

SENATE BILL NO. 64

INTRODUCED BY ELLIOTT

IN THE SENATE

January 6, 1981	Introduced and referred to Committee on Labor and Employment Relations.
January 14, 1981	Committee recommend bill do pass. Report adopted.
January 15, 1981	Bill printed and placed on members' desks.
January 17, 1981	Rereferred to Committee on Labor and Employment Relations.
February 10, 1981	Committee recommend bill do pass. Report adopted.
February 11, 1981	Bill printed and placed on members' desks.
February 12, 1981	Second reading, do pass.
February 13, 1981	Correctly engrossed.
February 14, 1981	Third reading, passed. Ayes, 28; Noes, 21. Transmitted to House.

IN THE HOUSE

February 16, 1981	Introduced and referred to Committee on State Administration.
March 19, 1981	Committee recommend bill be concurred in. Report adopted.
March 26, 1981	Second reading, pass consideration.
March 27, 1981	Second reading, pass consideration until 71st legislative day.

April 2, 1981

Second reading, pass consideration.

April 3, 1981

Second reading, concurred in.

April 4, 1981

Third reading, concurred in.
Ayes, 53; Noes, 47.

IN THE SENATE

April 6, 1981

Returned from House. Concurred in. Sent to enrolling.

Reported correctly enrolled.

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2 INTRODUCTION BY ELLIOTT

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT TOTAL
5 DISABILITY COMPENSATION BENEFITS WILL TERMINATE WHEN A
6 CLAIMANT RECEIVES RETIREMENT SOCIAL SECURITY BENEFITS OR
7 WHEN DISABILITY SOCIAL SECURITY BENEFITS ARE CONVERTED TO
8 RETIREMENT BENEFITS."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Termination of total disability benefits
12 upon retirement. If a claimant is receiving total disability
13 compensation benefits and the claimant receives retirement
14 social security benefits or disability social security
15 benefits paid to the claimant are converted by law to
16 retirement benefits, the claimant is considered to be
17 retired and no longer in the open labor market. When the
18 claimant is considered retired, the liability of the insurer
19 is ended for payment of such compensation benefits. This
20 section does not apply to permanent partial disability
21 benefits. Medical benefits are expressly reserved to the
22 claimant.

-End-

INTRODUCED BILL

SB 64

FISCAL NOTE

Form BD-15

In compliance with a written request received March 16, 1981, there is hereby submitted a Fiscal Note for SB 64 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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

Description of Proposed Legislation:

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

Assumptions:

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

Projections based on payouts:

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

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

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

*** Estimated Figures**

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

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-17-81

Approved by Committee
on Labor & Employment
Relations

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-End-

SECOND READING

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REFERENCE BILL
SB-64