

# FISCAL NOTE

Requested by Legislative Council

01/30/2003

Bill/Resolution No.: SB 2397

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

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

## NORTH DAKOTA WORKERS COMPENSATION 2003 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: False Claims or Statements

BILL NO: SB 2397

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

The proposed legislation would place additional limits on NDWC's ability to terminate benefits and to recoup past benefit payments in situations involving false or misleading claim statements.

FISCAL IMPACT: We do not have access to an appropriate base of historical experience to use in quantifying the anticipated impact of the proposed legislation on rate and reserve levels. However, based on our discussions with NDWC staff, we believe that costs will increase.

NDWC estimates that its fraud unit has generated net savings in the neighborhood of \$20 million since 1994. The changes proposed under SB 2397 could hamper the fraud unit's ability to achieve similar savings in the future for several reasons:

- 1) Loss costs may increase if NDWC is constrained in its ability to terminate indemnity and/or medical benefits when fraud is involved.
- 2) Loss costs may increase further if the degree to which the current statutes deter fraud is diminished.
- 3) Legal costs may increase if the new standards adopted under SB 2397 generate an increase in litigation.

DATE: February 5, 2003

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

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

see Narrative

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

see Narrative

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

**Name:** John Halvorson  
**Phone Number:** 328-3760

**Agency:** NDWC  
**Date Prepared:** 02/05/2003