

2023 Senate Bill No. 2021
Testimony before the Senate Education & Environment Appropriations Committee

Presented by:
Art Thompson, WSI Director
Workforce Safety & Insurance
January 25, 2023

Mr. Chairman and Members of the Committee:

Good morning. My name is Art Thompson, Director of Workforce Safety & Insurance (WSI). I am here today to provide brief testimony on Senate Bill 2021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

On January 5 we provided the full Senate Appropriations Committee a comprehensive overview of WSI. The primary focus of my testimony today will be on the budget details.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars (**slide 2**).

As discussed in the overview, WSI is financially stable, provides excellent service, and is overall functioning very well. Key indicators include (**slide 3-4**):

- Safety Focus and Programs
- Strong Statutory Benefits
- Few Disputes & Low Litigation
- Financially Strong
- Low Premiums
- Good Payor to Medical Providers
- High Customer Satisfaction
- Enhanced Technology

With that brief recap, I would like to focus now on the specifics of WSI's appropriation (**slide 5**).

WSI 2023-2025 Appropriation Request

**Budget Recommendation
2023-2025 SB 2021**

Budget Overview	2021-2023 Appropriation	2023-2025 Governor's Recoomendation	Variance
Salary & Fringe Benefits (base level)	51,625,492	51,408,976	
Executive Recommendation Revisions			
Agency Salary & Fringe increases		4,608,051	
Total Salary & Fringe		56,017,027	
Total Operating	10,497,436	12,927,928	
Base Budget Total	62,122,928	68,944,955	11.0%
One-Time items			
CAPS	7,500,000	4,950,000	
myWSI	3,050,000	1,830,000	
Building Updates	514,000	-	
Total One Time Items	11,064,000	6,780,000	-38.7%
Total Budget	73,186,928	75,724,955	3.5%
Total FTE's	260.14	260.14	0.0%

The Governor's Budget Recommendation for WSI includes:

- The 6% and 4% salary and benefits package. This compensation package is necessary to maintain pace with the private sector as well as the continued support of state-funded benefits for employees (slide 6).
- \$4.95 million in one-time funding for the continuation of the development of the claims and policy system (CAPS); (slide 7-9) and
- \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project (slide 7-8 & 10).

- WSI is funded solely by employer premiums and receives no general fund dollars. The legislature has granted WSI the same FTE authority since the 2015-17 biennium. WSI views the FTE authority as a number, as we base overall staffing levels on workloads, which can fluctuate. To illustrate, during the peak of the oil boom, we were at capacity for FTE authority and hired up to 32 temporary employees to make sure WSI customers were served. Claims activity and workloads were reduced throughout the pandemic years resulting in FTE vacancies that are currently on hold with a temporary employee count of 0.7. Unused funds associated with WSI vacant FTEs stay with the WSI fund (**slide 11**).

The Governor's recommended budget for 2023-25 would result in a total biennial budget increase, including one-time funding items, of 3.5% from the current biennium. We firmly believe the technology initiatives outlined above will only serve to make us even better in the services that we provide.

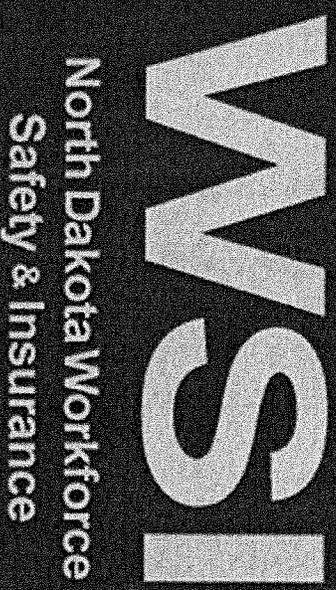
In closing, thank you for your time today and your consideration of WSI's biennial appropriation. I would be glad to answer any questions that you may have.

Great State of North Dakota

Senate
Appropriations
Education & Environment
Committee



Art Thompson | Director
January 25, 2023



WHO WE ARE

About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65).

WSI is a special fund agency and receives no general fund dollars.

Our Vision

As the sole provider and administrator of workers' compensation in North Dakota, WSI's vision is a safe, secure, and healthy North Dakota workforce.

HOW WSI Measures Success

Safety Focus

Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Strong Statutory Benefits

North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Few Disputes & Low Litigation

North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Low Premiums

Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

How WSI Measures Success

Financially Strong

The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Good Payor

Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Enhance Technology

The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Customer Satisfaction

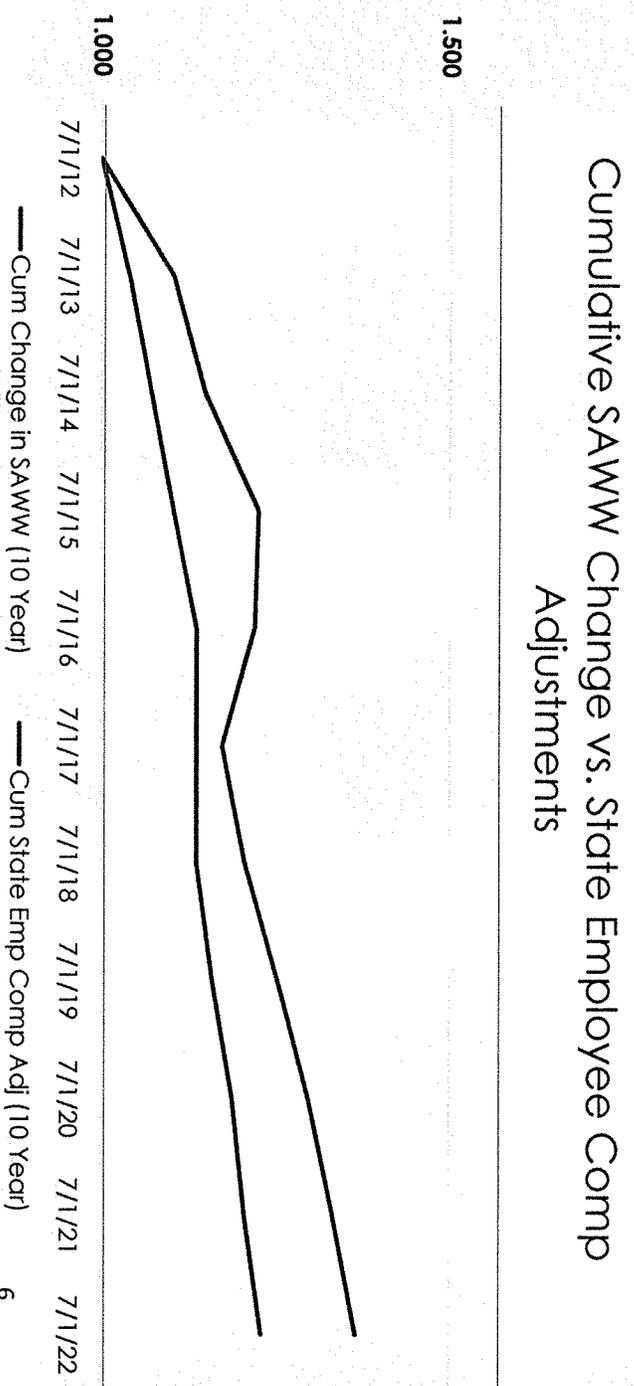
WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94

WSI 2023-2025 Biennial Appropriation Request

		2021-2023 WSI Appropriation	2023-2025 Governor's Recommendations
1	WSI Base Level Appropriation	\$62,122,928	\$68,944,955
	One-Time Funding Description		
	Claims and Policy System (CAPS)	\$7,500,000	\$4,950,000
	myWSI	\$3,050,000	\$1,830,000
	Building Updates	\$514,000	-
2	Total One-Time Funding	\$11,064,000	\$6,780,000
	WSI Biennial Appropriation (1 + 2)	\$73,186,928	\$75,724,955
	FTE Authority	260	260
	<ul style="list-style-type: none"> Many of WSI's key initiatives are heavily dependent on the continued development CAPS and myWSI The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities Unspent funds are returned to the WSI fund 		

Governor's Compensation Package (6 + 4)

- Over the last decade, State's Average Weekly Wage growth rate has outpaced state employee authorized compensation adjustments by about 2:1
- The continued trend will impact state employee retention



One-Time Funding

Continued Development of Claims and Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,500,000 Next Biennium - \$4,950,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI.

Current Biennium - \$3,050,000 Next Biennium - \$1,830,000

NORTH DAKOTA WORKFORCE SAFETY & INSURANCE

One-Time Funding

	CAPS	myWSI
Projects: Timelines & One-Time Funding		
Program Start Date	July 2015	November 2016
Current Estimated End Date *	May 2031	September 2026
Program Total Spent To-Date	\$ 16,745,803	\$ 3,900,036
Total Estimated Expenditures Remaining	\$ 20,101,118	\$ 2,762,244
Estimate of Total Program Cost at Completion **	\$ 36,846,921	\$ 6,662,280

* This estimated end date is dependent upon the detailed planning and baselines of the individual projects
 ** Figures as of 11/30/2022

CAPS Project Status

Completed



Releases 1-9

- **Scope:** Work Management, Forms, and All Policy Functionality – Registration, Adjustments, Accounting, Payroll Reporting, Loss Control
- **Timeframe:** July 2015 - August 2022
- **Actual Cost:** \$15,852,030 (12% under budget)

In Progress



Release 10

- **Scope:** Claim Registration, Coverage, Status
- **Timeframe:** May 2022-Aug 2023
- **Budget:** \$2,449,647

Remaining



Releases 11-17

- **Scope:** Claim Maintenance, Wages, Reserves, Payments, Medical, Legal, Field, Fraud
- **Expected Timeframe:** 2023-2030
- **Expected Budget:** \$18.5M

myWSI Project Status

Completed



Releases 1-5

- **Scope:** Provider Bill Status, Utilization Review, Safety and Ergonomics, Payroll Reporting, Employer Dashboard, DMP
- **Timeframe:** August 2015-August 2022
- **Actual Cost:** \$3,327,751 (3% under budget)

In Progress



Release 6

- **Scope:** Employer Online Application for Insurance, Chatbot
- **Timeframe:** June 2022-August 2023
- **Budget:** \$1,524,361

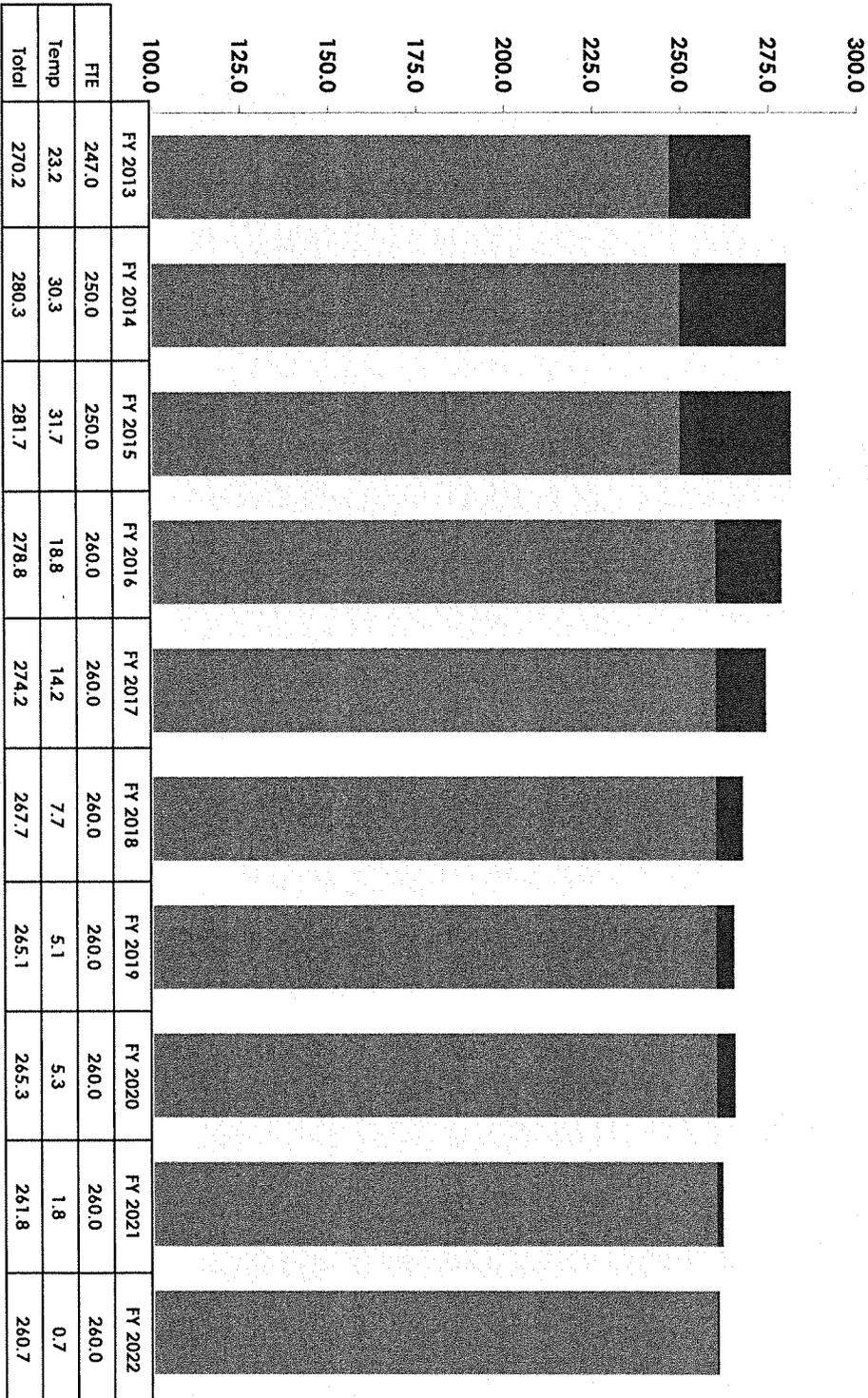
Remaining



Releases 7-9

- **Scope:** Provider and Injured Employee Dashboards
- **Expected Timeframe:** 2023-2026
- **Expected Budget:** \$1.8M

Employee Count by Fiscal Year



WWSI Summary

- ✓ Governor's proposal would result in a total biennial increase, including one-time funding, of 3.5% from the prior biennium.
- ✓ Support of proposed total rewards package will help maintain and grow team.
- ✓ \$4.95 million in one-time funding for the continued development of the claims and policy system (CAPS); and \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project.
- ✓ Staffing levels are based on workload and the needs of the organization. Vacant FTEs are evaluated as needed.
- ✓ Work on one-time funding projects is currently on-schedule and under budget.

Questions

WWSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.

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NORTH DAKOTA WORKFORCE SAFETY & INSURANCE CLAIMS AND POLICY SYSTEM (CAPS) PROJECT

BUSINESS NEEDS

- Replace internal core legacy client-server systems with current web-based technology
- Provide easier access to information and reportability of data
- Improve system navigation and ease of use for WSI team members
- Enhance system maintainability
- Enable WSI to stay current with technology and take advantage of future enhancements

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release, 're-faces' portions of core legacy systems into a new user interface, retaining data and programming logic
- This approach minimizes risk and costs by replacing WSI's core systems *incrementally*, into production
- Each release is managed as a major IT project per state requirements
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner) and NDIT
- Benefits of the incremental approach:
 - Includes continuous technology and business improvements as part of the process
 - More adaptive to business needs
 - Minimizes risk and costs

PROJECT STATUS

Completed

Releases 1-9

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MEASURING SUCCESS

"I really enjoy the functionality of CAPS. Each time a new release is deployed the functionality is great and easy to move around, work, and learn the new system with ease."

"The adjustment process is so much easier than it had been, and it is really nice to have verifications and employer applications behave so similarly."

"Automating the optional coverage contracts eliminates a manual process for the underwriters"

"Gathering payroll detail using the same application in a revised payroll report is a major accomplishment."

"For our employers – the combined statements; for our employees – easy to navigate system."

"Love the statement preview functionality, the fact that you can make an adjustment and see the results real time."

"The adjustments alone are wonderful. To be able to do them in less than half the time is a dream. Those letters in the forms tool as well are GREAT!."



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NORTH DAKOTA WORKFORCE SAFETY & INSURANCE myWSI PROJECT

BUSINESS NEEDS

- Establish a secure portal for employers, medical providers, and injured employees to access, submit, and view WSI specific information
- Support WSI's strategic objective to improve communication
- Streamline processes related to information from/to external stakeholders
- Increase availability and usage of information for WSI's stakeholders and partners

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release delivers new external-facing functionality into production, ready to be used
- Each release is managed as a major IT project per state requirements
- Each release schedule is tightly integrated with CAPS project releases, using a shared vendor (ServiceLogix), ensuring efficient project processes
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner), and NDIT

PROJECT STATUS

Completed

Releases 1-5

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MEASURING SUCCESS

"The new dashboard in myWSI is awesome and easier to maneuver through. Sending an invite is so much quicker, simpler, as is adding roles to an existing user."

"The new online payroll reporting is a great upgrade. For our employers to not have an access code to start the payroll report is a really good thing. Most of the accountants are pleased that the access code went away."

"I really like the new functionality in myWSI!"

"One of the success stories is expanding our client base utilizing myWSI."

"I can see the URC UR Chiro applications that were deployed as very valuable to the UR Department. They will help provide better/faster service to the injured workers!"