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Alternative Service Concepts L.L.C.

A PROGRESSIVE RISK SOLUTIONS FIRM

March 20, 2003

Senate Committee on Commerce and Labor
State of Nevada
Legislative Building
Carson City, Nv. 89701

Re: SB 268

Attn: Senator McGinnes

Dear Sir:

ASC is the TPA for the Public Agency Compensation Trust, group self-insurers of most of the small public entities in the State of Nevada.

In the position as claim supervisor for PACT I see many employees who have returned to work from an industrial injury, but who require follow-up care many miles from their homes, and are required to take a full day off, and sometimes more, to seek specialist care.

Keep in mind the employer provides the benefit of sick pay days. It is a voluntarily provided benefit, or a benefit established through a bargaining unit. The employer would pay this benefit to the employee when the employee is ill.

This bill also requires that workers compensation pay this benefit. The employer basically has to pay the employee twice, once under workers compensation, and the second time by not subtracting a sick day on the day of medical travel, and allowing the employee to use it at a later date.

However, if the Senate feels this is an important issue, I would like to see your bill modified in a couple of places, as there are in it some conflicts with current statute.

First, to reimburse the employee at his full wage would violate the definition of temporary total disability, which is paid at 2/3 of the average weekly wage. The benefit should not be paid at more than 2/3 of earnings.

Second, trying to pay an employee for a 1 hour plus travel visit to a local doctor would be a nightmare to keep track of. Also, I have seen disputes arise as to the amount of travel, whether or not lunch should be covered, what the most direct route should be, etc. Also, it is not at all uncommon for a person who has a mid-

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1755 East Plumb Lane, Suite 267 • Reno, NV 89502
Phone: 775.329.1181 • 800.291.6826 • Fax: 775.329.7418

day medical appointment to take a full day off to attend it, even though he could easily work say, 6 of his 8-hour shift.

Third, a person that works part of a day is not temporarily totally disabled by statutory definition. Temporary total disability is defined as a day which an employee is temporarily totally disabled as verified by a physician or chiropractor. I would propose that only full days off work while seeking specialist care be considered.

Finally, I would suggest that trips of 150 miles each way be a criterion for the benefit under workers compensation. Using this criterion, employees would logically be off work a full day while seeking medical treatment.

I would suggest the following wording of your bill, if you elect to pass it:

1. ***In addition to any other benefits an injured employee is entitled to receive pursuant to chapters 616A to 617, inclusive, of NRS, and injured employee who previously qualified to receive temporary total disability because of his injury and must travel 150 miles or more from his home or place of employment to receive [s] medical treatment for his injury after he returns to work is entitled to receive temporary total disability [compensation at his regular hourly rate of pay for each hour] for each day he is absent from work for the purpose of receiving such medical treatment.***
- [2. ***An injured employee may not be required to use sick leave, annual leave, compensatory leave or any other leave for his absence from work for the purpose of receiving medical treatment pursuant to subsection 1.]***

Sec. 2. The act applies only to medical treatment which an injured employee receives on or after July 1, 2003, regardless of when the injury occurred.

Sec. 3. This act becomes effective on July 1, 2003.

Respectfully submitted,

Paul H. Aakervik
Claim Supervisor
ASC- Reno

Cc.: Wayne Carlson, Executive Director,
Public Agency Compensation Trust

Testimony re: SB 240
By Wayne Carlson
Executive Director
Public Agency Compensation Trust
201 S. Roop St., Suite 102
Carson City, NV 89701-4779
(775) 885-7475 Phone
(775) 883-7863 Fax
Carlson_we@poolpact.com

I. Introductory Remarks

SB 240 removes the provisions that rely on a long standing principle of workers compensation that the purpose of indemnity benefits is to replace income for the period during which the employee is disabled until such time as the employee has been returned to work either through recovery or through rehabilitation. When an employee dies, the period of disablement as respects spousal benefits has been based upon the period from the date of death until remarriage to follow the same principle as applied to a disability. This principle is distinguished from life insurance and annuities that are purchased with the intent to pay for a time certain or for life regardless of disability; whereas personal disability policies only pay during the period of disability.

In addition, SB 240 singles out one class of employee for this benefit, leaving out all others.

It is based upon this that we oppose SB 240 regardless of its fiscal impact.

II. Financial consequences of SB 240

In order to determine the fiscal impact of this bill, we examined the police officer death cases in our membership base and those cases involving heart disease that could lead to death. Then we attempted to estimate the probability of remarriage based upon our claims adjusters experience and the age and gender of the surviving spouse. Of course death can come from other causes, but these are ones most readily identifiable.

Below is a spreadsheet showing the results of those calculations. As can be seen, where the probability of remarriage is high, costs are low but rise significantly if the remarriage provision is removed as is done with SB240. The fiscal impact varies significantly based upon the age of the spouse and the probability of remarriage such that predicting the actual costs becomes quite difficult.

SENATE BILL 240
ESTIMATED INCREMENTAL FISCAL IMPACT IF NO REMARRIAGE PROVISION

Provided by Wayne Carlson, Public Agency Compensation Trust
March 2003

Employment duties	Cause of death	Spouse	Approximate Age of spouse	Life expectancy of spouse	Probability of remarriage	CURRENT Cost of Claim under SB 240 \$32,170/year x % probability of remarriage	ADDITIONAL Cost of Claim under SB 240 \$32,170/year with no remarriage provision	Approximate Ages of dependent children (if any)	(if any)
ACTUAL DEATH CASES									
Police Officer	fall	none				0	0	none	
Police Officer	drowning	yes	53	35	20%	\$ 900,760	\$ 225,190	none	
Retired Police Officer	heart attack	yes	52	35	20%	\$ 900,760	\$ 225,190	none	
TOTAL:						\$ 1,801,520	\$ 450,380		
POTENTIAL DEATH CASES*									
	Potential cause of death								
Police Officer	heart	yes	62	25	30%	\$ 562,975	\$ 241,275	none	
Police Officer	heart	yes	72	10	0%	\$ 321,700	\$ -	none	
Police Officer	heart	yes	67	20	10%	\$ 579,060	\$ 64,340	none	
Police Officer	heart	yes	62	25	30%	\$ 562,975	\$ 241,275	none	
Police Officer	heart	yes	42	45	75%	\$ 361,913	\$ 1,085,738	7,13,15	
Police Officer	heart	yes	52	35	75%	\$ 281,488	\$ 844,463	17, 19	
Police Officer	heart	no				\$ -	\$ -	none	
Police Officer	heart	no				\$ -	\$ -	none	
TOTAL:						\$ 2,670,110	\$ 2,477,090		

* each with currently accepted claim for heart condition

NOTE: Police cases usually result in the maximum indemnity benefit payment