

**Workforce Safety and Insurance
Budget 485
Senate Bill No. 2021; House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2007-09 legislative appropriation	237.14		\$53,241,155	\$53,241,155
2005-07 legislative appropriation	<u>223.14</u>		<u>33,523,001</u>	<u>33,523,001</u>
2007-09 appropriation increase (decrease) to 2005-07 appropriation	14.00	\$0	\$19,718,154	\$19,718,154

Item Description

Financial reserves - North Dakota Century Code (NDCC) Section 65-04-02 requires Workforce Safety and Insurance to maintain adequate financial reserves plus surplus of at least 120 percent to a maximum of 140 percent of the actuarial established discount reserve.

Information technology project - The Legislative Assembly provided a \$14 million special funds appropriation for replacement of the existing core Workforce Safety and Insurance business applications with a commercial off-the-shelf, integrated software solution.

Status/Result

As of June 30, 2007, Workforce Safety and Insurance's unpaid loss liability discounted at 5 percent was \$730.9 million. Based on NDCC Section 65-04-02, the fund surplus target was \$146.2 million to \$292.4 million. The fund surplus balance on June 30, 2007, was \$466.8 million, equivalent to 163.9 percent of discounted reserve.

Of the \$466.8 million, \$15 million was committed to an educational revolving loan fund, \$31 million was committed to safety grant and incentive programs, and \$73 million was unrealized investment gains.

The Workforce Safety and Insurance's Board of Directors has declared a 50 percent dividend for premiums billed in fiscal year 2008.

Workforce Safety and Insurance has selected the Valley Oak Systems' iVOS product as the commercial off-the-shelf system and has selected the vendor HCL to provide integration, validation, and management services related to the installation of the iVOS product. As of April 2008, the project is on schedule and within budget. Workforce Safety and Insurance anticipates the project to be completed in December 2009.

Continuing jurisdiction review.

In January 2008 Workforce Safety and Insurance instituted a continuing jurisdiction review. Under the review, injured workers may submit an application to have their case reviewed to determine whether benefits were properly applied. The review includes any denial on claims filed from July 1, 1995, to January 2008. Any case currently under appeal or under reconsideration or that was reviewed by a district court or the Supreme Court will be excluded from the review process. Applications are being accepted through June 30, 2008.

Independent reviews.

In November 2007 Governor Hoeven and the Workforce Safety and Insurance Board of Directors requested independent reviews of Workforce Safety and Insurance claims processing procedures and management and human resource aspects. Requests for proposals for the reviews were developed in conjunction with the Office of Management and Budget Procurement Office. Marsh USA, Inc., was selected to complete the review of the claims processing procedures, and Conolly and Associates was selected to complete the review of Workforce Safety and Insurance management and human resources. Representatives of Marsh USA, Inc., and Conolly and Associates presented final

reports to the Workforce Safety and Insurance Board of Directors and the Legislative Council's interim Industry, Business, and Labor Committee in March 2008. The cost of these reviews was approximately \$315,000.