

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

Call to Order: By **CHAIRMAN TOM KEATING**, on February 16, 1995, at

ROLL CALL

Members Present:

Sen. Thomas F. Keating, Chairman (R)
Sen. Gary C. Aklestad, Vice Chairman (R)
Sen. Steve Benedict (R)
Sen. Larry L. Baer (R)
Sen. James H. "Jim" Burnett (R)
Sen. C.A. Casey Emerson (R)
Sen. Sue Bartlett (D)
Sen. Fred R. Van Valkenburg (D)
Sen. Bill Wilson (D)

Members Excused: None.

Members Absent: None

Staff Present: Eddye McClure, Legislative Council
Mary Florence Erving, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 374
SB 375

Executive Action: None.

{Tape: One; Side: One}

HEARING ON SB 374

Opening Statement by Sponsor:

SENATOR JOHN HARP, SD 42, Flathead Valley, stated SB 374 was requested by the State Fund. Clarification is needed to establish authority and to have the ability to operate like a private carrier, as well as to have the flexibility to meet challenges of the ever changing Workers' Compensation market. State Fund is the insurer of last resort. If the State Fund has a principal employer or employee, who owes money, the State Fund will not be obligated to insure them. SB 374 will allow the State Fund to offer employers liability insurance, which is known as Plan B coverage. Two years ago, the State Fund was not in a

positive financial position to have this authority. The State Fund is continuously modeling the department as a customer service organization. The State Fund is interested in providing additional services. SB 374 requests the legislature to allow the State Fund to provide employers' liability insurance. Obviously, the policy, coverage and provision will be similar to other rating organizations. The State Fund is offering an amendment that will eliminate the minimum premium. Instead, the State Fund will assess a charge on all employers, which will cover all State Fund administrative costs. The policy changes will include administrative costs for services, such as policy services, loss control, audit, administration, finance and legal, but does not include claims cost. The Board of Directors will set State Fund policies. The main thrust of the bill is to allow the State Fund to sell services. During the 1993 Legislative Session, State Fund was mandated to become solvent and to accumulate a 25% annual premium surplus by the year 2003. Obviously, the 1993 and 1991 legislation has changed the complexity of the State Fund, as well as the entire market place. Private carriers are coming into Montana, and large policy holders are leaving the State Fund to go to the private sector, which happened to be the 1993 legislative intent. In 1995, the State Fund needs to stabilize policy holder rates and have the opportunity to sell services. Senate Bill 374 provides legislation to insure that services cannot be priced below or subsidized by policy holder premiums. State Fund is now in a position to provide service to the public and private sector. The success is due to successful collection efforts and safety programs. Other success factors are the fraud program, the preferred providers, and the managed care organization. Overhead is being reduced. By the end of the year, a state-of-the-art computer system will be in place. Senate Bill 374 provides the option for the State Fund to belong to another rating service. The State Fund does not "see" the need to be required to be a member of the NCCI. The NCCI assesses a tremendous membership fee; therefore, the State Fund wants the ability and flexibility to acquire another rating service.

SENATOR HARP discussed his construction business, which is a State Fund member. **SENATOR HARP** expressed dismay over the fact his experience modification information sold within the industry. The practice is common. Senate Bill 374 offers language to keep policy holder information confidential. Payroll information, loss information, and experience modification will not be released to the public without the expressed permission of the policy holder. SB 374 changes cancellation time frames, reduces coverage from 30 days to 20 days, as well as reduces State Fund exposure (**EXHIBIT 1 & 1A**).

Proponents' Testimony:

Carl Swanson, President, State Fund, Helena, stated a key responsibility of the State Fund is to insure financial stability. SB 374 provides "tools" to enable the State Fund to

do a better job. As an insurer of last resort, State Fund must provide coverage for all employees in the state. If the employer defaults on a State Fund debt and currently owes money, the State Fund objects to providing coverage to the defaulted employer. SB 374 codifies current practice of cancelling policies for nonpayment of premium. The employer's liability coverage section, Plan B, is not a general liability insurance. In the past, State Fund had the ability to provide liability insurance, but liability insurance is not currently available. Customers have a coverage gap, if they do not have liability insurance by another carrier. Since State Fund focuses on customer service, it is time to offer a complete protection package for injured workers. All written policies will be approved by the Board of Directors. Liability limits will also be addressed by the Board. The policy charge section includes an amendment to exclude the minimum premium, and to establish a policy member fee to cover administrative costs, costs for policy issuance, loss control, legal services, audit, and finance. The Board of Directors will establish the policy charge. The charge will be approximately \$95, or less, compared to the current minimum premium \$194 charge. The current minimum premium change apply only to small business.

Mr. Swanson stated the State Fund is required to take all comers, be solvent and to achieve a 25 % surplus by the year 2003. During the past year, the State Fund has lost approximately \$30M in premium revenue due to loss of business. The loss has come mostly from large policy holders leaving for the private sector. The loss provides some instability. The trend is also happening in other states, which is demanding other State Funds to explore additional areas of service. Arizona is currently appraising the benefits of selling services. Colorado has current statutes to allow the sale of services. Maine sells safety services, as does Utah. Utah allows claim adjusting and administration services.

Mr. Swanson stated the Montana State Fund intends to profit from selling services, such as safety consultations, claims, administration, adjusting and processing medical payments, while maintaining a nonprofit status. Realizing positive operating earnings will help lower policy holder rates. State Fund wants to sell services to both the private and public sectors. The Department of Labor currently has an underinsured and uninsured State Fund and maintains a claim adjusting service. A consolidation of services is being consideration. Access to managed care organization is an option. Currently, five members are signed up. Fraud detection and safety prevention services are programs representing considerable investment. SB 374 provides maximization opportunities.

Mr. Swanson stated concern about Workers' Compensation advisory rating organization membership. State Fund is require by statute to belong to the National Council on Compensation Insurance. We believe the State Fund should belong to a rating organization, but not be stipulated by statute to belong to a named organization. We want to be able to consider other possible

choices. Over the past four years \$2M was paid to NCCI. SB 374 allows negotiation from a stronger posture to better give State Fund customers better advantages. Another bill under consideration, SB 384, will require the insurance commissioner to designate one rating organization for the state of Montana. All insurers, including the State Fund, will be required to belong and to report data to this organization. State Fund opposes SB 384 and desires to have options of choice. SB 384 will allow one designated rating organization. More rating organizations will be licensed. The State Fund will be required to belong to one of the organizations, which would not necessarily have to be the current designated organization. The State Fund would provide data to the designated rating organization. Concerning privacy rights, information would be provided to insurance carriers and licensing agents. Cancellation of coverage will decrease from 30 to 20 days and will be consistent with private carriers. The cancellation will allow the State Fund to stop coverage earlier, preventing claim liability from incurring. **Mr. Swanson** stated SB 374 clarifies what policy holder information have rights of privacy. Payroll, loss information, experience modification factors and work sheets cannot be released to the public without the expressed permission of the policy holder (**EXHIBIT 2**).

Stanley T. Kaleczyc, National Council on Compensation Insurance, the designated rating organization in Montana, Helena, MT, stated he represented the council that establishes classifications, class codes, advisory rates and calculates modification factors. Senate Bill 374 allows the State Fund to operate more like a private insurance carrier. NCCI takes no position on the flexibility issue. **Mr. Kaleczyc** explained the NCCI position on participation of the State Fund in the rating organization and related issues. If the State Fund is to operate more like a private insurance carrier, NCCI believes the State Fund should participate in the advisory rating organization, in which all other Plan 2 carriers participate. Senate Bill 384 makes fundamental changes in how advisory rates are going to be presented to the insurance commissioner for Plan 2 carriers, and addresses the relationship of the State Fund to the new system of presenting advisory rates. NCCI believe an agreement with the State Fund and other interested parties is necessary, concerning the relationship between the State Fund, Plan 2 carriers, NCCI and the rates proposed under SB 384. Both bills need amendments to reflect changes.

Mr. Kaleczyc stated availability and access to modification factors are addressed in SB 384. Modification factor information, but not the underlying data, such as payroll information will be made available to insurance agents, insurance brokers, and insurance companies, solely and exclusively so these entities can participate in the business of insurance. That potentially benefits companies because it allows more competition in the market place. The information should not be used as a front, so competition can gain advantage by knowing mod factors.

Keith L. Olson, Executive Director, Montana Logging Association, Kalispell, MT, stated the membership to the association is by family owned businesses. The vast majority of the businesses purchase Workers' Compensation coverage from the State Fund. Several years ago, a group of loggers formed a self-state funded program. However, participation was severely restricted. The cause has been the underwriting requirements by those who provide excess coverage. **Mr. Olson** stated that Worker' Compensation is a huge expense for loggers. Current rates are \$45 per 100. If the only option is Workers' Compensation, the loggers want to make sure that the State Fund is an efficient provider. Although, the loggers think the coverage will be restrictive since the State Fund is the insurer of last resort. SB 375 proposes to make the State Fund efficient. The logging industry has wondered for the last 15 years why the State Fund was not efficient.

Mr. Olson questioned the proposed statutes, page 2, lines 12, 13, and 14, concerning the language "may not refuse to provide coverage unless an employer or the employer's principals remain in default." **Mr. Olson** explained that in some instances a logging contractor will provide services to a general contractor or prime contractor with an out-of-state office. If that contractor has difficulty receiving payments, the contractor may go without getting paid for two months. If the contractor makes the default current, the contractor should not be denied access to the State Fund, the available insurer.

Riley Johnson, National Federation of Business, Helena, MT, submitted additional written testimony in support of SB 374. **Mr. Johnson** stated the minimum premium affects NFIB members. The Federation has approximately 9,000 Montana members. The average employer has three employees. Approximately 4,000 policy holders currently pay the minimum premium. Some could pay less, but the minimum is mandatory. **Mr. Johnson** explained if the employer has only one employee, the business may have \$100 to \$125 worth of payroll liability. Yet, the \$194 minimum must still be paid. Other employers might be right at \$194 in payroll. The Federation estimated approximately 2,000 of the 4,000 would pay less under the proposed system. About 2,000 would pay a little more. The proposed legislation is a major concern. **Mr. Johnson** complimented the State Fund for the composite effort made towards solving problems. The under \$1,000 annual premium paying small business employers paid \$1.2M last year. Their loss was \$3.5M, a deficit position that can't continue. The options are: Raise the annual premium to about \$500 or consider SB 374.

Mr. Johnson stated the Federation membership has been balloted. Two thirds of replies to date favor the policy by a three to two margin. the state's private carrier premiums are approximately \$600 to \$750. Small businesses hope policy fees will not raise on a continual basis. The membership will ask the Board to freeze The \$95 fee for two years, so employers can adjust (EXHIBIT 3).

Opponents' Testimony:

Jerry Driscoll, Montana State Building Construction Trades, Board Certified Rehabilitation Counselors, discussed proposed legislation concerning State Fund's probably interference with private enterprise. Private sector individuals already are in business, doing the tasks outlined in SB 374. Regrettably, 1993 Safety Culture Act has not been implemented to date. Small employers, with eight or nine employees, cannot get and can't afford safety engineers in the work-place. Now, **Mr. Driscoll**, stated, the State Fund is going to sell safety engineers to small businesses. **Mr. Driscoll** stated his commercial premiums went up 380% because he hired five people. He tried, but was not successful in getting safety counseling from either the Department of Labor or State Fund. **Mr. Driscoll** urged the committee to require all private insurance companies to belong to the rating organization designed by the insurance commissioner. **Mr. Driscoll** urged the committee to require the State Fund to belong to the same organization required by all private insurance companies to avoid duplication.

Jacqueline Terrell Lenmark, American Insurance Association (AIA), and appearing on behalf of Greg Vanhorssen, State Farm. The AIA does not oppose all of SB 374. The AIA primary concern is that the State Fund will not be required to belong to a rating organization. The NCCI should not be designated by name in statute, a historic drafting error, made in haste. NCCI is effectively the only rating organization existing in the U.S. Montana does not have sufficient data to make credible rates in every instance; therefore data from other states is pulled to make appropriate rates in given situations. **Ms. Lenmark** explained private companies are regulated by the Insurance Commissioner. The insurance commission makes sure companies rate in manners that do not jeopardize company's solvency, to insure adequate rates or prevent excessive, or discriminatory practices. The Insurance Commissioner needs experience data, collected by organizations. Currently, the NCCI files an advisory rate. Insurance companies may adopt or deviate from the rate in order to operate more efficiently. Without State Fund data, the insurance commission cannot fulfil statutory duties.

Jacqueline Terrell Lenmark stated the data reporting system enacted last session is dependent on a national classification system and is consistent nation-wide. Concerning the uninsured and underinsured employment funds, the system's enforcement function depends on the classification codes used by insurance companies. If class codes are not the same, the enforcement would be more difficult. It is critical that private carriers, the insurance commissioner, self-insured employers, and the State of Montana have access to one consistent format. AIA supports Liberty Northwest's position concerning employers' liability insurance. Modification factors by insurers and insurance agents is critical to the system, as is accessibility by the Department of Labor. Cancellation date notice will make State Fund

procedures consistent with private carriers. The entire system should operate as a system. AIA position to the law changes should benefit all system players, not just one plan or aspect over the other.

Jim Kembel, Liberty Northwest Insurance Corporation, read written testimony of David A. Davidson, Executive Vice-president and Liberty Northwest Insurance Corporation Actuary (**EXHIBIT 4**).

John Bandy, Manager, Montana Claim Service, Helena, MT, stated his company is an independent adjustment firm, handling claims for insurance companies. **Mr. Bandy** stated opposition to SB 374: Page 2, line 27 through Line 30. The language allows the State Fund to compete with full profit companies in providing safety consultation, premium collection, processing medical bills, and claims adjustment/settlement. The company does not have any problems with the private sector, fair competition, making government smaller, or serious attempts by government to be more efficient. **Mr. Bandy**, objected to letting State Fund deliver services already available in private sector. **Mr. Bandy** stated, "I am going to be honest. I do not want to lose my business to a subsidized government agency. I am also here in part to ask how this could possibly occur. Didn't the voters send a message last November, that 'We the people...' do not want bigger government. Are we supposed to be taking necessary steps or we not supposed to be taking necessary steps in order to downsize government..."

Russell Hill, Montana Trial Lawyers Association, Helena, stated opposition. The State Fund is like his six year old daughter, who has had pneumonia, is feeling better, but may suffer a relapse. **Mr. Hill** stated the State Fund should be entitled to the same types of penalties, as private insurers, for unfair claim settlement practices.

Questions From Committee Members and Responses:

SENATOR AKLESTAD queried **SENATOR HARP** as to what is the yearly premium. **SENATOR HARP** answered \$194. **SENATOR AKLESTAD** asked what is the minimum, newly proposed premium. **SENATOR HARP** quoted \$94 to \$95. **SENATOR AKLESTAD** inquired if the State Fund would be classifying people the same way as the private sector, dealing with the NCCI and using another rating service. **SENATOR HARP** stated the bill allows for State Fund flexibility of belonging to NCCI. Nonetheless, the State Fund must belong to a rating organization. **SENATOR AKLESTAD** stated the legislative intent is to have the State Fund run like a business, and the other insurance companies have to operate under the insurance commissioner, why should a separation be made. **SENATOR HARP** stated flexibility is a key issue and the State Fund would protect the best interest of Montanans. The State Fund wants options to work for 26,000 businesses Montana businesses and to work for the best interest of the businesses. The State Fund "feels" somewhat captive by NCCI.

SENATOR BENEDICT asked **Ms. Lenmark** if the insurance commissioner requires private carriers to belong to NCCI. **Ms. Lenmark** stated currently the insurance commissioner does not require membership in NCCI, although NCCI is named in statute in Title 39. The insurance code provides: "Every insurer, including the State Compensation Insurance State Fund, writing Workers' Compensation insurance in this state, shall be a member of a Workers' Compensation rating organization. No insurer may at the same time belong to more than one rating organization with respect to such insurance." **SENATOR BENEDICT** stated the compromise has evidently been worked out. The private carriers are not identified as specifically having to belong to NCCI, the private carriers must just belong to a rating organization. **Ms. Lenmark** stated all insurers, including the State Fund, are required by current law to belong to one rating organization. As a practical matter, there is only one rating organization available in Montana. What the compromise contemplates, is that the State Fund will be permitted to belong to any rating organization they choose, should one come on the horizon. The State Fund will also provide data to the organization that the Plan 2 carriers are compelled to belong.

{Tape: One; Side: Two}

SENATOR EMERSON asked about the classes of liability insurance the State Fund may be offering. **Mr. Hill, State Fund Board of Directors, Helena**, replied there are two parts of Workers' Comp agreements. Part A is statutory benefits, and Part B is employers' liability. Montana employers are protected by the constitutional exclusive remedy provision. Occasionally, a worker will sue a fellow employer, a supervisor or employer. The insurance company providing Workers' Compensation traditionally has defended such lawsuits, under the insuring agreement, Part B. **SENATOR EMERSON** asked **Mr. Hill** to list what covered services will be offered. **Mr. Hill** said he does not foresee the State Fund competing for such insurance services, as the administration of claim. Some self-insuring businesses have expressed a desire to return to State Fund, but anticipate claim administration problems on prior claims. State Fund may want to offer management of earlier claims, along with current claims. The State Fund may want to offer additional safety services under independent contract, or want to offer, independent of the State Fund premium, under group plan. The level of services or size may change.

SENATOR VAN VALKENBURG asked **Mr. Swanson** what are the expectations, in terms of revenue amounts, the State Fund would generate from sale of services. **Mr. Swanson** stated the State Fund has not established an amount, but within a year the benefit information system will be providing data. Within a year's time the safety training and staffing and current programs will come together to provide sufficient information. After that time, a proposal can be made to the Board of Directors, possibly within a year. No revenue estimate is currently available. The service

would generate slight profits and be self-sufficient. **SENATOR VAN VALKENBURG** asked for confirmation. No State Fund staff member has made a revenue estimate. **Mr. Swanson** stated, "Not to my knowledge." **SENATOR VAN VALKENBURG** stated **Ms. Lenmark** has testified, for all practical purposes, there is really only one rating organization. **SENATOR VAN VALKENBURG** asked **Mr. Swanson** to respond to who it is State Fund intends to negotiate with and what other rating organizations are available. **Mr. Swanson** stated, currently, there is only one rating organization, the NCCI. However, State Fund just finished a contract negotiation process. Initially, the contract required the State Fund to abide by the laws of Florida. After a significant amount of negotiating hours, revisions were made on the contract where we are now under Montana statute. Another area that was not resolved was the liability issue for products or services we have not been able to get what we feel is appropriate for Montana. We, basically hold NCCI harmless for their own liability. For example, if one of their inspectors were out on a customer's premises, resulted in some legal action against them, and we were named in that suit, then, we would be picking up the liability of NCCI. We haven't done that for any organization; with NCCI apparently we have \$12,500 of protection and that is the extent of it. We don't believe that is reasonable, although 400 companies have signed this contract. So to answer more specifically your question; if the American Association of State Compensation Insurance Funds, which I am on a committee with them, negotiating with NCCI -- it is our full and complete desire to resolve and have a productive relationship with NCCI. But if I was asked if I did have another option of a rating organization, then that is certainly what this bill is intended to cover to allow an option for the board of Directors. My feeling is, if we are not tied into statute to belong to one rating organization, then I, If I was a rating organization, I would work hard to serve my customers needs, and really be in tune to listen to them better than currently. And, that is the objective of this organization.

SENATOR VAN VALKENBURG stated the proposed language does a lot more than simply untie you from one rating organization. It essentially says you may belong to a rating organization, and you may use their particular rates. But in essence, there is no requirement that you belong to any rating organization. So, from my perspective, what you are trying to do here is to get the negotiating power, to tell the folks at NCCI, "Well if you don't do it the way we want to, we don't have to belong to your organization at all." Is that right? **Mr. Swanson**, stated that language was submitted. There have been extensive negotiations going on in the interim period. We believe conceptually, as the lobbyists for the American Insurance Association (NCCI) have testified, and also my testimony, we believe we really have reached language that all parties agree.

SENATOR BARTLETT asked **Mr. Swanson** about coverage refusal if employer or employer's principal have defaulted on a State Fund

obligations. If **SENATOR VAN VALKENBURG** and myself had been in a partnership, carried Workers' Compensation with the State Fund, and defaulted on the payment, the State Fund would be aware of such an incident? If the two known partners decided to form a corporation and take out a policy, how is the State Fund going to know who are the corporate principals who may have defaulted.

Mr. Swanson stated in many instances the State Fund will not know. In other instances, the State Fund is aware. Past cases have been identified, so that the principals who owed money had paid. The names have been identified, and the recognized names have appeared as people who are managers, company vice-presidents, etc. State Fund would not be forced, as a residual market, to provide coverage. Senate Bill 374 allows the state Fund to have an influence and not to wind up in the same situation as in the past.

SENATOR BARTLETT queried **Mr. Swanson** who would consider to be the principals and the employer's principals. **Mr. Swanson** answered the officers of the corporations, partners, even owners with a 10 % interest are consider principals and the employer's principals. Principals could be in key positions. **SENATOR BARTLETT** asked **Mr. Swanson** about employers liability insurance coverage that State Fund would like to provide. Is the kind of liability coverage State Fund wants to provide, limited only to Part B. If providing employers' liability insurance coverage is State Fund's sole objective, would State Fund look at alternative language to pin that intention down closer. **Mr. Swanson** stated it can be defined as Coverage B in the Workers' Compensation contract.

SENATOR BARTLETT asked **Mr. Swanson**, in relationship to the minimum premiums and a switch to assessing a policy charge, would every policy holder be assessed a policy charge. **Mr. Swanson** replied, Exactly, every policy holder would be assessed a charge of approximately \$90 to \$95 or less. The amount will be determined by the State Fund Board. That is what the State Fund has been doing. The charge would cover costs associated with issuing and servicing each policy.

SENATOR BARTLETT asked if there are other changes in financing arrangements that address the larger policy holders? The large policy holders, being those who pay more than minimum policy rates. **Mr. Swanson** replied the State Fund currently have about 6,700 minimum criteria policy holders. Approximately 2,000 have no payroll, so that leaves 4,700 policies to pay the current \$194 charge. The larger policy holders, those over the \$194, will also pay the \$95 to cover policy administrative costs. The only other programs that would effect larger policy holders would be some discounting programs in place for very profitable, larger customers. These only apply to the customers who have been consistently profitable and have been good management. The 1993 legislation allowed some business groups to form associations for cost containment advantages. State Fund worked with these customers concerning group value discount issues. State Fund is

in the process of developing and working with customers to develop retroactive programs.

Closing by Sponsor:

SENATOR HARP closed the hearing on SB 374 by attesting State Fund is like a child that is feeling better. **SENATOR HARP** stated he wants "this child" to continue to grow and prosper. He does not want "the youngster" to regress or relapse back to the negative situations of the 1993, 1991 and 1989 sessions. Senate Bill 374 gives the State Fund an opportunity to offer additional services, to function as a business and to match goals mandated from the 1993 legislature. The State Fund will have a 25% surplus on premium dollars shortly after the year 2000. **SENATOR HARP** stated he is amused by State Fund critics who complain that State Fund is not running like a business. **SENATOR HARP** stated, in the past, he had been a critic. In 1995, after realizing improvements and positive positioning tactics, the State Fund is beginning to realize goals. **SENATOR HARP** stated, in spite of positive advancements, criticism is being directed at State Fund for making positive steps toward mandated goals. State Fund is a governmental entity, encouraging good business practice. The State Fund covers 160,000 employees by insuring 26,000 businesses. State Fund covers all three plans and has worked to make reductions a reality. State Fund down sizing was planned. State Fund does not want to face past mismanagement problems in the future. The negative aspect of State Fund has been changed to a "positive redirection". State Fund can carry out its mission into the future. **SENATOR HARP** urged support of SB 374.

HEARING ON SB 375

Opening Statement by Sponsor:

SENATOR BENEDICT rendered a brief history of SB 375. Since bringing the draft request to the legislative council in early January, **SENATOR BENEDICT** stated he has been involved in as many groups as possible to come together and formulate the final project. **SENATOR BENEDICT** discussed proposals with representatives for State Fund, private insurers groups, and the self insured association. The bill was taken to the State Fund headquarters, and to as many other groups as possible. They were asked to critique the bill and submit written comments. The responses varied and represented: The Coalition for the Workers' Compensation Improvement, Jerry Driscoll, who represented a group of impacted people; the Department of Labor and Industry, and Employment Relations Division, Montana Self Insurers Association; Rehabilitation Associates of Montana, Montana Municipal Insurance Authority, and the MT AFL-CIO.

SENATOR BENEDICT stated he went back to the drawing board to complete a final draft and to consider as many concerns as possible. He wanted "enough" people to agree the bill was good,

and the bill could be moved forward through the process. **SENATOR BENEDICT** stated he felt the drafters were fair. Some parties think the bill did not go far enough, some think the bill went too far. **SENATOR BENEDICT** stated the system is not completely fixed, many positive results came from legislation, originating back to 1987. Rates leveled off last year. Premiums stabilized since July 1994 for the first time in approximately seven years. The rates are still amongst the highest rates in the nation. Senate Bill 375 originated for this reason. A 1994 Workers' Compensation study placed Montana's compensation rate the second highest in the nation. The rates impacts Montana employees, who spend the second highest amount for Workers' Compensation Insurance. Montana's compensation system in today's global market places employers at an enormous disadvantage. Montana has a hard time competing in the Northwest, consequently, Montana legislation must address the high rate problem. Montana cannot run at a disadvantage and wonder why the business community is not growing and why jobs are not growing, except in the service sector.

Colorado, the next highest state in the region is 23% lower than Montana. Currently, Colorado is also addressing a Workers' Compensation crisis. Three years ago, Oregon was near the top of the list and was amongst the nation's highest. Today, the Oregon Workers' Compensation rates are close to the bottom. Why? Because Oregon came to grips with the problem in 1990. Currently, Oregon provides economic advantages to employers.

Senate Bill 375 reduces benefits to injured workers and places important emphasis on wage loss. Senate Bill 375 provides incentives for employers to work cooperatively with injured workers, to return workers to work earlier, and to reduce wage loss suffered by injured employees. The system benefits workers by maintaining their jobs or modifying their duties. Workers continue to earn wages and remain an active part of the work force. The employer benefits from lower benefit because the premium rates do not significantly escalate. The 1993 Legislature addressed pre-injury deterrence, safety, loss prevention, and managed care. In addition, legislation focused on Medicaid cost containment and fraud. The changes did not change the disability benefits available under the Workers' Compensation Act. The last time the legislature confronted benefits was in 1991. State Fund rates have increased 50% since 1991. Montana needs a significant culture change for successful reformation of Workers' Compensation to take place. Senate Bill 375 will assist Montana in achieving cooperation between the employers and the injured workers. Senate Bill 375 creates a system that is fair to injured workers who truly suffer from a wage loss, while allowing insurers to focus on employers and help keep their workers on the job. **SENATOR BENEDICT** urges committee support of SB 375.

Proponents' Testimony:

Nancy Butler, General Council, State Fund, gave a in-depth overview. Wage permanent partial disability benefits are handled in the bill wage loss and impairment rating, which are required in order to access permanent/partial benefits. Currently, as physical restrictions that impair the workers' ability to work as required, the permanent partial disability benefits are also modified. There are five components. The wage loss and impairment remains the same. The physical restriction has been reduced from a possible 20%, or 15%-10% to a possible 5%, 3%, or 2%. The age and education component has been reduced from a possible 3% or 2% to 1%. The impairment rating will be paid to workers, even though the worker does not suffer a wage loss. The bill allows for potential reduction of the wage loss component, if the worker is able to restore any wage loss through a vocational-rehabilitation plan. Vocational rehabilitation benefits have been generally changed. The definition of a disabled worker has been amended to mean "a worker who is precluded from returning to the job held at the time of the injury and who has an actual wage loss. Currently, an actual wage loss is not required, only that the worker cannot return to the time of injury job. Rehabilitation benefits consists of vocational rehabilitation expenses upon certification by SRS, auxiliary benefits, up to \$4,000 to 104 weeks of benefits complete a rehabilitation plan and an additional 10 weeks of benefits waiting for the plan to start, and eight weeks of job placement. The bill removes the 8 and 10 week payments, but job placement benefits will still be available for 104 week benefits. The Rehabilitation Plan is a new requirement which reduces workers wage loss. It also specifies that the plan must begin within 78 weeks of reaching maximum medical healing. The plan must be completed within 26 weeks of the anticipated completion date. The benefits for rehabilitation may only be received biweekly, and may not be paid in a lump sum. Currently, rehabilitation benefits can be terminated if a worker is not cooperating with the vocational rehabilitation providers in order to facilitate or return to work.

Ms. Butler stated the amendment would allow termination of any type of benefit, other than the impairment award and medical expenses. The lump sum provisions of the law will be changed, such as permanent partial benefits win a full settlement may be discounted. In addition, there would be requirements that the worker and the insurer agree on the settlement, with a limitation of \$20,000. Lump sum advances have been removed. There are several new sections in the bill to require insurers to act promptly on claims, and to provide information to workers who obtain a 3rd party recovery, settlement, or reward. Recovery can not exceed 30% of the third part recovery. A new section allows the insurer to pay a medical claim without those payments being construed in acceptance of liability. In order to protect those rights, the insurer must notify the worker of a payment under that section, and upon request of the worker, determine

liability. Senate Bill 375 requires an injury entitlement to wage loss disability benefits be established by objective medical findings and substantiated by clinical findings, which means medical evidence, including range of motion, atrophy, muscle strength, muscle spasm or other diagnostic evidence. The bill defines primary cause when a condition, such as a heart attack, is an injury to mean a cause that is responsible for more than 50% of the physical condition. Another section defines wages. There is a change to include the insurer is a party who can show good cause and a change to use more than the last 3 pay periods. Itemless and seasonal fluctuations are included in the longer calculation. Sole proprietors, partners, members, and managers, the LLCs and corporate officers will be required to give notice to their injurers within 30 days of the injury, rather than notice to themselves of an injury. The bill allows termination of temporary/total disability benefits upon release by the doctor to return to work in some capacity. The bill eliminates fourteen day notice previously required. If a worker is permanently disabled and also on retirement benefits, taken in lieu of a social security retirement benefit, the benefits can be terminated. Permanent partial benefits may be extended by the insurer beyond the current 26 week period. The bill clarifies that prescription drugs can be paid for under preferred provider organization and are not limited to the reimbursement of pharmacists. Benefits, currently can be terminated if the beneficiary is incarcerated for a felony. Under SB 375, benefits can be terminated for a misdemeanor over 30 days. The bill addresses two provisions in the Occupational Disease Act. It amends a time in which claims must be presented from two years to one year, and if the time runs from the time the worker knew or should have known of the Occupational Disease, Act and clarifies that all the medical expense provisions in the injury act applies to the Occupational Disease Act (EXHIBIT 5).

Laurie Ekanger, representing the Governor's Office, stated Governor Racicot urges support of SB 375. The Governor believes there are many State Fund successes, judging from past work and from current, aggressive management practices. Evidence of success is the fact that suggestions can be brought forward, and suggestions are now based on data. The proposals presented are based on a closed claim study of the Montana State Fund System, as well as comparison studies with other similar states. The legislative proposal addresses two major objectives. The system is responsive and the system offers timely service to the people it is supposed to serve. The Governor wants a comparable system with other states, and he wants to have very competitive rates. The Governor urged support of SB 375.

Chuck Hunter, Department of Labor and Industry, stated support of SB 375. Mr. Hunter read from the Declaration of Public Policy, a Compensation Act document, "under this system, claimants should be able to access benefits quickly and employers should be able to provide coverage at reasonably constant rates. The department is a proponent because the bill speaks clearly to the state

issues. Senate Bill 375 brings new insurer performance standards and requirements to the system and provides meaningful incentives to employers to bring an injured worker back to work without a loss of wages. Interpreted performance standards are needed because the system has not been good at providing good service to claimants. It takes an average of three months for a Montana insurer to accept liability for a claim. It takes about three months for an injured worker to receive a payment after the insurer has accepted liability. On average, it takes 154 days from the time an employee is injured until the time he/she receives a first benefit check, compared to an average of 29 days in ten other states, according to NCCI statistics. Senate Bill 375 brings new standards requiring insurers to make faster decisions on claims, provide more detailed information to injured workers, and, make timely payments when benefits are owed. The results will be better service for injured workers.

Wage loss and return to work are two large concerns, according to **Mr. Hunter**. In the recent past, legislation has attempted to encourage employers to bring workers back early. Senate Bill 375 provides, for the first time, incentives to bring the injured worker back early and at the same wage, as the pre-injury wage. Senate Bill 375 provides real incentives. Tying the permanent partial benefit to wage loss does two beneficial things. It gets injured workers back to work as soon as possible at the same wage and it gives employers some degree of cost control for the first time. **Mr. Hunter** urged support of SB 375 (**EXHIBIT 6**).

Rick Hill, Chairman State Fund, Board of Directors, Helena, MT, stated support of SB 375. The bill is a result of the closed claims study concerning claimants from the State Fund, private insurers, and self insurers. After the data was compiled, the data was interpreted by a task force comprised of the Department of Labor and State Fund staff members. The group looked at cost drivers and rates. Montana rates are the second highest rates in the nation. The next closest rate comparison is Colorado, which has rates that are 23% lower. Colorado is considered a crisis state. The composite average rate of Utah, Idaho, South Dakota and Oregon is 44% lower than the Montana rate. State Fund tried to intelligently surmise the studies to ascertain if the studies really reflect what is going on in Montana. A main focus of study was centered on the ten largest and expensive payroll categories reported to the State Fund. The State Fund compared rates in Idaho and Oregon to Montana. Idaho rates were 36% lower, and Oregon rates were 42% lower. In 1993, Idaho paid a 22% dividend to their policy holders, further reducing their cost. Oregon paid a 10% difference to their policy holders during the same time period. **Mr. Hill** stated the NCCI advisory rates for private insurance companies are higher than the State Fund rates. Since 1983, Workers' Compensation rates, not premiums, have gone up over 311%. Since 1990, the rates have expanded by over 80%. Since 1991, the last time major reform was addressed, but the rates have gone up over 50%. These figures represent a \$75M annual premium increase. In addition to the

payroll tax, employers pay to pay-off the Old Fund Liability Tax, the amount is over \$100M. In 1993, 100,000 signatures were gathered in Montana to repeal HB 671, which was only a \$33M economic impact. High State Fund costs originated from medical expenses, permanent disabilities, and particularly permanent/partial disabilities, from which people receive lump sum payments. From the entire study and internal focus, the State Fund discovered that Montana benefits are unique. It is easier to access the permanent partial disability benefits than other states. The total number of dollars paid, relative to the number of people who qualify for the permanent partial disabilities benefits, is substantially higher. **Mr. Hill** drew attention to the fiscal note and stated that the combined savings represented is just under \$30M, 15% of the annual State Fund incurred liabilities. **Mr. Hill** urged support of SB 375.

David Owen, Montana Chamber of Commerce, Helena, MT, stated Workers' Compensation is not at the level it was in 1993. The flames have been put out of the 1993 State Fund crises, but there still is a problem. Chamber meetings are dominated by work compensation problems. **Mr. Owen** distributed a handout describing survey information (**EXHIBIT 7**). Sixty percent of Montana businesspeople think their sales are going to increase, yet 60% of those responding to a Chamber questionnaire responded that they actively resist hiring new employees. Employment expansion is down, and the non-wage cost of jobs is going up. Making more take-home money a reality is not a reality. Chamber members hear about injured workers, who have received disability payments while still being paid wages, and question why. **Mr. Owen** reported the consensus opinion of 840 Montana businesses is that the employers cannot continue the benefits as they are now structured. The benefits need to be radically changed.

Bob White, Bozeman Chamber of Commerce, Bozeman, MT stated the *National's Business Magazine*, July 1992 reported the national, average, weekly premium cost per worker was \$896. The average cost in local states have lower Workers' Compensation rates. A Montana Trucking company was told that if the company moved to Wyoming, they would receive a \$79K cut in Workers' Compensation rate. **Mr. White** reported if the single business moved, Montana would lose \$124K in Worker's Compensation; would lose \$32,000 in income tax receipts and \$18K in machinery taxes. It is time to understand Montana's need for SB 375 to pass and to help make business competitive. Montana has lost businesses and Union jobs, Every business must work to prevent losing other businesses to other states.

Riley Johnson, National Federation of Independent Businesses, stated over a decade, the legislature, the State, and small business owners have struggled over Workers' Compensation issues. Massive deficits, mismanagement, political "tinkering" and spiraling premium rates have plagued small business owners. **Mr. Johnson** stated he represents over 8,900 Montana NFIB members, who say, "Enough is enough". Positive steps were made in the 1993

Legislature. For the first time in a decade, the Workers' Compensation System is professionally run and customer conscience. Premiums have not raised for over 18 month. The job is not complete. The Workers' Compensation system is professionally run and customer conscience. Premiums have not raised for over 18 months. The job is not complete. The worker's compensation is the most important and burdensome problem facing Montana businesses. It is time to take the necessary start to help business (EXHIBIT 7-A).

Charles Brook, Billings Area Chamber of Commerce, Billings, MT, stated historic concern about Workers' Compensations System in Montana. The Billings Chamber apposes the process that has been made as the changes in management have taken place. The Chamber's 1995 position paper's key element is "establish and clearly define the benefits of permanent/partial disability. Senate Bill 375 defines benefits clearly.

Steve Turkiewicz, Executive Vice President, Montana Auto Dealers Association, stated support of SB 375.

Steve Shapiro, Montana Nurses Association, Helena, Montana, submitted written testimony (EXHIBIT 8 & 9). Mr. Shapiro stated the association offered an amendment to list advanced practiced, registered nurses, within the authorized health care providers. Mr. Shapiro is requested the committee to accept the Nurses' Association's amendment.

George Wood, Executive Secretary, Montana Self Insurers Association stated support of SB 375.

Jacqueline Lenmark, American Insurance Association, stated support of SB 375.

Jim Kemble, Liberty Northwest Insurance, stated support of SB 375.

Don Allen, Coalition for Workers' Compensation System Improvement stated support of SB 375. The coalition membership support has not been total or unanimous; but the majority opinion was, even though the coalition had concerns 2 ½ years ago, they do not want to cause loss to workers. The coalition wants both workers and employers to be treated fairly. The balance has been created by SB 375.

Kirk Langdon, Montana Motor Carriers Association stated strong support for SB 375.

Loren Davis, stated as an 27 year small businessman in Montana, he expressed strong support for SB 375.

Jim Nys, Businessman, Helena, MT, offered written testimony in favor of SB 375. He also submitted a composite package of approximately 15 individuals who support SB 375 (EXHIBIT 10).

Don Buelke, Victor Veterinary Clinic, Victor, MT, submitted a composite package of approximately 37 individuals who support SB 375 (EXHIBIT 11).

Shawn Shanahan, RNC, MSN, Kalispell, MT submitted written testimony in support of reinserting Advanced Practice Registered Nurses, SB 375 (EXHIBIT 12).

Opponents Testimony:

Jerry Driscoll, Montana Buildings and Construction Trades Council, stated he has been involved with Workers' Compensation reform for many years. After the 1985 Legislative Session, Governor Schwinden called a private citizen select committee to study Workers' Comp problems. The study resulted in SB 330. The State Fund did not introduce the bill, but introduced their own bill, SB 315. The bill had as many signatures as SB 375. Subsequently, most reform was taken to the Supreme Court and repealed. **Mr. Driscoll** commented on permanent/partial disability rates for an injured worker prior to 1987. If the same law was on the books, the cost would be \$91,750. After 1991, **Mr. Driscoll**, a former legislator, stated he carried a Workers' Compensation issue that reduced benefits from 500 weeks to a percentage of 350 weeks. Under the 1991 bill, the most seriously injured worker could get \$55,233. Now, SB 375 proposed legislation would allow the most seriously injured worker to get \$43,030. The percentage amount the injured worker could get of the 350 weeks is 27 percent multiplied by the impairment rate. A loss of a leg is about 40%. Over the years, the private sector has said State Fund rates were too low, and the private sector could not compete in Montana. From 1987 until 1991, there were no private insurance companies in the state, except insurers of national businesses. After the 1991 law, insurance companies returned to Montana. Now, the State Fund officials think private insurance companies are taking too large an amount of the insurance market. All through the 1980's, the Legislature passed bills that reduced the percentage of the State Fund Market. When this happened, the State Fund complained the costs were too high and that the State Fund needed to cut benefits. There is nothing in SB 375 to cut administrative costs. Senate Bill 375 cuts benefits. Benefits for the permanent/partial disabilities have been cut by nineteen percent. Anybody who is seriously injured, in order to get 350 weeks, would have to have a 73% impairment rating, which is not a partial, but a permanent disability. Workers have cooperated to bring down costs, and the workers have taken cuts, almost every session.

Bill Shaw, Physician, Billings Clinic, 10 year Occupational Medicine Practitioner, voiced (verbatim) testimony in opposition to SB 375. "I spend the bulk of my time caring for workers who have work related injuries. I have some concerns about some specific points in this bill, and I would like to address them, if I may. Starting on page 7, lines 5 through 9, there is a definition for "secondary services." These are defined as

"services which are directed at the worker's impairment, but not at their disability. Unfortunately, if that is taken exactly as written, an individual who has had an amputation, a prosthesis is directed at disability, not impairment. So, that provision of that prosthesis would be at the discretion of the insurer. Unfortunately, there are not definitions that I can find in this legislation of "impairment". I would recommend that perhaps you consider that the definitions of "impairment" that are in the American Medical Association Guidelines for the Evaluation of Impairment, be put into this law as that definition.

Next, on page 8, lines 1 and 2. There are definitions of who can be an authorized treating physician. In that section, physician assistants are authorized only when M.D.s are not available. The effect on my office of this provision is that two physician assistants, who have between them over thirty years of experience, and particular expertise in occupational medicine and dealing with Workers' Compensation issues, are precluded from serving in that role. Whereas, physician assistants in more remote areas with less training and less supervision are allowed to serve in that role. It creates two classes of physician assistants. I don't think that is right or fair.

Third point, page 11, lines 9 through 11. This is the section that talks about no liability, after maximum medical improvement. This will leave patients unprotected because of pre-existing injury clauses in their own third party insurance. The results of this would be that an individual who has a back surgery for a herniated disk, under workers' compensation, once MMI has occurred and the patient their back again in a separate setting, they would no longer be covered through workers' compensation and, undoubtedly, their third party insurer would likewise not cover because of pre-existing conditions.

Number 4, page 16, lines 1 through 8. Definitions of functional capacity are definitions that have light lifting, ten to twenty-five pounds, medium 25 to fifty, and so on. Unfortunately, these definitions are far too narrow. While they may have applicability for a back injury, they are essentially irrelevant for injuries to many other parts of the body. Dr. Shaw recommended the definitions of light, medium, and heavy be expanded to include all the definitions under the Department of Labor Dictionary of Occupational Titles.

On Page 16, line 30, impairment is said to be established by objective medical findings. This supersedes the direction set forth in the AMA guides for impairment, and is therefore redundant. Dr. Shaw recommended that paragraph be stricken and paragraph B, above, will suffice. Dr. Shaw commented on one of the major premises of the bill, objective medical findings. As a physician, Dr. Shaw attested there are a variety of occasions in which individuals who have real and significant problems, which he has great difficulties in finding objective medical criteria, as outlined in the definition. The definition is difficult to understand. What will happen is the legislation will force

doctors to essentially play a word game in order to provide care for the patients with work related injuries.

Jim Hunt, Montana Trial Lawyers, Helena, stated opposition to SB 375. The proposed legislation will cause a great deal of litigation from claimants. **Mr. Hunt** expressed interest in the answer **Dr. Shaw** would give if **Dr. Shaw** was questioned about how many 73% impairment ratings he has given out during his medial career. The 1991 Workers' Compensation bill made it almost impossible to achieve 350 weeks worth of permanent/partial disability benefits. SB 375 requires a 73% impairment rating, a rating that doctors rarely give. Thus, the 350 weeks are impossible to reach. The 350 weeks were reduced down from 500 weeks in 1991, and the trade off was the rehabilitation benefits to workers. **Mr. Hunt** stated the rehabilitation benefits are being made more difficult to access in SB 375. The common example of claimants are 25 to 35 year old nursing home workers who suffer a back injury. Their salary is about \$5 per hour, and they have no place else to "turn", other than Workers' Compensation. The State Fund or the insurance company staff assigns a rehabilitation provider, who tells them they can go back to work as a keno caller, night auditor, or some other similar position, even though the job may not be available to that particular nursing home employee. The injured worker is "out the door". The actual wage loss access to rehabilitation benefits is a serious problem to these types of employees.

Mr. Hunt stated the Montana Trial Lawyers object to the fourteen day notice. After times, the doctor tells the employee they can go back to work, and it is two or three months down the road before the injured worker finds out he or she can go back to work. If they access permanent partial benefits or rehabilitation benefits, the State Fund or the other insurance company will require the temporary total benefits be paid back. The demand is not fair to a claimant who does not have a clue what is going on. The lump sum provision ties the hands of both the claimant and the insurance company. The lump sum provisions are often used as a leverage by insurance companies when they say "employee, take this in a lump sum or else. Then, the company dramatically reduces the lump sum benefit. **Mr. Hunt** urged the lump sum benefits be taken out of SB 375.

Mr. Hunt expressed concern over the provision which allows the insurer to designate a rehabilitation plan. The claimant should have the right to choose their own rehabilitation provider. The claimant should be able to go to court, and have the Work Comp judge determine whether or not the rehabilitation provider is more reasonable than the rehabilitation provider selected by the insurer.

John Malee, Montana Federation of Teachers, Montana Federation of State Employees, asked to go on record as opposed to SB 375.

Lar Erickson, Montana State Council of Carpenters, urged support against SB 375. Mr. Erickson stated the council is also a member of the Work Comp Coalition, and represents the minority opinion of the Work Comp Coalition. The bill does nothing, but cut benefits. Mr. Erickson urged support against SB 375

Questions From Committee Members and Responses:

SENATOR EMERSON stated Mr. Hill identified medical expenses and permanent disabilities as the cause of the high cost of Workers' Compensation. SENATOR EMERSON asked why are medical expenses and permanent disabilities so high in Montana.

Mr. Hill replied the State Fund believe that Montana's history of over utilization is the reason why costs have soared. SB 347 allows for the implementation of managed care and preferred providers. Mr. Hill expressed hope the legislature will address the over utilization problem. The task force looked at typical cases regarding injuries, and then compared data between states. A task force report was distributed to all members of the Legislature. The State Fund chose Idaho and Oregon, the next two highest rate cost states to compare data. These states had a substantially different culture than Montana with regards to what happens when a workers get injured. In Idaho, 88 % of workers who have a time loss injury can return to work at the wage they earned at the time of injury. Compared, Montana has a 60 to 65 % range, based on the closed claim study. In Oregon, the benefits are not orientated to the lump sum permanent disability payment. Rather, as the disability gets greater, the worker is eligible for more retraining benefits. The emphasis in both states was to get the worker back to work, earning the same wage. The Montana benefit structure does not work the same way. In MT, 65% of the people receiving permanent/part time disability have no wage loss. Seventy-five percent of the benefits are paid for causes other than wage loss. Seventy-five percent of the benefits are paid for things other than for wage or loss, which doesn't create incentives for workers to go back to work. Employers do not have an incentive to take the workers back because even if they do, the worker is entitled to a substantial worker sum settlement. If Montana is going to solve the high cost of compensation problem, benefits must be structured to create a partnership between workers and employers to keep jobs open. Many time the worker does not have a job to go back to because the job has been replaced. There are no incentives to have the worker return to work early, and there is no way to substantiate the wage or to modify a job so the person's earning capacity is insured through the process. Montana is trying to rectify the problem this session.

SENATOR BARTLETT questioned Carl Swanson concerning the existence and the purpose of worker's compensation State Fund. Mr. Swanson stated many years ago the term used was "common law, negligent liability". The employee injured in the workplace had

to sue the employer for any compensation. The Workers' Compensation Act evolved from that situation, as did the exclusive remedy provision.

SENATOR BARTLETT asked **Mr. Swanson** what is the mission of the State Fund. **Mr. Swanson** replied the mission is to provide a market for Workers' Compensation coverage to employees in the state that wish to be insured. Workers' Compensation coverage is mandated by law. The mission statement goes on to discuss custom of focus for the State Fund organization.

SENATOR BARTLETT asked **Mr. Swanson** who are the customers of the State Fund. **Mr. Swanson** stated the State Fund has internal and external customers. For the purpose of the discussion, **Mr. Swanson** addressed the external customers. **Mr. Swanson** stated the State Fund has policy holders and injured workers as customers.

SENATOR BARTLETT asked **Mr. Swanson** what is the State Fund's obligation to the injured worker. Why are the injured workers considered a customer of the State Fund. **Mr. Swanson** replied that under the Workers' Compensation laws of MT, the State Fund needs to make an injured worker whole, according to Workers' Compensation statutes. Private carriers would have to do the same for Workers' Compensation.

SENATOR BARTLETT stated the Nurses Association is interested in having advanced practiced, registered nurses be included as medical providers under the Workers' Compensation Act. **SENATOR BARTLETT** asked **Mr. Swanson** if the State Fund would accept the registered nurses as medical providers. **Mr. Swanson** deferred the question to legal counsel, **Nancy Butler**. **Ms. Butler** stated the Workers' Compensation Act defines the different types of providers that are treating providers. The list is meant to cover those medical providers who can provide gatekeeper services. Gate keeper services are services that will see the worker and see the worker as a whole, directing them appropriately. For instance, a dentist has a narrow scope of work. No other type of provider can do the type of work that a dentist does. So, the dentists are listed. Chiropractors, also, have a limited scope of practice. They see a huge percentage of injured workers, since their scope of practice is directed toward trauma. Workers' Compensation takes care of trauma. Physician assistants (PA) are listed because they are in an area where there are no physicians. Consequently, the PAs are the first line of care the injured worker may see. A nurse practitioners, who is practicing in an office with a physician, does not meet the gatekeeper role. Consequently, at this point, the State Fund objects to any amendment allowing advanced practice, registered nurses to be listed.

SENATOR BARTLETT asked **Jacqueline Terrell Lenmark** to comment about changes made to the Workers' Comp system concerning Plan 2 insurers in an attempt to accommodate all the consistent and inconsistent Workers' Compensation changes.

Jacqueline Terrell Lenmark, American Insurance Association (AIA), stated frequent legislative and court decision changes has increased costs for Plan 2 carriers. AIA rates on the basis of legislation. AIA perceives Montana judicial system as an active judicial system. Consequently, uncertainty is introduced and insurance companies find it difficult to rate without knowing what new changes will take place or what the cost of an injury might be. If the changes are adverse to AIA, the company does not have any place else to go for more premiums. The change has to be absorbed within the context of the system. Generally, a more stable system is more cost effective.

SENATOR VAN VALKENBURG queried **Mr. Hill** about the national premium rates. Why is Montana ranked second, while North Dakota is ranked fiftieth. What is the difference between the two state's economy regarding employment rates, average weekly wages, per capita income, and the number of bankruptcies. Why is it do much better in North Dakota than it is in Montana. **Mr. Hill** stated he cannot answer the question with the required completeness, at this time. Workers' Compensation costs are amongst the highest. Whenever trade journals look at Montana's benefit structures, the benefit structures are rated high. Trade journal data concerning Montana industry must impact the economy. **Mr. Hill** quoted from The Annual Worker's Compensation book, by expert, John Burton, 1995, "does high Workers' Compensation rates impact the economy of a state." The conclusion was that it did impact the economy. **Mr. Hill** cited three studies. One study reported for every dollar of increase in Workers' Compensation rates, workers suffer a \$1.40 wage loss. The loss has to do with flexibility of the labor market. If there is an inflexible labor market, the economy loses jobs; and if the labor market is more flexible, the workers lose wages. Either way, the workers lose. Montana has a low average wage rate. Oregon moved from third to thirty-second after the state reformed the Workers' Compensation System. Oregon went from below to above the national wage rate. Montana continues to lose ground. Worker's compensation, **Mr. Hill** argued, is a significant factor.

SENATOR VAN VALKENBURG asked **Mr. Hill** about North Dakota. What is so much better about North Dakota than about Montana. The graphic difference could not be more. Montana is second, while North Dakota is fiftieth. For all practical purposes, there are many comparative similarities between Montana and North Dakota. **SENATOR VAN VALKENBURG** repeated his question, "What is it that makes the North Dakotan economy so much better than Montana's?" **Mr. Hill** stated the State Fund did not chose to study North Dakota, so he could not answer the question. The State Fund looked at Idaho and Oregon, and those facts have been related during testimony. Idaho and Oregon are the next highest cost states, compared to Montana.

SENATOR VAN VALKENBURG asked **Mr. Hill** what would the status of the Old State Fund Liability be today, if the 1993 Legislature, particularly the Montana Senate had not passed the employee

payroll tax legislation. **Mr. Hill** said he could not answer precisely since data is not currently available. Clearly, the employers/ employees payroll tax will pay down the liabilities. Current projection is the total deficit, which is not just the State Fund liability. The bonds are included, also. The amount is approximately \$4.3M at the end of FY 94, down from \$497M at the end of FY 93. **SENATOR VAN VALKENBURG** asked **Mr. Hill** about the likelihood of the State Fund getting legislation through the 1993 Legislative session if the State Fund had acknowledged the next step would be to reduce permanent/partial disability benefits by 19%. **Mr. Hill** stated he cannot answer the question.

CHAIRMAN KEATING asked **SENATOR BENEDICT** about benefits, laws, and language contained in the Oregon and Idaho statutes. **CHAIRMAN KEATING** voiced **Dr. Shaw's** alleged confusion regarding interpretation of statute language. **CHAIRMAN KEATING** asked for SB 375 language clarification in regards to the subject of objective medical findings. **Ms Butler** commented the bill is very similar to Oregon's statute. **CHAIRMAN KEATING** asked if the Oregon's statute language has been tested. **Ms. Butler** stated she understood interpretations have been made, but she has not seen court decisions. Interpretation is not as strong as originally thought, stated **Ms. Butler**, but it remains a tool. **CHAIRMAN KEATING** asked if the new definitions are modeled after another state's statute. **Ms. Butler** stated she did not recollect that the definitions were from another state, unlike the Oregon's objected medical findings. **CHAIRMAN KEATING** asked **Ms. Butler** to provide data concerning other state's misinterpreted experience, questionable interpretation, or tested language. **Ms. Butler** stated most of the changes in the bill, except the objected medical findings, are based on Montana experience from court decisions or claim handling. Most are not related to other states. The State Fund solicited input from experienced people to draft so that such problems would be avoided.

CHAIRMAN KEATING asked **Rick Hill** about the close case comparison study comparing benefits between cases. Were comparisons drawn between the amount of benefit and the amount of administration costs. The cost of the injury is not entirely all benefit, but also includes claims management cost. Was a comparison cost about claims management made? **Mr. Hill** stated the closed claim study did not address administrative cost by State Fund, private or self-insurers, but addressed medical costs. There are provisions in MT law that drives up medical costs, such as administrative functions and vocational rehabilitation elements. An eligible worker would be eligible for vocational rehabilitation. The State Fund studied that option and, as a matter of practice, offers a supplemental lump sum, which is eight weeks of temporary total disability. Most MT insurers offer the same. The law is a lifetime benefit.

CHAIRMAN KEATING paraphrased **Mr. Hill's** testimony to confirm the dialogue. Wage benefits, medical costs, are reviewed, but the

administrative comparison was not reviewed. **Mr. Hill** stated the State Fund did not.

Closing by Sponsor:

SENATOR BENEDICT stated the State Fund Administrative cost is 10.6%, some of the lowest administrative costs in the nation. **SENATOR BENEDICT** requested the committee to balance and stay focused on what needs to be revised in the system for the good of Montana employees and employers. Critics say that the system is not responsive. **SENATOR BENEDICT** asked the critics to "read the bill". Many complaints from employers and employees involved the lack of response from the insurers regarding claims information and the payment of claims. Senate Bill 375 serves notice and demands the legislature, on behalf of Montana injured workers, that claims are dealt with in a timely manner. The employee has the right to know promptly what benefits they are entitled to. The legislature says to insurers to get their act together. Get the checks to people on time and let people know immediately what the benefits will be. SB 375 is not a bill that just tightens benefits. SB 375 makes many changes in order to make the system better. Without changes, Montana will continue to lose ground in wages. **SENATOR BENEDICT** directed attention to the State Fund chart, located directly in front of the rostrum. The red visual aide information identifies the national weekly wage. The green graft information identifies Oregon's data. The average weekly wage in 1990 was below the national average. In 1990, Oregon reformed Workers' Compensation. In 1991, the graft caught up with the national weekly wage, and in 1992, the graft went significantly higher in the average weekly wage for employees.

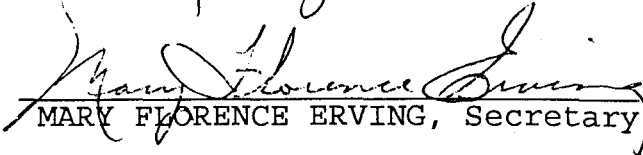
SENATOR BENEDICT pointed to the blue chart, and stated the blue chart identifies Montana information. Montana is far below the national average. **SENATOR BENEDICT** stated the reason is due to extremely high rates in the employers' Workers' Compensation System, which does not allow for raises. In many cases, Workers' Compensation does not allow for basic benefits like health care. We need to reform the system, so we can get the employer's cost down in this state and provide higher wages and benefits for the employees. **SENATOR BENEDICT** stated SB 375 is necessary, the last piece of the reform puzzle. Senate Bill 375 needs to be passed to make \$30M a year available to improve wages and benefits and to make Montana a place where Workers' Comp rates are a big incentive to business.

ADJOURNMENT

Adjournment: The meeting was adjourned at 2:45 p.m.



SENATOR TOM KEATING, Chairman



MARY FLORENCE ERVING, Secretary

TK/mfe

ROLL CALL

DATE February 16, 1995

[illegible]

SEN:1995
wp.rollcall.man
CS-09

Workers' Compensation Premium Rate Ranking 1994

SENATE LABOR & EMPLOYMENT

EXHIBIT NO. 1- 10/1

DATE Feb 16, 1995

BILL NO. SB 374

1994 Rank	State	Index Rate
1	Louisiana	6.98
2	Montana	6.91
3	Hawaii	6.06
4	Texas	5.91
5	Maine	5.87
6	Rhode Island	5.75
7	New Mexico	5.75
8	Florida	5.72
9	Illinois	5.48
10	Kentucky	5.46
11	New York	5.38
12	Connecticut	5.34
13	Minnesota	5.29
14	Colorado	5.28
15	California	5.04
16	Pennsylvania	5.02
17	Massachusetts	4.98
18	Oklahoma	4.86
19	District of Columbia	4.83
20	Alabama	4.78
21	New Hampshire	4.73
22	Nevada	4.55
23	Michigan	4.54
24	Georgia	4.52
25	Ohio	4.42
26	Missouri	4.35
27	Vermont	4.21
28	Arizona	4.18
29	Alaska	3.92
30	Idaho	3.88
31	South Dakota	3.88
32	Oregon	3.70
33	Mississippi	3.70
34	Arkansas	3.69
35	Utah	3.62
36	Tennessee	3.60
37	New Jersey	3.58
38	Kansas	3.49
39	Iowa	3.47
40	North Carolina	3.41
41	Washington	3.33
42	Nebraska	3.31
43	Delaware	3.18
44	Wisconsin	3.17
45	Maryland	3.08
46	West Virginia	2.93
47	South Carolina	2.91
48	Wyoming	2.84
49	Virginia	2.76
50	North Dakota	2.53
51	Indiana	2.26

1994 State Fund Rate 5.95
4th

5

Figure 2

Senate Bill No. 374

Clarifying the State Fund's Authority to refuse Worker's Compensation Coverage to an Employer or an Employer's Principals who have defaulted on a State Fund Obligation

The Bill amends Section 2311 and 2313 to clarify that the State Fund as the insurer of last resort will not refuse coverage to an employer unless the employer or the employer's Principals owe the State Fund money. This codifies our current practice and is consistent with the State Fund's right to cancel a policy for non-payment of premium. This amendment is intended to apply to all legal entities. The State Fund believes that a Principal involved in a business which is indebted to the State Fund is likely to default on future payments to the State Fund.

Authority to provide Employer's Liability Insurance

The State Fund is seeking authority to write Employer's Liability Insurance. This coverage is otherwise known as Plan "B" coverage. It generally provides coverage to Employers for injuries to Employees not covered under the Workers Compensation Policy. The State Fund previously had authority to write this coverage, however, due to the State Fund's unfunded liability and large share of the market, this authority was deleted in the 1993 Legislative session. The State Fund has a strong focus on customer service and believes its' authority to write this coverage is necessary in order to provide the best service to its customers and assist in maintaining a fiscally-solvent State Fund. This coverage would not be written without approval from the Board and it is anticipated that the coverage provisions and policy limits will be similar to that of the rating organization.

Policy Charge

The State Fund currently charges a minimum yearly premium to cover its administrative costs for coverage of a small employer. The State Fund is requesting an amendment which would eliminate the minimum premium. Instead, the State Fund would assess a policy charge on all employers to cover its administrative costs. The policy charge is intended to cover those costs associated with issuing and administering an insurance policy. The policy charge would include services from throughout the State Fund

associated with an insurance policy, such as: Policy Services; Loss Control and Audit; Administration and Finance; and Legal. But, this would not include the cost of administering any claims. The Board of Directors would set the policy charge for the State Fund.

Selling of Services

The State Fund is seeking the authority to sell those services that are provided by and available through the State Fund. The State Fund is in a position where it is required to be solvent as well as amass a 25% surplus of the annual premium by 2003. The State Funds market share is shrinking, and typically this means the loss of larger policyholders. This is one method by which the State Fund can be proactive to enhance its financial condition, in order to stabilize rates for its policyholders. Particularly as many of the policyholders have no other option than the State Fund. It is intended that the State Fund would make a profit on the selling of services, but maintain its overall non-profit status. The bill requires that services not be priced below cost or be subsidized by policyholder premiums.

The services sold could be to public or private entities. Those services sold may include safety, collection of charges or premiums, the processing and payment of medical claims or the handling of claims as well as other services. The State Fund's fraud program cannot currently be matched, as well as its Managed Care Organizations and Preferred Provider Organizations. By the end of this year the State Fund will have a state of the art computer system to include imaging of paper documents in place. These items coupled with enhanced training throughout the State Fund will make its services attractive to others.

Workers Compensation Advisory Organization Membership

Currently the State Fund is required to be a member of NCCI. As the fee to this organization is high, the State Fund desires to have the ability to take advantage of other options should they become available in the future. Another bill, SB 384 will require the Insurance Commissioner to designate one advisory organization as the organization for Montana and all insurers must report data to this organization. The State Fund believes it should belong to a rating organization, and has no quarrel with reporting its data to the designated rating organization. However it does want the option to

belong to another organization if one should become available, other than the designated one.

The bill also clarifies what policyholder information has rights of privacy, and that the information such as payroll, loss information or experience modification factors cannot be released to the public with the policyholders permission.

Cancellation of coverage, from 30 to 20 days notice.

The State Fund currently provides 30 days notice of cancellation of a policy. The change from 30 to 20 days makes the cancellation period consistent with the statutory time the private insurance companies provide to their policyholders. This will reduce the time the State Fund will be exposed to claims for which it is not receiving any premium.

Swanson

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 2 10/6
DATE Feb 16, 1995
BILL NO. SB 374

SENATE BILL NO. 374

o INSURER OF LAST RESORT

WILL NOT REFUSE COVERAGE UNLESS EMPLOYER OR THE EMPLOYER'S PRINCIPALS DEFAULTED ON A S.F. DEBT AND CURRENTLY OWES THE STATE FUND MONEY

CODIFIES OUR CURRENT PRACTICE AND IS CONSISTENT WITH OUR RIGHT TO CANCEL A POLICY FOR NON-PAYMENT OF PREMIUM

o EMPLOYERS LIABILITY COVERAGE (PLAN B)

PREVIOUSLY HAD AUTHORITY TO PROVIDE, BUT IN 93 SESSION REQUESTED ITS DELETION DUE TO UNFUNDED LIABILITY

NOT GENERAL LIABILITY COVERAGE

9 OF 13 S.F.

DUE TO STRONG FOCUS ON CUSTOMER SERVICE IT SHOULD BE AVAILABLE TO CUSTOMERS TO COMPLETE THEIR PROTECTION PACKAGE AGAINST LEGAL LIABILITY WHERE AN INJURY TO AN EMPLOYEE ARISES OUT OF AND IN THE COURSE OF EMPLOYMENT BUT IS NOT COVERED UNDER W.C. LAW

WOULD NOT BE WRITTEN UNLESS APPROVED BY OUR BOARD AND POLICY LIMITS AND COVERAGE PROVISIONS WOULD BE SIMILIAR TO THAT PROVIDED BY OTHER STATE FUNDS AND CARRIERS

o POLICY CHARGE

AMENDMENT WOULD ELIMINATE THE MINIMUM

PREMIUM AND INSTEAD CHARGE A POLICY FEE ON EACH POLICY TO COVER COSTS ASSOCIATED WITH ISSUING AND ADMINISTERING AN INSURANCE POLICY, SUCH AS POLICY SERVICES, LOSS CONTROL, AUDIT, ADMINISTRATION, FINANCE AND LEGAL

BOARD OF DIRECTORS WOULD SET THE POLICY CHARGE WHICH WILL BE APPROXIMATELY \$95 OR LESS AS COMPARED TO THE CURRENT MINIMUM PREMIUM OF \$194 APPLIED JUST TO SMALL BUSINESSES

SELLING SERVICES

S.F. IS REQUIRED TO TAKE ALL COMERS, BE SOLVENT AND ACHIEVE A 25% SURPLUS BY 2003. MARKET SHARE IS SHRINKING WITH THE LOSS OF APPROXIMATELY 30 MILLION IN PREMIUM THIS YEAR, MOSTLY FROM LARGER POLICYHOLDERS

374
THIS IS AN AREA WE CAN BE PROACTIVE IN ENHANCING OUR FINANCIAL CONDITION AND CONTRIBUTE TO OPERATING EARNINGS WHICH WILL HELP IN ACHIEVING LOWER RATES FOR OUR CUSTOMERS AS WELL AS HELP US IN STABILIZING AND RETAINING TRAINED STAFF

WE WOULD INTEND TO MAKE A PROFIT ON THE SELLING OF SERVICES, SUCH AS, SAFETY CONSULTATION, CLAIMS ADJUSTING AND THE PROCESSING AND PAYMENT OF CLAIMS. OVERALL NON-PROFIT STATUS WOULD BE MAINTAINED AS CUSTOMERS WOULD BENEFIT THROUGH LOWER RATES

OTHER STATE FUNDS ARE LOOKING TO THIS, SUCH AS, ARIZONA. COLORADO STATE FUND NOW HAS AUTHORITY IN STATUTE TO SELL SERVICES. MAINE AND UTAH STATE

FUNDS ARE ALREADY SELLING ~~SALES~~ SERVICES.

COULD BE SOLD TO INTERESTED PUBLIC OR PRIVATE ENTITIES- DOL

WOULD PROVIDE ACCESS TO OUR MCO/PPO ORGANIZATIONS, FRAUD DETECTION AND PREVENTION, AND STATE OF THE ART BENEFIT INFORMATION SYSTEM WHICH WOULD BE ATTRACTIVE TO OTHERS. THESE PROGRAMS REPRESENT CONSIDERABLE INVESTMENT BY OUR CUSTOMERS AND SELLING SERVICES WOULD JUST ALLOW US TO MAXIMIZE OUR ROI FOR OUR CUSTOMERS BENEFIT

W.C. ADVISORY RATING ORGANIZATION MEMBERSHIP

74 CURRENTLY REQUIRED BY STATUTE TO BELONG TO NCCI AND WE BELIEVE WE SHOULD BELONG TO A RATING ORGANIZATION, BUT WANT THE ABILITY TO BE ABLE TO AT LEAST CONSIDER OTHER OPTIONS SHOULD THEY BECOME AVAILABLE

- * FEE IS SIGNIFICANT
- * LITTLE CONTRACT NEGOTIATING LEVERAGE
- * OPTION WOULD CREATE ENHANCE DESIRE TO MEET CUSTOMER NEEDS
- * ANTI-COMPETITIVE

SB 374 WOULD GIVE US THE ABILITY TO AT LEAST NEGOTIATE FROM A STRONGER POSITION TO OUR CUSTOMERS ADVANTAGE.

374
THE BILL BEFORE YOU GIVES THE S.F. THE OPTION OF BELONGING OR NOT TO A RATING ORGANIZATION. AS ALREADY STATED, WE PREFER TO BELONG TO A RATING ORGANIZATION, HOWEVER, ANOTHER BILL SB 384 WILL REQUIRE THE INS. COMMISSIONER TO DESIGNATE ONE ADVISORY RATING ORGANIZATION FOR MONTANA AND ALL INSURERS INCLUDING THE STATE FUND WOULD BE REQUIRED TO BELONG AND TO REPORT DATA TO THIS ONE ORGANIZATION

384
STATE FUND IS OPPOSED TO THIS CONFLICTING BILL (SB 384) AS CURRENTLY WRITTEN. WE BELIEVE WE SHOULD HAVE AN OPTION AS TO WHAT LICENSED RATING ORGANIZATION WE BELONG TO, AND HAVE NO PROBLEM WITH REPORTING OUR DATA TO ANY DESIGNATED RATING ORGANIZATION, EVEN IF WE ARE NOT A MEMBER, AS THIS BILL CURRENTLY STATES

WE JUST DO NOT BELIEVE IT IS TO OUR CUSTOMERS AND OUR ADVANTAGE TO NOT HAVE AN OPTION AVAILABLE

SB 374 ALSO CLARIFIES WHAT POLICYHOLDER INFORMATION HAS RIGHTS OF PRIVACY, AND THAT INFORMATION SUCH AS PAYROLL, LOSS INFORMATION OR EXPERIENCE MODIFICATION FACTORS AND WORKSHEETS CANNOT BE RELEASED TO THE PUBLIC WITHOUT THE POLICYHOLDERS OR STATE FUNDS PERMISSION.

WE ARE CURRENTLY WORKING WITH THE INTERESTED PARTIES ON SB 384 TO RESOLVE CONFLICTS BETWEEN IT AND THIS BILL. I BELIEVE WE HAVE CONCEPTUAL AGREEMENT TO:

1. ALLOWING ONE DESIGNATED RATING ORGANIZATION, BUT MORE THAN ONE LICENSED. REQUIRING THE STATE FUND TO BELONG TO A LICENSED ORGANIZATION, BUT NOT NECESSARILY THE DESIGNATED ONE. HOWEVER, WE WOULD PROVIDE OUR DATA TO THE DESIGNATED ORGANIZATION.

2. THE PRIVACY RIGHTS OF POLICYHOLDERS WOULD BE RECOGNIZED, BUT INSURERS, AND LICENSED AGENTS WOULD HAVE ACCESS TO CARRY ON THEIR BUSINESS.

Request committee take Executive Action on this Bill after hearing SB 384 on Saturday.

o CANCELLATION OF COVERAGE, FROM 30 TO 20 DAYS
NOTICE

THIS IS CONSISTENT WITH WHAT PRIVATE INSURANCE CARRIERS PROVIDE TO THEIR CUSTOMERS

WILL REDUCE THE TIME THE STATE FUND WILL BE EXPOSED TO CLAIMS FOR WHICH IT IS NOT RECEIVING PREMIUM

National Federation of Independent Business (NFIB)
2/16/95 Testimony before Senate Labor Committee
SB 374 Riley Johnson, State director

NFIB does not take a position on most of this bill. It's major concern is with Page 2, Section 3, lines 20-23, better known as the elimination of the minimum premium and adapting a policy fee plus a payroll premium. NFIB is currently balloting our nearly 9,000 members in Montana on this issue. Early returns indicate that 2/3rds of our members favor this change. NFIB will make the final results of our membership survey as soon as they are available. Clearly something has to be done. State Fund officials say the smaller, minimum premium policy holders are causing a 3-1 loss ratio to the fund. We know the State Fund will not let this continue. We know if this loss ratio continues, the minimum premium will be raised to \$500 annually or more. The Board of directors already have the authority to do this. The comments from my members today are that they would rather pay the policy fee and have the leverage of all 26,000 policy holders paying the fee and thereby discourage any major increases in the policy fee. Again, NFIB will watch Section closely and will provide this committee with the final results of our survey of members. #

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SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 4 1 of 2
DATE Feb 16, 1995
BILL NO. SB 374

February 16, 1995

Senate Bill 374

Senate Committee on Labor and Employment Relations

Testimony of David A. Davidson, Executive Vice President and Actuary
Liberty Northwest Insurance Corporation

Senate Bill 374 increases the powers of the state fund. To help evaluate this bill, and other legislation that may be considered regarding the State Fund, it is helpful to review the role and purpose of a State Fund. When workers' compensation insurance was formulated around the turn of the century, many states socialized the programs. This approach had the state as both the regulator and the insurer. As systems evolved, the role of free-enterprise competition became increasingly important. Competition improved services to both employers and injured workers. States split off regulatory functions and provided for insurance options from either self-insurance (for very large businesses), private insurers, and some states retained state-run insurance operations in the form of State Funds.

State funds were to provide a market of last resort; a guaranteed source of insurance. In exchange, State Funds initially paid no state or federal income taxes. In recent years this has changed as some State Funds began the transition to free-enterprise companies. For example, the State Fund in Michigan was recently privatized and sold by the state to Blue Cross/Blue Shield for approximately \$391 million.

But as the managers of various State Funds seek to gain operational autonomy from the traditional role and purpose of state funds, they face numerous contradictions. On the one hand they want to ape the structure and freedom of private competitive insurance companies. Yet on the other hand they have attempted to retain their numerous competitive advantages. Among these are exemptions from state insurance codes which strictly regulate all private insurers. Of course the non-payment of taxes is a huge competitive advantage they also seek to retain.

Now Montana faces these contradictions. The state fund seeks further operational autonomy with SB 374. They seek to operate in many ways like a private insurance company.

(continued)

Page 2 SB 374—Testimony of David A. Davidson, Liberty Northwest

These greater operational latitudes in SB 374 include the conditional refusal of coverage to any employer that applies; expanding products to include employers' liability insurance; the increased authority to use third party claims administrators and other insurance service companies and making optional membership in a licensed rating organization.

This proposed legislation, while looking innocuous on the surface, poses major public policy issues and consequences for Montana.

For example, on pages two and three of the bill, section 39-71-2316 (1) and (4) expands the powers of the state fund. This section, in addition to other changes, authorizes expanded government involvement in areas currently served by the free enterprise market, including employers liability insurance. This raises the question of why Montana has a State Fund and its role. Does the legislature believe government needs to expand and enter a new line of insurance? That is precisely what this legislation would do. Nationally America has rejected the increased role of government in providing health insurance. The American people said clearly at the ballot box they want government which is smaller and costs less. Another section of the bill, 39-71-2316 (4), would further expand the authority of the government run insurance operation while retaining present competitive advantages such as exemptions from the state insurance code. These code provisions apply to all other insurers to protect Montana businesses and workers. Add to these exemptions the non-payment of state and federal taxes.

Allowing the State Fund to expand its authority will have a chilling effect upon a competitive workers' compensation market. This competition is now providing Montana business greater insurance options and improved services that lower costs.

We believe that if the public policy of Montana is to continue subsidizing a state-run insurance operation, the purpose of that organization should not be to ape the operations and structure of a private insurance company. As a representative of a company that competes for business and pays all state and federal taxes, I am not seeking competitive advantages for my company. Rather, we are advocating a sound competitive market driven by free enterprise will provide the most cost effective insurance and the best service over the long run. We believe this will protect Montana from the problems that ultimately occur as a result of government operated and subsidized insurance operations.

Finally, there is another possibly negative consequence which could occur as a result of the provisions of 39-71-2319 (1). The changes in this section allow the state fund to assess a policy charge on each policy issued in order to cover its administrative costs. Such a provision could result in pricing abuses by the State Fund that would be discriminatory against smaller Montana employers.

Haney Butler

SB375

SENATE LABOR & EMPLOYMENT

EXHIBIT NO. 5 1 of 3

DATE Feb 16, 1995

BILL NO. SB ~~375~~ 375

Permanent Partial Disability

In the bill Wage loss and an impairment rating are required in order to access permanent partial benefits. Currently a physical restriction that impairs the workers ability to work is required.

Permanent partial disability benefits are modified. Five components make up permanent partial disability. Wage loss and impairments remain the same. Physical restriction has been reduced from a possible 20 or 15 or 10% to a possible 5 or 3 or 2%. The age and education components have been reduced from a possible 3 or 2% to 1%.

The impairment rating will be paid to a worker even though the worker does not suffer a wage loss.

However ~~the~~ the bill allows for potential reduction of the wage loss component if the worker is able to restore any wage loss through a vocational rehabilitation plan.

Vocational Rehabilitation

The definition of a disabled worker has been amended to mean a worker who is precluded from returning to the job held at the time of the injury and who has an actual wage loss. Currently an actual wage loss is not required, ~~just~~ ^{only} that the worker cannot return to the time of injury job.

Rehabilitation benefits currently consist of payment of vocational rehabilitation expenses upon certification by SRS, auxiliary benefits up to \$4,000, up to 104 weeks of benefits to complete a rehabilitation plan, up to 10 weeks of benefits payable while the worker is waiting to begin a rehabilitation plan and up to 8 weeks of benefits for job placement. The bill removes the 8 and 10 week payments. Job placement benefits are still available to a worker with a wage loss under the 104 week benefit.

A rehabilitation plan must as a new requirement, reasonably reduce a workers wage loss.

It is also specified in the bill that a worker must begin a rehabilitation plan within 78 weeks of reaching maximum medical healing, and complete a rehabilitation plan within 26 weeks of the anticipated completion date.

It is also specified that a worker who is receiving the 104 week benefit to complete a vocational rehabilitation plan may only receive the benefit biweekly, and not in a lump sum.

Currently rehabilitation benefits can be terminated if a worker is not cooperating with the rehabilitation provider. To facilitate early return to work, an amendment would allow termination of any type of benefit other than the impairment award and medical expenses.

Lump Sum Conversions of Benefits

Currently a lump sum conversion of permanent partial benefits is not discounted under the law, and the agreement of the insurer is not required for a worker to receive the benefits in a lump sum. This bill provides for a discount on a settlement of permanent partial benefits and provides that the claimant and the insurer must agree to a lump sum conversion. A limitation of \$20,000 on lump sum advances of permanent partial benefits is removed from the law in this bill.

Other Provisions of the Bill

There are several new sections in this bill.

New Section 4 requires insurer to act promptly on claims through several requirements. These include making payments within 14 days of accepting a claim, explaining to a worker the reason for denying a claim and notice of appeal rights, a written explanation of the calculation of wage loss benefits, timely payment of settlements and limitations on insurers when paying benefits under a reservation of rights.

New Section 1 clarifies that the Workers' Compensation Judge may grant a stay of the Workers' Compensation Court proceedings if a criminal action has been filed.

New Section 2 allows an insurer to reduce benefits paid or to be paid to a worker who obtains a third party recovery, settlement or award. The total reduction may

not exceed 30% of the third party recovery.

New Section 3 allows an insurer to pay a medical only claim without the payments being construed as an acceptance of liability. In order to protect the worker's rights, an insurer must notify a worker of the payment of the medical claim without acceptance of liability. Upon request of a worker for wage loss benefits or a determination of liability, the insurer is to investigate the claim to determine liability for the injury or occupational disease.

This bill requires that an injury and entitlement to wage loss disability benefits be established by objective medical findings. Which means ~~that~~ medical evidence, including range of motion, atrophy, muscle strength, muscle spasm, or other diagnostic evidence, substantiated by clinical findings.

The bill defines primary cause as used in the determination of whether ~~in a~~ condition such as a heart attack is an injury, to mean a cause that is responsible for more than 50% of the physical condition. In other words, the accident at work must be responsible for more than 50% of the heart attack in relation to other factors contributing to a heart attack, like risk factors such as smoking.

Definition of Wages - if use of the last 4 pay periods does not accurately reflect the emp. by the employer - (up to one year) an additional period of time may be used - including periods of illness or seasonal fluctuations -

Notice of Injury - SP & LLC Corp off -

Termination of Temporary Total Disability Benefits - upon release by the DO. to return to work in some capacity

Termination of Benefits Upon Retirement - If there is a retirement system - taken in lieu of SSR system -

Extension of Temporary Partial Benefits - by the insurer

PPO's for Prescription Drugs - clarify pricing for reimb of drug exp to pharmacies in statutes is not applicable to PPO

Termination of Benefits While Incarcerated for a Misdemeanor

Occupational Diseases - apply the prov. for payment of med. exp in OD act to be consistent with Act.
 it's over 30 days
 between providers & insurers

Amending time in which claims must be presented and applying the medical expense provisions of the Workers' Compensation Act to the OD Act.

Reduce time to present claims from 2 yrs to 1 yr.
 and that the time runs from time the worker knew or should have known of the condition. OD

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 6 10/2
DATE Feb 16, 1995
BILL NO. SB 375

TESTIMONY ON SENATE BILL 375
CHUCK HUNTER - DEPARTMENT OF LABOR AND INDUSTRY

Mr. Chairman, members of the committee, for your record my name is Chuck Hunter, representing the Department of Labor and Industry. As the committee knows, we are the regulatory body for workers' compensation in this state.

We rise as proponents of this legislation, because it brings two needed changes to our worker's compensation system. First, it brings new insurer performance requirements and standards to our system. Second, it gives employers meaningful incentives for bringing an injured worker back to work without a loss of wages.

Insurer performance standards are needed because frequently our system is not working for injured workers. In a recent study of closed claims, we found that it takes, on average, three months for an insurer to accept a claim in our state. Once the claim is accepted, it takes almost that same amount of time for insurers to send out the 1st check to an injured worker. On average, it takes 154 days from the time a worker was injured to receive that 1st benefit check. Compare that to an average of 29 days in ten other states studied by NCCI - a difference of almost four months.

This bill brings new standards requiring insurers to make faster decisions on claims, provide more detailed information to injured workers, and make timely payments when benefits are owed. The result will be better service for injured workers.

Let me turn to the second major system change - wage loss and return to work. Many of you have worked on return to work issues before. In 1991, this legislature passes early return to work language designed to encourage employers to start return to work efforts. In 1993, the legislature passed a temporary partial benefit also designed to help get workers back to work sooner.

This bill goes much farther, however, and for the first time provides real incentive for employers to bring an injured worker back to work at the same rate of pay as the pre-injury wage. Tying the permanent partial benefit to wage loss does two beneficial things, in our view - it gets injured workers back to work as soon as possible, at the same wage, and it gives employers a degree of control over benefits costs.

For these reasons, we encourage your support.

BUSINESS CONFIDENCE STRONG**MOST RESPONDENTS SEE EMPLOYMENT STEADY**

The Montana Chamber sent members a "business ballot" which asked how they see their business and what they think the economy will do during the next six months. Local chambers in Bozeman, Hamilton (Bitterroot Chamber), Kalispell and Lewistown sent the same ballot to their members. The results below show the combined results and the results for each chamber

Summary. Nearly 60% of those who responded thought that their sales would increase in the next six months and approximately 50% thought that the Montana economy would move up during the same time frame. The ballot asked if the number of employees in the member's firm would change during the next six months. In spite of the confidence shown in sales and the economy, only 22.4% said their employment would increase while the majority (65.5%) indicated they saw no change.

"This is exactly what businesses told us during three tours of the state over the past 18 months" said Chamber President David Owen. "Uncertainty over a health care mandate, workers comp costs and the paperwork of having employees were a constant point of discussion, many members said they wanted as few employees as possible." The ballot also asked members if they were resisting the need for more employees and 56.6% said yes.

The Chamber asked if members had employees threatened or file suits (wrongful discharge or complaints with the Human Rights Commission). Nearly 20% of the businesses reported threats of suits by employees with about 10% saying charges were actually filed.

See box at left for questions from the survey.

BUSINESS BALLOT RESULTS**SIX MONTH SALES OUTLOOK**

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
Number of Respondents	325	90	88	81	43	23
UP	59.2%	57.3%	61.4%	61.3%	57.1%	54.5%
DOWN	16.3%	19.1%	13.6%	16.3%	16.7%	13.6%
NO CHANGE	24.5%	23.6%	25.0%	22.5%	26.2%	31.8%

SIX MONTH EMPLOYMENT OUTLOOK

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
UP	22.4%	27.8%	29.5%	13.6%	14.3%	17.4%
DOWN	12.1%	20.0%	8.0%	11.1%	11.9%	0.0%
NO CHANGE	65.5%	52.2%	62.5%	75.3%	73.8%	82.6%

MONTANA ECONOMY NEXT SIX MONTHS

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
UP	50.7%	47.8%	50.0%	47.5%	48.8%	60.9%
DOWN	13.8%	16.7%	10.2%	17.5%	16.3%	8.7%
NO CHANGE	35.4%	35.6%	39.8%	35.0%	34.9%	30.4%

RESIST NEED TO HIRE NEW EMPLOYEES

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
YES	56.6%	62.9%	54.5%	61.3%	52.4%	39.1%
NO	43.4%	37.1%	45.5%	38.8%	47.6%	60.9%

EMPLOYEE THREATEN SUIT

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
YES	19.5%	36.7%	17.0%	12.3%	7.0%	8.7%
NO	80.5%	63.3%	83.0%	87.7%	93.0%	91.3%

EMPLOYEE FILE SUIT

	Overall	MT Chamber	Bozeman	Hamilton	Kalispell	Lewistown
YES	10.0%	21.1%	3.4%	6.2%	7.0%	4.3%
NO	90.0%	78.9%	96.6%	93.8%	93.0%	95.7%

WORK COMP BENEFITS BATTLE CERTAIN

Senator Benedict, (R-Hamilton), is developing a major workers' compensation bill, LC 746, that is guaranteed to spark debate when introduced this week. The bill's purpose is to tighten access to indemnity, medical and rehabilitation benefits and to address the apparent high cost of permanent partial injuries.

There is little doubt Montana's work comp system experienced extraordinarily high costs from the 80's through 1991. The data in the tables below, prepared by the National Foundation for Unemployment and Workers Compensation, clearly show Montana as a high cost state.

Critics of the Benedict bill are likely to argue that fixes in Montana's workers compensation system in the '91 and '93 sessions have taken care of the cost problem. Moreover, the same critics are expected to challenge the results of State Fund's recent Closed Claim Study as not reflective of recent claims and overall improvements in the system.

Despite the expected debate over data and the validity of recent studies, the Chamber believes the Benedict bill will clearly point up the need for adjusting downward current benefits for those who are able to return to work at the same or higher salary than was earned at the time before injury occurred.

STATES RANKED BY AVERAGE BENEFIT COST PER EMPLOYEE for 1991, 1990 and 1987

(1=lowest average benefit cost per employee)

State	1991 Rank	1990 Rank	1987 Rank
Alaska	46	46	51
Colorado	40	40	39
Idaho	23	25	25
Indiana	1	1	2
Montana	45	45	49
N. Dakota	17	14	18
S. Dakota	9	10	10
Utah	8	17	20

(Rankings include District of Columbia)

STATES RANKED BY BENEFIT

Benefits paid as a % of payroll

COST PER EMPLOYEE for 1991, 1990 and 1987

(1=lowest cost benefit rate)

State	1991 Rank	1990 Rank	1987 Rank
Alaska	32	40	48
Colorado	35	41	37
Idaho	23	29	33
Indiana	2	2	1
Montana	48	50	51
N. Dakota	23	23	24
S. Dakota	22	24	22
Utah	9	22	23

(Rankings include the District of Columbia)

NFIB Montana

National Federation of
Independent Business

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 7-A 10/7
DATE Feb 16, 1995
BILL NO. SB 375

TESTIMONY

before

SENATE LABOR & EMPLOYMENT RELATIONS COMMITTEE

by

J. Riley Johnson

State Director

National Federation of Independent Business

February 16, 1995

Mr. Chairman and Members of the Committee:

For over a decade, this esteemed body, the State of Montana and indeed the small business owners of Montana have struggled with workers' compensation. I need not reiterate here this morning the tales of massive deficits, mis-management, political tinkering and spiraling premium rates that plagued Montana's small business owners. I come before you today representing over 8,900 NFIB members in Montana who say "enough is enough". This body took the first positive toward mending the wounds of workers' compensation in 1993. For the first time in a decade, the workers' compensation system is professionally run, customer conscious and it has not raised our premiums in over 18 months.

But the job is not done. Montana's small business community still suffers under some of the highest benefit level in the nation. SB 375 addresses these benefits, and NFIB/Montana looks to you to recognize this fact and to join our organization in helping to pass this bill.

My members have told me a hundred times over that workers' compensation is the most burdensome problem they face in business today. To demonstrate this believe, I bring you testimony this morning from over 50 NFIB/Montana business owners who are asking for your help. I have distributed these messages to the committee, and I ask that each of you takes the time to read what small business owners in Montana are saying. I will let these folks, the small business job generators of Montana, talk for me.

I urge your support for SB 375.



February 16, 1995

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 8 10/2
DATE Feb 16, 1995
BILL NO. SB 375

Steven J. Shapiro
Montana Nurses Association

Testimony on Senate Bill 375
regarding the Workers Compensation Act

I am Steven Shapiro representing the Montana Nurses Association. MNA is composed of 1,400 registered professional nurses working in all phases of health care across the State of Montana.

Senate Bill 347 was passed in the 53rd Legislature amending various health care provisions in the Workers' Compensation Act. Section 39-71-116, MCA, was amended with a definition of "treating physician" to include a medical doctor, chiropractor, physician assistant, osteopath or dentist. Since the bill was enacted, it has been noted that advanced practice registered nurses were apparently inadvertently omitted from this definition.

Advanced practice registered nurses provide primary health care in a variety of settings in Montana and the United States. Many of them are authorized by the State Board of Nursing as independent health care practitioners, some including the authority to prescribe medications. However, they have been denied reimbursement by workers' compensation insurers because of the oversight in Senate Bill 347 (1993).

We ask the committee to adopt the attached amendment to Senate Bill 375 which would add in advanced practice registered nurses in the definition of "treating physician" in Section 39-71-116, MCA.

February 16, 1995

Steven J. Shapiro
Montana Nurses Association

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 2 of 2
DATE Feb 16, 1995
BILL NO. SB 375 DATE _____
BILL NO. _____

Amendment offered to Senate Bill 375

Section 5. [amending 39-71-116, MCA]

Subsection (31)

Subsection (d); following "Title 37, chapter 5;" *strike* "or"

Subsection (e), following "Title 37, chapter 4."

insert " ; or

"(f) an advanced practice registered nurse licensed by the state of Montana under Title 37, chapter 8."

-END-

*Northwest
Women's
Health Care
Gynecology
Infertility*

CHARLES B. LUDDEN, M.D., P.C.

Diplomate of the American College of Obstetrics and Gynecology
Fellow of The American College of Obstetrics and Gynecology

75 Claremont Street • Kalispell, Montana 59901 • 406 752-8282 • FAX 406 257-2225

SENATE LABOR & EMPLOYMENT

EXHIBIT NO. 9

DATE Feb 16, 1995

BILL NO. SB 375

February 21, 1995

RM 439

SEC. MARY F.

Senate Committee Members
Labor & Employment Relations Committee

RE: Senate Bill #375 - Sponsored by Steve Benedict

Dear Committee Members:

This letter is in support of Senate Bill #375 recognizing Advanced Practice Nurses for reimbursement through the Workman's Compensation Program.

As has been well documented, Advanced Practice Nurses deliver an extensive amount of health care to rural and urban Montanans. I feel it would be an omission to quality care to limit reimbursement to this provider for care of Montana citizens.

Yours truly,

Susanne

Susanne Burgess, R.N., W.H.C.N.P.

SB/mh

SENATE LABOR & EMPLOYMENT
EXHIBIT NO. 10 10/16
DATE Feb 16, 1995
BILL NO. SB 375

Members of the Senate Labor Committee

My name is Jim Nys, I am a business man here in Helena. I urge your support of SB 375 in order to reduce the workers' compensation benefits paid to workers under current law.

In the eight years I have been in business I have had only two injuries which were for more than a few hundred dollars.

1. Three years ago, I had a worker who was hired for a two week job. The worker completed the job without incident. Three weeks later, she filed a claim with state fund stating she had pinched a nerve. Aside from the fact that state fund neglected to check out my evidence of fraud, the employee was placed on temporary disability. I discussed the claim with the individuals "rehab" counselor who informed the claimant was fine and could return to work. We made numerous attempts to contact her for return to work and she refused. I thought that would be the end of the issue. When I received my premium modification report for the next year, I learned my "mod factor" had increased 34% because of the cost of paying the former employee's temporary disability and permanent disability. The permanent disability payment was, as I remember it, 5%. By the time the various additives for age and reduction for lifting capacity were added, she had a 28% disability rating and a check for \$14,000 in settlement. Even ignoring the issue of possible fraud it seems excessive given the fact that work was available to her and the rehab counselor released her with no restrictions. I also question if the practice of providing higher compensation to an individual based solely on their age violates the MONTANA CONSTITUTION and the GOVERNMENTAL CODE OF FAIR PRACTICE's prohibition on age discrimination in services by a state agency.

2. Last year, my modification factor went up an additional 45% based on a payment made to a woman who through out her neck while pulling up her panty hose in the bathroom at work. I must admit I am probably remiss under the Safety Culture Act for not having conducted training for my employees on the safe operation of this equipment.

Even though I believe in the principle of workers' compensation coverage for injuries in employment, I believe the current statute creates windfalls for some individuals that are out of proportion to the loss they have suffered. This bill is a step in the right direction to solve this problem, to allow us to enjoy lower workers' compensation premiums and to put that money in the pocket of productive employees as wages increases.

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.



VICTOR VETERINARY CLINIC

DONALD L. BUELKE, DVM, MS

100 CRITTER WAY
VICTOR, MONTANA 59875

PHONE (406) 642-3471

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

SENATE LABOR & EMPLOYMENT

EXHIBIT NO. 11 10/38

DATE Feb 16, 1995

BILL NO. SB 375

fax

t r a n s m i t t a l

to: Rep. Steve Benedict
Senate Labor Committee

fax: 449-4218

from: Don Buelke

date: February 16, 1995

re: Worker's Compensation Reform

pages: 1

NOTES: I strongly support your effort to reform Work Comp benefits. In the 25 years I have done business in this state, it has always appeared that benefits were out of line for prevailing wages. And over the years I have personally known individuals who "played" the system for all they could get, while paying rates much higher than colleagues in other states.

EXHIBIT NO. 12 1 of 1DATE Feb 16 1995BILL NO. SB 375**SHAWN SHANAHAN,
R.N., W.H.C.N.P.***Women's Health Care Nurse Practitioner**Montana Licensed**1292 Burns Way**Helena, Montana 59901**Telephone (406) 762-0308**Fax (406) 762-0314*

*Room 439
Mary Flanagan*

February 20, 1995

Members of Senate Labor and Employment Relations Committee

Re: Senate Bill 375 sponsored by Steve Benedict

Please reinsert Advanced Practice Registered Nurses in the list of approved providers in the Workman's Compensation Act as submitted by the American Nurse's Association by voting FOR Senate Bill 375 on February 22.

Thank you,

Shawn Shanahan, R-NC, MSN

Shawn Shanahan, RNC, MSN

DATE February 16, 1995SENATE COMMITTEE ON Labor & Employment RelationsBILLS BEING HEARD TODAY: SB 375 + SB 374

< ■ >

PLEASE PRINT

< ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
John R. Bandy	MT claims Service	374		X
W James Kumbel	Liberty Northwest Ins.	374		X
Rick Hull	Shale Dred B&D	374	X	
Charles R. Brooks	Billings Chamber	^{SB} 375	X	
Carl Svensson	State Fund	374	X	
Steven Shapiro	MT Nurses Assn	375	X	
Don Judge	MT STATE AFL-CIO	^{SB} 375		X
Tom Foley	AFSCME			X
Lynn Davis	Business	375		
George Hagerman	AFSCME	375		✓
Jerry Driscoll	MT State Building Trades	374 375		✓
ARS ERICSON	CARPENTERS	374 375		✓
Kent Kleinkopf	BCRC	374 375		X
Larry Zando	WELLS COASTAL	374 375		X

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE February 16, 1995

SENATE COMMITTEE ON Labor + Employment + Relations

BILLS BEING HEARD TODAY: SB 375 + SB 374

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
WILLIAM SHAW	BILLINGS CLINIC	375		X
JOHN R. BARRY	MT. CLARK SERVICE	375		
William James Kembel	Liberty Northwest Ins	375	X	
Rich Zell	State Fund Bd	375	X	
Charles R. Brooks	Billings Chamber	375	X	
Robert White	Boreman Chamber	375	X	
CHUCK HUNTER	D.O.L.E.	375	X	
Steve Turkiewicz	Mr. Auto Dealers Assn	375	X	
CURT LAINGEN	MT MOTOR CARRIERS ASSN	375	X	
DEBBIE BERNET	PIA - PROX. INC. of MT	375	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 2/16/95

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
<i>George Wood</i>	<i>Int. Self Insurance Assoc</i>	<i>375</i>	<i>X</i>	
<i>Jacqueline Denmark</i>	<i>Am. Ins. Ass'n</i>	<i>374</i>		<i>X</i>
<i>Jacqueline Denmark</i>	<i>Am. Ins. Ass'n</i>	<i>375</i>	<i>X</i>	
<i>Henry Muraw</i>	<i>MET/MFSE</i>	<i>375</i>		<i>X</i>
<i>Riley Johnson</i>	<i>UFIB</i>	<i>SB 374</i> <i>SB 375</i>	<i>X</i> <i>X</i>	
<i>Greg Van Horn</i>	<i>State Farm Ins. Co.</i>	<i>374</i>		<i>X</i>
<i>Greg Van Horn</i>	<i>State Farm Ins. Co.</i>	<i>375</i>	<i>X</i>	
<i>KEITH L. OLSON</i>	<i>MT. Logging Assn.</i>	<i>374</i>	<i>✓</i>	
<i>Jim Hunt</i>	<i>Mont. Trial Lawyers</i>	<i>375</i>		<i>✓</i>
<i>John McAleer</i>	<i>M.F.T.</i>	<i>375</i>		<i>X</i>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY