

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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SENATE BILL 43

Short Title: Study Savings for Administration of Claims. (Public)

Sponsors: Senators Brown (Primary Sponsor); Brock, Daniel, J. Davis, and Rabon.

Referred to: Commerce.

February 5, 2013

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE OFFICE OF STATE PERSONNEL, IN CONJUNCTION WITH THE DEPARTMENT OF PUBLIC INSTRUCTION AND THE OFFICE OF STATE BUDGET AND MANAGEMENT, TO STUDY AND MAKE RECOMMENDATIONS REGARDING THE MANAGEMENT OF WORKERS' COMPENSATION CLAIMS SUBMITTED BY STATE AND LOCAL GOVERNMENT EMPLOYEES, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMITTEE ON WORKERS' COMPENSATION INSURANCE COVERAGE COMPLIANCE AND FRAUD PREVENTION AND DETECTION.

The General Assembly of North Carolina enacts:

SECTION 1. The Office of State Personnel, in conjunction with the Department of Public Instruction and the Office of State Budget and Management, shall study the expenses related to the management of workers' compensation claims submitted by State and local government employees, and make recommendations as to how efficiency can be improved and expenses can be reduced. The study shall examine at least all of the following:

- (1) An identification of State agencies that currently include budget line items for expenses related to workers' compensation claims.
- (2) An identification of State agencies that do not currently include budget line items for expenses related to workers' compensation claims, including an explanation as to how these expenses are paid.
- (3) An explanation of how the expenses related to the management of workers' compensation claims are allocated among the State agencies, including fees and expenses payable to third-party administrators and legal fees and expenses incurred in the defense of these claims.
- (4) Recommendations for alternative budgeting methods that can be used for anticipated expenses related to workers' compensation claims, including the use of a fractional percentage of State agency payroll based on historical data or actuarial analysis.
- (5) In order to increase the flexibility of State agencies to settle workers' compensation claims, recommendations for alternative budgeting methods that can be used for anticipated expenses related to lump sum settlements of workers' compensation claims.
- (6) Recommendations for strategies that may be implemented to further motivate State agencies to return injured employees to work as soon as possible.



1 (7) An identification of State agencies that would be the best candidates for a
2 pilot program to assess the efficacy of implementing one or more of the
3 recommendations identified in this study for achieving greater efficiency and
4 reducing expenses in the management of workers' compensation claims.

5 **SECTION 2.** No later than October 1, 2013, the Office of State Personnel shall
6 report its findings and recommendations to the General Assembly.

7 **SECTION 3.** This act is effective when it becomes law.