

# FISCAL NOTE

Requested by Legislative Council

01/05/2001

## REVISION

Bill/Resolution No.: HB 1187

Amendment to:

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.*

|                | 1999-2001 Biennium |             | 2001-2003 Biennium |             | 2003-2005 Biennium |             |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|                | General Fund       | Other Funds | General Fund       | Other Funds | General Fund       | Other Funds |
| Revenues       |                    |             |                    |             |                    |             |
| Expenditures   |                    |             |                    | \$2,572,647 |                    |             |
| Appropriations |                    |             |                    | \$2,572,647 |                    |             |

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

| 1999-2001 Biennium |        |                  | 2001-2003 Biennium |        |                  | 2003-2005 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 2001 LEGISLATION SUMMARY OF ACTUARIAL INFORMATION

**BILL DESCRIPTION:** Appropriation for Bringing Contracted Services In-house

**BILL NO:** HB 1187

**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 appropriates \$2.57 million and 25 additional FTEs to bring contracted programs and services in-house. Estimated savings for the next biennium is \$4.2 million.

**FISCAL IMPACT:** We believe that the proposed change will result in a decrease to the indicated rate level of 1% to 2%.

Our estimate is based on projected annual premiums of approximately \$100 million in conjunction with anticipated net annual administrative cost savings of \$2.1 million (50% of the biennium savings). Implicit in our estimate is the assumption that loss costs will not increase or decrease due to changes in the level and/or quality of service provided through the in-house programs.

The proposed legislation should have little impact on reserve levels because the changes will be made prospectively.

**DATE:** December 27, 2000

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:** Paul R. Kramer  
**Phone Number:** 328-3856

**Agency:** ND Workers Compensation  
**Date** 01/04/2001  
**Prepared:**