

HOUSE BILL NO. 511

INTRODUCED BY HIBBARD, HARPER, BERGSAGEL,
DRISCOLL, COCCHIARELLA, EWER

IN THE HOUSE

FEBRUARY 6, 1993	INTRODUCED AND REFERRED TO SELECT COMMITTEE ON WORKERS' COMPENSATION. FIRST READING.
MARCH 11, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED. ON MOTION, REREFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.
MARCH 12, 1993	PRINTING REPORT.
MARCH 20, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 22, 1993	PRINTING REPORT.
MARCH 25, 1993	SECOND READING, DO PASS. ON MOTION, PLACED ON THIRD READING THIS DAY. THIRD READING, PASSED. AYES, 71; NOES, 28.
MARCH 26, 1993	ENGROSSING REPORT. TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 26, 1993	INTRODUCED AND REFERRED TO SELECT COMMITTEE ON WORKERS' COMPENSATION. FIRST READING.
APRIL 6, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
APRIL 7, 1993	ON MOTION, CONSIDERATION PASSED FOR THE DAY.
APRIL 8, 1993	SECOND READING, CONCURRED IN.

APRIL 12, 1993

THIRD READING, CONCURRED IN.
AYES, 36; NOES, 12.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 12, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *511*
 2 INTRODUCED BY *William Harper*
 3 *Cocchiarella*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE
 5 DEPARTMENT OF LABOR AND INDUSTRY TO DEVELOP A WORKERS'
 6 COMPENSATION DATA BASE SYSTEM TO GENERATE MANAGEMENT
 7 INFORMATION ON MONTANA'S WORKERS' COMPENSATION SYSTEM; AND
 8 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

11 NEW SECTION. Section 1. Workers' compensation data
 12 base system. (1) The department shall develop a workers'
 13 compensation data base system to generate management
 14 information about Montana's workers' compensation system.
 15 The data base system must be used to collect and compile
 16 information from insurers, employers, medical providers,
 17 claimants, adjusters, rehabilitation providers, and the
 18 legal profession. Data collected must be used to provide
 19 management information to the legislative and executive
 20 branches for the purpose of making policy and management
 21 decisions, including but not limited to:

22 (a) performance information to enable the state to
 23 enact remedial efforts to ensure quality, control abuse, and
 24 enhance cost control;

25 (b) information on medical indemnity costs,

1 utilization, and trends; and

2 (c) information on litigation and attorney involvement
 3 for the purpose of identifying trends, problem areas, and
 4 the costs of legal involvement.

5 (2) The department is authorized to collect from
 6 insurers, employers, medical providers, the legal
 7 profession, and others the information necessary to generate
 8 the workers' compensation data base system.

9 (3) (a) The department shall take all steps necessary
 10 to have the workers' compensation data base system fully
 11 operational by July 1, 1995.

12 (b) After the workers' compensation data base system is
 13 operational, the department shall publish an annual report
 14 and may publish quarterly reports on the information
 15 compiled.

16 NEW SECTION. Section 2. Codification instruction.
 17 [Section 1] is intended to be codified as an integral part
 18 of Title 39, chapter 71, part 2, and the provisions of Title
 19 39, chapter 71, part 2, apply to [section 1].

20 NEW SECTION. Section 3. Effective date. [This act] is
 21 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0511, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act directing the Department of Labor and Industry to develop a workers' compensation data base system to generate management information on Montana's workers' compensation system, etc.

ASSUMPTIONS:

Department of Labor and Industry:

1. Staffing assumptions: (assumes Plan III will provide electronic data, otherwise staffing estimate beginning FY96 would be 2.00 more FTE--statistical clerk and statistical technician). There would be 2.00 FTE added and 2.00 FTE redirected from current level, as follows:
 - a) 1.00 FTE Research Specialist IV, grade 15/entry, to work with programmers to develop the database in FY94/FY95, for supervision of clerical and professional staff in work group; to analyze data produced by the work group.
 - b) 1.00 FTE Research Specialist III, grade 14/entry, to work with programmers to develop the database in FY94/FY95, for programming on a PC and loading of reports/programs to the mainframe or LAN; to extract out data required by Research Analyst IV; also, to maintain system once the system is developed.
 - c) 1.00 FTE Statistician IV, grade 14, to organize and prepare reports, advise on actuarial matters and in other areas requiring the skill and management of a statistician for program management information. This is currently a position in Research, Safety, and Training Division, and therefore, a part of current law.
 - d) 1.00 FTE Statistical Technician I, Grade 9/step 2, for data coding of accident-related information for the existing Workers' Compensation data base for Plan I and II insurance carriers, so that the data base is ready upon conversion to support MIS analysis for policy and trend decisions, as described in the proposed legislation. This is currently a position in Research, Safety, and Training Division, and therefore, a part of current law.
2. Operating cost assumptions: the average cost for similar activities is \$11,146. Training costs would occur, however, to learn the new MIS system. The positions that exist in RSTD would bring their desks, file cabinets, chairs and hutches with them. Existing ERD staff would assist the new staff in start-up tasks of developing new forms, developing and noticing new administrative rules, and traveling to educate insurers and adjusters on the use of the new data forms required to systematize data entry. The cost of promulgating administrative rules is based on assumption of 10 pages of rules changes.
3. Because of the developmental nature of this project, DLI would need a biennial appropriation rather than splitting appropriations by fiscal years. Costs will be incurred for the first two years of this MIS project for system development, outside technical review, NCCI tape access programming, and conversion of the workers' compensation insurance database on the mainframe. One-time hardware, software and wiring costs will also be required to complete this proposed MIS project.

(continued)

David Lewis 2-2-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Chase Hibbard 2/12/93
CHASE HIBBARD, PRIMARY SPONSOR DATE

Fiscal Note for HB0511, as introduced

HB 511

ASSUMPTIONS:

State Compensation Mutual Insurance Fund:

1. There will be program development and operational costs for the State Fund to generate the data file submission to the Department of Labor and Industry.
2. The State Fund will need to have its program development completed prior to July 1, 1995, the date on which the Department of Labor and Industry must be fully operational.
3. All programming hours will be contracted.
4. Additional costs incurred by the Department of Labor and Industry would be assessed to workers compensation carriers. The State Fund's assessment for DLI insurance compliance/claims management costs is estimated to be 65% in the 1995 biennium.

FISCAL IMPACT:

Expenditures:

Department of Labor and Industry:

Employment Relations Div (Pg 04)

	FY '94			FY '95		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	60.55	63.55	2.00	60.55	63.55	2.00
Personal Services	1,813,414	1,877,244	63,830	1,817,143	1,882,391	65,248
Operating Expenses	943,410	1,121,743	178,333	926,413	1,084,481	158,068
Equipment	87,020	205,020	118,000	87,020	87,020	0
Benefits	<u>1,628,827</u>	<u>1,628,827</u>	<u>0</u>	<u>1,769,827</u>	<u>1,769,827</u>	<u>0</u>
Total	4,472,671	4,832,834	360,163	4,600,403	4,823,719	223,316
Funding:						
General Fund	348,118	348,118	0	319,589	319,589	0
State Special Revenue	1,723,306	2,083,469	360,163	1,722,779	1,762,886	40,107
Federal Revenue	635,365	635,365	0	632,662	632,662	0
Proprietary Revenue	<u>1,765,882</u>	<u>1,765,882</u>	<u>0</u>	<u>1,925,373</u>	<u>1,925,373</u>	<u>0</u>
Total	4,472,671	4,832,834	360,163	4,600,403	4,823,719	223,316

(continued)

FISCAL IMPACT:

State Compensation Mutual Insurance Fund:

	<u>FY '94</u>			<u>FY '95</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	224.50	224.50	0.00	227.50	227.50	0.00
Personal Services	6,498,681	6,498,681	0	6,584,924	6,584,924	0
Operating	3,615,187	3,632,987	17,800	3,922,172	3,929,372	7,200
Equipment	310,066	310,066	0	236,597	236,597	0
Benefits	166,027,953	166,027,953	0	182,948,465	182,948,465	0
Transfers	2,839,300	3,073,406	234,106	2,716,695	2,861,850	145,155
Debt Service	<u>134,256</u>	<u>134,256</u>	<u>0</u>	<u>221,580</u>	<u>221,580</u>	<u>0</u>
Total (Proprietary)	\$179,425,443	\$179,867,594	\$251,906	\$196,630,433	\$196,782,788	\$152,355

Revenues:

Department of Labor and Industry:

WC Assessments (02)	3,197,368	3,557,531	360,163	3,199,373	3,422,689	223,316
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments which self-insure would be assessed for the additional costs incurred by the Department of Labor.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Beginning in FY96, an additional 2.00 FTE would be requested by the Department of Labor as the system moves from a developmental stage into implementation. Additional on-going staff needs will be as follows:

- a) 1.00 FTE Statistical Clerk, grade 7, for data entry of Plan I and II information.
- b) 1.00 FTE Technical Writer II, grade 13, for meeting the proposed legislation's intent to properly prepare and submit annual, quarterly and special issue reports to the entities dealing with policy and control on Workers' Compensation insurance costs and programs.

*Referred by the
Select Committee
on Workers
Compensation.*

53rd Legislature

RE-REFERRED AND
APPROVED BY COMMITTEE
ON LABOR & EMPLOYMENT
RELATIONS

HB 0511/02

HB 0511/02

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DEPARTMENT OF LABOR AND INDUSTRY TO DEVELOP A WORKERS'
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INFORMATION ON MONTANA'S WORKERS' COMPENSATION SYSTEM; AND
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The data base system must be used to collect and compile
information from insurers, employers, medical providers,
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branches for the purpose of making policy and management
decisions, including but not limited to:

(a) performance information to enable the state to
enact remedial efforts to ensure quality, control abuse, and
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(b) information on medical, indemnity, AND
REHABILITATION costs, utilization, and trends; and

(c) information on litigation and attorney involvement
for the purpose of identifying trends, problem areas, and
the costs of legal involvement.

(2) The department is authorized to collect from
insurers, employers, medical providers, the legal
profession, and others the information necessary to generate
the workers' compensation data base system.

(3) THE WORKERS' COMPENSATION DATA BASE SYSTEM MUST BE
DESIGNED IN ACCORDANCE WITH THE FOLLOWING PRINCIPLES:

(A) AVOIDANCE OF DUPLICATION AND INCONSISTENCY;

(B) REASONABLE AVAILABILITY OF DATA ELEMENTS;

(C) VALUE OF INFORMATION COLLECTED TO BE COMMENSURATE
WITH THE COST OF RETRIEVING THE COLLECTED INFORMATION;

(D) UNIFORMITY TO PERMIT EFFICIENCY OF COLLECTION AND
TO ALLOW INTERSTATE COMPARISONS;

(E) A WORKABLE MECHANISM TO ENSURE THE ACCURACY OF THE
DATA COLLECTED AND TO PROTECT THE CONFIDENTIALITY OF
COLLECTED DATA;

(F) REASONABLE AVAILABILITY OF THE DATA AT A FAIR COST
TO THE USER;

(G) A BROAD APPLICATION TO PLAN NO. 1, PLAN NO. 2, AND
PLAN NO. 3 INSURERS;

(H) COMPATIBILITY WITH ELECTRONIC DATA REPORTING;

1 (I) REPORTING PROCEDURES THAT CAN BE HANDLED THROUGH
2 PRIVATE DATA COLLECTION SYSTEMS THAT ADHERE TO THE
3 PROVISIONS OF SUBSECTIONS (3)(A) THROUGH (3)(H);

4 (J) IMPLEMENTATION OF REPORTING REQUIREMENTS THAT ALLOW
5 REASONABLE LEAD TIME FOR COMPLIANCE.

6 ~~†3†~~(4) (a) The department shall take all steps
7 necessary to have the workers' compensation data base system
8 fully operational by July 1, 1995.

9 (b) After the workers' compensation data base system is
10 operational, the department shall publish an annual report
11 and may publish quarterly reports on the information
12 compiled.

13 NEW SECTION. Section 2. Codification instruction.
14 [Section 1] is intended to be codified as an integral part
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