

Members present: Chairman Banner
Mr. Bennett
Mr. Brady
Mr. Bremner
Mr. Fielding
Mr. Jeffrey
Mr. Rhoads
Mr. Robinson
Mr. Webb

Guests present: See attached list

Chairman Banner called the meeting to order at 3:02 p.m.

A.J.R. 22 - Proposes to amend Nevada constitution to prohibit denial of opportunity of employment because of nonmembership in labor organization.

Assemblyman Bob Weise explained Assembly Joint Resolution 22 is not the work of any individual or group but solely generated by himself. He stated right-to-work is a hotly debated subject in Nevada, and has been ever since its inception. He feels it should be taken out of the hands of politicians and resolved by the public and settled in a constitutional amendment. He said this approach has not been utilized before. The right-to-work statutes are subject to repeal at any time, he said. He believes there are a lot of desirable business that would be willing to come to a state that is constitutionally provided a right-to-work, and not a statutory provision that can be obliterated.

Mr. Weise stated it is not his idea of an anti-union bill, but simply a guarantee of personal choice for those people who wish to remain independent. He said there are 7 states that have constitutional provisions for right-to-work; they are: Arizona, Florida, Mississippi, South Dakota, Arkansas, Kansas and Nebraska. He went on to say this is not a new issue or approach. In the 1956 elections, organized labor successfully developed an initiative referendum which was not acted on by the Legislature, but did go to the vote of the public. Out of 80,000 votes, it was defeated by more than 12,000. He cited the long history of attempts to repeal the right-to-work law, and said it is an indication that something should be done; that the only way to settle it is by putting it to the ballot. If it is put on the constitution, it will take five years to do that; and once there, it will be in for at least 7 years.

Assemblyman Rhoads asked what would happen if it goes on the ballot and is defeated. Mr. Weise replied that will give a good signal of where the people are on the issue.

Claude Evans, Nevada State AFL-CIO, stated that sponsors of the right-to-work law have one fundamental aim: that is to weaken free trade unions by denying them the right to vote for union security through the collective bargaining process; and by doing so, keep down the level of wages. Union security contracts are clearly in line with our democratic tradition, he said. Those who oppose union security are mistaken when they believe that an individual is deprived of essential liberty. He remarked that under the union shop it is the employer who decides what person shall be hired for a job, based on his qualifications. The person may be required to have certain education and work experience, travel and work hours not of their own choice. Only when he is hired for the job is he required to join a union that has a contract with the employer. Mr. Evans said a union is part of the fabric of industrial democracy essential to the health of the free enterprise system.

Mr. Evans urged the Committee to vote a Do Not Pass on the proposed legislation, and emphasized they are opposed to AJR 22 as it is written.

Assemblyman Jeffrey remarked that it is the Committee's responsibility to see that the people know what they are voting for, if this bill goes on the ballot.

Renny Ashleman, representing the joint board of the culinary and bartenders union in Las Vegas, thinks the issue is: what do we wish to do with our constitutional process. He told the Committee it is their duty to take the heat on these things. He doesn't think the constitution is the place to handle what is basically statutory law; that the constitution is for freedom of speech, and how the government itself is organized. He does not believe we can attract industrialists merely by the repeal of the right-to-work law. He said there is no reason to believe the present system hampers growth, pointing out that we have had tremendous growth in the state.

Assemblyman Rhoads asked what was the logic of the other 7 states who have the law. They don't seem to be harmed by it and are able to get away with it. Mr. Ashleman replied there is no question as to what the state can do, if they wish to do it. His point is that it is poor policy to put essentially statutory models into the state constitution, whatever the issue might be. He thinks it is wrong to run to our state constitution every time the popular passions of the majority happens to swing one way or another at that particular moment.

Chairman Banner asked what would happen if the Federal government did away with Section 14B -- the permissive legislation the states have to enact right-to-work bills.

Mr. Ashleman replied there will be a brief or long law suit. The outcome under the present constitutional law would be that your constitutional provision would die, just like your statute would. Congress can make the union shop lawful throughout the United States if Congress desires to do so, he said.

George Foster, business manager for Plumbers and Steamfitters Local 350 in Reno, said they brought petitions with 776 signatures of people who represent and oppose A.J.R. 22. Their concern is not so much the right-to-work law as it presently exists, but the fact that they should support the national Democratic platform's first item last year's convention: To seek to repeal Sec. 14B of the Taft-Hartley Act, which allows states to legislate anti-union open shop. He said he wished to remind the Democratic members of the Assembly that they stick together for party unity on commitments made last summer at the convention.

Chuck King, Central Telephone Co., said they are in favor of legislation that would help stabilize employment in Nevada. They feel many businesses came to Nevada because of the right-to-work law. He said AJR 22 will help build the confidence of those industries considering relocation. He mentioned the fact that he spoke to executives of four companies (Levi Strauss, GTE Sylvania, J.C. Penney and Buster Brown), and all four said there is a strong consideration for locating in Nevada because of the right-to-work law. He also mentioned talking to Tim Carlson, executive director of the Nevada Development Association, who stated this is one of the strongest selling points in attracting business to this state.

Stan Jones, Northern Nevada Central Trades & Labor Council, believes AJR 22 is regressive and discriminatory. He quoted the section from the Nevada Constitution which provides for inalienable rights, saying the Nevada Constitution's articles should not come and go like the leaves on a tree. He repeated what Mr. Ashleman said that there are a number of considerations such as the motorcycle helmet law, rent controls and usury, etc., if we want to remove the heat from legislators, a constitutional convention maybe the appropriate vehicle to consider all these issues, not just the heat of right-to-work.

Mr. Jones went on to say Nevada may well be a unique state in many ways. To some, our wide open gaming is unique; to others our wide open spaces hold Nevada dear. He said the Nevada Constitution should not be a vehicle in which a segment of the constituency is set upon; that it should not be used by self-serving men who make use of it for prejudices, false claim and promises to gain power. Mr. Jones concluded his testimony by telling the Committee: Your action should be swift and decisive in the demise of this ill-conceived resolution.

Joe Buckley, director of industrial relations for Summa Corp., and president of the Southern Nevada Personnel Association, concurred with Mr. Weise's proposal. He said it is a natural progression in the evolution of the right-to-work legislation in the State. They feel very strongly it should be part of the constitution.

Jim Rice, representing the Teamsters in Southern Nevada, said he commends Mr. Weise for coming forward with something of this nature.

Assemblyman Robinson asked Mr. Rice if he was on the platform committee mentioned earlier by Mr. Foster. Mr. Rice replied that he was. Mr. Robinson then asked how many other labor union officials were on that platform committee. Mr. Rice said he and Mr. Foster were on it.

A.B. 538 - Provides compensation for permanent partial disability for occupational diseases.

Claude Evans, AFL-CIO, explained this bill will allow the Nevada Industrial Commission to pay permanent partial impairment for occupational disease. Under the present law, if an individual contracts silicosis while working in a mine, and loses a lung, and even though he may be able to go back to work, he receives no permanent partial disability. If that same person gets hit with a ball bat or sledge hammer on the chest and loses his lung, he would be awarded 30-35% permanent partial impairment money for the loss of that lung. He said this is one part of the Nevada workmen's compensation program that should be rectified. He went on to say Nevada is one of the very few states who do not pay permanent partial disability for occupational disease.

Karvel Rose, NIC, stated permanent partial disability compensation amounts to about 21.9 percent of compensation payable for injuries arising from accidents. It is estimated that permanent partial disability attributable to occupational disease would approximate that attributable to accidents. Occupational disease represents 1.45 percent of total benefit costs. Occupational benefit costs would be increased by 21.9% or 0.3 percent of total benefit costs -- approximately \$370,000 for FY 1980. (See Exhibit "B")

Chairman Banner asked Mr. Rose if he had any personal position on the matter. Mr. Rose replied that in his personal opinion he finds it difficult to rationalize why someone that loses an eye because of infection from an occupational disease should not be compensated for that loss.

A.B. 537 - Extends coverage for occupational heart disease to all occupations.

Claude Evans, AFL-CIO, explained A.B. 537 is a heart bill that covers all occupations in Nevada. It is also a restrictive bill, he added. He said the restrictive parts of the law are as follows: (1) the disease is caused by extreme physical exertion, or by extreme mental stress, or strain resulting from exposure to danger; (2) a causal relationship can be established between the employment, conditions and disability or death. (3) The physical symptoms of the disease occurred during working hours. (4) The physical symptoms were properly reported to the employer on the day of the occurrence. He said the reason these restrictions should be put in is because in California there were people who had been off work four or five days, suffer heart attacks, then file for workmen's compensation. He stated this is not opening the door for every heart attack that comes along. He urged the Committee to take a good look at the bill and its restrictions, and to pass favorably this legislation.

A.B. 538 -

Warren Goedart, Nevada Trial Lawyers Association, asked he be allowed to comment on A.B. 538. He said they would like to take the position in favor of the bill, speaking for the injured workmen that they represent regularly. They would like to see compensation paid to people who acquire industrially-related injuries. He feels there is no distinction between disability that is a result of a disease, as opposed to an accident.

A.B. 537 - Mr. Goedart said the bill has some positive qualities, as well as problems. The language reading: "resulting from exposure to danger" is unnecessary, he claims. He said if that language is eliminated it can be a better bill.

Chairman Banner asked Karvel Rose of NIC if he had figures on the bill.

Mr. Rose stated he got a statement from Peat, Marwick & Mitchell, giving the background on how they arrived at the cost figures. (This is attached to these minutes as Exhibit "A".) Cost could range from 14 to 25 percent in worker's compensation premiums paid by employers. In FY 1980 this percentage would translate to an increased cost in the range of \$18,500,000 to \$33,000,000. (See Exhibit "C")

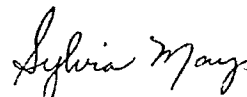
Chuck King, Central Telephone Co., speaking against A.B. 537, said he was told by several physicians that heart attack is usually not caused by a one-time stress. One time stress is just a triggering occurrence that brings on years of stress, poor diet, lack of exercise, too much smoking or heredity. It is difficult to determine the cause of heart attack. He said most companies provide general health and accident insurance policies, where heart disease should be covered.

Don Hill, S.C.E., speaking solely for himself, found that of the 19 casinos involved, all of them specifically told him, through one spokesman, that if NIC did not cover the heart bill, that they would cover it. He thinks most workers in Nevada are covered by heart attack, if NIC does not cover it.

Chairman Banner remarked he has spent much time in hearings regarding heart disease. He said he attended a hearing a few months ago where the appeals officer ruled in favor of the claimant. In this particular case, the person worked under a stressful situation. At this hearing the NIC doctor admitted there could have been a causal relationship to the heart problem. Mr. Banner said the question is there; it isn't something to be taken lightly. He expressed his disappointment that whoever reports these things do not come to the hearings to give their viewpoints on the heart cases.

There being no further discussion, Mr. Bennett moved the meeting be adjourned, seconded by Mr. Rhoads. Adjournment was at 4:18 p.m.

Respectfully submitted,



Sylvia Mays
Assembly Attache

Encls: Exh. A, B & C

Date 3-20-79

LABOR & MANAGEMENT COMMITTEE

GUEST LIST

<u>NAME</u>	<u>REPRESENTING</u>	<u>IF YOU WISH TO SPEAK</u>	
		<u>Pro</u>	<u>Con</u>
(Please print)			
C LAUDE EVANS	AFL-CIO		X
BOB BARKER	IBEW #357		
DON GURD	NEV. STATE COUNCIL OF LABORERS		
CECIL HOFFMAN	Laborers Local 169		
RICHARD J CIESYNSKI	IRON WORKERS 118		X
FRANK BYRNE	N. Nev. BUILDING TRADES.		
John H. Medill	A.F.L. C-I O		
Stan Jones	NO. Nev. Central Labor		X
KARVEL ROSE	NIC		
Steve Conkle	Local 350		
Walter Henderson	Sailors Local 169		
Don Caruthers	Laborers Local 169		
Patrick Sanderson	Sailors Local 169		
Jack Stafford	Bartenders Local #165		
George Foster	Plumbers + Pipefitters #350		
CHUCK KING	CENTRAL TELEPHONE CO	APR 22	X
John Byrne	IBEW 401		
Douglas Matzowsky	Carpenters Local 971		
Don Hill	S.C.E INC		X
Roy TRENOWETH	Nv. Div. of Forestry		
LADY SMITH	NV. DIV OF FORESTRY		
John [unclear]	[unclear]		
Bill Davis	Hotel Reno Sports Club		

3-20-79

GUEST LIST

NAME

REPRESENTING

WISH TO SPEAK

(Please print)

Yes

No

CLINT KNOELL

Exec. Ass'n of Engineers

Marsha Hudgins

City of Las Vegas

~~Yes~~

PEAT, MARWICK, MITCHELL & Co.

343 PARK AVENUE

NEW YORK, NEW YORK 10022

Y.M. /
Exhibit "A"

March 1, 1979

Mr. John R. Reiser, Chairman
Nevada Industrial Commission
515 East Musser Street
Carson City, Nevada 89714

Dear John:

Estimated Cost to Compensate
Work-Related Heart Disabilities

Nevada statutes provide workers' compensation coverage for work-related heart disabilities and deaths only to the uniformed services such as policemen and firemen. The legislature is now considering several bills which would extend workers' compensation coverage for work-related heart disabilities and deaths to other workers. As you requested, this letter will discuss the cost implications of such benefit increases.

Heart disease or fatal heart attacks are not generally excluded from coverage under the workers' compensation acts in the various states. The number of compensable heart disabilities is directly related to the stringency of criteria used to determine if a heart attack is work-related, and the frequency of awards for heart cases varies widely. Several states provide benefits only if a heart fatality or disability is caused by unusual exertion or stress on the job. Some states place the burden of proof on the claimant which sometimes results in out-of-court settlements to avoid litigation expenses and to avoid setting unfavorable legal precedents.

Mr. John R. Reiser, Chairman
Nevada Industrial Commission
March 1, 1979
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The potential cost of providing workers' compensation coverage for heart cases in Nevada was projected from two sources: workers' compensation experience on compensable heart cases from other states and Nevada statistics on heart disease in the entire population. We believe the estimates developed are reasonable based on the data available and for use in assisting the legislature in evaluating the magnitude of various changes to the workers' compensation law which it is now considering. However, the true cost of a change in the Nevada workers' compensation system will depend on characteristics which are unique to Nevada and which cannot be determined beforehand.

COST ESTIMATED BASED
ON DATA FROM OTHER STATES

This approach was aimed at estimating costs when an unusual on-the-job stress must be demonstrated in order for benefits to be awarded. Workers' compensation experience was obtained from the states of California, New Jersey, New York, Oregon and Washington. From this data a range of claim frequencies was developed reflecting variations in the stringency of the criteria used for awarding benefits in a state.

For a Nevada law which would provide heart coverage based on an element of unusual stress in the employees work, we estimate that the additional cost for claims incurred from fiscal 1978 would have ranged from \$11 million to \$15 million, or 14-19% of the actual incurred claims. The lower limit is

based largely on experience in New York and New Jersey where benefits are paid based on court precedent rather than legislation.

The upper limit is based on data from California where compensation benefits can be obtained for disabilities resulting from a series of exposures to adverse conditions not only for disabilities resulting from a single accidental exposure. It should be remembered that California experience with respect to cumulative trauma type claims is still developing. When additional California data develops, the cost of a California type law may be shown to be even higher than the amount indicated.

The calculations underlying these estimates are shown in Exhibit I.

ESTIMATED COSTS BASED ON
NEVADA DEMOGRAPHIC DATA

To estimate the cost associated with a law allowing benefits for heart disease based on an apportionment of the amount of disease related to the job, we have used demographic information. We estimated the frequency of heart attacks among workers in Nevada. Assuming that the degree of exposure to heart disease due to employment is related to the amount of time spent on the job, (assumed to be approximately 20%), the additional cost of such a law in 1978 would have been approximately \$20 million or 25% of the incurred claims. If the claims adjudication process ultimately finds that the proportion of heart disease related to the job is greater than the amount of time spent on the job, then the cost will be even greater. Exhibit II shows the calculations underlying this estimate.

Mr. John R. Reiser, Chairman
Nevada Industrial Commission
March 1, 1979

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OTHER CONSIDERATIONS

In addition to the effect on claims, a law change would also effect Nevada Industrial Commission operating expenses, future trends in claims experience and costs to health care insurers and self-insurers. These are discussed below.

The percentages cited in the two sections above relate to the increase in claims. Normally, we would anticipate that the percentage increase in premium to cover the increase in claims would be less than the percentage increase in claims, since many administrative expenses would not increase proportionately with claims. However, the experience of other states with heart coverage is that higher than average claim administration expenses and additional legal fees relate to heart cases. In view of these additional expenses, we expect that premiums would need to increase by the same percentage that losses are anticipated to increase.

The experience in other states has been that the frequency of heart claims increases more rapidly than the frequency of other claims. In Nevada, coverage for heart cases could add as much as 1% to the otherwise applicable rate of increase of workers' compensation costs to employers.

Employer sponsored health care plans generally exclude medical payments for injuries covered by the workers' compensation law. The extension of workers' compensation benefits to heart disabilities would therefore reduce the cost of health plans. We have not reviewed the extent to which employee health costs for heart diseases are now paid by health plans in Nevada. However, if

Mr. John R. Reiser, Chairman
Nevada Industrial Commission
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EXHIBIT A

50% of the cost of the medical care provided by workers' compensation benefits is now covered by employee health plans, the cost savings to the health plans would be 1-2% of the workers' compensation premium. The net increase to an employer for the three amounts cited in the two sections above would be 13-18% and 23%, i.e., workers' compensation premiums up 14-19% or 25% and health insurance premiums (or self-insured costs) down by 1% or 2% of workers' compensation premiums.

* * * * *

We appreciate this opportunity to have been of service to the Nevada Industrial Commission.

Very truly yours,

PEAT, MARWICK, MITCHELL & CO.

Allan Kaufman

By: Allan Kaufman, F.C.A.S.

AK:BT
Enc.

cc: Mr. W. A. Dreher

NEVADA INDUSTRIAL COMMISSION
ESTIMATED COSTS OF WORKERS' COMPENSATION COVERAGE
FOR HEART RELATED DISABILITIES

BASED ON EXPERIENCE IN OTHER STATES

A. Estimated Frequency of Heart Claims
(% of all Lost-Time Claims)

- | | |
|---|-------------|
| 1. Fatal and Permanent Total Injuries | .3% - .4% |
| 2. Permanent Partial and Temporary Injuries | 1.5% - 2.0% |

B. Estimated Cost Per Claim

- | | |
|--|----------|
| 3. Fatal and Permanent Total Compensation Cost
(Average 1978 Nevada Permanent Pension Claim) | \$80,000 |
| 4. Permanent Partial and Temporary Average
(8.5 x Average 1978 Compensation Claim
for all Lost-Time Claims - 4217) | \$36,000 |
| 5. Medical Cost/Claim
(15 x Average 1978 Nevada
Medical Cost/Claim - 444) | \$ 7,000 |

NEVADA INDUSTRIAL COMMISSION
ESTIMATED COSTS OF WORKERS' COMPENSATION COVERAGE
FOR HEART RELATED DISABILITIES

BASED ON EXPERIENCE IN OTHER STATES

C. Estimated Incurred Claims

	<u>Strict Law</u>	<u>Liberal Law</u>
1. Total Nevada 1978 Lost-Time Claims	12,400	12,400
2. Estimated Frequency of fatal and permanent total injuries (A.1)	.003	.004
3. Estimated number of fatal and permanent total injuries (1) x (2)	37	50
4. Estimated frequency of permanent partial and temporary injuries (A.4)	.015	.020
5. Estimated number of permanent partial and temporary injuries (1) x (4)	186	248
6. Estimated cost of compensation payments in heart cases (B.3) x (3) + (B.4) x (5)	\$ 9,656,000	\$12,928,000
7. Estimated number of medical claims (3) + (5)	223	298
8. Estimated cost of medical payments (B.5) x (7)	1,561,000	2,086,000
9. Estimated total cost of heart claims (6) + (8)	11,217,000	15,014,000
10. 1978 NIC Incurred Claims	79,127,000	79,127,000
11. Heart Claims as a % of 1978 Claims (9)/(10)%	14%	19%

NEVADA INDUSTRIAL COMMISSION
ESTIMATED COSTS OF WORKERS COMPENSATION COVERAGE
FOR HEART RELATED DISABILITIES

BASED ON DEMOGRAPHIC DATA

(1) Estimated deaths due to heart disease in Nevada in 1978	1,700
(2) Fraction of deaths due to heart disease in working age population (20-64)	.33
(3) Fraction of working age population employed	.67
(4) Fraction of workers with one or more dependents	.80
(5) Estimated number of fatal Nevada heart attacks among workers with dependents (1) x (2) x (3) x (4)	301
(6) Fraction of time spent in the course of employment	.20
(7) Estimated compensated fatal heart cases (5) x (6)	60
(8) Additional permanent total claims .1 x (7)	6
(9) Total fatal and permanent total claims	66
(10) Additional permanent partial and temporary claims 5 x (9)	330
(11) Incurred Cost (9) x 80,000 + (10) x 36,000 + ((9) + (10)) x 7,000	\$19,932,000
(12) 1978 Incurred Cost for all claims	79,127,000
(13) Percentage Additional Cost for Heart Coverage (12) (11)	25%

FISCAL NOTE

BDR
A.B. 538
S.B.

STATE AGENCY ESTIMATES Date Prepared March 16, 1979

Agency Submitting Nevada Industrial Commission

Table with 5 columns: Revenue and/or Expense Items, Fiscal Year 1978-79, Fiscal Year 1979-80, Fiscal Year 1980-81, Continuing. Includes a Total row at the bottom.

Explanation (Use Continuation Sheets If Required)

AB 538 authorizes the payment of permanent partial disability compensation for permanent disability arising from occupational diseases.

Permanent partial disability compensation amounts to 21.9 percent of compensation payable for injuries arising from accidents. It is estimated that permanent partial disability attributable to occupational disease would approximate that attributable to accidents.

Occupational disease represents 1.45 percent of total benefit costs. Occupational disease benefit costs would be increased by 21.9 percent or 0.3 percent of total benefit costs; approximately \$370,000 for FY 1980 claims.

The effect on premium would be an increase of approximately 0.3 percent.

Local Government Impact YES [] NO [] (Attach Explanation)

Signature John R. Reiser
Title Chairman

DEPARTMENT OF ADMINISTRATION COMMENTS Date

Signature
Title

F I S C A L N O T E

BDR _____
A.B. 537, Section
S.B. _____

S T A T E A G E N C Y E S T I M A T E S

Date Prepared March 16, 1979

Agency Submitting Nevada Industrial Commission

<u>Revenue and/or Expense Items</u>	<u>Fiscal Year 1978-79</u>	<u>Fiscal Year 1979-80</u>	<u>Fiscal Year 1980-81</u>	<u>Continuing</u>
Total				

Explanation (Use Continuation Sheets If Required)

Peat, Marwick, Mitchell and Company, in the role of consulting actuary to NIC, advises that the cost of providing coverage of heart disease as provided in AB 537 could range from 14 percent to 25 percent in the workers' compensation premiums paid by employers.

In fiscal 1980, these percentages should translate to an increased cost in the range of \$18,500,000 to \$33,000,000.

Local Government Impact YES NO
(Attach Explanation)

Signature John R. Reiser
John R. Reiser
Title Chairman

• DEPARTMENT OF ADMINISTRATION COMMENTS _____ Date _____

Signature _____
Title _____

• LOCAL GOVERNMENT FISCAL IMPACT _____ Date _____
(Legislative Counsel Bureau Use Only)