MINUTES

LABOR AND MANAGEMENT COMMITTEE
April 5, 1977

Members Present: Chairman Banner
Mr. Bennett
Mrs. Gomes
Mr. Goodman
Mr. Dreyer
Mr. Robinson
Mr. Weise

Members Absent: None

Guests Present: See attached lists.

Chairman Banner called the meeting to order at 3:06 p.m. stating that this was a continuation of the hearing on the heart bills.

ASSEMBLY BILLS 336 and 275

John Reiser, Chairman of the NIC, informed the Committee that he had invited Dr. Robert Barnet, a Reno cardiologist, and Arthur Berger, an actuary, to explain various issues relating to heart coverage, and asked Dr. Champion to introduce Dr. Barnet.

William J. Champion, M.D., medical advisor for the NIC, referred to Dr. Barnet's qualifications as an expert in cardiology, as set forth in the resume distributed to the Committee, which is attached hereto as Exhibit "A".

Robert J. Barnet, M.D., stated that while he was invited to speak before the Committee by the NIC, he considers himself an independent witness. He is sympathetic with the aims of the sponsors of the bills, but feels this is the wrong approach to the problem. Heart disease is epidemic and the major cause of death. From his own practice he is well aware of the need for good insurance coverage for heart victims, but he feels it should be provided through private policies with employers. Heart disease should not be discriminated in favor of and made a work-related disease, as this has not been documented by the facts. Assembly

The most common cause of heart disease is arthrosclerosis, which accounts for 75-85 percent of heart disease in this country today. Arthrosclerosis begins in the twenties, generally before people are in stressful situations, and is an on-going process which gradually builds up over the years. It is a major cause of death in men between the ages of 30 and 65. However, its causal relationship to

work has not been demonstrated. A job may be stressful for one individual, it may not be for another.

There are other risk factors that can be measured, such as high cholesterol, smoking, high blood pressure and, to a lesser degree, family history, and it is possible to show a direct relationship between these factors and heart disease.

One of the problems of the bills is that if you can show that the patient's difficulty began at work, he will be compensated. Studies have shown that 50-60 percent of the people have some symptoms two to three weeks before the actual heart attack. Depending on how well an individual has been briefed, he can then identify the heart attack with work, even though there may be no relationship. Therefore, Dr. Barnet feels that the ones who will derive the most benefit from this bill are the medical and legal professions: the medical profession because they will be assured of getting their bills paid, and the legal profession because of the lawsuits that will necessarily be produced by this legislation.

Mr. Banner asked Dr. Barnet if he was saying that there is no causal relationship between the job and heart disease. Dr. Barnet said there were a few cases where there is a relationship, but these generally involve a person being struck in the chest; however, these cases are so rare that they can be taken care of on an individual basis without changing the law.

Mr. Banner said there is the problem in that certain categories are already covered for heart disease. However, Dr. Barnet said he did not support the previous legislation allowing coverage for policemen and fire fighters; he felt it was a political decision and was not based on scientific data.

Mr. Weise asked if there was any way to diagnose stress as having a causal relationship to the heart attack. Dr. Barnet said you could measure some of the other risk factors, such as smoking, blood pressure, etc.; but emotional stress is not measurable. There are indirect indications that it may contribute to the problem. If a person has a blood vessel 99% closed off, an unusual emotional stress or unusual physical exertion might precipitate a heart attack although this person would probably have had an attack in a few weeks anyway.

Mr. Weise asked if there is any way to trace the actual time of a heart attack to determine whether it was at work or home but Dr. Barnet said he did not think so.

Mr. Weise asked about the cost of employers giving physical exams in order to determine whether the individual is subject to heart disease. Dr. Barnet said on a contract basis it would go from a low of $55.00 to a high of $85.00 or more depending on the tests done, such as

treadmill, cardiogram, etc. Mr. Banner asked that if you examine a person every year would you have a pretty good idea that he would or would not have a heart attack? Dr. Barnet said not always; one of the problems is that with the police, the examinations are not begun until five years after the individual enters the health insurance program. Dr. Barnet said the smart employer would screen out these people from the beginning; but then, what do you do with these people as far as employment is concerned. Therefore, the best approach is to have coverage for heart diseases through employer insurance and disability programs.

Arthur Berger, an actuary with Dreher, Rogert & Associates, Inc., was asked by the NIC to estimate the fiscal impact of this type of heart coverage, and distributed a copy of his qualifications, attached hereto as Exhibit "B". Mr. Berger referred to his Memo, dated April 1, 1977, a copy of which is also attached as Exhibit "C", using figures from other states to project costs for Nevada. Mr. Weise asked if Mr. Berger's information separated medical costs from legal fees, and Mr. Berger said he did not have enough data to develop this. Mrs. Gomes asked if the figures presented included heart disease with causal factors such as family history, smoking, etc. Mr. Berger said that anything that was considered compensable was included in the study, but he does not know why it was compensable. Mr. Berger said that these statistics are probably on the low side.

William J. Crowell, legal council for NIC, stated that even in those states that have heart coverage, nearly every state has reached different conclusions on the same set of facts from a court point of view.

Frank Palermo, medical student at the University of Nevada Medical School, stated that Dr. Barnet has been one of his instructors and is recognized by the Medical School as the expert on heart conditions in Washoe County. He has also worked in hospital and public health administration in Las Vegas and has a Masters Degree in Public Health and Business Administration. Mr. Palermo thought there was a direct relation between physical stress and heart conditions. Also, there has been shown, through anecdotal type stories, that emotional stress can cause heart problems so there may be adverse relationship between work and intermittent physical stress. On the other hand, he referred to one study of longshoremen in California that has shown that these men, who have high physical activity in their work, have a much lower incidence of heart attacks and heart conditions than any other persons. Mr. Palermo suggested that, if this bill was passed, Nevada set up a good data analysis program so that the state can keep track of costs.

Mr. Robinson asked about benefits under social security if totally disabled due to a heart attack. Dr. Barnet said that a person has to be totally and permanently disabled for six months to get regular social security benefits, just as if they were retired. They are

eligible for medicare after two years of total disability. There is no partial disability under social security. However, Mrs. Gomes said that in Nevada, the person would only get medical coverage, and the sponsors of this bill are looking for some relief for people who are put out of work by a heart condition and have no living wage.

Assemblyman R. G. Craddock, District No. 20, commented on the fact that since the Committee was having difficulties in determining what brings on heart problems, perhaps its time could be better spent on something that is less difficult to pin down, such as the "brown lung" condition caused in welders, due to the fumes and chemicals they work with. This situation, he said, is well documented.

Ed Greer, Business Manager of the Clark County School District, read his prepared statement, attached hereto as Exhibit "D", in opposition to the heart coverage.

Virgil Getto, speaking on behalf of the agriculture industry, opposed the bill. This industry is very hard hit economically, and this will only add to their problems. NIC coverage is not mandatory in agriculture, but a good share of the employers provide this coverage. It would be hard for them to give employees a physical; in many cases, there is no doctor in the smaller towns.

Bob Alkire, Kennecott Copper Corporation, testified in opposition to the bill, reading his statement attached as Exhibit "E".

Clint Knoll, Nevada Association of Employers, testified in opposition to the bill. If heart conditions are covered under NIC, it would force employers to seek private coverage without any heart coverage. No carrier will duplicate on a private plan benefits available under NIC.

Chairman Banner recessed the hearing at 4:33 p.m. and said the Committee would take action on some bills previously heard.

COMMITTEE ACTION

ASSEMBLY BILL 406

Mr. Dreyer moved to amend AB 406 with Amendments 638A and 639A and to Do Pass as Amended. The motion was seconded by Mr. Bennett and unanimously passed.

ASSEMBLY BILL 359

Mr. Goodman moved for a Do Pass, seconded by Mrs. Gomes. The motion passed with Mr. Weise, Mr. Dreyer and Mr. Robinson voting no.

Assembly

ASSEMBLY BILL 336

Mr. Weise moved for an Indefinite Postponement, seconded by Mr. Bennett. The motion passed with Mr. Banner, Mr. Goodman and Mrs. Gomes voting no.

The meeting was adjourned at 4:41 p.m.

Respectfully submitted,

Sandra Campbell

Sandra Campbell, Assembly Attache

LABOR AND MANAGEMENT COMMITTEE

PLEASE REGISTER IF YOU WISH TO BE RECOGNIZED

AB 275 & AB 336
AGENDA

4-5-77
DATE

NAME (please print)	REPRESENTING	BILL NUMBER	CHECK FOR	CHECK AGAINST
JOHN REISER	NIC	AB 275 AB 336		
ARTHUR BERGER	NIC	AB 275 AB 336		
ROBERT BARNET MD	NIC	AB 275 AB 336		
W J. CROWELL	NIC	" "		
ED GREER	CLARK Co. SCHOOL DIST.	AB 275 AB 336		✓
CLINT KNOLL	Nev Ass'n of Employers	AB 275 AB 336		✓
Glen C. Taylor	Basic Management Inc	AB 275 AB 336		✓
Bob ALKire	Kennecott Copper Corp.	AB 275 AB 336		✓
John Kirk	Gibbens Co	AB 275 336		✓
			133	

Date: 4-5-77

LABOR AND MANAGEMENT COMMITTEE

GUEST LIST (Non-Speakers)

NAME (Please print)	REPRESENTING
William M. Clemens	Reno Newspapers, Inc.
Mike J. Compton MD	N.C.
[illegible]	NIC
Gino DiCarlo	F.N.B. Reno/Las Vegas
Bryan Armstrong	LV Sun
Wally Warren	
Easton Blackburn Sr.	TEMET, Henderson Nevada
Howard Winn	Nevada Mining Association
Del Blair	Neurodyne-Dempsey
Henry Gardner	Mallary Electric
Geo. Hawes	AFL-CIO
John Ganotti	Harrahs
Lon Paley	AFL-CIO
E.R. Newton	NTA
Tom Case	Central Telephone
Assem. Craddock	District #20
Bob Warren	Nev League of Cities

CURRICULUM VITAE

Robert Joseph Barnet, M. D.
[redacted] Mill Street, Suite 2
[redacted]o, Nevada 89502

BORN:	April 27, 1929, Port Huron, Michigan
PREMEDICAL EDUCATION: 1947 - 1950	University of Notre Dame, South Bend, Indiana
SUMMERS: 1947 & 1949	Port Huron Junior College, Michigan
MEDICAL EDUCATION:	
1950 - 1954	M. D., Stritch School of Medicine, Loyola University, Chicago, Illinois
EXPERIENCE:	
7/54 - 6/55	Medical intern, 5th and 6th Medical Service, Boston City Hospital, Boston, Massachusetts
7/55 - 12/55	Rotating Intern, (Surgery, Pediatrics, OB-GYN), Mercy Hospital, Chicago, Illinois
2/56 - 6/56	Training in Neurology and Psychiatry, Brooke Army Hospital, San Antonio, Texas
6/56 - 5/58	Assistant Chief, Neuropsychiatry Section, U. S. Army Hospital, Nuernberg, Germany
11/57 - 1/58	Acting Chief, Neuropsychiatry Section, U. S. Army Hospital, Nuernberg, Germany
7/58 - 6/59	Assistant Resident in Medicine, 5th and 6th Medical Service, Boston City Hospital, Boston, Massachusetts
7/59 - 6/60	Clinical and Research Fellow in Cardiology, Children's Medical Center and House of the Good Samaritan, Boston, Massachusetts
	Consulting Fellow in Rheumatic Fever, Pediatric Service, Boston City Hospital, Boston, Massachusetts
	Consulting Fellow in Rheumatic Fever, Massachusetts State Rheumatic Fever Clinic

Robert Joseph Barnet, M. D.

	Research Fellow in Pediatrics, Harvard Medical School
7/60 - 6/61	Clinical Fellow in Cardiology, Massachusetts Memorial Hospitals, Boston, Massachusetts
7/61 - 7/62	Physician-in-charge, St. Francis Mission Hospital, Solwezi, North Rhodesia (Zambia)
	Visiting Physician, Solwezi Boma Rural Hospital, (Federal Ministry of Health), Solwezi, North Rhodesia (Zambia)
10/62 - 3/65	Director of Clinics and Associate in Medicine, Stritch School of Medicine, Loyola University, Chicago, Illinois
	Physician-in-charge, Cardiac Clinic, Loyola University, Fantus Outpatient Department, Cook County Hospital, Chicago, Illinois
	Physician-in-charge, Hypertension Clinic, Fantus Outpatient Department, Cook County Hospital, Chicago, Illinois
	Lecturer in Electrocardiography and Cardiology, Stritch School of Medicine, Loyola University, Chicago, Illinois
10/62 - 8/63	Associate attending physician, Department of Medicine, Cook County Hospital, Chicago, Illinois
8/63 - 3/65	Attending Physician, Department of Medicine, Cook County Hospital, Chicago, Illinois
7/65 - present	Private Practice Cardiology, Reno, Nevada Member, Medical Staff, Washoe Medical Center, Reno, Nevada
	Member, Medical Staff, St. Mary's Hospital, Reno, Nevada
11/65 - 6/68	Associate Clinical Professor of Cardiology, University of Nevada, and Associate Director, Laboratory of Environmental Patho-Physiology, Desert Research Institute, University of Nevada, Reno, Nevada

Robert Joseph Barnet, M. D.

11/65 - present	Director, Cardiac Care Unit, Washoe Medical Center, Reno, Nevada
10/66 - present	Consulting Cardiologist, Disability Determination Unit, State of Nevada
	Consulting Cardiologist, Crippled Childrens Service, State of Nevada
1/67 - present	Consultant in Cardiology, Reno Veterans Administration Hospital
8/67 - 6/71	Member Core Faculty, (Cardiology) Intermountain Regional Medical Program, (University of Utah)
1968 - 1971	Assistant Clinical Professor of Postgraduate Medical Education, College of Medicine, University of Utah
1969 - present	Consultant in Cardiology, Southern Pacific Company
1969 - present	Consultant in Cardiology, Churchill Public Hospital, Fallon, Nevada, Pershing General Hospital, Lovelock, Nevada
1971 - 1972	Clinical Associate, University of Nevada Medical School, Reno, Nevada
1973 - present	Associate Clinical Professor of Medicine University of Nevada Medical School, Reno, Nevada

MAJOR HOSPITAL APPOINTMENTS:

1967 - 1971	Chairman Emergency Room Committee, Washoe Medical Center, Reno, Nevada
1967 - 1971 1973 - present	Member Executive Committee, Washoe Medical Center, Reno, Nevada
1969	Vice Chief, Department of Medicine, Washoe Medical Center
1970 - 1971	Chief, Department of Medicine, Washoe Medical Center

Robert Joseph Barnet, M. D.

1973 - present	Chief, Department of Emergency Services, Washoe Medical Center
OTHER APPOINTMENTS:	
1967 - 1971	Nevada State Advisory Committee Regional Medical Programs
1968 - 1972	Member Heart Sub-Committee, Area II, Davis Regional Medical Program, (University of California at Davis)
1968 - 1971	Member IRMP Council for Eradication of Rheumatic Fever Program
SPECIALTY QUALIFICATIONS:	
	Diplomate American Board of Internal Medicine (1970) Diplomate in Sub Specialty of Cardiovascular Disease (1975)
MEMBERSHIPS:	American Federation for Clinical Research, (Councilor, Chicago Group, 1964-65) Nevada Heart Association, (Board of Directors 1968-present; Executive Committee, 1968-present, Vice President 1971-73, President 1974-75) Washoe County Medical Society Nevada State Medical Society American Medical Association (1965-1970) American Society of Internal Medicine (1965-1975) American College of Chest Physicians (Fellow) American College of Cardiology (Fellow) Governor for Nevada 1974-77 American College of Physicians (Fellow)
AWARDS AND HONORS:	
	Clinical Faculty Honor Award for Outstanding Teacher, Stritch School of Medicine, Loyola University, Chicago, Illinois (1963-1964)
LICENSURE:	Diplomate, National Board of Medical Examiners-1961 Massachusetts-1959 (by examination) Illinois-1963 California-1964 Washington-1964 Nevada-1965 (Basic Science by examination)

PUBLICATIONS:

1. Barnet, R., Outpatient Neuropsychiatry in the U. S. Army, Europe, Military Medicine, March, 1959.

2. Jhaveri, S., Czoniczer, G., Barnet, R., and Massell, B., Factors Affecting the Prognosis of First Attacks of Rheumatic Fever and Subsequent Rheumatic Heart Disease.
   1. Course of the Disease During Follow-Up and Role of Therapy in the Acute Phase. Proceedings of New England Cardio-Vascular Society, November, 1959.

3. Barnet, R., et al. Factors Affecting the Prognosis of First Attacks of Rheumatic Fever and Subsequent Rheumatic Heart Disease. 11. Role of Heart Size, Valvular Lesions and Congestive Failure. Proceedings of New England Cardio-Vascular Society, November, 1959.

4. Jhaveri, S., Czoniczer, G., Barnet, R., and Massell, B., Treatment of Rheumatic Fever and Rheumatic Carditis. Medical Clinics of North America, Vol. 45, # 5, September, 1961.

5. Massell, B., Barnet, R., et al. Evaluation of Steroid Therapy in Acute Rheumatic Fever, Results of Treatment Related to Other Factors Influencing Prognosis Inflammation and Disease of Connective Tissue, W. B. Saunders, 1961.

6. Talso, P. M., Remenchik, A., and Barnet, R., Combined Therapy of Hypertensive Disease: An Evaluation of the Value of a Phenothiazine Derivative. Applied Therapeutics, December, 1964.

7. Smith, G., McKay, L, Olsen, D., Licata, R., and Barnet, R., A New Synchronous P-Wave Biologic Pacemaker. Clinical Research, Vol. XIV, # 2, April, 1966, (Abstract).

8. Barnet, R., Comments on Coronary Care. Rocky Mountain Medical Journal, March, 1967.

9. Barnet, R., Closed Chest vs Open Chest Cardiopulmonary Resuscitation, Rocky Mountain Medical Journal, March, 1968.

10. Barnet, R., Current Concepts in Coronary Care. Geriatrics, June, 1968.

11. Barnet, R., Vagaries of Coronary Artery Disease, Rocky Mountain Medical Journal, May, 1969.

12. Barnet, R., Acute Coronary Care - 1970. Rocky Mountain Medical Journal, June, 1970.

13. Zebrack, J., Barnet, R., Surgery for Angina, March, 1973, Rocky Mountain Medical Journal.

14. Barnet, R., "How helpful are ECGs?" Modern Medicine, June, 1975. (Forum)

ARTHUR A. BERGER

1. Business Associations

Actuary	Dreher, Rogers & Associates, Inc. New York City	1974-
Actuary	A. S. Hansen, inc. New York City	1971-74
Actuarial Student	A. S. Hansen, inc. New York City	1966-68

2. Professional Accreditations

Affiliate, American Academy of Actuaries

Enrolled Actuary under ERISA

3. Worker's Compensation Activities

Industrial Commission of Arizona

Arizona State Compensation Fund

Nevada Industrial Commission

Memo Dreher, Rogers & Associates, Inc.

To: John R. Reiser
From: Arthur A. Berger
Subject: Estimated Cost to Compensate Work-Related Heart Disabilities
Date: April 1, 1977
File: CORR, CIRC
cc: Robert Haley, Robert Robotka

In our search for suitable statistics or other information for our study on the effect of covering work-related heart disabilities under Worker's Compensation laws, we contacted several federal government agencies and many state insurance funds or Worker's Compensation Bureaus, most located in the western United States.

None of the jurisdictions surveyed specifically exclude from coverage work-related heart disease or fatal heart attacks. However, the number of heart cases accepted for compensation or medical benefit payments, relative to the number of non-heart claims, is directly related to the stringency of criteria used to determine if a heart claim is work-related. Several states provide benefits only if a heart fatality or disability is caused by unusual exertion on the job. A few states, such as Nevada, provide compensation for heart disability only to the uniformed services such as policemen, firemen and sanitation. Other states place the burden of proof on the claimant which sometimes results in an out-of-court settlement to avoid litigation expenses and setting of legal precedents.

About half of the 16 State Funds and Worker's Compensation Bureaus surveyed were able to supply some data related to heart disabilities. For the remainder, we were unable to get detailed data due to recordkeeping procedures which did not separately identify heart disability cases. A list of those State Funds or Compensation Bureaus which responded to our request for data is attached. The most comprehensive statistics on both compensation and medical costs were provided by the New Jersey Compensation Rating and Inspection Bureau.

Acknowledging the fact that absolute comparisons among the various state Worker's Compensation laws must be approached cautiously, we feel that New Jersey's experience on heart disabilities is extensive enough to form a basis for estimating the cost of covering work-related heart disabilities under Nevada's Worker's Compensation law.

Estimate of Cost to Provide Benefits to Heart-Related Fatalities:

We have used three different techniques to arrive at a range of costs to provide both compensation and medical death benefits to workers who succumb to a heart attack which is deemed work-related.

1. Based on the number of cases reported in New Jersey: In years 1969 through 1973, the number of compensated heart fatalities represented about .23% of all time-loss claims reported. Similar results were experienced in New York State and Montana. The average compensation cost for heart fatalities was about 32.8 times the average cost for all causes.

Number of NIC time-lost claims in 1976	=	8508
		x .0023
Expected heart fatalities		20
Average NIC Compensation Cost $4,680 x 32.8	=	x $153,500
Total Compensation Cost		$3,070,000

Medical costs were developed in a similar manner. Average medical for heart fatalities was assumed 1.8 times the average medical on all time-loss claims.

Expected heart fatalities	20
Average NIC Medical Cost $1,500 x 1.8	x $2,700
Total Medical Cost	$54,000

Total Estimated Cost (Compensation & Medical)	$3,124,000

2. Based on Ratio of Incurred Costs:
As the attached extracts from the New Jersey report indicate, the incurred compensation cost for heart fatalities has been increasing (discounting 1973, the latest report year included in the report) as a percent of total incurred compensation costs. If we assume that NIC's experience will follow the same trend, we estimate that the incurred cost for compensating heart fatalities will increase NIC's compensation costs by about 11%. The comparable increase for medical would be about .3%.

Incurred NIC Compensation Cost for 1976	=	$39,300,000
		x .11
Total Compensation Cost		$4,323,000
Incurred NIC Medical Cost for 1976		$12,850,000
		x .003
Total Medical Cost		$38,550,-
Total Estimated Cost (Compensation & Medical)		$4,361,550

3. Based on Nevada Vital Statistics:
Diseases of the heart remain the leading cause of death in Nevada as well as for the U. S. 1,671 or 34% of the 4,917 deaths in 1976 were attributable to heart disease.

- 578 (35%) of the 1,671 heart fatalities occurred during the working ages of 20 to 64.
- 389 (67%) of the 578 deaths are assumed to be among employed workers (based on BLS statistics on labor force participation rates).
- 70 (18%) of the 389 deaths are compensable, assuming a fatal heart attack must have occurred on the job and that 18% of total time is spent in the course of employment.
- 56 (80%) of the 70 are assumed to have 1 or more surviving dependents (based on BLS statistics).

Based on a monthly benefit of $667 and an average age of the survivor of 55 (same age as deceased worker) the cost to NIC for 1976 can be calculated as follows:

Compensation cost per case	$115,230
Number receiving benefits	x 56
Total Compensation Cost	$6,452,880

If we assume only 28 (40%) of the 70 fatalities have surviving dependents, the cost would be in excess of $3,226,000.

We conclude from the above demonstrations that if heart fatalities were compensated in fiscal year 1976, NIC's incurred costs for this benefit would have been between $3.1 and $6.5 million. This increase in costs would have required a 5.8% to 12.1% increase in 1976 earned premium.

If we select the midpoint of that interval as a reasonable estimate of NIC's potential cost, 1976 incurred costs would have increased approximately $4.8 million, requiring an 8.9% increase in 1976 earned premium.

We have also made a projection of this additional $4.8 million cost assuming legislative change in Nevada's Worker's Compensation law concerning heart claims will be effective commencing with fiscal 1978. Assuming benefit levels increase at a rate of 7% per year and a 9% per year increase in the number of claims reported, we estimate that compensated heart-related fatalities for fiscal 1978 will cost approximately $6.5 million, representing an increase in 1978 earned premium of about 8.1% (based on estimate of fiscal 1978 premium of $80 million).

Additional Cost to Provide Benefits to Non-Fatal Heart Disabilities:

Based on compensation data available for New Jersey and New York States, the claim costs for heart fatalities represented about 46% to 54% of all heart claims. We, therefore, estimate that providing benefits to non-fatal heart disability claimants will increase fiscal 1978 costs an additional $6.5 million.

The combined cost of providing benefits to fatal and non-fatal heart disease claimants is estimated at $13 million, representing an increase in 1978 earned premium of about 16.2% (assuming no other changes are made in the law).

The estimates include margins for routine administrative expenses. However, based on our conversations with the various state agencies, several other areas of increased claim cost or adminstrative expense (which we did not estimate) could be identified:

- Higher than average claim administration expense due to the difficulty of classifying a heart disability as being work-related.

- Additional legal fees for those heart cases where the initial claim is denied, but is later accepted on a settlement basis or due to court action.

- The trend of liberal interpretation of existing laws has increased the number of heart claims filed and accepted each year in those states which do not specifically exclude heart disease as compensable.

- Need for expansion of rehabilitation facilities to provide for heart-disabled workers.

- Substantial second injury awards for a worker who suffers a subsequent heart seizure.

AAB/fb

Attachments

States Which Provided Data on
Heart Disability Claim Experience

Kansas	Division of Workers' Compensation Tel: (913) 296-3441 Contact: Bryce B. Moore
Montana	Division of Workers' Compensation Montana Department of Labor and Industry Tel: (406) 449-2047 Contact: James Murphy
New Jersey	Compensation Rating and Inspection Bureau Tel: (201) 622-6014 Contact: Joseph DiMartina
New York	Workmen's Compensation Bureau Tel: (212) 488-2065 Contact: Granville Lee
North Dakota	Workmen's Compensation Bureau Tel: (701) 224-2700 Contact: Quentin Retterath
Oregon	State Accident Fund Tel: (503) 378-3420 Contact: Don Sutherland
Washington	Department of Labor and Industries Tel: (206) 753-5000 Contact: Larry Rubida
Wisconsin	Wisconsin Department of Industry, Labor & Human Relations Tel: (608) 266-0317 Contact: Ruth Wilson

COMPENSATION RATING AND INSPECTION BUREAU

DEPARTMENT OF INSURANCE

60 PARK PLACE • NEWARK, N. J. 07102

Telephone (Area 201) 622-6014

Chairman
ROBERT R. HECKMAN
Special Deputy Commissioner

May 18, 1970

FIFTY-NINTH ANNUAL REPORT

Loss by Kind of Injury

Table 19 shows the distribution and average case costs of losses compensated under the New Jersey Workmen's Compensation Law by kind of injury for policy years 1964 through 1973. Experience accumulated under the per capita policies, Admiralty, the United States Longshoremen's and Harbor Workers' Compensation Act, and the Federal Employers' Liability Act is not included in Table 19.

In policy year 1973 on first report there were:

357 deaths with average indemnity of $62,451 and medical of $2,150.

51 permanent total cases with average indemnity of $63,947 and medical of $21,587.

1,778 major permanent partial disability cases with average indemnity of $11,647 and medical of $5,050.

27,809 minor permanent partial disability cases with average indemnity of $1,901 and medical of $655.

25,755 temporary total cases with average indemnity of $569 and medical of $273.

The average for the 55,750 cases was $2,041 indemnity and $647 medical; $2,688 total. As the table indicates, in 1964 the average cost of all compensable cases including medical was $1,522.

Table 20 shows exhibits of heart cases for policy years 1969 through 1973 and compensable occupational disease losses for policy years 1949 through 1973.

In the years 1969 through 1973 there were 3,012 reported heart cases with a total incurred cost of $76,602,567 divided $70,028,546 indemnity and $6,574,021 medical. The cost of these cases amounted to 9.7% of the total incurred compensation of $791,315,122.

In the years 1949 through 1973 there were 16,772 compensable occupational disease cases with a total incurred cost of $76,083,802 divided $69,638,415 indemnity and $6,445,427 medical. The compensable disease cost was 3.9% of the total incurred compensation of $1,936,482,419.

Table 19

DISTRIBUTION OF "STATE" LOSSES BY KIND OF INJURY
AND
AVERAGE INDEMNITY, MEDICAL AND TOTAL COST

Payroll Rated Business

Policy Year		Death	P.T.	Major	Minor	Temp.	Non-Comp. Medical	Total Excl. Non-Comp.
	Number	317	57	1,437	30,321	17,433	187,758	49,565
1964	Indemnity	16,991	38,785	9,623	1,151	298	--	1,241
	Medical	767	11,747	2,455	233	136	27	281
	Total	17,758	50,532	12,078	1,384	434	27	1,522
	Number	282	73	1,607	31,185	18,272	197,680	51,419
1965	Indemnity	16,739	43,825	9,656	1,176	299	--	1,275
	Medical	703	15,095	2,620	244	140	28	413
	Total	17,442	58,920	12,276	1,420	439	28	1,688
	Number	302	73	1,734	32,353	18,241	202,603	52,703
1966	Indemnity	22,181	47,504	10,190	1,231	329	--	1,398
	Medical	1,592	14,382	2,629	268	153	30	333
	Total	23,773	61,886	12,819	1,499	482	30	1,731
	Number	304	114	1,802	32,740	19,367	203,307	54,327
1967	Indemnity	48,519	63,013	11,454	1,350	385	--	1,735
	Medical	2,060	29,567	2,894	284	152	32	395
	Total	50,579	92,580	14,348	1,634	537	32	2,130
	Number	286	94	2,151	33,747	21,635	210,248	57,913
1968	Indemnity	52,473	60,977	11,717	1,409	422	--	1,772
	Medical	983	38,146	3,017	308	164	34	420
	Total	53,456	99,123	14,734	1,717	586	34	2,192
	Number	315	106	2,202	32,888	22,823	234,991	58,334
1969	Indemnity	52,136	61,595	12,547	1,493	439	--	1,881
	Medical	1,659	20,412	3,480	349	177	33	443
	Total	53,795	82,007	16,027	1,842	616	33	2,324
	Number	336	106	2,185	30,916	23,846	227,800	57,389
1970	Indemnity	57,379	60,600	13,241	1,583	466	--	1,999
	Medical	1,218	32,906	3,545	375	184	35	481
	Total	58,597	93,506	16,786	1,958	650	35	2,480
	Number	366	120	2,244	30,140	23,829	194,130	56,699
1971	Indemnity	56,942	64,225	12,525	1,669	484	--	2,090
	Medical	1,446	24,379	3,882	427	205	42	528
	Total	58,388	88,604	16,407	2,096	689	42	2,618
	Number	393	110	2,305	28,522	25,817	203,170	57,147
1972	Indemnity	60,428	64,182	12,393	1,812	535	--	2,185
	Medical	1,517	33,520	4,391	521	231	43	616
	Total	61,945	97,702	16,784	2,333	766	43	2,801
	Number	357	51	1,778	27,809	25,755	201,685	55,750
1973	Indemnity	62,451	63,947	11,647	1,901	569	--	2,041
	Medical	2,150	21,587	5,050	655	273	45	647
	Total	64,601	85,534	16,697	2,556	842	45	2,688

These data include only losses compensated under the New Jersey Workmen's Compensation Law. Per capita experience is excluded. Experience under Three Year Fixed Rate policies is shown below.

HEART CASES REPORTED UNDER THE NEW JERSEY WORKMEN'S COMPENSATION LAW
AND
THE UNITED STATES LONGSHOREMEN'S AND HARBOR WORKERS' ACT

	Kind of injury															
Policy Year	No. of Cases	Death Indemnity	Death Medical	No. of Cases	Permanent Total Indemnity	Permanent Total Medical	No. of Cases	Major Permanent Indemnity	Major Permanent Medical	No. of Cases	Minor Permanent Indemnity	Minor Permanent Medical	No. of Cases	Temporary Disability Indemnity	Temporary Disability Medical
1969	76	$ 4,486,403	$ 53,592	18	$1,241,345	$316,023	314	$ 4,151,727	$ 586,218	184	$ 844,203	$151,210	12	$ 72,880	$ 13,764
Percent of Total Losses	0.1%	4.0%	0.2%	0.0%	1.1%	0.9%	0.5%	3.7%	1.7%	0.3%	0.8%	0.4%	0.0%	0.0%	[illegible]
1970	121	6,991,710	67,914	9	737,242	108,250	336	4,829,678	718,410	222	1,019,257	189,013	22	139,852	25,[illegible]
Percent of Total Losses	0.2%	6.0%	0.2%	0.0%	0.6%	0.3%	0.6%	4.1%	2.0%	0.4%	0.9%	0.5%	0.0%	0.1%	0.1%
1971	135	8,297,194	124,134	17	1,007,265	135,242	275	3,797,464	638,573	124	613,984	160,144	18	69,520	31,734
Percent of Total Losses	0.2%	6.8%	0.3%	0.0%	0.8%	0.4%	0.5%	3.1%	1.7%	0.2%	0.5%	0.4%	0.0%	0.1%	[illegible]
1972	185	12,514,536	172,989	15	1,070,201	201,286	302	4,009,785	937,450	129	675,224	199,018	12	68,929	24,3[illegible]
Percent of Total Losses	0.3%	10.0%	0.4%	0.0%	0.8%	0.5%	0.5%	3.2%	2.1%	0.2%	0.5%	0.4%	0.0%	0.1%	[illegible]
1973	138	9,245,986	156,751	9	573,559	98,000	227	2,946,158	1,245,089	100	546,970	186,955	12	57,474	29,091
Percent of Total Losses	0.2%	8.0%	0.3%	0.0%	0.5%	0.2%	0.4%	2.5%	2.7%	0.2%	0.5%	0.4%	0.0%	0.1%	[illegible]
Total	655	41,535,829	575,380	68	4,629,612	858,801	1,454	19,734,812	4,125,740	759	3,699,638	886,340	76	428,655	127,760
Percent of Five Year Total Losses	0.2%	7.0%	0.3%	0.0%	0.8%	0.4%	0.5%	3.3%	2.1%	0.3%	0.6%	0.5%	0.0%	0.1%	0.1%

COMPENSABLE OCCUPATIONAL DISEASE LOSSES - EXCLUDING PER CAPITA

Policy Year	Total Incurred Losses	No. of Cases	Compensable G. D. Losses 1 (a) - Indemnity	Medical	Total	Ratio To All
1949	$ 24,080,178	115	$ 101,180	$ 28,851	$ 130,031	0.5%
1950	31,016,517	138	219,699	34,996	254,695	0.8
1951	36,155,441	202	453,201	74,734	527,935	1.5
1952	35,721,424	254	600,345	82,897	683,242	1.9
1953	36,777,998	340	730,547	111,201	841,748	2.3
1954	37,777,578	331	857,690	120,006	977,696	2.6
1955	41,642,408	361	807,656	73,101	880,757	2.1
1956	47,729,816	407	1,195,346	175,106	1,370,452	2.9
1957	50,883,832	386	1,275,466	162,707	1,438,173	2.8
1958	55,457,118	556	1,589,200	194,504	1,783,704	3.2
1959	60,301,302	579	1,554,715	173,645	1,728,360	2.9
1960	63,244,644	1,034	2,739,162	219,119	2,958,281	4.7
1961	63,815,692	653	1,917,106	205,928	2,123,034	3.3
1962	70,562,495	402	1,590,874	147,383	1,738,257	2.5
1963	74,827,532	378	1,704,896	127,204	1,832,100	2.4
1964	81,519,078	514	2,267,348	230,077	2,497,425	3.1
1965	88,178,639	599	2,273,866	203,334	2,477,200	2.8
1966	99,192,281	829	3,386,934	296,547	3,683,481	3.7
1967	124,394,555	1,083	5,196,365	474,913	5,671,278	4.6
1968	136,095,827	1,489	6,535,084	674,244	7,209,328	5.3
1969	145,390,038	1,312	7,096,692	485,712	7,582,404	5.2
1970	152,739,758	1,806	10,097,223	754,435	10,851,658	7.1
1971	159,408,331	1,932	9,203,260	701,685	9,905,005	6.2
1972	170,891,691	1,507	7,806,940	860,175	8,667,115	5.1
1973	161,195,993	935	4,888,511	485,302	5,373,813	3.3
Total	$1,936,482,419	16,772	$69,638,415	$6,445,427	$76,083,802	3.9

These data are from individual accident reports required on claims with indemnity at [illegible] of $1,500 prior to 1973 and $3,000 thereafter.

Total Heart Cases

	#	Ind ($ Millions)	Med.
1969	604	$10.8	$ 1.1
	0.9%	9.6%	3.[illegible]
1970	710	$13.7	$ 1.1
	1.2%	11.7%	3.[illegible]
1971	569	$13.8	$ [illegible]
	.9%	11.3%	2.[illegible]
1972	643	$18.3	$ 1.[illegible]
	1.0%	14.6%	3.[illegible]
1973	486	$13.4	$ 1.7
	.9%	11.6%	3.[illegible]
TOTALS	3,012	$70.0	$ 6.[illegible]
	1.0%	11.8%	3.4

Prepared by: New York State
Workmen's Compensation Board
Administration Division
Office of Research & Statistics
November 18, 1976

HEART DISEASE DISABILITIES[1]

NEW YORK STATE

Compensated Cases Closed, 1966 - 1974

Year of closing	All disabilities		Kind of disability					
			Death		Permanent total		Other	
	Number of cases	Compensation awarded[2]	Number of cases	Compensation awarded[2]	Number of cases	Compensation awarded[2]	Number of cases	Compensation awarded[2]
1966	613	$10,637,555	194	N.a.	9	N.a.	410	N.a.
1967	655	11,731,343	210	$5,255,894	11	$386,652	434	$6,088,797
1968	641	10,923,152	207	5,224,095	9	387,636	425	5,311,421
1969	633	12,042,202	239	6,285,414	12	498,048	382	5,258,740
1970	600	12,584,718	250	7,108,932	4	222,520	346	5,253,266
1971	588	10,768,765	221	6,125,835	3	173,824	364	4,469,106
1972	605	14,593,547	187	6,252,665	10	521,531	408	7,819,351
1973	649	15,901,240	205	6,559,159	13	676,374	431	8,665,707
1974	693	18,290,909	224	7,424,834	15	939,386	454	9,926,689

1/ Includes only those cases in which the disability or death was the immediate result of a heart condition. Does not include cases in which the heart condition was incidental or consequential.

2/ Includes the estimated present value of future payments for death, permanent total, and non-schedule permanent partial disability cases. Does not include the cost of medical and hospital care.

N.a. - Not available.

REPORT TO THE COMMITTEE
ON LABOR AND MANAGEMENT

The fiscal note for AB 336 indicates that it would add an annual cost of $12,000,000 to the Nevada Industrial Insurance Fund which would represent a 16 percent increase in premiums. A 16 percent increase in premiums would cost the Clark County School District approximately $112,000 more a year for its industrial insurance.

The Committee has expressed some doubt that AB 336 would cost that much. Although the Clark County School District has no experience data to submit, it has received some information that may be pertinent for Committee consideration. At the 1976 convention of the California Association of School Business Officials, a report was given by a representative of the Los Angeles School District concerning the district's experience with industrial insurance.

The Los Angeles School District report showed that the district paid a premium of $2,580,735 for industrial insurance in 1969-70 on a total payroll of $460,462,472. It estimated a premium of $12,700,000 for 1975-76 on a payroll of $752,993,947. The total payroll increased by 64 percent during this seven-year period. However, during the same period of time, the industrial insurance premium cost to the Los Angeles School District increased by 392 percent.

In the report, the district listed five causes for the large increase:

1. Increased accident frequency.

2. Higher medical costs.

3. Increased benefit level.

4. More litigation.

5. Different and more expensive types of claims.

The last two listed causes are pertinent to the type of NIC legislation that is currently being considered by the Nevada Legislature. Several bills have been introduced that would be conducive to expanding litigation in regard to industrial insurance claims, and AB 336 and AB 275 propose to open up the scope of claims concerning heart disabilities.

The Los Angeles School District reported that it had 2,196 disability claims in 1974-75, with 60 percent of the claims (1,318) under litigation. The report stated that the national litigation average was approximately 34 percent.

EXHIBIT "D"

The Los Angeles School District report also contained another disturbing statistic. It stated that "in 1969-70 about 5 percent of claim dollars were expended for heart, stress and strain, psychiatric and continuous trauma claims. Today it is 60 percent." The Clark County School District is just starting to receive heart, trauma and psychiatric claims. If its experience follows that of Los Angeles, it will be paying well over $500,000 a year for such claims within a very short time.

The Clark County School District does not have the data to verify the figures provided by the Los Angeles School District. However, the figures are indicative of what apparently has happened in California, both in employee attitudes (with the assistance of attorneys) toward claims and in legislation concerning industrial insurance.

STATEMENT OF BOB ALKIRE, KENNECOTT COPPER CORP.

AB-336

AB-275

MY OPPOSITION TO EXTENDING NIC COVERAGE TO INCLUDE "HEART PROBLEMS" IS BASED ON A STUDIED CONCLUSION THAT SUCH AN EXTENSION OF NIC BENEFITS VIOLATES THE REAL PURPOSE OF WORKMAN'S COMPENSATION.

WORKMAN'S COMPENSATION IS INTENDED AS A REASONABLE COMPENSATION FOR JOB RELATED INJURIES BASED ON A NO-FAULT INSURANCE CONCEPT THAT WORKS QUITE EFFECTIVELY IN THE BEST INTEREST OF BOTH THE WORKER AND THE EMPLOYER.

I SUBMIT, HOWEVER, THAT THE NO-FAULT CONCEPT, WHICH IS SO ESSENTIAL TO OUR SYSTEM, RUNS INTO REAL PROBLEMS WHEN WE EXTEND THE CONCEPT OF INJURY TO PRE-EXISTING CONDITIONS WHICH RELATE TO PERSONALITY TRAITS, PERSONAL HABITS, LIFE STYLES AND A HOST OF OTHER CONDITIONS ASSOCIATED WITH HEART DISEASE THAT EXTEND WELL BACK INTO A PERSONS PAST.

THE EXPERIENCE OF OTHER STATES CLEARLY SIGNALS THAT THE COST OF HEART ATTACK COVERAGE RUNS EXTREMELY HIGH, AND THEIR EXPERIENCE ALSO REFLECTS THAT THE AMOUNT OF SUBJECTIVE JUDGMENT REQUIRED TO MAKE EVALUATIONS OF APPROPRIATE AWARDS RESULTS IN INCONSISTENT DETERMINATIONS AND FREQUENT LITIGATION.

NOW, IN VOICING MY COMPANY'S OPPOSITION TO THIS EXPANSION OF NIC COVERAGE I WANT THE RECORD TO CLEARLY SHOW THAT IT IS <u>NOT</u> MY COMPANY'S POSITION THAT EMPLOYEES WHO SUFFER FROM HEART DISEASE

OR WHO DROP DEAD ON OR OFF THE JOB FROM HEART ATTACK SHOULD NOT BE AFFORDED FINANCIAL PROTECTION FOR THEMSELVES AND/OR THEIR FAMILIES.

TO DEMONSTRATE THIS BELIEF, MY COMPANY PROVIDES, AT NO COST TO THE EMPLOYEE, A COMPLETE PACKAGE OF BENEFITS APPLICABLE TO NON-OCCUPATIONAL ACCIDENTS AND ILLNESS INCLUDING:

1. A COMPREHENSIVE HOSPITAL, MEDICAL, SURGICAL PLAN FOR ALL EMPLOYEES AND THEIR DEPENDENTS, AND, IF AN EMPLOYEE WITH 10 YEARS OF SERVICE DIES, THIS SAME COVERAGE WILL APPLY, AT NO COST, TO HIS DEPENDENTS UNTIL THE SPOUSE IS ELIGIBLE FOR MEDICARE, AT WHICH TIME THE SPOUSE AND DEPENDENTS WILL BE COVERED BY THE RETIRED EMPLOYEE'S COVERAGE.
2. A NON-OCCUPATIONAL WEEKLY ACCIDENT AND SICKNESS INSURANCE WITH WEEKLY INCOME BENEFITS RANGING FROM $112 TO $145 PAYABLE UP TO 52 WEEKS DURING ANY ONE PERIOD OF DISABILITY. (INCIDENTLY, THIS PLAN ALSO SUPPLEMENTS WORKMAN'S COMPENSATION PAYMENTS UP TO THE LEVEL OF BENEFITS STATED.)
3. LIFE INSURANCE IN AMOUNT EQUAL TO BASIC ANNUAL EARNINGS -- PAYABLE IN THE EVENT OF DEATH FROM ANY CAUSE -- ON OR OFF THE JOB. ALSO, IN THE EVENT OF TOTAL DISABILITY BEFORE AGE 60, THAT PORTION OF LIFE INSURANCE IN EXCESS OF $2,000 IS PAID TO THE EMPLOYEE IN 50 MONTHLY INSTALLMENTS.

4. NON-OCCUPATIONAL ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE. THIS BENEFIT FOR LOSS OF LIFE ($5,000) IS PAYABLE IN ADDITION TO LIFE INSURANCE.

5. DISABILITY PENSION -- ANY EMPLOYEE WITH AT LEAST 10 YEARS OF SERVICE WHO BECOMES PERMANENTLY AND TOTALLY DISABLED RECEIVES A PENSION ALLOWANCE PLUS A $230 A MONTH SUPPLEMENT UNTIL QUALIFIED TO RECEIVE UNREDUCED SOCIAL SECURITY BENEFITS. HOSPITAL, MEDICAL, SURGICAL COVERAGE WILL CONTINUE FOR EMPLOYEE AND DEPENDENTS.

6. PRE-RETIREMENT SPOUSES BENEFIT -- IF AN EMPLOYEE DIES BEFORE RETIREMENT BUT AFTER 10 YEARS OF SERVICE, THE SPOUSE WILL RECEIVE 50% OF THE ACCRUED NORMAL PENSION FOR HIS OR HER LIFETIME.

7. RETIREMENT AND DEATH BENEFIT PLAN -- THIS IS A LUMP SUM PAYMENT EQUIVALENT TO 26 WEEKS OF VACATION PAY PAYABLE TO THE EMPLOYEE UPON RETIREMENT (INCLUDING DISABILITY RETIREMENT) OR TO THE BENEFICIARY UPON THE DEATH OF AN EMPLOYEE WITH 10 YEARS OR MORE OF SERVICE.

I THINK THAT THESE EXAMPLES ARE AMPLE EVIDENCE THAT OUR OPPOSITION TO THESE BILLS IS NOT BASED ON A LACK OF CONCERN FOR OUR EMPLOYEES.

AS I STATED AT THE BEGINNING, WE FIRMLY OPPOSE THIS COSTLY EXTENSION OF NIC ON THE GROUNDS THAT IT GOES BEYOND THE INTENDED LIMITS OF WORKMAN'S COMPENSATION AND TO IGNORE THESE LIMITS CAN DO HARM TO BOTH EMPLOYERS AND EMPLOYEES.