Therefore, the savings generated by this change, while not evident in the appropriation, will appear as a reduction to the claims expenses reported in the NDWC annual financial statements.

It is important to remember that NDWC does not receive any general fund support. All costs, whether appropriated or not, are paid for with employer premium dollars. Each dollar saved is directly reflected in the rates charged to employers for workers compensation insurance. As determined by the NDWC consultant actuary, a \$4.2 million savings would decrease premium rates by 1-2% annually.

The House also approved the addition of 1 FTE Special Investigator in NDWC's Special Investigation Unit (SIU). Currently, SIU contracts with approximately 15 external private investigative agencies each year. Special investigators are crucial to managing increasing investigative caseloads, controlling and containing incurred costs, and stopping fraudulent activities of employers, providers, and injured workers. Adding 1 FTE will increase the appropriated budget by \$129,170 in the 2001-2003 biennium; however, it will save \$187,200 of contracted expenses currently paid "off-budget." These costs are specific to certain claims and are paid through a continuing appropriation. This is a net savings of \$58,030 over the next two years.

In addition, two technological fraud detection systems are scheduled for implementation during the fourth quarter of 2001 and will generate additional fraud cases for investigation. These two advanced detection systems are estimated to increase the current investigative caseload by approximately 33%. Therefore, it is pivotal for NDWC's continued financial and economic success to acquire another fraud investigator at this time.

The existing Safety Partnership Grant Program was doubled by the House of Representatives. As the grant program expands, the staff time required to administer the program and to monitor and support grantee activity will grow from a part-time to a full-time job. Therefore, they **added 1 FTE for a program coordinator** for the 2001-2003 biennium.

### Operating Expenses

Engrossed House Bill 1024 approves \$8,114,732 in Operating Expenses for the 2001-2003 biennium. Included in this line item is \$432,000 for ITD Data Processing costs, which are expected to rise 42%, based on projected ITD rates. These costs are necessary in order to connect our computers to the state system. The budget also includes \$503,244 for ITD Telephone expenses over the next two years.

The \$628,600 projected in IT Software and Supplies will cover expenses relating to the Oracle, Filenet, IBM AIX, and Great Plains software applications – all essential to NDWC customer service and efficient operations. Also included are toner, tape cartridges, compact discs, and other consumable items.

NDWC relies heavily on its custom-developed software applications to provide the best possible service to injured workers, medical providers and North Dakota employers. As with any software application, improvements and enhancements are essential in order to keep up with the rapid change in technology. Therefore, NDWC is budgeting \$1,520,614 for IT Contracted Services in the next biennium, down \$1,046,886, or 40.8%, from the 1999 – 2001 level.

Continual improvement is demanded of all NDWC employees, therefore, NDWC expects to spend \$457,390, \$2,098 per FTE, on professional development. This will allow NDWC to attract and retain high-quality employees, as well as maintain high employee morale.

The House also amended the bill to add back \$466,000 in office rent for the Bismarck office in the second year of the biennium. These dollars were originally cut from the budget in order to meet the Governor's Hold Even request but are necessary to provide office space for the 2002 – 2003 fiscal year. This amendment brings the total budget for rent/lease expense to \$1,247,801 for the biennium. NDWC Board of Directors has recently approved the construction of an office building with an anticipated completion date of December 2002.

## Equipment

Engrossed House Bill 1024 provides \$1,418,357 for equipment purchases, an increase of 9.0% over previous levels. \$1,156,657 - 82% of all equipment - is allocated for hardware purchases to maintain and enhance the information technology infrastructure that supports NDWC business applications. These systems are used to generate every employer billing, each injured worker payment, and every medical provider reimbursement. Some of the projected purchases are:

- replacing 4 IBM file servers for \$291,000
- replacing 3 Compaq file servers for \$95,000
- replacing 3 Uninterruptible Power Supplies (UPS) for \$100,000
- replacing 160 personal computers for \$240,000
- replacing 45 computer monitors for \$36,000
- replacing 15 network printers for \$34,500
- acquiring a shared disk drive system for about \$300,000

Two of the IBM file servers will support web development and application services. One Compaq file server will be dedicated to source control for application development in order to ensure the integrity of all business applications. NDWC's two major business applications - Claims Management System (CMS) and Policyholder Information Control System (PICS) - and its accounting system, Great Plains eEnterprise, are located on a client-server environment located on site at NDWC. Every employee has a personal computer that shares access through a Local Area Network (LAN).

Also included is \$64,300 in equipment and furniture for the 27 additional FTE. The remainder of the funding, \$197,400, is reserved for office furniture as well as updating records management, image processing, mail processing, and loss prevention equipment.

### Safety Partnership Grants

Engrossed House Bill 1024 approves \$1,260,000 for the 2001 - 2003 biennium, twice the 1999 - 2001 level. The 1999 Legislative Assembly appropriated \$600,000 for Safety Partnership Grants, with the goal of educating employers and employees to help prevent workplace injuries. NDWC solicited proposals from interested employee and employer organizations to assist in providing loss prevention services. NDWC received 15 proposals from various groups requesting over \$1.6 million. Since only \$600,000 was appropriated for the grant program, NDWC selected those projects that offered the most potential to reduce losses. Grants were awarded to four large employer group accounts in high-risk areas in order to serve the largest number of employees possible. These industries were allowed to customize their own specific safety program based on first hand experiences. The grants also served to enhance the partnership necessary between NDWC and employers working together for the benefit of North Dakota employees.

The additional funding will increase the scope of the grant program by encouraging innovation and aggressive new methods to combat serious old problems. Funding may provide for the purchase of safety equipment (e.g. mechanical lifts in nursing homes), professional training or seminars, or any new method to prevent or manage occupational injuries. NDWC will closely monitor each project and account for every premium dollar spent. Benchmarks will be established to measure performance and statistical analysis will be conducted to quantify results.

The effectiveness of any safety initiative oftentimes takes years to become evident. We do not yet have a complete set of data to quantify the effectiveness of these programs. However, the most important ingredient to success in safety may be awareness. The more people hear about safety and talk about safety, the more they will practice safety. The Safety Partnership Grant program focuses safety where it is needed most - in those industries that experience the most accidents. Awareness of the importance of occupational safety and health has never been greater, and over time this should prove to reduce injuries in North Dakota workplaces.

There are already some encouraging signs. In the five-year period from 1995-1999, the North Dakota Association of Counties averaged \$446,000 in yearly claims costs. In 2000, their total claims costs were \$49,400 based on data valued at year-end. Some of the credit for this positive trend must be attributed to their safety program and aggressive claims management, both of which were significantly enhanced by being the focus of their Safety Partnership Grant.

The overall success of NDWC's investment in loss prevention is evident. In 1994 there were 3,745 lost time claims accepted by NDWC. That important statistic has declined steadily to 2,646 in 2000. This is a drop of nearly 30% over 6 years and represents a savings to the system of millions of dollars. It affects not only the health of thousands of individual workers, but the economic health of the entire state. It has also been an important factor in the reduction of rates each of the last six years. Engrossed House Bill 1024 allocates \$1,260,000 to continue and expand this funding.

*Attachment A* is attached and reflects how the NDWC 2001-2003 biennial appropriation appears with the House amendments.

Thank you for your time and consideration. I would now be happy to try to answer any questions you may have regarding this budget request.



**North Dakota Workers Compensation**  
**2001 - 2003 Appropriation Request**  
**Engrossed House Bill 1024**  
*Attachment A*

	Original House Bill 1024	Special Investigations Unit	Office Rent For FY 2003	Safety Partnership Grants	Contracted Services In House	Engrossed House Bill 1024	Amount of Change From 1999-2001	Percentage Change From 1999-2001
Salaries & Wages	17,854,134	109,670	0	108,000	2,276,447	20,348,251	4,263,691	26.5%
Operating Expenses	7,373,732	15,000	466,000	23,600	236,400	8,114,732	-19,252	-0.2%
Equipment	1,354,057	4,500	0	0	59,800	1,418,357	116,517	9.0%
Safety Partnership Grants	630,000	0	0	630,000	0	1,260,000	660,000	110.0%
Total Line Items	<u>27,211,923</u>	<u>129,170</u>	<u>466,000</u>	<u>761,600</u>	<u>2,572,647</u>	<u>31,141,340</u>	<u>5,020,956</u>	<u>19.2%</u>
Total FTE	191.00	1.00	0.00	1.00	25.00	218.00	27.00	14.1%

TESTIMONY TO THE  
SENATE APPROPRIATIONS COMMITTEE

Prepared February 21, 2001 by the  
North Dakota Association of Counties  
Michael W. Wolf, County Employer Group Manager

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CONCERNING HOUSE BILL NO. 1024

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Mr. Chairman, members of the committee. Good morning, my name is Michael Wolf and I am the Manager of the County Employer Group (CEG) for the North Dakota Association of Counties (NDACo). Thank you for allowing me the opportunity to appear before you today. I am here today testifying in support of HB1024 as it relates to the Safety Partnership Grants.

Through a cooperative effort with North Dakota Workers Compensation (NDWC), the North Dakota Association of Counties formed the County Employer Group in 1996. The CEG Program resulted in the consolidation of 53 individual county workers compensation accounts into a single account. There are currently over 6,000 employees covered under the CEG Program and the County Employer Group is the largest single workers compensation premium payer in North Dakota.

In 1999, the North Dakota Associations of Counties applied for and was fortunate enough to receive a Safety Partnership Grant from North Dakota Workers Compensation. The Safety Partnership Initiative was an exciting new concept introduced by NDWC to promote safety in high-hazard industries. The fundamental objective of the initiative was to direct loss prevention resources towards specific

industries that were causing significant losses to North Dakota Workers Compensation and thereby reduce those losses.

The focus of the partnership grant for the North Dakota Association of Counties was to designate an Internal Claims Manager to manage all claims and develop an aggressive transitional work program. Prior to January 1, 2000, the County Employer Group had done a very good job in implementing an effective risk management program. However, once an injury occurred, there was no mechanism in place to manage the claims or any organized return to work effort. As a result, NDWC and NDACo saw a dramatic increase in claims costs. Annual claims costs of \$396,096.90 in 1997 increased to \$647,332.36 in 1998. Since the CEG was formed in 1996, average annual claims losses have been approximately \$445,820.

On January 1, 2000, as part of the Safety Partnership Grant, the NDACo hired an Internal Claims Manager to manage all components of medical and lost time workers compensation claims. Specific tasks include managing the medical care for each new injury and to work closely with the injured worker, their medical provider, and their supervisor to accommodate meaningful and medically appropriate return to work options. The Claims manager was also directed to manage the medical care for all injuries that had occurred over the past 5 years and determine if return to work options were possible for those injured workers who were still off the job.

The result of having a dedicated Internal Claims Manager on staff has been phenomenal. According to our latest loss run we received from Workers Compensation, total claims costs for calendar year 2000, including future reserves are a mere \$49,384.41. The keys to our success are a result of focused efforts on early reporting, increased communication with medical providers, additional training opportunities for county risk managers, employee involvement, and pro-active return to work strategies. In 1995, county employee's missed 5,320 work days as a result of workplace injuries. In calendar year 1999, when the first focus on claims management began, county employees missed 611 days of work due to workplace injuries and in calendar year 2000, there were only 185 missed workdays. This dramatic turnaround is a direct result of active claims management.

Here is one of many examples of how being actively involved in the claims process and the return to work process can benefit NDWC and North Dakota employers:

- 35-year old male; Injured 11/8/00
- Serious snow-plow rollover accident
- 3 broken ribs, punctured lung, separated shoulder, multiple lacerations and muscle sprains
- Extended hospital stay
- Physical therapy
- We personally met with the treating physician to determine the employee's capabilities
- We personally met with physical therapist
- We personally met with injured employee and his wife
- Worked directly with county risk manager and county department heads to identify a meaningful job within the employee's restrictions
- Employee returned to modified sedentary full-time duty on January 2, 2001
- Without intervention, we feel this employee would still be off work.

I am happy to inform you that all county employees injured in 2000 are back at work, continue to be productive, and they remain a valuable resource to their county. The reality of having all injured employees back at work would be highly unlikely without the assistance we have received as a participant in the Safety Partnership Grant.

As part of the safety partnership grant, NDACo is also in the process of developing a model transitional work program. Extensive work has already been done in Cass County and Stutsman County conducting a job task analysis for each position and identifying transitional job opportunities. Having pre-defined transitional jobs lends credibility to both the employee and the medical community. The transitional work program is unique in that we focus on an injured employee's capabilities, not their disabilities. Once fully developed, this state-of-the-art program will serve as a model that can be shared with other employers throughout the state.

We truly believe that without the support of the Safety Partnership Grant, Workers Compensation and NDACo wouldn't have seen such a dramatic decrease in claims related costs this past year. Our Association urges your support of this bill with a "do pass" recommendation. Thank you. I will attempt to answer any questions you may have.

2-21-01 STATEMENT BY CHUCK PETERSON, REPRESENTING  
GNDA, REGARDING HB 1024 WORKER'S COMPENSATION  
LEGISLATION.

Chairman Nething and members of the Senate Appropriations Committee. I am Chuck Peterson, a member of GNDA, and a North Dakota businessman. Thank you for the opportunity to provide testimony in support of HB 1024.

The Greater North Dakota Association is the voice of business and the principle advocate of positive change in North Dakota. As a member of GNDA we represent over 1000 business and professional organizations from all areas of North Dakota. GNDA is governed by a 25 member Board of Directors elected by our membership.

I also speak for the Associated General Contractors, the North Dakota Petroleum Council, the North Dakota Retail Petroleum Marketers Association, the North Dakota Motor Carriers Association, the Automobile Dealers and Implement Dealers Association, North Dakota Grocers Association, the Bismarck-Mandan Chamber of Commerce, and the North Dakota Hospitality Association.

We have reviewed the changes contained in HB 1024. Our understanding of this legislation is as follows:

Add 25 full time employees to cover those in contract service  
Add 1 full time employee to the special investigation unit  
Add one safety coordinator

Increase the number of Safety Grants from 4 to 8 for a cost of \$1.26 million.

We believe this is good legislation and should receive favorable consideration. From the time that I have been aquatinted with the Bureau, I have viewed the cost of contract service as a poor utilization of worker compensation funds. Third party companies charge as much \$50.00 to \$60.00 per hour for employees who receive salaries \$20,000 to \$30,000 per year. This provides a poor alternative to hiring and training a full time employee.

Eliminating contract services will give the Bureau control of the rehabilitation and return to work function, case management, and utilization review, and bill audit. It will also make the Bureau more accountable, rather than farming out these important functions to firms located out side the state. When I have heard complaints from injured workers, it has often been made concerning the service provided in rehabilitation and return to work. We believe that bringing these functions in house will provide better service to the injured workers at less cost.

The Safety Partnership Initiative has been very successful program. The Bureau has been able to target high-risk industries. They have put trained staff in the field where it will have the most benefit.

The feed back from associations that have partnered with the Bureau has been positive. There has been a strong commitment to continue. I have been very satisfied with the service the motor carrier industry has received from Carl Berg, our safety coordinator. We have a knowledgeable, professional available when and where we need him.