

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2288

2001 SENATE TRANSPORTATION

SB 2288

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2288

Senate Transportation Committee

Conference Committee

Hearing Date 2-9-01;2-16-01

Tape Number	Side A	Side B	Meter #
1		x	23.2- End
2	x		0.0-44.6
2-16-01 1	x	x	13.4-23.7; 39.1-48.1
Committee Clerk Signature <i>Sharon Schaefer</i>			

Minutes: SB 2288 relates to motor vehicle insurance independent medical examinations.

Senator Fischer: (District 46; Supports) See attached proposed amendments. States that this is one of the most important issues of this session. This would amend and specifically change procedures for obtaining independent medical exams and make the system work fair and evenhanded. The No Fault law has been in effect since 1972 and for the most part has worked well. Goes on to explain the No Fault law. States that there is \$30,000 of insurance to pay for medical expenses and portion of wage loss no matter who was at fault. Insurance companies get to choose the doctors for clients to see. Sounds fair until you find out how it really works. Goes on to tell about his own personal experience with his accident, doctors, procedures, IME, and his insurance company. Many people he's talked to have had their benefits cut off. Legislation he is proposing is stripped to it's simplest form; the names of five doctors are considered for the job of conducting an IME, the insurance company strikes two names off the list, injured person then strikes two names off the list and the remaining one is the one to perform the IME. Opposition to

Page 2

Senate Transportation Committee

Bill/Resolution Number S.B. 2288

Hearing Date 2-9-01

this bill will state that this will raise premiums. How so? Insurance companies calculate their premiums now in the worst case scenarios and therefore premiums shouldn't rise.

Gary Lindemann: (Jamestown; Supports) See attached testimony.

Michele Sigl: (Employed with Dickson & Purden Law Office as a paralegal, Supports) See attached testimony.

Senator Mutch: D you personally have a grievance?

Michele Sigl: Yes, I've been in an accident and have experienced these problems.

Vendora Gappert: (New Salem housewife; Supports) Gives her own negative personal experiences from an accident involving herself and her husband in 1997 including injuries, doctors, court case, and insurance company problems.

David Bossart: (N.D. Trial Lawyer Association; Lobbyist # 584 Supports) See attached testimony.

Sonna Anderson: (ND Trial Lawyer Association; Lobbyist #332; Supports) See attached testimony.

Rod St. Anxyn: (Blue Cross/Blue Shield ND; Lobbyist #216; Supports) Supports this bill.

Paul Traynor: (Nodak Mutual; Opposes) This is a pro-consumer bill and would raise auto insurance rates. No Fault Insurance is tough to underwrite, it's not consistent or stable. A study commission is needed to analyze this system because it's outdated. We can make it better. In 1972, auto insurance was put into health insurance business. ND doctors won't take on these situations insurance companies and clients have to go elsewhere to find doctors. Arbitration could be an option. Government, to a degree, does not belong in this type of situation. Be cautious when someone tells you that it's only the insurance industry , attorney's too need to be looked at.

Page 3

Senate Transportation Committee

Bill/Resolution Number SB 2288

Hearing Date 2-9-01

Senator Bercier: Why won't the doctors in ND take on these claims?

Paul Traynor: They don't want to get involved in the legal system and they don't need the work.

Patrick Ward: (ND Domestic Insurance; Opposes) See attached testimony.

Hearing closed.

Hearing reopened on 2-16-01.

Senator Fischer: (District 46; Supports) See attached testimony.

Sonna Anderson: (NDTLA; Lobbyist # 332; Supports) See attached testimony.

Senator Mutch: How would you find the medical examiners?

Senator Fischer: Insurance companies could work this out. I'd like to see random doctor assignment.

Hearing closed.

Committee reopened on 2-16-01.

Senator Mutch motions to Do Not Pass. Seconded by Senator Bercier. Roll call 1 taken. 3-3-0.

FAILED.

Senator Stenehjem hands out proposed amendments.

Senator O'Connell moves to accept proposed amendments. Seconded by Senator Bercier. Roll call taken. 5-1-0. Senator O'Connell motions to Do Pass as amended. Seconded by Senator

Espegard. Roll call taken. 4-2-0.

Committee closed.

FISCAL NOTE
 Requested by Legislative Council
 02/20/2001

Bill/Resolution No.:

Amendment to: SB 2288

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$15,000	\$0	\$0	\$0
Appropriations	\$0	\$0	\$15,000	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Engrossed Senate Bill No. 2288 requires that the Insurance Department prepare a report that analyzes the impact that independent medical examinations (IMEs) have on the provision of no-fault benefits, review medical service providers who perform such exams, and review how other states regulate those exams.

Except for the study of the impact of IMEs on no-fault benefits, the Department anticipates being able to gather the needed information and prepare a report in the normal course of the Department's business. We anticipate asking no-fault companies, doctors, chiropractors, trial attorneys, and injured persons to participate in various surveys. The Department will analyze the surveys and prepare the report using in-house resources so that no impact on the General Fund is anticipated.

A study of the impact of IMEs on no-fault benefits, however, will require an expenditure beyond the Department's present appropriation. The Department proposes to contract with one or more impartial medical persons to review no-fault files in which an IME has been requested. That person will be asked to determine whether or not the decision of the IME is supported by the evidence in the file. To do so will require contracting with doctors or chiropractors at a cost estimated to be between \$75 to \$150 per hour. The review is estimated to take between 1 and 1.5 hours per file. The Department believes that at least 100 files should be reviewed to provide meaningful data.

The Department believes that an appropriation of \$15,000 would allow sufficient money in which to conduct a meaningful study. The Department will negotiate price and, depending on the results of the negotiation and the length of time the examiner takes to review files, will review as many files as possible

within the budgeted funds. We expect to be able to review in excess of 100 files with the \$15,000 appropriation.

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.*

None

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.*

General fund expense will increase by \$15,000 for the 2001-2003 biennium.

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:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	03/05/2001

FISCAL NOTE
 Requested by Legislative Council
 02/01/2001

REVISION

Bill/Resolution No.: SB 2288

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$81,500	\$0	\$72,000	\$0
Appropriations	\$0	\$0	\$81,500	\$0	\$72,000	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This bill establishes a personal injury protection program that will facilitate the resolution of disputes over treatment of auto accident injuries. The Commissioner of Insurance must establish the program and oversee its operation. It is expected that the establishment of the program and its first year of operation will require .5 FTE-clerical at an estimated cost of salary and benefits of \$10,000 annually and 1.0 FTE-program administrator at an estimated cost of salary and benefits of \$30,000 annually, for a total cost of \$40,000 for the first year. After the program is established and has operated for a year, it is expected that the positions could be combined to require .5 FTE-clerical at a cost of \$10,000 annually and .75 FTE-program administrator at a cost of \$22,500 annually, for a total cost of \$32,500 annually. We also estimate an increase in operating expenses for supplies, materials, telephone costs, and others of \$4,000 per biennium and an estimated cost of equipment, including file cabinets, office furniture, and computer equipment of \$5,000 per biennium for the first biennium and \$3,000 per biennium thereafter.

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.*

None

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.*

General fund expense will increase by \$81,500 for the 2001-2003 biennium and by \$72,000 per biennium thereafter.

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.*

Insurance Department:

- a. Salaries and wages increased by \$72,500 for 2001-2003 biennium.
- b. Operating expense increased by \$4,000 for 2001-2003 biennium.
- c. Equipment expense increased by \$5,000 for 2001-2003 biennium.

Includes 1.5 FTE first year, 1.25 FTE thereafter.

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	02/02/2001

