

FISCAL NOTE
Requested by Legislative Council
01/28/2009

Bill/Resolution No.: SB 2432

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 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.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

The proposed legislation repeals the preferred provider statutes.

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

WORKFORCE SAFETY & INSURANCE
2009 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: SB 2432

BILL DESCRIPTION: Repeals Preferred Provider Statutes

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

The proposed legislation repeals the preferred provider statutes.

Reserve and Premium Rate Level Impact:

We are pleased to offer our preliminary thoughts regarding the potential reserve and rate level impact of Senate Bill 2432. The proposed legislation will repeal Sections 65-05-28.1 and 65-05-28.2 of the North Dakota Century Code. The two sections in question permit employers to select a preferred provider to render medical treatment to employees that sustain compensable injuries. We understand that the provider choice provision was expanded through HB 1221 which was included as part of the workers' compensation reform effort that passed in the 1995 legislative session. WSI credits the preferred provider program as one of the changes that helped reduce the steady increase in medical costs experienced by the workers' compensation program in the early 1990's. A sufficiently refined database does not exist to quantify the likely financial impact of this bill on rate and reserve levels. That stated, based on observed changes in North Dakota loss costs during the mid 1990's as well as experience in other states, we believe that the increase in costs could be material to the program as a whole if the proposed legislation passes.

DATE: February 3, 2009

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

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

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

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

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