

# Nevada Legislature

## ASSEMBLY

LABOR & MANAGEMENT COMMITTEE MEETINGS  
FEBRUARY 4, 1975

Present: Banner, Benkovich, Hayes, Moody, Schofield, Getto,  
Barengo

Absent: None

Chairman Banner called the meeting of the Labor & Management Committee meeting to order. After asking all those present to register, he announced that Vice Chairman Moody would chair the meeting because he would be testifying for the bills scheduled on the agenda.

Mr. Banner then presented his opening statements concerning A.B. 2, 3, 4, and 5. He said he was representing the people, not money. He cited statistics on accidents and injuries. He also gave a brief explanation on his reasons for passage of these bills. In his statement, he referred to the National Commission of State Workman's Compensation Laws of 1972, the White Paper on Worker's Compensation of May 13, 1974, Chapter 810 of the Federal Workman's Compensation Act - Schedule of Benefits, and Senator Javits' bill of the 93rd Congress - S.B. 2008.

Mr. Banner then elaborated on A.B. 2. He made reference to the case of Dayton Davis of Las Vegas who sustained an industrial injury. Mr. Banner said that after following this case from beginning to end. He said he felt all cases should be reviewed.

He also noted that "line 22" of A.B. 2 has the replacement of "impairment of whole man" with the word "disability". This was done in order to clarify definition. The word impairment is measurement and disability is evaluation. In this case, he feels disability would assist in the final determination on a claim.

Mr. Banner referred to "page 1" of A.B. 2, "lines 18-21". He explained that by including these "factors" in the bill, there would be clarification and it would be of assistance in determinations.

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Mr. Banner concluded his testimony on A.B. 2 by explaining the changes in "section 4", "page 2". He said that under present law, if an award is made and the individual dies the next day, the widow would not receive the remainder of the award. The funds would revert back to NIC. This section would change this by allowing the widow to receive the money.

A.B. 3 was the next subject of Mr. Banner's testimony. He explained that the bill was nothing more than 66 2/3% of the actual wage up to \$1,300, as based on NRS 616.400. This is substantiated by federal law.

Mr. Banner then testified on A.B. 4. He stated that a lack of choice of physician impairs the doctor/patient relationship and this bill would provide for the freedom of choice in the matter. In reference to the Kyle case, the claim submitted following a back injury was denied due to different opinions given by doctors. Mr. Banner reviewed the case for the two year period it required. The final decision was that the man was totally disabled and he was awarded a life time pension.

A.B. 5 was Mr. Banner's next topic. He explained that the bill would extend the present level of benefits to individuals awarded pensions prior to July, 1973. He said that a 10% increase was granted in 1973, after a fixed amount was set in 1971, but he did not feel this to be adequate due to the rising cost of living. Mr. Banner said the biggest problem with an increase would be money, but pointed out that statistics on the actual funds of NIC show there is no lack of money. There are funds available, however, NIC states that these funds are to be held as reserves. This concluded Mr. Banner's testimony.

Vice Chairman Moody said there would have to be a limitation on each speaker due to a lack of time.

Father Larry Dumphy of the Franciscan Center spoke in favor of A.B. 2. He said that as a professional social worker he viewed the effect of disabilities on people and it was quite devastating. He said an individual's ability to return to work depended on his injury, his previous job, and his education. He said the workmen who are not rehabilitated due to age or other factors are a great social loss.

Mr. Moody then asked those opposed to the measures to speak. He said that if there was not enough time for anyone to testify today, they could do so on Thursday.

Mr. Bob Alkire, Kennecott Copper Corp., said he was testifying against the bill, A.B. 2. He said the copper industry was in a state of depression as much so as the economy of the country. He stated that he felt due to this, now is not the time for an increase.

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Mr. Alkire continued his testimony by stating that "lines 18 - 21" of A.B. 2 is one of his main concerns. He felt that it would disfavor the individual by making what should be a fact finding group into a jury. He also felt "section 4" of this bill would bog down NIC. In summation, he asked the Committee to hold these bills until NIC was able to submit their proposed legislation.

Mr. William Gibbens also testified on A.B. 2. He represents the Gibbens Co., Inc., which handles work compensation funds for businesses. He said that NIC presently has a new program which is quite good for retraining and job placement. He also said that he feels that A.B. 2 would be quite costly and gave a brief explanation of his reasons. In reference to "lines 18-21", of A.B. 2, he explained that this section would affect the method of determination badly and said he felt the present system to be more fair. In conclusion, he said he would like to see A.B. 2 shelved or rewritten extensively.

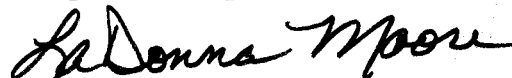
Mr. Bob Guinn of the Nevada Motor Transport Assn., and the Nevada Franchised Auto Dealers Assn., also testified against A.B. 2. On behalf of his organizations and a few other groups which he represents, Mr. Guinn requested a deferment until NIC was able to submit their package.

Mrs. Dorothy Brakett also made a few comments on proposed bills and said she felt there was no reason to wait for NIC to submit their proposals. She felt that had had adequate time to do so already. She also explained the case involving the injury of her husband and some of the drastic effects it had on their lives.

Mr. John Risner from NIC said he had some figures to present to the Committee on the fiscal notes of the bills, but due to the lack of time, he would distribute copies of the information to the Committee members and make his presentation at a later date.

Vice Chairman Moody then adjourned the meeting.

Respectfully submitted,



La Donna Moore  
Secretary

/lm  
Enclosure  
(figures on fiscal notes)

AGENDA FOR COMMITTEE ON LABOR & MANAGEMENT

Date February 4, 1975 Time 9:30 a.m. Room 336

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Bills or Resolutions to be considered	Subject	Counsel requested*
✓ A.B. 2	Changes provisions for permanent partial disability compensation under Nevada Industrial Insurance Act.	
✓ A.B. 3	Changes definition of average monthly wage under Nevada Industrial Insurance Act.	
✓ A.B. 4	Enlarges right of employees to be treated by physician of choice under Nevada Industrial Insurance Act.	
✓ A.B. 5	Provides for increase in industrial insurance benefits perviously awarded persons permanently and totally disabled.	

/lm

\*Please do not ask for counsel unless necessary.



BDR \_\_\_\_\_  
A.B. 2 \_\_\_\_\_  
S.B. \_\_\_\_\_

FISCAL NOTE

AMENDMENTS:

Assembly: First Reading \_\_\_\_\_  
Second Reading \_\_\_\_\_  
Third Reading \_\_\_\_\_  
Senate: First Reading \_\_\_\_\_  
Second Reading \_\_\_\_\_  
Third Reading \_\_\_\_\_

Date transmitted January 27, 1975

Agency submitting Nevada Industrial Commission Date prepared January 27, 1975

Summary	Fiscal Year 1974-75	Fiscal Year 1975-76	Fiscal Year 1976-77	Continuing
Permanent Partial Disability Compensation changes. See explanation below.	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total.....	_____	_____	_____	_____

EXPLANATION (use continuation sheets if required):

AB 2 would result in increasing the cost of permanent partial disability compensation by 65.6 percent. The funding of the added cost would require a 13.1 percent increase in workmen's compensation premium rates paid by employers.

There are two elements in the bill which produce measurable increases in cost, they are:

1. The extension of the duration of permanent partial disability benefits from the present cut-off age of 65 years, (or 5 year's benefits) to the date of death of the claimant. This provision would increase cost by 20 percent.
2. The addition of "other factors" to be considered arriving at the degree of permanent partial disability would result in a 38% increase in the cost of permanent partial disability compensation.

Signature John R. Reiser  
John R. Reiser  
Title Chairman

Reviewed by Department of Administration \_\_\_\_\_  
Comments by Department of Administration: \_\_\_\_\_

Signature \_\_\_\_\_  
Date \_\_\_\_\_ Title \_\_\_\_\_

The combination of these two elements produce a 65.6 percent increase in the cost of permanent partial disability compensation.

There are other provisions in the bill which may have some fiscal impact, but there is no means of objectively measuring that impact.

The provision for a payment in lump sum to survivors of claimants who die within 5 years of an award would be a negligible added cost and would not measurably affect premium rate level.

The provision for a lump sum payment for permanent partial disability of 20 percent or less at a rate of 50 percent of the claimant's average monthly wage for each 1 percent of disability would not in itself add to the cost of permanent partial compensation.

However, it would tend to encourage litigation, particularly when other factors are included as an element of disability.

The provision which makes the advance of compensation benefits discretionary on the part of the commission upon demonstration of "dire financial need" cannot be priced. It will add to administrative costs, and since there is no limit on advances or amount of advance it could require substantial administrative effort.

In addition to the added administrative cost, there will be an indeterminate amount of cost as a result of the advances. The present value of permanent partial reserves is based on the assumption that 3 3/4% interest will be earned on the undisbursed balance. The payment of advances reduces the balance upon which interest will be earned.

Paragraph 5 - The change to this paragraph does not appear to be complete.

The paragraph reads:

An employee receiving permanent or temporary total disability compensation is not entitled to permanent partial disability compensation during the period when he is receiving permanent total disability compensation.

It probably should read:

"An employee receiving permanent or temporary total disability compensation is not entitled to permanent partial disability compensation during the period when he is receiving (permanent) total disability compensation."

If there was no intent to delete "permanent" in the last line, there would be an indeterminate increase in cost.

It would allow an individual to draw both TTD and PPD compensation at the same time. His total compensation during this period would very likely exceed his "take home pay". There would be a great incentive to accept an award with the intent of reopening as soon as possible, since upon reopening both TTD and PPD would be payable.

There would generally be a disincentive to terminate temporary disability if the claimant had had previous awards.

Paragraph 4 - Second sentence is ambiguous. "Compensation shall commence on the date of determination of temporary total disability, ....."

It probably should read:

"shall commence on the date of termination of temporary total disability."

BDR \_\_\_\_\_  
 A.B. 3  
 S.B. \_\_\_\_\_

FISCAL NOTE

AMENDMENTS:  
 Assembly: First Reading \_\_\_\_\_  
 Second Reading \_\_\_\_\_  
 Third Reading \_\_\_\_\_  
 Senate: First Reading \_\_\_\_\_  
 Second Reading \_\_\_\_\_  
 Third Reading \_\_\_\_\_

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Date transmitted January 27, 1975

Agency submitting Nevada Industrial Commission Date prepared January 27, 1975

Summary	Fiscal Year 1974-75	Fiscal Year 1975-76	Fiscal Year 1976-77	Continuing
Change in definition of average monthly wage and maximum considered wage for disability compensation.	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total.....	_____	_____	_____	_____

EXPLANATION (use continuation sheets if required):

The revision in the definition of the "average monthly wage" has the effect of increasing the maximum monthly disability benefit from \$485.23 in fiscal 1975, an amount equal to 66 2/3% of the state average monthly wage \$727.48, to \$867.10 (66 2/3% x \$1,300) except for permanent partial disability. The maximum permanent partial disability compensation would be increased by a like percentage, i.e. 78.7 percent.

During 1974, 53.1 percent of the disabled workers in Nevada received less than the maximum average monthly wage upon which disability compensation is based. This group would not receive any additional benefit if AB 3 is enacted.

The remaining 46.9 percent of disabled workmen received wages in excess of the maximum average monthly wage considered for compensation. This group would receive increased disability compensation benefits.

Signature John R. Reiser  
 John R. Reiser  
 Title Chairman

Reviewed by Department of Administration \_\_\_\_\_  
 Comments by Department of Administration: \_\_\_\_\_

Signature \_\_\_\_\_  
 Date \_\_\_\_\_ Title \_\_\_\_\_

There are 5 categories of disability compensation which would increase in cost.

- Temporary Total Disability Compensation would increase by 29.1%.
- Permanent Partial Disability Compensation would increase by 28.5%.
- Permanent Total Disability Compensation would increase by 22.7%.
- Survivor's Benefits (fatal accidents/diseases) would increase by 22.7%.
- Temporary Partial Disability Compensation would increase by 29.1%.

The effect of these increases in cost on the overall cost of workmen's compensation to employers insured by NIC would be 15.4 percent.

Fiscal year 1974 premium paid by insured employers amounted to \$43,630,000.

Assuming an annual 5% increase in premium income, the cost of the increased benefits in fiscal 1975 as a result of the provisions of AB 3 would be \$7,408,000.



# Sign up for: Please Print Guests & Speakers

<u>NAME</u>	<u>Business</u>
( GINO DEL CARLO Bob Alkire ✓ BOB Mc Coy - PERHAPS Louis BERGEVIN LEO HENRIKSON	WALLIE WARREN - Kennecott Copper Corp' THE GIBBENS CO. Nevada Cattlemen's Assn TEAMSTERS LOCALS 995-631 533-14-881
Larry Dunphy (Pr) ✓ JACK MITCHELL	Franciscan Center - 882-1968 CITY OF NORTH LAS VEGAS
Bob WARREN (YES) DARYL E. CAPURRO } Robert F. Quinn- }	New League of Cities NEVADA MOTOR TRANSPORT ASSN. NEVADA FRANCHISED AUTO DEALERS ASSN.
Wm R. Gibbens JOHN REISER	The Gibbens Co., Inc. NEVADA INDUSTRIAL COMMISSION
Tom B. Farrer Senegabe Hueter John Taylor J. Herbert Hawes John Maxwell	Nevada Industrial Commission Chiropractic Association of Nevada Nevada Pwd. Co. 10 " " " " Nev. Cattlemen's Assoc.

\* Please place ✓ by name if speaking at meeting.