
AGENCY OVERVIEW

485 WORKFORCE SAFETY AND INSURANCE

Date: 12/13/2006

Time: 09:42:09

STATUTORY AUTHORITY

North Dakota Century Code Title 65.

AGENCY DESCRIPTION

The ND Workforce Safety and Insurance department works to provide the best possible service to the employees and employers of North Dakota, to provide an economical form of no-fault insurance for North Dakota employers, and to provide a fair reimbursement to medical providers service to injured workers.

AGENCY MISSION

Our Mission is Our Passion. Our Passion is North Dakota's Workforce. To Us, It's Personal.

AGENCY PERFORMANCE MEASURES

The following statistics are measured and monitored by WSI's management and Board of Directors:

- Covered workforce
- Employer accounts
- Risk management program employers
- Small account safety incentive program (SASIP) employers
- Earned premiums
- Average annual premium adjustments
- Fund surplus, with 5% discount on liabilities
- Restricted surplus, based on 2005 legislation
- Funding ratio, based on 2005 legislation
- Invested assets
- Investment returns
- General and Administrative Expenses
- General and Administrative Expense ratio
- Unallocated Loss Adjustment Expense (ULAE)
- Unallocated Loss Adjustment Expense (ULAE) ratio
- Total claims filed
- Medical-only claims filed
- Wage-loss claims filed
- Indemnity benefits paid
- Medical benefits paid

Allocated Loss Adjustment Expense (ALAE) paid
Total paid costs
Third party recoveries
Maximum weekly wage-loss benefit
Minimum weekly wage-loss benefit
Claims pending over 60 days
Claims accepted/denied within 7 days
Claims accepted/denied within 14 days
Claims accepted/denied within 21 days
Claims accepted/denied within 31 days
Callers' average time on hold
WSI employee turnover rate
WSI analyst turnover rate

MAJOR ACCOMPLISHMENTS

Continued a strong and stable workers' compensation fund, surplus was \$469 million at June 2005.
Premium rates in North Dakota are the lowest in the nation according to Oregon study.
Ranked in the top half nationally, according to NASI study, on the amount of North Dakota injured worker benefits paid.
Implemented pharmacy benefit manager (PBM) program to control prescription drug costs
Established loss control department to assist policyholders in controlling cost of claims.
Dedicated \$35 million for policyholder safety programs.
Dedicated \$15 million for injured worker student loans.
Declared a 40% premium dividend to policyholders for the second consecutive year.

FUTURE CRITICAL ISSUES

The requested budget will support the current staffing level for all four major programs, including Employer Services, Injury Services, Support Services, and Executive Administration including all salaries and wages, operating expenses, and capital asset purchases

REQUEST SUMMARY

485 WORKFORCE SAFETY AND INSURANCE

Biennium: 2007-2009

Bill#: SB 2021

Date: 12/13/2006

Time: 09:42:09

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
BY MAJOR PROGRAM					
EXECUTIVE AND OTHER SERVICES	5,743,085	6,680,248	759,599	7,439,847	0
SUPPORT SERVICES	9,508,077	10,129,287	14,014,924	24,144,211	0
INJURY SERVICES	9,805,145	11,291,839	2,464,854	13,756,693	0
EMPLOYER SERVICES	5,612,649	5,421,628	2,527,535	7,949,163	0
TOTAL MAJOR PROGRAMS	30,668,956	33,523,002	19,766,912	53,289,914	0
BY LINE ITEM					
WORKERS COMP OPERATIONS	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL LINE ITEMS	30,668,956	33,523,002	19,766,912	53,289,914	0
BY FUNDING SOURCE					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL FUNDING SOURCE	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL FTE	227.00	223.14	15.00	238.14	.00

REQUEST DETAIL

Date: 12/13/2006

485 WORKFORCE SAFETY AND INSURANCE

Bill#: SB 2021

Time: 09:42:09

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
SPECIAL LINES					
WORKERS COMP OPERATIONS	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL	30,668,956	33,523,002	6,084,667	53,289,914	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL	30,668,956	33,523,002	19,766,912	53,289,914	0
FUNDING SOURCES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	30,668,956	33,523,002	19,766,912	53,289,914	0
TOTAL FUNDING SOURCES	30,668,956	33,523,002	19,766,912	53,289,914	0

CHANGE PACKAGE SUMMARY

485 WORKFORCE SAFETY AND INSURANCE

Biennium: 2007-2009

Bill#: SB 2021

Date: 12/13/2006

Time: 09:42:09

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
AGENCY BUDGET CHANGES					
Cost To Continue	.00	0	0	1,386,105	1,386,105
1 Costs to Continue	.00	0	0	-315,107	-315,107
2 Professional Development	.00	0	0	501,573	501,573
3 Pay Grade Adjustments	.00	0	0	624,000	624,000
4 Additional FTE	10.00	0	0	1,386,586	1,386,586
5 Performance Increases	.00	0	0	1,109,315	1,109,315
6 Investment in IT Plan	.00	0	0	14,000,000	14,000,000
7 Staffing Increase	5.00	0	0	451,050	451,050
8 05-07 HB1050 Increases	.00	0	0	623,390	623,390
Agency Total	15.00	0	0	19,766,912	19,766,912

BUDGET CHANGES NARRATIVE

485 WORKFORCE SAFETY AND INSURANCE

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Change Group: A	Change Type: A	Change No: 1	Priority: 2
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Costs to Continue - Funding needed to continue existing operations.

Funding needed to continue existing operations.

Change Group: A	Change Type: A	Change No: 2	Priority: 4
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Professional Development - Funding needed for professional development of WSI staff. The benchmark is 4% of payroll.

Funding needed for professional development of WSI staff. The benchmark is 4% of payroll.

Change Group: A	Change Type: A	Change No: 3	Priority: 5
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Pay Grade Adjustments - Funding needed to keep WSI pay grades consistent with market conditions.

Funding needed to keep WSI pay grades consistent with market conditions.

Change Group: A	Change Type: A	Change No: 4	Priority: 3
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Additional FTE - Funding needed for new employees, including payroll, benefits, and related operating expenses.

Funding needed for new employees, including payroll, benefits, and related operating expenses.

Change Group: A	Change Type: A	Change No: 5	Priority: 6
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Performance Increases - Funding needed for salary and wage increases in the next biennium, calculated at 3.25% in each year.

Funding needed for salary and wage increases in the next biennium, calculated at 3.25% in each year.

Change Group: A	Change Type: A	Change No: 6	Priority: 1
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Investment in IT Plan - Funding needed for WSI's IT plan, including projects such as claims & policy system replacement, web portal, data warehouse, customer relationship management system, and learning management system.

Funding needed for WSI's IT plan, including projects such as claims & policy system replacement, web portal, data warehouse, customer relationship management system, and learning management system.

Change Group: A	Change Type: A	Change No: 7	Priority: 7
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Staffing Increase - Funding needed for salary, wage, and operating expenses due the addition of 5 claims' adjusters in the next biennium. The total expenses for this increase in staffing is \$451, 050 for the biennium.

Funding needed for salary, wage, and operating expenses due the addition of 5 claims' adjusters in the next biennium. The total expenses for this increase in staffing is \$451,050 for the biennium.

Change Group: A	Change Type: A	Change No: 8	Priority: 8
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05-07 HB1050 Increases - Due to the Attorney General's ruling, WSI was required to compensate employees for the 4% and 4% pay increases as specified by HB 1050.

Due to the Attorney General's ruling, WSI was required to compensate employees for the 4% and 4% pay increase as specified by HB1050.

Change Group: A	Change Type: A	Change No: 100	Priority:
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OMB Salaries Cost to Continue -

Executive Recommendation to increase salaries for cost-to-continue the 2005-07 salary increases of 4% and 4%. The amount was calculated consistent with other State agencies.

Change Group: A	Change Type: A	Change No: 101	Priority:
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OMB Unfund New FTE - \$1,620,523 Salaries, \$161,890 Operating

Executive Recommendation to reduce salary budget by \$1.6 and 15.00 new FTE positions and associated operating expenses of \$161,890. The operating expenses of \$161,890 were put in a lump sum and entered only under Executive and Other Services.

Change Group: A	Change Type: A	Change No: 102	Priority:
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OMB Perf. and Market Increase - \$1,666,649

Executive Recommendation to reduce the salary line item by the 3.5% and 3.5% that the agency included in their request for 2007-09 salary increases and increases of \$600,000 included to continue making salary adjustments according to the market study.

Change Group: A	Change Type: A	Change No: 103	Priority:
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OMB HB 1050 - \$623,390

Executive Recommendation to reduce the salary budget by the amount it was increased to provide a 4% and 4% salary increase to all employees in the 05-07 biennium.

Change Group: A	Change Type: A	Change No: 104	Priority:
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OMB Prof.Develop. -

Executive Recommendation to reduce the significant increases in professional development tied to all adjustments that impact the salary line item.

Change Group: A	Change Type: A	Change No: 105	Priority:
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OMB Reinstate Operating Reduction - \$315,107

Executive Recommendation restores \$315,107 that the agency made to the operating budget.

Change Group: A	Change Type: A	Change No: 106	Priority:
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OMB Salary Cost to Continue - \$435,000

Executive Recommendation of \$435,000 for costs to continue salary increases consistent with the method used to calculate salary cost-to-continue for all state agencies.