

The logo for WSI (North Dakota Workforce Safety & Insurance) features the letters "WSI" in a large, bold, dark blue sans-serif font.

North Dakota Workforce  
Safety & Insurance

# North Dakota Workers' Compensation

**Tim Wahlin – WSI Chief of Injury Services**

# North Dakota Workers' Compensation

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## Background



**Workforce Safety & Insurance (WSI) was established in 1919.**

- WSI administers a constitutionally created fund for the benefit of injured workers. Those funds are not available for other purposes.
- WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65).

**WSI is a special fund agency and receives no general fund dollars.**

# Background (cont.)

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- There are no provisions for self-insurance or private insurance for purposes of workers' compensation.
- North Dakota is one of four remaining monopolistic workers' compensation systems in the United States. The others are Ohio, Washington, and Wyoming.

# 2024 Facts and Figures



<b>Population:</b>	<b>796,568</b>
<b>Covered Workforce:</b>	<b>412,536</b>
<b>Employer Accounts:</b>	<b>27,159</b>
<b>Number of Claims Filed Per Year:</b>	<b>17,042</b>
<b>WSI Staff:</b>	<b>260 FTE</b>
<b>Earned Premiums:</b>	<b>\$181 M</b>
<b>WSI Assets:</b>	<b>\$2.2 B</b>

# Benefits

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## of Monopolistic Workers' Compensation

- **Significant Economic Benefits** when compared to other jurisdictions. No profits, marketing expenses, brokerage fees, taxes, and low-cost investment management.
- **Limited Bureaucracy** - Other jurisdictions require other entities such as Rate Making Bureaus, Insurance Commissions, and Divisions of Workers' Compensation.

# Financially Stable

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- State law outlines WSI's required surplus levels which are 20% to 40% of discounted reserve liabilities.
- If WSI's surplus exceeds statutory surplus requirements; the statute requires dividends to be issued to policyholders.
- The WSI fund exceeds statutory surplus requirements. WSI issued \$1.8 billion in employer dividends in the past 19 out of 20 years.

# Financially Stable (cont.)

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- For Fiscal Year 2024, a 50% dividend credit was declared, which equates to an estimated \$83 million dividend.
- Historically, favorable returns from WSI's investment portfolio have resulted in additional surplus growth.
- WSI fund investment returns for the last five years (FYs 2020-2024) have averaged 3.2%, ranging between -9.04% and 11.57% per year.



# Premiums

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- In North Dakota, manual classification premium rates are established actuarially annually for 141 rate classifications
- To the extent eligible, individual accounts are experience rated. Accounts with favorable loss experience receive an experience rate credit. Accounts with unfavorable loss experience receive an experience rate surcharge.

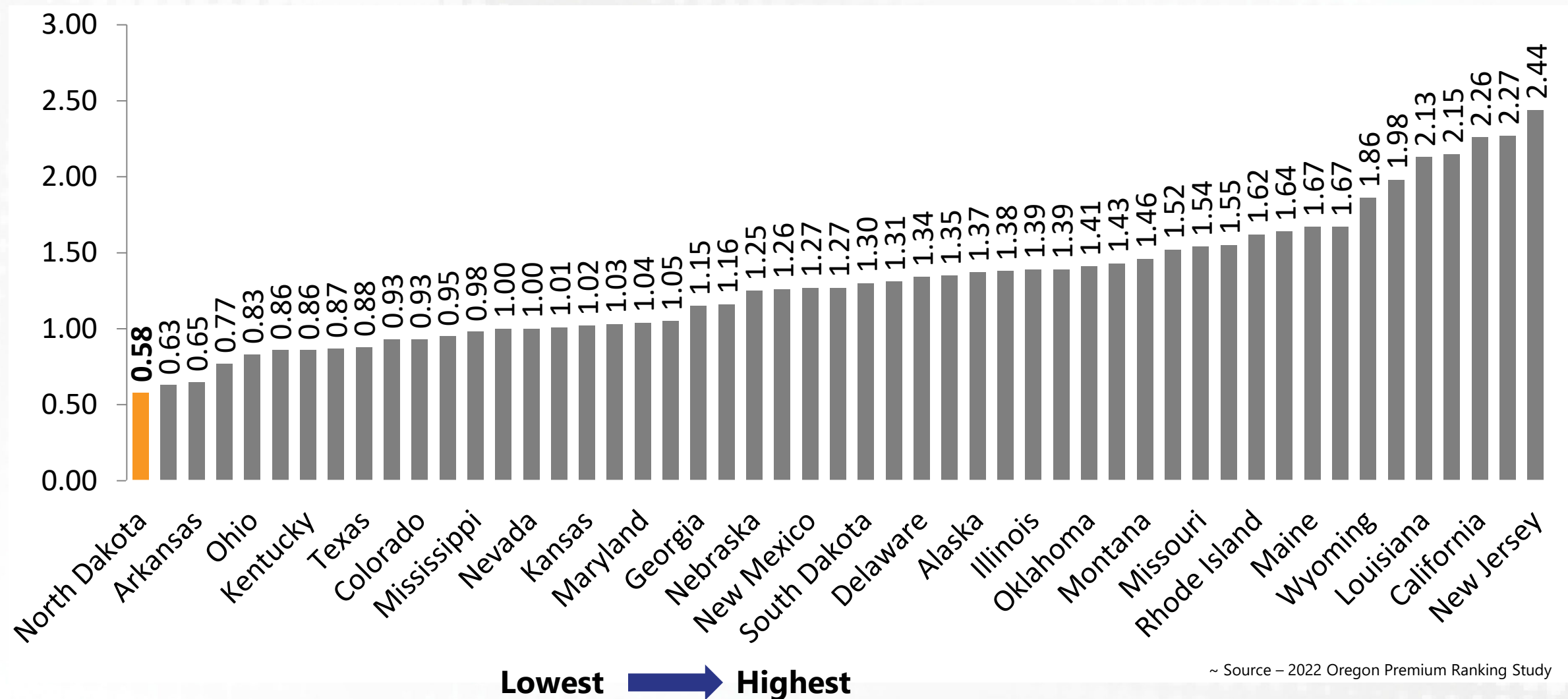


# Premiums (cont.)

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- North Dakota has continually been ranked the lowest premium state in the country (2022 Oregon Premium Study).
- Before any dividends, North Dakota rates are the lowest in the country and 54% below the median state in the study.

# Premium Index Rate by State



~ Source – 2022 Oregon Premium Ranking Study

# Premium Index Comparison

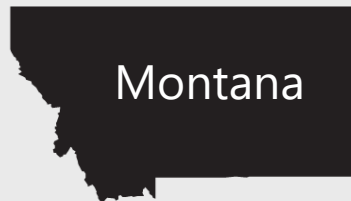
**Per 2022 Oregon Study** - Neighbor state's rates compared to North Dakota (before any dividends)



**2.2 X**  
Higher



**2.7 X**  
Higher



**2.5 X**  
Higher

Source: Oregon Study

**Monopolistic States:** State's rates compared to North Dakota (before any dividends)



**3.2 X**  
Higher



**2.3 X**  
Higher



**1.4 X**  
Higher

# Benefit Structure

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- Established by the Legislature and is set out in statute, Title 65 of the North Dakota Century Code
- Historically, the legislature has targeted benefit enhancements to the most severely injured

# Benefits Provided

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- **Medical**
- **Disability**
  - Post-retirement Benefit
  - COLAs (cost of living adjustments)
  - Vocational Rehabilitation Benefits
- **Permanent Partial Impairment (PPI)**
- **Death Benefits**
- **Scholarship Benefits**

# Benefits Provided (Indemnity)

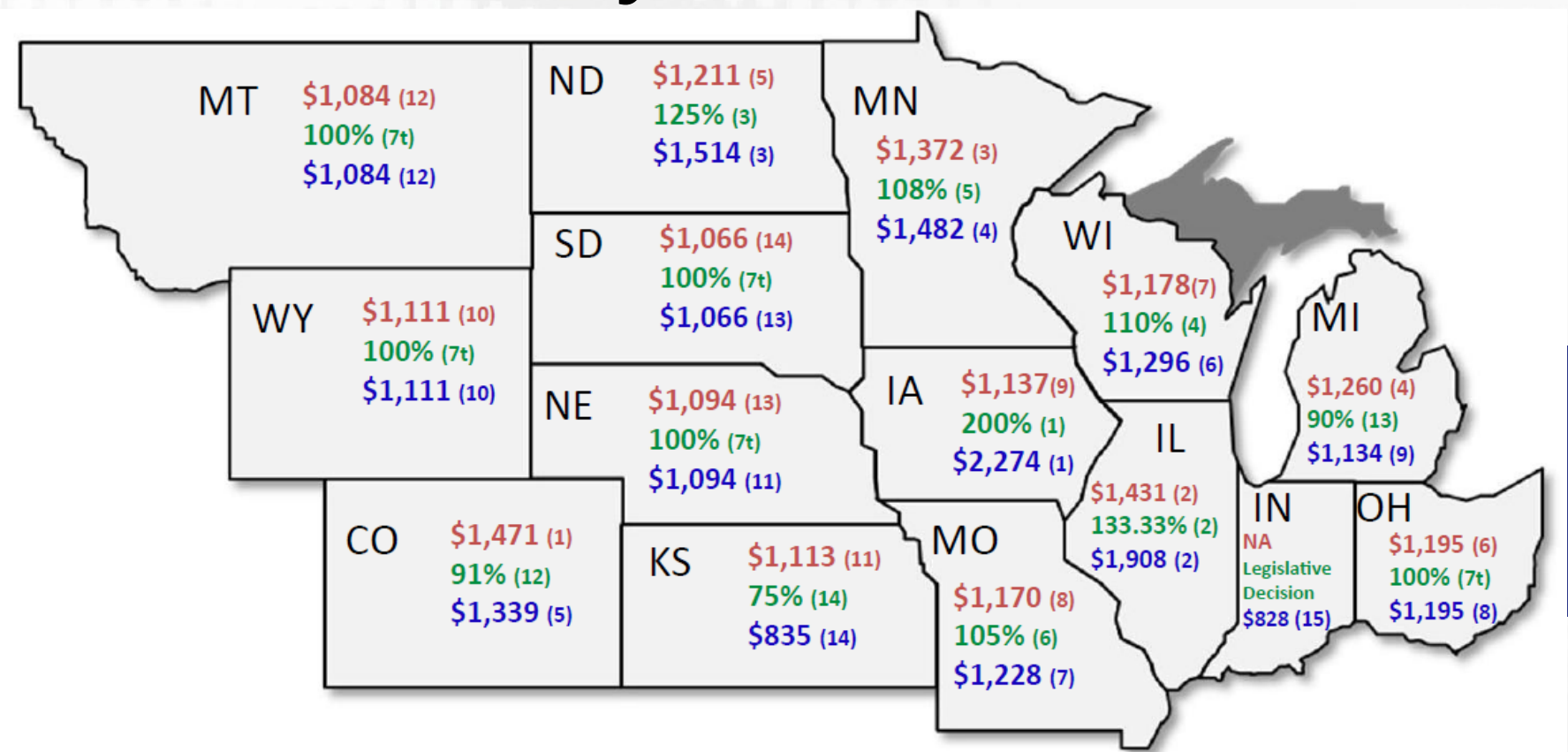
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- An injured employee receives tax-free wage-loss benefits equal to 2/3rds (same as most states) of the employee's pre-injury gross weekly wage, plus \$15 per week for each dependent child, subject to statutory maximums and minimums.
- North Dakota's maximum weekly wage-loss benefit is \$1,514 per week (125% of North Dakota's State Average Weekly Wage (SAWW))
- The minimum weekly benefit is \$727 per week (60% of the SAWW) or 100% of the employee's pre-injury net wages, whichever is less.



# Midwest States

## State's Average Weekly Wage, Maximum Benefit Rates and Maximum Weekly Benefit Amounts 2024 – 2025



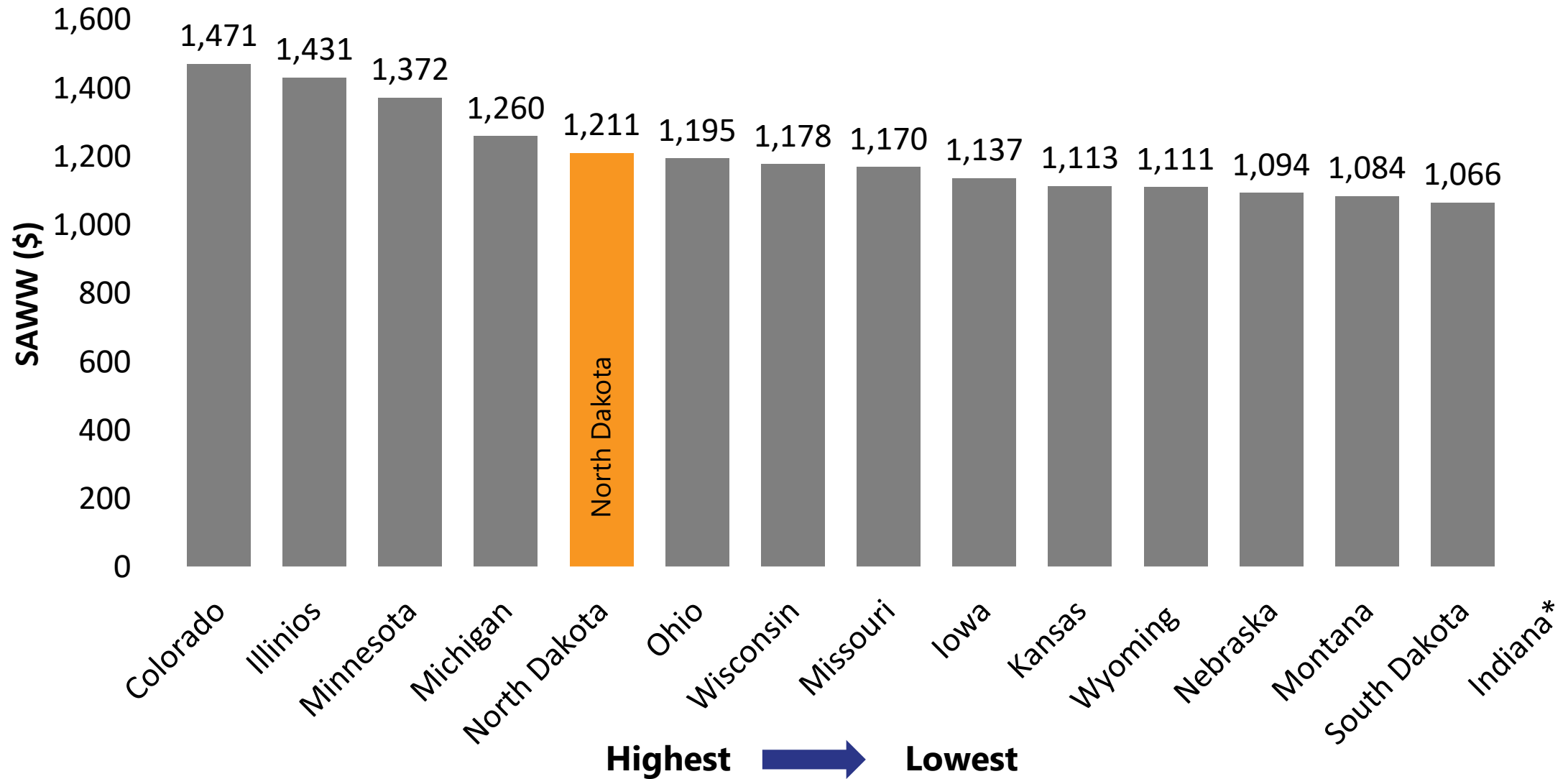
\* Parenthesis = State Rank (#1 – highest to #15 – lowest)

SAWW (WY uses State's Avg Monthly Wage—calculated quarterly—3rd Qtr 2024 shown)  
Max. Weekly Benefit Rate  
Max. Weekly Benefit Amount

Source: State Workers' Compensation Websites

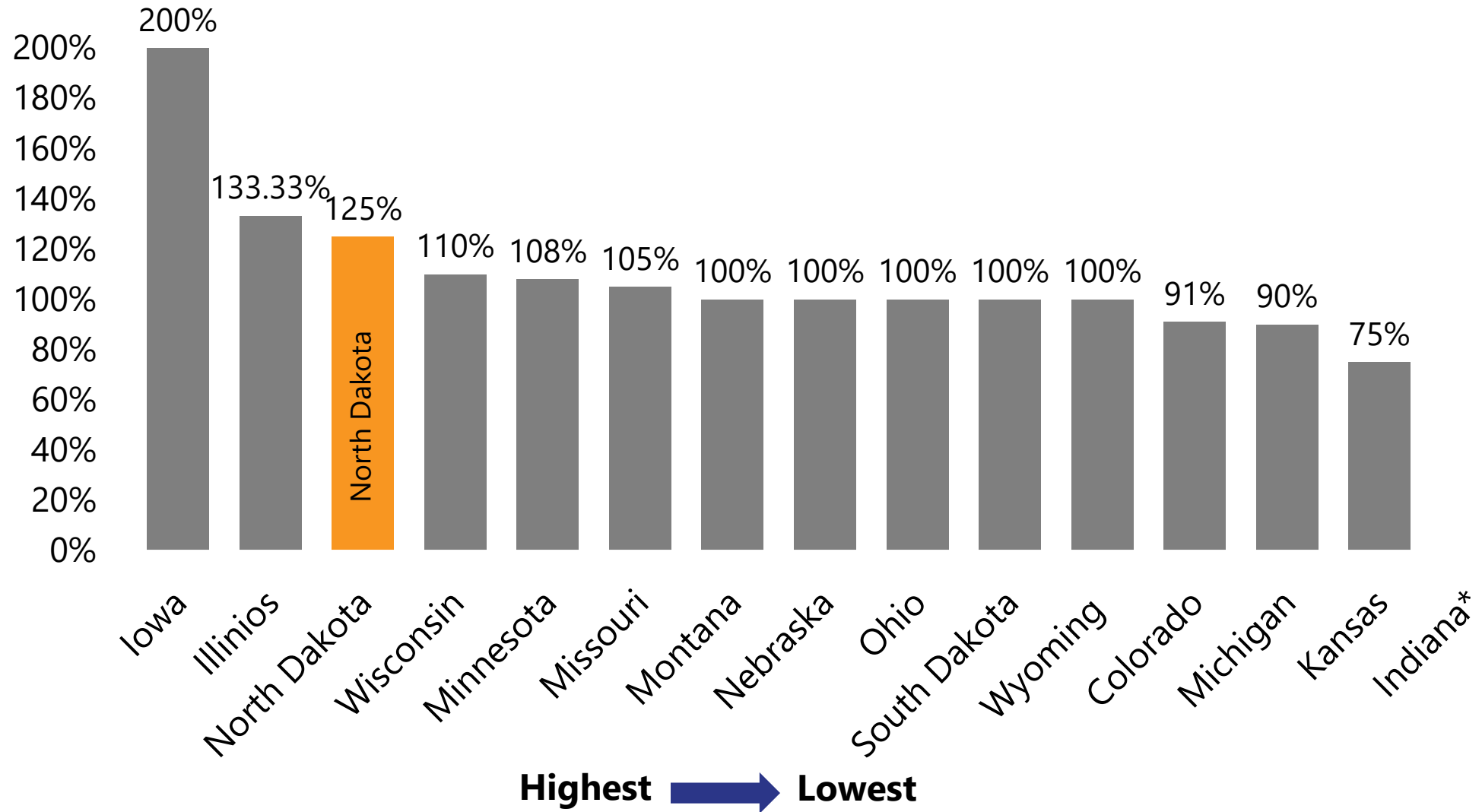


# State's Average Weekly Wage by State (2024)



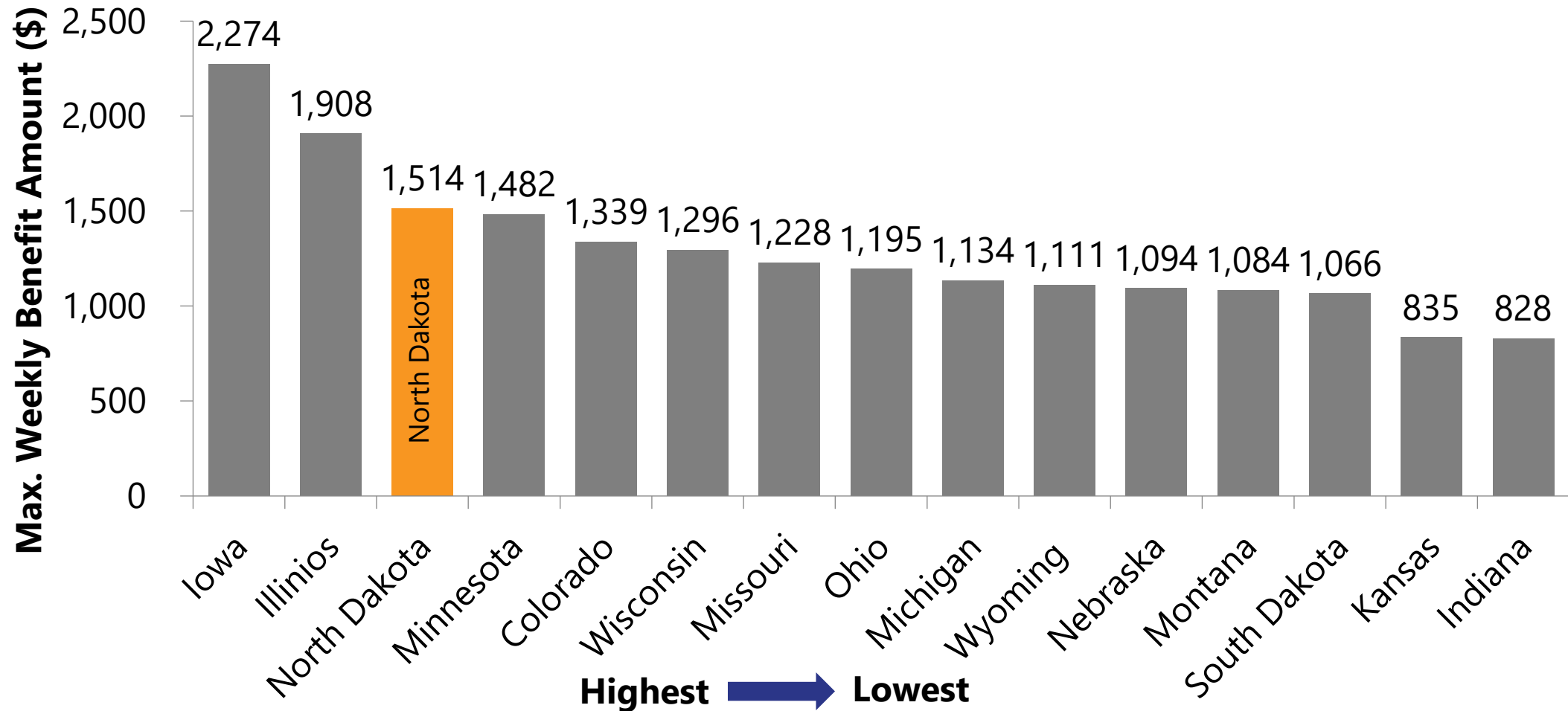
\* **No data available for Indiana.** Wyoming - 2/3 of monthly gross wage can not exceed 100% of the statewide average monthly wage calculated quarterly - Data shown is from 3<sup>rd</sup> quarter 2024.

# Maximum Weekly Benefit Rate by State (2024)



\* **No data available for Indiana.** Wyoming - 2/3 of monthly gross wage can not exceed 100% of the statewide average monthly wage calculated quarterly - Data shown is from 3<sup>rd</sup> quarter 2024.

# Maximum Weekly Benefit Amount by State (2024)



Wyoming - 2/3 of monthly gross wage can not exceed 100% of the statewide average monthly wage calculated quarterly calculated quarterly - Data shown is from 3<sup>rd</sup> quarter 2024

# Medical and Other Benefits

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- WSI pays lifetime, deductible-free medical benefits related to the work injury.
- There is no maximum dollar or duration limit on medical coverage.

# Good Payor of Hospital & Medical Services

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Fair payment for medical and hospital services ensures access to quality healthcare professionals.



## **Based on a recent medical and hospital fee schedule analysis:**

- WSI reimbursement for physician services equates to 217% of Medicare reimbursement; and
- WSI reimbursement for hospital services was 163% (Inpatient) and 203% (Outpatient) of Medicare reimbursement.

# Good Benefits. Good Payor. Low Premiums.

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## How?

- Proactive & Active Legislative Oversight
- Administratively Efficient
- Few Disputes & Low Litigation Levels
- Safety Focus
- Medical Cost Containment
- Return to Work Programs
- Good Service & Overall Customer Satisfaction





# Proactive and Active Legislative Oversight

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- **Historically, there has existed an active legislative and stakeholder presence within the legislative process.**
- **In response to a nearly \$250 million unfunded liability and excessive premium adjustments in the early 1990s, there was significant activity and debates reforming the system in the mid-1990s.**
  - The largest reform package was referred to the voters and upheld.
  - Ongoing reforms have continued to this day.



# Proactive and Active Legislative Oversight (cont.)

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**North Dakota Legislature is active in responding to court decisions.  
Some examples:**

- Pre-existing condition erosion—Legislature responded immediately upon decision being issued potentially expanding the definition.
- Legislative action prior to the court addressing the treating physician presumption.

# Proactive and Active Legislative Oversight (cont.)

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**NDCC 54-03-25** requires that during legislative session, any workers' compensation bill and/or amendment affecting benefits or premium rates requires an actuarial impact statement prior to the measure being acted upon.

# Few Disputes & Low Litigation Levels

- Litigation is a cost driver in many jurisdictions.
- In North Dakota, litigation is almost non-existent.
- North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.5% of decisions issued result in an administrative court hearing request.

# Safety Focus

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- WSI has a dedicated team of safety consultants located regionally to assist employers in the prevention of workplace injuries.
- WSI provides premium discounts to employers for successful participation in WSI approved safety programs.



# Safety Focus (cont.)

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- Employers can receive up to a 25% premium discount for successfully participating in WSI safety programs.
- Premium discounts to employers for successfully implementing safety programs totaled \$24 million in FY 2024.



# Safety Grants

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**Since 2005, WSI has issued \$76.1 million in safety grants to employers and industry groups.**

**WSI provides grants to assist employers in creating safer workplaces.**

## **Prior to 2009**

- Hazard Elimination Learning Program (HELP)
- Workplace Injury Reduction Challenge (WIRC)

## **Current Programs**

- Ergonomics Initiative Grant Program
- Safety Training & Education Program (STEP)

# Medical Cost Containment

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- WSI is a managed care organization.
- WSI has an active Utilization Review Department which includes RN, PT, and MD Utilization Review specialists.
- Much of the decision process is based upon evidence-based treatment guidelines.
- Injury Services staff conducts medical case management triage of complex claims.



# Medical Cost Containment

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- WSI has a Medical Bill Audit Department to review for medical necessity.
- WSI maintains a Pharmacy Formulary with review by WSI Pharmacy and Therapeutics Committee.
- There is an in-house prior authorization process for high dollar medications.
- Maximum Allowable Cost (MAC) pricing for Pharmacy.

# Questions

## Legislators' Guide to WSI

Learn more about WSI and our services that support our vision of creating a safe, secure, and healthy North Dakota workforce.



Visit [workforcesafety.com/NDLegislature](https://workforcesafety.com/NDLegislature)

# Appendix

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- A1 Temporary Total Disability (TTD)  
& Permanent Total Disability (PTD)**
- A2 Temporary Partial Disability (TPD)**
- A3 – A4 Additional Benefit Payable (ABP)**
- A5 Cost of Living Adjustment (COLAs)**
- A6 – A7 Permanent Partial Impairment (PPI)**
- A8 – A9 Death Benefits**
- A10 Scholarships**
- A11 – A12 Return to Work**
- A13 Vocational Rehabilitation**
- A14 – A16 Preferred Worker Program**

# Total Disability

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## **Temporary Total Disability (TTD)**

TTD benefits are provided for a period of up to 104 weeks or the date the injured employee reaches maximum medical improvement, whichever occurs first.

## **Permanent Total Disability (PTD)**

PTD benefits end at the time of social security retirement eligibility at which time the disability benefits convert to an Additional Benefit Payable (ABP), a post retirement benefit.

# Temporary Partial Disability (TPD)

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- An injured employee who is able to return to work but earns a wage lower than their pre-injury wage receives temporary partial disability (TPD) benefits equal to 2/3rds of the difference between their pre-injury and post-injury earnings.
- The partial disability benefits may not exceed five years. The five-year cap on benefits can be waived in catastrophic cases.

# Additional Benefit Payable (ABP)

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- North Dakota offers a post-retirement benefit, Additional Benefit Payable (ABP), when total disability benefits cease at time of eligibility for social security retirement benefits.
- The amount of this benefit is a percentage of the benefit amount the injured employee was receiving at the time of retirement eligibility. The longer the disability period, the higher the amount.

# Additional Benefit Payable (ABP)<sub>(cont.)</sub>

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- The duration of this benefit is commensurate with the length of time the employee was disabled before retirement eligibility.
- Catastrophically injured employees receive a benefit of 100% of their disability benefit at the time of their discontinuance for the remainder of their lifetime.



# Cost of Living Adjustments (COLAs)

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- Long term disability (PTD) and death benefit recipients are eligible for COLAs after three consecutive years of disability.
- Annual adjustments equal the percent increase in the SAWW.
- COLAs have averaged 4.1% over the last decade.
- The cumulative effect of COLAs over the past ten years is nearly a 33% increase in benefits.

# Permanent Partial Impairment Benefits (PPI)

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- PPI benefits are one-time, lump-sum cash awards paid in addition to medical, wage-loss, and vocational rehabilitation benefits
- PPI benefits are determined as a percent of whole-body impairment utilizing the *6th Edition of the AMA's Guides to the Evaluation of Permanent Impairment*.
- PPI benefits are paid according to a schedule that assigns a statutory multiplier to each percent of impairment starting at 14%.

# Permanent Partial Impairment Benefits (PPI) (cont.)

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- No PPI benefits are awarded for impairment levels below 14%.
- The PPI benefit amount is determined by multiplying \$424 (35% of the SAWW) by the statutory multiplier.
- For impairment levels between 14% and 100%, PPI awards can range between \$4,240 and \$636,000.

# Death Benefits

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- A surviving spouse receives a weekly benefit that is calculated in the same manner as total disability benefits.
- The lifetime cap on death benefits, paid on any one claim is \$300,000.
- WSI does not offset social security survivor's benefits.

# Death Benefits (cont.)

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- A non-dependency death award in the amount of \$15,000 is issued to the estate of an employee who died as a result of a compensable work injury and has no surviving dependents.
- Burial expense reimbursement of up to \$10,000 is also provided.

# Scholarships

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- Scholarships are provided for dependents and spouses of employees who died as a result of a compensable work-related injury or for spouses and children of an injured employee deemed to be catastrophically injured.
- The maximum amount payable on behalf of an applicant is \$10,000 per year for no more than five years.
- The total amount of scholarships awarded for any one year cannot exceed \$500,000.

# Return to Work Programs

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- Time-loss claims account for only 14% of the total claims in North Dakota compared to 20% in other jurisdictions.
- North Dakota employees have a good work ethic, and if they are injured, they want to get back to work.
- WSI's Return to Work programs greatly assists these efforts.



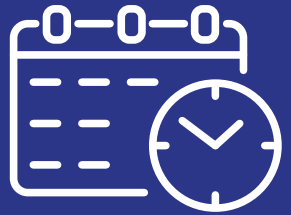
# Return to Work Programs (cont.)

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- Statutory hierarchy for return to work. WSI will compile a plan for employees to return to gainful employment even if only at minimum wage.
- North Dakota law sets the expectation that an injured employee will return to employment.

# Vocational Rehabilitation Benefits

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**Qualified injured employees may receive payment for up to 104 weeks of retraining including wage loss, tuition and costs.**

# Preferred Worker Program

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**The Preferred Worker Program is designed to encourage the re-employment of North Dakota's injured employees. It offers cost-saving incentives to participating employers and benefits for preferred workers.**



# Preferred Worker Program (cont.)

## Injured Employee Benefits

- Work Search Allowance
- Certification, Licensure or Related Testing Costs Moving Expenses
- Reimbursement for Lodging, Meals & Travel Expenses Relating to On-The-Job Training
- Tools and Equipment
- Job Analysis / Ergonomic Assessment
- Worksite Modification Reimbursement

# Preferred Worker Program (cont.)

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## Employer Benefits

- Premium Exemption
- Wage Reimbursement
- Claim Cost Exemption
- Worksite Modification Reimbursement
- On-site Job Analysis and/or Ergonomic Assessment
- Experienced Workers