

2005 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2351

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2351

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-31-05

Tape Number	Side A	Side B	Meter #
1		XXX	4050-end
2	xxx		0-1438
}	1 1	<u> </u>	
ommittee Clerk Signa	ture Husallank	ellon	

Minutes: Chairman Mutch opened the hearing on SB 2351. All Senators were present.

SB 2405 relates to workers' compensation additional benefits for retired injured employees.

Dave Kemnitz, North Dakota AFL-CIO, introduced the bill. The bill is simple in the 1995 recipients are offset as a disability and then when they go to retirement, they get a different set of benefits. Under the current law, the benefit allowed is part of the net rather than the percentage.

The bureau can better explain this to you.

Sandy Blunt, Executive Director and CEO of WSI, spoke in support of the bill. See written testimony.

Senator Klein: The board is supporting this also?

Sandy: Yes.

Senator Krebsbach: This is not retroactive to anyone receiving benefits?

Sandy: It's retroactive only from the stand point that someone is actively receiving benefits.

Page 2
Senate Industry, Business and Labor Committee
Bill/Resolution Number SB 2351
Hearing Date 1-31-05

Senator Robinson, stated his support for the bill.

Ed Christensen, Bismarck, spoke in support of the bill. See attached testimony.

Sebald Vetter, C.A.R.E., stated support for the bill.

Renae Pfenning, constituent, stated her support for the bill.

There was no opposition.

Sandy: There are a couple of things going on actuarially they are looking at the total cost of the claim over it's life. Also we are talking about thirty five to forty, potentially new claims per year. Now you keep adding and stacking claims, at some point claims are going to rotate, all claims are going to come on. We don't know what the total number is right now.

Senator Nething: It say that we are supposed to get fiscal information from this biennium and the next. I don't gather that from what you just said. This bill has to go appropriations now. I don't think this impact is going to be this big to you if we pass this.

Sandy: We had to figure out a worst case scenario with a very compressed window.

Chairman Mutch: You are taking into account the contingent liability to the fund, rather than just forty people, right?

Senator Nething: So they're not talking this biennium, so this note doesn't do us any good at all.

Chairman Mutch: Not really no, because they don't know what they are talking about.

Senator Krebsbach: The impact of \$500,000 per year is wrong because you were anticipating that over the lifetime.

Sandy: John Halverson is the one who put the note together, he can help with that.

Senator Nething: How long did it take to get forty total?

Page 3 Senate Industry, Business and Labor Committee Bill/Resolution Number SB 2351 Hearing Date 1-31-05

John: No, we charge premiums to cover the cost of next year.

Senator Nething: What is the benefit going to be, how much will they take out of the reserve?

Sandy: They are not reserve dollars in this case.

Senator Nething: How much will the benefits take out of any place?

Sandy: About half million dollars per year.

Senator Klein: I think everyone supports the bill, but there is an issue with the fiscal impact.

The hearing was closed. No action was taken.

FISCAL NOTE

Requested by Legislative Council 02/09/2005

Amendment to:

SB 2351

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.

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues		· · · · · · · · · · · · · · · · · · ·		\$1,000,000		\$1,000,000
Expenditures				\$1,000,000		\$1,000,000
Appropriations				\$0		\$0

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

2003-2005 Biennium		nium 2005-2007 Bienn		2005-2007 Biennium		2007	7-2009 Bienr	nium
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
								l

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

WORKFORCE SAFETY & INSURANCE 2005 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Additional Benefit Payable

BILL NO: Engrossed SB 2351

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

At the time of social security retirement eligibility, injured workers disability benefits are converted to an additional benefit payable. The proposed legislation modifies the manner in which additional benefit payable benefits are calculated. The legislation would apply to additional benefit payments made after August 1, 2005.

Rate Level Impact: It is anticipated that each injury year there will be 50 claims that will eventually evolve into an ABP payment. The average ABP payment period for each claim is estimated to be 10 years. SB 2351 would provide an increase in ABP payments. The anticipated overall premium level increase is less than one-half of one percent --or less than five hundred thousand dollars per year. This increase equates to an average of \$1,000 per ABP recipient per year for the duration of their ABP period.

DATE: February 9, 2005

- 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 for Actuarial Impact Statement required to conform with Section 54-03-25 of the NDCC.

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 for Actuarial Impact Statement required to conform with Section 54-03-25 of the NDCC.

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.

Not applicable.

Name:	John Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	02/09/2005

FISCAL NOTE

Requested by Legislative Council 01/24/2005

Bill/Resolution No.:

SB 2351

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.

	2003-2005 Biennium		2005-200	7 Biennium	2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						<u> </u>
Appropriations						

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

2003	2003-2005 Biennium			2005-2007 Biennium		2007	7-2009 Bieni	nium
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
				****				1

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

WORKFORCE SAFETY & INSURANCE 2005 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Additional Benefit Payable

BILL NO: SB 2351

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

At the time of social security retirement eligibility, injured workers disability benefits are converted to an additional benefit payable. The proposed legislation modifies the manner in which additional benefit payable benefits are calculated. It is our understanding the legislation would apply to additional benefit payments made after August 1, 2005.

FISCAL IMPACT: The proposed change will not result in a material change to rate and reserve levels. The proposed legislation will serve to increase additional benefit payments in certain instances. The anticipated overall premium level impact is less than one-half of one percent (or less than \$500,000 per year).

DATE: January 28, 2005

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
 - A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

- B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.
- C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, 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	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/28/2005

Date: |-3|-05 Roll Call Vote #: |

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 255

Senate <u>Industry</u> , Business and La	abor			Com	mittee
Check here for Conference Con	nmittee				
Legislative Council Amendment Nu	mber				
Action Taken Adopt Am	rendi	men	ţs	· · · · · · · · · · · · · · · · · · ·	
			conded By Krebsh	ach	
Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	Χ		Senator Fairfield	X	
Senator Klein , Vice Chairman	χ		Senator Heitkamp	I A	i
Senator Krebsbach	Х				
Senator Nething	X				
Senator Espegard	4				
		······································			
Total (Yes)		No) <u>D</u>	¥	
			· · · · · · · · · · · · · · · · · · ·		
Floor Assignment		-			
If the vote is on an amendment, brief	ly indica	te inten	t:		

Date: |-31-05 Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 255

Senate Industry, Business and Lab	or			Com	nittee
Check here for Conference Com	mittee				
Legislative Council Amendment Num	nber _		<u> </u>		
Action Taken Do Pass					
Motion Made By Klein		Se	conded By <u>KrabSbaC</u>	h	
Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield	X	
Senator Klein, Vice Chairman	Χ		Senator Heitkamp	A	
Senator Krebsbach	L X			<u> </u>	
Senator Nething	X				
Senator Espegard	H				
				ļ	
				1	
			<u> </u>	<u> </u>	
				!	
Total (Yes) 5		No	0		
Absent 2					
Floor Assignment Klim			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		· · · · · · · · · · · · · · · · · · ·

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

Module No: SR-22-1735

Carrier: Klein

Insert LC: 50787.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2351: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2351 was placed on the Sixth order on the calendar.

Page 1, line 2, after "employees" insert "; and to provide for application"

Page 2, after line 7, insert:

"SECTION 2. APPLICATION OF ACT. This Act only applies to additional benefit payments made pursuant to section 65-05-09.4 which are scheduled to be paid on or after the effective date of this Act."

Renumber accordingly

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2351

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2351

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-8-05

Tape Number	Side A	Side B	Meter #
3	X		4.5-16.
			<u></u>
Committee Clerk Signati	ıre		

Minutes:

Chairman Keiser: Opened the hearing on SB 2351.

<u>Senator Robinson:</u> Appeared in support of bill and also was a sponsor. This bill was introduced to bring some balance and fairness to an issue regarding social security off set as a benefit and how that impact the injured workers of North Dakota.

<u>Sandy Blunt, Executive Director & CEO, Workforce Safety & Insurance:</u> Appeared in support of the bill and provided a written statement (SEE ATTACHED TESTIMONY).

Ed Christensen: I am a disabled worker and appear in support of SB 2351.

Dave Kemnitz, President, AFL CIO: Appeared in support of SB 2351.

Sebald Vetter, CARE: I support this bill but I have to say something, a few years ago the legislature goofed up on this bill, and now we are back fighting it, in 1995 there was a bill that cut everybody off for a certain percentage, it went all the way to the supreme court and the supreme court said that the legislature said they didn't do their work right.

Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number SB 2186 2351
Hearing Date 3-8-05

<u>David Straley, ND, Chamber of Commerce:</u> I would just like to go on record that we are in support of this bill.

Date: 3-8-05

Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 235

House INDUSTRY,	BUSI	NESS	AND LABOR	Comr	nittee
Check here for Conference Com	mittee				
Legislative Council Amendment Nur	nber _				<u> </u>
Action Taken Do PA	55				
Motion Made By Rep. No	ttestac	Se	conded By Lep. B	<u>ەف</u>	
Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	Χ		Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	χ_	
Rep. D. Clark	Ϋ́		Rep. M. Ekstrom	X	
Rep. D. Dietrich	χ		Rep. E. Thorpe	X	
Rep. M. Dosch	<u> </u>				
Rep. G. Froseth	<u> </u>	<u> </u>		 -	
Rep. J. Kasper	X			_	
Rep. D. Nottestad	<u> </u>	<u> </u>			
Rep. D. Ruby	<u> </u>	<u> </u>			
Rep. D. Vigesaa	<u> </u>	ļ		_	
		<u> </u>			
				 	
Total (Yes)		No	0		
Absent O					····
Floor Assignment Rep. N. S	idhns	On			
If the vote is on an amendment, brief	fly indica	ate inter	ıt:		

REPORT OF STANDING COMMITTEE (410) March 9, 2005 10:47 a.m.

Module No: HR-43-4494 Carrier: N. Johnson Insert LC: Title:

REPORT OF STANDING COMMITTEE

SB 2351, as engrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2351 was placed on the Fourteenth order on the calendar.

2005 HOUSE APPROPRIATIONS

SB 2351

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2351

Worker's Compensation Benefits for Injured Retired Workers

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 15, 2005

Tape Number	Side A	Side B	Meter #
1		X	#13.5 - #23.5
	4		
Committee Clerk Signature	Chris	Alexander	

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2351.

Rep Keiser explained that if a worker is permanently injured at a young age they are placed on workforce safety payments and they will receive a cash amount for disability up front. They also will receive an adjusted disability payment (ADP) payment to offset their wages. The current law says at the time that this worker becomes eligible for social security there is a social security offset. We will take the payments coming in to the injured worker and take out the social security payment. The current law says it will take the payments being received and subtract the ADP payment as well as the social security payment. As an injured worker, a person cannot become employed and go through the natural progression to earn more to qualify for more social security so this is a double hit. The board reviewed this issue and concurred that it is an inappropriate penalty being imposed on these injured claimants. This bill says that the social security offset will still be there but they will not take the ADP payment out along with it. The



Page 2 House Appropriations Committee Bill/Resolution Number SB2351 Hearing Date March 15, 2005

fiscal note is considerable because they took the average of the fiscal impact over the life expectancy of these claimants. Rep Keiser explained that the difference in payments for these workers on the average offset is \$19.00 a month per person.

Rep. Ole Aarsvold asked about fiscal note saying that the effect would be \$1000 per year per person. This isn't the \$19.00 you were referring to.

Rep Keiser answered he was unsure where they were coming up with the \$1000 on the fiscal note. (meter Tape #1, side B, #18.3)

Rep. Francis J. Wald asked if the people needed to be permanently disabled to qualify for this **Rep Keiser** answered yes and explained that there is criteria set that is used to make this determination.

Rep. Ken Svedjan, Chairman asked if the fiscal note was correct

Rep Keiser answered that this was the figure we were given.

Rep. Mike Timm, Vice Chairman asked if WSI was certain that this fiscal note was correct **Rep Keiser** explained that the committee questioned the fiscal note and we were told that this was looking at the impact on the fund overall. We asked what the benefit to the claimant would be and they told us \$19.00 per month.

Rep. Francis J. Wald commented that the fiscal note from February 9 was done in consultation with actuarial groups and the third paragraph anticipates 50 claims.

Ms Roxanne Woeste explained that \$19.00 per week works out to be correct so perhaps this was the intention. (meter Tape #1, side B, #22.0)

Rep. Francis J. Wald moved a Do Pass motion to SB2351.

Rep. Bob Skarphol seconded



Page 3 House Appropriations Committee Bill/Resolution Number SB2351 Hearing Date March 15, 2005

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2351.

Motion carried with a vote of 22 yeas, 0 neas and 1 absence. Rep Nancy Johnson will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2351.

,			Date: March 15, 2005		
		Roll C	Call Vote #:1		
2005 HOUSE STAND BILL/RESOLUTIO			TTEE ROLL CALL VOTE SB2351	ES	
House Appropriations - Ful	l Comm	ittee		_	
Check here for Conference Com	mittee				
Legislative Council Amendment Nun	nber _				
Action Taken DO PASS					
Motion Made By Rep. Wald		Se	conded By <u>Rep. Skarpho</u>	<u>l</u>	
Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				Ţ
Rep. Clark Williams	X				
Rep. Al Carlson	X				
Total Yes <u>22</u>		N	0		
Absent	· 		1		
Floor Assignment <u>Rep. Nancy Jo</u> If the vote is on an amendment, brief		te inter	nt:		

REPORT OF STANDING COMMITTEE (410) March 15, 2005 12:41 p.m.

Module No: HR-47-4988 Carrier: N. Johnson Insert LC: Title: .



REPORT OF STANDING COMMITTEE

SB 2351, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS (22 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2351 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2351

Chairman Mutch and committee members.

Hello, my name is Ed Christensen from Bismarck and I am here in support of SB 2351. I have been on permanent disability since 1996, when I was injured on the job. Once I reached the age of 65, WSI offset my permanent disability benefits based upon my Social Security amount.

This bill would make it fairer for elderly injured workers who are disabled and receiving Social Security benefits after their retirement age. Currently the law allows for the rate to be set based upon the weekly benefit rate less the social security offset. This bill says the weekly benefit rate should be calculated before any Social Security offset occurs.

This current calculation is harmful to elderly workers who are receiving Social Security disability and permanent WSI compensation. Those of us who receive Social

Security disability and are permanently disable according to WSI are the most vulnerable in society. Our income is capped based upon these allotments, while expenses such as food, gas and property taxes continue to increase.

Changing this law would benefit disabled elderly workers who are caught in set incomes.

2005 Senate Bill No. 2351

Testimony before the Senate Industry, Business, and Labor Committee
Presented by: Sandy Blunt, Executive Director & CEO
Workforce Safety & Insurance
January 31, 2005

Mr. Chairman and Members of the Committee:

My name is Sandy Blunt and I am the Executive Director and CEO of Workforce Safety & Insurance (WSI). I am here today to testify in support of SB 2351 with the attached amendment which clarifies the application date of the bill. WSI's Board of Directors supports this bill and proposed amendment.

In North Dakota, workers' compensation wage benefits end at the time of retirement eligibility and then convert to what is known as an Additional Benefit Payable (ABP). The ABP statute was enacted in 1997 with unanimous support from both the House and Senate. Recognizing that an injured worker permanently disabled at a young age lost the opportunity to sufficiently build a retirement base, this statute was passed to help compensate for that shortfall. The amount of the additional benefit is a percentage of the weekly payment that was discontinued at time of retirement.

In most instances, the duration of the ABP is commensurate with the length of time the worker was disabled before retirement. If the disability period before retirement eligibility was 15 years, then the ABP would be payable for 15 years after that date. Catastrophically injured workers are entitled to 100% of their original rate until the date of their death. As indicated in the table below, the longer the disability period before retirement, the larger the additional benefit payment after retirement.

									,-		
YEARS	1 - 3	3 - 5	5 - 7	7 - 9	9 - 11	11 - 13	13 - 15	15 - 17	17 - 20	20 +	CAT
PERCENTAGE	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	100%

Retirement Age	Min Wk Wage	Per Yr	Min/Max Avg	Per Yr	Max Wk Wage	Per Yr
65	\$315.00	\$16,380.00	\$446.00	\$23,192.00	\$577.00	\$30,004.00

Currently, the ABP percentage is applied to the weekly benefit amount minus any social security offset. For those more severely hurt and supported by the system for a longer period of time, this can have an unintended and substantive impact. The sole change in SB 2351 relates to redefining the weekly benefit calculation. The proposed change redefines the weekly benefit as the compensation rate before any applicable social security offset.

While SB 2351 would provide an increase in payments for these injured workers, the proposed change will not result in a material change to rate and reserve levels. The anticipated overall premium level impact is less than one-half of one percent --or less than five hundred thousand dollars per year.

For the stated reasons, WSI asks for a "do pass" recommendation on SB 2351 with the clarifying amendment. I would be glad to answer any questions that you may have.

PROPOSED AMENDMENTS TO SB 2351

Page 1, line 2, after "employees" insert "; and to provide an application"

Page 2, after line 7, insert:

SECTION 2. APPLICATION. This Act only applies to additional benefit payments made pursuant to section 65-05-09.4 that are scheduled to be paid on or after the effective date of this Act.

Renumber accordingly

Exhibit A: ABP Hypothetical

Date of Birth: 1/1/1951
Date of Injury: 1/1/2002
Age at Date of Injury: 51
SSR Eligibility Age: 66
Years until Retirement: 15
Years ABP Eligible: 15

			_		_					1
Year of				We	ekly Comp				Weekly	
Disability	Age	Year	}		Rate	SSE	Ol Offset	Coi	np Rate	
1	51	2002		-\$	400	\$	100	\$	300	
2	52	2003		\$	400	\$	100	\$	300	
3	53	2004		\$	400	\$	100	\$	300	
4	54	2005		\$	400	\$	100	\$	300	
5	55	2006		\$	400	\$	100	\$	300	
6	56	2007		\$	400	\$	100	\$	300	
7	57	2008		\$	400	\$	100	\$	300	
8	58	2009	*	\$	412	\$	100	\$	312	*Eligible for supplemental
9	59	2010		\$	425	\$	100	\$	325	benefits at 7 years (3% inc)
10	60	2011		\$	438	\$	100	\$	338	
11	61	2012		\$	452	\$	100	\$	352	
12	62	2013		\$	466	\$	100	\$	366	
13	63	2014		\$	480	\$	100	\$	380	
14	64	2015		\$	495	\$	100	\$	395	
15	65	2016		\$	510	\$	100	\$	410]

Wage-loss benefits convert to ABP at retirement age

				 ent Law 110	Pro	posed Law 510				
			ABP Rate:	40%		x 40%	Wkly Impact		x 5	2 Weeks
1	66	2017		\$ 164	\$	204	\$	40	\$	2,080
2	67	2018		\$ 164	\$	204	\$	40	\$	2,080
3	68	2019		\$ 164	\$	204	\$	40	\$	2,080
4	69	2020		\$ 164	\$	204	\$	40	\$	2,080
5	70	2021		\$ 164	\$	204	\$	40	\$	2,080
6	71	2022		\$ 164	\$	204	\$	40	\$	2,080
7	72	2023		\$ 164	\$	204	\$	40	\$	2,080
8	73	2024		\$ 164	\$	204	\$	40	\$	2,080
9	74	2025		\$ 164	\$	204	\$	40	\$	2,080
10	75	2026		\$ 164	\$	204	\$	40	\$	2,080
11	76	2027		\$ 164	\$	204	\$	40	\$	2,080
12	77	2028		\$ 164	\$	204	\$	40	\$	2,080
13	78	2029		\$ 164	\$	204	\$	40	\$	2,080
14	79	2030		\$ 164	\$	204	\$	40	\$	2,080
15	80	2031		\$ 164	\$	204	\$	40	\$	2,080
	81	2032		\$ -	\$	_	\$	-	\$	_
	82	2033		\$ _	\$	-	\$	-	\$	-
	83	2034		\$ -	\$	-	\$	-	\$	-
									\$	31,200

2005 Engrossed Senate Bill No. 2351
Testimony before the House Industry, Business, and Labor Committee
Presented by: Sandy Blunt, Executive Director & CEO
Workforce Safety & Insurance
March 8, 2005

Mr. Chairman and Members of the Committee:

My name is Sandy Blunt and I am the Executive Director and CEO of Workforce Safety & Insurance (WSI). I am here today to testify in support of Engrossed SB 2351 (SB 2351). The engrossed bill is supported by WSI's Board of Directors.

Workers' compensation wage benefits in North Dakota end at the time of retirement eligibility and then convert to what is known as an Additional Benefit Payable (ABP). Recognizing that an injured worker permanently disabled at a young age lost the opportunity to sufficiently build a retirement base, this statute was passed to help compensate for that shortfall. The amount of the additional benefit is a percentage of the weekly payment that was discontinued at time of retirement.

In most instances, the duration of the ABP is commensurate with the length of time the worker was disabled before retirement. If the disability period before retirement eligibility was 15 years, then the ABP would be payable for 15 years after that date. Catastrophically injured workers are entitled to 100% of their original rate until the date of their death. As indicated in the table below, the longer the disability period before retirement, the larger the additional benefit payment after retirement.

YEARS	1 - 3	3 - 5	5 - 7	7 - 9	9 - 11	11 - 13	13 - 15	15 - 17	17 - 20	20 +	CAT
PERCENTAGE	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	100%

Retirement Age	Min Wk Wage	Per Yr	Min/Max Avg	Per Yr	Max Wk Wage	Per Yr
65	\$315.00	\$16,380.00	\$446.00	\$23,192.00	\$577.00	\$30,004.00

Currently, the ABP percentage is applied to the weekly benefit amount "minus any social security offset." For those more severely hurt and supported by the system for a longer period of time, this can have an unintended and substantive impact. The major change in SB 2351 relates to redefining the weekly benefit calculation. The proposed change redefines the weekly benefit as the compensation rate "before" any applicable social security offset and would only apply to ABP payments made on or after August 1, 2005. Our calculations estimate that the average increase per recipient would be roughly nineteen dollars a week or one thousand dollars a year.

While SB 2351 would provide an increase in payments, the proposed change will not result in a material change to premium rate and reserve levels. The estimated overall premium level impact is less than one-half of one percent --or less than five hundred thousand dollars per year. This estimate was calculated on the assumptions in the table below.

Estimated Total Premium Impact per Year	\$500,000
Avg. Number of ABP's per Year	50
Avg. ABP Payment Length	10 Years
Avg. ABP Payment per Recipient per Year	\$1,000
Avg. ABP Payment per Recipient per Week	\$19.23

For the stated reasons, WSI asks for a "do pass" recommendation on Engrossed SB 2351. I would be glad to answer any questions that you may have.

Exhibit A: ABP Hypothetical

Date of Birth:	1/1/1951
Date of Injury:	1/1/2002
Age at Date of Injury:	51
SSR Eligibility Age:	66
Years until Retirement:	15
Years ABP Eligible:	15

Year of			ļ	Wee	kly Comp				Weekly	
Disability	Age	Year			Rate	SSE	I Offset	Con	np Rate	
1	51	2002		\$	400	\$	100	\$	300	
2	52	2003		\$	400	\$	100	\$	300	
3	53	2004		\$	400	\$	100	\$	300	
4	54	2005		\$	400	\$	100	\$	300	
5	55	2006		\$	400	\$	100	\$	300	
6	56	2007		\$	400	\$	100	\$	300	
7	57	2008		\$	400	\$	100	\$	300	
8	58	2009	*	\$	412	\$	100	\$	312	*Eligible for supplemental
9	59	2010		\$	425	\$	100	\$	325	benefits at 7 years (3% inc)
10	60	2011		\$	438	\$	100	\$	338	
11	61	2012		\$	452	\$	100	\$	352	
12	62	2013		\$	466	\$	100	\$	366	
13	63	2014		\$	480	\$	100	\$	380	
14	64	2015		\$	495	\$	100	\$	395	_
15	65	2016		\$	510	\$	100	\$	410	

Wage-loss benefits convert to ABP at retirement age

				Curr	ent Law	Pro	posed Law				
					410		510				
			ABP Rate:	<u>x</u>	<u>40%</u>		<u>x 40%</u>		/ Impact	х 5	52 Weeks
1	66	2017		\$	164	\$	204	\$	40	\$	2,080
2	67	2018		\$	164	\$	204	\$	40	\$	2,080
3	68	2019		\$	164	\$	204	\$	40	\$	2,080
4	69	2020		\$	164	\$	204	\$	40	\$	2,080
5	70	2021		\$	164	\$	204	\$	40	\$	2,080
6	71	2022		\$	164	\$	204	\$	40	\$	2,080
7	72	2023		\$	164	\$	204	\$	40	\$	2,080
8	73	2024		\$	164	\$	204	\$	40	\$	2,080
9	74	2025		\$	164	\$	204	\$	40	\$	2,080
10	75	2026		\$	164	\$	204	\$	40	\$	2,080
11	76	2027		\$	164	\$	204	\$	40	\$	2,080
12	77	2028		\$	164	\$	204	\$	40	\$	2,080
13	78	2029		\$	164	\$	204	\$	40	\$	2,080
14	79	2030		\$	164	\$	204	\$	40	\$	2,080
15	80	2031		\$	164	\$	204	\$	40	\$	2,080
	81	2032		\$	-	\$	-	\$	-	\$	-
	82	2033		\$	-	\$	-	\$	-	\$	-
	83	2034		\$	-	\$	-	\$	-	\$	
										\$	31,200