

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON LABOR AND EMPLOYMENT RELATIONS

Call to Order: By Chairman Russell, on April 19, 1989, at 4:50 p.m.

#### ROLL CALL

Members Present: Thirteen.

Members Excused: Two, Lee and Thomas.

Members Absent: One, Whalen.

Staff Present: None.

Announcements/Discussion: None.

#### HEARING ON HJR 50

#### Presentation and Opening Statement by Sponsor:

REP. BOHARSKI: HJR 50 addresses workers' compensation. So far the only thing that has been done about workers' comp is SB 458, which sets up the mutual fund for workers' compensation. I feel there is another viable option.

We have statutes on the books which say we can't go in debt with this fund. It requires the state fund to charge premiums so that the fund does remain actuarially sound. It hasn't, and I don't feel we are doing a very good job.

I have looked at the study resolutions we have passed and as far as study resolutions go, and the impact they could have on the state of Montana, I think this is one of the most important ones we could take a look at. I think it is definitely feasible that the state get out of the No. 3 Plan, the state funded work comp pool. The people at the work comp division just aren't doing their job. The division isn't staffed right; they don't follow-up; the grievance procedures are terrible.

There are unsafe employers out there who no way would any private insurance company let them keep operating under those conditions. The unsafe employers are being subsidized by the ones who are safe.

I would like to take a look at what a private company could do and what the feasibility would be of the state getting out of the business and allow the private companies to come in.

Some of the concerns that might be raised are that the rates are going to go up for some people. I agree that they probably are, but I would also agree that those people are the ones who are running businesses that are unsafe or too high of a risk. Maybe if they get a private company in charge they would shape up and clean up the situations.

Testifying Proponents and Who They Represent:

None.

Proponent Testimony:

None.

Testifying Opponents and Who They Represent:

DON JUDGE, Montana State AFL-CIO.

Opponent Testimony:

DON JUDGE, opponent. I have a small concern about this. Workers' compensation is an extremely complex issue and has been across the state. We certainly have not defended the system in the state of Montana, the way the deficit has been allowed to continue to grow.

I point out that this resolution calls for a study regarding the feasibility of selling the workers' comp system to the private sector. There are a number of states where the state is the sole and exclusive way that you can purchase workers' compensation. I would think if you chose to pass a resolution like this, you would also want to study the feasibility of the state taking over workers' compensation, should that be the appropriate alternative.

Questions From Committee Members:

O'KEEFE: What do you think, Rep. Boharski, if we look at it in both directions?

BOHARSKI: I think that would be appropriate. I didn't put it in here because it appears to me that everyone who can be insured elsewhere prefers to be.

I want the facts studied. What is the best way to do this thing? If the state gets into it, is that the best way to go? Let's have a panel get together and get some real facts on this.

Discussion here between several committee members regarding an amendment being drawn up to that effect. (none of them had microphones on and nothing could be heard)

Closing by Sponsor:

Close.

DISPOSITION OF HJR 50

Motion:

SMITH: I move the resolution and I move the amendment.

Discussion:

SMITH: I think everybody knows what the amendment is, if not it is to also study the possibility of self insurance.

KILPATRICK: With regard to workers' compensation, the thing we have talked about so often is making one company, or the state, or whoever it may be, forced to take everything. In other words, they would take the bad with the good. An insurance company isn't going to take just the bad, they want the good, too. Is that included in this study resolution?

SMITH: I think it should be. The real truth of the matter is, there was a group of us who met with a bunch of private carriers and if we were to try to sell this, the debt included, to begin with we would have to come up with over \$200 million to pay that unfunded liability. The only way a private carrier would even consider buying that would be if it was a monopoly. So, if we are going to give an opportunity to a private carrier to have a monopoly, I think I would prefer the state to have that monopoly.

KILPATRICK: I want to make sure that is in the amendment, that that is the intent, that it is a monopoly for the state too.

GLASER: This was a bad idea when Boylan brought it in here. Where is this money going to come from? The only place it can come from is the taxpayer, and business will never be able to do anything decent in this legislature for 15 years. It is also a bad idea from Boharski and I'm going to vote against it.

Recommendation and Vote:

Voting on the amendment to include the state.

Twelve votes in favor of the amendment. One vote against, by Glaser.

Motion:

SMITH: I move the bill DO PASS, AS AMENDED.

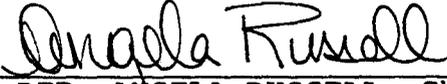
I think this should probably get somebody's attention.

Vote:

Twelve votes in favor of DO PASS AS AMENDED. Two votes against,  
by Glaser and McCormick.

ADJOURNMENT

Adjournment At: 5:10 p.m.

  
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REP. ANGELA RUSSELL, Chairman

AR/mo

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DAILY ROLL CALL

LABOR AND EMPLOYMENT RELATIONS COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 4-19-89

| NAME                           | PRESENT | ABSENT | EXCUSED |
|--------------------------------|---------|--------|---------|
| Rep. Angela Russell, Chairman  | ✓       |        |         |
| Rep. Lloyd "Mac" McCormick, VC | ✓       |        |         |
| Rep. Vicki Cocchiarella        | ✓       |        |         |
| Rep. Duane Compton             | ✓       |        |         |
| Rep. Jerry Driscoll            | ✓       |        |         |
| Rep. <u>Bob Paulovich</u>      | ✓       |        |         |
| Rep. Bill Glaser               | ✓       |        |         |
| Rep. Tom Kilpatrick            | ✓       |        |         |
| Rep. Thomas Lee                |         |        | ✓       |
| Rep. Mark O'Keefe              | ✓       |        |         |
| Rep. Jim Rice                  | ✓       |        |         |
| Rep. Richard Simpkins          | ✓       |        |         |
| Rep. Clyde Smith               | ✓       |        |         |
| Rep. Carolyn Squires           | ✓       |        |         |
| Rep. Fred Thomas               |         |        | ✓       |
| Rep. Timothy Whalen            |         | ✓      |         |
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STANDING COMMITTEE REPORT

April 20, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Labor and Employment Relations report that HOUSE JOINT RESOLUTION 50 (first reading copy -- white) do pass as amended .

Signed: \_\_\_\_\_  
Angela Russell, Chairman

And, that such amendments read:

1. Title, line 11.

Strike: "OR"

Insert: "TO"

Following: "COVERAGE"

Insert: ", OR TO A NEWLY CREATED EXCLUSIVE STATE FUND"

2. Page 2, line 6.

Following: "fund"

Strike: "."

Insert: "; and

WHEREAS, many states operate exclusive state funds which provide that all employers purchase workers' compensation coverage through a state-operated system without competition from the private sector thereby offering cost-effective coverage to all employers."

3. Page 2, lines 15 and 16.

Following: "self-insurance,"

Strike: "or"

Insert: "to"

Following: "coverage" on line 16

Insert: ", or abolishing plans No. 1 and No. 2 and creating an exclusive state fund for providing coverage of Montana employers"

4. Page 2, line 19.

Following: "fund"

Insert: "or creating an exclusive state fund"

5. Page 2, line 21.

Following: "fund"

Insert: "or creation of an exclusive state fund"

6. Page 3, line 1.

Following: "abolished"

Insert: "or restructured"

7. Page 3, line 3.

Following: "abolishment"

Insert: "or restructuring"

