

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 366

Short Title: GPAC/State Workers' Comp.

(Public)

Sponsors: Senator Martin of Guilford.

Referred to: Government Performance Audit.

February 24, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT PERFORMANCE AUDIT COMMITTEE TO CONSOLIDATE THE ADMINISTRATION OF THE STATE'S WORKERS' COMPENSATION PROGRAM AND TO CREATE THE STATE GOVERNMENT WORKERS' COMPENSATION OFFICE.

The General Assembly of North Carolina enacts:

Section 1. Chapter 143 of the General Statutes is amended by adding a new Article to read:

**"ARTICLE 64.**

**"STATE GOVERNMENT WORKERS' COMPENSATION OFFICE.**

**"§ 143-590. State Government Workers' Compensation Office established; administration; appointment, compensation and tenure of Director.**

There is hereby established the State Government Workers' Compensation Office (hereinafter referred to as 'Office') which shall be placed for organizational purposes within the Department of Administration. Notwithstanding any other provision of law, the Office shall be under the administrative supervision of a Director appointed by the Governor. The salary of the Director shall be fixed by the General Assembly in the Current Operations Appropriations Act. The Director shall serve at the pleasure of the Governor.

**"§ 143-591. Functions of the State Government Workers' Compensation Office; claims; assistance of Attorney General.**

1       (a) The State Government Workers' Compensation Office shall administer the  
2 State workers' compensation program in accordance with rules and procedures to be  
3 adopted by the Office, including rules and procedures related to the following:

4           (1) Processing all State government employee claims; including  
5 employees in the judicial, legislative, and executive branches of  
6 government and all public school employees paid from State funds;

7           (2) Authorizing payment of benefits to employees pursuant to the  
8 Workers' Compensation Act and the rules and regulations of the North  
9 Carolina Industrial Commission; and

10          (3) Settling workers' compensation claims made against the State.

11       (b) The Workers' Compensation Office shall collect all money owed to the State  
12 as a result of the subrogation of third-party claims pursuant to G.S. 97-10.2 and  
13 reimburse the appropriate State department, agency, or institution for benefits paid to  
14 employees.

15       (c) The Attorney General shall assign counsel to the State Government Workers'  
16 Compensation Office to represent the State in connection with claims asserted against  
17 the State pursuant to Chapter 97 of the General Statutes."

18       Sec. 2. (a) The State Government Workers' Compensation Office (hereinafter  
19 referred to as "Office" ) shall complete a review of the following:

20           (1) Whether there should be established a reserve fund from which to  
21 disburse payments for workers' compensation claims regardless of the  
22 processing method elected by the State.

23           (2) The extent of the unfunded liability that exists on current open claims  
24 so that State agencies may be held accountable for expenditures based  
25 on claims experience-rating factors.

26           (3) The allocation process for funding workers' compensation  
27 expenditures.

28           (4) Whether State agencies should be required to either reserve or  
29 encumber funds to pay workers' compensation claims based on prior  
30 expenditures plus anticipated increases.

31       (b) The Office shall complete the review required in subsection (a) of this  
32 section by May 1, 1994. The Office shall report its findings and any recommendations  
33 to the General Assembly on or before the first day of the 1994 General Assembly by  
34 filing the report and any recommendations with the Speaker of the House of  
35 Representatives, the President Pro Tempore of the Senate, the Joint Legislative  
36 Commission on Governmental Operations, and the Fiscal Research Division.

37       Sec. 3. There is appropriated from the General Fund to the Department of  
38 Administration the sum of nine hundred four thousand seven hundred seventy-one  
39 dollars (\$904,771) for fiscal year 1993-94 and the sum of nine hundred four thousand  
40 seven hundred seventy-one dollars (\$904,771) for fiscal year 1994-95 to establish 33  
41 positions in the State Government Workers' Compensation Office for the purpose of  
42 administering the State's workers' compensation program. It is the intent of the General  
43 Assembly to reduce appropriations from the General and Highway Funds for fiscal year  
44 1993-94 and fiscal year 1994-95, by the total of one million one hundred forty-four

1 thousand seven hundred seventy-one dollars (\$1,144,771) for fiscal year 1993-94 and  
2 one million one hundred forty-four thousand seven hundred seventy-one dollars  
3 (\$1,144,771) for fiscal year 1994-95, to produce net savings to the State in the amount  
4 of two hundred forty thousand dollars (\$240,000) for fiscal year 1993-94 and two  
5 hundred forty thousand dollars (\$240,000) for fiscal year 1994-95 by reducing the work  
6 force of each State department, agency, and institution by the number of full-time  
7 equivalent employees who previously processed workers' compensation claims.

8           Sec. 4. This act becomes effective July 1, 1993.