

HB 618 INTRODUCED BY RAPP-SVRCEK, ET AL.
WORKERS' COMPENSATION DIVISION CHARGE NATIONAL
COUNCIL ON COMPENSATION INSURANCE
MINIMUM FEE TO PROCESS PLAN NO. 3 POLICY

2/05 INTRODUCED
2/05 REFERRED TO BUSINESS & LABOR
2/06 FISCAL NOTE REQUESTED
2/10 FISCAL NOTE RECEIVED
2/11 TABLED IN COMMITTEE

1 House BILL NO. 618
 2 INTRODUCED BY Larry Smith, Dankeo P. Smith
 3 Stacy Quisell
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE DIVISION
 5 OF WORKERS' COMPENSATION TO CHARGE A MINIMUM FEE ON EACH
 6 CONTRACT AND POLICY OF INSURANCE ISSUED UNDER COMPENSATION
 7 PLAN NO. 3 SUFFICIENT TO COVER THE COST OF ADMINISTERING THE
 8 CONTRACT OR POLICY; AND PROVIDING AN APPLICABILITY DATE."

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

11 Section 1. Minimum fee to administer policy. In
 12 addition to the premium charged to an employer under
 13 39-71-2302 the division shall charge a minimum fee on each
 14 contract and policy of insurance sufficient to cover the
 15 cost of administering the contract or policy. The fee must
 16 be determined by using the cost figures for processing a
 17 contract or policy as set by the national council on
 18 compensation insurance.

19 Section 2. Extension of authority. Any existing
 20 authority of the division of workers' compensation to make
 21 rules on the subject of the provisions of this act is
 22 extended to the provisions of this act.

23 Section 3. Codification instruction. Section 1 is
 24 intended to be codified as an integral part of Title 39,
 25 chapter 71, part 23, and the provisions of Title 39, chapter

1 71, part 23, apply to section 1.
 2 Section 4. Applicability. This act applies to
 3 contracts and policies of insurance issued on or after
 4 October 1, 1987.

-End-



-2- INTRODUCED BILL
 HB-618

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB618, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to require the Division of Workers' Compensation to charge a minimum fee on each contract and policy of insurance issued under Compensation Plan No. 3 sufficient to cover the cost of administering the policy; amending section 39-71-2304, MCA and providing an applicability date.

ASSUMPTIONS:

1. All policies currently paying no premium (approximately 4,000) would cancel and reinstate coverage only if needed. All other policies (about 22,000) would pay an annual fee of \$120.
2. The billing for this fee could be combined with existing mailings.
3. Necessary forms and computer program modifications would be necessary.

FISCAL IMPACT:

Revenues:

22,000 policies X \$120 per year = \$2,640,000

Expenditures:

	<u>FY88</u>	<u>FY89</u>
Personal Services	\$ 3,926	\$ 3,926
Contracted Services	\$ 13,600	\$ 0
Net Impact	\$ 2,622,474	\$ 2,636,074

The \$2.6M for year would offset a portion of rate increases that would otherwise be necessary to cover the unfunded liability in the state fund. The bill would shift costs to the approximately 22,000 employers to whom a \$120 fee would be an increase of their current payment.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

None.

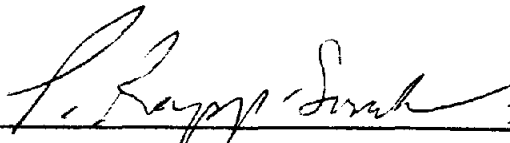
LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

None.

TECHNICAL OR MECHANICAL DEFECTS IN PROPOSED LEGISLATION OR CONFLICTS WITH EXISTING LEGISLATION:

None.

 DATE 2/9/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE _____
PAUL RAPP-SVRCEK, PRIMARY SPONSOR

Fiscal Note for HB618, as introduced.

HB 618