

ASSEMBLY BILL NO. 370—ASSEMBLYMAN DALY

MARCH 20, 2019

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to workers' compensation. (BDR 53-6)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to industrial insurance; authorizing the use of money in the Fund for Workers' Compensation and Safety in the State Treasury to make certain payments; eliminating the authority of the Administrator of the Division of Industrial Relations of the Department of Business and Industry to make certain payments from the Uninsured Employers' Claim Account in the Fund for Workers' Compensation and Safety; revising provisions providing for an annual increase in benefits for permanent total disability; authorizing assessments against certain employers to defray the costs of certain compensation for permanent total disability; repealing provisions authorizing annual payments to certain persons who are entitled to compensation for permanent total disability; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for an annual increase in compensation in the amount of
2 2.3 percent to claimants or dependents thereof who are entitled to compensation for
3 permanent total disability under industrial insurance for an industrial injury or
4 disablement from an occupational disease that occurs on or after January 1, 2004.
5 (NRS 616C.473) Existing law provides for a single annual payment to claimants
6 and their dependents who are entitled to receive compensation for permanent total
7 disability but are not entitled to the 2.3 percent annual increase in that
8 compensation because the industrial injury or disablement occurred before
9 January 1, 2004. (NRS 616C.453) Existing law provides that such annual payments
10 are paid from the Uninsured Employers' Claim Account in the Fund for Workers'
11 Compensation and Safety in the State Treasury, an account which is funded by



* A B 3 7 0 *

assessments against insurers and certain employers who provide accident benefits for injured employees. (NRS 616A.430)

Existing law sets forth the uses of money and securities in the Fund for Workers' Compensation and Safety. (NRS 616A.425) **Section 1** of this bill provides that money in the Fund may also be used to pay the salary and other expenses of administering the payment of increased compensation to claimants and dependents of claimants who are entitled to compensation for permanent total disability caused by industrial injuries and disablements from occupational diseases that occurred before January 1, 2004.

Section 3 of this bill provides for a 2.3 percent annual increase in compensation for permanent total disability to claimants and dependents of claimants who are entitled to such compensation due to an industrial injury or disablement which occurred before January 1, 2004, with compensation to be increased on January 1, 2020, and on January 1 each year thereafter.

Section 4 of this bill provides that assessments against employers who provide accident benefits for injured employees may be used to defray the costs of compensation payable to claimants and dependents of claimants who are entitled to such compensation due to an industrial injury or disablement which occurred before January 1, 2004.

Section 7 of this bill repeals provisions which authorize a single annual payment to claimants and their dependents who are entitled to receive compensation for permanent total disability but are not entitled to the 2.3 percent annual increase in that compensation. **Section 2** of this bill eliminates the authority of the Administrator of the Division of Industrial Relations of the Department of Business and Industry to make the annual payments from the Uninsured Employers' Claim Account in the Fund for Workers' Compensation and Safety.

Sections 5 and 6 of this bill set forth the calculation of the base amount of the annual compensation of a claimant or a dependent of a claimant who is entitled to receive future increases in that compensation for a permanent total disability caused by an industrial injury or a disablement from an occupational disease that occurred before January 1, 1994.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 616A.425 is hereby amended to read as follows:

616A.425 1. There is hereby established in the State Treasury the Fund for Workers' Compensation and Safety as an enterprise fund. All money received from assessments levied on insurers and employers by the Administrator pursuant to NRS 232.680 must be deposited in this Fund.

2. All assessments, penalties, bonds, securities and all other properties received, collected or acquired by the Division for functions supported in whole or in part from the Fund must be delivered to the custody of the State Treasurer for deposit to the credit of the Fund.

3. All money and securities in the Fund must be used to defray all costs and expenses of administering the program of workers' compensation, including the payment of:



(a) All salaries and other expenses in administering the Division of Industrial Relations, including the costs of the office and staff of the Administrator.

(b) All salaries and other expenses of administering NRS 616A.435 to 616A.460, inclusive, the offices of the Hearings Division of the Department of Administration and the programs of self-insurance and review of premium rates by the Commissioner.

(c) The salary and other expenses of a full-time employee of the Legislative Counsel Bureau whose principal duties are limited to conducting research and reviewing and evaluating data related to industrial insurance.

(d) All salaries and other expenses of the Fraud Control Unit for Industrial Insurance established pursuant to NRS 228.420.

(e) Claims against uninsured employers arising from compliance with NRS 616C.220 and 617.401.

(f) That portion of the salaries and other expenses of the Office for Consumer Health Assistance of the Department of Health and Human Services established pursuant to NRS 232.458 that is related to providing assistance to consumers and injured employees concerning workers' compensation.

(g) The salary and other expenses of administering the payment of compensation to claimants and dependents pursuant to subsection 2 of NRS 616C.473.

4. The State Treasurer may disburse money from the Fund only upon written order of the Controller.

5. The State Treasurer shall invest money of the Fund in the same manner and in the same securities in which the State Treasurer is authorized to invest state general funds which are in his or her custody. Income realized from the investment of the assets of the Fund must be credited to the Fund ~~to~~ *to defray the compensation payable to claimants and dependents pursuant to subsection 2 of NRS 616C.473.*

6. The Commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the Commissioner 30 days before their effective date. Any insurer or employer who wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

7. If the Division refunds any part of an assessment, the Division shall include in that refund any interest earned by the Division from the refunded part of the assessment.

Sec. 2. NRS 616A.430 is hereby amended to read as follows:
616A.430 1. There is hereby established in the State Treasury the Uninsured Employers' Claim Account in the Fund for Workers' Compensation and Safety, which may be used only for the purpose of making payments in accordance with the provisions of



1 NRS 616C.220 ~~[, 616C.453]~~ and 617.401. The Administrator shall
2 administer the Account and shall credit any excess money toward
3 the assessments of the insurers for the succeeding years.

4 2. All assessments, penalties, bonds, securities and all other
5 properties received, collected or acquired by the Administrator for
6 the Uninsured Employers' Claim Account must be delivered to the
7 custody of the State Treasurer.

8 3. All money and securities in the Account must be held by the
9 State Treasurer as custodian thereof to be used solely for workers'
10 compensation.

11 4. The State Treasurer may disburse money from the Account
12 only upon written order of the State Controller.

13 5. The State Treasurer shall invest money of the Account in the
14 same manner and in the same securities in which the State Treasurer
15 is authorized to invest money of the State General Fund. Income
16 realized from the investment of the assets of the Account must be
17 credited to the Account.

18 6. The Administrator shall assess each insurer, including each
19 employer who provides accident benefits for injured employees
20 pursuant to NRS 616C.265, an amount to be deposited in the
21 Uninsured Employers' Claim Account. To establish the amount of
22 the assessment, the Administrator shall determine the amount of
23 money necessary to maintain an appropriate balance in the Account
24 for each fiscal year and shall allocate a portion of that amount to be
25 payable by private carriers, a portion to be payable by self-insured
26 employers, a portion to be payable by associations of self-insured
27 public or private employers and a portion to be payable by the
28 employers who provide accident benefits pursuant to NRS
29 616C.265, based upon the expected annual expenditures for claims
30 of each group of insurers. After allocating the amounts payable, the
31 Administrator shall apply an assessment rate to the:

32 (a) Private carriers that reflects the relative hazard of the
33 employments covered by the private carriers, results in an equitable
34 distribution of costs among the private carriers and is based upon
35 expected annual premiums to be received;

36 (b) Self-insured employers that results in an equitable
37 distribution of costs among the self-insured employers and is based
38 upon expected annual expenditures for claims;

39 (c) Associations of self-insured public or private employers that
40 results in an equitable distribution of costs among the associations
41 of self-insured public or private employers and is based upon
42 expected annual expenditures for claims; and

43 (d) Employers who provide accident benefits pursuant to NRS
44 616C.265 that reflects the relative hazard of the employments
45 covered by those employers, results in an equitable distribution of



costs among the employers and is based upon expected annual expenditures for claims.

↪ The Administrator shall adopt regulations for the establishment and administration of the assessment rates, payments and any penalties that the Administrator determines are necessary to carry out the provisions of this subsection. As used in this subsection, the term "group of insurers" includes the group of employers who provide accident benefits for injured employees pursuant to NRS 616C.265.

7. The Commissioner shall assign an actuary to review the establishment of assessment rates. The rates must be filed with the Commissioner 30 days before their effective date. Any insurer who wishes to appeal the rate so filed must do so pursuant to NRS 679B.310.

Sec. 3. NRS 616C.473 is hereby amended to read as follows:

616C.473 1. If a claimant or a dependent of a claimant is entitled to receive compensation pursuant to chapters 616A to 617, inclusive, of NRS for a permanent total disability caused by an industrial injury or a disablement from an occupational disease that occurs on or after January 1, 2004, the claimant or dependent is entitled to an annual increase in that compensation in the amount of 2.3 percent. The compensation must be increased pursuant to this ~~section:~~ *subsection:*

(a) On January 1 of the year immediately after the year in which the claimant or dependent becomes entitled to receive that compensation; and

(b) On January 1 of each successive year after the year specified in paragraph (a) in which the claimant or dependent is entitled to receive that compensation.

2. If a claimant or a dependent of a claimant is entitled to receive compensation pursuant to chapters 616A to 617, inclusive, of NRS for a permanent total disability caused by an industrial injury or a disablement from an occupational disease that occurred before January 1, 2004, the claimant or dependent is entitled to an annual increase in that compensation in the amount of 2.3 percent. The compensation must be increased pursuant to this subsection:

(a) On January 1, 2020; and

(b) On January 1 of each year thereafter.

3. Any increase in compensation provided pursuant to this section is in addition to any increase in compensation to which a claimant or a dependent of a claimant is otherwise entitled by law.

Sec. 4. NRS 232.680 is hereby amended to read as follows:

232.680 1. The cost of carrying out the provisions of NRS 232.550 to 232.700, inclusive, and of supporting the Division, a



1 full-time employee of the Legislative Counsel Bureau and the Fraud
2 Control Unit for Industrial Insurance established pursuant to NRS
3 228.420, and that portion of the cost of the Office for Consumer
4 Health Assistance established pursuant to NRS 232.458 that is
5 related to providing assistance to consumers and injured employees
6 concerning workers' compensation, must be paid from assessments
7 payable by each insurer, including each employer who provides
8 accident benefits for injured employees pursuant to NRS 616C.265.

9 2. The Administrator shall assess each insurer, including each
10 employer who provides accident benefits for injured employees
11 pursuant to NRS 616C.265. To establish the amount of the
12 assessment, the Administrator shall determine the amount of money
13 necessary for each of the expenses set forth in subsections 1 and 4 of
14 this section and subsection 3 of NRS 616A.425 and determine the
15 amount that is payable by the private carriers, the self-insured
16 employers, the associations of self-insured public or private
17 employers and the employers who provide accident benefits
18 pursuant to NRS 616C.265 for each of the programs. For the
19 expenses from which more than one group of insurers receives
20 benefit, the Administrator shall allocate a portion of the amount
21 necessary for that expense to be payable by each of the relevant
22 group of insurers, based upon the expected annual expenditures for
23 claims of each group of insurers. After allocating the amounts
24 payable among each group of insurers for all the expenses from
25 which each group receives benefit, the Administrator shall apply an
26 assessment rate to the:

27 (a) Private carriers that reflects the relative hazard of the
28 employments covered by the private carriers, results in an equitable
29 distribution of costs among the private carriers and is based upon
30 expected annual premiums to be received;

31 (b) Self-insured employers that results in an equitable
32 distribution of costs among the self-insured employers and is based
33 upon expected annual expenditures for claims;

34 (c) Associations of self-insured public or private employers that
35 results in an equitable distribution of costs among the associations
36 of self-insured public or private employers and is based upon
37 expected annual expenditures for claims; and

38 (d) Employers who provide accident benefits pursuant to NRS
39 616C.265 that reflect the relative hazard of the employments
40 covered by those employers, results in an equitable distribution of
41 costs among the employers and is based upon expected annual
42 expenditures for claims.

43 ➤ The Administrator shall adopt regulations that establish the
44 formula for the assessment and for the administration of payment,
45 and any penalties that the Administrator determines are necessary to



1 carry out the provisions of this subsection. The formula may use
2 actual expenditures for claims. As used in this subsection, the term
3 "group of insurers" includes the group of employers who provide
4 accident benefits for injured employees pursuant to NRS 616C.265.

5 3. Federal grants may partially defray the costs of the Division.

6 4. Assessments made against insurers by the Division after the
7 adoption of regulations must be used to defray all costs and
8 expenses of administering the program of workers' compensation,
9 including the payment of:

10 (a) All salaries and other expenses in administering the Division,
11 including the costs of the office and staff of the Administrator.

12 (b) All salaries and other expenses of administering NRS
13 616A.435 to 616A.460, inclusive, the offices of the Hearings
14 Division of the Department of Administration and the programs of
15 self-insurance and review of premium rates by the Commissioner of
16 Insurance.

17 (c) The salary and other expenses of a full-time employee of the
18 Legislative Counsel Bureau whose principal duties are limited to
19 conducting research and reviewing and evaluating data related to
20 industrial insurance.

21 (d) All salaries and other expenses of the Fraud Control Unit for
22 Industrial Insurance established pursuant to NRS 228.420.

23 (e) Claims against uninsured employers arising from compliance
24 with NRS 616C.220 and 617.401.

25 (f) That portion of the salaries and other expenses of the Office
26 for Consumer Health Assistance established pursuant to NRS
27 232.458 that is related to providing assistance to consumers and
28 injured employees concerning workers' compensation.

29 ~~{5. If the Division refunds any part of an assessment, the~~
30 ~~Division shall include in that refund any interest earned by the~~
31 ~~Division from the refunded part of the assessment.}~~

32 *(g) The compensation payable to claimants and dependents of*
33 *the claimants pursuant to subsection 2 of NRS 616C.473.*

34 **Sec. 5.** For the purposes of paragraph (a) of subsection 2 of
35 NRS 616C.473, as amended by section 3 of this act, the amount of
36 compensation which is to be increased by 2.3 percent on January 1,
37 2020, for a claimant or a dependent of a claimant who is entitled to
38 receive compensation for a permanent total disability caused by an
39 industrial injury or a disablement from an occupational disease that
40 occurred before January 1, 1989, shall be deemed to be the amount
41 of annual compensation the claimant or dependent was entitled to
42 receive before the effective date of this act, compounded 3 times at
43 2.3 percent. The intent of this section is to put the claimant or
44 dependent in the same position on January 1, 2020, with regard to
45 the amount of compensation to be increased by 2.3 percent pursuant



1 to paragraph (a) of subsection 2 of NRS 616C.473, as amended by
2 section 3 of this act, as if the claimant or dependent had been
3 receiving an annual increase of 2.3 percent of his or her annual
4 compensation on January 1 of each year beginning on January 1,
5 2017.

6 **Sec. 6.** For the purposes of paragraph (a) of subsection 2 of
7 NRS 616C.473, as amended by section 3 of this act, the amount of
8 compensation which is to be increased by 2.3 percent on January 1,
9 2020, for a claimant or a dependent of a claimant who is entitled to
10 receive compensation for a permanent total disability caused by an
11 industrial injury or a disablement from an occupational disease that
12 occurred on or after January 1, 1989, and before January 1, 1994,
13 shall be deemed to be the amount of annual compensation the
14 claimant or dependent was entitled to receive before the effective
15 date of this act, compounded 2 times at 2.3 percent. The intent of
16 this section is to put the claimant or dependent in the same position
17 on January 1, 2020, with regard to the amount of compensation to
18 be increased by 2.3 percent pursuant to paragraph (a) of subsection
19 2 of NRS 616C.473, as amended by section 3 of this act, as if the
20 claimant or dependent had been receiving an annual increase of 2.3
21 percent of his or her annual compensation on January 1 of each year
22 beginning on January 1, 2018.

23 **Sec. 7.** NRS 616C.453 is hereby repealed.

24 **Sec. 8.** This act becomes effective on July 1, 2019.

TEXT OF REPEALED SECTION

616C.453 Additional annual payment to certain claimants and dependents of claimants who are entitled to receive compensation for permanent total disability; adoption of regulations to determine amount of payment.

1. If a claimant or a dependent of a claimant is entitled to receive compensation pursuant to chapters 616A to 617, inclusive, of NRS for a permanent total disability and the claimant or dependent is not entitled to an annual increase in that compensation pursuant to NRS 616C.473, the claimant or dependent is entitled to an annual payment for that permanent total disability in an amount determined by the Administrator pursuant to subsection 3, but such annual payments may not exceed \$1,200 per claimant or dependent. Except as otherwise provided in subsection 5, the total payments made pursuant to this section may not exceed \$500,000 per year.



* A B 3 7 0 *

2. Each year, the Administrator shall withdraw from the Uninsured Employers' Claim Account established pursuant to NRS 616A.430 an amount of the income realized from the investment of the assets in the Account that is necessary to fund the payments calculated pursuant to subsection 3.

3. The Administrator shall adopt regulations establishing a method for the equitable distribution of the money withdrawn from the Account pursuant to subsection 2. The regulations must provide for payments that result in the largest proportional share of the money being paid to claimants and dependents who receive the lowest amount of compensation pursuant to chapters 616A to 617, inclusive, of NRS for the permanent total disability. The Administrator may adopt any other regulations that are necessary to carry out the provisions of this section.

4. Except as otherwise provided in subsection 5, the Administrator shall make the payment required by this section to each claimant and dependent of the claimant who is entitled to the payment not later than October 1 of each year. Any payment received by the claimant or dependent of the claimant pursuant to this section is in addition to any compensation to which the claimant or dependent of the claimant is otherwise entitled by law.

5. The Administrator may make a payment from the Account to a claimant or a dependent of a claimant that would have been payable in a prior year pursuant to subsection 3 if the Administrator determines that the claimant or dependent was entitled to the payment pursuant to subsection 1.

