

STATE ADMINISTRATION
MARCH 19, 1981
RM 436

The meeting of the House State Administration Committee was called to order at 8:00 a.m. with Chairman Jerry Feda presiding. All members were present except Representatives Azzara and O'Connell who were excused. Representative Azzara left proxy votes for executive session.

SENATE BILL 387-SPONSOR, Senator Hims1, introduced this bill requested by the Legislative Audit Committee. This bill reestablishes the five-member Board of Veterans' Affairs for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision. Senator Hims1 said that the Audit Committee found some inefficiencies in the operation of the board but they are aware of this and will be trying to improve the operation and do a better job. He said that there is some cost involved but there is a need for intermediates to do some of the paperwork for the board.

PROPOSERS

BOB DURKEE, representing the Veterans of Foreign Wars, stated that the filling out of applications for these benefits is very detailed. If one thing is not completed the form is returned. This, he stated, is where the field service people and the local people that work for the board are able to help.

JACK MCGLYNN, V.F.W. and member of the Board, appeared in support of the bill and said that the board would improve on their operation. He said that some of the duplication the board has had in the past was due to a lack of communication.

TONY CUMMING, American Legion, said that the WWII veterans are getting older and need help now. The Board will be more important in the future.

SENATOR PAT RYAN, echoed comments of other proposers.

REPRESENTATIVE JOHN PHILLIPS, concurred with other proposers of SB 387.

OPPOSERS

There were none present.

QUESTIONS BY THE COMMITTEE (SB 387)

Mueller: What does it cost to operate this board?

Hims1: It will be about \$700,000 for the next biennium.

Mueller: Who is this board accountable to?

Hims1: The Board is accountable to the Department of Social and Rehabilitation Services for administrative purposes only.

Winslow: Wouldn't it be possible to provide some of these services through the American Legion and some of these other organizations?

Hims1: These organizations do provide services for the veterans but the field services are mostly for processing applications and other paperwork.

Feda: Is this \$700,000 included in the budget proposed in HB 500.

Hims1: Yes.

Senator Hims1 closed the hearing on SB 387. A copy of a prepared statement submitted by Senator Hims1 is attached and is EXHIBIT 1 of the minutes.

SENATE BILL 467-SPONSOR, Senator Ryan, introduced this bill requested by the Department of Professional and Occupational Licensing which reestablishes the five-member Board of Speech Pathologists and Audiologists for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision.

PROPONENTS

SHIRLEY DEVOE, Chairman, Board of Speech Pathologists & Audiologists, submitted a copy of her prepared testimony to the committee. A copy is attached and is EXHIBIT 2 of the minutes.

GAIL GRAY, Office of Public Instruction, read a prepared statement prepared by Judy C. Ray, M.A. Equivalency Director of Speech Pathology. A copy is attached and is EXHIBIT 3 of the minutes.

SB 467 (cont.)

CHRISTIE DECK, President, Montana Speech-Language-Hearing Association, submitted written testimony to the committee but was not present at the hearing. A copy is attached and is EXHIBIT 4 of the minutes.

MARILYN PIERSON, Speech Pathologist, stated her support of this bill.

OPPONENTS

There were none present.

QUESTIONS BY THE COMMITTEE

Sales: How long has this board been in existence?

DeVoe: Since 1975.

Mueller: What % of people are not under some type of control. They mostly work for schools so I do not understand why you need the Board to handle this.

DeVoe: The O.P.I., medicare and other programs all use licensing by the Board as a standard of credibility.

Sales: When the Board was set up why wasn't it included with some other Board?

S. Seacat: One of the concerns of the Audit report was that this Board and the Hearing Aid Dispenser Board should be combined. But those Boards do not want to be coordinated. Their argument was that one was a selling outlet and the other a profession. Putting them together would be like one statement used, "throwing a bulldog and a badger in the same ring and letting them fend for themselves".

Senator Ryan closed the hearing on SB 467.

SENATE BILL 193-SPONSOR, Senator Haffey, introduced this bill requested by the Department of Professional and Occupational Licensing which reestablishes the seven-member Board of Radiologic Technologists for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision.

SB 193 (cont.)

Senator Haffey said that there was a bill in the Senate that would have transferred the functions of the Board to the Department of Health, however, that bill was killed in the Senate.

PROPOSERS

ALICE O'DONNELL, representing the Board and a licensed technologist in Anaconda, stated that the Board is essential for the protection of the public. She said that ionized radiation can propose a definite health hazard unless it is overseen. People who take x-rays in a doctors office have to go through certain courses and pass a certain examination before they are certified to take x-rays. She said that the Board is young and she feels the Board will take to heart the Audit Committee reports suggestion for improvement.

CHAD SMITH, Montana Hospital Assoc., stated that the association believes that the Board performs a valuable service and should be continued.

OPPOSERS

There were none present.

QUESTIONS BY THE COMMITTEE

Kropp: How much training is need to become a Radiologic Technologist?

O'Donnell: To become certified you must complete a 24 month program at a certified school of Radiologic Technology.

Briggs: What is the fiscal impact of the Board?

Seacat: The Board has biennial renewals so the revenues are not very consistent. For 78-79 revenues approximately \$11,000, for 79-80 approximately \$3,500. This all comes from the licensing fees.

Senator Haffey closed the hearing on SB 193.

SENATE BILL 195-SPONSOR, Senator Haffey, introduced this bill at the request of the Department of Professional and Occupational Licensing. This bill revises the composition of the Board of Radiologic Technologists and repeals a provision permitting the Board to license certain applicants based on demonstrated proficiency.

Senator Haffey said that the Board as it is now provides for the position of a physician. This bill would replace that position with a permitted practitioner. Also this bill provides that a public member be on the Board. This position would replace the chiropractor on the Board. Also this bill eliminates reference to technologists qualifying under section 37-14-312 since these people by now are practitioners. Senator Haffey said that the Audit Committee also observed that temporary permits were being issued to people who have failed examinations and there is a question as to whether the safety of the patient is being addressed. Also they will ask for a clarification of the distinction between permittees and licensees and they want the Board to develop standards of conduct.

PROPOSERS

ALICE O'DONNELL, stated that she agreed with the Audit Committee's recommendations concerning the composition of the Board and also stated that the Board would address the other concerns of the Audit Committee.

OPPOSERS

There were none.

QUESTIONS BY THE COMMITTEE

Kropp: Why was the chiropractor taken off the Board?

O'Donnell: They do not come under the same laws as we do. They do their own x-rays and do not deal with the same laws we do.

Senator Haffey closed the hearing on SB 195.

SENATE JOINT RESOLUTION 15, SPONSOR, Senator Haffey, introduced this resolution that requests an interim study on the possibility of merging Warm Springs and Galen State Hospitals. The study will also research the possibility of providing health care for prisoners in Deer Lodge through the merged hospitals. Senator Haffey explained that this resolution came about as a result of a report prepared by the Department of Institutions that indicated that it was feasible and initiated a plan to merge these two hospitals. The plan was not communicated to the people who manage and work at these hospitals. The fiscal analyst had the opportunity to review this plan and look over the report put out by the Department. The fiscal analyst at that time adopted part of this plan

SJR 15 (cont.)

without the input from the management or employees of Warm Springs and Galen State Hospitals. These people at that time became aware that something was happening that would change the way the hospitals were operated and they reacted by going to the Department of Institutions. Mr. South, the new director of the Department, gave them the opportunity at that time to have input concerning the plan. They agreed about some of the changes but totally disagreed about others. If they would have had the opportunity to have input before the plan was adopted it might have been able to work and, he stated, because this idea was imposed on them they may not be able to work well under this structure that they know is deteriorating the health care.

PROPOSERS

MARTY ELISON, representing the Montana Nurses Assoc., stated that there are many nurses at these hospitals that are opposed to this merger. They are concerned, he stated, about the health care of the patients due to all the cutbacks. One concern that he specifically addressed was the merger of the labs. Many of these patients, he stated, require lithium shots. The lab at Warm Springs tests the patients in regard to how often and how much lithium they require. This kind of testing will not be able to be done with all of the cutbacks.

GABRIEL SAUREZ, coordinator of staff and services at Warm Springs State Hospital, stated that the attendants in the departments have been substantially reduced. Three people may be doing the job that eight people used to do. He said that they coordinate trips to doctors in Butte, Missoula and other towns so that several patients go at the same time instead of making many trips. If they do away with our department, he said, each unit will have to make their own appointments and there will be no coordination for these trips.

REPRESENTATIVE WILLIAM "RED" MENAHAN, stated that it is not right that someone from the Department of Institutions who makes two trips a year to these hospitals, should make this kind of decision without even consulting the people who work and live there all year long. He stated that last session he put in a bill to increase the pay for the doctors but that bill was killed. It is difficult to get good medical care for the patients over there. Something needs to be done to consider the welfare of the patients.

Representative Menahan said that the Department of Institutions has 196 people working in the department and their only job is to draw up plans for these institutions to follow. He referred to the Lafferty Report when he stated that the L.F.A. made a mistake in having 2.4 people taking care of some of these patients. This just can not be done, he stated. He said that many of the recreational facilities have been eliminated along with other conveniences to the patients. He stated that it is about time we realized that something has to be done for these people and face up to our responsibility.

REPRESENTATIVE JOE KANDUCH, arose and stated that he concurred with other proponents of this bill.

OPPONENTS

There were none present.

QUESTIONS BY THE COMMITTEE

Dussault: Red, what is the Lafferty Report?

Menahan: The Lafferty Report said it would cost about \$500,000 with the staffing to run these two hospitals.

Dussault: I am just wondering what the purpose of this resolution is if in fact the appropriations bill has essentially said this is the way it will be.

Haffey: Are we going to keep on "bumping along" trying to "band-aid" Galen and Warm Springs State Hospitals or are we going to step back and take a good comprehensive look at whether we are utilizing these facilities properly and whether we are providing good health care for these people.

Dussault: Do you agree that the two hospitals should be merged but it is just a question of how and when?

Haffey: Yes, we think merger is a good idea, but the people who have first hand knowledge should have some input as to how this is done. The alternative, however, is available in governor Judge's budget, which has been amended by governor Schwinden, to finance both of these facilities separately. The question is, is it better to go with this budget and have a study and get this issue resolved or is it better to impose another reorganization on the institutions and then do the study.

QUESTIONS (cont.)

Kropp: It seems to me that there is a conflict between the two institutions and they might not let this merger take place.

Haffey: I don't know about that. I think there are structural things in the Department of Institutions that will cause them to work very hard to get rid of problems and one of them is union problems. Whether or not the attitudes of the employees will be one that will cause them to work less productively I don't know, however there is no antagonism between the institutions that I am aware of.

Sales: The problem of 196 people working in the area where they are not providing direct service just really bothers me. Have you talked to Carroll South about this?

Menahan: I had a resolution in for a study of the Department and they were very offended by this.

Sales: I am really with you on this issue but it seems to me that if we pass this resolution we are going to do something that will harm the possibility, of this thing that Carroll is trying to do, from working.

Menahan: I think we are trying to get the message across that we do not like the way they are doing things.

Senator Haffey closed the hearing on SJR 15. He said that they feel the idea of merger has some merit but the idea needs some work. The affect on the health care is unclear and the level of staffing addressed in HB 500 was a function of the 46th legislature. Also what the Governor and Carroll South want in terms of reorganization is not what the sub-committee decided. HB 500, he stated, only confuses the issue further.

EXECUTIVE SESSION

Representative O'Connell, Kanduch, and Azzara were absent for executive session. Representative Azzara left proxy votes on some of the bills.

SENATE BILL 193

BE CONCURRED IN

Representative Hanson made a motion that SB 193 BE CONCURRED IN. A vote was taken and carried with 15 YES, 1 NO and 1 abstention. Representative Sales voted no and Representative Spilker abstained.

Representative Menahan will carry SB 193 in the House.

SENATE BILL 195

BE CONCURRED IN

Representative Hanson moved that SB 195 BE CONCURRED IN. The motion carried with 16 YES, 1 abstention and 2 absent. Representative Spilker abstained. (Menahan Carry)

SENATE BILL 387 (Phillips Carry)

BE CONCURRED IN

Representative Kropp made a motion that SB 387 BE CONCURRED IN. A vote was taken and carried with 15 YES, 1 NO and 1 member abstaining. Representative Sales voted no and Representative Spilker abstained.

SENATE BILL 467 (Dussault Carry)

BE CONCURRED IN

Representative Mueller said he did not see why this board is necessary.

Representative Sales said that they needed to have this certification in order to receive federal funding.

Representative Dussault moved that SB 467 BE CONCURRED IN. A vote was taken and carried with 12 YES, 4 NO, 1 abstention and 2 members absent. Representatives Sales, Kropp, Smith and Briggs voted no. Representative Spilker abstained.

SENATE JOINT RESOLUTION 15

TABLED

Representative sales said that he felt this idea would have been the better way but we already have the Governor and Mr. South going down another track and this will just make things worse.

Representative Kanduch said that we need this bill because Carroll South's hands are tied. This bill may give him some authority.

EXECUTIVE SESSION (cont.)

Representative Dussault suggested that the committee table this bill until HB 500 is acted on in appropriations. She made a motion to that affect.

A vote was taken and carried with 16 YES, 1 NO and 2 absent. Representative Kanduch voted no.

SENATE BILL 311

BE CONCURRED IN

Representative McBride moved that SB 311 BE CONCURRED IN. A vote was taken and carried with 11 YES, 6 NO and 2 absent. Representatives Sales, Kropp, Briggs, Feda, Ryan, and Smith voted no.

Representative Dussault was assigned to carry this bill in the House.

SENATE BILL 217

BE CONCURRED IN

Representative Sales moved that SB 217 BE CONCURRED IN. A vote carried unanimously with those voting. Representative Spilker and Ryan abstained.

Representative Sales was assigned to carry SB 217 in the House.

SENATE BILL 273

BE CONCURRED IN

Representative Sales made a motion that SB 273 BE CONCURRED IN.

Representative Spilker asked why there hasn't ever been a suit filed saying that the legislature has unlawfully delegated authority to the agencies.

Representative Sales said that we have the right to delegate authority, the question is whether or not we have the right to delegate authority to the agencies.

A vote was taken on the motion and carried with 12 YES, 5 NO and 2 absent. Representatives Holliday, Kennerly, Dussault, McBride and Azzara voted no.

Representative Kanduch was assigned to carry SB 273 in the House.

EXECUTIVE SESSION (cont.)

SENATE BILL 412

BE CONCURRED IN

Representative Mueller moved that SB 412 BE CONCURRED IN. A vote was taken and carried with 15 YES, 1 NO and 2 members absent. Representative Kropp voted no and Representative Spilker abstained.

Representative McBride was assigned to carry SB 412.

SENATE JOINT RESOLUTION 8

BE CONCURRED IN
AS AMENDED

Representative McBride said that the study should include all of the departments.

Representative Spilker said that in her opinion if she had to choose one area to study it would be the Departments of Fish, Wildlife and Parks.

Representative Smith made a BE NOT CONCURRED motion.

Representative Dussault proposed an amendment that would strike section 5 in its entirety. She said the reason for this is because she thinks this study should be directed to the Interim Finance Committee, especially the part that addresses the Coal Board.

A vote was taken on the motion to amend and carried unanimously.

Representative Spilker made a substitute motion that SJR 8 BE CONCURRED IN AS AMENDED.

A vote was taken and carried with 14 YES, 2 NO and 3 members absent. Representatives McBride and Smith voted no.

Representative Spilker was assigned to carry SJR 8 in the House.

SENATE BILL 64

BE CONCURRED IN

Representative Mueller made a motion that SB 64 BE CONCURRED IN. Following Discussion a vote was taken and carried with 12 YES, 5 NO and 2 absent. Representatives Kennerly, Pistoria, McBride, Dussault, and Azzara voted no.

Representative Sales was assigned to carry SB 64 in the House.

STATE ADMINISTRATION
MARCH 19, 1981
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EXECUTIVE SESSION (cont.)

SENATE BILL 235

TABLED AS AMENDED

Representative Sales moved to amend 25 words to 50 words that could be used in the title.

Representative McBride moved to Table SB 235 until the Supreme Court made the ruling on I 85.

A vote was taken and carried with 8 members voting yes and 7 members voting no. See roll call vote sheet for vote.

A motion was made to adjourn at 10:30 a.m.

Respectfully submitted,



G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary

119
Hemisl
331

EXPLANATION OF SENATE BILL 387
REESTABLISHING THE BOARD OF VETERANS' AFFAIRS
(SPONSORED BY SENATOR MATT HIMSL)

As a result of the sunset performance audit and subsequent public hearing, the Legislative Audit Committee recommends reestablishment of the Board of Veterans' Affairs. This bill reestablishes the board for six years as required by the sunset law.

In making its decision to continue the board, the Audit Committee noted that most of Montana's veterans and their dependents will need assistance in obtaining federal benefits. Although the veterans' benefit program is basically a federal program administered by the VA, the VA does not provide complete service to veterans or federal funding to support other service functions. The board, with the Veterans' Affairs Division, is the only agency providing statewide field service offices and scheduled travel to other communities to assist veterans in obtaining VA benefits. Termination of the division's services would result in overall reduction in services. Termination of the board would result in a loss of veteran input and representation in the delivery of these services.

STATE OF MONTANA

DEPARTMENT OF PROFESSIONAL & OCCUPATIONAL LICENSING
BOARD OF SPEECH PATHOLOGISTS AND AUDIOLOGISTS

ED CARNEY, DIRECTOR

LaLONDE BUILDING
HELENA, MT. 59601
(406-449-3737)

March 17, 1981

State Administration Committee
House of Representatives
Capitol Building
Helena, MT 59620

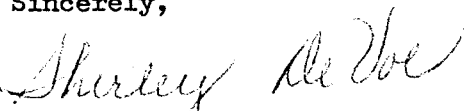
The Board of Speech Pathologists and Audiologists would like to go on record as supporting SB 467 to re-instate the Board of Speech Pathologists and Audiologists.

The Board of Speech Pathologists and Audiologists was very pleased with the sunset review. Findings were positive and comments by the Legislative Auditors indicated that our law was one of the better laws reviewed. Complaints by consumers and licensees were non-existent. We have currently licensed 336 Speech Pathologists and 64 Audiologists. The Board has attempted to work cooperatively with all agencies. We feel we have a quality credentialing program with optimal consumer protection that is being utilized by many other agencies and departments in and out of the state of Montana.

If we can be of further assistance regarding this proposed legislation, please do not hesitate to contact our Board members. We urge your support for SB 467.

Thank you.

Sincerely,



Shirley DeVoe, Chairman
BOARD OF SPEECH PATHOLOGISTS & AUDIOLOGISTS

SD:jm



MONTANA DEACONESS MEDICAL CENTER

March 13, 1981

Chairman
House State Administration Committee
Capitol Building
Helena, Montana, 59601

Dear Chairman,

I am a registered voter in Great Falls and Director of Speech Pathology at the Montana Deaconess Medical Center. I am writing to you about Senate Bill # 467 which will reinstate the licensing of speech pathologists and audiologists. I ask you to support this bill because:

1. It was initiated a few years ago in order to protect the consumer and provide the professional quality health service they deserve.
2. It requires continued education for the health professional similar to ongoing education for physicians.
3. Under the present licensure law we provide Master Degree people to supervise the B.A. level Speech Pathologist whenever necessary in rural and urban areas.
4. The state originally required we return to college to obtain our M.A. or equivalency in order to work in Montana. Many of us did this at great expense and sacrifice. The requirement was justifiable based on what we learned and yet now we're threatened by the suggestion that less qualified people will be able to serve our clients. An example of the danger if our licensure bill is defeated:

A local speech pathologist with a M.A. equivalency identified a child to have a serious communication disturbance that could be a neurological disorder. She encouraged physicians to test her thoroughly. The child was discovered to have a brain tumor. The experience and neurological education of a BA graduate ~~would~~^{now} not have been sufficient to provide such diagnosis.

In depth graduate training and on going education provide the diagnostic knowledge necessary to treat handicapped children and adults.

I hope you will support our present licensure laws so the consumer can be assured of the quality service they have a right to expect.

Judy C. Ray
Judy C. Ray, M.A. Equivalency
Director of Speech Pathology



MONTANA SPEECH, LANGUAGE AND HEARING ASSOCIATION

March 13, 1981

701 Fox Drive
Gt. Falls, MT 59404

Representative John Phillips
Capitol Station
Helena, Montana 59601

Dear Representative Phillips,

I am writing on behalf of the Montana Speech-Language-Hearing Association in regard to SB 467 which would reinstate the licensing of speech pathologists and audiologists.

The Association supports the reinstatement of this law. SB 467 allows for an already established credentialling system to be continued. This credentialling system, which has been in existence for five years assures that persons with communication handicaps receive the highest quality of services.

The Association hopes that you will support SB 467.

Sincerely,

Christie Deck

Christie Deck, President
Montana Speech-Language-
Hearing Association

CD/lf

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SJR 15

Date 3/19

SPONSOR HAFFEY

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

HOUSE STATE ADMINISTRATION

BILLS SUMMARY
March 19, 1981

✓
Menahan SB 193 (HAFHEY): This bill, requested by the Department of Professional and Occupational Licensing, reestablishes the seven-member Board of Radiologic Technologists for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision.

✓
Menahan SB 195 (HAFHEY): This bill, requested by the Department of Professional and Occupational Licensing, revises the composition of the Board of Radiologic Technologists and repeals a provision permitting the Board to license certain applicants based on demonstrated proficiency.

✓
Phelps SB 387 (HIMSL): This bill, requested by the Legislative Audit Committee, reestablishes the five-member Board of Veterans' Affairs for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision.

✓
Phelps SB 467 (RYAN): This bill, requested by the Department of Professional and Occupational Licensing, reestablishes the five-member Board of Speech Pathologists and Audiologists for six additional years. This Board is now scheduled to terminate July 1, 1981, under a sunset provision.

✓
Menahan SJR 15 (HAFHEY): This resolution requests an interim committee to study the possibility of merging Warm Springs and Galen State Hospitals. The study will also research the possibility of providing health care for prisoners in Deer Lodge through the merged hospitals.

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 193

Date 3/19

SPONSOR HAFHEY

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 387

Date 3/19

SPONSOR HIMSL

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 195

Date 3/19

SPONSOR HAF FEY

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

BILL SB 467

Date 3/19

SPONSOR RYAN

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STATE OF MONTANA

REQUEST NO. 427-81

FISCAL NOTE

Form BD-15

In compliance with a written request received March 16, 19 81, there is hereby submitted a Fiscal Note for SB 64 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation:

Senate Bill 64 is an act to provide that total disability workers' compensation benefits will terminate when a claimant receives retirement Social Security benefits or when disability Social Security benefits are converted to retirement benefits.

Assumptions:

- Assume all permanent total injured workers currently receiving disability benefits will not be affected by this legislation. Only those claimants injured after the effective date of the bill will be impacted.
- Assume that the State Compensation Insurance Fund will experience one-half of the cases involving permanent total disability during any fiscal period.
- Based upon the ages of current recipients assume the average age of permanent total claimants is 44.7 years.
- Using ordinary mortality tables assume average life expectancy to be 72.5 years.
- Assume that age 65 will be the retirement age.
- The reduction from age 72.5 years to 65.0 years equate to a 27% reduction in permanent total benefit payments.

Projections based on payouts:

Impacted Benefits	F/Y '82	F/Y '83
State Insurance Fund	\$ 941,000	\$1,256,000
Private Carrier & Self-Insurer	941,000	1,256,000
Estimated Impacted Benefits	\$1,822,000	\$2,512,000
% Reduction	27%	27%
	\$ 508,140	\$ 678,240

As the percentage of permanent benefits to earned premium increases, premium rates will necessarily increase to offset the expanding costs.

Fiscal Year	Earned Premium	Permanent Compensation	Percentage of Premium
76	\$18,329,385	\$ 50,119	0.3%
77	19,455,992	107,723	0.6
78	22,253,622	178,250	0.8
79	22,809,346	495,305	2.2
80	26,902,631	1,720,020	6.4
81	27,750,000	2,799,000	10.1
82*	28,900,000	3,740,000	12.9
83*	30,200,000	4,996,000	16.5

* Estimated Figures

The estimates for future Earned Premium and the estimates for future Permanent Total Compensation Payments were made independently of each other. If the projections for Permanent Total Payments hold true, Earned Premium would be insufficient.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____