

The meeting was called to order at 12:45 p.m. in Room 213  
Senator Thomas R. C. Wilson was in the chair.

PRESENT: Senator Thomas R.C. Wilson, Chairman  
Senator Richard E. Blakemore, Vice Chairman  
Senator Don Ashworth  
Senator Clifford E. McCorkle  
Senator Melvin D. Close  
Senator C. Clifton Young  
Senator William H. Hernstadt

ABSENT: None

OTHERS See attached guest list, page 1A

PRESENT:

SB 3 Provides for transition of workmen's compensation from  
NIC to private insurance carriers and self-insured employers.

AB 84 Permits self-insurance of workmen's compensation risks  
and modifies administrative procedures.

Chairman Wilson announced that SB 3 and AB 84 would be heard con-  
currently.

Senator Hernstadt introduced SB 3 and presented background infor-  
mation (Exhibit A) regarding the benefits of private insurance as  
opposed to the Nevada Industrial Commission insurance. He com-  
pared various facets of the NIC system to private insurers, indi-  
cating that the NIC system is monolithic, state-run and a social-  
ized insurance company.

He stated that NIC had used funds in trust for the purpose of pos-  
tage, to lobby against AB 559 (another bill proposing three-way  
insurance in Nevada); and said the use of these funds for this pur-  
pose is unconstitutional.

Senator Hernstadt explained that claimants are not treated promptly  
by NIC and private enterprise would handle claims better. He said  
SB 3 is a cumbersome bill, but would provide for transition to a  
three-way system, an independent appeals process, better utiliza-  
tion of the trust fund; and some way of taking over the assets of  
the rehabilitation center in Las Vegas.

Senator Keith Ashworth stated he had been vice chairman of an in-  
terim study committee created to study the feasibility of a three-  
way system of workmen's compensation in Nevada, and of the related  
problems with NIC. AB 84 is the result of that study. After much  
deliberation and consultation with other states, the decision of  
the study committee was to recommend a two-way system, instead of  
three-way, because the feeling was that large companies do not seem  
inclined to come into Nevada at this time.

Senator Keith Ashworth continued that, although NIC has its problems  
it is not as bad as sometimes claimed. The biggest problem seems to

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(SB 3 & AB 84 - testimony continued)

be in communication with the accounts (employers) and claimants; hearings resulted in an ad hoc committee of large employers which resulted in a great deal of input into the problem. Senator Ashworth stated that some of the larger companies subsidize the smaller ones, thus having to pay higher rates. He added that Sears Roebuck & Co., Kennicott, J.C. Penney, Bell Telephone, United Airlines, Harrah's and some others, self-insure in Nevada. These employers use the NIC appeals officer through their own expense.

Senator Keith Ashworth explained to Senator Blakemore that the self-insurance must match that of NIC.

Senator Keith Ashworth explained to Senator McCorkle that one need for the bill is that the large employers who now self-insure, were "grandfathered-in" in previous legislation. Large private insurers have been disinclined to come into Nevada because of the small market for their product in the state; he feels they should be encouraged to come in.

Senator Hernstadt commented that he doesn't feel the two-way system would solve the problem.

Claude Evans, Executive Secretary, Nevada AFL-CIO, presented a point of view prepared by the Washington State Labor Council (see Exhibit B, copy located in Research Division Library, Legislative Counsel Bureau). He stated that Washington has the two-way system. Mr. Evans also stated that the Nevada AFL-CIO is opposed to Senate Bill 3, and supports Assembly Bill 84, with amendments. He cited various objections to three-way insurance, with examples from other states. He also cited objections to two-way insurance and stated the the national AFL-CIO has studied the Nevada system and states it is the best system in the U.S.

Mr. Evans suggested the AB 84 be amended to provide that an employee could appeal rather than to have the employer provide for a hearing. He continued that, while he was an NIC Commissioner, he frequently sent out letters informing unions of court cases, how best to represent their people, and how the appeals system works.

Mr. Evans concluded that the Nevada AFL-CIO would rather have the present system; but could live with a two-way system.

Senator Young commented that whether there is three-way or two-way insurance, the legislature has the power to set rates.

Mr. Evans remarked that if NIC were to do its job right, with no profit margin for stockholders, and could operate at 10 percent of the premium, 90 percent would go to the injured worker. Whereas, if a private insurer were involved, a profit would have to be shown, therefore it would cost the employer more.

(SB 3 & AB 84 - testimony continued)

Patty Becker, Nevada Industrial Attorney, presented a proposed amendment to AB 84 (see Exhibit C) and stated that she supports AB 84. Ms. Becker explained that a problem with the bill is that it is unrealistic for a self-insured employee to go before the hearing officer of a self-insured employer. She suggested that there should be a hearings officer at a layman's level, where a claimant could settle a case without an attorney. Ms. Becker suggested that the amendments she had suggested previously to SB 382 could be applied to AB 84. She agreed that the hearings system should be totally independent of NIC or any other carrier.

Norman Anthonison, Personnel Services Manager, SUMMA Corporation, testified in support of AB 84, and presented proposed amendments (see Exhibit D) and a letter written to Senator Keith Ashworth regarding the problems employers' groups have with NIC (see Exhibit E). Mr. Anthonison explained that the employers had formed a committee which testified before the interim committee on three occasions. Mr. Anthonison stated that the employers support the amendment presented by Ms. Becker to the Committee to SB 382.

James Banner, Assemblyman, District No. 11, stated that AB 84 is the result of the NIC study for which Joe Dini, Assemblyman, was Chairman. Mr. Banner explained that Sections 1 through 17 are different from the original bill. The bill encompasses about 17 different items; the Assembly tried to amend the bill by deleting the heart attack provision because it is covered by other bills. Mr. Banner referred to Sections 31, 60, 23, 22, 38, 26, 56 and 30 which are all deviations of the present practice. He also agreed that the hearings system should be autonomous, as suggested by Ms. Becker.

Mr. Banner explained to Senator McCorkle that the interim committee felt a change to a three-way system would be too drastic a move at one time due to its complexity. However, it could be considered in the future. Mr. Banner continued that the insurance commissioner, as well as interested self-insurers, had participated with the interim study committee, to solve the transitional problems.

Senator Hernstadt inquired if all the large employers were to self-insure, how would the state be able to get private insurers to come into Nevada to deal with the small or medium employers?

Mr. Banner explained that there are large reserves that the large employers are paying that would not have to be paid if they were self-insured. He continued that if a small employer could find a carrier to offer the same coverage as NIC for less premiums, it should have the option to do so. In Clark County, for instance, small businesses could consolidate and self-insure. He added that years ago NIC operated with a premium dollar of 1/10 its present operation, and did well.

Mr. Anthonison explained to Senator Hernstadt that the figures show that NIC pays out 62-1/2 cents for every dollar that SUMMA pays in.

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(SB 3 & AB 84 - testimony continued)

Mr. Anthonison continued that studies have shown that SUMMA does better with a three-way system in states such as California and Arizona.

Mr. Banner read from the interim subcommittee's report as follows: "The subcommittee recognizes the need to provide the employers of this state with alternative methods of coverage; but it is not the opinion that the entry of private carriers into the field of workmen's compensation insurance at this time is in the best interest of all concerned."

Mr. Anthonison stated that self-insurance provides impetus for employers to do a much better job with regard to safety for employees. He continued that it is estimated that this year the SUMMA corporation as a whole would pay into NIC about \$1,600,000 in premiums; the concern is what happens to the other 37-1/2 cents of the dollar premium paid. Mr. Anthonison was particularly distressed with the lack of efficiency at the rehabilitation center in Las Vegas.

Senator Hernstadt referred to the Stanford Institute Report, and asked if SUMMA had employed private investigators to learn why it pays out so much in premiums.

Mr. Anthonison responded that he had appeared before the interim study committee three times, the ad hoc committee had traveled to Carson City to meet with the NIC, had inquired of Chairman Reiser, other Commissioners and Secretary Evans as to the whereabouts of the excess \$2,900,000 and had not received an answer.

In response to Senator Young's inquiry, Mr. Anthonison replied that if SUMMA withdrew from NIC he does not know where the excess premiums it pays would go, or if it would result in higher premiums.

Roland Oaks, representing Associated General Contractors, stated that after inquiring of several major insurance companies in California, he learned that the Stanford Research Institute is held in high regard. He referred to the SRI recommendations with regard to Nevada: first, that Nevada should not permit entrance of private carriers; second, legislation should be adopted which would permit self-insurance; fourth, NIC should communicate better with the public; sixth, a committee composed of representatives of employers, employees, NIC, the insurance industry, and the Department of Labor should be set up on an ad hoc basis. Mr. Oaks suggested that the same standards of NIC be observed by self-insurers, to be sure that the same reserves, safeguards, and procedures would be set up; he suggested that NIC have more control over the self-insurer. He continued that Nevada is one of the highly regarded systems in the U.S. Mr. Oaks explained that Oregon pays \$20 for the same coverage that costs \$7 or \$8 in Nevada; the Associated General Contractors have established a separate fund for employers which returns a dividend of 20 to 25 percent.



(SB 3 & AB 84 - continued)

In response to Chairman Wilson, Mr. Oaks answered that the NIC would be best equipped to determine rates, opportunities for hearings, and procedures. He agreed with Chairman Wilson that an autonomous hearing system would be most satisfactory; but said he doesn't know if paying for the hearings officer out of NIC funds would be constitutional.

Senator Hernstadt asked why \$500,000, taken from premiums paid by employers, should be paid to advertise NIC each year?

Mr. Oaks admitted that his position is not popular, but that if \$100,000,000 is being taken in, in premiums, some of it should be spent in an effort to communicate.

In response to Senator McCorkle's question, Mr. Oaks answered that reserves should be set aside in both NIC and the self-insured.

Chuck King, Central Telephone Company, stated he had been on the study committee on AB 84; and explained that the compensation benefits being equal is covered in section 3, subsection 1. Mr. King presented statistics from his past six years experience with NIC (see Exhibit F). He stated that Central Telephone feels the reserves are too much, that CentTel has never had a job-related death or a total permanent disability. In the past 25 years there have been only 12 permanent partial disabilities, 3 of which were subrogated; and CentTel feels it could save money by being self-insured. Mr. King suggested that employers with bad safety records are costing Central Telephone and the rate payers. He explained that AB 84 in its present form would apply to present self-insurers equally with new ones.

Senator McCorkle stated that NIC shows 11 percent administrative expenses in the "pie chart" (Exhibit H); but Mr. King's exhibit shows that they are keeping 75 percent of the premium. Senator McCorkle stated that either Central Telephone is subsidizing the small employers or the reserve is too high. He said that there should be room for private insurers to compete.

Bud McNeely, representing Nevada Independent Insurance Agents, introduced Frank Damon, Mission Insurance Companies, who stated that AB 559 provides for competitive workers' compensation. Mr. McNeely explained that six states are monopolistic, but three of those provide for self-insurance; there are 18 funds like NIC; 32 states are handled by private insurers. Mr. McNeely continued that Oregon is an outstandingly bad example of the three-way system so it is not a fair comparison; there is a problem with the definition of permanent disability and permanent partial disability. Mr. McNeely explained that, in Oregon, the state fund does not come under the jurisdiction of the insurance division, but the private carriers do. He said the American Insurance Association did the studies for the interim committee. Since it is comprised of many companies which do not write worker's compensation, a "low profile" position was presented by the AIA, when actually

(SB 3, AB 84 - continued)

many companies would be willing to come into Nevada. Mr. McNeely did not think it a good idea for NIC to regulate self-insurers; it would be like the competition setting the rules. He said it would be better for the insurance division to set the regulations. Mr. McNeely thought the reserves should be the same for all insurers and that private carriers would be willing to submit to the autonomous hearings system. He concluded that if the rating system is fair, the only effect would be to reduce the total premium.

Frank Damon, Assistant Corporate Counsel, Mission Insurance Group, the largest workers' compensation carrier in Arizona and fifth largest in California, testified in support of AB 84 and presented background information (see Exhibit G). Mr. Damon stated that a competitive system, in a state that is growing as fast as Nevada, would be beneficial to employees and employers. He explained that ten years ago private carriers went into Arizona, which had a state fund, and the system has worked very well. The Arizona system is more analogous to Nevada than the Oregon system. Mr. McNeely stated there are 14 states with premiums lower than Nevada, and all allow private carriers (see Exhibit G). He stated that it is difficult to compare one state to another with regard to cost per employer or employee, but rates did increase in Arizona. However, if the rates are subject to the control of the insurance division, there will be built-in incentives with safety programs and dividends which private carriers do better.

Mr. Damon explained to Senator McCorkle that Oregon has 28 percent of the permanent-partial disabilities nationally because the system allows the people to get into the system very easily. In Arizona the law is stricter and not as litigious.

Mr. McNeely explained to Senator Blake that in Washington, the rate is based on hours of work rather than dollars of payroll, so it would be difficult to compare Washington or Oregon to Nevada. Mr. Damon explained that the benefit systems are different also; questions to ask in these deliberations should be: where are the benefits, how many people are profiting from the system, and how many are collecting benefits.

Mr. McNeely concluded that the implication that Oregon's rates are higher because there is a competitive system are just not true. Mr. McNeely presented a letter from the Associated Builders and Contractors, Inc. for the record (see Exhibit H).

Dick Chubb, representing Gibbons Company, stated he had met with the ad hoc committee to assist in designing the system for the self-insuring of workers' compensation. Mr. Chubb stressed using the term "exclusive" rather than "monopoly" because when only private carriers write workers compensation, it is a monopoly private carrier system.

Mr. Chubb explained that large industries had workers compensation before laws were even written; they found it a better way to lower costs and better communications. He continued that the insurer

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puts up cash and security to be self-insured and that is, in effect, reserves; the level of benefits is comparable to those of a state fund, but they can be more. He stated that the national study of state-funded insurance reveals the most litigated cases were on the part of the state fund. Mr. Chubb concluded that about 400 employees would be involved in a casino-hotel operation.

James J. Carey, of the Stanford Research Institute, presented a copy of The Workers' Compensation System in the State of Nevada (see Exhibit "H," copy located in Research Division Library, LCB). Mr. Carey referred to the "pie chart" on pages 39 through 41 (see Exhibit "H"). He stated that the reason for the discrepancy between the 10 percent expenses NIC claims and the 60 percent return of premium dollar private carriers claim NIC receives, is because of reserves, or how much is being held to pay future claims. Mr. Carey said the SRI report concluded that private insurers are neither necessary nor desirable at present; and recommends the existing system expand itself to accommodate self-insurers. He added the regulation of self-insurers by the insurance division is unnecessary, impractical, and would be redundant, referring to page 45 of the SRI report. Mr. Carey stated since rules and regulations of workers' are legislated, there is no room for the insurance division to be involved, NIC should be in charge. However, he continued, there should be a good line of communication between NIC, employers and employees; and that is not the case at present.

Answering Chairman Wilson's question, Mr. Carey said the present hearings system is satisfactory and fair.

Mr. Carey referred Senator Hernstadt to the "pie chart" in the SRI report and stated that private carriers could bring nothing to Nevada that would bring the benefit line down. Concluding that the SRI report is not based on the assumption that NIC is the perfect system, still, compared to the other two systems, there is no evidence that private carriers function better than NIC.

Senator Hernstadt asked why there is no data to study, if there are 32 states with private insurers and 3 states with monopoly systems?

Mr. Carey did not answer that question; but stated that the evidence does not show that private carriers would do a better job. In order to allow them into Nevada, a complete restructuring of the system would be required. It would increase the cost of workman's compensation because the base would have to be broadened and the laws would have to be administered.

Senator Young asked why this would not apply to self-insurers.

Mr. Carey explained that self-insurers would be assessed for any increases. Assuming that benefits payments will be the same under

(SB 3, AB 84 - continued)

either system, the private carriers will use a 2-1/2 percent profit loading in determining rates. Mr. Carey said they have an acquisition cost higher than NIC, and they do not take into account investment income in determination of their premiums. Mr. Carey referred to page 43 of the SRI report.

Answering Senator Close's question, Mr. Carey referred to page 15 of the SRI report, and explained that the methods used to establish rates had been considered and the conclusion was that there is no cross subsidization. He continued that the telephone company did not take into account the amount of reserves required to make claim payments against benefits already incurred as does the NIC.

Senator Hernstadt stated there has been some question as to whether safe industries are subsidizing others. He continued that private categories range between 700 and 800; NIC has 70 to 80 categories. Senator Hernstadt asked, if NIC has as many categories, would the subsidizing diminish?

Mr. Carey responded that the private carriers' methods for classification result in very small categories; therefore are not very credible for setting premiums.

Chairman Wilson stated that an employer might not want to participate in a broad classification and pay a higher premium level when the nature of his business and his experience rating could justify for a lower premium.

Mr. Carey stated that employers with a better (safety) experience than their classification, will have a lower premium. He continued that private carriers can combine their experience. He said that NIC can subscribe to the classification system used by private carriers if it chooses, but this would not be necessary if the employers have a better understanding of what NIC is doing. He stated that it costs NIC substantially less than 21 percent to provide the same level of coverage and benefits than private insurers; but the SRI report had not studied a comparison with private carriers. Mr. Carey observed that the level and types of benefits NIC offers are adequate.

Senator Ashworth stated that the only reason a private carrier would offer a lower premium than NIC, would be that it would be able to spread the risk over more states.

Mr. Carey referred to page 39 of the SRI report for explanation of Senator Ashworth's question regarding the 21 percent differential between NIC and private carriers.

Senator Hernstadt referred to page 10 of the SRI report, and asked how many claimants had been consulted when compiling the report.

Mr. Carey answered that he'd not talked with any claimants; but had talked with claimant representatives, including six labor representatives, as well as members of the Labor Management Advisory Board.

J. D. Taylor, representing the MGM Hotel Casino, Las Vegas, stated that it's possible the SRI report could be biased since it was funded by NIC. He continued that the Commissioner of Insurance need not regulate the self-insurers; but if he does, the state fund will, in fact be a self-insurer, and should also be regulated by the Insurance Commissioner. Mr. Taylor explained that if the NIC did regulated self-insurers, it could effectively regulate them out of competition by the following methods: deposit requirements could be too high, the hearing process (if left with NIC) may be used to the disadvantage of self-insurers. He added that a separate hearings system would be the most satisfactory solution.

Mr. Taylor stated that over a 3-year period, approximately \$4.5 million was paid out in premiums for about \$1.7 million benefits; there was about a 39 percent pay-out ratio. He admitted there is a difference between the 39 per cent and the 90 percent when subtracting the 10 percent administrative costs; but the ratios testified today are too high. He explained that in California where MGM has a private carrier, over a 3-year period the benefits paid out were slightly over \$1 million, and the premiums paid were about \$1.8 million. Mr. Taylor agreed that a separate adjudicatory system should be paid for by all involved: the self-insureds, the private carriers, and NIC, and it would be prorated according to use.

Senator Ashworth stated there could be a problem if the adjudicatory system and the NIC were both state agencies.

John Reiser, Chairman, Nevada Industrial Commission, stated that the Commission thinks that AB 84 is a good concept and the move within the last few years has been toward additional options within the present system. The retrospective rating and the self-rating programs were offered and Harrah's, Harvey's and others are doing very well by paying attention to cost control; setting up a fully-funded system the reserves are adequate.

Mr. Reiser stated that self-insurance is an additional option that belongs in Nevada and will be an improvement in the options available to employers; but that it should be a carefully watched program so that claimants will receive at least comparable benefits. He explained that an audit package is being developed to review the reserves being used by the self-insurers presently in the state, to determine that they are adequate. He stated that Peat, Marwick, Mitchell and Company, an actuarial firm, does an independent review of the reserves that NIC has, to determine that they are adequate. He said that it is necessary for an independent review of the reserves; a few years ago the NIC had been given the authority to determine that private carriers have adequate benefits.

In response to Senator Close, Mr. Reiser said that private insurers could research Oregon's system as to what it would cost to operate a self-insurance program vs. the cost of using NIC. The way the bill is written, the private insurer's eligibility criteria would have to be specified in the law or in rules and regulations. He suggested that the Committee could provide enabling legislation for the NIC or the insurance division, allowing self-insurance.

Then a study group, made up of self-insureds and possibly private insurers, and the NIC insurance department staff, could develop the regulations. Mr. Reiser continued that if employers choose self-insurance, there will be no detrimental effect on NIC; there are about 144 employers with \$100,000 premiums who would be potential self-insurers. He answered that NIC would need some guidance as to know who would choose self-insurance when making rates. Mr. Reiser's answer to Senator Close was that if there were a three-way system, and smaller insurers left NIC, it would affect the NIC system. If the NIC were to adopt the National Council of Compensation Insurance rates, there would be a 21 percent rate increase, and for the 17,000 small employers who are paying less than \$1,000 per year in premiums, the annual rate would increase 35 to 43 percent. Mr. Reiser said that the competition would be in the form of premium discounts for those who pay over \$1,000 in premiums and in the form of dividends for those eligible. Mr. Reiser stated that NIC charges \$24 per year for a minimum premium compared to \$250 per year generally charged by private companies.

Mr. Reiser continued that if a state could be found that provides benefits equal to or better than Nevada's, with lower rates, then that system should be adopted. He clarified for Senator Close that if self-insurance is allowed, NIC could continue with its present system of rate-making. The self-insured would have one tentative rate that they would establish for themselves, and would be required to set up fully-funded, adequate reserves to pay those benefits. He stated that NIC would go to the more numerous categories of employees only if there were a three-way system. Presently NIC is building in the 5 to 10 National Council classifications that correspond for the purpose of comparison. He stated it would cost about \$1 million to subscribe to the National Council for rate making.

Senator Ashworth stated that if employers above \$100,000 were to leave NIC, there would be a large reserve that would no longer be needed. He asked if claim benefits in the future, that have not been included, have reserves set up? He also asked if NIC is over-funded, for all intents and purposes.

Bob Hailey, NIC, explained that the reserves are set on individual claims, not on companies; so when the companies leave, they leave the obligations they had incurred.

Mr. Reiser explained to Senator Hernstadt that trust fund monies are to be used for the administrative expenses for the payment of claims and for necessary communication. He offered to provide a legal opinion as to whether it was the proper use of trust fund monies; but stated he had not asked the opinion of the Attorney General's Office.

Senator Hernstadt asked if NIC coverage costs less, what was the objection to letting private carriers compete?

Mr. Reiser agreed that private carriers should be allowed as long as all the standards are equal. He stated that the SRI report

concluded that private carriers should be invited in to help develop the standards; but better yet, the state fund should be the standard to meet.

Senator Hernstadt stated that if a private carrier could come in and provide similar or better benefits, and similar or lower rates, it should be allowed.

Senator Ashworth stated that if the coverage is equal and it can be supplied for less by the private carrier because costs are spread in other states, this would be beneficial to the claimant. However, Senator Ashworth doesn't think that a private carrier could actually compete with NIC.

Senator Close asked Mr. Reiser's position on three-way insurance in Nevada.

Mr. Reiser answered that he does not favor the three-way approach if it will require a 21 percent rate increase over all, and an even much higher rate increase for small employers. He added that he had met with private carriers in 1973 and 1975 to see if they would be willing to come into Nevada and compete.

Senator Close reiterated his previous question on Mr. Reiser's position on three-way insurance in Nevada.

Mr. Reiser answered that, as the Assembly Committee on Government Affairs, and the SRI report recommended, an option for self-insurance should be offered now; that it would follow NIC standards, and in the next legislative session, look at three-way.

Senator Ashworth stated that it is not the obligation of the legislature to protect employers and if they want to pay 21 percent more it is their choice. He asked if NIC's rates would necessarily go up?

Mr. Reiser replied that this is the pattern that has taken place in other states according to the SRI report and Peat, Marwick and Mitchell. Rates would go up at least 21 percent and it would hit the small employers the hardest. Mr. Reiser agreed that NIC could deviate from the National Council rates. He repeated that if there were no additional costs there would be no reason that private carriers could not come in.

Senator Hernstadt asked if, assuming the figures given by previous testimony are accurate, all the large employers withdraw from NIC what would happen to the remaining accounts?

Mr. Reiser answered that they are not over-paying; because incurred costs, which are disbursements plus reserves, have to be considered. He continued that the insurance base will decrease and some with poor experience under the self-insurance program but this will not have a harmful effect on other employers. He explained that one permanent total disability can result in a reserve of about \$200,000.

Four or five in a bad year could result in a disastrous impact. He said he did not know why the SRI report had not consulted claimants.

Senator Close asked, again, what was Mr. Reiser's position on having a three-level system, requiring the other 2 levels to provide at least the same benefits that NIC provides; letting the 2 come with the National Rating system and allowing NIC to retain its present system.

Mr. Reiser stated that if the rates remained the same there would be no problem; but if the system were changed, a higher cost system would be imposed on all employers because there would be a different framework for adjudication.

Senator Close explained that the cost for regulating would be paid by the insurance company; and possibly NIC's costs would be reduced because there would be fewer claims to adjudicate, there would be fewer employees.

Chairman Wilson explained that SB 382 revises the hearings system and the question is whether to amend AB 84 with these revisions. He asked Mr. Reiser's opinion of this matter.

Skip King, attorney for NIC, stated that there is no need to create a new bureaucracy to achieve independence of the NIC in order to eliminate delays in hearings. He stated that a director of a department of hearings would just interfere with the independence of the appeals and hearings officers. He explained that the appeals officer is totally independent of the NIC, and that a good solution would be to eliminate the hearings officer. He continued that if the claimant was not satisfied with that level, he could appeal to the district court.

Patty Becker, Nevada Industrial Attorney, stressed that there would have to be an attorney to represent the claimant. She continued that employees can only file claims after missing five days work. Mr. King stated that there would have to be more appeals officers.

Mr. Reiser explained to Senator Ashworth that in Oregon and Washington, the rates went up because the state fund was forced to compete with the self-insured and private insurers. He agreed that reserves are for current accidents, not future ones. He agreed to consider Central Telephone's figures and project what NIC is holding in reserve for future and report back to the Committee.

Richard Bortolin, Appeals Officer, NIC, stated that if AB 84 and SB 382 were to be amended as proposed, the following language should be added: "any notice of appeal filed with the appeals officer shall be accompanied and have attached to it a copy of the NIC's final decision".

Chairman Wilson stated that provision should be in rules and regulations and not statutory.



(NIC testimony continued)

Mr. Bortolin explained that in the five years he has been Appeals Officer, for each case he has sent a memorandum to NIC for the decision, thus using valuable time. He suggested that 7 days, rather than 5, be allowed for notice of appeal; and 60 days rather than 45 be allowed for the hearing date.

Mr. Bortolin stated that 50 percent of the cases are continued by counsel's request or other reasons; after which time he has to set the case again. He clarified that a typical month will have 35 to 39 cases; hearings can't be held on Tuesdays because the doctors are held with NIC hearings. He said he would like control of scrutinizing continuances and asked to clear that levels beneath him have been exhausted. He also asked that the 30 days for determination be set from the time the claim is submitted rather than the hearing date.

Chairman Wilson stated that court cases are not recessed in order to get further evidence; if there is not a preponderance of evidence the case is denied.

Mr. Bortolin replied to Senator Young that the trial is de novo.

Don Heath, Commissioner, Insurance Division, stated he was on the subcommittee that worked on AB 84, and the concept of a reserve for the protection of the Nevada employee who would be covered under the self-insured system. He stated that AB 84 provides an adequate initial requirement for financial responsibility as well as an ongoing requirement by reference to the general insurance code, and the subject of reserves and ratings within that code. Mr. Heath concurred with the amendment submitted by Mr. Anthonison. He explained to Senator Young that the insurance division is not now adequately prepared for a three-way system. He stated that in lieu of using the National rate-making group, the division could work independently; but that additional actuaries would be needed, and they are expensive. Mr. Heath said that if three-way insurance is being considered, in-depth studies will be required for the purpose of organization and reorganization.

Senator Hernstadt asked, if there were a three-way system, and if the employer had a good experience rating, would a dividend be possible and would it bring the rates down?

Mr. Heath replied that this would allow the insurers to inform their potential clients that these dividends would possibly be offered. He stressed the need for adequate premiums and reserves to be measured against competitive rates; in private industry there is always the possibility of a company failing.

Chuck Knaus, Actuary, Insurance Division, explained that the Nevada Guaranty Association uses a post-insolvency method of assessing costs against insurers. He added that NIC is not a part of that association.

Warren Goderton, representing the Nevada Trial Lawyers, stated that the association supports AB 84 and AB 382, with the proposed

(NIC testimony continued)

amendments. Mr. Goderton referred to Section 26, which states that the NIC can order counseling, training or rehabilitation services for the injured worker regardless of the date on which the worker first became entitled to compensation; and he stated that this is a very bad provision.

Mr. Anthonison presented a document for the record revealing NIC claim costs v. NIC premium costs (see Exhibit I).

Mildred Lucille Nelson, claimant, present a list of unsatisfied claimants for the record (Exhibit J) and stated she had been meeting with these claimants and many more for the past year, and they feel that NIC is not responsive.

Stephana D. Vance presented two letters from NIC for the record (see Exhibit K).

Chairman Wilson closed the public hearing on Senate Bill 3 and Assembly Bill 84.

SB 405 Provides increases in certain industrial benefits.

Senator Wilbur Faiss, the introducer of the bill, explained SB 405, and presented a collection of NIC claimant letters (see Exhibit L, copy located in Research Division Library, LCB) and a fiscal note prepared by John Reiser (see Exhibit M).

Chairman Wilson closed the public hearing on Senate Bill 405.

AB 98 Allows prescriptions for drugs to be filled by generic name.

SB 137 Requires substitution of less expensive drugs under certain circumstances.

For previous testimony see minutes of February 12, February 26, and March 12, 1979.

The Committee decided to allow AB 98 to be amended to conform with SB 137.

Chairman Wilson closed the public hearing on AB 98 and SB 137.

AB 470 Provides industrial insurance coverage for paid firemen injured while performing certain voluntary services off duty.

Julius Conigliaro, representing Federated Fire Fighters of Nevada, testified in support of AB 470. He explained that it would provide NIC coverage for paid professional fire fighters and volunteers acting independently and engaging in fighting fires in emergencies.

Senator McCorkle questions the precedent of a state worker asking for compensation under voluntary circumstances.

Mr. Conigliaro explained that policemen are similarly provided for in NRS; and explained that accident reports would have to be filed with the original jurisdiction.

Senator Young observed that there is a lot of difference between conditions with policemen and firemen; and asked if situations other than fires would be applicable.

Mr. Conigliaro answered that they probably would and added that the bill would have no fiscal impact.

Chairman Wilson closed the public hearing on AB 470.

SB 410 Clarifies certain provisions of public accountancy law.

Todd Russell, representing the Nevada State Board of Accountancy, testified in support of SB 410 and explained that it is mainly a "housekeeping" bill. He proposed the following amendments: Section 1, add "in the state of Nevada."; section 5, line 39, include "as provided by law prior to April 21, 1971"; section 7, lines 8, 9 and 10, include "what the board determines to be substantially the equivalent of the applicable qualifications under Section 4 and 5 of NRS 628.190"; however, the subsection would be 3 and 4, rather than 4 and 5.

BDR 58-1783\* Exempts the employer who operates a vehicle for the transportation of his employees from provisions regulating motor carriers and taxicabs.

Senator Young moved for Committee introduction and re-referred to Transportation.

Seconded by Senator Ashworth.

Motion carried unanimously.

BDR 58-1535\*<sup>y</sup> Relates to public utilities regulations, establishes procedures in placing public utilities and general improvement districts into receivership for inadequate service.

Senator Young moved for Committee introduction.

Seconded by Senator Blakemore.

Motion carried unanimously.

\* SB 462  
\*\* SB 463

BDR 55-1659\* Revises law relating to development corporations.

Senator Ashworth moved for Committee introduction.

Seconded by Senator Young.

Motion carried unanimously.

BDR 54-1636\*\* Changes various provisions of law governing practice of veterinary medicine.

Senator Young moved for Committee introduction.

Seconded by Senator Ashworth.

Motion carried unanimously.

No further business. Meeting adjourned at 5:30 p.m.

Respectfully submitted,

Betty Kalicki, Secretary

APPROVED:

Thomas R.C. Wilson, Chairman

\*SB 464  
\*\*SB 465

GUEST LIST - OTHERS PRESENT AND TESTIFYING:

Leo J. Gray, Merck, Sharp & Dohme

Ed Garison, CIBA-Geigy

R. Langley, Dept. of Occupational Safety and Health

James J. Carey, Stanford Research Institute

James S. Lorigan, Commission, Nevada Industrial Commission

Roland Oaks, Associated General Contractors

Melvin S. Laird, American Association of Retired Persons

Orvis E. Reil, Nevada Retired Teachers Association, American  
Association of Retired Persons

Connie Wadhams, Attorney

Skip King, Attorney, Nevada Industrial Commission

John Reiser, Chairman, Nevada Industrial Commission

Elizabeth Anderson, Nevada Industrial Commission

Chuck King, Central Telephone Company

Joe Buckley, SUMMA Corporation

J.D. Taylor, MGM Hotel Casino, Las Vegas

Art Christensen, Nevada Industrial Commission

M. Lucille Nelson, Nevada Industrial Commission Committee

Gilbert Velarde, NIC Committee

Cordy Velarde, NIC Committee

Clarence D. Townsend, NIC Committee

Warren W. Moedert, NTLA

Julius Conigliaro, Occupational Safety and Health Review Board

Claude Evans, Executive Secretary, Nevada AFL-CIO

Patty Becker, Nevada Industrial Attorney

Norman Anthonison, SUMMA Corporation

Bud McNeely, Nevada Independent Insurance Agents

Frank Damon, Assistant Corporate Counsel, Mission Insurance Group

Dick Chubb, Gibbons Company

Aurora D. De La Torre

Bob Hailey, NIC

Warren Goderton, Nevada Trial Lawyers' Association

Todd Russell, Nevada State Board of Accountancy

Richard Bortolin, NIC Hearings Officer

Senator Keith Ashworth

Assemblyman James Banner

Chuck Knaus, Actuary, Insurance Division

Senator Wilbur Faiss

Don Heath, Insurance Commissioner

Stephana Vance, claimant

SENATE Commerce and Labor COMMITTEE

GUEST LIST

DATE: Wednesday, April 11, 1979

NAME	AGENCY OR ORGANIZATION
Leo J. Gray	March Sharp of Phoenix
Ed. Pearson	CIBA-GEIGY
J. B. [unclear]	UPJOHN
[unclear]	DOSH
James Carey	Stanford Research
Tom Logan	NIC
[unclear]	NIC
[unclear]	NIC
Portland Allen	Associated General Contractors
Nellie S. Land	Amer. Ass'n. Retired Persons
ORVIS E. REIL	Chairman - NRTA/ARRP - Nevada Joint State Legislative Committee
Robert Wadsworth	Parrish City
Spiking	NIC
JOHN REISER	NIC
Elizabeth Anderson	NIC
CHUCK KING	CEN TEL
Joe Buckley	Summa
William J. [unclear]	NIC
Walt Christensen	NIC
J. W. Taylor	MGM
M. [unclear]	N.F.C. Committee
Luigi Ramacciotti	NIC
Robert Kellogg	NIC
Corby Warden	NIC
Charles Townsend	NIC Committee
Nancy W. Bedert	NTLA

# Probe of NIC Needed

VALLEY  
TIMES  
4/9/79

To The Editor:

It's about time someone took a good look at the Nevada Industrial Commission.

Persons familiar with the field of Worker's Compensation Insurance were not at all surprised to see NIC balk when asked to disclose their accounting records and financial information, but their latest escapade even surprised me. They must really feel as though they do not have to report to anyone.

The State Legislature is considering AB 559, a bill that would allow private insurance carriers to provide worker's compensation insurance.

Apparently NIC feels severely threatened because on March 27, James Lorigan a NIC Commissioner sent a letter on NIC letterhead at taxpayers expense to every employer in the state urging them to persuade their legislators to oppose this justified bill.

Nevada is one of five states still in the dark ages of a Worker's Compensation monopoly.

Evidence that private industry can administer programs more efficiently than government is enormous, yet we seem to ignore it.

It's about time the public was informed of the facts instead of being fed information from the NIC, the biggest and least regulated "Special Interest" in the state.

Rodney B. Leavitt

April, 1979

Senator William Hernandez

Your Honor—

Regarding bill 3 of the Senate N.I.C.  
I would say it definitely should be  
abolished, at least as far as the  
Real Estate Division:

As I know, N.I.C. was made for  
the safety of the employee on the job.  
I really am very upset to find  
that I can lose my Real Estate  
license if I don't carry N.I.C.

What, & why is this mandatory?  
I carry enough hospitalization  
and I feel this is something I  
don't need.

But, mainly the fact that  
I can lose my Real Estate  
license. I believe this is



very wrong.

I am sure you would have the support of many of the Realtors.

Hoping you can do something about this. If I can help you please contact.

Very Sincerely,  
Ophelia Acker

702-451-8548

P.S. I am already on disability. I told the manager of this office he tells me, they would still pay me.

I don't want them to pay me. And I don't want to carry.

N.I.C.

April 4, 1970

State Senator William Hernstadt  
 Legislative Building  
 Carson City, Nevada

Honorable Senator Hernstadt:

So far in your investigation of the Nevada Industrial Commission you have done more than your other colleagues. However, you and your colleagues have only done a half ass job. "As usual."

We the citizens do not mind when a candidate spends more than the status states he/she says they should on a campaign, as long as the monies are his. We dont mind that the candidate owns and operates his own television station which is used to further that candidate's political ambitions. But we do mind when that elected official and his colleagues do a poor job on investigating a state entity.

The following are questions which if you will take the time and the energy to find the answers will be rewarding not only to you in your present position but also to the employers, the injured workman and the Nevada Citizen as a whole.

1. Apparently from reading the new's media and watching the idiot tube you are aware that there are two doctor's whom are guaranteed a minimum of \$100,000.00 a year in addition to their own practice. (And I have seen these private patients treated at the Rehabilitation Center.) Are you aware that the present chairman and one of these doctors namely David Young, come from Pennsylvania. Are they related? Does monies exchange hands between the two? (David Young was a teacher at Penn State when John Rieser attended school there.
2. Have you and your's taken the time to check out David Young's past? For instance Sunrise Hospital and his episode there.
3. Have you and your's taken the time to investigate the results or treatment time at the million dollar institute called the Rehabilitation Center of the Nevada Industrial Commission. (Among the injured it is common knowledge that if you want to stay on compensation transfer to Dr. Young.)
4. There have been injured people that I know make the statement that Dr. Young does an excessive amount of heavy drinking.
5. Do you and your's know that Kevin Maher had to go to a "Dry Out Tank" in the Mid-Western States to cure this same disease? Who paid for this treatment and did he receive salary while taking these treatments?

6. Are you aware of the fact that the Rehabilitation Center has more high paid employees than they do patients?

7. Have you investigated the other employees in the Rehabilitation Department? For instance, the previous supervisor of this department, Curtis Lackie, he had to go to an institution in Utah for alcohol treatment for several months. Did he receive salary while receiving these treatments? Who paid for these treatments?

8. Are you aware of the claims that have been approved by the Nevada Industrial Commission which should not have been approved? Yet they were. Why? Because the claimant or someone the claimant knew, knew one of the commissioners or the chairman.

It is common knowledge that a pebble thrown into a pond will cause many ripples but it may never get to the bottom of the pond.

Please show us, the people who voted for you and may vote for you again that you are sincerely interested in this problem and not your own political ambitions.

Sincerely

A INJURED EMPLOYEE, ONE WHO HAS  
KEPT HIS EARS OPEN AND ALSO RE-  
CEIVED TREATMENT FROM YOU.

April 5, 1979

Dear Senator Hernstadt,

I do not know rather or not you remember me or not. My name is Edward H. Sleeper. I have been disabled for almost four years now. I have been disabled with a broken back. The NIC has caused me to be hit, stuck, pushed, pulled, stabbed, knocked, forced to bend, kicked, twisted, stretched by 23 doctors now. I have had to undergo every type of examination ther is. And I have never as yet been released by my doctor.

The NIC has made me go through two back fusions, when one would have done the job. And now I have to undergo a third. All because the NIC Will not wait until my doctor, Doctor Ogilvie has completed his work and medication. This has been going on since June 1975. The NIC cut me off last July 10, 1978. And at that time the NIC Doctor forced me to bend by actually pushing me over, and broke all my operation loose. I have been in severe pain ever since.

I know, and many people I have talked to believe you are doing or at least trying to do something about the situation. I would like to help us victims and you. I believe there is one thing that would help such unjust treatment. At the same time would save hundreds of thousands of dollars. Try in some way to prevent the NIC from giving out phony, untrue reports. They just don't bend the truth but they just out and out lie. The reports to the commissioners are lies. The reports sent out to Doctors by theNIC are lies. Reports sent to appeals officer are lies.

I do not know if there is anything you can do or not, but brother it is really unbelievable. NIC employees sit in hearings and lie to the commissioners, and of course there is nothing or no way we can convince the commissioners or anyone else of the truth, I don't think they want to here the truth. If the NIC was just forced to abide by the Nevada Law. Would help. We victims have to but the NIC no way period.

Thank You in Advance

Sincerely

*Edward H. Sleeper*

April 6, 1979

Senator Bill Hernstadt  
Capitol Complex  
Carson City, Nevada 89710

Dear Senator Hernstadt:

I am Frank Garrett, #8 Carthay Circle, Las Vegas, Nevada. I am a pipefitter-welder. I was injured at the Nevada Test Site on November 8, 1977. I received first aid by Dr. Poole, given pain pills and was driven home from the Test Site. On Thursday, I saw Dr. Cedarblade at REECO Medical and was given more pain pills. I was not X-rayed by either doctor but was sent back to work on Friday. On Saturday, I went to a chiropractor. He X-rayed me and gave me heat, diathermy, etc., but did not do any sort of adjustment because he was fairly certain I had herniated discs and a crushed vertebrae. This was later confirmed by a positive mylogram. I have had 2 bone scans to confirm that I am not healing. I did not want to have surgery and Dr. Kreisler advised against surgery. I asked N.I.C. to allow me to go to a neurosurgeon in Abilene, Texas, for another opinion and was refused. I stayed in a cast awhile, stayed in bed one month - only getting up for meals and to the bathroom. I took all the medications that were prescribed. I did several months rehabilitation - the same kind they give everyone instead of specialized therapy for herniated discs. A Neuromod (pain interceptor) was given me, which helps a little - sometimes.

I agreed to go back to light duty, mostly to get out of the rehabilitation program and also to work the 10 months I need to vest my pension rights through my union. I was told that I would be paid maintenance until I could go back to work. I haven't received a check since early March and haven't secured any light duty.

Some of my medical bills have not been paid and are being passed back and forth between N.I.C. and REECO.

I used the same Dr's report to file for Social Security and was awarded full disability. I am unable to understand why N.I.C. has only offered me 20% and that, only until I'm 65. I was hurt when I was 57 so, from now, that would only be 6 years. That seems very unfair to me.

Yours truly,

  
Frank E. Garrett

cc: Governor Robert List  
Congressman Jim Santini

THREE-WAY WORKERS'

COMPENSATION:

LABOR'S POINT OF VIEW

THREE-WAY WORKERS'  
COMPENSATION:  
LABOR'S POINT OF VIEW

Prepared for the Washington State Legislature  
By the Washington State Labor Council, AFL-CIO

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February 19, 1979

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**RECEIVED**

MAR 5 1979

Regional Office - San Francisco  
Region 6, AFL-CIO

## THREE-WAY WORKERS' COMPENSATION: LABOR'S POINT OF VIEW

## I. INTRODUCTION

1. Why Labor supports Washington's nonprofit State Fund.
2. Why Labor opposes SB 2219 and HB 924.

## II. AN ESTABLISHED PROGRAM THAT'S WORKING WELL

1. \$1.05 paid to workers for each \$1.00 in premiums.
2. Private carriers soak up half the premium dollar.
3. Labor & Industries staff efficiency increasing.
4. First checks being mailed within 14 days.
5. Medical bill backlog has been eliminated.
6. Few Department decisions being appealed.
7. Fraud is minimal, Hotline results show.
8. State safety program is saving workers' lives.

## III. THE SMALL EMPLOYER NEEDS A STRONG STATE FUND

1. How the State Fund achieves "credibility."
2. Layers of fat in private carrier premium dollar.
3. State Fund premium rates are lower.
4. Private carriers rig rates to favor big business.
5. Comparison of selected Oregon and Washington rates.
6. The State Fund: A real bargain for the small employer.

## IV. ARGUMENTS FOR THREE-WAY: LABOR'S REBUTTAL

1. "The State Fund operation is too big."
2. "Competition will improve the system."
3. "State Fund costs and deficits are spiralling."
4. "What's the difference who sends the injured worker his check?"
5. "Insurance companies will do a better job on safety."

## V. A WORKERS' COMPENSATION MISCELLANY

1. Oregon's program in trouble, recent studies show.
2. Insurance industry ethics under the hot Texas sun.
3. Why the Ohio Manufacturers Assn. opposed three-way.
4. Impact of three-way at the check-out stand.
5. How would you keep a handle on the system?
6. Selected readings on workers' compensation.



WHY LABOR SUPPORTS  
WASHINGTON'S  
NONPROFIT STATE FUND

The basic objective of our state workers' compensation program is set forth in RCW 51.04.010: "The welfare of the state depends upon its industries, and even more upon the welfare of its wage worker." The goal of the law is the provision of "sure and certain relief for workmen, injured in their work, and their families and dependents."

It's been that way since 1911.

*The proposed intrusion of private insurance companies into our workers' compensation program should be judged by a single standard: Will it promote sure and certain relief for injured workers?*

Labor is convinced that it will not. The insurance lobby has been around a long, long time. Little in its record suggests an abiding compassion for injured workers.

In private industry, competition is socially wholesome. In a social insurance program like workers' compensation, it is wasteful and destructive.

The Department of Labor and Industries now administers the program at a cost of about seven cents out of the premium dollar. That figure would at least double with the advent of private

insurance. The State Fund would be saddled with the heavy acquisition and administrative costs associated with the private carriers. It would be compelled to lobby to protect its share of the market against the insurance industry. Such expenditures waste the substance of a program whose sole object is to help injured workers.

Insurance companies say they can cut costs. The major cost in workers' compensation is benefits. The only way insurers can significantly cut costs is to reduce the number of claims. The incentive to obstruct claims is built right into the three-way system.

*The insurance company becomes the injured worker's adversary. The humanitarian goals of the law are ignored in the scramble for profits.*

Our nonprofit State Fund is not under pressure to maintain profit margins or engage in cut-throat competition. It functions not as an adversary, but as a trustee, whose responsibility is to evaluate each worker's claim objectively and to implement the "sure and certain relief" mandated by statute.

Certainly labor is often critical -- sometimes sharply critical -- of Department methods, policies and interpretations. Certainly the level of statutory protection afforded the injured worker and his or her family is in many respects less than adequate. But every needed improvement in the program can be made -- can best be made -- within the framework of the non-profit State Fund.

In the final analysis, the workers' compensation program belongs to the workers it serves, not to the employers, and most certainly not to the insurance companies.

\*\* \*\* \* \* \*\*

The material on the following pages presents labor's position in considerable detail. We have sought to address the main points at issue, but in a subject as complex as workers' compensation, we must inevitably have left some questions unanswered.

Please feel free to get in touch with us if we can be of further assistance.

\*\* \*\* \* \* \*\*

"THERE SHOULD BE NO PROFIT FROM PAIN."

GOVERNOR DIXY LEE RAY,

*declaring her opposition  
to three-way workers' compensation  
in an address to the Joint Council  
of Teamsters, November 5, 1978*

\*\* \*\* \* \* \*\*

## WHY LABOR OPPOSES THE A.W.B.'S THREE-WAY BILLS

Washington's established workers' compensation program would be totally restructured to guarantee insurance industry profits under Senate Bill 2219 and House Bill 924, the Association of Washington Business "three-way" bills. The measures would open up the lucrative half-billion dollar workers' compensation market to the approximately 500 general casualty insurers now doing business in this State.

The bill is sweetened with a provision repealing the existing worker contributions to the medical aid fund. These range from about two cents a day for telephone workers to about 25 cents an hour for loggers. That lump of sugar is calculated to pacify workers. Everything else in the bill is written with a cold eye to insurance company profits. Here are some of the long-established injured-worker rights and protections the bill attacks.

Pension rights jeopardized: In some three-way states, insurance companies are allowed by agreement with the claimant to pay a lump sum in lieu of lifelong pensions to totally and permanently disabled workers and to spouses who survive an industrial fatality. Such "compromise and release" agreements, as they are called, rarely contribute to the worker's long-term well-being. The National Commission on State Workers' Compensation Laws unanimously opposed their use. They are prohibited in this State, although the statute gives the Department of Labor and Industries carefully limited authority to make

lump-sum advances up to \$8,500 in exceptional cases. SB 2219 and HB 924 repeal the \$8,500 limit and open the way to compromise and release. Here's what can happen: The worker is enticed by an insurance claims adjuster into accepting \$20,000 to invest in a small business. A year later, the business folds. The insurance company has been released from all responsibility, and the worker has lost his right to the pension that would have sustained him the rest of his life.

Built-in harassment of pensioners: At present, industrial insurance pensioners must certify by affidavit twice each year that the circumstances qualifying them for a pension have not changed. The insurance industry's bill would substitute for this reasonable requirement the mandatory periodic physical re-examination of every permanently and totally disabled worker "to determine if the worker remains permanently incapacitated from performing any work at any gainful occupation." This amounts to a directive to hound the industrially maimed, crippled or widowed person off the pension rolls or into an early grave.

Worker's medical history unprotected: The department's present practice is to request additional medical information only when it has good reason to believe that the information may help determine the cause of any injury or condition, the degree of its aggravation, or other facts bearing upon the claim. The worker must sign a release before the department can get the additional information. SB 2219 and HB 924 introduce Washington's

500 licensed general casualty insurers into this delicate process. An insurance company could conduct endless "fishing expeditions" into a worker's lifelong medical history probing for grounds to deny or terminate a claim. Opening medical records to insurers also creates the possibility of an insurance "medical blacklist" advising prospective employers not to hire workers whose medical histories they regard as suspect.

Right to refuse treatment eliminated: Under the present law, an injured worker has a right to refuse, for good cause, to undergo an examination or a course of treatment directed by the department or by a self-insuring employer. SB 2219 and HB 924 destroy this protection. Section 35 would enable an insurance company, for example, to order repeated examinations of a Black worker by a racist doctor, or a woman worker by a sexist doctor, upon penalty of his or her case being closed. Or a worker could be compelled to submit to unwanted and risky surgery as a condition of continued coverage.

New self-insurance gimmick for employers: A substantive change much desired by employers is that incorporated in Section 27, permitting associations of employers to self-insure. Under present law, only relatively large individual employers, meeting relatively stiff requirements, may self-insure. Self-insurance under an "association" umbrella would enable the individual employer to escape setting aside the substantial reserves required of individual self-insurers or private carriers. While materially improving the employer's cash flow, self-insurance under such conditions could jeopardize downstream pension and other benefits for his workers.

AN ESTABLISHED  
PROGRAM THAT'S  
WORKING WELL

With the rights and benefits of more than 2.3 million working men and women on the line, surely it's wise to think twice before ditching an established workers' compensation program for something radically different and controversial.

Especially when that established program can be shown to be working well.

Let's begin with benefit payout...

An Established Program That's Working Well:

1. \$1.05 IN BENEFITS FOR EACH \$ 1.00 IN PREMIUM

In Washington State, for every dollar paid in premium, an injured worker down the road draws about \$1.05 in benefits. That's possible because investment earnings more than offset the entire expense of administering the program.

The Department of Labor & Industries spends about seven cents of each premium dollar for all administrative costs, including occupational health and safety, the rehabilitation program, and the cost of appeals. The Department earns about twelve cents on each dollar of investment. Every bit of investment income is plowed back into the program. This income enables the Department to discount premium rates about ten per cent.

No private insurance carrier, and no private insurance state, will ever deliver that kind of performance.

Of each dollar in premium paid, only about 76.5 cents comes from employers. The remaining 23.5 cents comes out of workers' paychecks. Workers' contributions finance half the medical aid and supplemental pension funds.

Employers paid \$282 million and workers paid \$87 million in premium to the nonprofit State Fund in 1978.



An Established Program That's Working Well:

2. PRIVATE CARRIERS SOAK UP HALF THE PREMIUM DOLLAR

In three-way Oregon, "in 1977, only about 47 cents per insurance dollar reached claimants or survivors," reported the Oregon Journal after a six-month investigation of that state's program.

In New Jersey, the insurance industry has the program all to itself, unfettered by a competing state fund. A 1974 State Commission investigating New Jersey's program commented:

"The most tragic aspect of the Workmen's Compensation system in the state is the small percentage of premium which ultimately inures to the benefit of the worker. Despite the fact that over \$1.2 billion was credited to premium income by insurance carriers from 1967-1971, only 41 percent or \$502.8 million ultimately found its way to the person for whom the system was formed, the worker."

A federal Workers' Compensation Task Force reported in 1977 that, nationally, only 52 cents of every premium dollar reaches the pockets of the injured worker.

Look at it this way. Working people want benefits to be as high as possible. Employers want the cost of the program to be as low as possible. These are conflicting goals. We can come a lot closer to satisfying both goals under our non-profit State Fund, with its consistently high ratio of benefit payout to employer (and employee) premiums.

An Established Program That's Working Well:

3. LABOR & INDUSTRIES STAFF EFFICIENCY RISING

The insurance lobby castigates the State Fund operation as "inefficient" and "bureaucratic," and claims the private carriers can do a better job.

Any department big enough to process 215,000 claims and handle \$369 million in premium income in a single year is going to make errors and be subject to criticism. But in fairness, the criticism ought to be tempered by an overall look at the department's effectiveness.

Over the past five years the number of claims processed per staff year in the department's industrial insurance division has risen steadily. The increased efficiency applies both to claims-handling staff and to employer account-handling staff. Here are the figures for the claims section:

<i>Fiscal Year</i>	<i>State Fund Claims</i>	<i>Claims Sec. Staff Years</i>	<i>State Fund Claims per Claims Staff Yr.</i>
1973	141,509	388.0	364.7
1974	148,503	379.2	391.6
1975	151,388	395.3	383.0
1976	155,154	398.5	389.4
1977	165,570	394.7	419.5
1978	176,541	393.0	449.2

(Note: The increase in total claims load roughly parallels the increase in the number of workers covered by the program.)

An Established Program That's Working Well

4. FIRST CHECKS BEING MAILED WITHIN 14 DAYS

According to RCW 51.32.210, initial benefit checks must be mailed to eligible injured workers within 14 days. This provision is obviously vital to the waiting, helpless injured worker. For that reason, it provides an excellent measure of the agency's commitment to the humanitarian aims of the program.

Throughout the early 1970's the department fell grievously short of its statutory obligation for prompt initial payments. But in mid-1977 its performance changed dramatically for the better.

By 1978, nine of every ten initial State Fund checks (89.8%) were being sent within 14 days, and the tenth check was being delayed less and less.

This compared favorably with the performance of the "private enterprise" segment of our workers' compensation program. Self-insuring employers and their service companies met the 14-day requirement in only 80.9% of claims involving time-loss in 1978.

An Established Program That's Working Well:

5. MEDICAL BILL BACKLOG CLEANED UP

The department's success in cleaning up a massive backlog of unpaid doctor and hospital bills is evidence that it can tackle and solve a challenging administrative problem.

Unpaid bills peaked at 153,000 -- an intolerable three-month backlog -- in January, 1977. The issue was not one of mere bookkeeping importance. Unpaid, disgruntled doctors and hospital administrators inevitably impair the quality of injured worker care.

Once the Department zeroed in on the problem, the backlog was totally cleaned up in 90 days. In each of the past 21 months, the end-of-month tally shows that doctor and hospital bills are being processed efficiently and paid promptly.

\*\* \*\* \* \* \*

Incidentally, from the standpoint of the doctor's or the hospital's bookkeeping, it's a lot simpler to bill a single State Fund for all claimant services provided, than to stay on top of which among the hundreds of private carriers in the field insures which employer of which injured worker.

An Established Program That's Working Well:

6. FEW DEPARTMENT DECISIONS ARE APPEALED

About 225,000 claims were received by the department during calendar 1978. In only one case in every hundred did the injured worker file an appeal disputing any of the many determinations associated with his or her claim. Most of those appeals were resolved either by the department reassuming jurisdiction (that is, admitting its own error) or by informal conferences.

Employers filed only 116 appeals in calendar 1978. The question naturally arises: *If the present system so chronically malfunctions, why did employers resort to their lawyers only once in every 2,000 cases?*

Each year since 1972, only about 1 percent of all claims have involved either worker or employer appeals. The figures:

---

Calendar Year	Total Claims	Total Appeals	Appeals as % of Claims
1972	148,413	1824	1.2%
1973	166,478	1600	1.0%
1974	176,204	1440	0.8%
1975	177,147	1586	0.9%
1976	190,626	1947	1.0%
1977	204,858	1705	0.8%
1978	225,216	2347	1.0%

---

An Established Program That's Working Well:

7. SCANT FRAUD REVEALED BY HOTLINE

For more than one year, the Department of Labor and Industries has operated a widely-publicized industrial insurance "fraud hotline." If claims processing is chronically sloppy, or if the system frequently provides injured workers with benefits they aren't entitled to, substantial employer and citizen protest ought to have been registered.

*In fact, the fraud hotline logged a total of 455 calls in the first 13 months of operation, or about 1.6 calls per working day. Most of the calls either were referred to other agencies; dealt with noncompensable, closed or rejected claims; could not be connected with a claim number; requested information only; duplicated other calls giving the same information; or were crank or obscene calls.*

Only 168 calls, about 37 percent of the total calls, concerned industrial insurance claims. Of this total, 74 were sent out for field investigation, and the rest either were resolved with phone calls or contained information the Department already was aware of.

Only about 24 of the 168 have thus far been found to contain "valid information" regarding fraud, the Department reported.

In the context of 215,000 new claims, and thousands of holdover claims, how much cleaner could the record be?

An Established Program That's Working Well:

## STATE SAFETY PROGRAM IS SAVING WORKERS' LIVES

The insurance lobby boasts of its safety expertise. But under three-way, private carriers never come in contact with the small firms that most critically need that expertise. For understandable reasons of profit, the carriers much prefer to do business with larger and safer employers.

Obviously the asserted carrier safety expertise is applied haphazardly at best. Representing a chaotic mix of competing companies, insurance industry safety staffs, taken as a whole, do not and cannot conduct a coordinated campaign to cut down on industrial accidents and industrial disease.

In contrast to the haphazard application of insurance company safety resources, the trained engineering, education and enforcement personnel of Washington State's Division of Safety have a clearly-defined mission and a rationally-coordinated plan to achieve it.

For more than two years the safety division has centered its inspection activity on high-risk employers and industries, using a "special emphasis" program in many respects unique in the United States. The program is based on six-week-old compensable claims data from the computerized industrial insurance records of the Department of Labor & Industries. Inspection priorities are determined by actual accident reports, region by

region, industry by industry, and within industries, employer by employer.

"Worst first" criteria are used to make the most efficient use of safety division inspectors and hygienists.

The data are reliable because employer-employee-physician reporting is centralized through the State Fund, not diffused among a host of insurance companies.

Private insurance states cannot match Washington's ability to generate data which accurately reflect current job accident experience. Most states base their inspection priorities on federal Bureau of Labor Statistics reports that are far less detailed and that are at least two years old.

The results of Washington's pioneering statewide program are statistically verifiable. They can be measured in human lives.

In logging, for example, WISHA\* administrators have just been commended by OSHA, the federal overseeing agency, for exemplary work. In the six month period under review, OSHA noted, fatalities compared with the same period a year earlier were down 35 percent in logging as a whole, and 60 percent in the cutting sector, identified by the special emphasis program as the deadliest in the industry.

Loggers are alive today because imaginative and concerned administrators conceived and implemented "special emphasis." No insurance company anywhere will ever be able to claim a comparable achievement. Insurance companies just don't operate that way.

\*WISHA is the Washington Industrial Safety and Health Act.



T H E   S M A L L   E M P L O Y E R  
N E E D S   O U R   S T R O N G  
S T A T E   F U N D

Is the Association of Washington Business acting in the best economic interests of its small business constituency in making the enactment of three-way workers' compensation its top priority?

We are convinced that it is not. In the following pages we explain why.

The Small Employer Needs a Strong State Fund:

1. HOW STATE FUND ACHIEVES "CREDIBILITY"

The small enterprise is inherently difficult to insure inexpensively. In insurance terms, it lacks the "credibility" to enable an insurance company to charge a low premium or to offer discounts or dividends.

The State Fund achieves credibility by the large volume of its business. It can "take a risk" far more safely than the individual private carrier. It can spread that risk over the full range of its industrial insurance accounts. The small employer is not penalized for his lack of size and credibility.

Parcel out the State Fund's business among a multitude of private carriers (170 are now active in Oregon; about 500 would be eligible to write coverage under Washington's pending three-way bill), and the credibility breaks up and vanishes.

When credibility goes, rates are driven up. The small employer is hardest hit.

In 1977, the Department of Labor & Industries estimated that in Oregon under three-way the very smallest businesses were paying two and one-half times the premium rate paid by the very largest businesses.

The Small Employer Needs a Strong State Fund:

2. LAYERS OF FAT IN PRIVATE CARRIER PREMIUM DOLLAR

The National Council on Compensation Insurance assumes that insurance companies need about 39 cents of each premium dollar to pay expenses and make a modest profit when handling small employer accounts.

In Minnesota, a typical private insurance state, permissible expense components for insurers of small employers are these:

	<u>Percent</u>
Acquisition (sales) expense	17.5
General administration expense	8.4
Claims adjustment expense	8.2
Taxes	2.7
Profit and contingencies	<u>2.5</u>
TOTAL	<u>39.3</u>

Under our nonprofit State Fund operation, total expenses of the program run about 7 cents of the premium dollar. Earnings on investments, plowed back into the program, more than take care of all expenses.

The Small Employer Needs a Strong State Fund:

## 3. STATE FUND PREMIUM RATES ARE LOWER

Measured by hard dollar costs, nearly every Washington State employer is better off insuring his workers' compensation liability with the nonprofit State Fund than he would be under a three-way system. And that goes double for small employers.

Employers are better off because the State Fund's nonprofit method of operation produces premium rates substantially lower than rates set in private insurance states.

*The State Fund seeks to fix employer premium rates at the minimum consistent with meeting its statutory obligations to the injured worker. The insurance industry deliberately pegs rates high enough to assure a profit to the least efficient private carrier.*

The State Fund applies the anticipated income from its investments to employer premium rates, thus reducing rates about 10 per cent in advance. Insurance carriers also invest their premium income, but the earnings accrue to the carriers and are not used to reduce premium rates.

Above all, the State Fund provides this mandatory insurance at rates that carefully take into account the cost impact on the smaller enterprise. The result is that small employers as a class pay less in premiums than they experience in losses. This is possible only because the State Fund's share of the market is so large that it can spread the risk of each individual account.

No private insurer can do that. In three-way states, insurance industry rating bureaus structure premium rates so that the many small employers subsidize the discounts and the dividends offered to entice the big and profitable few.

\*\* \*\* \* \* \* \* \*

WILL THE REAL BILL JACOBS PLEASE STAND UP?

"I am confident I can say that not a one of us in the room this morning would either describe or represent Washington's Workmen's Compensation Law to be a model of perfection.

"This is not to say, however, that it's a bad law. Quite the opposite, it's a good law--in point of fact one of the best!

"Like everything else, we must view the situation in balance. When our law is objectively compared with those throughout the rest of the nation, it can be stated without equivocation that Washington's law ranks with the leaders--it stands head and shoulders above most...

"The security provisions of Workmen's Compensation have received little attention except for perennial debates over the comparative merits of the exclusive fund, competitive fund and no-fund approaches. I suggest that it is more important to reform the existing approaches than to direct energies and attention to debates that shed more heat than light and that in over 30 years have caused only one state to change its basic approach. Improving operations and regulations of the present fund should produce more satisfactory returns for a relatively small expenditure of effort."

*From Address of William C. Jacobs, Director,  
Department of Labor & Industries, to the  
13th Annual Convention of the  
Washington State Labor Council, AFL-CIO  
Richland, Washington -- August 25, 1970*

The Small Employer Needs a Strong State Fund:

## 4. PRIVATE CARRIERS RIG RATES FOR BIG BUSINESS

Using Oregon as an example, here are some of the insurance industry gimmicks that discriminate in favor of the bigs and against the smalls:

Experience (merit) rating: In Oregon, employers paying less than \$750 in premium are not eligible for experience rating. The \$750 cutoff would have eliminated tens of thousands of employers in Washington in 1977. But under Washington's non-profit State Fund system, experience rating is used for all employers, regardless of size, who have reported in more than one year of the three-year experience period. Small firms experiencing a serious accident are cushioned by a 25 per cent limit in the annual experience modification. Every small firm with accident-free experience receives a 15 per cent credit.

Minimum premiums: In Oregon, the minimum premium for most classes of employers is \$100 a year. In Washington, the minimum is \$10 in any one quarter, or \$40 for a full year.

Expense constants: In Oregon, employers generating base rate premium under \$200 a year pay a \$15 expense constant. Employers generating base rate premium between \$200 and \$500 pay a \$10 expense constant. Expense constants are simply penalties imposed by the insurance industry for lack of size. Washington doesn't use them.

Premium discounts: In Oregon, only employers paying more than \$1,000 annual premium qualify for premium discounts. That \$1,000 floor would have denied discounts to 62,000 Washington employers in 1977. Discounts are scaled so that the larger the employer's premium volume, the greater the percentage of the discount. The base or manual rates set by the insurance industry's rating bureau are loaded to pay for these discounts. It's another instance of the smalls subsidizing the bigs.

*Washington doesn't offer premium discounts of that kind. It does, however, discount all premium rates across the board about 10 percent in anticipation of earnings on investments.*

Dividend plans: Oregon State Insurance Division records show that insurance carriers overcharged employers nearly \$200 million between 1966 and 1977 to finance a dividend system providing insurance refunds to selected larger employers. The overcharges were loaded into manual rates established by the insurance industry's rating bureau.

Lester Rawls, former Oregon insurance commissioner, says that dividends aren't fair even to those employers who eventually get some of the overcharge back. "It's a triple whammy," Rawls told the Oregon Journal. "First, the insurers get free money that they can invest until they have to give it back a year, two or three later. Second, the investment earnings aren't considered officially in the ratemaking process, and therefore

don't do the employer any good in producing a lower insurance rate. Third, the employer who pays the overcharge doesn't have the use of this money as capital for a long period of time before getting some of it back in shrunken dollars."

Oregon's State Fund is trapped in the swamp of insurance industry practices. It paid \$28.5 million in dividends last year, with the entire amount going to only 13,459 (26 per cent) of its 50,517 customers.

*Even with a perfect safety record, no Oregon employer paying less than \$2,000 in annual premium is eligible for dividends.*



The Small Employer Needs a Strong State Fund:

5. A COMPARISON OF RATES IN OREGON AND WASHINGTON

Direct comparison of premium rates paid by employers in Washington under the State Fund with those in Oregon under three-way insurance shows that Washington rates are consistently, sometimes dramatically, lower.

Here are January 1, 1979 rates chosen from industries common to both states. Washington's rates have been expressed in terms of payroll to permit comparison with Oregon's.

PREMIUM RATES PER \$100 OF PAYROLL

	<u>Washington</u>	<u>Oregon</u>
Logging	\$16.89	\$31.49
Tel/tel (except clerical)	1.46	3.37
Freight handling	3.84	8.31
Natural gas company	1.29	4.11
Restaurants/taverns	3.87	5.69
Newspaper publishers	1.17	4.09
Orchards	8.82	14.50
Poultry farms	6.64	8.87
Field crops	5.97	14.50
Clerical employees	.21	.45
Clothing, retail	.82	2.06
Supermarkets	2.95	6.02

A comparison of rates for all risk classifications as of January 1, 1979, is available upon request from the department. Differentials in most risk classifications are comparable to those listed above.

*The Oregon rates listed are manual rates. They are modified by minimum premiums and expense-constant penalties imposed on small employers, and by discounts and dividends made available to large employers.*

The Small Employer Needs a Strong State Fund:

## 6. STATE FUND A REAL BARGAIN FOR THE SMALL ENTERPRISE

In 1977, some 66,886 of the State's smallest employers (those who paid less than \$1,321 each in 1977 premiums) incurred an estimated \$1.38 in workers' compensation losses for every dollar they paid into the State Fund.

That's a loss ratio of 138 per cent.

Actually, only about 77 cents of each premium dollar was the employer's money. The other 23 cents -- half the cost of funding the medical aid and supplemental pension funds -- came out of workers' pay checks.

Where else could a small employer provide \$1.38 in workers' compensation benefits to his employees at a cost of 77 cents? Certainly not in a three-way state.

The table below, drawn up by the Department of Labor and Industries, shows the loss ratio of all Washington employers, grouped according to amount of 1977 premium paid:

1977 Industrial Insurance & Medical Aid CombinedPremium and Loss Distribution

<u>Premium Size Range</u>	<u>No. of Firms</u>	<u>Earned Premium(000s)</u>	<u>Incurred Claims(000s)</u>	<u>Loss Ratio</u>
0-1,321	66,886	22,683	31,346	138%
1,322-2,643	9,808	18,392	16,151	88%
2,644-13,214	12,619	70,892	71,576	101%
13,215-39,643	3,721	59,286	65,287	110%
39,644-132,139	911	60,656	64,387	106%
132,140-660,696	198	45,060	44,136	98%
660,697 & over	14	17,746	18,064	102%
	93,157	294,715	310,947	106%*

\*Earnings on investments made it possible for the State Fund to pay out more in benefits than it received in premiums

ARGUMENTS ADVANCED  
IN SUPPORT OF THREE-WAY:  
LABOR'S REBUTTAL

"The State Fund operation is too big...it needs the spur of competition...costs are going out of sight...insurance experts can do a better job of safety..."

Such arguments by three-way advocates have had a biennial airing for decades. In this section, we respond to some of the principal ones.

Arguments for Three-way: Labor's Rebuttal:

1. "THE STATE FUND OPERATION IS TOO BIG..."

The insurance lobby contends that Washington's State Fund operation has grown "too big" -- that it's time to break it into smaller pieces.

Of course the program has grown. The state's economy and its work force have grown. Growth is inevitable -- but is size in and of itself an evil? Aetna, Firemen's Fund and Employers Mutual Liability all show workers' compensation writings comparable in volume to those of our State Fund. Liberty Mutual and Travellers Indemnity have roughly double our State Fund's premium volume. Is the insurance lobby advocating their dismemberment?

The three-way advocates base their "too big" contention on existing backlogs and delays in claims processing. Three responses need to be made.

First, Labor & Industries productivity has gone up substantially, year after year, for five consecutive years. That means that insurance lobby criticisms have less validity this year than in 1978, and had less in 1978 than in 1977, and so on back to 1973.

Second, greater internal efficiency was wiped out backlogs in two critical areas: payment of initial time-loss checks to injured workers, and payment of doctor and hospital bills.

Third, the remaining backlogs and delays are accounted for by the inability of a staff frozen at 1973 numbers to cope fully with a steadily-growing 1979 workload.

When the froth has boiled off the furor, we are left with one bedrock fact: Labor & Industries last year administered the entire program -- processed 225,000 claims, operated a rehabilitation center, financed a statewide WISHA program, underwrote the cost of appeals -- and did it all on about 7 cents of the premium dollar.

The best-run insurance company in America couldn't even find its way into that ballpark, much less get on base when it got there.

Then there are the obvious advantages of being big -- advantages few insurance companies can even pretend to offer:

Specialization: Washington's industrial insurance division doesn't have to worry about fire, auto and half a dozen other insurance lines. It concentrates on workers' compensation. Few private carriers do that.

Minimal premium rates: Employers benefit from economies of scale. The more widely the risks can be shared among many insureds, the lower the rates can be held for all.

Uniformity of administration: Industrial insurance statutes are implemented uniformly throughout the state. They aren't subject to the whims, vagaries and misinterpretations of a host of insurance agents and claims adjusters representing hundreds of competing companies.

Arguments for Three-way: Labor's Rebuttal:

## 2. "COMPETITION WILL IMPROVE THE SYSTEM.."

*"The spur of real competition will force competitors to provide better service, increase efficiency, cut costs and lower prices--all for the benefit of those served."*

*--from a 1971 brochure supporting a three-way bill.*

In private industry, competition is socially wholesome. In a social insurance program, it is wasteful and corrosive.

Price competition in workers' compensation is non-existent in three-way states. An insurance industry rating bureau fixes manual rates high enough so that every carrier, however inefficient, can operate profitably.

The Oregon Journal last year found after a six-month investigation that "rate competition is practically non-existent among the 207 insurance firms licensed to sell workers' compensation coverage in Oregon.

"As a supposedly state-regulated industry, insurance companies are exempt from price-fixing laws," noted the Journal. "They can, and do, band together to set basic rates. Until this year, in fact, total price-fixing was virtually required by a state law put on the books at the urging of the insurers themselves. A new law allows rate competition, but only one company -- a small one -- has dropped prices.

"With competition stifled, Oregon's 'regulated' workers' compensation insurers have little incentive, as a group, to hold down costs."

In fact, a veteran insurance attorney told the Journal, "insurers are mainly interested that costs increase at a controlled rate. Actually, they make more money as the system gets more expensive.

"The insurance commissioner is required by law to allow 'adequate' rates, which means enough to cover the overhead plus a reasonable underwriting profit. Any insurance executive in his right mind would rather have a percentage of \$10 million worth of premiums than \$5 million worth."

Here's what the staff of an Oregon legislative interim committee concluded in 1976: "Competition can be a hindrance in getting a job done efficiently. Too many competitors can bog the system down and render it inefficient..."

Price competition between carriers is confined to discounts and dividend plans. Rate structures guarantee that these are paid for by the smaller employer and benefit only the larger.

The only other competition takes place in the dubious area of "cost management." The principal cost in workers' compensation is injured worker benefits. "Cost management" is too often a euphemism for beating injured workers out of their entitlement. No way does the system need the insurance company claims adjuster wielding his expertise one on one against the beleaguered injured worker.

Arguments for Three-Way: Labor's Rebuttal:

"SPIRALLING COSTS AND DANGEROUS DEFICITS..."

Advocates of three-way insurance paint a picture of spiralling costs and dangerous deficits in the State Fund operation. What are the facts?

Premium rates for Washington employers and Washington workers have risen sharply in recent years. But the State Fund cannot be held responsible. The increases were inevitable. Comparable or greater increases have taken place in three-way states.

The bottom line is today's Washington rates compared with insurance-industry dictated rates in three-way states.

*Example: Washington logging operators pay about \$16.89 per \$100 of payroll. Oregon logging operators pay \$31.49. Most other risk classes show a similar differential in favor of Washington.*

As for deficits, the three-way advocates are a day late with their arguments. Deficits in the Accident and Medical Aid Funds did develop during the early 1970s, when (deferring to employer pressures) the Department of Labor & Industries put off raising rates. As a result, substantial rate increases had to be implemented in 1977. The increased rates have achieved their purpose. The deficits have been liquidated and both funds are expected to have satisfactory reserves by the end of 1979.



The other causes of Washington rate hikes are operative in three-way states as well. Both doctor and hospital costs and injured-worker benefits have risen, the former more steeply. During 1973-1978, the medical price index rose 74.8%. Over the same period, the average monthly benefit paid to injured workers rose only 44.6 percent, while permanent partial disability awards have not been raised since 1971.

It's important to note that Washington employers enjoy two cost advantages unique to this state.

*First, workers share in funding the Medical Aid and Supplemental Pension programs. In fiscal 1978 alone, workers paid \$87 million into those funds.*

*Second, Washington is the only state whose premium rates are not inflated year after year automatically in proportion to the rise in payroll volume.*

In all other states, premium costs rise each year because they are calculated as a fixed percentage of payroll. Even during years in which the percentage is unchanged, employer costs (and insurance company profits) escalate because every wage increase triggers a commensurate premium increase.

Washington is the only state to calculate premium rates as a fixed number of cents for each hour worked. Thus its premium income is unaffected by rising dollar volume of payroll. Only if the cents-per-hour rates are raised will employer (and worker) premiums go up.

*In 1979, Washington's average premium rates will be unchanged. That means workers' compensation costs, calculated as a percentage of payroll, will actually decline by about the same percentage that wages rose over the past year. In no other state will employers enjoy a comparable windfall.*

Arguments for Three-Way: Labor's Rebuttal:

4. "WHAT'S THE DIFFERENCE WHO SENDS THE WORKER'S CHECK?"

Labor's opposition to three-way workers' compensation is often called unreasonable on the ground that benefits and protections for injured workers are fully spelled out in the statute and "will be the same no matter where employers purchase their insurance."

That argument is faulty in at least two respects.

First, although injured-worker benefits would not immediately be changed, in coming years the heightened presence of the insurance lobby would exercise a corrosive effect on those sections of the law addressed to the "sure and certain relief" of injured workers and their families. In states where the private carriers have long monopolized the program, benefits are inferior to Washington benefits, and industrial insurance statutes are marked by the same kind of fine-print loopholes and provisos people discover in their health, fire and auto insurance policies.

Second, three-way means the intrusion of an adversary into injured-worker claims handling. With carrier profits at stake, the incentive to cut corners on legitimate claims would operate with a new intensity. Injured workers would pay for the "cost cutting" under three-way, even if the statutory schedule of benefits were unchanged to the last comma.

Arguments for Three-Way: Labor's Rebuttal:

5. "INSURANCE COMPANIES WILL DO A BETTER JOB ON SAFETY..."

An objective appraisal of the safety capability of insurance companies is afforded in the 1972 report of the National Commission on State Workmen's Compensation Laws. Appointed by President Nixon, the Commission included insurance executives among its members. Its report was unanimous.

The Commission noted that private carriers spend about 1.1 percent of premium income on unspecified "safety services." But it added these comments:

"Small firms may be unable to finance their own safety programs and their carriers may find it prohibitively expensive to provide them with adequate accident prevention services." (Page 93.)

The Commission also expressed concern about "insurance carriers that do not provide an effective safety program for their policyholders, especially those carriers doing a limited amount of business in a particular state. In some states there are more than 100 carriers writing workmen's compensation insurance. It is unlikely that they are all able to provide effective and comprehensive safety programs." (Page 93.)

Insurance carrier inadequacies are of particular concern in connection with occupational health hazards, whose range and impact are only now beginning to be widely recognized. Identifying and coping with these hazards requires trained professional hy-

gienists and modern, sophisticated laboratory facilities. These are an integral part of the Washington State WISHA program.\*\* But the Commission found that in the nation as a whole, such professionals "are not generally available except in large companies and in a few insurance companies." (Page 92.)

The Commission contends that experience rating is an effective accident-prevention incentive. But it notes that "firms with fewer than ten employees, however favorable their accident experience, are too small to be experience-rated." (Page 95.)

And again, "about 80 percent of all firms are too small to be experience rated." (Page 96.) And yet again, "present methods of setting workmen's compensation insurance rates do not give small firms a strong incentive to improve their safety record." (Page 96.)

*These comments apply to states where private carriers have a monopoly on the system. They do not apply in Washington, where even very small employers enjoy a measure of cost reduction for good safety performance.*

\*\*The University of Washington's Department of Environmental Health is at the disposal of this state's working people.

A WORKERS' COMPENSATION  
MISCELLANY

In which we summarize pertinent experience  
from other states and provide miscellaneous  
material for legislative reflection...

A Workers' Compensation Miscellany:

1. OREGON SYSTEM IN TROUBLE, RECENT STUDIES SHOW

Two thoroughgoing recent studies of Oregon's three-way system come to essentially the same conclusion: The system needs fundamental reform.

Workers' compensation "costs more in Oregon than in any other state in the union," the Oregon Journal concluded last fall after a six-month investigation. The Journal reported that since the Oregon legislature enacted three-way in 1965, insurance rates "have risen 700 percent." Other findings:

- \* "Rate competition is practically non-existent."
- \* "Insurers have little incentive...to hold down costs."
- \* "Medical costs...are almost completely uncontrolled."
- \* "In 1977 only about 47 cents per insurance dollar reached claimants or survivors."

An Oregon legislative subcommittee's 14-month interim study led the staff to recommend:

- \* "...that the legislature establish an exclusive state fund eliminating carrier-insured employers."

That recommendation was based on the finding that "the private insurance carriers are a part of the layering of inefficiencies unnecessarily adding to the system's burdensome costs and hindering the effective delivery of services."

- \* For a copy of the report, write Clyde Doctor, Executive Officer, Legislative Committee on Trade and Economic Development, 319 State Capitol Building, Salem 97310
- \* For a reprint of the Oregon Journal series, write "Workers' Compensation Booklet," Promotional Dept., Oregon Journal, 1320 SW Broadway, Portland 97201.

A Workers' Compensation Miscellany:

2. PRIVATE INSURANCE ETHICS IN THE HOT TEXAS SUN

No one weeps more copiously for the injured worker than an insurance lobbyist hustling a three-way bill. The protection of that worker's rights, we are told, is the heartfelt concern of the entire insurance establishment, top to bottom.

In that connection, a 1976 study of workers' compensation in Texas is illuminating today, even though it is based on data that are ten years old.

Of all 50 states, only Texas gives covered employers no option but to insure with a private carrier. Self-insurance is not permitted. No state fund exists. During the period reviewed in the study, regulation by the state was totally ineffectual. The carriers dominated the program.

*Texas ten years ago thus presents the closest thing to a controlled laboratory environment for the "pure" operation of the insurance industry in the workers' compensation field.*

In the study, Professor Sam B. Barton of North Texas State University analyzed a 4,268-case random sample from the files of the Texas Industrial Accident Board in 1968-1969.

He discovered that of the 4,268 cases, 2,050, or 48 percent, were settled by what is known as "compromise and release" agreements between the insurance company and the injured worker or survivor.

"Compromise and release" is a dirty word in workers' compensation circles. Such settlements were frowned upon by the prestigious National Commission on State Workmen's Compensation Laws. They have always been prohibited in Washington State.

The three-way legislation now before the Legislature gives compromise and release a foot in the door. See Section 36.

*Opposition to compromise and release is based on the fact that once a worker has signed such an agreement, the insurance company is totally free of downstream costs and responsibilities for that worker's claim. The worker has surrendered all future medical care, time-loss, pension and disability award rights.*

Here's how Professor Barton describes the operation of compromise and release in Texas:

"As a profit-making institution...the insurance company would be expected to choose types of settlement that would minimize costs and maximize profits. How far those goals will be pursued at the expense of the worker's legal rights will depend on the ethics of the company and the alertness of the worker. Legally, any claimant can refuse the compromise settlement offered and appeal to board and court, but many workers are ignorant of their rights and of the nature of the compromise and release settlement. Frequently, the workers are under financial pressure to accept the lump sum settlement offered."



Barton found that of 48 industrial fatalities, 19 were compromised. Eight of the 19 were awarded no compensation; two were awarded \$100 each; none received more than \$2,000.

Of nine job-related disfigurements, six were compromised with cash settlements ranging from \$151 to \$750. Barton comments that all six of these "inherently complex" claims were compromised without the participation of claimant attorneys.

Ninety-three hernia cases were compromised without attorneys. The median settlement was \$283.30. Nineteen occupational disease claims were compromised without attorneys. The median settlement was \$226.

*Nearly half the claims in Barton's sample were compromised. And every compromised claim represents a worker or survivor whose legal rights were forever foreclosed in the interests of insurance company profits.*

Of course, it would be different in Washington State. The competing State Fund, a stronger labor movement and other factors would moderate the ten-gallon harshness of Texas practice.

Still, it's worth weighing what's going on under the hot Texas sun before we scrap our long-established program at the behest of the insurance industry.

A Workers' Compensation Miscellany:

## WHY THE OHIO MANUFACTURERS ASSOCIATION OPPOSED THREE-WAY

In 1967 the insurance industry in Ohio filed a three-way bill. The Ohio Manufacturers Assn. opposed it. Its reasoning makes interesting reading twelve years later in Washington State.

"Profit," the Ohio manufacturers shrewdly observed, "must be presumed to be the urge behind the desire of insurance agents to sell workmen's compensation insurance in Ohio. To determine whether this profit is to be gained at the expense of manufacturers, who bear most of the burden of workmen's compensation, is only to follow the dictates of ordinary business prudence." (Emphasis in original.)

The association raised these hardheaded objections:

- \* *So basic a restructuring of the system would raise thorny issues requiring adjudication by the courts.*
- \* *Effective control could not be exercised over the many carriers in the field.*
- \* *The Ohio State Fund considered investment earnings in determining rates. The private carriers would not.*
- \* *"To put \$1.00 of benefits in the hands of claimants...an employer insured by private carriers would pay slightly more than \$1.58...the same result today costs Ohio fund contributors \$.92."*
- \* *Private carriers would selectively solicit the business of larger and safer employers. "Employers remaining in the State Fund would have to bear the entire burden of the State Fund loss experience and premium rates could only go up." (Emphasis in original.)*
- \* *Discount plans would be available to "less than 13,000" of Ohio's 133,000 employers.*

A Workers' Compensation Miscellany:

4. THE IMPACT OF THREE-WAY AT THE CHECK-OUT STAND

As a legislator, you naturally think of our workers' compensation program in terms of its impact on workers and employers. But in considering the pending three-way bills, you might want to look also at its impact on your constituents as consumers.

Workers' compensation premiums are a part of employers' cost of doing business. Employers pass along to consumers as big a part of that cost as they can. *Do we want to change to a controversial system that will surely increase -- and may approximately double -- the cost of providing the same benefits and protections to injured workers?*

An Oregon Journal investigation last October showed that the cost to employers of workers' compensation in the three-way state of Oregon is nearly twice the cost in Washington. The Journal cited a recent study showing that in 1977 food processors in Washington paid a basic rate of \$4.56 per \$100 of payroll for their workers' compensation coverage, while food processors in Oregon paid \$9.78. (Comparable differentials were shown for other industries.)

*If three-way were to drive Washington food processors' rates up toward the Oregon level, what would the resulting pass-along do to your constituents at the check-out stand?*

Is it really socially wholesome to feed inflation for our state's nearly four million citizens -- just so the insurance companies can dip their fingers into another honey pot?

A Workers' Compensation Miscellany:

5. HOW WOULD YOU KEEP A HANDLE ON THE SYSTEM?

As a legislator, you have a right to know whether the workers' compensation system is doing its job for your worker and employer constituents. And you have a way to find out.

The Washington nonprofit State Fund operates in a fish bowl. You pick up the phone. You dial 234-6341, the Department of Labor and Industries. You ask your questions. And you get your answers.

It used to be that simple in Oregon, but not any more. In Oregon, since the advent of three-way insurance, 170 separate carriers have been actively writing workers' compensation insurance. Now where would you turn to get the information you need? Would you call Wasau, Wisconsin? Hartford, Connecticut?

Insurance carriers comprise a bewildering labyrinth, a complex tissue of holding companies and conglomerates and foreign connections that nobody can unravel and nobody can effectively police.

*When the State Fund's reserves are invested, you know where every penny is. The investment activities of Firemen's Fund or Travellers are shrouded by distance and confidentiality.*

So we would be dealing with hundreds of insurance company bureaucracies, most of them based out of state. Hundreds of private carriers shuffling assets from one subsidiary to another. Hiding the pea under the other shell.

As a legislator, could you keep a handle on that monstrosity?

## SELECTED READINGS ON WORKERS' COMPENSATION

1. Workers' Compensation: Staff Recommendations. Salem: Subcommittee on Workers' Compensation of the Oregon Legislative Committee on Trade and Economic Development, November 15, 1976.
2. Barton, Sam B., "A Statistical Description of a Permissively Administered Workmen's Compensation System." Denton, Texas: North Texas State University, 1976.
3. "Comparison of Workers' Compensation Rates in Washington, Oregon and California." Olympia: Department of Labor & Industries, April, 1977.
4. "Workers' Compensation: Is There a Better Way? A Report on the Need for Reform of State Workers' Compensation." Washington, D. C.: Policy Group of the Interdepartmental Workers' Compensation Task Force, January 19, 1977.
5. "Comparison of 1979 Workers' Compensation Rates: Washington and Oregon." Olympia: Department of Labor & Industries, 1979.
6. "Why H. B. 500 - The Private Carriers Bill - Should be Opposed." Columbus, Ohio: Series of articles from the Bulletin of the Ohio Manufacturers Association, 1967.
7. "Three-Way Workers' Compensation: What Would It Mean to Washington's Injured Workers/" Seattle: Washington State Labor Council, AFL-CIO, 1975.
8. Burke, Tim, "The Impact on Premium Rates if the '3-Way-Option' System of Workmen's Compensation Insurance is Enacted in Washington." Olympia: Agriculture Committee of the Legislative Council, July 20, 1970.
9. "Description of Programs Available at the Rehabilitation Center." Olympia: Department of Labor & Industries, December 21, 1978.
10. "Oregon Workmen's Compensation Insurance." Salem: State Accident Insurance Fund, October, 1973.
11. The Report of the National Commission on State Workmen's Compensation Laws. Washington, D. C.: Published by the National Commission, July, 1972.
12. Jacobs, William C., Address on "Workmen's Compensation -- Where We Are, Where We Should Be." Olympia: Department of Labor & Industries, August, 1970.
13. Final Report and Recommendations on the Investigation of the Workmen's Compensation System. Trenton, N.J. New Jersey State Commission of Investigation, January, 1974.
14. Sutherland, Don, "State Fund or Private Insurance. An Analysis Based in Part on Oregon's Experience." Salem: State Accident Insurance Fund, Aug., 1974.
15. Long, James, "Workers' Comp: Oregon's Hidden Tax." Portland: The Oregon Journal, October, 1978.
16. "State Compensation Insurance Funds." San Francisco: American Assn. of State Compensation Insurance Funds, August, 1978.

PROPOSED AMENDMENT TO A.B. 84

Submitted by Patricia Becker on behalf of the office of the State Industrial Attorney.

Amend Section 20, subsection 3, to read as follows:

"An appeal may be continued upon written stipulation of all parties or for good cause but must be reset for a hearing to be held within 45 days after such continuance. Notice of continuance must be given by mail or by personal service to all interested parties."

Amend Section 42, subsection 2, second sentence, to read as follows:

"The budget division of the department of administration shall administer the budget of the appeals officers."

SECTION 1. Chapter 616 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 20, inclusive, of this act.

SEC. 2. "Self-insured employer" means any employer who possesses a certification from the commissioner of insurance that he has the financial capability to assume the responsibility for the payment of compensation under this chapter or chapter 617 of NRS.

SEC. 3. 1. An employer who is certified as a self-insured employer directly assumes the responsibility for providing compensation due his employees and their beneficiaries under chapter 616 of NRS.

2. A self-insured employer is not required to pay the premiums required of other employers but is relieved from other liability for personal injury to the extent as are other employers.

3. The claims of employees and their beneficiaries resulting from injuries while in the employment of self-insured employers must be handled in the manner provided by this chapter, and the self-insured employer is subject to the regulations of the commissioner of insurance with respect thereto.

4. The security deposited pursuant to section 4 of this act does not relieve that employer from responsibility for the administration of claims and payment of compensation under this chapter.

SEC. 4. 1. An employer may qualify as a self-insured employer by establishing to the satisfaction of the commissioner of insurance that the employer has sufficient financial resources to make certain the prompt payment of all compensation under this chapter or chapter 617 of NRS.

2. A self-insured employer must, in addition to establishing financial ability to pay, deposit with the commissioner of insurance money, corporate or governmental securities or a surety bond written by any company admitted to transact surety business in this state, or any combination of money, securities or a bond. The first deposit must be in an amount reasonably sufficient to insure payment of compensation but not less than 120 percent of the employer's expected annual cost of claims, but in no event less than \$100,000. In arriving at an amount for the expected annual cost of claims, due consideration must be given to the past and prospective loss and expense experience of the employer within this state, to catastrophe hazards and contingencies and to trends within the state. In arriving at the amount of the deposit required, the commissioner of insurance may consider the nature of the employer's business, the financial ability of the employer to pay compensation and his probably continuity of operation. The deposit must be held by the commissioner of insurance to secure the payment of compensation for injuries and occupational diseases to employees. The deposit may be increased or decreased by the commissioner of insurance in accordance with (his regulations for) the statutes and regulations governing

Page Two  
Amendments to A.B. 84

loss reserves in casualty insurance.

3. The commissioner of insurance may allow or require the self-insured employer to submit evidence of excess insurance or reinsurance, written by an insurer authorized to do business in this state, to provide protection against a catastrophic loss. The commissioner shall consider any excess insurance or reinsurance coverage as a basis for a reduction in the deposit required of an employer.

SEC. 5. 1. If a self-insured employer becomes insolvent, institutes any voluntary proceeding under the Bankruptcy Act or is named in any involuntary proceeding thereunder, makes a general or special assignment for the benefit of creditors, or fails to pay compensation under this chapter or chapter 617 of NRS after an order of an appeals officer or a court of competent jurisdiction becomes final, the commissioner of insurance may, after giving at least 10 days' notice to the employer and any insurer or guarantor, use money or interest on securities, sell securities or institute legal proceedings on surety bonds deposited or filed with the commissioner to the extent necessary to make such payments. Until the commissioner of insurance takes action pursuant to this subsection, the employer is entitled to all interest and dividends on bonds or securities on deposit and to exercise all voting rights, stock options and other similar incidents of ownership thereof.

2. A company providing a surety bond under section 4 of this act may terminate liability on its surety bond by giving the commissioner of insurance and the employer 30 days' written notice. Such termination does not limit liability which was incurred under the surety bond prior to the termination. If the employer fails to requalify as a self-insured employer on or before the termination date, the employer's certification is withdrawn when the termination becomes effective.

SEC. 6. 1. Upon determining that an employer is qualified as a self-insured employer, the commissioner of insurance shall issue a certificate to that effect to the employer and the commission.

2. Certificates issued under this section remain in effect until withdrawn by the commissioner of insurance or canceled by the employer. Coverage for employers qualifying under section 3 of this act becomes effective on (the date of certification or) the date specified in the certificate.

SEC. 7. 1. The commissioner of insurance may withdraw the certification of a self-insured employer if:

(a) The deposit required pursuant to section 4 of this act is not sufficient and the employer fails to increase the deposit within 45 days after he has been ordered to do so by the commissioner of insurance;



Page Three  
Amendments to A.B. 84

(b) The employer intentionally or repeatedly induces claimants for compensation to fail to report accidental injuries or occupational diseases, persuades claimants to accept less than the compensation due or makes it necessary for claimants to resort to proceedings against the employer to secure compensation which has been found to be due;

(c) The employer intentionally fails to comply with regulations of the commissioner of insurance regarding reports or other requirements necessary to carry out the purposes of this chapter; or

(d) The employer becomes insolvent, institutes any voluntary proceedings under the Bankruptcy Act or is named in any involuntary proceeding thereunder, makes a general or special assignment for the benefit of creditors, or fails to pay compensation after a final order of an appeals officer of a court of competent jurisdiction.

2. Any employer whose certification as a self-insured employer is withdrawn must, on the effective date of the withdrawal, qualify as an employer pursuant to NRS 616.305.

SEC 8. 1. Prior to any action being taken pursuant to subsection 2 hereof, the commissioner of insurance shall arrange an informal meeting with any self-insured employer to discuss and seek correction of any conduct which would be grounds for withdrawal of the self-insured employer's certificate of self-insurance.

(1) 2. Prior to the withdrawal of the certification of any self-insured employer, the commissioner of insurance shall give written notice to that employer by certified mail that his certification will be withdrawn 10 days after receipt of the notice unless, within that time, the employer (corrects the conduct set forth in the notice as the reason for the withdrawal or) submits a written request for a hearing to the commissioner of insurance.

(2) 3. If the employer requests a hearing:

(a) The commissioner of insurance shall set a date for a hearing within 20 days after receiving the appeal request, and shall give the employer at least 10 business days' notice of the time and place of the hearing.

(b) A record of the hearing must be kept but it need not be transcribed unless requested by the employer with the cost of transcription to be charged to the employer.

(c) Within 5 business days after the hearing, the commissioner of insurance shall either affirm or disaffirm the withdrawal and give the employer written notice thereof by certified mail. If withdrawal of certification is affirmed, the withdrawal becomes effective 10 business days after the employer receives notice of the affirmation unless within that period of time the employer (corrects the conduct which was ground for the withdrawal or) petitions for judicial review of the affirmation.

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Amendments to A.B. 84

(3) 4. If the withdrawal of certification is affirmed following judicial review, the withdrawal becomes effective 5 days after entry of the final decree of affirmance (unless within that period the employer corrects the conduct which was ground for withdrawal).

SEC. 9. 1. If for any reason the status of an employer as a self-insured employer is terminated, the security deposited under section 4 of this act must remain on deposit for a period of at least 36 months in such amount as necessary to secure the outstanding and contingent liability arising from accidental injuries or occupational diseases secured by such security, or to assure the payment of claims for aggravation and payment of claims under NRS 616.545 based on such accidental injuries or occupational diseases.

2. At the expiration of the 36-month period, or such other period as the commissioner of insurance deems proper, the commissioner of insurance may accept in lieu of any security so deposited a policy of paid-up insurance in a form approved by the commissioner of insurance.

SEC. 10. All self-insured employers must report to the commissioner of insurance, annually or at intervals which the commissioner requires, all accidental injuries, occupational diseases, dispositions of claims, reserves and payments made under provisions of this chapter, chapter 617 of NRS or regulations adopted by the commissioner of insurance pursuant thereto.

SEC. 11. 1. There is hereby created in the state treasury the workmen's compensation self-insured employers administrative fund as a special revenue fund. The commissioner of insurance shall promptly deposit all moneys collected under this section into the fund and such moneys shall be used for the purpose of defraying all costs and expenses of administering workmen's compensation self-insurance programs.

(1) 2. The commissioner of insurance shall establish by regulation the application fee for prospective self-insured employers. The fee must reimburse the commissioner for expenses incurred in acting upon the application.

(2) 3. The commissioner of insurance shall adopt regulations establishing the amount and providing for the payment of annual assessments which must be paid by self-insured employers to pay the costs of the commissioner in regulating those employers. The assessment must include amounts sufficient to repay the commissioner for the costs of:

(a) Obtaining and analyzing data, statistics and information relating to self-insured employers;

(b) Establishing estimated annual claim costs and required deposits;

(c) Hearings and other court or legal proceedings;

(d) Salaries, travel, per diem allowances, office space and supplies; and

Page Five  
Amendments to A.B. 84

(e) Other expenses which the commissioner of insurance incurs in administering self-insurance programs.

(3) 4. The commissioner may not assess a self-insured employer more than (2 percent of the premium which the employer paid to the commission for his last year of coverage) two and one-half percent of the employer's expected annual claims costs during the first and second years of his self-insurance program.

SEC. 12. Each self-insured employer shall compensate the commission for all services which the commission provides to those employers at the same rate which the commission charges on January 1, 1979, to employers who operate plans which meet the conditions of NRS 616.255 and 616.256, if the rate is established by a regulation of the commission. The cost of any service for which a rate is not established by regulation must be negotiated by the employer and the commission before the commission charges the employer for the service.

SEC. 13. 1. If an employee of a self-insured employer is dissatisfied with a decision of his employer, he may file an appeal with the employer for reconsideration of the claim.

2. An employer who receives a request for an appeal shall appoint a person to hear the appeal. The person appointed shall hear the appeal in an informal hearing, and provide copies of his written decision to the commissioner of insurance, the employer and employee within 10 business days after the hearing. If the decision is adverse to the employee, the decision must contain a notice of the employee's right to an appeal before an appeals officer.

3. An employee who is aggrieved by a decision rendered on appeal pursuant to this section may appeal to an appeals officer in the same manner as other appeals are taken to the appeals officer. A claim which is appealed to an appeals officer must be treated in the same manner as any other appeal, and the employee has the same rights of appeal from the decision of the appeals officer as in any other case pursuant to this chapter.

SEC. 14. An employer is entitled to the same share of refunds, dividends and contingency surpluses, whenever paid, which are paid by the commission for a period or on account of accumulations during a period during which the employer was insured by the commission, whether the employer remains insured by the commission or is self-insured at the time of payment.

SEC. 15. 1. Each self-insured employer shall furnish audited financial statements, certified by an auditor licensed to do business in this state, to the commissioner of insurance annually.

2. The commissioner of insurance may examine the records and employees of each self-insured employer as often as he deems advisable to determine the adequacy of the

Page Six  
Amendments to A.B. 84

deposit which the employer has made with the commissioner, the sufficiency of reserves and the reporting, handling and processing of injuries or claims. The commissioner shall examine the records for that purpose at least once every 3 years. The self-insured employer shall reimburse the commissioner for the cost of the examination.

SEC. 16. The commission shall cooperate with the commissioner of insurance in the performance of his duties pursuant to this chapter, and shall provide the commissioner with any information, statistics or data in its records which pertain to any employer who is making application to become self-insured, or who is self-insured, without cost to the commissioner.

SEC. 17. Any self-insured employer who is aggrieved by a decision of the commissioner of insurance may appeal in the manner set forth in NRS 679B.370, except that any such appeal shall be filed within the time set forth in section 8 of this act.

SEC. 18. All provisions of this act relating to self-insurance become effective on January 1, 1980.



summa

May 18, 1978

Recreation Group  
Personnel Department

The Honorable Keith Ashworth  
State Senator  
Del Webb Hotels  
P.O. Box 7548  
Las Vegas, Nevada 89101

Dear Senator Ashworth:

As we previously discussed, we formed an employers' group to mutually analyze the numerous problems that we were experiencing with the Nevada Industrial Commission.

This Ad-Hoc Committee on NIC, met on six separate occasions during late 1977 and early 1978 in Las Vegas, and then traveled to Carson City to meet with the three Nevada Industrial Commission Commissioners and their staff.

The results of these meetings are the twenty one recommendations for changes to the Nevada Industrial Insurance Act, which are attached. Each member is in basic agreement with these recommendations. Further, we intend to be present during the next legislative session to explain our rationale in detail.

The following individuals attended committee meetings on a regular basis:

Mr. Duff Taylor	MGM Grand Hotel
Mr. Jerry Priester	Caesar's Palace
Mr. Larry Bertsch	Caesar's World
Mr. Frank Fraser, Jr.	Del Webb Hotels
Mr. Mark Solomon	Hilton Hotels
Ms. Joan Kuzik	Flamingo Hilton
Mr. Wm. Chairsell	Union Plaza Hotel
Mr. Dave Addison	The Gibbens Company
Mr. Ron Hubel	The Gibbens Company
Mr. Walter Reid	Summa Corporation
Mr. N.C. Anthonisen	Summa Corporation

The Honorable Keith Ashworth  
 May 18, 1978  
 Page 2

Also, the following individuals attended selected meetings:

Mr. Bill Champion	MGM Grand Hotel
Mr. Jack Campbell	MGM Grand Hotel
Mr. Carl Lovell	Circus-Circus Hotel
Mr. Ray Coats	Frontier Hotel
Mr. Mike Rogers	Desert Inn

While not singled out as a specific recommendation for a change in the law, each member has an intuitive feeling that there is a serious problem in the manner in which manual rates are determined; for example, consider the following:

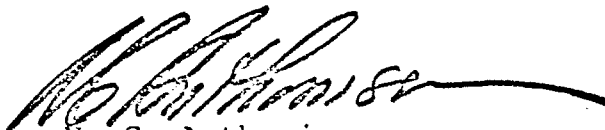
- 1) The Nevada Industrial Commission issued a news release that indicates manual rates are going down 3%. When we analyzed Summa's hotels/casinos rates, we found that these rates will increase by 0.8%.
- 2) When we compare California rates to Nevada rates we find that Nevada rates are, in almost every instance, lower than California rates except in the hotel/casino industry, where the rates average out higher than they are in California.

It seems incongruous to us that the largest industry in the State of Nevada is continuously singled out to pay higher rates than other organizations are required to pay. This is one of the reasons why we recommended that a Labor Management Review Board be officially designated by the legislature to have control over the Nevada Industrial Commission in several areas, including manual rates.

While we did not visualize it at the time, we were probably thinking along the lines of the relationship between the Gaming Commission and the Gaming Control Board.

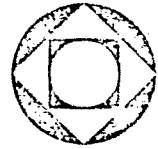
We would like to thank you for your personal guidance, assistance and cooperation in our attempt to see that employers are treated fairly by the Nevada Industrial Commission. We feel that this action is long overdue.

Sincerely yours,



N. C. Anthonisen  
 Chairman  
 Ad-Hoc Committee on NIC

NCA:mv  
 Enc.



summa

## Internal Communication

Date: May 18, 1978  
 To: Senator Keith Ashworth  
 From: N.C. Anthonisen, Chairman, Ad-Hoc Committee on NIC *AKB*  
 Subject: Recommendations Concerning Changes to  
 the Nevada Industrial Insurance Act

We recommend that the following practices used by the Nevada Industrial Commission be changed. These practices should be changed by revision to the Nevada Industrial Insurance Act.

- 1) A provision should be made by the legislature for a three-way Workers' Compensation system:

- Bill to be introduced*
1. Nevada Industrial Commission
  2. Self Insurance
  3. Private Insurance Carriers

Rationale - The Nevada Industrial Commission is not responsive to the needs of the employers in the State. As a Commission, they bend over backwards to pay every claim that is submitted.

Since employers, who are paying the bills, are virtually ignored by the Commission, it is mandatory that employers be given the option of selecting private insurance carriers or self insurance as an alternative to buying insurance through the Nevada Industrial Commission.

The current self-rater plan is inadequate. It is replete with pit falls that could be financially disastrous to any employer who entered into the plan. A self-rater plan should not be authored by the NIC, which has a vested interest in assuring that it does not work. It should be prepared by an independent insurance organization.

- 2) A Labor Management Review Board should be officially designated by the legislature and given responsibility over the Nevada Industrial Commission and its practices and procedures, as it pertains to four specific areas:

- Introduced*
- a) Workers' Compensation benefits structure.
  - b) Premiums.
  - c) Manual Rates.
  - d) Reserves.

The Board shall be constituted as follows:

Two representatives from labor  
 Two representatives from industry  
 Three representatives from the public at large; namely

The Chairman  
 An Insurance Actuary  
 A Certified Public Accountant

Rationale - The Nevada Industrial Commission has been created without the normal checks and balances inherent in most governmental agencies. As a result, the only manner in which an employer can question a decision in these areas by the Nevada Industrial Commission, is to question the Commission itself, which has a built-in desire to maintain the status quo. Having a Public Board, not associated with the NIC per se, which holds public meetings would give the employers of the State an opportunity to present the employers' side of the story.

- 3) The Nevada Industrial Commission must develop a more finite system for establishing reserves.

Rationale - The following is one example of reserves that were charged against the Frontier Hotel. ALL ACCIDENTS OCCURRED DURING FISCAL YEAR 1974.

Evaluation Date	6/30/75	6/30/76	10/31/77
Claims Cost	\$ 102,813	\$ 137,376	\$ 153,009
Reserve	234,327	57,246	20,383
Total	\$ 337,140	\$ 194,622	\$ 173,392

It is not logical that the reserves should drop \$213,944 within two years, while the claims cost increased only \$50,196.

In addition, the following information was developed by Summa Corporation comparing reserves to claims cost for the six Las Vegas Hotels/Casinos. The figures used came from the evaluation data furnished to Summa by NIC to indicate how NIC arrived at Summa's Modification Factor.

Evaluation Date	Total Actual Losses for three year period used to determine Mod. Factor	Total Reserves charged for three year period used to determine Mod. Factor	Reserve divided by actual losses
6/30/73	\$ 918,555	\$ 244,242	26.59 %
6/30/74	1,025,056	330,068	32.20 %
6/30/75	1,202,161	895,144	74.46 %
6/30/76	1,326,408	771,088	58.13 %
10/31/77	1,450,965	382,169	26.34 %



It is not logical to assume that anyone's reserve cost would triple over a two year period (1973 to 1975), and then be reduced to one-third two years later (1975 to 1977). Obviously, part of the answer lies in the example given above for the Frontier Hotel.

- 4) The Nevada Industrial Commission should revise the procedure they use for determining an employer's Modification Factor.

*2. above*  
*1. above*  
*AB 27*  
*AB 84*

Rationale - In order for Summa Corporation to reduce their Modification Factor by one percent, they must reduce their accident costs (actual losses plus reserves) by approximately \$62,750. The reduction of one percent in the Modification Factor equals a savings of approximately \$20,000 in insurance premiums. It would appear that there would be a greater incentive given to employers than saving \$.30 out of every dollar. The savings should be much closer to \$.90 for every dollar.

- 5) The Nevada Industrial Commission should be required to pay interest to employers on monies that employers pay to the NIC over and above claims costs plus reasonable administrative costs.

Rationale - For calendar years 1971 thru 1977, Summa's six Las Vegas Hotels/Casinos paid \$5,924,471 to the NIC in insurance premiums. During the same period, NIC paid out for Summa Corporation \$3,615,744. The balance of \$2,308,727, less estimated administrative costs of \$433,839 (12% of claims costs), is being retained by the NIC. This \$1,874,838 is grossly excessive. Summa has the right to be paid interest on this amount.

(When N.C. Anthonisen testified before the Interim Legislative Committee on NIC on December 6, 1977, he presented the above information thru June 30, 1977. Since NIC has not made any attempt to refute these figures, it is assumed that NIC has checked these figures and found them to be accurate.)

- 6) The Nevada Industrial Commission should conduct thorough accident investigations, when requested to do so, and should definitely be required to contact the employee's supervisor and department head, as well as the individual who requested that the accident be investigated.

*AB 27*

Rationale - There have been numerous instances reported where an investigator would come out and talk to the individual that was involved in the accident and maybe a witness, without bothering to even talk to the individual who requested that the investigation be conducted to find out why the employer wanted the accident investigated.

- 7) The number of people on the Nevada Industrial Commission should be increased from three members to five members. One of the two additional members shall be an insurance actuary with the second additional member being a Certified Public Accountant.

*either on  
AB27*

Rationale - There are too many cases where the Commission is asked to pass judgement over circumstances where they have no knowledge. The additional two members to the Commission would put the Commission in a position where they would be able to make more valid decisions.

- 8) When requested, all compensation checks are to be forwarded to the employers for distribution to the employees.

*AB27*

Rationale - Since the employer is actually paying the compensation which is given to the employees, the employer has the right to distribute the checks. This would give the employer an opportunity to meet with the individuals involved to determine their progress and make plans for getting the individuals back on the company payroll as soon as possible.

- 9) A premium reduction should be given to any organization that has a Safety Program.

*AB84*

Rationale - Safety Programs are expensive and those organizations that use them should be rewarded by a reduction in premiums at a greater rate than provided by the present Modification Factor reduction.

- 10) The Nevada Industrial Commission should make sure that an employee is off the payroll for five (5) days before making any Workers' Compensation payments.

*AB27*

Rationale - There are numerous instances where NIC has written letters to individuals attempting to get compensation payments back that they were not entitled to. In many cases, NIC is not successful in recovering their money.

- 11) The Nevada Industrial Commission should report to the employer when an individual is put on or taken off of Workers' Compensation.

*~~AB27~~  
~~AB27~~  
AB27*

Rationale - There are many cases when the employer does not know the status of an individual's NIC claim. It seems only logical that the NIC would tell an employer that one of their employees has been put on or taken off Workers' Compensation.

- 12) The Nevada Industrial Commission should insist that all doctors complete C-4 forms accurately and legibly.

*~~AB27~~  
AB27*

Rationale - The employer is entitled to know the doctor's initial analysis of the severity of the accident in which an employee has been involved. Needless to say, the NIC should have a complete understanding also.

- 13) There should be more room on the C-3 form for the employer to indicate why the employer felt the claim should be investigated.

Rationale - The space provided on the C-3 form is inadequate.

- 14) The C-3 form should be changed so that the employer can indicate the amount that an employee has actually earned for the past six months.

Rationale - As the form presently exists, the employer will generally indicate the hourly rate an employee is paid when the employee works. NIC converts this amount to 8 hours a day, 5 days a week. The employee may work considerably less than 8 hours a day, 5 days a week, and, therefore, not be entitled to the compensation paid.

- 15) The Nevada Industrial Commission should require each doctor to give a complete statement on the prognosis of each person that the doctor is treating on the C-36 form. Also, the doctor should be required to fill out a form similar to the form that is attached.

Rationale - The employer is entitled to know the prognosis of each individual who is drawing Workers' Compensation.

- 16) The Nevada Industrial Commission should be required to notify the employer, when requested, of the percent settlement that an individual received for a prior accident so that the employer may file for the Subsequent Injury Fund.

Rationale - NIC personnel have been instructed that they cannot give out to employers the percent settlements for a prior accident. The employer is then placed in a position where the employer does not know whether or not a Subsequent Injury claim should be initiated against a particular individual.

Recently, an employee at the Desert Inn indicated on an application form that he had received a settlement from NIC for a prior accident. When the Summa Personnel Office attempted to determine what the percent settlement was, they were told that that information could no longer be given out. Summa Personnel then wrote to the Nevada Industrial Commission asking that any future accidents to this individual be considered for the Subsequent Injury Fund. They received a letter back from NIC stating that this individual did not qualify for the Subsequent Injury Fund because his prior injury was only 2%.

NIC gave out the information anyhow, but it took Summa's time to write a letter and the NIC's time to also write a letter to get a situation resolved that could have been handled in five minutes over the telephone.

- 17) The Nevada Industrial Commission should be required to forward to the employer all information concerning employee accident. This is to include:

- AB 27
- a) Copies of C-4s.
  - b) Copies of C-36s.
  - c) Copies of any bills that are paid by NIC and charged to the employer's account.

Rationale - The employer is entitled to know all facts concerning how the employer's money is being spent.

- 18) Compensation should not be paid to an individual who does not work 8 hours a day, 5 days a week, on an 8 hour day, 5 days a week basis.

AB 27

Rationale - Any employee who works on a part-time or sporadic basis should not receive compensation in the same amount as an employee who works on a full-time basis.

- 19) Prior to an injured employee being assigned to a rehabilitation program, such as: dealers training, electronics technician training, etc., the employer must be given the opportunity of approving this training program or presenting information as to why the individual involved should not be trained in a specific area.

AB 27

Rationale - There are numerous examples that could be inserted here. Two of these examples are:

- a) An individual who had a back injury who was being trained to become a dealer. After going thru the dealers' school and attempting to work as a dealer, the individual found out that he could not stand up in the manner that dealers were required to stand up.
- b) An individual who is being retrained as an electronics technician was sent to a school that is very questionable, while at the same time the number of electronics technicians jobs are practically nil.

- 20) Whenever third parties pay subrogated monies to the Nevada Industrial Commission, these monies shall be credited to the employer's account, regardless of when these monies were received by the Nevada Industrial Commission.

AB 27

Rationale: Many times, automobile accidents, for example, are not adjudicated for a period of years. During this period, an employer might be charged very high reserves based on the extent of the injury to the individual. When the monies are finally paid by the third party's insurance company, it is too late to adjust the reserves that were charged over a period of several years.

- 21) An employer's application for the Subsequent Injury Fund shall be accepted regardless of the date when the employer makes application.

**AB  
84**

Rationale - There are many cases where employees, for one reason or another, fail to list on their employment application that they had previously been injured. The employer does not find out about the previous injury until the employee has a subsequent injury. At this time, it is too late for the employer to apply for the Subsequent Injury Fund. The employers should not be held responsible for the inaccuracies of their employees when completing employment applications. The only alternative that an employer would have would be to request the Subsequent Injury Fund for every individual employee that they hire.

NCA:mv  
Enc.

Distribution:

James Skaggs - Del Webb Hotels  
Larry Bertsch - Caesar's World  
Jerry Priester - Caesar's Palace  
Bill Champion - MGM Grand  
Duff Taylor - MGM Grand  
Jack Campbell - MGM Grand  
Bill Davis - Hilton Hotels  
Mark Solomon - Hilton Hotels  
Joan Kuzik - Flamingo Hilton  
Carl Lovell - Circus-Circus  
William Chairsell - Union Plaza  
Dave Addison - Gibbens Co.  
Ron Hubel - Gibbens Co.  
Walter Reid - Summa Corporation

## Central Telephone Company - Nevada Division

## N.I.C. Experience

Premiums Paid		Benefits Paid	
1973	\$ 99,812	\$ 59,087	
1974	159,617	130,074	
1975	157,989	86,600	
1976	233,825	104,090	
1977	294,945	61,658	
1978	287,653	52,660	
Total	\$1,233,841	\$494,169	Reserve \$739,672
			40% Benefit

Dividends 1975 \$1,563.

## Presently 9 Permanent Partial Disabilities

Two have taken lump sum payments  
One has agreed to take lump sum \$7,800  
Remaining six on benefits equal \$4,326.27 yearly

## STATE FUND (6)

PRIVATE CARRIERS  
SELF-INSURANCE AND  
STATE FUND (12)PRIVATE CARRIERS  
AND SELF-INSURANCE  
(33)

Nevada  
North Dakota  
Ohio  
Washington (and self-  
insurance)  
West Virginia  
Wyoming

Arizona  
California  
Colorado  
Idaho  
Maryland  
Michigan  
Montana  
New York  
Oklahoma  
Oregon  
Pennsylvania  
Utah

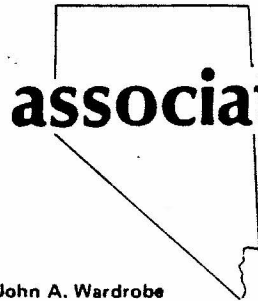
Alabama  
Alaska  
Connecticut  
Delaware  
Florida  
Georgia  
Hawaii  
Illinois  
Indiana  
Iowa  
Kansas  
Kentucky  
Louisiana  
Maine  
Massachusetts  
Minnesota  
Mississippi  
Missouri  
Nebraska  
New Hampshire  
New Jersey  
New Mexico  
North Carolina  
Rhode Island  
South Carolina  
South Dakota  
Tennessee  
Texas  
Vermont  
Virginia  
Wisconsin  
District of Columbia



Exhibit H

MAR 29 1979

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LEGISLATIVE COMMITTEE

John A. Wardrobe  
Chairman

George Lunt  
Co-Chairman

March 23, 1979

Mr. Jim Banner, Chairman  
Committee on Labor & Management  
Nevada House of Representatives  
State Capitol  
Carson City, Nevada 89710

Dear Mr. Banner,

With reference to A.B. 559 (Three Way Industrial Insurance coverage proposal). This committee directed by the Membership of Sierra Nevada Chapter do resolve and support the approval of the proposed legislation.

We commend those legislators in their support of ending the monopoly of the current system and allowing a freedom of choice to all "Employers" while continuing to protect the welfare of all workers.

John A. Wardrobe  
Chairman

JAW:pal



# THE WORKERS' COMPENSATION SYSTEM IN THE STATE OF NEVADA: AN EVALUATION OF ALTERNATIVES

Final Report

March 1979

Prepared for:

The Governor's NIC Labor Management  
Advisory Board  
Carson City, Nevada

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**THE WORKERS' COMPENSATION  
SYSTEM IN THE STATE OF NEVADA:  
AN EVALUATION OF ALTERNATIVES**

Final Report

March 1979

By: Harry J. Solberg  
James J. Carey

Prepared for:

The Governor's NIC Labor Management  
Advisory Board  
Carson City, Nevada

SRI Project 8075



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## FOREWORD

SRI was retained by the NIC to undertake this study in response to a recommendation from the Governor's NIC Labor-Management Advisory Board. The NIC recognized the importance of independence on the part of the consulting organization. Accordingly, the NIC committed itself to publication of the results without control over the research and consulting effort.

SRI had complete independence in carrying out this study and is solely responsible for the conclusions and recommendations contained in this report.

## ACKNOWLEDGMENTS

The authors gratefully acknowledge the help received from a number of experts during the course of the study. Allan Kaufman from Peat, Marwick, Mitchell & Co. and Ed Woodward, a workers' compensation advisor with the U.S. Department of Labor, were particularly helpful. In addition, Linda Bogue and Dr. James Marver, our colleagues at SRI, contributed during various stages of the study.

We are grateful for the cooperation received from representatives of the insurance carriers. They were generous with their time and provided valuable information for this report. We also acknowledge the generosity shown by Nevada legislators who were able to take the time from their hectic schedules to share with us valuable insights into the Nevada workers' compensation system.

We would like to express our appreciation to the employers and employee representatives whom we had the opportunity to interview. They were candid in expressing what they perceived as being the weaknesses of the current system. Without the insight gained from these interviews, it would have been very difficult to develop recommendations specifically formulated for the Nevada system.

Finally, we would like to thank the members of the Governor's NIC Labor-Management Advisory Board, the NIC commissioners, and the NIC employees. Without their responsiveness to our needs and their recognition of the necessity of performing an objective evaluation, our task would have been exceedingly difficult to accomplish.

## I INTRODUCTION

### Objective

The objective of this study is to develop recommendations that would lead to an appreciable improvement in the Nevada workers' compensation system. These recommendations are based on an objective analysis of viable alternatives including a modification of the existing exclusive state fund system, an expansion of the current system to permit self insurance (a "two-way system"), and an expansion of the current system to permit self insurance together with private carriers (a "three-way system").

In developing these recommendations, it was considered essential that they be based on a practical rather than a theoretical analysis of alternatives. For example, in theory we believe that true price competition would promote the most efficient and effective workers' compensation system. However, the marketplace in which workers' compensation insurance is actually bought and sold typically is subject to significant price regulation and is not truly price competitive. Further, the transition from a regulatory environment in which a state monopoly exists to one in which competition is the predominant factor is not frictionless and indeed involves substantial cost. In this sector, the disruptive impact of any change is increased because there is substantial public interest in workers' compensation and a large interface between the private sector and the government. In view of these factors, our analysis recognizes the existing system and considers both the benefits and the costs of a number of incremental modifications to the system.

In striving to achieve this objective, it was also recognized that these recommendations are being made in a dynamic environment. It is implicit in these recommendations that as the Nevada environment continues to change, the workers' compensation system should be periodically evaluated. The recommendations anticipate future evaluations and provide for objective standards that can be used when alternatives are being considered in the future. For example, if in the future an evaluation using objective standards indicates that private concerns are able to match the performance of the exclusive state fund, then entry of private carriers should again be seriously considered.

### Analytical Process

To ensure that the recommendations made were both directly applicable to Nevada's workers' compensation system and considered all viable alternatives, the analysis consisted of three phases described below.



The first phase involved a series of interviews with a number of people who are affected by the Nevada system and an analysis of the interview results. The people interviewed included employers and employee representatives, legislators, and NIC employees. The purpose of the interview process was to identify the perceived weaknesses of the current system. These perceptions were then analyzed to identify the actual shortcomings of the system.

The second phase involved the selection of an optimal structure for an exclusive state fund system, a two-way system and a three-way system. This selection was made from a number of alternatives that were generated by identifying the functions associated with a workers' compensation system and the possible parties who might perform these functions. Insights gained from the first phase were used to assist in selecting the optimal structure for each of the three systems.

The third phase involved the selection of the best system from the three identified during the second phase. Again, insights from the first phase were used to assist in selecting the best system. The conclusions and the recommendations made are a culmination of this three-phase analytical process.

#### Organization of Report

This report consists of eight chapters. Chapter II is a brief summary, Chapter III presents a brief description of the present Nevada system. Chapter IV contains an enumeration and an analysis of perceptions about weaknesses of the current system. Chapter V contains an identification of the functions associated with a workers' compensation system and specifies the various parties who could be responsible for their performance. Chapter VI presents a number of alternative structures under each system and selects the optimal structure for each of the three systems. Chapter VII analyzes the optimal structures identified in the previous chapter and selects the best system.

Chapter VIII contains the conclusions reached and the recommendations made as a result of the analysis summarized in the preceding chapters.

## II SUMMARY

### Introduction

The Governor's NIC Labor-Management Advisory Board recommended that an objective analysis be made of the workers' compensation system in Nevada. SRI was selected to perform this task. The analysis focused on the actual and perceived weaknesses of the current system, considered alternative systems to eliminate or minimize these weaknesses, and resulted in a series of conclusions and recommendations concerning the most appropriate system for Nevada at the present time.

The recommendations are based on the realities of the existing circumstances in Nevada, the existing NIC structure, and the alternatives available. As the Nevada environment continues to change, the workers' compensation system should be periodically evaluated. For example, if in the future an evaluation using objective standards indicates that private carriers are able to match the performance of the exclusive state fund, then entry of private carriers should again be seriously considered. The recommendations made in this study provide for objective standards that can be used in future evaluations. Such standards do not currently exist.

### Conclusions and Recommendations

The interposition of private insurers is neither necessary nor desirable at the present time, although it may be at some time in the future.

Recommendation No. 1: Improvements in the current system should continue to be made. At the present time, Nevada should not permit the entrance of private insurers for purposes of writing workers' compensation insurance.

It is now appropriate to expand the existing system to accommodate self-insurers. In view of the amount of preliminary work required, a period of 12-18 months is necessary if the expansion is to be implemented with a minimum amount of disruption.

Recommendation No. 2: Enabling legislation should be passed to allow the Industrial Commission to develop regulations permitting qualified employers to self-insure. Regulation of self-insurers by the Insurance Department is unnecessary, impractical, and would be redundant. A target date should be established after which self-insurance would be permitted. This date should be between April 1, 1980 and October 1, 1980.

NIC's responsibility for enforcing compliance with OSHA's regulations has had a detrimental effect on the impact of NIC's safety consulting function.

Recommendation No. 3: The OSHA compliance function should be completely separated from the workers' compensation system.

Employers, employees, and the legislature expect the NIC to perform as an efficient and effective business. To do this, the NIC must communicate with Nevada employers and employees by maintaining an appropriate flow of relevant information.

Recommendation No. 4: A communications unit should be established. Initial funding should be in the range of 0.5% to 0.75% of premiums. This unit should take the initiative in providing accurate and timely information to employers, employees, the media, and government agencies. Duties also should include responding to comments made in the media and monitoring complaints received by the NIC.

A number of issues that have been raised in connection with the NIC have been based on a misunderstanding of technical processes.

Recommendation No. 5: A series of information circulars should be prepared to clearly explain the rate making, reserving, premium, and classification determination processes. Workshops should then be set up to further elucidate the processes.

The NIC will continue to be subject to criticism until performance standards for each of the major NIC functions are set, performance is measured against these standards, and the results communicated to the public.

Recommendation No. 6: Standards should be established by which the performance of the various NIC service operations should be measured. These standards should be reviewed periodically.

Recommendation No. 7: An annual report should be prepared to communicate both financial and operational performance.

Recommendation No. 8: An annual meeting should be held to review performance, highlight anticipated problems, and to solicit comments from employers and employees.

The NIC has properly refused to respond to political pressure in carrying out its fiduciary responsibilities. The NIC's fiscal notes are developed on the basis of an objective evaluation of available relevant data.

Recommendation No. 9: The requirement that fiscal notes be developed before proposed workers' compensation legislation is given serious consideration must be adhered to if costs and benefits are to remain at reasonable levels.

The legislature and the NIC have worked in concert to improve the workers' compensation system in Nevada. The inevitable misunderstandings that arise in connection with various NIC functions are not necessarily indicative of mismanagement. In fact, there is no reason to believe that the important NIC functions are not effectively carried out. When the Nevada system is considered objectively, it must be considered sound and generally responsive. To maintain and improve the quality of NIC staff, an objective analysis must be made of the required tasks and skills, as well as of the appropriate incentive structure.

Recommendation No. 10: To ensure quality and continuity of the management structure, a study to determine appropriate manpower and compensation levels should be undertaken by an outside independent consultant. To avoid any possibility of self interest in making this recommendation, SRI should not be included among the consultants who might be considered to perform this study.

### III NEVADA'S WORKERS' COMPENSATION SYSTEM

Except for a few Nevada employers that had private workers' compensation insurance before 1947, the Nevada Industrial Commission (NIC) is the exclusive workers' compensation insurance carrier in Nevada. The NIC is directed by three commissioners, each appointed for a term of 4 years. One of the commissioners represents labor and is selected by the governor from a list of names submitted by the Nevada branch of the AFL-CIO. The second commissioner represents employers and is selected by the governor from a list of names submitted by employer associations. The third commissioner is selected by the governor and is designated Chairman of the NIC. He must have at least 5 years of actuarial experience and a master's degree in business administration or experience deemed to be equivalent to that degree.

The commissioners are responsible for the administration of the Nevada Industrial Insurance Act, the Nevada Occupational Diseases Act, the Nevada Occupational Safety and Health Act, and the State Mine Inspectors Act. In carrying out these responsibilities, the NIC determines classifications and rates, invests assets supporting claim liabilities, adjudicates claims, directs the occupational rehabilitation program, and administers the Department of Occupational Safety and Health and the State Inspector of Mines Office.

In addition to the NIC, the appeals officer and the state industrial attorney are each appointed for a 4-year term by the governor and are important participants in the claims adjudication process. The appeals officer is responsible for conducting hearings in contested claims for compensation and rendering a decision that is the final administrative determination of a claim. The state industrial attorney represents claimants who are financially unable to employ private counsel. He represents these claimants before the appeals officer and in the district court when appealing the decision made by the appeals officer.

As indicated in Table 1, the Nevada workers' compensation system has experienced rapid growth over the last 4 years. The growth in premiums and benefits reflects the expanding Nevada economy and increasing benefit levels. Increases in administrative expenses have been controlled over the last 4 years, being limited to 12.9% per year compared with the 20.7% annual increase in premiums.

Over the last 7 years, the NIC and the legislature have been responsive to the needs of both employers and employees. Tangible evidence of this can be seen by briefly reviewing the major changes made to the system over this time period. These include changes in the benefit level,

Table 1

## NIC UNDERWRITING RESULTS

	<u>Thousands of Dollars</u>		<u>Annual</u>
	<u>1974</u>	<u>1978</u>	<u>Growth</u>
			<u>Rate</u>
			<u>(percent)</u>
Premiums	43,630	92,492	20.7
Less: Benefits*	37,410	84,084	22.4
Admin expenses	2,705	4,393	12.9
Underwriting result	3,515	4,015	--

\*Includes loss adjustment expense.

expanded safety and rehabilitation, development of alternative premium arrangements, and reductions in the required claim reserves by anticipating future investment income. Following is a chronology of these changes:

- Benefit level changes
  - 7/73 Legislation enacted to revise benefit structure.
- Expanded safety programs
  - 1/74 Pilot safety rating program initiated.
  - 1/79 All employers assigned a safety rating based on 1978 performance.
- Expanded rehabilitation programs
  - 7/73 Rehabilitation program authorized by legislation.
  - 7/74 Pilot disability prevention team program initiated.
  - 10/74 Rehabilitation department staffed and program initiated.
  - 9/76 Disability prevention team concept implemented. Team consists of a rehabilitation counselor, registered nurse, and claims examiner.
  - 1978 Rehabilitation center completed and operation commenced.
- Alternative premium arrangements
  - 7/74 Self rater program initiated.
  - 7/78 Experience rating system revised to provide more responsive ratings.
  - 7/78 Retrospective rating initiated.

- Reserve reduction actions
  - 7/72 Reserves revalued at 3.75%.
  - 7/78 Reserves revalued at 4.5%.

On the basis of the above, it appears that the Nevada workers' compensation system has been responsive to the needs of Nevada employers and employees. However, on the basis of our analysis, it is also apparent that certain changes should be made so that the needs of employers and employees will continue to be served. The subsequent chapters of this report will address these changes.

IV THE PRESENT NEVADA SYSTEM:  
IDENTIFICATION AND ANALYSIS OF PERCEIVED WEAKNESSES

Introduction

A critical phase in this evaluation entailed a series of interviews with a number of people who are affected by the Nevada system. Table 2 classifies the interviews conducted by the type of party interviewed.

Table 2  
INTERVIEWS WITH PARTIES AFFECTED BY THE NEVADA SYSTEM

<u>Parties Interviewed</u>	<u>Number of Interviews</u>
NIC employees	4
NIC Labor Management Advisory Board	9
Labor representatives	6
Hotel/resort industry	18
Banking	2
Insurance industry	6
Manufacturing and other industries	6
Legislators	4
Others	<u>4</u>
	59

In general, those interviewed were selected from a list of names that was developed in discussions with the NIC Labor/Management Advisory Board. In compiling this list, the Advisory Board members were asked to identify parties who either represented significant interests within the state or who were critical of certain aspects of the NIC's operations. During preliminary talks, additional names were suggested in order to achieve a deeper understanding of workers' compensation in Nevada. A selection was made from these names and further interviews were conducted.

The primary objective of the interview process was to identify the perceived weaknesses of the present system and perceptions concerning alternative systems. In reading the remainder of this report, it is important to remember that the interviews focused on perceived weaknesses and were not designed to elicit comments about the system's strengths. The major assertions that were made about the shortcomings of the present Nevada system during the interviews are the following:



- Reserves are too high
- Premiums are too high
- The premium structure is not equitable
- The adjudication process is not fair
- The benefit delivery system is not effective
- The investment portfolio is not managed effectively
- The NIC is not subject to adequate checks and balances
- Certain responsibilities of the NIC conflict with one another
- Rehabilitation efforts are ineffective
- The NIC is not responsive to employers
- The management structure is not adequate.

Many of those interviewed felt that allowing for self-insurance or alternatively allowing for self-insurance and the entry of private insurance carriers into Nevada would resolve these perceived weaknesses. Following is a brief discussion of each of these assertions.

#### Reserve Level

Employer representatives made numerous comments about the reserves being held to cover future payments on claims. In fact, the reserve level and the reserving practices of the NIC were the target of a large proportion of all criticism offered by employers. Their critical comments can be summarized by the following statements:

- The reserve being held to cover a specific claim was excessive.
- The method being used to establish case reserves was arbitrary.
- The overall loss reserve level was excessive.
- The reserve level should increase at the same rate as claim payments.
- Interest was not being credited on the reserves.
- There is no need to establish reserves because premium rates can be increased when necessary to pay benefits.

In view of the amount of interest expressed concerning reserves, it was deemed appropriate that the methods being used to establish reserves be reviewed. Such a review was conducted.

It is important to realize that the establishment of a reserve for a specific claim is not and cannot be an exact science, but is simply an objective judgment based on all available information. As more information about the claim develops, it is to be expected that the estimated severity of a claim will either increase or decrease. The method

used by the NIC to establish case reserves results in a fluctuation in the estimated severity of a claim as information about the claimant and the nature and extent of the injury is developed. This is entirely appropriate and is to be expected. A number of employers pointed to specific cases where in retrospect the reserves established were too high. No employer mentioned any claim where in retrospect the reserves established were too low. However, those claims do exist and because of the judgmental nature of the case-reserving process, it is to be expected that at any point in time, the reserves for some claims will be too high and the reserves for other claims will be too low. This process is an essential part of the insuring mechanism; it is not unique to the NIC. The best that can be expected is that the total case reserves for all claims at any given point in time is an accurate measure of the liability representing future payments to be made on open claims. If proper case reserves are to be established, it is necessary to have experienced personnel reviewing the claims files, and they must be insulated from employer pressure. In addition, an objective third party should evaluate the judgment of the reviewers on a periodic basis. The NIC personnel responsible for setting the case reserves are experienced and their judgment is regularly reviewed by an independent actuary who has indicated that NIC personnel competently perform this function. Also, efforts are made to prevent their judgment from being influenced by undue pressure from employers.

There is no evidence that the method used to establish case reserves is arbitrary. However, it is apparent that employers are not familiar with the techniques used, and this unfamiliarity breeds suspicion. A program aimed at improving employers' understanding in this area should result in a reduction in complaints about specific case reserves established and in assertions that the techniques used are arbitrary.

Because of the nature of workers' compensation claims, the overall reserves held by an insurer are substantial. Payments made on a claim may continue for as many as 40 years after the accident occurs. Medical expenses may be large and may be paid out over a number of years. The reserve established when the claim is incurred should be sufficient to cover all future compensation payments in addition to future medical expenses. Complaints that reserves are too high are not unique to the Nevada system, but are prevalent in most states irrespective of the entity providing the insurance. The overall reserve level in Nevada is determined by qualified independent actuaries using generally accepted actuarial standards. It is normal and to be expected that an actuarial estimate of the proper reserve level at the end of some accounting periods will be higher than ultimately necessary and at the end of other periods be lower than ultimately necessary. The fact that this occurs does not suggest any improprieties on the part of the insurer, but is a result of the fundamental nature of the reserving process.

It is noteworthy that although the actuarial reports that explain the methods and assumptions used in establishing the reserves are available to interested employers in Nevada, we have not found any employer who has reviewed them in an effort to understand the reserving process

and reserve fluctuations. On the basis of our review of the last five annual actuarial reports, we consider the reserving methods being used to be appropriate. In fact, it is highly probable that the reserves being maintained by the NIC are lower than the reserves that would be maintained by a private carrier because the NIC reserves established for compensation claims are discounted at 4-1/2%, whereas private carriers do not discount claim reserves. Discounting gives Nevada employers current credit for future interest to be earned on reserves. Despite this, a number of employers anticipated that private carrier reserves would be lower than those established by the NIC.

Employers are concerned that reserves have been increasing more rapidly than claim payments. The change in reserves is analyzed and explained each year in the actuarial report. In reviewing the reports, we found that the explanations given for increases in reserves are reasonable and such increases are necessary if the system is to remain fiscally sound. Despite this, a number of employers are convinced that the NIC was purposely over-reserving and suggested that the \$20 million reserve reduction at the end of the 1978 plan year for claims incurred prior to 1978 was a result of pressure being placed on the NIC. There is no basis in fact for this opinion. The 1978 actuarial report discusses the reasons for the downward revision in the reserves for claims incurred prior to 1978 and the bases for the revision are understandable and appropriate.

The treatment of investment earnings is not clearly understood by employers. This is unfortunate because the NIC has been imaginative in discounting reserves in anticipation of future investment earnings in order to minimize the cash drain on employers. Most private workers' compensation insurers do not discount reserves (do not give credit for future investment earnings) and as a result, the cash required from employers by other insurers is increased. We have estimated that the impact on premiums of discounting reserves is approximately 7%. The NIC can either discount reserves as they do currently or set up the full reserve and credit interest on it. They have chosen the discount approach because of the resulting decrease in cash required from the employers.

Several employers did not understand the need for maintaining claim reserves because in their opinion the NIC could raise premium rates immediately if there was not enough cash flow to pay benefits. The Nevada legislators have determined that the workers' compensation system should be administered on a fiscally sound basis. In view of this determination, it is imperative that reserves be established to cover claim liabilities.

On the basis of our review of the reserving methods used and the independent actuarial reports prepared annually, we conclude that there is no reason to believe that the NIC is systematically establishing excess reserves. Because the reserving process is not an exact science and must operate in an environment where benefits are frequently changing, it is to be expected that the reserves established at the end of any accounting

period will be either increased or decreased in subsequent periods. In fact, if such adjustments are not made, there is some basis for becoming concerned with the reserving methods being employed. Employers are concerned about reserves because they represent a large portion of their workers' compensation costs, and NIC efforts aimed at explaining the reserving process have not been effective. Employers must understand the process if they are to be convinced that the reserve level is appropriate.

### Premium Level

Comments made about the premium level generally indicated that:

- Premiums are too high.
- Premiums rates have undergone rapid increases over the last 5 years and are "out of control."

### High Premiums

The assertion that premiums are too high is usually based on an analysis that compares the premium paid by the employer with claim payments made. The major reasons for the difference between premium payments and claim payments are the claim reserves, the credibility of the employer's experience, the rating plan used to determine an employer's premium, and the nature of the insurance mechanism. As indicated previously, claim reserves are necessary if the system is to remain fiscally sound. If a valid comparison is to be made between premiums paid and claims, reserves must first be added to the claim payments. Even after this adjustment is made, the employer may still consider the premiums paid to be too high.

A key factor in the determination of an employer's insurance premium is the degree to which his own claims experience is taken into account in the determination of his particular premium. In general, the claims experience for an employer with few employees does not have a direct impact on his specific premium whereas a large employer's claims experience will have a significant impact on his specific premium. That is to say, the claims experience of the small employer is less "credible" than the claims experience of the large employer. However, even if an employer's claims experience is considered to be fully credible, its impact on his premium will differ depending on whether the Experience Rating Plan, the Retrospective Rating Plan, or the Self-Insurance Rating Plan is being used. Finally, insurance, by its very nature, involves a spreading of risk among all those insured. Because of this, during any given time period, some employers will pay more into the system than their employees receive in incurred benefit payments and other employers will pay less into the system than their employees receive in incurred benefit payments. To minimize the spread between the amount paid in and the amount paid out and to improve the overall equity of the system, at the end of each accounting period, premiums are adjusted so that employers

with good credible experience (i.e., incurred benefits low in relation to premium) will benefit from this favorable experience and employers with poor credible experience (i.e., incurred benefits high in relation to premium) will be adversely affected by this unfavorable experience.

In summary, we have determined that criticisms from employers about the premium level are the result of several factors: a lack of appreciation for the necessity of establishing reserves to cover incurred liabilities, the rather complicated methods used to determine premiums, and the time lag between either favorable or unfavorable loss experience and the resulting impact on premiums. These factors are common to the great majority of workers' compensation systems irrespective of the entity providing the insurance and are commonly the source of criticism from employers. An effective response by the NIC to such criticism would be to help the employer achieve a better understanding of the methods used to determine premium levels.

#### Increases in Premium Rates

Not only do employers consider the present premium level to be too high as discussed above, but they have also expressed concern that the increases in premium rates during the 1970s have been unreasonable. Employers have pointed to the rapid increase in workers' compensation premiums as evidence that they are "out of control." There is little question that rate increases have been substantial during the 1970s. However, when the reasons for the increases are identified, it is apparent that the present NIC management should not be criticized. Table 3 summarizes the change in rates from 1960 through 1978. For purposes of the analysis, 1960 is selected as the base year and the effective rate for that year has been set equal to \$1.00.

Table 3 highlights the fact that the rate charged to employers actually decreased by \$0.12 during the 1960s despite legislative increases in benefits, medical cost inflation, and increasingly liberal judicial decisions. Early in the current decade, it was decided that the system should be placed on a fiscally sound basis by funding the benefit increases that occurred during the 1960s. As a result, the effective rate was increased by \$0.44 during 1971 and 1972. During the same 2-year period, legislative benefit increases raised the rate by an additional \$0.23. Thus, the combined impact of these two factors increased the rate to \$1.55 by 1973.

Over the last 5 years, in order to keep benefits at an appropriate level, benefit provisions have been upgraded, resulting in an additional increase in the effective rate of \$0.52. The upgrading of benefit levels (as a result of legislative changes, judicial interpretation, and inflation) complicates the reserving process and makes it increasingly difficult to determine adequate reserves. In addition, economic cycles cause further complications. Over the last 5-year period, to maintain adequate reserves, rates have been increased by \$0.22. The upgrading of benefits

Table 3

SUMMARY OF NIC RATE CHANGES  
(Base Year = 1960)

	<u>Dollars</u>
1960 effective rate	1.00
1961 through 1969 cumulative rate change	<u>-0.12</u>
1970 effective rate	0.88
1971 through 1972 cumulative rate change	
Result of experience	0.44
Result of benefit level changes	<u>0.23</u>
1973 effective rate	1.55
1974 through 1977 cumulative rate change	
Result of experience	0.22
Result of benefit level changes	<u>0.52</u>
1978 effective rate	2.29

and the maintenance of adequate reserves have resulted in a current rate of \$2.29. Thus, it can be seen that the increases in costs during the 1970s are the result of keeping the benefit level up to date and placing the system on a fiscally sound basis. In addition, costs for workers' compensation have been increasing rapidly country wide; in fact, the rate of increase has been faster for the country as a whole than it has been for Nevada. If Nevada's rate followed the increases experienced country wide over the last 5 years, the current effective rate in Nevada would be \$3.30 rather than \$2.29.

In summary, although the cost for workers' compensation has been increasing, there is no evidence to suggest that the present level is excessive. In fact, based on countrywide experience, it appears that Nevada has been more successful than the average state in controlling costs while at the same time maintaining adequate benefits. Benefit levels have been kept up to date and reserve levels have been increased to reflect benefit changes that occurred during the 1960s, but were not funded during that period. It is apparent that Nevada employers need to receive adequate explanations when premium rates are increased so that they understand the basis for the increase.

#### Equity of Premium Structure

A number of employers suggested that the present Nevada pricing structure is not equitable. They feel that inherent subsidies are built into the structure. These perceptions include:

- Large employers subsidize small employers.
- The hotel and resort industry subsidizes other industries within the state.

The pricing structure does not favor either small employers or large employers, but rather develops premiums that reflect the different expense levels associated with small versus large employers. An equitable structure would build higher expense loadings into the premium rates for smaller employers to reflect the higher expenses (as a percentage of premium) associated with administering small accounts. Table 4 illustrates the expense loadings built into the current premium structure.

Table 4

EXPENSE LOADINGS AS A PERCENTAGE OF PREMIUM

<u>Employer Size as Measured by Annual Premium</u>	<u>Expense Loading (percent)</u>
Less than \$20,000	23.3
\$20,000 to \$99,999	10.5
\$100,000 and higher	8.5

As can be seen from Table 4, the premium structure does reflect the higher expenses associated with handling smaller employers.

Because these loadings appear to reasonably reflect the actual expenses incurred, we consider the premium structure to be equitable for both small and large employers. Private carriers also vary the expense loadings by size of employer, and although the pattern used to vary the loadings is different from the NIC pattern, their loadings are higher than the NIC's for every employer size analyzed.

There is no convincing evidence that the hotel and resort industry subsidizes other industries within the state. Representatives of the hotels and resorts have compared rates charged for various occupations in Nevada with rates charged in other states and have used this comparison as a basis for suggesting that a subsidy exists. Table 5 illustrates the comparison that they have made.

The position taken by the hotel and resort representatives is that it is illogical for the hotel and resort industry rate to be higher than that for firemen and police, especially in view of the rates for these occupations in California. However, this analysis ignores the fact that police and firemen are quite logically grouped with other local government workers in Nevada, whereas they are separately classified in California. Because the Nevada rate reflects the experience of lower risk

Table 5

RATE COMPARISON NEVADA VERSUS CALIFORNIA  
(Dollars)

<u>Industry Classification</u>	<u>Premium Rate per \$100 of Payroll</u>	
	<u>Nevada</u>	<u>California</u>
Hotels, resorts	5.20	5.20
Firemen	2.44	12.62
Police	2.44	12.25

occupations together with police and firemen, a comparison with the California rates for firemen and police alone is not valid.

Aside from this, there is a prevalent attitude among the hotel and resort representatives that their industry is a relatively safe one with a relatively low incidence of claims when compared with other industry classifications in Nevada. Our review of the overall claim frequency rates revealed no basis for this conception. Table 6 compares the frequency of loss-of-time accidents in the Nevada hotel and resort industry with the frequency for all industries combined.

Table 6

FREQUENCY OF LOSS-OF-TIME ACCIDENTS\*

<u>Year</u>	<u>Hotels and Resorts</u>	<u>All Industries</u>
1969	3.25	2.43
1970	3.45	2.68
1971	3.55	2.73
1972	3.35	2.91
1973	4.37	3.24
1974	4.79	3.22
1975	4.84	3.32
1976	5.76	3.60

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\* Frequency is measured by the number of accidents per 200,000 man-hours of work.



A review of the above frequency statistics suggests that the NIC and the hotel and resort industry might work together in identifying the factors responsible for the relatively high frequency rates.

In summary, we do not see any firm basis for the belief that either large employers are subsidizing small employers or that the hotel and resort industry is subsidizing other industries. Our review of the methods currently being used to determine the rates indicate that the premium structure is equitable.

#### Adjudication Process

Both employers and employee representatives expressed some dissatisfaction about the manner in which issues were adjudicated. Among the issues mentioned were:

- Settlement of claims
- Resolution of disputes involving reserving and premium rates.

The different perspectives of employers and employees produced an interesting dichotomy when the claims adjudication process was discussed: a number of employers claimed that the NIC "bent over backwards" to pay all claims; several employee representatives stated that the NIC was unduly influenced by employers and strongly resisted paying claims. Another comment made was that a decision reached at one level in the hearings procedure was frequently changed at the next level, indicating a general lack of expertise at all levels. In opposition to this, several employers felt that the appeals officer was somewhat reluctant to reverse a decision of the Commission because his budget is controlled by the NIC. It is not possible to evaluate objectively the adjudication process until standards acceptable to all parties are developed and performance tracked against these standards. It is not realistic to expect that a claims adjudication process can be developed that will eliminate all criticisms. In addition, it is not reasonable to restructure an existing process until an objective determination is made about its effectiveness. To date, the existing process has not been subjected to an objective evaluation nor can it be, until standards are developed against which it can be measured.

Disputes involving reserving and premium rates arise from a lack of understanding of the part of employers coupled with inadequate communication of information by the NIC. As indicated previously, we have concluded that the NIC ably performs the actuarial functions associated with the determination of reserves and premium rates. They rely on assistance from competent outside actuarial consultants to carry out these functions. If the NIC allocated sufficient resources to communicate with employers on these issues, it would be reasonable to expect that most employers would conclude that the NIC is performing these functions competently.

The weaknesses perceived by employers and employee representatives as being a problem with the adjudication process, is actually a performance

measurement and a communication issue. Changing the adjudication process without developing performance measurements and without improving communications would be treating the symptom of the problem rather than the problem itself. A better approach would be to first develop standards and then measure performance against these standards. In addition, an attempt should be made to communicate more effectively. Only after these changes are made and subsequent evaluation determines that they have failed, should a restructuring of the process be contemplated. This is dealt with in more detail in Chapter VI.

### Delivery System

Several negative comments were made about the manner in which benefits were paid (i.e., the benefit delivery system). The initiation of benefit payments and the termination of such payments was the focal point for these comments. Here again, as in the case of claims adjudication, both employers and employee representatives were critical, but from very different perspectives. In reference to the initiation of benefit payments, several employee representatives felt that in numerous instances the time required to commence benefit payments was inordinately long. On the other hand, spokesmen for employers expressed the opinion that the NIC was all too willing to commence benefit payments even before a claim could be validated. After benefit payments commence, employee representatives suggested that the NIC arbitrarily attempts to terminate benefit payments in many cases. In contrast, employers cited examples where the employee continued to receive benefit payments even after he was fully recovered, back at work on a full-time basis, and the NIC had been so notified.

An objective evaluation of the benefit delivery system requires that standards first be developed so that performance can be measured. If action is taken to alter the existing system based on a sample of criticisms made about it, there is a very real possibility that the benefits of the present system would be lost and the systems change would merely result in substituting a number of real problems for several perceived problems. Establishing a procedure that would facilitate an objective measurement of the systems' performance would minimize the possibility that this might occur. However, if it is determined, after performance is measured against standards, that the current system is functioning adequately, it is still necessary to establish a process whereby any claim that is mishandled in the opinion of either the employer or employee is evaluated to determine the reasons for this opinion and appropriate action taken. The success of this process would depend on clear communications being established between the NIC, employers, and employees.

### Investment Management

Not only were a number of employees critical about the level of claim reserves, but they also felt that the investment portfolio supporting the

reserves was not well-managed. In an effort to determine the manner in which the investment portfolio is managed, we reviewed the investment policy, the guidelines established for investment management, and the performance goals used to evaluate the investment manager. In addition, we participated in the quarterly investment management meeting at which the 1978 performance was evaluated. On the basis of these activities, we have concluded that the NIC has established a sound investment management function and is sensitive to the need for maximizing investment return while maintaining the quality of the portfolio at a relatively high level. The NIC depends on a qualified outside investment manager to manage the investment portfolio and a separate qualified consultant to review investment performance. If employers deem the overall investment performance to be unacceptable, they should determine whether they consider the guidelines to be unsuitable, the goals to be too easily achievable, or the performance to be lacking when measured against these goals. We are confident that the NIC will seriously consider any reasonable suggestions that might enhance performance without sacrificing the overall quality of the portfolio. Criticisms about the methods used by state agencies to manage investments abound. However, according to our evaluation, these general criticisms do not apply to the NIC.

#### Lack of Checks and Balances

A substantial number of employers and employee representatives expressed the opinion that the NIC, in effect, was not answerable to any authority. It was felt that although in theory the commission is controlled by the legislature, in practice very little control is exercised especially as the legislature meets only every second year and those sessions are relatively short. Several areas were mentioned where the parties interviewed thought that a system of checks and balances was necessary to prevent the NIC from operating in an arbitrary and capricious manner. These included determination of premiums, establishment of reserves, and delivery of benefits. Several employers expressed strong feelings that the need for checks and balances was a critical one because the controls inherent in a competitive market are absent in the workers' compensation system in Nevada.

As previously indicated, we have concluded that the NIC competently performs those functions that involve the determination of premium rates and the establishment of reserves. The employers' perception that there is a need for a system of checks and balances in these areas reflects the limited communications between the NIC and the employers. Establishing a system of checks and balances to resolve a basic communications problem is inefficient at best and may even exacerbate the problem. In the benefit delivery area, maximizing performance can best be achieved by setting objective standards, measuring performance against those standards, and communicating performance to employers and employees. A system of checks and balances, because of its very nature, does not encourage an entity to constantly strive for better performance, but merely to settle for adequate

performance, which is normally substantially less than the maximum level achievable.

### Conflicting Responsibilities

Both employers and employees perceived an implicit conflict in a number of functions performed by the NIC. Specifically:

- The NIC is responsible for both claims determination and claims adjudication.
- The NIC is responsible for both providing safety consulting services to employers and assuring compliance with OSHA regulations.

The dual responsibility for claims determination and adjudication does not necessarily create a conflict although it has the potential for doing so. Having the two functions combined under one agency as is currently done, has the potential for maximizing efficiency both in terms of cost and time service. To determine whether it would be advantageous to eliminate the potential for conflict between the two responsibilities, it is necessary to determine the extent to which real conflict exists, the possibility of minimizing it within the current structure if conflict does exist, and the impact on efficiency if the system were restructured to separate the two functions. An effective method of determining whether a conflict exists and, at the same time of minimizing it, is to track the performance of the NIC in carrying out these functions and to communicate its performance to employers and employees. If it is apparent after this has been done that a real conflict does exist and cannot be eliminated under the current structure, it would then be timely to quantify the impact on efficiency of separating the functions and to decide whether the separations should be made. To make this decision without first determining if there is a conflict and attempting to minimize it would be premature.

In the areas of safety consulting and OSHA compliance, we have concluded that the mere perception on the part of many employers of a conflict between these two responsibilities is sufficient cause for their separation. This perception, irrespective of whether a real conflict exists, results in the safety consulting function being less effective. The NIC has attempted to assure employers that these functions are performed independently of each other, but these attempts have been generally unsuccessful. Many employers, frustrated by the massive amount of OSHA regulation, will not accept the safety consulting services of the NIC as long as the agency is also responsible for OSHA compliance, regardless of assurances from the NIC.

It should be pointed out that the impact on the workers' compensation system of employers' perceptions concerning conflicting responsibilities is the critical factor in determining whether those specific responsibilities should be separated. In the case of safety consulting and OSHA compliance, the mere perception that there is a conflict results in a less effective safety program and presumably a higher accident rate thus leading

to the conclusion that responsibility for the functions must be separated. In the case of claims determination and adjudication, the perception that a conflict exists is not a significant impediment to achieving the overall objectives of the system.

### Rehabilitation

Without exception, all parties interviewed supported the concept of medical and vocational rehabilitation. However, a number of employers and employees questioned the effectiveness of the current rehabilitation program. They mentioned several examples where, in their individual opinions, a rehabilitation plan identified for an injured worker was not appropriate. The present rehabilitation program is built around the new rehabilitation center. It is still too early to evaluate the impact this center when fully staffed will have on the workers' compensation system. Comments that are critical of a specific rehabilitation plan developed for an injured worker suggest that the concepts around which the rehabilitation program has been developed have not been presented effectively to employers and employees.

### Unresponsiveness

Many comments made by employers suggested that the NIC does not respond in a timely and effective manner to their concerns. The two most frequently identified areas in which employers indicated that the NIC does not respond involve reserves and premium rates.

As indicated in other sections of this chapter, it is evident that the NIC has not communicated effectively with employers and employees. It has been the NIC's position that minimal resources should be allocated for communications in an effort to minimize the cost of the system. The communications issue will be discussed further in Chapter VI.

### Management Structure

A number of employers suggested that the Nevada workers' compensation system has outgrown the management structure. They expressed the opinion that it is now necessary to reorganize the NIC. Several employers suggested that if the NIC is to attract and retain a management team with the skills necessary to operate the NIC effectively, it should not be governed by Nevada's personnel system and policies. In addition, it was felt that the NIC should strengthen a number of its functions internally so that it would not have to rely on external expertise.

On the basis of our analysis, we consider the current overall management structure to be suitable for administering the workers' compensation system as it currently exists. The system is sound and there is little basis on which to contemplate a change. Certain minor adjustments should be made to fine-tune the existing system; these adjustments are discussed

in Chapter VI. We anticipate that the NIC may have difficulty in attracting and retaining quality employees; this issue is addressed in Chapter VIII. Finally, the use of outside expertise to assist in carrying out certain functions such as premium determination, reserve determination, and investment performance analysis should continue rather than the development of additional expertise in-house. These advisors have been valuable in providing the NIC with insights gained from a breadth of experience in providing services to other workers' compensation systems.

## V FUNCTIONS ASSOCIATED WITH A WORKERS' COMPENSATION SYSTEM

### Introduction

To achieve the objectives of a workers' compensation system, it is necessary that the functions associated with it be performed effectively and efficiently. The specific functions to be performed and the parties responsible for their performance are in part dependent upon the type of system selected (i.e., exclusive state fund system, two-way system, or three-way system). In order to construct a number of alternative structures for each of the three possible systems, it is necessary to identify the functions that must be performed under each system and then specify the various parties who could be responsible for their performance. In identifying the functions, first, the exclusive state fund system will be considered; second, the incremental functions associated with a two-way system will be identified; finally, the additional functions necessary under a three-way system will be addressed. Following this process, the parties who could be responsible for them will be considered.

After identifying the functions, together with the parties who might be responsible for them, the OSHA compliance function will be discussed. This function requires special attention because, although it is not an inherent part of the workers' compensation system, the NIC is responsible for its performance and this responsibility inhibits the effectiveness of NIC's safety consulting role, a crucial part of the workers' compensation system.

### Identification of Functions

Functions to be performed under the exclusive state fund system can be grouped into the following categories:

- Employee oriented functions (i.e., performance has a direct impact on the employee).
- Employer oriented functions (i.e., performance has a direct impact on the employer).
- Functions that promote effective performance of employee or employer oriented functions.
- Functions that monitor performance of employee or employer oriented functions.

Employee or employer oriented functions can be further subdivided into those that are performed by the entity providing the insurance (i.e.,

the state fund, self insurers, or private carriers) and those performed by some other entity. Table 7 identifies the functions performed under an exclusive state fund system grouped as indicated above. Table 7 also indicates those employee or employer oriented functions that have an associated function to monitor or promote the maximum effectiveness of the employee or employer oriented function.

The functions categorized as employee oriented and employer oriented are invariably included in all workers' compensation systems. However, some of the associated functions that promote effective performance and monitor performance may be excluded entirely or exist only on an implicit basis. Frequently, they are internal functions and are not visible to the public.

A two-way system requires that the following two functions be established in addition to the functions enumerated in Table 7:

- Qualify self insurers
- Monitor financial condition of self insurers.

If self insurers are to be included in a workers' compensation system, the functions in Table 7 that are designed to monitor performance would have to be expanded.

Under a three-way system, a number of additional functions are necessary. These include:

- Qualify private carriers
- Monitor the financial condition of private carriers
- Monitor competitive practices
- Assure availability of coverage
- Approve premium rates.

The monitoring functions included in Table 7 would have to be expanded further to oversee not only the self insurers, but also the private carriers.

#### Identification of Parties Responsible for Functions

The number of parties involved in performing functions associated with a workers' compensation system can vary over a large range depending on the type of system involved and the degree of centralization within the system. As indicated previously, the functions can be divided into six groups: employee oriented functions, employer oriented functions, functions intended to promote effective performance, monitoring functions, functions required under a two-way system, and functions required under a three-way system.



Table 7

FUNCTIONS UNDER AN EXCLUSIVE STATE FUND SYSTEM

Function	Associated Function to Promote Maximum Effectiveness	Associated Function to Monitor Performance
Employee oriented		
Performed by insurance entity		
Establish safety programs	X	X
Deliver benefits	X	X
Establish rehabilitation programs	X	X
Communicate with employees	X	
Performed by other entities		
Represent employee during claims appeal		
Provide forum for claims appeals		
Assure compliance with workers' compensation regulations		
Employer oriented		
Performed by insurance entity		
Invest assets	X	X
Determine premiums and reserves		X
Resolve premium and reserve disputes	X	
Communicate with employers	X	
Represent employer during claims appeal		
Performed by other entities		
Provide forum for claims appeals		

The parties that could conceivably be involved in performing one or more of those employee and employer oriented functions include the entities who might provide insurance (i.e., private carriers, self insurers, state industrial commission or the state compensation fund), state industrial attorneys, private attorneys, appeals officers, and rating bureaus. The state compensation fund and rating bureaus are two entities that might not be familiar to Nevada employers and employees. In states where there are separate state agencies for administering the workers' compensation law and for providing workers' compensation insurance, the agency responsible for providing the insurance is commonly known as the state compensation fund. In a number of states, independent rating bureaus are responsible for developing rates.

The entities responsible for promoting effective performance of the employee and employer oriented functions are not discrete, easily identifiable parties. They include the competitive environment, the environment created when standards are developed and used for measuring performance, and the environment created when an effective communications function is in existence. It should be recognized that even though these "entities" are somewhat amorphous, the functions assigned to them are no less important to the workers' compensation system.

Possible candidates for monitoring the performance of employee and employer oriented functions include the state industrial commission and the state insurance commission. The "environmental" entities mentioned above can also serve as effective monitoring devices--particularly the environment created by an effective communications function.

Entities that might be responsible for carrying out the additional functions associated with a two-way or a three-way system include the state industrial commission, the state insurance department, the state compensation fund and private carriers.

#### OSHA Compliance Function

The functions discussed above are important to an efficient and effective workers' compensation system. The OSHA compliance function, however, is not an integral part of the system, but has been assigned to the NIC in an effort to achieve greater operating efficiencies. Assigning this function to the NIC has impeded the progress of the safety consulting function because many employers will not use the NIC's safety consultants as long as the NIC has the OSHA compliance responsibility. Although a major objective of both OSHA and the workers' compensation system is identical, i.e., minimize the frequency and severity of industrial accidents and disease, the methods used in an attempt to attain these objectives are different. OSHA uses a regulatory approach that has resulted in over-regulation and has generated a substantial amount of ill-will on the part of employers. Naturally, the brunt of employer resentment and criticism has been felt by the local agency responsible for administering the program, the NIC, and has reduced its effectiveness as a safety consultant. In fact, one employer noted "the NIC did a pretty good job until it became involved with OSHA."

To maximize the effectiveness of efforts aimed at enhancing safety in the work place, the NIC should be perceived as working in tandem with the employer and should be looked upon primarily as a consultant rather than an enforcer if safety improvement is to be maximized. It is unrealistic to expect employers to consider the NIC in this fashion as long as it is burdened with the responsibility for OSHA compliance.

Although we strongly recommend that OSHA enforcement be separated completely from the workers compensation system in Nevada, we have not identified the specific agency that should be charged with this responsibility. Logical alternatives include some other state agency (e.g., the State Labor Commission) or returning the compliance function to the Federal Government. The development of a specific recommendation in this area is outside the scope of the present study.

## VI IDENTIFICATION OF THE OPTIMAL STRUCTURES FOR EACH SYSTEM

### Introduction

The performance level achieved by the NIC in carrying out various functions has been criticized by a number of employers and employees. These parties, generally dissatisfied with NIC's current performance, anticipate substantial benefits to be gained by dismantling the current system and constructing a new one. The new system would permit either a state fund and self insurance or a state fund, self insurance, and private insurers. A change to another system would be accompanied by disruptions in several areas, the degree of which would depend on how well the translation is planned and implemented.

Unfortunately, there is little convincing evidence that a new system would be a panacea. In states with two-way or three-way systems, criticisms about premium levels, reserve levels, and service levels are prevalent. These are the same areas mentioned by critics of the NIC. It would be counter-productive if a new system were established and the currently perceived problems remained.

To identify the best system for Nevada, it is necessary to develop all viable alternatives, analyze each, and select the one that best satisfies the needs of Nevada employers and employees. The remainder of this chapter contains the development of alternative structures for each of the three systems, an analysis of these alternatives, and selection of the optimal structure for each system. In view of the number of functions and possible entities involved, a very large number of alternatives could be developed. The alternatives identified in this report have been selected as those that might reasonably be considered appropriate for Nevada. In Chapter VII, the optimal structures are analyzed and the best one is selected.

In the analysis that follows, it is assumed that the OSHA compliance function is removed from the workers compensation system. This assumption is common to all the alternatives considered.

### Exclusive State Fund Alternatives

The exclusive state fund alternatives selected for analysis can be characterized as follows:

- Alternative 1: The existing NIC structure.
- Alternative 2: The existing NIC structure with objective performance standards developed to promote effective performance. A

communications unit would be established to promote a better understanding of the NIC and to serve as an effective monitoring device.

- Alternative 3: The structure as described in Alternative 2 modified so that the insurance department would have responsibility for approving premium rates.
- Alternative 4: A complete restructuring of the current system, with a state compensation fund being set up to perform the insurance functions and the state industrial commission to be responsible for the regulatory functions.

Alternative 1, which maintains the current structure without any modification (except for elimination of the responsibility for OSHA compliance) must be considered as a possible alternative. On the basis of our review of the current system, we have concluded that it is sound under the current structure. However, if Alternative 1 were chosen, a number of employers and employees would continue to be dissatisfied with the system because of the absence of an effective communications link with the NIC. As indicated previously, this deficiency leads to misunderstandings and assertions that performance is poor and NIC activities are not monitored closely.

Alternative 2 maintains the current NIC structure, but makes it more visible to the public. On the basis of our review of the NIC, we consider the existing level of service provided to employers and employees to be commensurate with the resources allocated to provide such service. The NIC is a cost-efficient operation that has minimized expenditures necessary for effective communications. Employers, employees, and the legislature expect the NIC to perform as an efficient and effective business. If these expectations are to be realized, sufficient resources must be allocated to carry out all the essential business functions including communications with the system's stakeholders. Just as a corporation must communicate with those who are affected by its success or failure, the NIC must communicate with Nevada employers and employees.

The need to communicate is not satisfied by merely issuing reports and holding meetings on a sporadic basis. To be effective, the communications effort must aim at maintaining an appropriate flow of relevant information to employers, employees, legislators, and others. On the basis of the information communicated, interested parties should be able to develop an understanding of the NIC and evaluate NIC performance in carrying out its service functions. To understand the NIC, technical subjects such as rate making, reserving, premium and classification determination must be explained. Such communication should lead to a reduction in disputes about premiums and reserve levels. If the NIC's performance is to be evaluated, objective standards must be developed and performance measured against these standards. The results must then be communicated. Measurement of performance against objective standards can promote effective performance. Communications of the results of this process can serve as a monitoring mechanism. An annual report focusing on underwriting performance, investment performance, changes in reserve

levels, and measurement of service functions against objective standards should be prepared and reviewed at an annual meeting.

We consider the absence of an effective communications unit to be a major weakness of the current structure. It is important for a communications unit to be developed irrespective of whether Nevada maintains an exclusive state fund, permits self insurers, or permits self insurers and private carriers. In view of this, all alternatives considered in the remainder of this chapter will assume that a communications unit is in place. Alternative 2 is considered superior to Alternative 1 because of the weak communications function under the current system.

The communications unit should use professionals so that maximum effectiveness is achieved. Initial funding of this function should be in the range of 0.5% to 0.75% of premiums. The individual responsible for this unit would coordinate the communications activities discussed above and take the initiative in providing accurate and timely information to employers, employees, the media, and government agencies. He would also have the responsibility for responding to comments made in the media and monitoring complaints received by the NIC.

Alternative 3 is identical to Alternative 2 except that the state insurance department is given responsibility for approving premium rates. This alternative must be considered in view of current perceptions about premium levels. As indicated in Chapter IV, we do not consider the current premium level to be unreasonable. However, before determining whether the insurance department should be given responsibility for approval of rates, it should be decided whether this function is even necessary where the sole insurer is the monopolistic state fund. In general, if the rate determination process is fair and equitable, is communicated to and understood by employers, there is little need to establish a rate approval function within any state agency. Even if only one of the above elements is missing, suspicion is engendered and discontent results. The process used to determine rates for workers compensation is rather unique and expertise in this area is not readily available. In view of this, establishing a rate approval function to oversee the rate determination process would appear to be an option considered only as a last resort, after other solutions have been unsuccessfully attempted. The better solution would be to improve the methods used to communicate the rate determination process to employers as suggested under Alternative 2. In our view, the current process is fair and equitable. If it is finally determined that the rates are unreasonable and that the process cannot be effectively communicated and understood, then the establishment of an approval function might be considered a viable solution. To implement such a solution without a real attempt to communicate the process would be premature. Accordingly, Alternative 2 is considered to be better for Nevada than Alternative 3.

Alternative 4 is based on a complete restructuring of the current system with the insurance functions separated from the regulatory functions. The benefits said to be associated with this configuration are:

- Increased opportunity to select a professional insurance manager to be responsible for the insurance function because it is separate from the political orientation of the typical regulatory agency.
- Elimination of a conflict of interest in adjudicating issues that arise when the insurance functions and regulatory functions are combined.
- Potential improvements in efficiency achieved through monitoring by an outside agency.

However, it is unlikely that these suggested benefits would be realized if the Nevada system were restructured.

On the basis of our analysis, the current insurance and regulatory functions are competently performed. We consider this to be a direct result of a legislative enactment that specified the qualifications that the commission chairman must have. Specifically, "the chairman ... shall have not less than 5 years actuarial experience and shall have a degree of master of business administration or experience deemed equivalent to that degree." Thus, the Nevada Industrial Commission is significantly different from the typical regulatory agency; consequently, the benefit to the system mentioned above that might apply to the typical regulatory agency is not applicable in the case of Nevada.

Although the potential for a conflict of interest exists when the insurance functions and regulatory functions are combined, we have not found any evidence suggesting that there is an actual conflict of interest within the NIC. Initial determinations made by staff members or by the employer accounts department have on occasion been changed by the hearing examiner. Similarly, a number of decisions made by the hearings examiner have been changed by the Commissioners. At each level within the Commission, the personnel involved are instructed to be objective in making their own determinations and to avoid being influenced by decisions made by other NIC employees. If decisions made at one level within the NIC were always confirmed upon appeal to another level within the NIC, then there would be justification to suggest that conflicts of interest were influencing decisions. However, decisions made at one level are on occasion reversed upon appeal to another level within the NIC. Also, the legislature, anticipating charges of conflict of interests in the adjudication process has provided that the appeals officer be appointed by the governor. The appeals officer is not an employee of the NIC and, in fact, the Nevada statutes stipulate that "If an appeals officer determines that he has a personal interest or a conflict of interest, directly or indirectly, in any case that is before him, he shall disqualify himself from hearing such case ..." In summary, we have not seen any evidence of conflict of interest, the current NIC system is structured to avoid such conflicts, and the prevailing attitude within the NIC is such that decisions made at one level can be reversed on appeal if an objective evaluation indicates that this should be done.

There is no reason to expect that the potential increased efficiency that might be achieved by having an outside agency monitor the insurance functions will be greater than that achieved by setting standards, measuring performance against these standards, and communicating the results to employers, employees, and legislators.

On the basis of above analysis, Alternative 2 is selected as the optimal exclusive state fund structure over Alternative 4. The credentials that the Chairman must possess help to assure that the appointee is a professional insurance manager. The prevailing attitude within the NIC, the independent appeals officer function and the reversal of decisions within the NIC suggest that the issue of possible conflicts of interest within the current Nevada workers' compensation system should be of minimal concern. The use of standards to measure performance and the communication of the results should be sufficient to generate improved efficiencies.

#### Two-Way System Alternatives

The two-way system alternatives selected for analysis can be characterized as follows:

- Alternative 5: A structure similar to the optimal exclusive state fund structure (Alternative 2), including the development of objective performance standards and the establishment of a communications unit. The NIC to be responsible for qualifying and monitoring the financial condition of self insurers.
- Alternative 6: A structure similar to Alternative 5, except that the state insurance department would be responsible for qualifying self insurers and monitoring their financial condition.
- Alternative 7: A complete restructuring of the NIC, with a state compensation fund being set up to perform the insurance functions and the state industrial commission responsible for the regulatory functions.

Alternative 5 would involve an expansion of the functions defined under the optimal exclusive state fund structure. The NIC would be responsible for monitoring the service performance of the self insurers. The NIC would also be responsible for qualifying self insurers and monitoring their financial condition. To minimize concerns about a potential conflict of interest in carrying out the monitoring functions, the standards used by the NIC to monitor self insurers' performance should be the same standards used by the NIC to measure the performance of the NIC insurance functions. It would not be equitable to the self insurers for the NIC to use more stringent performance standards than those used to monitor its own performance. Also, it would not be fair to employees of self insurers to use less stringent performance standards.



The standards used by the NIC to determine whether an employer is eligible to self insure should be developed based on an actuarial analysis of the risk involved. The standards in other states should be considered as a part of the overall analysis. These standards should be public knowledge so that charges of conflict of interest are minimized. In a similar fashion, standards to be used in monitoring the ongoing financial condition of self insurers should be developed and communicated. Finally, the treatment of self insurers by the NIC should be compared with the treatment of employers who insure with the NIC and this comparison made public to ensure that both groups are treated equitably.

Alternative 6 is based on the same structure as that described for Alternative 5, except the state insurance department would be responsible for qualifying self insurers and monitoring their financial condition. It has been suggested that the NIC would not be objective when determining whether an employer should be allowed to self insure or when reviewing the financial condition of existing self insurers. For this reason, the state insurance department might be considered an appropriate agency to perform these functions. However, it would first be necessary for the insurance department to develop expertise in workers' compensation. Also, the claim liabilities under workers' compensation can change rapidly as a result of legislative changes, judicial interpretation of the law, and economic cycles. In view of this, the entity responsible for qualifying self insurers and monitoring their financial condition should be sufficiently familiar with trends and developments within workers' compensation that such entity can anticipate these trends when performing the qualifying and monitoring functions. Consequently, we would consider it to be inappropriate to have the insurance company responsible for regulating self insurers. The NIC is deeply involved in workers' compensation on a fulltime basis and as a result is better equipped to perform the necessary analysis for qualifying and monitoring the financial condition of self insurers. If objective standards are used to perform this function, there should be a minimal amount of concern about conflicts of interest. Thus, Alternative 5 is selected as being more suitable for Nevada than Alternative 6.

Alternative 7 would involve a complete restructuring of the NIC. A state compensation fund would be established with the insurance functions being separated from the regulatory functions. This would be desirable if:

- A conflict of interest existed between the insurance functions of the NIC and the regulatory functions.
- Self insured employers and their employees were treated differently from the employers who insured with the NIC and their employees.
- The standards used for monitoring self insurers were different from those used to monitor the insurance functions of the NIC.
- A conflict of interest existed between the insurance function of the NIC and the function responsible for qualifying and monitoring the financial condition of self insurers.

Following is a brief discussion of each item listed above to determine whether a complete restructuring of the NIC would be necessary under a two-way system. Analysis under Alternative 4 suggests that there is no indication that a conflict of interest exists between the insurance functions and regulatory functions of the NIC. As suggested under Alternative 5, a comparison of NIC's treatment of self insurers with its treatment of employers insured with the NIC could be made to ensure that the two groups of employers receive equal treatment. As indicated under Alternative 5, the use of identical standards for monitoring performance of self insurers and the NIC insurance functions eliminates the concern that different standards are used. Also, under Alternative 5, the standards to be used to qualify self insurers and monitor their performance would be public knowledge to minimize concerns about conflicts of interest.

From the above analysis, Alternative 5 is selected over Alternative 7. Alternative 5 involves a minimal amount of restructuring and is more efficient. Concerns about conflicts of interest and inequitable treatment can be minimized under Alternative 5 by measuring performance, comparing performance, communicating the results of these measurements and comparisons, and by publicizing the standards to be used when qualifying self insurers and monitoring their financial condition.

#### Three-Way System Alternatives

The three-way system alternatives selected for analysis can be characterized as follows:

- Alternative 8: NIC continues to be responsible for the insurance functions of the state fund, the regulatory functions, and for qualifying self insurers and monitoring their financial condition (similar to Alternative 5). The insurance department would be responsible for qualifying private carriers, monitoring their financial condition, and approving private carrier premium rates, in addition to its normal regulatory functions.
- Alternative 9: A complete restructuring of the NIC, with a state compensation fund being set up to perform the insurance functions and the state industrial commission responsible for the regulatory functions. The state insurance department and the state industrial commission to regulate the state compensation fund as if it were a private carrier. A rating bureau to be established.

Alternative 8 would minimize the additional expense associated with a three-way system. The competitive environment would be responsible for promoting efficient performance of the employer and employee oriented service functions. The state industrial commission and the state insurance department would be responsible for the monitoring functions. However, the insurance functions of the state industrial commission would not be subject to review by the state insurance department. Self insurers would continue to be regulated by the state industrial commission.

Alternative 9 would involve a complete restructuring of the NIC. A state compensation fund would be established. This fund and private carriers would be regulated in the same manner by the state industrial commission and by the state insurance department. A rating bureau would be used to establish premium rates. Self insurers would be regulated by the state industrial commission (as in Alternative 8).

In choosing between Alternative 8 and Alternative 9, the key factor is the degree to which competition (responsible for promoting effective performance) would operate under each alternative. If Alternative 8 were selected, competition might be impaired because the insurance fund under the state industrial commission would be perceived as having a competitive advantage over private carriers. The source of this perceived competitive advantage would be the absence of state insurance department regulation over the state insurance fund and the potential conflict of interest that is inherent, in the private carriers' view, when responsibility for regulatory functions and insurance functions is assigned to the same agency. This perceived advantage could reasonably be expected to cause a number of private carriers to minimize efforts directed at entering the Nevada market, thus leading to a less competitive environment. Alternative 9 eliminates the perceived competitive advantage of the state compensation fund and enhances the competitive environment. Private carriers would perceive the state compensation fund as competing on an equal basis under this alternative and would be expected to aggressively enter the market. Alternative 9 is selected over Alternative 8 because the more competitive environment associated with Alternative 9 should encourage a higher level of performance by private carriers and the state compensation fund.

## VII SELECTION OF THE BEST SYSTEM

### Introduction

Optimal structures for an exclusive state fund system, a two-way system, and a three-way system have been defined in Chapter VI. Selection of the best system from among these three structures will be made by first evaluating whether the optimal exclusive state fund structure should be expanded to accommodate self insurers. Then, the potential impact of allowing private carriers to enter the market will be analyzed to determine if the system should be completely restructured in order to allow their entry.

### Self Insurance Analysis

The basic issues that must be addressed when considering whether employees should be permitted to self insure workers' compensation in Nevada are:

- The fundamental question of equity
- The impact on safety programs
- The impact on the benefit delivery system
- The impact on rehabilitation
- The qualification and monitoring of self insurers' performance.

The expansion of the system to include self insurers would not require a substantial restructuring of the NIC, but rather a broadening of the existing structure to accommodate the additional administrative tasks associated with self insurers.

The objective of pricing methods being used by the NIC is to charge each employer with his "fair" share of the costs for workers' compensation. In addition, the Experience Rating, Retrospective Rating, and Self Rating plans all have been developed by the NIC to allow employers to choose the pricing method that best accommodates their risk aversion preference. Thus, the current pricing structure is equitable not only in terms of attempting to have each employer's costs reflect his expected loss, but also by allowing each qualified employer to select a rating plan that reflects to some extent the degree of risk he is willing to take.

It is apparent from this that the NIC and the legislature have developed a flexible pricing structure that is based on the concepts of equity and employer attitudes toward risk as opposed to social adequacy (a pricing structure based on social adequacy concepts purposely involves

some employers subsidizing other employers). Expansion of the system to permit self insurance for qualified employers is a natural extension of those concepts. However, before such an expansion can be contemplated, the impact on employees must be considered. The expansion would be unacceptable if it resulted in a reduction in safety activities, in a less effective rehabilitation program, or in a deterioration in the benefit delivery system.

If an employer is to be allowed to self insure, he must be required to have a sound safety program and a rehabilitation program that is at least equal to the program provided by the NIC. An inherent characteristic of self insuring workers' compensation is that it provides a substantial incentive for developing effective safety and rehabilitation programs because accident costs are felt directly and immediately. An information system must be established so that the effectiveness of these programs can be evaluated. The NIC should be responsible for monitoring the self insurer's performance in these areas and be empowered to take appropriate action if an employer's safety and rehabilitation programs are not adequate. If these steps are taken, concerns about inadequate programs in these critical areas would be minimized.

The self insurer should be able to deliver benefits to the insured worker faster than any other insuring entity because the need to communicate with outside parties (e.g., a private carrier or the state fund) is minimized. However, to ensure that employees are being fairly treated, it is necessary to monitor the benefit delivery system. Accordingly, self insurers should be required to provide the NIC with data that can be used to monitor performance. If the NIC is given the authority to take action against self insurers who do not have effective benefit delivery systems, the employees' interests should be adequately protected.

From the above, it is obvious that a critical role would be played by the NIC if self insurance were permitted. To ensure that the rights of employees are protected, the NIC must have the responsibility for monitoring the self insurers' administration of the workers' compensation program together with their financial stability. These functions must be supported by granting the NIC the power to take appropriate action if the administration functions are not performed adequately or if a self insurer's financial condition deteriorates. In addition, the NIC must be responsible for evaluating the financial stability and other characteristics of prospective self insurers to determine whether they have the capability of self insuring a workers' compensation program.

On the basis of our analysis, we believe that the Nevada workers' compensation system should be expanded to include a self insurance option for qualified employers. This expansion will lead to greater equity for Nevada employers. Through the self insurance mechanism, employers should be motivated to place increased emphasis on safety and rehabilitation programs because of their direct and immediate impact on employer costs. Increased sensitivity to the value of safety and rehabilitation will also have a beneficial impact on employees. To ensure that employees are not adversely impacted by a self insurance option, the NIC should be given

responsibility for qualifying self insurers and monitoring their continued financial stability, together with their administration of the workers' compensation program. At the outset, sufficient time (e.g., 12-18 months) should be allowed before qualified employers are permitted to commence self insurance programs so that regulations and systems can be developed in an orderly fashion.

#### Private Carrier Analysis

To determine whether private insurance carriers should be permitted to write workers' compensation in Nevada, it is necessary to consider the impact on costs and benefit levels. Assuming private carriers' expenses are equal to the typical expense loadings built into their rates, they would incur, on average, \$31.38 in expenses for each \$100 in benefits they would pay, whereas the NIC would incur \$12.79 for each \$100 of benefits. Table 8 compares the average cost to employers for \$100 in benefits with the NIC providing coverage and alternatively with private carriers providing the coverage.

Table 8

COSTS PER \$100 OF BENEFITS  
(Dollars)

	<u>NIC</u>	<u>NCCI</u>
Benefits	100.00	100.00
Expenses	12.79	31.38
Carrier profit	--	3.90
Employer cost before dividends	112.79	135.28
Less		
Dividends	--	8.85
Investment income	8.26	--
Total	104.53	126.43

Table 8 shows that for every \$100 in benefits, the net cost to the employer under NIC would be \$104.53 compared with the \$126.43 estimated for an employer with a private carrier. That the average cost to employers who insure with private carriers is expected to be 21% higher than the average cost to employers who insure with the NIC reflects a number of factors including:

- A portion of investment earnings is retained as profit by the private carriers.
- The cost of the sales and servicing system is higher.
- The private carriers have an underwriting profit objective of 2.5% of premium, whereas the NIC has no profit requirements.
- The surplus requirements for private carriers is substantially higher.

Even representatives of the private carriers agree that the employer's cost per \$100 of benefits would be higher if private carriers were used instead of the NIC. However, it is the private carriers' position that utilization of their resources and expertise will result in a reduction in benefit costs to a level that will justify the additional expenses associated with their approach. Based on the above analysis, private carriers must achieve a \$17 reduction in benefit costs for every \$100 in benefits currently paid under the NIC if entry of private carriers is to be cost effective. The prospects for achieving such an impact on benefit costs should be assessed carefully.

The major insurer functions aimed at a reduction in benefit costs described above are:

- Development and promotion of safety programs.
- Operation of a benefit delivery system with the objective of limiting payments to the amount to which a claimant is entitled.
- Development and promotion of rehabilitation programs.
- Representation of the employer during the appeals process.

In Nevada, the NIC is currently responsible for carrying out these functions. If private carriers entered Nevada, they would assume these responsibilities for their customers. The private carriers' ability in performing these functions would have to be far superior to that of the NIC to result in a reduction in benefit cost equivalent to the projected increase in expense of \$21.90. However, there is no compelling basis to expect that private carriers would be able to exceed the present performance level of the NIC to the extent that a reduction in benefit costs of this magnitude would be realized. Assuming the NIC's performance will be improved as a result of recommendations made in this study, the size of the required reduction will become even larger. The benefits of having a major rehabilitation facility convenient to the injured worker would be difficult for private carriers to match. Eliminating the responsibility for OSHA compliance as recommended will improve the performance of the NIC safety consulting function and will result in a direct and positive impact on benefit costs under the present system. The measurement of performance against objective standards and the communication of the results, as recommended, should raise the performance of those functions aimed at a reduction in necessary benefit costs through improved safety, more effective treatment of the injured worker, and a fair representation of the employers' interests during the appeals process.

On the basis of the above, we consider it unreasonable to expect private carriers to develop and implement programs that would result in a \$17 reduction in benefit costs for every \$100 in benefits currently paid. In addition, other considerations must be taken into account when contemplating the possible entry of private carriers.

It is suggested that private carriers will be more effective in the resolution of classification, rate, and reserve disputes, as well as in maintaining adequate communications with employers and employees. Recommendations for improving communications concerning the many facets of NIC are included in this report. In a large number of cases, disputes are the result of a lack of complete knowledge engendered by an inadequate communications effort by the NIC. Improved communications should lead to the effective resolution of many disputes without having to delegate responsibility for communications to the private carriers.

An important function that has received only a minimal amount of attention in discussions to date is the investment function. Successful investment performance by the NIC can have a major impact on minimizing the Nevada employers' workers' compensation costs. The performance level of the NIC investment portfolio can be evaluated and direct action can be taken if performance is not adequate. Not only is it difficult to evaluate or influence the investment performance of private carriers, but that performance has no effect upon their rates and only a modest effect on employers' workers' compensation costs.

A number of monitoring functions can effectively be coordinated with the insurance functions under one agency as long as the system operates in a noncompetitive environment. These functions include:

- Monitoring the benefit determination process
- Monitoring the benefit delivery system
- Monitoring rehabilitation effectiveness
- Monitoring compliance with workers' compensation regulations
- Qualifying and monitoring the financial condition of self insurers.

If private carriers are permitted to enter Nevada, these monitoring functions would have to be separated from the insurance functions of the state fund, resulting in a loss in efficiency and an increase in administrative expenses. A loss in the effectiveness of the monitoring process could also result because the entities being monitored would be widely dispersed. As suggested previously, establishing objective standards, measuring performance against these standards and communicating the results of this process should be an effective self monitoring device that can work well in the Nevada environment.



If private carriers were permitted to write workers' compensation in Nevada, provision would have to be made to establish the following functions:

- Regulation of competitive practices
- Assurance of availability of coverage
- Approval of rates.

Additional expenses are associated with each of these functions. No positive benefit is derived from the first two functions because they are necessary only to prevent possible market disruptions. The rate approval function is considered by some parties to be required even if private carriers do not enter the market. As indicated previously, there will be little need to establish such a function if an effective communications function is developed.

Thus, when the system is considered in its totality, there is no reason to expect that, at the present time, private carriers could add value to the workers' compensation system to a level commensurate with the additional costs involved. Nevertheless, if permitting private carriers to enter Nevada would reduce the costs for certain groups of employers, there could be some basis for considering their entry. This does not appear to be the case for groupings of employers by size of premium. Table 9 compares the premium under the current NIC with an estimate of the premium if private carriers were providing the insurance for 18 such groups. The table also sets forth the percentage increase in premiums, for a size distribution of employers by premium range, if private carriers' cost structures were applied to workers' compensation in Nevada. Sixty percent of Nevada's employers are included in the size groupings that would experience a 23% or greater increase in premiums. Note that all of Nevada's employers would experience at least a 10% increase if the cost structure of private carriers were applied.

Although the competitive outcome between the NIC and private carriers (if the latter were permitted to enter) cannot be foreseen, it is highly probable that such entry would increase costs for the NIC and might push the private carriers to lower their costs somewhat. The trade-off that Nevada employers would have to make, however, is in deciding whether the value added by private carriers in the services they would offer and in the possible favorable future impact of programs they would develop is worth the additional premiums employers would be required to pay. The difference in the cost structure is impressive. Even at a much lower differential, it would be very difficult to justify upsetting the organized approach to workers' compensation that the State of Nevada has achieved.

Table 9  
 COMPARISON OF PREMIUMS  
 NIC VERSUS PRIVATE CARRIERS

Annual Premium Range (dollars)	Number of Employers	Average Annual Premium (dollars)			Percentage Increase If Private Carriers Are Used	
		NIC	Private Carriers		Before Dividend	After Dividend*
			Before Dividend	After Dividend*		
Less than \$500	14,235	117	158	148	35.0	26.5
500 to 1,000	2,743	744	918	858	23.4	15.3
1,000 to 2,000	2,505	1,445	1,721	1,608	19.1	11.3
2,000 to 3,000	1,242	2,466	2,911	2,721	18.0	10.3
3,000 to 4,000	705	3,555	4,209	3,934	18.4	10.7
4,000 to 5,000	473	4,514	5,330	4,981	18.1	10.3
5,000 to 10,000	1,132	7,051	8,361	7,814	18.6	10.8
10,000 to 15,000	426	12,420	15,333	14,330	23.5	15.4
15,000 to 20,000	232	17,203	22,196	20,744	29.0	20.6
20,000 to 30,000	240	24,750	32,743	30,601	32.3	23.6
30,000 to 40,000	128	35,531	47,107	44,025	32.6	23.9
40,000 to 50,000	73	44,507	59,236	55,361	33.1	24.4
50,000 to 60,000	35	55,686	74,268	69,409	33.4	24.6
60,000 to 70,000	34	65,529	87,673	81,937	33.8	25.0
70,000 to 80,000	22	75,955	101,849	95,186	34.1	25.3
80,000 to 90,000	20	88,200	118,579	110,821	34.4	25.6
90,000 to 100,000	19	97,684	131,675	123,061	34.8	26.0
Greater than 100,000	144	260,410	348,130	325,355	33.7	24.9
Total	24,408					

\* Assumes a 7% dividend uniformly spread over all premium size groups.

In summary, we recommend that Nevada permit self insurance and structure the system to conform with the optimal two-way system defined earlier in this report. We do not consider a three-way system to be appropriate for Nevada at the present time because:

- There is little reason to expect private carriers to be able to add additional value to the system to offset the additional cost they would require.
- Development of an effective communications function should result in improved performance by eliminating sources of misunderstanding and by resolving disputes, thus obviating the need for an insurance agent to perform this function.
- Maintaining local control over the investment portfolio within the NIC enables employers to have a greater impact on investment policy and performance.
- The full amount of investment income on required reserves can be captured for use within the Nevada workers' compensation system by continuing to use the NIC as the insurer.
- The monitoring functions can be effectively and efficiently performed by the NIC by establishing standards, measuring performance against these standards, and communicating the results of this process. The monitoring functions would have to be separated from the insurance functions if private carriers entered the market, resulting in an increase in administrative expense.
- The entry of private carriers would require additional supervisory functions to be established to perform preventive as opposed to positive oversight functions.

## VIII CONCLUSIONS AND RECOMMENDATIONS

### Introduction

The conclusions and recommendations that follow summarize the foregoing analysis. It is critical in reading these recommendations to understand that they are being made after an analysis of the present Nevada environment and the NIC structure and operations. They are based on the realities of the existing circumstances, the existing NIC structure, and the alternatives available. That is, they are "Nevada specific" and evolutionary. They have been made to present an effective forward step in Nevada's pursuit of fairness and efficiency for its workers' compensation system.

### Conclusions and Recommendations

Our analysis determined that the State of Nevada has developed a sound and well run workers' compensation system including the insuring function that is fundamental to its success. Invariably, opportunities exist to improve the operations of any system and any insurer. The insurance operations of the NIC are no exception; value can be obtained from certain structural and operational improvements. To ensure that such improvements are made, it has been suggested that private insurance carriers be permitted to write workers' compensation insurance in Nevada in competition with the NIC. Our analysis indicates that, although the desirability of doing this at some time in the future is not impossible, the interposition of private insurance carriers is currently neither necessary nor desirable, and the appropriate improvements can be accomplished without their presence.

Recommendation No. 1: The State of Nevada should continue to support improvements in its current workers' compensation system. Current NIC efforts aimed at upgrading the system's performance should be encouraged so that maximum efficiency and effectiveness can be achieved. The State should not permit the entrance of private insurers for purposes of writing workers' compensation insurance at this time.

Because of the increasing numbers of large employers in Nevada, it is now appropriate to expand the existing system to accommodate self insurers. Employers who prefer self insurance and have the financial resources commensurate with the risk involved should be given the opportunity to self insure. Self insurance for workers' compensation and for other risk exposures is now broadly used and well understood across the United States. However, in order to assure that benefits will be delivered in accordance

with workers' compensation statutes, provision must be made for qualifying self insurers, as well as for supervising and monitoring their performance. To the extent that expansion of the Nevada system to include self insurance is carefully planned and phased in over a reasonable time period, the expansion will be successful. Permitting employers to commence self insurance within the next 12 months, however, would not allow sufficient time to establish the necessary structure for qualifying, regulating, and monitoring these insurance activities. In view of the amount of preliminary work required, a period of 12-18 months is necessary if expansion of the system is to be implemented with a minimum amount of disruption.

Recommendation No. 2: Enabling legislation should be passed to allow the Industrial Commission to develop regulations permitting qualified employers to self insure. These should be developed after a review of self insurance regulations in other states. The Industrial Commission should continue to be responsible for regulating and monitoring the activity of self insurers. Regulation by the Insurance Department is unnecessary, impractical, and would be redundant. A target date after which self insurance will be permitted to qualified employers should be established. This date should be between April 1, 1980, and October 1, 1980, in order to allow sufficient time to develop the necessary regulations and functions.

NIC's responsibility for OSHA compliance enforcement has generated a substantial amount of ill will toward the NIC. Criticisms that should more properly be focused on those responsible for the excessive amount of OSHA regulation have had a detrimental effect on NIC's safety consulting function.

Recommendation No. 3: The OSHA compliance function should be completely separated from the workers' compensation system. Consideration should be given to placing this function under the State Labor Commission, locating it elsewhere within the state government, or returning it to the Federal Government.

Employers, employees, and the legislature expect, and have the right to expect, the NIC to perform as an efficient and effective business. If these expectations are to be realized, the NIC must allocate sufficient resources to carry out those functions that are essential for the conduct of a well run business. Included among the many necessary functions is communications with its stakeholders. Just as a corporation must communicate with those who are affected by its success or failure (e.g., its shareholders and its customers), the NIC must communicate with Nevada employers and employees. This effort cannot be sporadic if it is to be effective. Rather, a communications program aimed at maintaining an appropriate flow of relevant information to employers, employees, and others is required if the NIC is to function efficiently.

Recommendation No. 4: A unit should be established to have sole responsibility for public communications. In order to be effective, sufficient resources must be allocated to support this unit and communications professionals utilized. Initial funding should be in the range of 0.5% to 0.75% of premiums. The individual selected to direct this unit should take the initiative in providing accurate and timely information to employers, employees, the media, and government agencies. Duties should also include responding to comments made in the media and monitoring complaints received by the NIC.

A number of issues that have been raised in connection with the NIC have been based on misunderstanding. This is not at all surprising because frequently complex and highly technical concepts are involved. For example, to understand how rating classifications are determined, some knowledge of credibility theory is necessary. Another complicating factor is the widely diversified knowledge base of the audience to which explanations are directed. For example, if a program were developed to explain the method being used to establish reserves, to be effective it must be aimed at an audience that might contain a general manager, a comptroller, a personnel manager, and a risk manager, all from separate companies.

Recommendation No. 5: A series of information circulars should be prepared that provide nontechnical explanations of the rate making, reserving, premium, and classification determination processes. These should be distributed at periodic intervals and a workshop held in Carson City and Las Vegas after each distribution. Each employer desiring to attend a workshop must notify the NIC and submit specific questions in advance. The workshops should then be designed around the specific interests of the attendees.

A relatively large amount of criticism has been directed at the NIC despite responsible and capable management. This criticism is the result of a combination of factors that include: inability to communicate effectively, responsibility for OSHA compliance, and the lack of objective standards against which performance can be measured. Establishing a communications function and transferring the responsibility for OSHA compliance as recommended earlier should eliminate the first two causal factors. However, the NIC will continue to be subject to criticism until performance standards for each of the major NIC functions are set, performance is measured against these standards, and the results communicated to the public. An alternative approach for ensuring adequate system performance has been suggested by various parties. It involves the separation of the NIC's insurance functions from the monitoring and supervisory functions related to administering the workers' compensation law. Although, on the surface, this would appear to be a viable method, currently it would lead to a less efficient system.

Recommendation No. 6: A committee composed of members representing employers, employees, the NIC, the insurance industry, and the Department of Labor should be established on an ad hoc basis to develop standards against which the performance of the various service operations should be measured. A procedure should be established to review and update these standards periodically.

Recommendation No. 7: An annual report should be prepared to communicate both financial and operational performance. The financial aspects of the report should focus on underwriting performance, investment performance, and changes in required reserve levels. The operational performance section of the report should measure actual experience against the standards established in the previous recommendation.

Recommendation No. 8: An annual meeting should be held in Carson City and Las Vegas to review the year's operations by focusing on the above items, to highlight anticipated problems, and to solicit comments from employers and employees.

The NIC has properly refused to respond to pressure in carrying out its fiduciary responsibilities. For example, the 1971 decision to act decisively to strengthen reserves was unpopular with a number of influential employers, yet proper if NIC management is to operate a fund that is fiscally sound. The NIC's fiscal notes, required to be attached to proposed legislation, are developed on an objective evaluation of available relevant data, often with the help of outside, independent consultants. Such efforts may result in a conclusion by the legislature that certain benefit increases are too expensive and may generate substantial criticism of NIC from various interest groups.

Recommendation No. 9: The requirement that fiscal notes be developed before proposed workers' compensation legislation is given serious consideration must be adhered to if costs and benefits are to remain at reasonable levels.

Since the 1972 Legislative Commission Study of the NIC, the legislature and the NIC have worked in concert to improve the workers' compensation system in Nevada. This combined effort has resulted in an active organization that has responded responsibly and effectively to emerging problems and trends. For example, the need to improve the financial structure was recognized and rates were increased accordingly despite pressure being exerted to ignore the problem. Also, the variety of rating plans available to employers has been constantly expanding with the introduction of the Self Rating Plan in 1974, the Retrospective Rating Plan in 1978, and periodic modification to the Experience Rating Plan. It is inevitable that misunderstandings will arise in connection with the various functions performed by the NIC, but this is not necessarily indicative of mismanagement. In fact, there is no reason to believe that the following functions are not effectively carried out presently: rate making, reserving, determining premiums and classifications, investigating and adjudicating claims,

determining and delivering benefits, and performing medical and vocational rehabilitation. When the Nevada system is considered objectively, it must be considered to be sound and generally responsive to employers and employees. This is a direct result of a qualified and motivated NIC staff and an effective legislature. Maintaining and improving the quality of NIC staff requires an objective analysis of the tasks that must be performed by the NIC, the necessary skills required to perform them, and the appropriate incentive structures required to attract and retain personnel with those skills.

Recommendation No. 10: To ensure quality and continuity of the management structure, a study to determine appropriate manpower and compensation levels should be undertaken. This should be conducted for the Commission by an outside independent consulting firm with expertise in this area. To avoid any possibility of self interest in making this recommendation, we further recommend that SRI not be included among the consultants who might be considered to perform this study.



SUMMA CORPORATION  
SIX LAS VEGAS HOTELS/CASINOS  
NIC CLAIM COSTS vs. NIC PREMIUM COSTS

<u>CALENDAR YEAR</u>	<u>NIC PREMIUM</u>	<u>CLAIM COSTS</u>	<u>PREMIUMS OVER CLAIMS COST</u>	<u>%</u>
1971	\$ 439,205	\$ 332,495	+ 106,710	+ 32.09
1972	579,834	335,330	+ 244,504	+ 72.91
1973	681,016	461,258	+ 219,758	+ 47.64
1974	784,365	448,028	+ 336,337	+ 75.07
1975	922,681	583,801	+ 338,880	+ 58.05
1976	1,139,470	705,659	+ 433,811	+ 61.48
1977	1,377,900	749,173	+ 628,727	+ 83.92
1978*	1,244,740	692,300	+ 552,440	+ 79.80
<b>TOTALS</b>	<b>\$ 7,169,211</b>	<b>\$4,308,044</b>	<b>+2,861,167</b>	<b>+ 66.41</b>
		<u>X .12</u>	<u>-516,965</u>	
		<u>516,965</u>	<u>2,344,202</u>	

(\*) Landmark sold March 31, 1978

Prepared by:  
Summa Corporation & Affiliates  
Recreation Group  
Industrial Relations Department  
December 6, 1977  
(Revised 3/23/78)  
(Revised 3/30/79)

## N.I.C.

4/5/79

If you have a Complaint about N.I.C. we need your name on this petition to support our Committee going to Carson City to speak for us at State Assembly.

TEL #	NAME	Address
825-4429	LEA RAMACCIOTTI ✓	406 Smithridge PK RENO N.E.C.
358-7486	AUROVA DE LA TORRE ✓	2364 wedekind Rd #4 Reno
912-1892	Reggie C. Moore ✓	260 Magnolia Lemmon Valley
358-8109	Kathy O'Donley	1540 I. St. Sparks Nev
359-1049	Elizabeth Anderson ✓	2055 Conrad St. S - Reno
786-0660	Cordy Velarde ✓	1995 Haddock Dr. Reno Nev.
786-2324	Silvest Velarde ✓	1995 Haddock Dr. Reno Nev
786-2324	Ron Parks	3815 SWIPS RENO
972-3847	Martha Meyer ✓	7680 Yorkshire, Reno Nev. 89506
972-1105	Russell Shoemaker ✓	3216 U. ST. NORTH HIGHLANDS <sup>cap</sup> 89560
916-332-7579	Mike Sweeney ✓	4 <sup>th</sup> St. Reno, Nev.
332-8623	Mildred L. Nelson ✓	235 Magnolia Way Lemmon Valley
972-0609	Charles (Chuck) Hodkin	Lemmon Valley Nev.
972-7802	Pat Conahery	Lemmon Valley, Nev.
No Phone	Nickie Green	
972-7101	Eve Small	
825-5881	Bud WOLBERT	13562 MT. BALDY <sup>sp2</sup> Stat
972-6760	Merle Myers	5590 Lon th. Jun Valley
673-1335	Alvina Stokes	Lugate, Lemmon Valley
972-1533	Mildred Haring	P.O. Box 1138 Carson City
82-4494		

## Complaints

1. refusal on appeals. (ignored demand or put off).
2. Disability cut off without proper hearing.
3. Wh. + Lawyers not standing up for their clients.
4. Disabled having to hire lawyers to get help.
5. Being sent out of State to rehabilitation Clinics.
6. Patients not being advised of wh. + hospital reports to N.I.C.
7. N.I.C. pressing whs. to release patients.
9. Child Care, house keeping, gas for office visits (Cost to patient)
10. No Cost of living raises for pensioners or disabled.
11. Being threatened by Collection agencies over unpaid N.I.C. bills.
12. Taking losses in personal property due to lack of income.
13. Wh. on N.I.C. panel not qualified to make all medical decisions
14. refused jobs because of former injuries.
15. Complaints about wh. Young.
16. N.I.C. Money being used for investments + accumulating while N.I.C. patients are doing without financial assistance

ROBERT LIST  
GOVERNOR

STATE OF NEVADA

JOHN R. REISER  
CHAIRMAN

NEVADA INDUSTRIAL COMMISSION

HAL G. CURTIS  
COMMISSIONER REPRESENTING LABOR  
JAMES S. LORIGAN  
COMMISSIONER REPRESENTING INDUSTRY



ADDRESS ALL CORRESPONDENCE TO  
NEVADA INDUSTRIAL COMMISSION

REPLY TO

515 East Musser Street  
Carson City, Nevada 89714  
March 14, 1979

Mrs. Aurora D. DeLaTorre  
2364 Wedekind Road, No "H"  
Reno, NV 89512

Re: Claim No: 79-5748  
Injured: 9-18-78

Dear Mrs. DeLaTorre:

We are in receipt of your request for a hearing. The comments on this form does not indicate any reason for scheduling a hearing.

If you feel you are in need of additional medical care, it will be necessary for you to submit your request, in writing, for reopening of your claim. It will also be necessary for you to submit an up-to-date medical report, at your own expense, from your treating physician stating your condition is worse than it was at the time your claim was closed and what treatment he proposes to render.

If you have any questions, please do not hesitate to contact me.

Sincerely,

(Mrs.) Stephana D. Vance  
Claims Examiner

SDV:121m0920

MIKE O'CALLAGHAN  
GOVERNOR

STATE OF NEVADA

JOHN R. REISER  
CHAIRMAN

NEVADA INDUSTRIAL COMMISSION

CLAUDE EVANS  
COMMISSIONER REPRESENTING LABOR  
JAMES S. LORIGAN  
COMMISSIONER REPRESENTING INDUSTRY



ADDRESS ALL CORRESPONDENCE TO  
NEVADA INDUSTRIAL COMMISSION

REPLY TO

515 East Musser Street  
Carson City, Nevada 89714  
February 20, 1979

Aurora De La Torre  
2364 Weedkind Rd. #H  
Reno, Nevada 89512

Re: Claim No: 79-5748  
Date of Accident  
or Disease: 9-18-78

Dear Ms. De La Torre:

This is to inform you that following a review of your claim file, it was determined that all services and benefits have concluded. Therefore your file is being closed. There is no rateable permanent partial disability related to your industrial injury. Attached is a copy of the Injured Worker's Rights and Remedies and an appeal form.

If you have any questions concerning the closure, please write or contact the undersigned.

Cordially,

Stephana D. Vance/bb  
Benefits Representative  
Nevada Industrial Commission

ATTENTION: NOTICE is hereby given to submit any outstanding bills prior to 3-20-79.

cc: Employer - Dutch Girl Food Products  
Attending Physician - H.O. Hendrick, M.D.

N.I.C.  
Claimant  
Letters

1096

Compiled by:  
Nevada State AFL-CIO

# MEDIA

January 1979

## Legislators Here Again

The 1979 Legislature convened on Monday, January 15. If the past few sessions can be used as a guide a record number of bills will be considered and as usual NIC will be a frequent subject.

The reason for the log jam of new bills can be traced back to us, the voting public. In recent years virtually all of the special interest groups in our society feeling "there ought to be a law", have looked for the legislative solution to problems.

We cannot fully predict what to expect in the way of new legislation. Commissioner Lorigan, in his news bulletin to Nevada employers, set forth the following anticipated proposals.

The legislative subcommittee, chaired by Assemblyman Joe



Legislative Building

Dini, which has been studying the operation of NIC for the past 18 months, has made the following recommendations to the Legislative Commission. *Continued on page 3*

## SWITCH

A few years back, when Dennis Butler was employed by State Personnel, he learned the intricacies of classification and pay under the watchful eye of his supervisor, Don Leahy. Dennis became NIC's first Personnel Officer three years ago.

January 1, 1979, when Dennis transferred to Employer Accounts as manager, he was replaced by Don Leahy, our new Personnel Officer. Don had worked in State Personnel for 13 years.

Don was born in Los Angeles, grew up in Santa Barbara and San Francisco,



Don Leahy

then moved to Nevada and attended UNR. He has lived in Carson City for 15 years. He has three children, Mike (14), Patrick (11) and Erin (8). □

**\$20,000,000**

### Dividend Declared

In a December news release, Chairman John Reiser announced that NIC has declared a \$20,000,000 experience dividend. The dividend will be distributed to eligible NIC policyholders following evaluation of individual employer claim loss experience through the close of the fiscal year ending June 30, 1979.

In the news release Reiser stated, "I believe the NIC experience is unique in the worker's compensation insurance field. This type of insurance has been a losing line for insurance carriers nationwide. The industry history for the past few years has been rate increase upon rate increase as insurance carriers attempted to eliminate underwriting losses."

*Continued on page 3*



*This article is being published again at the request of the Fiscal Division because of repeated inquiries about insurance coverage when a privately owned vehicle is used at work by an NIC employee.*

---

## **Who's to Blame?**

Imagine that you are involved in an auto accident, causing injuries to the occupants of the other car, while on NIC business in your car. Does NIC's non-owned auto insurance cover the medical expenses and auto damages? The answer is NO. It would if NIC were named in a lawsuit arising out of the accident.

If an NIC investigator is using his personal car, with Commission permission, on a surveillance assignment and the car is demolished in an accident, does NIC repair or replace the car? Again the answer is NO. The 17 cents per mile paid for use of his private car is all an employee is eligible for.

---

### *IF YOUR CAR IS DESTROYED*

*..... Who's to Blame ?*

### *IF YOU ARE INJURED*

*..... Who's to Blame ?*

---

Suppose you are asked to meet an NIC visitor at the airport, after hours and in your personal car. Enroute to the airport you strike a pedestrian. Is NIC responsible? NO. You are on your own. Again, if a suit were filed against NIC, the non-owned auto policy would apply for the protection of NIC, but not for your protection.

You have a rush job to get out and bring your own calculator to the office to enable you to meet the deadline. The calculator is stolen. Will NIC's office equipment floater insurance policy cover the loss? NO.

A number of questions have recently come up about insurance coverage. NIC has Comprehensive General Liability Insurance. In fact, an examination of NIC's insurance portfolio shows that NIC has the type of coverage that any business enterprise that owns its buildings, automobiles and equipment would be expected to have. The insurance is for NIC's protection. It does not apply to employees or employee's property.

This is not to suggest that you advise your insurance agent that you use your car on business and need additional coverage. The purpose is to let you know that your car insurance applies.

If you don't have insurance, you, not NIC, are responsible for auto damages and personal injuries. The good news is that "you would be covered for worker's compensation if injured on a Commission errand." □





LEGISLATORS continued

These recommendations will be presented to the 1979 Session of the Nevada Legislature.

1. Permitting certain employers to become self-insured under the supervision of the Commissioner of Insurance.
2. Revising the hearings procedure.
3. Requiring a review of any proposed rate change by the Insurance Commission.
4. Ordering a compliance audit by the Legislative auditor during the interim between legislative sessions.

In addition to more flexible forms of coverage such as retrospective rating and self rating plans instituted by the Commission, the subcommittee believes the following recommendations will benefit employers:

1. Allowing a reduction from otherwise applicable rates of 5% for the employer who institutes an improved safety program.
2. Extending coverage under the subsequent injury fund to an employer if the employee misleads him as to a prior injury by denying the injury or failing to report it on a written application.
3. Requiring the Commission to accept or deny a claim within 90 days after the first report of injury.
4. Providing for an area in which claims files may be inspected and copied.
5. Requiring a medical finding of physical compatibility with proposed rehabilitation program.
6. Requiring the Commission to employ account representatives to call upon employers and review rates, claims and reserves.

Employee benefits and coverage are enlarged by:

1. Extending coverage for heart disease to all employees.
2. Providing compensation and benefits for a permanent partial disability as a result of an occupational disease.
3. Establishing a retroactive benefit fund to equalize the benefits for accidents occurring before July 1, 1973.
4. Permitting an employee to select a new treating physician one time without Commission approval.
5. Allowing a lump sum payment of up to 25% for any disability in excess of 12%.

The aforementioned recommendations were taken directly from a study entitled Administrative Procedures Followed by the Nevada Industrial Commission and Alternative Methods of Providing Workmen's Compensation Coverage, which was produced as a result of Senate Concurrent Resolution No. 39 of the 1977 Session of the Nevada Legislature.

These are not to be construed as recommendations of the Nevada Industrial Commission. □

DIVIDEND continued

The last premium rate level increase in Nevada was on July 1, 1976. That rate level was unchanged for two years, then reduced by three percent on July 1, 1978.

The chairman attributes this remarkable experience of NIC to the long-term disability prevention effort initiated in 1973 when our rehabilitation programs and the Rehabilitation Center became possible through enabling legislation.

The last dividend was in 1974 when the Commission declared a two million dollar experience dividend which was distributed to employers who had shown favorable experience. □

## Videotape Examinations?

The use of videotaping during medical examinations has come before California courts (*Edmiston v. Superior Court* [11-27-78] 22C.3d 699).

In a personal injury action the court ordered the injured party, at the defendant's request, to submit to an independent medical examination. She agreed, but only on the condition that the examination be videotaped.

The defendant's would not agree on the grounds that videotaping was not authorized by law, but did insist on an independent examination. The court granted the motion to compel the examination, but included the videotape condition. The defendants then brought the superior court action for a writ of prohibition restraining the trial court from enforcing the videotaping condition on the grounds the videotape presentation of the medical examination would be disruptive and inhibitive in the courtroom. Because the use of videotape as a form of recording medical examinations had not been affirmatively authorized by the legislature, the court declined to authorize it judicially.

The attorneys for the injured party argued that the court should allow videotaping as a method of insuring the integrity of the medical examination and protecting the rights of the plaintiff (claimant). The supreme court decided against the argument in this case, but we can expect the trial lawyers to take their arguments to the legislature. □

# TO BE OR NOT TO BE

The Nevada Industrial Commission's Labor-Management Advisory Board has decided to have an independent research group evaluate NIC's performance in delivering worker's compensation protection.

The project's objective is to evaluate the worker's compensation insurance alternatives for the State of Nevada. The study is being done by the Stanford Research Institute International of Menlo Park, California. It is under the supervision of Carl S. Spetzler Ph. D. The work is being directed by Harry J. Solberg, senior financial industries consultant. A major portion of the research is being compiled by Jim Carey, also a Senior Financial Industries Consultant. Mr. Carey has interviewed the NIC coordinator, the assistant coordinator, the commissioners and the NIC Labor-Management Board. He is being provided with facts and figures requested for the study.

A variety of viewpoints have been offered in the past years, by legislators and by persons who sell insurance in Nevada stating their opinions of the type of worker's compensation system that would be best for Nevada.

Three alternatives are frequently suggested. Those alternatives are: (1) continue with an exclusive state fund; (2) convert to a two-way system (state fund or self-insurance) or; (3) convert to a three-way system (state fund, self-insurance or private insurance companies).

The purpose of the SRI evaluation is to identify the strengths and weaknesses of each of the three alternatives. To accomplish this evaluation the following suppositions will be examined:

\*Worker's compensation costs may now be higher than they would be if competition were permitted.

\*Improvements in general service, with some insurers specializing in programs for specific types of employers, might be possible under another system.

\*The overall level of safety, loss control, and rehabilitation might be raised under another system.

\*The distribution of costs through private insurers -and the NIC- could be accomplished with greater sophistication if a broader base of experience were used.

\*No provision for public review of NIC rates currently exists.

\*Services provided by local, professional insurance agents are omitted in the current system.

\*Currently, employers must go to at least two sources to obtain property liability insurance. Under a three-way system, employers could choose to have such coverages coordinated from a single source.

\*The current system does not separate the roles of the insurer and the adjudicatory agency; this could potentially reduce the degree of objectivity and equity that the system maintains.

\*NIC's dual role as safety consultant and OSHA compliance inspector does not lend itself to maximizing safety accomplishments.

\*Overall, NIC is doing a very good job in providing worker's compensation insurance to Nevada employers and employees, and a move to another system would be destructive rather than constructive.

\*A three-way system, requiring profits for insurers and commissions to insurance agents, would increase rather than reduce the worker's compensation insurance costs for Nevada employers.

\*Improving the current system may be a more desirable alternative than introducing either a two-way or a three-way system.

The study began in November 1978 and is to be completed by March 15, 1979. The consultants will appear before the 1979 Legislature to present the recommendations. Their recommendations will be put in writing and will be made available to NIC employees. □

## MEDIA

published monthly for  
the employees and retirees of  
the NEVADA INDUSTRIAL COMMISSION  
515 E. Musser St., Carson City, NV 89714

ROBERT LIST . . . . . Governor  
JOHN R. REISER . . . . . Chairman  
HAL G. CURTIS . . . . . Commissioner  
JAMES S. LORIGAN . . . . . Commissioner

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Member International Association of  
Business Communicators



ch

Cornelius F. Alexander  
516 Falcon Lane  
Las Vegas, Nevada 89107

March 8, 1979

Claude Evans  
P.O. Box 2115  
Carson City, Nevada 89701      Re: NIC Benifits

Dear Blackie:

Here are the letters I sent your constituents, I hope they did some good.

I understand a bill will be introduced to raise the benefits for people on NIC benefits. I, am on total disability and receive \$332.80 per month.

The prices of everything keeps going but; a person can not make it, on this kind of money.

Every year they talk about raising benefits, but for some reason it dies on the way.

Do something about it!!!.

Thank you for your kind consideration in this matter and it does matter to me and my family.

- Very truly yours,

Cornelius F. Alexander

*C.F. Alexander*

*U.S.  
Is there any way of it being made public how our Legislatures votes on these bills. It would help a lot on election day.*

D

March 8th 1979

Claude Evans:

Dear Sir:

In regards to the letter I received from you March 1st 1979.

Starting during the 1979 session of Nevada State Legislature, a bill will be introduced to increase benefits paid to the survivors of fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of industrial injury.

I worked at the Test Site for many years in 1966 I fell down in the shaft and broke my back. I was in the hospital, many times which the doctors treated me for other injuries. They did not find my real trouble until 1970.

② In July 1971 Dr Williams operated on my back. fused several disks, the operation was not successful.

So I am now paralyzed in my lower lombard and both legs, which is very difficult for me to walk at all. Also my back injury caused me many other complications.

It is almost impossible for me to get around by myself in fact I have to have help, I cannot drive a car or do anything due to the pain I have in my back.

So you can see the conditions I am in due to the N.I.C. Doctors, they refered me to.

I have been for 4 years trying to get my N.I.C. Case re. opened all they do is just toss my case around or put my letter or request in dead file. My Request was for Medical attention

③ which I am in badly in need of medical attention & something done about my monthly Pension <sup>check</sup>.  
 The Doctor, that did my Surgery in July 1971 will not take my Case anymore - they refer me to some One else that knows Nothing about My Case - and I am a Merry go round just dying a little more, each and every day - Tell me is this Justice.

My N.I.C. Check each Month is 249<sup>00</sup> with the Cost of living going up & taxes etc. So how do you expect a human being to live - Pay Doctors bills, Medication & Numerous other bills.

It's hard for a man that had good health & working to make a living. Now does a sick man make ends meet on a small Pension Check? Please show me the way I was a very important man working at my job at the Test Site the many years I worked there.

④ I think something should be done in regards to my case and other people just like me.

The Commission granted me total disability May 31st 1973

They also stated if I should need Medical Care for me to have my doctor, to ~~submit~~ submit a letter to the Commission for review.

My attending physician at that time was Dr. Walter Beckford did submit a letter in 1975 - which I did not get any response to.

I would be grateful if you would look into this matter for me.

Thank you,  
Robert Owen  
Robert O. Owen  
372 Tropicana Ave  
Las Vegas, Nev. 89109  
Ap 381 Nansley

Phone # 736-3128

Pension # 3267

9 MAR. 79

EXHIBIT L

Sen. Thomas Wilson

Dear Sir,

I Beg of you to pass legislation that will increase N-I-C. Total Permanent Disability Pensions.

I am receiving a pension check in the amount of \$188.50 along with the increase check of \$37.50 for a total of \$226.00 per month

I Recently lost my wife & her income. so I have no idea how I will be able to survive in the future. The hardships were great enough in the past I go to the V-A Clinic & Hospital for medical treatment as I cannot afford private medical care.

as the Pensions are a dying expense I do not believe it would hurt the N I C Surplus Fund to increase our Compensation - Please act favorably on our behalf.

Sincerely,

James William



9 - Mar. 79

Assemblyman, James Banner

Dear Jim,

Please act favorably on pending  
Legislation to increase Compensation for  
total permanent Disability Pensions.

As you know Hazel died recently, after  
a 2 year battle with Cancer. I am just  
beginning to miss her financial support.

I receive a compensation check in  
the amount of \$188.50 along with the increase  
check of \$37.50 for a total of \$226.20 per mo.

I do not believe it would hurt the N.I.C.  
Surplus fund to increase our monthly  
Pension checks. As we are a dying  
group it will not be a permanent expense.

Thank you in advance for your  
help to increase our Pension checks.

Sincerely yours,

Jim Williams

Copy

Tonopah, Nevada  
March 10, 1979

Mr. Claude Evans  
Executive Secretary-Treasurer  
P. O. Box 2115  
Carson City, Nevada 89710

Dear Sir:

I am so glad to hear there is a bill being introduced to increase pensions for Nevada Industrial Commission Claimants.

I am receiving two checks from Nevada Industrial Commission. One for One Hundred Sixty-Seven Dollars and Fifty Cents (\$167.50) and one for Thirty-Three Dollars and Fifty Cents (\$33.50). I am a widow.

But during these days of high inflation it is almost impossible to manage on that amount of money; and some times I do not manage. So a little extra money added to my pension would be a great help.

Sincerely,

(Mrs.) Mae Barra  
P. O. Box 285  
Tonopah, Nevada 89049

*Mae Barra*  
C.C.: Senator Thomas Wilson  
C.C.: Assemblyman James Banner

March 8, 1979

Pioche, Nevada 89043

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
CarsonCity, Nevada 89710

Dear Mr. Banner:

At the present time I am receiving \$201.00 per month from the Nevada Industrial Commission.

With the high cost of inflation I find it extremely hard to make ends meet in paying my living expenses .

It would be a great help to me financially and all others also, to receive more money to live on.

Thanks for your help in this matter.

Sincerely,

*Carol Stewart*  
Carol Stewart

cc: Senator Thomas Wilson  
Claude Evans

Claude Evans  
P.O. Box 2115  
Carson City,  
Nevada 89701

It has come to my attention that the 1979 Legislature will be introducing a bill to increase benefits to individuals who have been permanently and totally disabled as a result of an industrial injury.

Being totally and permanently disabled, I would find this bill a great help with the rising prices. I find it very hard to live with the high prices of groceries, power, gas etc.

Please help see this bill pass as it would greatly benefit many needy people

Thank You  
Claude Evans

✓  
Mar 10 - 1979  
of [unclear]  
have [unclear]

Dear Mr. [unclear] -  
I would like to [unclear]  
[unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]

[Signature]

Dear Mr. [unclear] -  
I am very sorry to [unclear]  
concern about the [unclear]  
he indicated to the [unclear]  
regarding [unclear]  
[unclear] [unclear] [unclear]

of [unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]

Please give the [unclear]  
at [unclear] [unclear] [unclear]  
[unclear] [unclear] [unclear]

Very [unclear]  
[unclear]

1421 Betty Lane  
Las Vegas, Nev. 89110  
8 March 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Re: N I C Benefits

Dear Senator Wilson:

I understand that there is a bill to be introduced into the Legislature, to increase benefits for permanently and totally disabled persons, injured resulting from industrial accident.

I was injured on the job February 22, 1972 and was put on compensation in 1973. For many months, I drew \$184.11 every 14 days. Then in October, 1974, I was advised that I was being put on permanent pension. My first check was for \$332.80 and as of this date, I am still drawing \$332.80. No cost of living raise, no increase to off-set high inflation--in other words--no increase. With high rents, utilities, food costs, normal families cannot live on that amount of money by any stretch of the imagination.

With income such as this, it tends to reduce the standard of living from normal or above, to poverty level and in some cases, below.

I trust that our combined efforts will result in badly needed increased benefits in the near future. If I can be of any further help, please contact me.

Very truly yours,

  
FRANK C. PARISH

FCP:rp  
452-4544

cc: Claude Evans AFL-CIO

ch  
MARCH 8, 1979

DEAR MR. EVANS:

I RECEIVE A MONTHLY CHECK OF \$261.50 AT THIS TIME. WITH THE HIGH COST OF LIVING WHAT IT IS NOW, I AM UNABLE TO MAKE ENDS MEET VERY WELL.

MY FIFTHTEEN YEAR OLD GRANDAUGHTER LIVES WITH ME. SHE IS IN HIGH SCHOOL WHICH MAKES A LOT OF EXTRA EXPENSES NECESSARY.

AS YOU ALL KNOW GROCERIES, UTILITIES, AND THE COST OF LIVING HAS ALMOST DOUBLED IN THE PAST FEW YEARS AND MY CHECK HAS NOT INCREASED ENOUGH TO BALANCE THIS. ANY INCREASED BENEFITS FROM YOU WOULD BE VERY MUCH APPRECIATED BY ME.

SINCERELY YOURS,

*Margaret Bibiano*

MARGARET BIBIANO

March 9, 1979

Dear Executive Secretary Treasurer Claude Evans,

In regards to your letter of March 1, 1979, I receive from N. I. C. \$459.07 a month which is impossible to live on under my circumstances as I am not allowed to work under the N. I. C. decision.

With the present rate of inflation it is not feasible to survive on for two people, and I do think that they should pass a bill increasing the amount for a permanent disability.

Sincerely,



Robert C. Fernandes



cr  
March 8, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89701

Dear Mr. Banner:

This letter is directed to you as an N.I.C. Claimant of this state. I have been receiving these benefits for three years now since the tragic death of my husband while working.

I started receiving benefits while living in the very small township of Empire, Nevada where the cost of living is extremely low compared to the city living that I now have to cope with.

Yes, this letter is written with the intention of letting you know that I truly believe that an increase in benefits to all claimants is not unreasonable when you take into consideration that fact that the cost of living, which even the working class has to face, the fact that I have a handicapped child that will be dependent upon me for her or my entire life, and the cost to maintain a home in this city.

I receive \$514. per month and a small amount of Social Security which is what I have to live on. How many people do you know that live on that kind of money? Not many, I'm sure. As you can see, I cannot even qualify for welfare which also comes out of the state's money.

I don't even feel that I have to list my expenses for you to see that I find it difficult to make ends meet even with the barest of expenses. Just pick up the newspaper daily and note the cost of gasoline and most especially the terrible cost of food which is something that even the prosperous are complaining about.

Thank you very much and I hope that you will make it possible for a bill to pass in the Legislature. Myself, and people like me, will do all we can to support you and make our voices heard.

Sincerely,

*Mrs. Casey Garcia*

--- Mrs. Casey Garcia

Duplicate copy to Claude Evans

1160 Johnson Pl.

Reno Nr. 89509.

Mar. 9, 1979

is a copy  
 here and  
 Elson and Bannin  
 C. S.

Dear Sir,

I understand the 1979 legislature is talking about a bill to increase the benefits payed by the Nevada Industrial Commission to recipients who are on permanent total disability.

Due to my accident of Nov 1971 I am one of those on P. T.

My check of \$332.90 is based on my earnings as of that date.

We all know how inflation has eaten into everybody's pay checks. But at least those that are working have had some increase in their income.

I sure <sup>wish</sup> you could do something to increase my check, even a little would help!

Thank You  
 Ed Shelton.

Jepperington, Nev

March 8, 1979

Claude Evans:  
Executive Sec. - Texas  
P.O. Box 2115  
Carson City, Nev 89701

Dear Sir

In reply to your letter March 1, 1979  
Nevada State A.F.L. - C.I.O. and N.I.C.  
Claimant and need to increase the  
benefits of individuals in my circumstances  
I own a mobile home in mason 3 miles  
from town also a 1969 Chevrolet Car  
my utilities are approximately \$85.00 per month  
and a water meter to be installed soon  
which I stand the cost.

at present time I am under a Dr's care  
for my back as result from a fall  
The Dr is in Carson City. as a result  
I am able to work part time only as I am  
64 years.

Sincerely

Doris O Long  
510 Mason Ave  
Jepperington Nev 89447

Las Vegas, Nev.  
 March 8, 1979

Assemblyman James Tanner  
 Labor Committee Chairman  
 Nevada St. Legislature  
 Carson City, Nev. 89710

This is to inform you as a claimant of N. S. C. that I receive two hundred + one dollars a month on my claim. My purpose is to remind all of you of how difficult it is to do very much on that amount in these times of high inflation. I do want to say, though, that it does help immensely - every penny does, of course.

If in any way you could help to increase the benefits to me it would be very much appreciated.

Thanking you in Advance  
 Idona Christensen

Copy of Letters sent to:  
assemblyman James Banner +  
Senator Thomas Wilson

Mar. 7, 1979  
Las Vegas Nev.

Claude Evans.

I am writing to you in regards  
to my total Disability Pension  
from N.I.C. I understand you  
might be helpful in getting  
N.I.C. Benefits Increased.

My check is \$156<sup>00</sup> a month +  
I am sure you know how far  
that goes, with prices rising  
all the time. I need more money  
as I am sure most do. I was injured  
in 1963 + they base my check  
on what I was making then which  
doesn't seem fair. If you can be  
of help I will be very grateful

Thank you  
Flossie Boisjolie  
Pension No. 3228

Re Mar. 8, 1979

Dear Mr. Evans:

Thank you for your efforts  
in our behalf.

Following is letter I sent to  
both Dr. Dickson and Dr. Tom Wilson:

"I would like to add my voice  
to those others who appeal to you to  
assist in the monetary increase  
of survivors of the fatally injured  
receiving M.I.C. monthly checks.

I currently receive \$448. per  
mo. and as I am 54 years of age,  
unable to drive a car and  
raising a 10 year old son I find  
it difficult with the constantly rising  
cost of living

Your assistance would be  
deeply appreciated on the  
upcoming bill.

---

Sincerely yours.

Shirley D. Conley  
(wife of Gus Conley  
killed Aug 30, 1978)

1624 Palm # 258  
Las Vegas, Nev. 89104

P.O. Box 5808  
Las Vegas, Nevada 89102  
March 9, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Banner,

I wrote to you last year asking you to please do what you could to get an increase for N.I.C claimants who are totally disabled as a result of an industrial injury. I am asking you now if you will try again?

I have been totally disabled from an industrial injury since 1968. My check was \$ 256.00 per month. I have had only one increase of \$ 51.20 during that time, which makes a total of \$307.20 per month. I cannot possibly live on this. My wife has had to work to help supplement our income. My wife is getting old and it hurts me to see her have to work through no fault of my own. I had always made a good living for my family before the accident on my job.

I also think it is unfair that some people who are totally disabled are getting more money per month than I receive just because they were hurt later. It cost just as much for me to live on as it does others.

If there is anything you can do to help this situation I would greatly appreciate it very much.

Sincerely,

*Edmond W Hill*

P.S. My home address is;

Edmond W. Hill  
600 Oakmount Dr. Apt. 3605  
Las Vegas, Nevada 89109

Phone # 735-7519



P.O. BOX # 5808  
Las Vegas, Nevada 89102  
March 10, 1979

Senator Thomas Wilson  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Wilson,

I am writing you in regards to asking your help in trying to get an increase for N.I.C claimants who are totally disabled as a result of an industrial injury.

I have been a resident of Nevada for twenty five years, I was hurt on my job and was found to be totally disabled in 1968, placed on a small pension of \$256.00 per month. Since that time I have had two increases which amount to \$51.20, which makes a total of \$307.20 per month. My wife and I could not live on this meager check and at the time our son was young and living at home. Therefore my wife had to go to work. She is really not able to do this, but what can we do? I had always made a good living for my family and it hurts to see this happen. It does something to a mans pride to not be able to support his family in the way he is accustomed to doing.

I also feel that it is unfair that some people who were totally disabled are getting more money per month than I just because they were hurt at a later date. It cost just as much for me to live on as it does for others.

If there is something you can do to help this situation I would greatly appreciate it.

Sincerely,

Edmond W. Hill

Ph - 7.3.5 - 7.5.14

Las Vegas, Nev  
Mar 8, 1979

I am writing to you in the hope you could help me and others with a similar problem. I was injured on the job Apr. 4, 1956 and have been totally disabled since that time. W-D.C. put me on a permanent disability pension. I was awarded \$230. per mo. for myself & my wife. I have had 3 raises since then in the past 23 years. I now receive \$328.40 The last raise was in 1975. The cost of living has doubled in the past several years so it is impossible to make ends meet as my Social Security is only \$268.

Mrs Bonnie Mercer of  
N. D. C. told me the Legislature  
has to pass any raise and  
it was not even brought  
on the floor at the last session  
I would appreciate it very  
much if there is anything  
you can do to help get a  
bill on the floor at this  
session.

Very Truly yours  
Henry Ditz

2220 Nelson Way  
Sparks Nev.  
March 17, 1979

Copy of letters sent to  
Senator Thomas Wilson  
and  
Assemblyman James Banner  
Nevada State Legislature  
Carson City, Nev.

With the Nevada  
State Legislature in session  
and N. J. C. Bills under  
consideration - this is a  
request for your help in  
securing an increase in  
N. J. C. benefits, for we  
who are on Permanent  
and Total Disability  
resulting from an Industrial  
injury. With inflation as  
it is and still going higher,  
it is impossible to cover  
the high cost of living  
with my N. J. C. Pension  
which I receive as a

result of Total and Permanent  
Disability. My Pension is  
Two Hundred and Twenty Five  
Dollars a month - (\$225<sup>00</sup>)  
which I am certain you  
can understand is a  
very small amount toward  
living expenses. My seventy  
five year old wife  
works to supplement  
this.

Anything you can do  
to help us and making  
these conditions better  
would certainly be  
appreciated.

Yours truly,  
William Cross

My husband, Michael L. Timko, was killed while on the job with the Nevada Highway Dept. Ely Division, on October 13, 1971.

I was widowed, with three children, two of them teenagers.

I am now receiving \$21.00 per month benefits from N.L.C.

No doubt, you can all understand the extreme conditions, to try to keep house and home together, on this small amount.

I hope, by the Grace of God, that none of you, now working for our great state of Nevada, will ever leave your wife a widow, and your children fatherless, under these present laws of provision.

Please, please raise the amount we need it so desperately.

Sincerely,

Mrs Marie Timko

P.O. Box 1274

McBride, Nevada

89318

Claude Evans  
ca - 12/74

Gen. Thomas Wilson

Dear Sir -

I am permanently and  
totally disabled since  
11/29/68 I receive \$307.20  
a month benefit and  
it's getting harder for  
me to survive on that  
and am getting way  
behind on many things  
that should be done,  
such as dental work  
doctors care and many  
other day to day things  
of living -

thank you  
very much

Yours truly

Nick Popovich  
Fulton rd.  
1325 S. Taylor  
89406

ca  
Mrs. Clifford Harmon  
23 Bridge St. Mason  
Yerington, NV 89447

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, NV 89710

Dear Mr. Wilson:

My husband was injured in 1966 in an industrial accident and now receives a permanent total disability pension.

He receives only \$278.40 a month. The cost of living has increased to such an extent that it is impossible to live on such a small income. We live and eat very modestly and still our grocery bill is between \$180.00 and \$190.00 a month. Our utility bills (heat, electricity and water) run approximately \$95.00 a month for a small home. Then to these you add the cost of insurance, taxes, and the other living expenses and it makes it impossible to live.

We did not receive an increase when the last legislature was in session and the cost of living has doubled.

We feel that those on fixed incomes must have periodical income increases to accommodate the cost of living increases.

Sincerely

*Mrs. Clifford Harmon*

cc: Claude Evans  
Executive Secretary-Treasurer  
Nevada State A.F.L.-C.I.O.  
P.O. Box 2115  
Carson City, NV 89701





L

3-7-79

Assemblyman James Banner.

I'm writing  
this now that the Legislature is  
in Session with the hopes that  
an increase in pay for the people  
who are Totally Injured or are  
declared Permanent Totally Disabled  
such as I am.

I was injured on  
2-16-74 I've had 10 operations on  
my stomach and is still not  
healed and need more surgery.  
I've also had 6 operations on my  
leg. And I'm under doctor's order  
not to be on it too much or I  
could lose the leg.

I fought N. D. C.  
for four years before last June  
they declared me Permanent Totally

disable. And had I not been for the help of James Banner, Assemblyman Robert Craddock, and Claude Evans I would still be fighting. They kept my hopes up.

I receive 344.67 per month. Out of that I have to pay \$175.00 rent, lights \$25.00, phone because of my illness. I have to pay 3.49 for one cream & \$2.39 for another because of my leg. That I buy 4 times a month.

I also have to change bandages on my stomach 2 times a day the total a month for tape & Bandages is \$59.00. I also have to buy food, gas to go to the doctor.

So that leaves only a few dollars left. And now the doctor says because for doing

3

Maid wash all my life the dust  
& lint from the sheets & blankets.  
This caused me to have breathing  
problems. That's more medicine.

I hope this letter will  
be of some help. And even though  
I was awarded Permanent Total  
Disability. I was not given any  
Medical care. To get care I have  
to go to a doctor have him  
write N. D. C. and get this approval  
Which to me does not seem  
fair. They knew my stomach  
was still open and draining.

Once again I thank you  
James Barnes, Robert Craddock, &  
Mr Claude Evans for ~~your~~ support  
you

and encouragement over the past  
4 1/2 years or the pain and  
suffering I've been thru and  
still going thru I could

4

not have made it.

I do hope this letter  
can be of some help.

Thank you  
Sincerely

Betty G. Goodman  
6280 Yellowstone Ave.  
Las Vegas, Nevada  
89110

March 7, 1979

Dear Sir:

As a recipient of N. I. C. I am truly interested in any legislation introduced that will increase benefits to the claimants.

My husband was killed in 1970 in an industrial accident. At that time we had an adopted daughter 2 years old. She is now 11 years old, and I am 59. We receive \$261.30 in benefits from N. I. C. It seems a shame that we must plead our cause for an increase. With inflation you know that our dollars are stretched to their limit. Meeting the price of the necessities of life can be hard enough, without having to cope with the very inflated costs of hospital insurance which is something I hope we do not have to use, but must have.

It has been several years since there was an increase in benefits, and you can be sure that anything that you can do on our behalf would be greatly appreciated.

Sincerely,

*Constance E. Zerk*  
*Box 17*  
*Hampden, Mo. 64649*



**CAWELTI - O'NEIL TRANSPORTATION, INC.**  
**LIMOUSINE SERVICE**

William B. Cawelti  
 William C. O'Neil  
 883-3586  
 883-3592



Carson City Airport  
 803 Carroll Drive  
 Carson City, NV 89701

Assemblyman James Banner  
 Labor Committee Chairman  
 Nevada State Legislature  
 Carson City, Nevada 89710

Dear Assemblyman Banner:

I met with you a few weeks ago and submitted some basic information on changes that I think should take place within the laws affecting the Nevada Industrial Commission. In addition to my recommended changes, I hereby support legislation introduced by Mr. Claude Evans of the A. F. L. - C. I. O. in behalf of survivors of the fatally injured and permanently-totally disabled persons.

I am enclosing information relating to some of the social and monetary problems that permanently total disabled persons encounter. (see attachments) I hope some of this will be beneficial to you.

My total personal compensation from the N. I. C., under a permanent total disability (paraplegic, confined to a wheelchair), is \$257.00 per month plus \$50.00 per month child care and attendant care. My compensation started at approximately \$208.00 per month 9 years ago! It was a hell of a drop from \$1500.00 per month in wages. Additionally, if I move out of the state, see NRS 616.626, in an attempt to benefit from other state financial aid programs, I lose part of my N. I. C. compensation.

Since Chairman John Reiser beds down with big business, the injured workers of the State of Nevada will never receive any N. I. C. initiated assistance. Consequently, I request your assistance in overcoming some of the problems that we face.

If there is any assistance that I can give you in your uphill battle in our behalf please call on me.

Sincerely,

Wm. B. Cawelti-President

WBC:bc

cc: Senator Thomas Wilson, Chairman

Commerce and Labor Committee

Mr. Claude Evans, Executive Secretary-Treasurer

A. F. L. - C. I. O.



March 5, 1979

TO: Assemblyman James Banner  
Senator Thomas Wilson  
Executive Secretary Claude Evans

As the result of a truck accident I have been permanently total disabled since 1970. Since this accident I have been actively involved with numerous organizations and agencies that has created in me a recognition of some of the problems that these persons face. I have given numerous speeches to community service groups, disabled assistance organizations, rehabilitation hospitals and centers and on radio and T.V., designed from input that I have received from severely disabled and permanently total disabled persons. Due to my injury, I, along with the majority of the other permanent total disabled Nevadans, experience the following social and monetary encumbrances.

1. INSURANCE--Automobile insurance is much higher for persons with permanent total disabilities. Most insurance companies refuse to insure us and those that do, independent agents, provide the insurance under higher risk premiums than required of the non-disabled. We are unable to get life and medical insurance to hedge against future problems that our families may face in the event of further medical complications that may not be industrial injury related.
2. TRANSPORTATION--We are unable to utilize most local or statewide transportation systems because of inaccessibility. This forces us into paying high transportation costs through required use of special built vehicles and constant personal use of taxicabs. These transportation problems and high transportation costs create physical problems, employment problems and schooling problems.
3. VEHICLE DESTRUCTION AND DEPRECIATION--Our vehicles lose their value through destruction created by putting wheelchairs in the front or back seat, wearing out and tearing the seats with prosthetic and orthotic appliances and by cutting holes in the doors and dashboards to install hand controls and entrance/exit equipment.
4. CLOTHES AND FURNITURE DESTRUCTION--The bottoms of jackets and shirts get torn, wear out early and become permanently soiled from the use of wheelchairs and prosthetic and orthotic appliances. Also, the sleeves of pants, shirts and jackets become permanently soiled and receive excessive wear in very short periods of time. Special clothing or alterations are often required depending upon a persons condition. Because of lack of adequate bladder and bowel function of some persons, furniture, mattresses, blankets and clothes are often destroyed creating further personal expenditures.

5. HOUSES OR RENTAL UNIT DESTRUCTION--Our houses require the placement of mobility assistance equipment such as bathtub rails, hall guides/supports, shower stools and rails, toilet transfer bars, etc. The walls become bumped, scraped and gouged from use of mobility assistance equipment. The carpets and floor coverings receive the same type of treatment and subsequent early destruction. We never get back cleaning deposits upon moving from a rental unit and sometimes are required to pay damages over and above the amount of cleaning deposits.
6. HOUSING PROCUREMENT--Landlords do not like to rent to disabled persons, especially unemployed disabled persons. Those places that we find to rent are not suitable to live in or do not meet with our physical needs, i. e. doors too narrow, staired entrances inaccessible, rooms too small, hallways too narrow, toilet facilities inaccessible, kitchen inaccessible, etc. Since no one will pay the cost of making accessibility changes we have to keep searching. When we do find a house or apartment to rent, seldom purchase, we are often forced to live communally to afford the place.
7. EMPLOYMENT--Although we are medically considered permanently totally disabled, we have the desire to return to some type of employment that would meet our physical and intellectual capabilities. If we return to work to support our compensation, we lose our P. T. status and subsequently lose funds that are needed to cover our higher cost of living requirements. The majority of the employment that we find provides such a small monetary return that we would not be able to survive solely on the wage. It is virtually impossible to find adequate and suitable employment that would compensate for the loss of the meager P. T. compensation that one would lose.
8. MISCELLANEOUS CHORES--We are required to pay or ask favors of others for getting done yardwork, house cleaning, house upkeep, shopping, going to doctors appointments, automotive upkeep, cooking, etc. This is a high expense again not sufficiently covered by the N. I. C.
9. PURCHASE POWER--With the present poverty level compensation that we receive, we are unable to purchase even the necessities of life. We can not cover the added costs of the personal items that have become our new-found required burdens in life. In the event any of us are able to return to work, those of us that still have some employment capabilities, we accept employment that is below our mental capabilities and below our income needs and we subsequently are unable to advance in life. We are unable to purchase a house, a car, a T. V. set or engage in any long term contracts because we may experience an exacerbation in our condition and lose everything under compensation. Additionally, our life spans are shortened because of our condition as is our work years.
10. FAMILY CONDITION AND FUTURE--We are unable to plan for our families future or our childrens education. We are often forced into family separation because of the low income that we receive. The family is no longer able to set a star on the horizon when their mental powers are wasted on acquir-

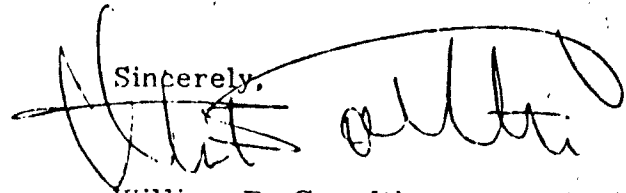
10. Continued-

ing the bare essentials of survival. Any incentive they may have to better themselves is destroyed by their inability to afford a telephone or the gas to enable them to follow up possible employment or to contact employers.

11. MEDICAL COSTS--Because of a P. T. s deteriorated physical condition, initially created by an industrial injury, he/she experiences added medical costs. All medical bills incurred that are not directly related to an industrial injury must be paid by the P. T. since they seldom can retain or acquire medical coverage. They are often ineligible for Social Security and are never eligible for Supplemental Security Income which creates an inability to receive either federal or state medical coverage.

IN CONCLUSION, when it is confirmed by the N. I. C. that a person is a P. T. he/she is automatically cut back in their amount of compensation and left to starve mentally, physically and socially. This insuring bureaucracy, the N. I. C., will initiate only token efforts towards legislation for the injured worker knowing well that the employers will get "pissed off" if the bureaucracy overextends itself to help this now unproductive Nevadan.

Sincerely,



William B. Cawelti  
803 Carroll Drive  
Carson City, Nevada 89701  
883-3586

WBC:bc

William B. Cawelti  
 803 Carroll Dr.  
 Carson City, Nev. 89701  
 883-3586

Assemblyman James J. Banner  
 Nevada State Legislature  
 Carson City, Nevada

Dear Mr. Banner;

I recommend the following changes in the Nevada Revised Statutes and solicit your assistance in making these changes. I believe these changes are an absolute necessity to the continued welfare of our permanent total disabled Nevadans.

616.580 Permanent total disability: Compensation.

1. In cases of total disability adjudged to be permanent, compensation per month of  $66 \frac{2}{3}$  percent of the average monthly wage. The criteria for receipt of said compensation shall be based solely on medical consideration (without regard to financial position or employability).

616.583 Permanent total disability: Recipient of compensation to report annual earnings; payments suspended if report not made.  
 Entire statute should be deleted.

616.626 Increased total disability benefits if disability incurred prior to April 9, 1971. Any claimant or his dependents, (delete; residing in this state), who receive compensation for permanent total disability on account of an industrial injury or disablement due to occupational disease occurring prior to April 1, 1971, is entitled to a 30 percent increase in such compensation, without regard to any wage limitation imposed by this chapter on the amount of such compensation. The increase shall be paid from the silicosis and disabled pension fund in the state treasury.

Since 1969 the people of the U. S. have experienced an approximate 63.1 per cent cost of living rise. Nevadans receiving permanent total compensation have realized a 30 per cent rise in their compensation since the initiation of the original statute providing for a percentage of wage earned income. The maximum compensation allowed in 1969 was \$208.00 per month, far less than the national poverty level income.

If I can be of benefit in initiating any changes in the aforementioned statutes please feel free to call on me.

Thank you for your assistance.

Sincerely,

  
 Wm. B. Cawelti

WBC:bc

Copy -

of Mar, 7, 1979

Dear Sir;

I received a letter about a bill that will be introduced to the Legislature about the increase benefits for N. I. C. survivors.

I am receiving \$26.00 a month now - which isn't very much at the high cost of living now a days - an increase would be very helpful and would be very greatly appreciated.

Thank you  
Sincerely

Josephine Martin  
122 Railroad St.  
Winnemucca, Nevada  
89445

Copy

March 6 - 1979

To Assemblyman James Bassler  
 Labor Committee Chairman  
 Nevada State Legislature  
 Carson City, Nev. 89710.

Dear Sir:

I am writing to you in regard to the bill which will be introduced during the 1979 session of the Nevada State Legislature to increase benefits paid to the survivors of fatally injured workers of Nevada. I am such a widow and receive such benefit. I am grateful that I receive my monthly check of \$330.17 but in this high cost of living it is very difficult to make ends meet. What with the increase of Sierra Pacific Power and also an increase in my rent, I find it very difficult to make ends meet. I have been living in the same house

Copy

- 2 -

for 14 years and have been ex-  
periencing an increase in rent every two  
years. I cannot afford to move as  
I would have to pay lot and last  
month's rent plus cleaning charges  
and that I cannot afford consequently  
I have to pay the rising cost of  
living. So I for one would greatly  
appreciate all the help that needy  
people like myself can get from  
this bill. I sincerely hope that you  
will do your utmost best to pass  
this bill & help our needy people  
I have to work part time in order  
for me to buy food to keep things  
going. Hoping you will do your  
best I remain

Respectfully & Hopefully  
Mrs. Hattie Seymour.

To Claude Evans.

Thank you so much for your  
thoughtfulness in letting me know about this.

Franklin (Williams)

the more generally  
I have no way of knowing the  
nature in the vicinity of the  
I apparently feel we are past the  
and meet our table  
difficult to know in any way  
Each year we have found it  
never found all possible from my  
and a large part of the  
June 1972 was properly  
summed up.

all a matter to work of my health  
chronically ill. He is now 59  
to take care of me and my income  
my wife was forced to quit work  
granted 100% total disability.  
etc. my wife was forced to quit work  
can not use my bank, with my  
has open heart surgery conducted by  
there that time due to the  
Kamowitz (Casper) to the town of  
known by other articles written for  
and Aug. 6, 1972 & when initially  
monthly I now receive from N.C.

Williams will more than \$459.00  
like to see my papers why I should  
in 1979 the date signature & initials  
in regard to the bill being introduced  
Thomas Wilson & James Simon.  
The two copies of the letter sent to  
John Ann.

Franklin - Williams  
William Simon

3436  
# Simon

March 6, 1979



Page 1

Donald Charles Day  
2571 Fenner Lane  
Sportsmen  
PH 358-3050

Dear Sir,

In regards to your letter of March 1-1979 in regards to my being disabled as of Aug 27-1967, was injured on the job and received 2 checks from M.I.C. one for 256.00 and one for 50 and every time I get a raise from M.I.C. Social Sec. disability deduct it from their check which I receive. You can see that a raise on one of either or deducted from the other also attached is a statement from M.I.C. for a raise in 1979 and never received and was informed there would be no raise. maybe the attached information will provide information. attached is Page 2 of this letter

Page 2 continued from Page 1  
To state further as you can  
tell from this information  
it puts a hardship due to  
the present condition fully  
on my shoulders. Let me  
try to pay Power Bills and  
home owners Payments and  
By Groceries and other costs  
and try living under these  
conditions plus having the  
injuries also maybe they will  
think about this matter if  
you need my information  
feel free to call me my  
phone # 358-3050 and is not  
listed

Signed  
Donald Charles Day  
2571 Lennox Lane  
Sparks Nevada

March 7, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Banner

This letter is concerning why something can't be done about; at least a cost of living increase in our disability checks.

In 1971 I was hurt on the job, and have had surgery on my back 8 times, but I am still getting a small Disability Check of 332.80 to live on. I know that every employee of the state gets a cost of living increase, so why shouldn't we? If anything can be done please let me know.

I know that Mr. Rose was going to try to get something done, as I received a letter from him when he was running for office.

I sure hope this small note will help myself and all others that need help very much.

Thank you

William F. Hodge  
33 Kendall  
Winnemucca, Nevada 89445

*also sent a copy of this note to  
Senator Wilson. I sure hope it will  
help some.*

Sun Valley, Nev.  
March 7, 1979

EXHIBIT L ]

Dear Sir :

I hear there will be a bill to increase the benefits for the disabled and permanently injured workers of Nevada introduced in the 1979 Session of the State Legislature. I sincerely hope this bill will pass.

My husband was totally disabled and in constant pain for almost 4 years and we could not afford Health insurance for me therefor I was always worried I would get sick while taking care of him.

I have been alone now for 2 years and I receive \$201.00 a month from A.I.C. and still don't feel I can ~~afford~~ afford health insurance for myself. I am 60 years old and have had 3 disc operations and I am not able to work, so I know how high Doctor and Hospital bills can be.

For myself I know when I buy groceries I do not buy ~~the~~ enough of the right foods but when you only have so much to spend for food you buy what you can afford. I know it must be very hard for injured people with growing children as food and rent here in Nevada are very high.

Thank you very much for taking the time to read my letter and I do hope it will help to get this bill passed, I know it would help a lot of people.

Sincerely

*Josephine Cole*

P.O.Box 536  
Tonopah, Nevada 89049  
Mar. 6, 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89701

Dear Mr. Wilson;

I respectfully request that a bill be introduced during the 1979 Session of the Nevada State Legislature to increase benefits to recipients of industrial injuries.

At this time I am on a full disability and receive \$249.62 per month. Since 1970 there has been one increase of \$41.62 and with the high inflation today it is difficult to make ends meet.

The Doctors I see are in Henderson and Bishop, Cal. which is an added expense. The cost of medication has risen sharply also. Any help that you can give will be appreciated.

Sincerely,

*Katy Lee Butler*

Katy Lee Butler

Box 536

Tonopah, Nevada 89049

Kenneth J. Rogers  
P. O. Box 34  
Sparks, Nevada 89431  
702-673-2539

March 5, 1979

Nevada State A. F. L. - C. I. O.  
P. O. Box 2115  
Carson City, Nevada 89710

Dear Sir:

I was awarded a permanent total disability pension on June 11, 1970 for life of \$208.00 plus \$80.00 for my wife and children. I have had a cost of living raise of 20%. But in this time the cost of living has gone up around 100% with inflation and the Carpenters Union No. 971 not giving me the pension I am entitled from them as well as the International Carpenters Union cutting off my pension all together after I had paid percapita tax since 1937 without a break and still have to pay \$6.00 per month to keep my indefinite amount of life insurance in effect. This inflation has sure knocked the bottom out of my income.

Sincerely yours,

*Kenneth J. Rogers*  
Kenneth J. Rogers

cc: Assemblyman James Banner  
Labor Committee Chairman  
Nevada State A. F. L. - C. I. O.  
Senator Thomas Wilson, Chairman  
Commerce and Labor Committee

March 5, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada

Dear Mr. Banner:

In May, 1971 my lungs were burned by the fumes and gases from welding. In June, 1973 I received a settlement of \$270.40 per month retroactive to date of injury.

As of the month of May, 1971 my rent was \$45.00 per month. At the present time my rent is \$90.00 per month.

The price of fuel oil in May, 1971 was 18 cents per gallon. At the present time it is 63.8 cents per gallon, that is an increase of 45.8 cents per gallon and I use an average of 2 gallons per day. This barely keeps me warm enough.

As far as maintenance on my 1970 automobile and 1952 mobile home are concerned, the cost has increased at least 50% since May, 1971. I need my automobile to keep my doctor appointments, grocery shopping and other short trips. My small mobile home is the cheapest way I have found to live. The cost of food, utilities and clothing, as we all know, have increased to the point that it makes it difficult for me to live.

I am sending you this information in hopes that it will support the Nevada State AFL-CIO in their attempt to help us. I am 70 years of age and with my total disability, it prevents me from any means of gainful employment to supplement my present income.

Respectfully,

*William W. Wortman*

William W. Wortman  
2300 Prater Way - #180  
Sparks, Nevada 89431

CC: Mr. Claude Evans

Mar. 6<sup>th</sup>

Claude Evans,  
Executive Sec. Treasurer

Mr. Evans.

This is a copy, of letters written  
to Mr. James Barnes, and also Mr.  
Thomas Wilson.

We are writing, in response to the  
new Bill, for Increased benefits, for  
permanently or totally, disabled,  
individuals, of industrial injury's  
as my husband, is totally disabled,  
as a result of this type, we are  
asking for increased benefits, as  
we have  $\frac{2}{3}$  of his base pay at  
time of injury, 1974 of \$48999 mont.  
With prices & living expenses, going  
up, all the time, it is impossible, to  
stay with it! In 1979  
Pension # 3590  
N.I.C.

Charles H. Colgren  
Box 358  
Wilmington, N.C. 28403



March - 6 - 1979

Elko Nevada. 89801

Nevada State A-f-l. - C10:

Dear Sir:-

I would like to have your help in regards to my Pension. I am now receiving \$ 78.40 per month.

i have not had a raise for at least 8 years. I and my wife are having a hard time to make a living.

I lost a leg and 75% loss of my right arm. I am 77 years old so no chance to work.

so if you could help i would be Thankful

Eugene Cassinace

To Mr. Banner & Willson

I am writing to you in regard to the small some of money I have to live on pay lights Phone, gas, mobile home land payments up keep on car, food. insurance, And I never have enough to go around, if I was able to work and add to what I get it would be O.K. but with one hand and the messed up rib I can do very little, and after driving to town am in bed a couple of day. So I would appreciate any thing you can do to help me

Sincerely Andrew F. McMurry

MARCH 6th., 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada, 89710

Gentlemen:

On October twelve NineteenSeventy Two, I was totally injured on the job. Since that time I have been receiving (\$270.40) per month. With the soaring increases in Rent, Electricity, fuel and food, I find it almost impossible to live a healthy life on that amount of money.

I want to thank all the people suporting this legislature for the people who are suffering all these hardships trying to live a peaceable and healthy life.

Thanking you again, I remain,

Sincerely

*Leo White*  
Leo White

Copy:

Claude Evans  
Executive Secretary-Treasurer

Blind copy to: Mr. Claude Evans, Executive Secretary-Treasurer  
Nevada State A.F.L.-C.I.O.  
Post Office Box 2115  
Carson City, Nv. 89701

EXHIBIT L

279 Smithridge Park  
Reno, Nevada 89502  
March 5, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Sir:

I understand that, during the 1979 Session of the Nevada State Legislature, a bill will be introduced to increase benefits paid to survivors of fatally injured workers of Nevada, and to individuals who have been permanently and totally disabled as a result of an industrial injury.

I have been permanently and totally disabled since suffering an industrial injury February 4, 1974. On September 15, 1975 the Commissioners rendered a decision that I should be granted a permanent total disability award. As a result, a monthly pension of \$459.30 was awarded me effective October 1, 1975. Knowing how the cost of living has risen since that time, you can readily see how important the passage of the above cited bill is to me. Therefore, any thing you can do to insure its passage will be appreciated.

Sincerely,

CHARLIE BLUDSWORTH

RECEIVED MAR 13 1979

March 8, 1978

Box 603

East Ely, Nev. 89315

Dear Mr. Banner

I am hoping there will be an increase in my benefits in the near future. I receive \$201.<sup>00</sup> a month from my Nev. Industrial Commission benefits. With such high inflation this is ~~scarcely~~ barely enough to live on, I should say, it's impossible to make ends meet. I received notice from the N.I.C. that I would be getting a 20% increase starting the first of the year but so far I have not. Hoping you can be of help.

Sincerely yours,

Danson 710 795

Mrs. Nancy MacCarone

RECEIVED MAR 13 1979

East Ely, Nevada  
ca March 9 - 1979

Mr. Claude Evans.

Dear Sir,

I thank you for your assistance in obtaining an increase in N.P.C. benefits. I surely can use it. Here is a copy of the letter I sent to Mrs. Banner & Wilson.

I'm writing this letter asking you to please do what you can to get me an increase in benefits from N.P.C.

I get \$119<sup>00</sup> a month now, which doesn't go very far since prices are so high. My Social Security is \$250<sup>00</sup>. That is all the income I have.

I'm 71 years of age, and in ill health, so I'm unable to work.

My utility bills last month were \$125<sup>00</sup> plus medical bills, keeping up a house and car. Taxes, Insurance & all other bills that go along with every day living. I really have a hard time making ends meet.

Let's appreciate any help you can give me.

Thank you -  
Phelda Atkin

Copy of my letters to  
 Senator Thomas Wilson  
 and Assemblyman James Bonner

EXHIBIT L

Dear Sir, I am the widow of Ray L. Beebe, who passed away Dec 1, 1978. Result of an injury.

I truely appreciate the benefit check I receive each month. I have been working part time but will have to discontinue because of my health.

Right now the high cost of living is taking up practically all of my check. My rent has been raised twice the past year. My gas bill, <sup>(for heat)</sup> the coldest month was \$104. and I also pay electricity. I cannot afford a telephone.

If I could get an increase in my check I could probably have my teethe pulled and my eyes checked, and have a doctors examination regularly, which now I am unable to do. I'm too young for medicare. I am 61. My benefit check is \$47.33 each mo.

Thank You so much!

Della Beebe.

Louis G. Biel N.I.C. Claim# 68\_22113  
3642 Boulder Hwy. Sp.76  
Las Vegas, Nev. 89121  
March, 9, 1979

Honorable Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada. 89710

Senator Thomas Wilson  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada. 89710

Gentlemen;

I write this letter in behalf of myself and all the other pensioners that are having a tough time trying to survive on their N.I.C. pension and Social Security. Due to inflation it is just about impossible.

For example my case. Injured Aug. 6, 1967. After N.I.C. Doctors and the N.I.C. Board decided I would never be able to work again I was offered a lump sum settlement or a pension for life amounting to \$232.40 per month I agreed to accept the pension with one condition if at any ~~comit~~ time I needed medical attention the N.I.C. would authorize add pay for same.

Along with Brain Concussion And Compound Skull Fracture, I have had a lot of trouble with my eyes. While I was in the hospital unconscious my contact lenses were not removed which caused damage to my eyes and I no longer am able to wear contact lenses, not even the soft ones. I have had to spend a lot of money on my eyes due to this incident.

The only assistance I have received from N.I.C. is authorization for one hearing aid by Tobin Hearing Office in Las Vegas. At that time it did not help and it was returned to Tobin.

However on one of my numerous visits to the ear Doctors I was told there had been a lot of improvements in hearing aids and was advised to investigate so I did with some results, but no help from N.I.C.

More improvements have been made since I purchased but, I don't feel I can afford to lay out \$500.00 for another one.

Sometime back I received an increase of \$46.40 bringing my pension up from \$232.00 To the current sum of \$278.40

When this accident happened I had a fine growing business and some income property. Due to the pressure and my own physical handicap I had no choice but to sacrifice by holdings and move to a place where I had no pressure and a minimum amount of people calling.

Gentlemen; I sincerely hope something can be done to help us.

Sincerely,  
Louis G. Biel.

*Louis G. Biel*





RECEIVED MAR 13 1979

113 Ocotillo Street  
Henderson, NV 89015  
March 8, 1979

EXHIBIT L

Claude Evans  
Executive Secretary-Treasurer  
Post Office Box 2115  
Carson City, Nevada, 89701

Dear Mr. Evans;

During the 1973 session of the Nevada Legislature for reasons unexplainable to those of us having been injured on our jobs to the extent of being totally disabled, my compensation was \$256.00. Through the help of sympathetic legislators, an attempt was made in 1973 to bring our reduced compensation up to the new rate. In 1975 action was renewed in the legislature to make proper adjustments. For both the 1973 and the 1975 session a 10% "raise" was granted coming from the General Fund. General Fund grants are cancelable at any time. Action was taken again in 1977 - a complete defeat. Our compensation remains the same today at the same low rate as it was in 1975. Had this action taken place today, our income would be more in keeping with the times.

I feel very strongly that we pre-"1973" injured are being very much discriminated against. That we should be at least on a par with our peers of today.

My income is very small yet I must accept the fact that I am crippled and there are always extra creature comforts needed, most not usually considered in the cost of living.

As for the cost of living I am not going to insult your intelligence with regards to existing in today's world. I have exactly the same expenses as the over-age householders.

My injuries are great and painful. I have had several operations. Tomorrow, March 9, 1979, I have a morning appointment with Dr. D. Gaalen, a neurologist. In the afternoon I have an appointment with an orthopedist. Probably this will result in surgery relating to the back portion of my disability.

In conclusion I firmly believe those of us injured prior to 1973 should be placed on a status quo with those people injured since 1973 according to their injuries. I further believe we should be amply compensated for the loss of income over the past six years.

My appreciation to you and others for your compassion and help over the years. To those of you concerned, my deepest thanks.

Very truly yours,

  
Roy C. Sparks

1132

Executive Secretary -

2.9.39.70.

RECEIVED MAR 1 3 1979

Colleges  
No. Claude Evans.

Dear Mr. Evans,

For your letter from Feb. 19, I got  
Feb. 19, I thank you very much  
much.

That would be so wonderful, if you  
could help us, would be really  
a blessing.

I can go only once a month  
to the shopping in the market for all  
that I really need. The rest of the  
month I pay only what is important  
and to pay the first time in my  
life \$1. - - \$3. - - in the food market  
that's what not even for my living.

Everything would help us.  
 I hope, you like your new job,  
 what I want show us all those  
 time; I could not take that  
 again.

Hope very much, it does not get  
 worse & nobody can help me  
 thank you very much, but I can  
 be working for you.

Yours truly

Mrs. Nancy Coarpe  
 219. 3rd Street  
 Las Vegas, Nev. 89101.

740 Sygnet Circle

Sparks, Nv. 89431

March 12, 1979

Senator Thomas Wilson, Chairman  
Commerce & Labor Committee, Nevada State Legislature  
Carson City, Nv. 89710

Dear Sir:

This is in regards to a bill to increase benefits to survivors of fatally injured workers of Nevada. Naturally, I'm interested in this increase, especially in these days of high inflation. My benefits amount to \$401.00 and only by careful management and deprivation am I able to live within this and my Social Security check.

However, I am most concerned about a rumor that N.I.C. may be eliminated completely and this would cause a terrible hardship on all N.I.C. recipients.

I receive N.I.C. benefits due to my husband's fatal accident on his job. Since then, I have suffered two strokes and was unable to work. The last stroke occurred just a year ago, and I'm not yet completely over it. That little savings I had went to pay off bills. Then I have dental bills which insurance doesn't cover, besides a recent increase in rent.

It would be greatly appreciated for whatever you can do to help us who are in this situation. Please, though, don't do away with N.I.C. It's been a life-saver for me, and others in like circumstances. I thank you kindly for whatever you do.

Sincerely yours,

*Mary C. Ann Brinkhalt*

Letter sent to Assemblymen James Baxter  
and Senator Thomas Shilow

Dear Sir:

as a recipient of Nevada Industrial  
Commission Total disability, I am  
seeking your help through legislation  
to increase the amount of money  
myself and others receive from NIC.

It is most difficult to exist on a frozen  
income. My rent has been increased  
three times in the past year and you  
are aware of the increase of electric  
rates and food and other essentials.

I see two doctors every month to six  
weeks. I pay over \$50.00 per month  
for medication and prescriptions. I have  
no medical insurance. I have no other  
income and it is very difficult to  
stretch this small amount of money  
for bare essentials of living. Any  
legislation you can bring about to help  
those of us on NIC Total disability will  
certainly be appreciated

Sincerely,

Barbara T. Harton  
2067 Las Vegas Blvd. No.  
North Las Vegas, Nev.  
Spaa 51 89030

RECEIVED MAR 14 1979

Mr. Walter J. Killian, Jr.  
2009 Englestad  
North Las Vegas, NV 89030

March 9, 1979

Mr. Claude Evans  
Executive Secretary-Treasurer  
Nevada State A.F.L.-C.I.O.  
P. O. Box 2115  
Carson City, NV 89701

Dear Mr. Evans:

My monthly benefit now totals \$270.00.

I need an increase to help my family and myself with clothing and food. Also my house is in desperate need of repair; plumbing is bad, need a roof and the house needs painting inside. These things need to be done so that we may have a decent home.

Sincerely,

*Walter J Killian Jr.*

Walter J. Killian, Jr.

P.S. The increase would help greatly in paying electric and gas bills. Thank you for your consideration.

*the Date of my injury  
-5-19-73 an when the Or removed  
me permanently an totally Orsable to  
Work they Orider <sup>call me</sup> Oriscuss anything  
to me or offer me a settlement just  
sent the papers in to Carson City N.I.C.  
office. an they started <sup>sending</sup> me the check  
monthly 9 m Rally in the need of money  
in our way no way to get around  
at all thanks again*

RECEIVED MAR 14 1979

Flora H. Kellan  
Nevadason, Nev.

Assembly Man James Barnes,  
Labor Committee Chairman,

Dear sir,

I am a widow  
and I receive \$901.00 per  
month from S.I.C. - I  
find it very hard to get  
by due to these days of high  
inflation. Groceries and  
every thing else are going  
up each day.

A small raise would  
be greatly appreciated

Sincerely

Flora H. Kellan  
234 Nebraska  
Nevadason  
Nev.  
89015

March 13, 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada

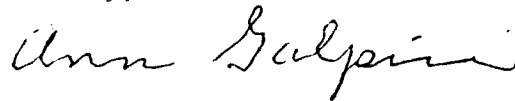
Dear Senator Wilson:

I am writing to you in regards to the bill that will be introduced in the Legislature to increase benefits paid to survivors of fatally injured workers and individuals who have been permanently and totally disabled as a result of an industrial injury, like myself.

I receive a check from NIC in the amount of \$438.00 per month. There are several factors that make it difficult to get by on this amount. First this amount is only a percentage of the pay I would be getting if working. Second the percentage I receive was based on the pay received by Cashiers (my former position) in 1974. Since then they have received raises. I have not. Third I have expenses that I would not have if I were Still able to work such as insurance. Culinary insurance is normally paid by the hotels, but now I must pay it myself. It is \$36.00 every month. Fourth and also the biggest factor is the rising cost of living that we all know is on the increase daily. With rising insurance, utilities, medical care, housing, groceries, repairs, clothing and etc. it is an extreme hardship to make ends meet.

I hope we can count on your help in getting this much needed bill passed.

Sincerely,



Ann Galpin



RECEIVED MAR 14 1979

Mr Claude Evans;

I am a widow. I lost my husband in 1968. I am getting benefits for my 2 of 4 children. I can't work I had polio when I was a child. I received 800.00 a month, and with medical bills. It's hard to get by especially with inflation. don't have enough money to buy clothes for the children and I.

yours truly  
Nadia Woolman

NIC printout  
indicates \$268.00  
benefit.

Linda

March 10, 1979

Claude Evans  
Executive Secretary-Treasurer

Dear Sir:

I definitely feel we need an increase in our benefits. I receive \$201.00, which doesn't go very far these days. It's been quite awhile since we've had an increase, and I could certainly use it because I can't work an 8 hour day as I am 59 years old and not well.

Thanking you sincerely,

*Minnie Perchetti*

RECEIVED MAR 14 1979

For me you of ~~me~~

March 12 1979

to whom it might concern  
you requested that I write to the  
Labor Committee Chairman of the Guatemalan  
Legislature and inform them of  
the need for increased benefits for  
injured workers of Guatemala individuals  
who have been permanently and  
totally disabled as a result of an  
industrial injury I am not able to  
tell them just how much stress and  
strain of hardships it is for a  
poor person a man making very  
little money doesn't seem to realize a little  
more problems especially when he is  
disabled or old or also poor but I  
hope some were in your heart if it  
had been for all disabled men  
who had a so hard life me you  
any way you will need a increase  
it is very urgent that we get one  
for the men women increase in  
on a rise or rise every day  
Thank you MARTIN

March 9, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Sir,

I have been on total disability since 1969. My monthly check from the NIC is \$288.00 and \$57.00 for my two remaining children. This BENEFIT is based on the \$450.00 salary I was making in 1964 when I got hurt.

Why should I and my family have to be status quo since 1964 in regards to the benefits I receive. In all fairness I should be receiving benefits tied into the going union scale the retail clerks are receiving now.

My wife has had to work and I am unable to do any meaningful tasks. It has deprived me of doing things with my family and I have been unable to send any of my five children to college.

I do not have to tell you what inflation had done to a normal family making decent wages. Just consider this, I send my remaining 2 kids to school every day with \$3.00 lunch money, that alone comes to \$60.00 a month, and the NIC sends me \$57.00 for the kids.

Over the years I have written many letters and called many times to Carson City to see if the benefits could be increased as it is almost impossible to live on what I receive. But I have never had any response and Jim I hope you can get me and others like me the help we have so long needed.

Thank you and God Bless you....

*Tony Amato*

Tony Amato  
10265 Haven  
Las Vegas, Nevada 89149

RECEIVED MAR 14 1979

3.12.79

Nevada State A.F.L. - C.I.O.

Claude Evans  
Executive Secretary - Treasurer  
Carson City Nevada  
89701

Dear Sir,

I receive \$315.04 a month  
I barely make ends meet  
of high inflation

If my benefits were raised  
I wouldn't have to go  
through all the hardship.

I sure would appreciate  
of a little raise.

Thank you

Theresa Clark  
705 Carson St.  
Elko, Nevada  
89801

RECEIVED MAR 14 1979

Ely, Nevada  
March 12, 1977

Assemblyman James Banner  
Labor Committee Chairman  
and  
Senator Thomas Wilson  
Chairman Commerce and Labor Committee

Dear Sirs:

I understand that there will be a bill introduced during the 1979 Session of the Nevada State Legislature to increase the benefits paid to the survivors of the fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of an industrial injury. I certainly hope that this bill will be passed.

I had my right leg amputated below the knee. My left leg is in bad shape of which I am still being treated for and other complications due to surgery that I did not want but was told I would be forced to undergo in a poor effort to try to save my right leg.

When I finally succumbed to my injury, my take home pay was \$249.99 for a five day week. I now receive \$256.00 regular N. I. C. Pension plus \$51.20 on another check which is a kind of subsidy that the N. I. C. sends me. Also I understand that when I become sixty-five years of age I will loose this pension. How far will a \$288.00 Social Security check go these days?

Please, I urge you to get behind the bill that will be introduced and to try and pass a bill to continue the benefits after sixty-five years of age. I am now going on sixty-four years of age.

Thank you very much,

*Milan V. Drabulich*  
Milan V. Drabulich  
513 Parker Avenue  
Ely, Nevada 89301

EJD/jld

cc: Claude Evans, Executive Secretary-Treasurer  
P.O. Box 2115  
Carson City, Nevada 89701

Claude Evans  
Dear Sir,

RECEIVED MAR 14 1979

or

This is in regards for an increase of N.I.C. benefits. I am permanently and totally disabled. At this time I receive \$332.80 a month. At the time I was awarded this amount (2-1-75), my rent was \$58.75 a month, with gas furnished. Now I'm paying \$104.<sup>00</sup> rent and paying my gas separately, which has gone up 59 percent. I am also diabetic, and my insulin & needles have tripled in cost. I am also paying on my mobile home. So as you know, with the high cost of food & living expenses, it is almost impossible to live, with what I am receiving.

Therefore with every thing doubling & tripling. I think N.I.C. should increase benefits.

Thank you

Aubrey C. Alton  
300 Bark Ave. Stockton, Cal.  
95215

March 12, 1979

Senator Thomas Wilson Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Sir:

An increase of the Nevada Industrial Commission monies would be of great benefit to the health and welfare to myself and my daughter.

Without this much needed income we would find it very hard to cope with the high inflation. We still confront difficulties with the utilities and the high price of food. I now receive a total of two hundred and sixty-one dollars and thirty cents (\$261.30). Which leaves me near to nothing after house payments and gas bills which ran over one hundred (100.00) dollars over the winter months also including the electricity and water bills.

My husband was the sole supporter of my family until his death in 1973. I still have the responsibility of raising my fifteen year old daughter, my older children have since moved away.

I hope this letter will be of some help in getting this much needed proposed legislation passed for the benefit of myself and all other claimants.

Thank you,

*Helen T. Williams*

Helen T. Williams (N.I.C. Claimant)  
P.O. Box 493  
Lovelock, Nevada 89419

HTW/jw

CC: Claude Evans  
Exec. Sec. - Tres.



RECEIVED MAR 14 1979

R

3-11-79

Claude Evans  
P.O. Box 2115  
Cannon City, Ariz. 89701

Dear Mr Evans,

I was permanently disabled in Dec. 1966 as an industrial injury. The income I receive from N.D.C. is barely enough for my wife and I to live on. I could use an increase from N.D.C. so we could have a better living in these days of high inflation and the high cost of utilities.

Sincerely,  
Peter Princevalle

RECEIVED MAR 14 1979

EXHIBIT L

FILED  
MAR 21 1979  
FBI - MEMPHIS

*ce*

March 9, 1979

Claude Evans  
P.O. Box 2115  
Columbus, Georgia 31910

Mr. S. Evans:

I am respectfully requesting your support in pending legislation that would be able for permanent and total disability workers and industrial injuries.

This increase is greatly needed. I am permanently disabled since November 1971. My benefits this date are \$100.00 per month and not adequate for the present cost of living increases.

My hardship increased is rising living expense as well as tax increases on my home and property. An increase would be of great help to all in a similar such as mine.

Passing of your 1979 session of the Georgia State Legislature for an increase of benefits would be a help to all concerned. Not only to be a help to all concerned but would further serve the intent and purpose of such industrial accident insurance.

Sincerely,

*William E. Evans*

RECEIVED MAR 4 1979

March 12, 1979

I have given  
I have given your withdrawal

to fail to increase, despite the  
the governmentally backed  
we want you indicated

injury.  
the should not have to tell  
you from now on this is needed.  
I cannot make any more  
I have some more money  
why? the line in the same  
world.

will help you in your  
can this time certainly be  
appreciated.

Thank you

3422 770 2011 I Rush

March 12, 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Senator Wilson:

I am in receipt of a letter dated March 1, 1979 from Mr. Claude Evans, Sec.-Treas. of the Nevada State AFL-CIO. He states there is to be a bill introduced during the 1979 Session of the Nevada State Legislature to increase the benefits paid to survivors of fatally injured and totally disabled Nevada Workers.

I was permanently disabled in 1975 when my arm was caught in a compressor and I have suffered much stress and pain to my arm, ribs, and shoulder. My wife and I do have problems making ends meet as we only receive \$480 a month from NIC and \$115 a month from my Railroad Retirement. Because of health problems, my wife has to take pressure pills and will have to for the rest of her life while I must be on a special diet with fruits and milk to help promote bone repair. These expensive but necessary required daily items, plus the other rising costs in living are causing a hardship on us. My wife and I collect aluminum cans whenever possible to supplement our income which helps, but this amount is also limited as I cannot be up and about for a very long period of time before I have to lie down and rest as even sitting to drive the car is very tiring.

I feel this increase that is to be introduced to the Legislature this year would be most helpful to us because of our limited income and the steady rise in living costs. Anything you can do to make this increase in benefits a reality would be greatly appreciated during these times of high inflation. Thank you.

Sincerely,



McKinley Ward  
P. O. Box 1072  
Babbitt, Nevada  
89416

cc: Claude Evans  
Box 2115  
Carson City, Nevada  
89701

ck  
RECEIVED MAR 14 1979

Ely, Nevada  
March 12, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Assemblyman Banner:

This letter is in reply to your request of March 1, 1979 regarding a letter on my present benefits from the Nevada Industrial Commission.

My present permanent total pension is \$485.23/month. With the high inflation that is occurring in everything, it is becoming increasingly difficult to keep up with everything with the amount that I am presently receiving.

I would welcome any increase that might arise out of this legislative action.

Yours very truly,

*Anthony P. Fondi*

Anthony P. Fondi  
P. O. Box 253  
Ely, Nevada 89301

cc: Senator Thomas Wilson  
Claude Evans

March 13, 1979

Senator Thomas Wilson, Chairman

Mr. James Banner, Assemblyman  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada, 89710

Dear Sir:

It is my understanding that there is a bill to be introduced to help injured workman who are on N.I.C. payments for permanent and partial disabilities.

I concur wholeheartedly that something should be done for these people and for our own household in particular.

My husband was injured in May 1970, and at that time we had four (4) children at home. His award from NIC was \$288.00 plus \$57.60 which was an additional 20% to "take care of the children".

If I had not been able to work and with the continual price spiral everyone has been experiencing over the past few years we would have been welfare recipients, that is if we could have been able to qualify. As it is we are just a step above poverty now. We are still self sustaining, but with everything going up; ie, car insurance, food, utilities, etc, and God forbid I should become disabled or unable to work because of illness, I really have no idea how we as a family would survive.

Any help that you as a legislator can give to us and the hundreds of other people in this state in these circumstances would be much welcomed and much appreciated.

Sincerely yours/

*Jesse A. & Ella M. Hunter*  
Jesse A. & Ella M. Hunter  
2891 Humboldt Court  
Las Vegas, Nevada, 89122

RECEIVED MAR 14 1979

March 12, 1979  
1212 Wyatt  
Las Vegas, Nev  
89106

Dear Chairman,  
During 1979 it has  
really been hard to pay  
my bills in fact every year  
is very hard. Right now  
I need to go to the  
Opticist & have my eyes  
checked. I can barely see  
so I have to have the  
same glasses on & they  
don't help at all. When  
my wife have to go  
to the doctor I have  
to wait. And she stays  
sick most of the time.  
My bills are so far  
behind I can't get caught  
up. I have to let some  
of my bills go in order  
to buy grocery. My house  
payment went up. My  
utilities are so high. But  
most of all is food. I  
received #30720 from the  
N. L. C.

Sincerely,

Pulaski Kisdale

P.S. I hope you can help  
me.

DEAR C. EVANS

I THOMAS SHARP AM A 100% DISABLE  
N.I.C. CLAIMANT AN X STATE OF NEVADA EMPLOYEE  
IM ASKING YOU PLEASE WITH YOUR HUMAN COMPASSION  
TOO HELP ALL OF US 100% DISABLE PERSONS TO GET AN  
INCREASE IN BENEFITS DOTO THE HIGH COST OF  
LIVING OR ARE WE LIVING

I PRAY TO GOD YOU WILL NEYER HAVE TO  
WRITE A LETTER LIKE THIS, AND SEE YOUR LIFE  
GO DOWN THE DRAIN LIKE OUR'S

SO PLEASE GIVE US OUR FAITH BACK AGAIN  
AND I KNOW WITH 100,000,000+ SURPLUS, YOU  
WILL HELP GIVE US OUR NAME, DIGNITY AND LET  
US BECOME CITIZEN OF NEVADA AGAIN

I HAVE LIVED, WORKED AND TAX'S AND STILL  
NO FOR THE PAST 32 YEAR'S+ IN THE STATE OF NEADA

P.S 1 TO WILSON  
1 TO BANNER

THOMAS L. SHARP  
2900 VLY VW APT 110  
LAS VEGAS, NEV.  
89102

1 TO YOU T.S.

THANK YOU

Thomas L Sharp  
& family

PENSON  
#  
3631





RECEIVED MAR 14 1979 CR 3901 El Portal Ave  
 San Diego, Calif  
 March 12, 1979

Dear Mr. Eversmy

My husband was killed at Nevada Power Co in Henderson in May 1973. I talked to you on the telephone several months ago.

I am having a hard time making ends meet. My house payment is \$336. My utilities run over \$100 a month. My car payment is over \$300 a month.

I am a waitress at the Aladdin Hotel in the Buffet. My income is around \$10,000 a year including tips and salary.

I think every survivor should get the same benefit, regardless of when their husband was killed.



1701 Citron Ave.,  
Reno, Nev. 89512  
March, 10, 1979

RECEIVED MAR 14 1979

Senator Thomas Wilson, Chairman.  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nev. 89710

Dear Senator Wilson:

During The 1978 election campaign  
I discussed with you & Assemblyman  
Barenzo the reasons why the bill to  
increase benefits for those individuals  
who had suffered industrial injuries  
and were permanently totally disabled,  
was not passed.

I have, now, been informed by  
Mr. Claude Evans, Sec. - Treas. of the  
Nev. State A.F.L. - C.I.O., that some  
time during the 1979 session of  
The Nev. State Legislature, another  
similar bill will be introduced.

I am writing to urge you to  
put forth every effort that you can  
command towards helping to get  
this bill passed.

It is a much needed bill, especially for those of us who were injured in the years before the election of Governor Callahan, who introduced the bill that benefited injuries sustained after 1973, but did not apply to us.

I was injured in 1969 and have received \$256.00 per month since 1972 plus \$51.00 which represents a 20% increase granted by Gov. Callahan in 1973. That was six yrs. ago.

As you know, with the steady rise in the cost of food, rent & energy, this does not begin to take care of the day to day living expenses. Not to mention property taxes, sewer fees, garbage fees, doctor & dental bills and to add insult to injury sales taxes on food, which takes a big bite out of the food budget.

Even though my wife works to help supplement our income, it's still hard to make ends meet. This past winter my utility bills ran, for 3 mos., from \$125.00 to \$158.00 even with all efforts to conserve energy. My <sup>mortgage</sup> payments are \$185.00 per mo. So you can see \$307.00 per mo doesn't go very far.

To, Jentar Wilson, I urge you and  
all others concerned, who can see  
our plight and care, to put forth  
every effort to get this bill passed.

Such a bill is much needed  
and I'm sure would be greatly  
appreciated by everyone who will  
benefit <sup>from</sup> its passage.

Thank you for your time.

Very truly yours  
George A. Hayes  
1907 Citron Ave  
Reno, Nev. 89512.

March 12, 1979

Claude Evans

Dear Mr. Evans,

I am writing to you in regards to my N.I.C. pension. Surely you must be a wonderful person to fight so hard for us widows.

It has been quite a hardship on me, losing my loved one and without the income we had, it has been rough. In July of 1973 when the future widows were given a good size pension compare to those who were already widowed. I received a 10% raise from the general fund. That gave me \$184.23 at that time, I was unable to work. I had a \$75.00 payment on my home plus a \$68.00 payment on my car. It certainly didn't leave much for food and utilities. In order for me to keep the utilities from being turned off I had to borrow money from my sister. In March I finally got a job working half a day at the hospital which gave me \$8.00 a shift. The following August I left my home and moved to Reno to work as a cook in a sorority so I could get room and board and some wages.

I rented my home out to three different renters and got took every time. I even caught one renter moveing half my furniture out and I had to call the officials and lost rent on them. I am now back in Lovelock working but I don't know how long my health will hold out. I need medical and dental care but can not afford it as I only receive \$201.00 from N. I. C. I had to borrow from the bank as my home needed a new roof and had a considerable plumbing problem. Financially it is rough for me.

Personally I fell the widows before 1973 got a raw deal as it cost just as much to go to the store, pay utilities and live as somebody who might become a widow tomorrow or next week.

I do hope that you will be able to get our pension raise considerably. It would certainly be an answer to prayer.

Sincerely,

I send copy like this  
to Mr. Banner (also  
Mr. Wilson. Thank you  
for taking such an interest in us.

Wendy F. Lovelock  
Box 361  
Lovelock, Nev.  
1148  
89414

RECEIVED MAR 15 1979  
ch (copy)

Las Vegas, Nevada  
March 12 - 1979

Senator Thomas Wilson  
Carson City Nevada

Dear Sir:

Those of us who are forced to survive on benefits, are really having a struggle. I receive \$201<sup>00</sup> a month which about takes care of utilities. I appreciate this money and am very grateful to receive it. But its a real hardship trying to keep up with inflationary cost and still survive at all. There is a dire need for a increase to <sup>help</sup> cover the steady increase in the cost of living.

It seems in a country like ours - there could be a way found to take care of our disabled and survivors.

Sincerely

Frances R. Taylor  
1697 Gateway Road  
Las Vegas, Nevada  
89110



*er*

205 East John Street  
Carson City, Nevada  
89701

March 12, 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Wilson:

Due to an industrial accident February 27, 1971, I am permanently and totally disabled. I have no annual leave time from pain and blindness. In 1973, N.I.C. awarded \$208.00 per month, in 1975 by a 20% addition now totals \$249.60. In this time of high prices, do you know how little this amount will pay for toward here, heat, lights, water, clothes or food.

One, only one, example is health insurance. N.I.C. covers only the parts of the body directly injured in the accident, not what happens to the rest of the body as a result, so health insurance is vital. Because I am not 65 and working for the State, quarters are not complete under Social Security. I am not eligible for Medicare. Even so, the cost of Medicare would be \$63.00 plus \$8.20 for Part A and B. I am no longer a State worker so I must pay the Group Insurance myself \$42.32 a month, which no doubt will again go up in July.

This is only one of the hardships, not the most important as even with ulcers I like to eat. If you can help us get benefit increases, I will certainly be grateful to you.

Sincerely yours,

*Georgia Sue Carlisle*

Georgia Sue Carlisle

vb

Letter to James Banner  
cc: Claude Evans



RECEIVED MAR 15 1979

March 12, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Assemblyman Banner:

During this legislative year I feel the need to make a personal plea to you as Labor Committee Chairman. My plea concerns the benefits paid to the survivors of fatally injured workers of Nevada.

As the widow of such a fatally injured worker, I receive a survivor benefit of \$200.00 per month from the Nevada Industrial Commission. While I greatly appreciate receiving this income, I can't help but express to you that it has become increasingly difficult to make financial ends meet in this day of such high inflation. It becomes very evident to me as I shop each week for groceries or when I make a visit to my family doctor or dentist that my income is not sufficient to support my financial needs. I feel that if my power and heating bills are to continue to increase drastically that something must be done to insure that my income will also increase sufficiently to accommodate these creditors.

And so, Assemblyman, I again implore to you to stand on my behalf to do all you can to increase the benefits paid to the survivors of fatally injured workers of Nevada.

Sincerely,

Betty Jo Bacon  
506 Nona Drive  
Carson City, Nevada 89701

cc: Claude Evans

*Betty Jo Bacon*

RECEIVED MAR 15 1979

J

March 12

Labour Committee chairman  
Nevada State Legislature  
Carson City

Dear Sir:-

I am glad to hear that some provisions are being started to get a little more money on our pension. I was awarded permanent total disability March 7 - 1967 at that time it was 232<sup>00</sup> a month and a 20% increase July 75. but I have only drawn that 8 months due to being out of state a total of \$278<sup>46</sup> doesn't go very far now it costs me 100<sup>00</sup> to just pay my trailer plus utilities. I guess I never thought I would be getting to where I couldn't work till it was too late and Social Security isn't any to liberal either. So a little more help would be greatly appreciated.

Thank you

Merle E Harris

4718 Cory place

Las Vegas Nev

89107

March 14, 1979

Claude Evans  
Executive Secretary  
P. O. Box 2115  
Carson City, Nevada 89701

Dear Sir:

I am writing to you in regard to my Nevada Industrial Commission Total Disability Pension.

I was injured on the job July 6, 1974. At that time my wages was \$1,240.00 a month. I was on this job approximately 2½ months. Prior to that I was a Boiler Engineer at Southern Nevada Memorial Hospital at about or above the same salary. I was informed that I hadn't received the amount to entitle me to the proper settlement.


I was over nine months sitting here without any income whatsoever. At the hearing, after nine months I was awarded Total Disability for Life (enclosed copy of settlement). Settlement was computed at 66 2/3 of the average State Employee, which was \$727.48 a month, instead of taking the percentage of what I was making, which they settled at \$484.99 of which I am receiving and have been since this award was granted - dated March 1, 1977 - which includes medical.

Enclosed is a copy of my last rent bill and gas for month of March. My rent when I moved in here was \$104.00, now has increased to \$180.00.

I was in good health and expected no problems, and would have had my mobile home paid off within three years. With my rent and house payment - not including my power and telephone - these bills come to \$398.43 which leaves \$96.56 a month, so I am living hand to mouth.

With unforeseen emergencies that arise from time to time and with a good credit rating - the Merchants have stuck beside me and I have not been reduced to a bad credit rating. Anything that you can do for me or for others in my position will be greatly appreciated.

Respectfully yours,

  
Donald A. Smallwood

March 9, 1979

Assemblyman James Banner  
 Labor Committee Chairman  
 Nevada State Legislature  
 Carson City, Nevada 89710

Dear Mr. Banner:

I understand a bill is to be introduced to the Nevada State Legislative pertaining to increased benefits for survivors of fatally injured workers and to individuals who became totally disabled as a result of industrial injury.

As a totally disabled individual I feel an increase is warranted at this time. I presently receive approximately \$450.00 per month. With the present rate of inflation I find it difficult to cover ordinary living expenses on this amount. Since this is my only source of income any increase from Nevada Industrial Commission would certainly be a big help.

Sincerely,

*Antonio Ayala*  
 Mr. Antonio Ayala  
 1565 Nemette Circle  
 Reno, Nevada

Copy was also  
 sent to  
 Mr. Wilson

RECEIVED..... 15 1979

3-12-79

1601 E. Sunhill Rd

#159

Las Vegas, Nev 89104

Mr. Claude Evans -

Dear Sir -

was sure glad to receive your letter.

My monthly checks amount to \$485.23

In the past 18 months my rent has increased from \$80 - to \$125 per month.

My hospitalization cost \$96<sup>50</sup> per month - my prescriptions average a little over \$25<sup>00</sup> per month. My Car insurance has increased \$65<sup>00</sup> a

Year

(2)

I could go on and on but most  
everyone knows how inflation has  
hit us all especially food and  
now its gasoline.

Sincerely yours,  
Dorothy K. Freeman



RECEIVED MAR 15 1979

March 9, 1979  
Dianna Hoffman  
c/o 5 Lida Circle  
Carson City, Nevada

Claude Evans  
Executive Secretary - Treasurer  
Nevada State AFL-CIO

Dear Mr. Evans,

There is a copy of the letters I sent to  
Assemblyman James Rannow and  
Senator Thomas Wilson:

Dear Sir:

I am receiving benefits from the  
Nevada Industrial Commission for my  
two children whose father is deceased.

I am presently receiving \$120.00 a  
month per child. They are four years  
old and six years old. This amount  
of money with today's increasing inflation  
is most inadequate. Medical expenses

are rising as well as food prices  
as I'm sure you're aware.

Also, in my current family situation I  
have remarried a fine man who has  
two children in our custody and a new  
baby of our own. My husband's income  
is needed for the support of these three  
children and we depend on the benefits  
we receive from my late husband to  
furnish the physical, medical, cultural,  
and educational upbringing of my other  
two children.

I hope this letter is of some help in  
passing this needed legislation for the  
increased benefits for the families  
of the permanently and totally disabled  
and the fatally injured workers of  
Nevada.

Sincerely,  
Mrs. Dianna Hoffman

D or March 12 1979

RECEIVED MAR 15 1979

Dear Sir:

I am writing to let people know what I have to live on each month.

I took from my check book for last year and averaged out each month.

Rent, elects. heat, phone, TV, cable, car, expence, license plates, insurance, tuning, tires, no gas medicine for my wife & son with Cripple Childrens dont pay. I cant afford insurance.

The cost of this is \$466.<sup>00</sup> a month. The cost above does not include gas.

my wife cant work because my son is partized from the

(2)

shoulder down. I cannot lift  
him around myself.

On top of my expenses last  
year my washer, dryer and refrigerator  
went out. Had to buy a new  
washer & dryer a used refrigerator  
all cost me \$712.00.

I need to go to the dentist  
and have my teeth pulled and  
~~gates~~ put in. Also need to get  
eye glasses as I haven't had them  
changed in 4 years.

c.c. James Banner  
Thomas Wilson

Thanks  
John M. White  
462 Willow St.  
Reno Nv. 89502  
Gension # 3662

RECEIVED MAR 15 1979

Goldfield, Nev. 89013

March, 12-1978.  
Gen. Del.

Dear Mr Evans:

In no way could I describe the hardships and misery and humiliation we have encountered since we got disabled May 25, 75 and then there has been some nice people who showed their support during our trials & tribulations of this hold thing.

My husband not only lost his back, his eyes and then his heart went. While this has all been going on could hardly keep up all the bills with travel being what it is and eat being what they are but also household expenses.

The people who have been truly helpful are Mr. & Mrs. Harold Carey, Mrs. Carlson of Nevada welfare in Hawthorne and her helper and Mrs. Edna Martensen of North Las Vegas Social Security office. She is one of a kind. Also Mrs. Judy Jackson of Reno. She is a wonderful girl also Mr. Parras, the back doctor who operated on my husband, also Dr. Lalama really great people. He is my husband's eye doctor.

My husband hurt for a year and a half before he had his back operation. Can you imagine being in constant pain for a year and a half? It almost drove me insane to see him suffer so much. When he got the operation we didn't

know if he would walk again. The Dr did a  
beautiful job, but then his eyes started going out  
He could see like an eagle before all this happened.  
So many X-rays caused this problem. <sup>open eye</sup> Just go  
going again real fine when a heart attack struck  
him down. That was the worse. Thirty days in  
Hospital (nyer.) not knowing if he was ever coming  
out are not. Happened Dec. 29-79. and its been nig  
and tack ever sence. Horrifying.

The money situation, forget it, Its a  
disgrace. Just barely eat. Somehow we've  
made it thru. by the skin of our teeth. Hardships  
you bet, Its embarrassing being poor and unable  
to work. He gets \$157. nic, \$73 <sup>36</sup> SSI + I get \$73 <sup>36</sup>  
Can you imagine getting by on that these days  
with gas 80¢ a gal. at Tonopah. and groceries the  
price they are makes me sick. also all third grade stuff  
at Tonopah. A man can't get strong and able to  
do anything on the stuff they sell there and meat  
prices - well dreamon. When you are in these  
circumstances, no not one came by and ask if  
we could need any help or be of service in any  
way - While he was in the hospital with heart attack  
Our big adobe storage building got destroyed by the  
planes or bombs from the flats I don't know  
which, also the same are destroying our house  
The underneath blockings all need refixing  
because they have all fallen in. Well I guess  
you can get the picture. Thanks for writing

Any help at all would be great. We could  
sure use it.

Yours very sincerely  
Mrs Dixie Shields

also - Husband Lee Shields.

P.S. Thanks for letting me get this off my chest.  
Helped a lot.

Excuse the paper, Dixie Shields.

Carson City Nevada  
March 14 1979.

Copy of Letters Mailed to:  
 Assemblyman James Bonner  
 Senator Thomas Wilson, Chairman:  
 Dear Sirs:

I am writing to you in Reference to the Bill to be introduced into 1979 Legislature to increase Benefits paid to the survivors of fully insured workers of Nevada. And to individuals who have been permanently and totally disabled, as the result of an industrial accident.

I am one of the totally disabled, as the result of an industrial accident which resulted in this injury.

Dec. 1972 I incurred an industrial accident, which caused total debility. After numerous surgeries, pain & suffering and many long stays in hospital, and Drs having decided they could do no more for me, N.I.C. placed me on a total disability pension, which amounts to the meager total of 332.<sup>50</sup> Per. Mo. Before this I was drawing 368.<sup>25</sup> Compensation Per Mo.

Which you know as well as I do, is very inadequate with inflation as it is. My Claim # is 73-7003 if you want to investigate case.

May those who have suffered as I have, as the result of such an injury, can realize what a hardship this is.

And to have to spend the last years of my life, suffering as the result of accident, only to have to watch every Penny, & be unable to make ends meet, and wonder some months if they are going to.

Then on a newscast to-day we hear that they expect the cost of living to rise 18% in the next few months.

I Respectively ask your support in voting in favor of this Bill, which would increase Benefits for the Disabled Industrial, injured of Nevada.

Respectively yours,

Harold C. LeMaster

2205 - 1st Rd.

Carson City, Nevada



EXH. B. 1 L  
RECEIVED MAR 16 1979

Claude Evans  
Executive Secretary - Treasurer  
P.O. Box 2115  
Carson City, Nevada 89710

Ma'am:

I am Mary J. Hawkins age 69 and am receiving N.D.C. Widows benefits of \$201.00 monthly. My medication alone runs me monthly \$50.00. I suffer from Osteoarthritis Arthritis, and High blood pressure. I live alone and with the cost of food and utility bills I can barely make it. When I have to go to the doctor it costs me \$30.00 ie \$50.00 for my shots.

Thank you  
Sincerely  
Mary Hawkins  
1128 Hassell Ave  
Las Vegas, Nev 89106

Copy of letter sent to Assemblyman James Banner  
 & Senator Thomas Hilson.

RECEIVED MAR 16 1979

I am a widow, 76 years of age, and have been totally disabled since 1962 when I was injured on my job.

I receive a pension from the Nevada Industrial Commission in the amount of \$226<sup>20</sup>. This amount is inadequate for me in these times of high inflation as my rent and utilities cost me \$185<sup>00</sup> per month. The small amount I have left does not allow me to have any but the cheapest food I can find to buy and I have nothing left for clothing, medicines and other things which I may need.

At my age, with my physical condition, it is impossible for me to supplement my income in any way.

I am sure there are many others in similar circumstances, so I believe that the time has come when serious consideration should be given regarding an increase in benefits.

I would urge that you do anything you can to assist those of us who need an increase, just to survive.

Anything that you can do will be appreciated.

Sincerely,

Diana Schmidt

P.O. Box 1435

Las Vegas - 89101

RECEIVED MAR 16 1979  
*ch*

March 12, 1979

Assemblyman James Banner  
 Labor Committee Chairman  
 Nevada State Legislature  
 Carson City, NV 89710

Senator Thomas Wilson, Chairman  
 Commerce and Labor Committee  
 Nevada State Legislature  
 Carson City, NV 89710

## INCREASED BENEFITS FOR N.I.C. CLAIMANT

This is in response to the letter I received from the Nevada State A.F.L. - C.I.O. dated March 1, 1979. I am disabled as a result of an industrial injury and have been a Las Vegas resident for over 18 years.

I receive a monthly pension of \$249.60 and \$36.60 from Social Security. I have no one else to help support me and have not been able to buy sufficient food and clothing because the money I receive is paid out as follows:

Rent	\$150.00 Month
Telephone	15.80 Month
Utility	89.00 Month (approximately)
Burial Insurance Premium	25.80 Month

Because of high inflation and not enough money to support my needs, I have been forced to apply for food stamps so that I might be able to eat. The application was made recently and as of this writing, I have not heard from the Welfare Department. Please, please, help me. I did work for over 20 years before my disability. I pray that God will see a need also for the passing of the legislation to increase our benefits.

Sincerely,

Miss Rebecca Hall  
 217 Jefferson, No. 3  
 Las Vegas, NV 89106

cc: Mr. Claude Evans  
 Executive Secretary-Treasurer  
 Nevada State A.F.L. - C.I.O.  
 Post Office Box 2115  
 Carson City, NV 89701

*Miss Rebecca Hall*

March 15. 79

To who it may concern.

RECEIVED MAR 16 1979

My husband was killed in 1964. I was received \$20.00 a month. with the the price of food & housing it hard to get along with what I can make ends meet

I will be 65 in May & plan on retiring I have been working since I have been 14 years old. and I am dead tired all the time. now they say that electric Bill are going up 8% more. and so is food. what are we poor people suppose to do. you can't afford to get sick

Thank you I remain  
Sincerely,

Ray M. Dickel


907. E. Bonanza  
Las Vegas

Ne 8912A

3-15-79

Assemblyman James Banner,  
Senator Thomas Wilson;

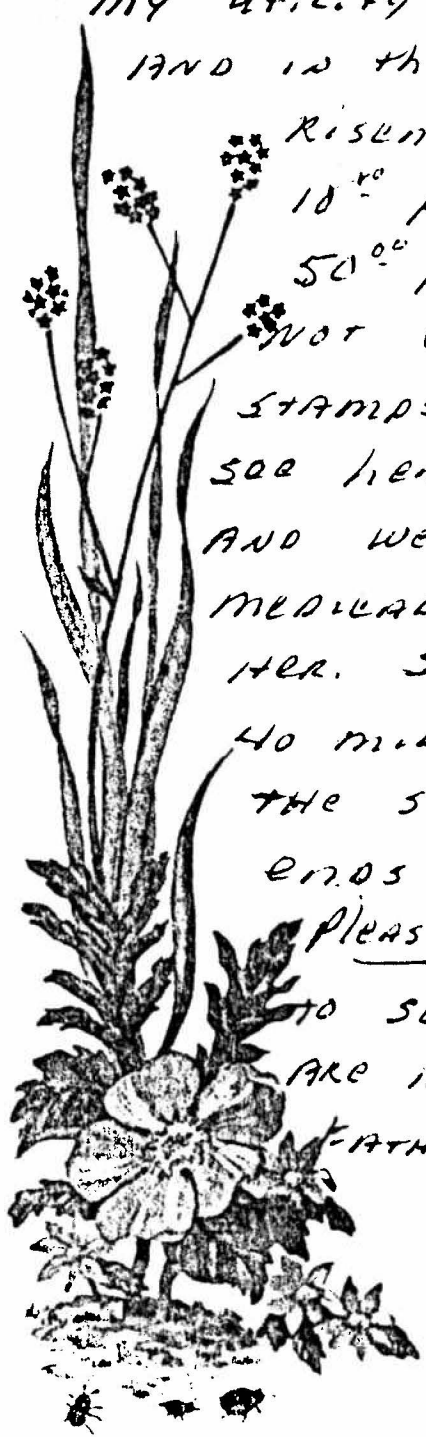
SIRS.



I WAS INJURED 10-17-74  
AND AM PERMANENTLY DIS-  
ABLED. I RECEIVED ONLY  
223.16 EVERY TWO WEEKS FROM  
N.I.C. UNTIL I WAS PUT ON  
A PENSION. I NOW DRAW 484.99  
PER MONTH. BECAUSE OF FEDERAL  
LAW, I WAS DENIED SOCIAL  
SECURITY DISABILITY BENEFITS.  
MY WIFE HAD TO RETURN TO  
WORK IN ORDER THAT WE  
COULD SURVIVE.

NOW, MY CONDITION HAS  
DETERIORATED TO SUCH AN  
EXTENT THAT MY WIFE  
MUST STAY HOME WITH  
ME.

As you know, the



COST OF LIVING HAS SKY-RCKETED.  
MY UTILITY BILLS HAVE DOUBLED,  
AND IN THE CASE OF GAS, HAS  
RISEN FROM APPROXIMATELY  
10<sup>00</sup> PER MONTH TO OVER  
50<sup>00</sup> PER MONTH. I AM  
NOT ELIGIBLE FOR FOOD  
STAMPS. MY WIFE MUST  
SEE HER DOCTOR REGULARLY  
AND WE DO NOT CARRY  
MEDICAL INSURANCE FOR  
HER. SHE MUST TRAVEL  
40 MILES TO HER DOCTOR.  
THE STRUGGLE TO MAKE  
ENDS MEET IS TERRIBLE.  
PLEASE DO YOUR UTMOST  
TO SEE THAT N.I.C. PAYMENTS  
ARE INCREASED AND "GRAND-  
FATHERED."

Sincerely  
BOB JOHNSON  
315 APACHE LN  
HENDERSON NEVADA 89015

RECEIVED MAR 16 1979

EXHIBIT L

or

2100 Kary Ave  
N. L. V. Nev. 890

3-13-79

Dear James Banner  
Chairman of Nevada Legislature  
I am writing to the Labor Committee  
I am getting \$1270.40 from the N.L.C. The  
Cost of living went up last year and  
the cost of living went up some this  
year. I don't know how things are  
to work but I have to pay more for my  
medicine and the H.R. Good help I do  
can't stay on diet in circumstance  
Last year my treating and my medication  
cost over five hundred dollars and it  
was hard. So this year it is going to be  
harder because I have to take  
my medication every day and the  
and the cause of living is still going up

Ardenia Avery

RECEIVED MAR 19 1979

Yerington, Nevada  
March 10, 1979

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada

Senator Wilson:

I understand that a bill will be introduced into the 1979 session of the Nevada State Legislature to increase benefits paid to survivors of fatally injured workers of Nevada.

I am a widow receiving \$180.00 monthly and, while I am very grateful for this assistance, I am sure you realize how little this really is in these days of high inflation.

I will appreciate any support you can give this bill.

Sincerely,

*Nettie P. Driver*  
Nettie P. Driver

*P.S. I sent a letter to each  
Mr Wilson and one  
to Mr James Banner*



RECEIVED MAR 19 1979

North Las Vegas  
march 17, 1979

attention.

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City Nev. 89710

Dear Sir:

I understand a bill has been  
introduced in the State legislature  
to increase benefits for disabled  
persons. I urge you to vote for this  
bill. I was injured in March of 1975  
while making as a custodian for  
the Clark County <sup>school</sup> district an permanently  
disabled. I receive 431.34 a month  
which is not nearly enough to cover  
rising cost of living. Please vote  
for this bill and try to see that  
it is passed.

I am a widow,

unmarried since 73.

I thank you very much  
Mrs Chas Hale  
2521 Hickey N. L. V.  
Nev 89030.

Las Vegas Nev

3-15-79

To the Labor Comittel Chairmen -  
in Reply to the letter I rec mar 1-79  
& rec 307<sup>20</sup> per mo. which is  
not enough for the injury  
I rec and today standard of living.  
I am still suffering from the  
injury. I wish you would give  
me more to live on because  
you know I got a bad deal in  
the begining. I hope you will  
look in to this

Official  
Jack E. Johnson  
1678-D, St

Las Vegas Nev

89106

Copy of letter sent to Assemblyman  
Banner and Senator Wilson.

RECEIVED MAR 19 1979

15 March 1979

It is my understanding that legislation will be introduced in this session of the legislature to increase benefits paid to AIC Claimants. This legislation is sorely needed, not only for future Claimants but for workers who were injured in the past.

I was injured in 1969 and on 1 Jan 1976 I was put on a monthly pension in the amount of \$249.60. With inflation and the enormous increase in the cost of living the inadequacy of my pension needs no explanation.

Sincerely  
Mary S. Colvin  
13450 So. Wells Avenue  
Leno Tex 89511

Assemblyman James Banner  
 Labor Committee Chairman  
 Nevada State Legislature  
 Carson City, Nevada 89402

DEAR: ASSEMBLYMAN,

I AM WRITING YOU  
 AS REQUESTED IN THE PREVIOUS LETTER  
 I RECEIVE FROM NEVADA STATE A.F.L.-C.I.O.

DUE TO THE RISING  
 INCREASED IN THE COST OF LIVING, MY  
 WIFE AND I FOUND THAT THE \$307.00  
 I RECEIVE EACH MONTH FROM NEVADA  
 INDUSTRIAL COMMISSION, IS JUST BARELY  
 ENOUGH TO TAKE CARE OF OUR MONTHLY  
 NEEDS.

I KNOW WHEN I RECEIVE  
 AN INCREASE ON MY MONTHLY CHECK,  
 IT WILL HELP ME TO MEET MY  
 MONTHLY RESPONSIBILITY WITH A  
 LITTLE LESS APPREHENSION.

THANK YOU FOR YOUR CONCERN!

Sincerely, Felix Washington 1163

Handwritten signature or name at the top of the page.

Specimen letter

Main body of handwritten text, appearing to be a letter or report, containing several lines of cursive script.

Dear Sir,  
Government  
P.O. Box 2115

For further details, please refer to...

Yours faithfully,  
[Signature]

RECEIVED MAR 19 1979  
MAR 11 1979  
[Handwritten initials]

RECEIVED MAR 19 1979

500 West Second Street  
Winnemucca, Nevada

March 15, 1979

Claude Evans  
Executive Secretary- Treasurer  
P.O. Box 2115  
Carson City, Nevada

Dear Mr. Evans,

During these days of high inflation, I see a need for increase in benefits paid to the survivors of fatally injured workers of Nevada and to the permanently and totally disabled.

I receive benefits of two hundred-one dollars (\$201.00) a month and I find it quite difficult to meet some needs; especially now that my health is not the best.

Sincerely,

*Helmer U. Olson*

RECEIVED MAR 1 9 1979

Executive Secretary Treasurer

Mr. Claude Evans

Dear Sir, this is word for word I have written to asst. James Bennett and to Sen. Spike Wilson.

Dear Sir, please help us permanently and totally disabled, as well as survivors of fatally injured, to fight and plead for a fair and decent increase in our benefits.

Sir, I am 58 yrs. old, 100 percent totally disabled my wife is 50, and a cancer patient. She is also un-able to work, and we have 2 girls in school. I only receive \$374.<sup>40</sup> per month from N. J. C. for Perm. disability. When I was temp. disabled, I received 414.<sup>24</sup> per month and inflation was not nearly as severely in-human as it is today and still increasing daily. We had quite a struggle at that time for just an existence, but now this day and age, we are truly suffering un-do and un-believable hardships, and falling into a credit crater, we can't live to get out of. We have threats of losing our home and possessions, the creditors' harass us constantly, and many days we do not have proper food and certainly not nearly the quantity enough for 4 peoples.

N. J. C. does not allow me travel pay to the Dr. and I even have to pay to have my no-work statement notarized each yr.

I have no means of paying for Drs. hosp. or med. care or buying needed medicines for my wife and Daughter.

So I sincerely pray and implore you, please ask the Committee to heavily this issue of a substantial benefit increase into Legislature not only for myself and my own Precious family but for anyone whom has had the misfortune to be so disabled by any industrial injury.

I and My Family  
Thank you Very Respectfully and Sincerely

Otha L. Wilson N. J. C. Pen. # 3539

March 15, 1979  
800 Calcite Circle  
Reno, Nevada 89512

Claude Evans  
Executive Secretary - Treasurer  
P.O. Box 2115  
Carson City,  
Nevada 89701  
Dear Claude Evans,

I do welcome the opportunity, to express the need and to support the AFL & CIO Labor Organizations' efforts in the legislation, for the increases for the NIC disability benefits.

I am most grateful, to know that this need has come to your attention, for - I for one has realized the need for this increase, many months ago with the increase, of the US Postage stamp almost doubled in price for the ordinary letter. most of us on low fixed incomes, decided we could not send out the traditional annual Christmas card greetings.

I for one, have become, a victim of the NIC fixed income of \$ 246.48 a month for about three years now, and in no-way can I work in order to supplement this shrinking income as most more able bodied Social Security recipients are able to do. I have been caught, in the inflationary crunch with my chronic physical disability and have fully realized, this for more than a year.

My monthly allotment from NIC, which seemed ample income three years ago does not seem to cover my essential household expenses, during the last few months. and there seems, no relief in sight, that this run-a-way inflationary period will ever stop.

For an example, a washer load of laundry used to cost 25 cents, is now 60 and 70 cents per load, almost doubled with in the past year, the drier slot costs 10 cents per whirl to dry a load of laundry costs 30 cents was 5 cents or 15 cents to dry, has also doubled, besides the gasoline costs that took me to get there!

Besides the portion of laundry soap which does not seem to have the same cleaning power in it. This sounds like the old fable, "The House that Jack Built".

I must budget, my weekly food allowance carefully, as I suppose most on low-fixed incomes must do. The traditional beef stew has been eliminated from my economy minded diet long ago, I depend more now, upon the milk in my diet.

I seek only group entertainment, which is almost free of charges, when possible. and invest more time, with in the confines of my home, with several hobbies of mine which cost little or nothing. Most of my own clothing, I sew only for myself, when my energy allows me, or hand me downs from other people.

Need I say more ? In that respect.



I am a westerner, by birth and have lived in the western states, during my entire life time, also am a child of the depression years, when luxuries were simply out for the average honest, working person.

It is for this reason among many others' that I feel the need of my own personal transportation, it comes first and is most important to me, so long as I am still able to drive.

First it takes the burden off my children, that might otherwise have to do essential errands for me, and because of my own particular chronic physical disability the doctor indicated I was to do no more heavy lifting, excessive stooping or bending. In my grocery shopping errands, my own transportation prevents most of this, for I cannot hand pack sacks of groceries, on busses or by taxi-cab. The waiting alone for a city bus during cold miserable weather is extremely painful for me, taxi fare has become outrageous, and for the price, their services are limited.

On the other hand predictions' that unleaded gasoline, will soon begin to soar to the one dollar a gallon price this coming month according to the Iran situation, among the other multitudes of hidden operational expenses, such as auto-insurance, maintainances. I estimated last December the price of a new set of tires, for about \$ 327.52 not including the state and Federal tax.

But I feel, that my automobile provides, a basic necessity, often times occasional pleasure, and recreational periods.

I gave up movie going many years ago, and most of my clothing I've been making for myself during this period of denial.

But during my window shopping sprees, it doesn't seem that I will soon be able to purchase ready made garments \_\_\_\_\_, at the rate prices are going.

Even the price tags for a decent pair of shoes my size are soaring and the prospects' of going bare foot doesn't seem too exciting to me!

I do welcome, this opportunity to support the cause of the AFL & CIO Labor organizations' in the efforts to promote legislation to increase the benefits for NIC recipients and the dependants, and with all haste.

I am a firm believer that welfare begins first at home, and I for one has become a victim of circumstances, which I could not avoid, and helpless to do any thing, about it on my own.

Very Sincerely,

*Alice L. Crump*

Pension No. 3391 NIC

RECEIVED MAR 19 1951

Mr Claude Evans  
 P.O. Box 2115  
 Carson City, Nev  
 89701

Dear Mr Evans

I am enclosing copy of letters sent  
 to Assemblyman James Banner &  
 Senator Thomas Wilson - Carson City, Nev.  
 as you requested regarding the total  
 disability of John J. Roeder, 1405 Pacific  
 Street, Las Vegas, Nev.

We deeply appreciate your  
 interest & concerned hope something can  
 be done.

Sincerely  
 Mildred Roeder  
 (Sister)

1405 Pacific St  
 Las Vegas, Nev.

Letter on reverse

RECEIVED MAR 19 1979

I understand during the 1979 session of the Nevada State Legislature a bill will be introduced to increase benefits paid to individuals who have been permanently & totally disabled as a result of an industrial injury.

I have been totally disabled since my accident three-two years ago, as a result must have someone with me at all times. I find it very difficult to live during these days of high inflation on the amount of money I receive - \$276.20 monthly from the Industrial Commission & \$283.60 disability Social Security.

Anything you can do to assist in the passage of that bill will be deeply appreciated.

RECEIVED MAR 19 1979

P.O. Box 809  
Carson City, Nev.

Executive Secretary - Treasurer

P.O. Box 5115

Carson City, Nevada

Dear Mr. Evans,

I am on a pension from N.S.P. for a back & neck injury sustained on the job. I receive \$270<sup>00</sup> monthly & I can give you many reasons why I need an increase in benefits. The price of groceries has soared so high I haven't been able to buy meat for over a year. My diet is very important to my bones & body. My spine is deteriorating fast & my diet certainly won't help it. It is impossible to eat right on my income, pay bills & have peace of mind. Hansen caused my back to hurt worse.

Along with the operating back pain I have a constant tooth ache,

I need some dental work done very badly. I need to have my glasses changed, but I don't have the money for either. My eye sight is very precious to me.

My doctor thinks I have an ulcer from the medication I take for my back. I told him my diet & tension I endure from the struggle for survival doesn't help my stomach either. I can't afford to have a H. L. Bierst test to find out if I have an ulcer. The medication has also damaged my blood & kidneys. I think M. D. C. should be willing to pay for the test because it all stems from medication, diet & tension caused from the back injury.

Sometimes I have to cancel appointments with my doctor because I don't have cash for it.

Low fare to my doctor's office.

Following a diet for my blood,  
 kidney & stomach is impossible be-  
 cause I can't buy the proper food  
 of need. Most of all I need good  
 food to strengthen my back, because  
 of my spinal condition I can't work  
 to help supplement my income.

If so hope you can help me.

Thanking you in advance, I  
 remain,

Sincerely,

Adelle Moore

P.S.

The cost of living is so high  
 there has been many things I have  
 given without food.

March 15, 1979

RECEIVED MAR 19 1979

Senator Thomas Wilson  
Comm & Labor  
Carson City

Dear Mr Wilson

Please help us to receive  
a raise in benefits from N.I.C.  
Carl only gets \$256.00 a mo plus  
\$51.20 from the state. which doesn't  
go very far due to the high prices  
of a day and still paying his  
N.I.C. could use a little of the  
surplus they have for the injured  
worker also the money the cost of  
Doctors, & surgeons get a day what  
the N.I.C. wants them to pay.  
The injured worker should be able  
to go to his own Dr or a Dr of  
his or her own choice.  
Please don't give N.I.C. people a raise  
We have to live on \$256.00 + \$51.20  
a month but then try

-2-

to live on less. We went from "1500." a mo when Carl got hurt to ~~256~~ \$256<sup>00</sup> a mo. So cut their pay and let them know what its like to have to live on so little.

I bet they would want better treatment for the injured man or women.

Also they could save a little money by putting the two checks into the same envelope at first of month for 15¢ instead of two envelopes for 30¢.

This is a lot of help. We hope this helps you to see we would like an increase in benefits.

Sincerely  
 Mrs Carl Brackett  
 P O Box 1403  
 Sparks Nevada 89431.



March 15, 1979

RECEIVED MAR 19 1979

Assemblyman James Banner  
Labor Committee Chairman  
New State Legislature  
Carson City, NV 89710

Dear Mr Banner

Please help us to get a raise  
in Carl's benefits thru Legislature  
Carl received only \$256<sup>00</sup> a month  
plus \$1.20 from State, I now know  
far do you think this goes with  
the prices as they are today & it  
still going up, As you know  
this is just a little drop in the  
bucket & what they ~~to~~ pay their  
Doctors & surgeons to say the  
injured worker hasn't been  
hurt to the extent that they  
are. Or its all in their hands  
Hope you are on our side

Sincerely

Mrs Carl Brackett.

RECEIVED MAR 20 1979

726 South First St.  
Las Vegas, Nevada 89101  
March 16, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Banner:

I understand that during the 1979 session of the Nevada State Legislature a bill will be introduced to increase benefits paid to the survivors of fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of an industrial injury.

Please be advised that I am a senior citizen and in these same circumstances since I receive a total of \$120.60 monthly from NIC. You can understand how difficult it is for me to make ends meet since my rent alone is \$120.00 a month and I have other expenses such as food, clothing, power, etc.

This is the reason why I am writing to you in support of this bill since it would mean a lot to me and other individuals in my same situation if such a bill is passed.

Thank you for the assistance you may be able to give us NIC claimants in helping this bill being passed.

Yours truly,

*Guadalupe Aragon*

Guadalupe Aragon

GA::

cc: Claude Evans  
Nevada State A.F.L.-C.I.O

Reno, Nevada  
March 18, 1979

RECEIVED MAR 29 1979

Mr. Claude Evans  
Executive Secretary - Treasurer  
Carson City, Nevada

Dear Mr. Evans,

Due to the inflationary trend, I applaud your efforts to assist those who are receiving benefits as survivors of fatally injured workers of Nevada, by sponsored legislation.

Cordially,  
Verona Helke Hill

N. G. C. Claimant

EXHIBIT L

RECEIVED MAR 20 1979  
*of*

March 15, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Mr. Banner:

I am writing to you asking for your help to increase the benefits of my N.I.C. disability. I receive \$249.60 per month, but due to the high inflation the benefits just does not meet all the needs of living and it gets more difficult to make ends meet.

Thankyou for any help you can give regarding to this problem.

Sincerely,

*Hildegard Whitemack*

Hildegard Whitemack  
2625 Van Patten Apt. #10  
Las Vegas, Nevada 89109

HW/CK

*I read this letter to  
Mr. Banner*

RECEIVED MAR 20 1979

March 15, 1979

Dear Mr. Evans;

I have been Totally Disabled since 1970, and I receive \$249.00 monthly from NIC. I also get Social Security each month. But with the two checks it still isn't much of a living. I guess you could call it an existance.

Evidently NIC did realize that it was just about impossible to manage on that small amount because anyone that was Disabled after I was gets in NIC alone what I get in NIC and Social Security. I live in the same world that they do and have to pay the same prices on every thing just like they do. It isn't my fault that I was hurt on my job in 1970 instead of 1975, I didn't pick the time, day, and year. I wish I hadn't been injured at all. Maybe if I hadn't been injured and Totally Disabled then maybe I would be able to make a decent living.

The cost of Food, Housing, Utilities, Phone, Clothing, Medical, etc. steadily goes up, and my check stays the same.

In a sense Welfare People have it better than a disabled person. Atleast the Welfare Person gets help with food and medical care along with their fixed income.

There isn't enough money to buy insurance to help with my medical expenses and the help I get through Social Security Medicare, true it is better than nothing, but I really could use more insurance coverage to go along with Medicare.. For me to go to the hospital it costs me at least \$220.00 just for the deductable. After the deductable is paid Medicare only pays 80% of certain things on the hospital and doctor bill. Now the Doctor Deductable once it is paid it is good for a full year, but the Hospital Deductable is only good for 60 days.

Everyday living expenses aren't the only hardships that I have run into being Totally Disabled and on this sort of a fixed income.

At the time I was injured and classed Permanently Totally Disabled I had 5 children at home. I am no different than any other parent, I wanted to do special things for my family, have little surprises for them for something special that one or all of them might have done. And believe me my children did and do very special things for me, not that someone elses children wouldn't do the same thing for them that mine did for me. I had to go home a little to soon after my operation on my spine and the doctor wanted to send a nurse home with me to help care for me. But my children wouldn't hear of it, they all said that they could take care of me themselves, and believe me they did. The doctor was even surprised that I walked as soon as I did. I have 4 girls and 1 boy that were at home at that time. The oldest was a girl and believe me she was strict as any nurse if not stricter. She thought nothing about scolding me and working with my arms and legs making me try to get the use of them back. She bathed me and cared for me almost like I was her child. You see I was paralyzed after my operation. But in a very short time I was walking and able to button my own shirts, pants, etc. So you see I wanted to do something to show all my children how much I honestly appreciated all that they had done and had tried to do for me. Don't get me wrong they don't expect anything. It is just something that I wanted to do. Christmas, Birthdays, Graduations, etc. weren't anything really special because of my low income. Now I have grandchildren and I would like to do things for them but I can't because I am still just gettin almost the same thing I was getting back in 1970.

I am a human being just like the man that is out working right now. The employers would not be giving raises if people could live

now in 1979 on wages that they were making in 1970, like I am expected to do. Say that there is just 20 working days in a month, and with my NIC and Social Security added together I still don't even come close to making what the government calls the MINIMUM WAGE.

I could go on and on like this, but I doubt that it would help do anything but make the person tired that has to read it.

I do want to take this opportunity to thank you for at least taking notice of what the Disabled person is expected to live on.

THANKS AGAIN

CHARLES A. BROWN

RECEIVED MAR 22 1979  
Wilson City  
MAR 20 1979

Mr Evans,

The following is a copy of  
The letter I wrote to the  
Legislature.

As an N.I.C. Claimant who has  
been permanently and totally  
disabled due to an industrial  
injury, I strongly recommend  
The legislation being sponsored  
and supported by the Nevada  
State A.F.A.C.I.O. To raise the  
benefits paid to N.I.C. Claimants  
such as myself.

My pension is based on the wages  
I received when I was injured  
in 1955.

At present, my pension is \$226.00  
Per Month.



(2)

As you can see a person cannot live or even exist on that amount. There has been no raise from NIC. Since 1975, yet living costs have gone sky high.

I believe The Pension should be based on the scale I could be making today if I was able to work. I was a Heavy Equipment Operator.

I hope you will give this your full consideration and see that we are given a living Pension.

Sincerely

Phil W. Stare

Phil W. STARE

Box 1772

Carson City, NV

89701.

P.S. I hope the letter is OK.

Phil

RECEIVED MAR 2 1979

March 23,

Dear Mr. Evans:

I sent the following letter to Senator Wilson and James Panner...

I don't know how I'd get along without the N. I. C. Pension but an increase would certainly help.

I am receiving \$201.<sup>00</sup> and with my Social Security this is my total income.

I am living alone in the house we built 27 yrs. ago. Am still making payments on it, as we had to renew our loan when Kenneth was injured. In no way could I rent an apartment for this amount tho.

My biggest problems are the electric bills & house repairs.

When we built there were no gas lines & electricity was cheap, consequently

the house is all electric. Altho I like low temperatures (68 to 70°) my bills run between \$100.<sup>00</sup> & \$125.<sup>00</sup> many months.

This leaves nothing for repairs I can't manage myself.

I would appreciate any help you can give in gaining a pension increase.

Sincerely,

Hazel Glover  
(Mrs. Kenneth Glover)

1  
 RECEIVED MAR 22 1979

3-21-79

Dear Mr. Evans,

I'm sending you a copy of two bills I received today. Almost 3 years later N. D. C. still has not paid the bills. That's how perfect they are. And when someone has to struggle as I do. I have to go get copies to send to you people.

They were the surgeries that Dr. Burton & Dr. Reikoff did on my stomach in a short time of 7 months apart. And neither operation did any good. As you seen at my tearing my guts were still hanging out of my stomach. And my leg was never done proper.

The last surgery has held up pretty well as long as I keep it elevated most of the

time. And not walk on it too much.

Thank you for your time Blanche just thought you would like to know that N. D. C. still has not paid all my bills.

I sent a letter to Jim Banner but its not a copy Cause I'm too mad & upset. You can ask him to let you read it. Sure hope this brings out all truth & not half truth's like Bob Craddock told me. (He said that was a job.)

Sincerely  
Betty Goodman  
6280 Yellowstone Ave  
Las Vegas, Nevada  
89110

452-9692

Joe Vegas Jr.  
March 17<sup>th</sup> 1979

assemblyman James Boner  
Labor Committee Chairman

Dear Sir: Re Pension No. 3075

in 1969 I was totally disabled  
and was awarded a lifetime pension

at that time the maximum  
amount was based on \$350.<sup>00</sup>  
per month earnings, I received  
\$256.<sup>00</sup> per month.

Governor O'Callahan gave us  
two increases of 10% each  
making my Pension \$307.<sup>00</sup> per  
month.

With the high inflation today  
we just can not get by.

My wife who is 70 years old  
has had to take parttime work  
as a hotel maid even tho she suffers  
with severe Bronchitis

If there is anything you  
can do to help, I would sure  
appreciate it

William W. Hernandez  
89110 3632 Hill Jr. Joe Vegas Jr.

Wilbur Leminder  
3632 Kell Ln  
Las Vegas NV. 89110

Senator Thomas Wilson,  
Chairman Commerce and Labor Committee

Dear Sir: Re Pension No. 3075

In 1969 I was totally disabled  
and was awarded a total disability  
pension of \$56.00 per mo.

at that time the amount was  
based on a max. of \$350.00 per mo. earnings

Governor O'Callahan gave us two  
increases of 10% each making my  
check now \$307.00

I can no longer make bath  
endeavor, so my wife who is 70  
and has severe Bronchitis had to  
take part time work as a Hotel  
maid

If there is anything you can  
do to help we would surely  
appreciate it

Sincerely Wilbur Leminder

March 19, 1979  
RECEIVED MAR 22 1979

Dear Mr. Evans

I have been ill and in the hospital  
I hope you will excuse the delay in  
answe to the letter received.

I receive from the Nevada Indus-  
trial Commission the tal. some of 226.70  
a month.

My pay cuts are Washoe Medical Center,  
St. Mary's, Trailer tax, Car insurance and  
up-keeps property tax, and food.

I hope this is the information  
you want, if not please let me know  
what else is needed.

Sincerely,  
Arney Hurlbert



RECEIVED..... 2 2 1979

Mar. 19. 1979

Nevada State A.F.L. - C.I.O.,  
Attention of  
James Barbney Chairman - Labor  
Senator Thomas Wilson  
Gentlemen -

This time of high  
inflation, we really need  
some help to meet the high cost  
of living.

My check from N.I.C.  
is (\$26.20) Two Hundred  
Twenty six dollars, Twenty cent.  
Due to the fact, I have  
an apartment with my son,  
we share expenses, still does  
not solve my problem.

Thank you for your  
interest,

Yours truly,  
Gene C. Diefick

3550 Paradise Rd # 277  
Las Vegas, Nevada  
89109

EXHIBIT L

RECEIVED MAR 22 1979

March 21, 1979  
1860 S. Bridge St.  
Winnemucca, Nevada 89445  
Phone - 623-5671

Dear Sir,

In reply to the letter received March 3rd, I'm sorry I haven't replied sooner, but my daughter had surgery, and we have not been home.

I have written twice before on this issue. The first letter was sent to six different officials, and the only decent reply I received was from Senator Laxalt! Three of them didn't bother to answer. He said he was sorry, but the amount Duane, my husband, receives, \$307.20 a month, was all he was entitled to under the Nevada State Law. I'd like to see some of those officials live on that amount now!

When my husband was first unable to work -- after two neck surgeries (now his disks are disintegrating) we bought a motel in Walker, California to try and support ourselves, as we were getting NO help at the time. The doctor had told Duane to get off the heavy duty equipment, or end up a cripple, so we had no choice. We had the motel almost five years, but it proved to be too much physical pressure for both of us. My husband was getting worse, and my health didn't warrant coping with an 11 unit motel, with no extra help which we could not afford.

He finally, after 3 or 4 "hearings", 3 lawyers, (which I think entirely unnecessary when the organization of NIC is there to help the injured) was granted total disability.

We are now living in Winnemucca, because it was the only place we could afford to buy a house. About all we received when we sold the motel was the money we had involved in it. Of course, everyone knows how property prices have gone up, along with everything else!

The second letter I wrote to Mr. Evans when I heard of the intended legislation. Believe me it is NECESSARY! Mr. Evans replied with a very understanding letter. I just would like everyone to know, that I feel our treatment by the Nevada Industrial Association has been despicable! I've developed an ulcer the last few years, and I know that it started when I was dealing with the phone calls, letters, and treatment we received over the period of time when we were trying to get some help. I know they were totally unjust, and still are -- but it's the same idea as trying to fight "City Hall"!

The mental aspect of my husband's suffering has been almost unbearable. I watch him suffer every day, knowing nothing more can be done, and sometimes it is almost more than I can bear. Then of course, when we have to worry about the bills that pile up -- it's worse!

I've been wanting to voice my opinion for a long time on Nevada Industrial! I certainly hope this legislation is passed, as I know there must be many others that have had this same treatment!

Sincerely,

1177  
Gloria Smith

RECEIVED MAR 22 1979

208 Rhoda Street  
Las Vegas, Nevada 89110  
March 22, 1979

Assemblyman James Gomez  
Labor Committee Chairman  
Carson City, Nevada 89710

Sir:

I am a recipient of a government and totally disabled pension due to an industrial injury since Sept. 1975.

At the present time I am only receiving \$325.00 monthly pension. Due to the rising prices of prime commodities and the high inflation I could hardly make both ends meet.

In view of this I am writing you home and in behalf of other recipients like me asking your good office to sponsor a bill increasing our present benefits during your session of the Nevada State Legislature.

Thank you very much.

Very respectfully yours,

Ernest G. Badilla

C.F.:  
Claude Evans  
Executive Secretary-Treasurer  
File

RECEIVED MAR 22 1979

*Mrs. Elizabeth Booth*

Mrs. Elizabeth Booth  
5013 Santo Avenue  
Las Vegas, Nevada 89108  
March 20, 1979

*ch*

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

and

Senator Thomas Wilson, Chairman  
Commerce and Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Assemblyman Banner and Senator Wilson:

Due to the increasing and high cost of living, we are in favor of the bill to be introduced during the 1979 Session of the Nevada State Legislature to increase benefits paid to the survivors of fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of an industrial injury.

My husband is disabled as a result of an industrial injury and we are receiving \$484.99 a month from the Nevada Industrial Commission and \$398.00 from Social Security per month. Any increase in our monthly income from the Nevada Industrial Commission would be greatly appreciated in view of the continually increasing cost of living and the fact that we barely make ends meet on what we are now receiving.

Thank you.

Very truly yours,

*Elizabeth Booth*  
ELIZABETH BOOTH

RECEIVED MAR 22 1979

*cl*

1837 Bassler St.  
No. Las Vegas, NV 89030  
March 19, 1979

I am writing in regards to the bill to be introduced in the state legislature to increase benefits paid to the survivors of fatally injured workers of Nevada.

I am a widow of such a worker who died in 1972. I have three children whom I am supporting but only getting benefits for the one under 18. The other two children are in college and do not receive benefits because their father died before the legislation granting benefits to children still in school was passed.

My two children in college work as much as they can to help support themselves, but they need help from me also. I receive \$261.30 a month from NIC which is very little compared to the high cost of living. I would appreciate your consideration in passing this bill.

Sincerely

Mrs. Eugene Duncan

March 11, 1979  
Las Vegas, Nevada

Dear Sir:

As I am permanently disabled due to an industrial injury September 13, 1968, I am greatly interested in benefit increases due to high inflation. I receive \$208.00 per month with the only increase from N.I.C. in the last ten years has been \$41.60 in 1975 for living in the state of Nevada. I also receive an additional \$195.30 for disability from Social Security, which will be lowered again in July due to insurance increase.

Besides rent, lights, phone, life insurance, hospital insurance, doctor insurance, and medicines it does not leave much for food or other necessities.

As of a couple years ago I started having serious trouble with high blood pressure, which put me in the hospital last month. I pay between \$35.00 and \$57.00 per month for medicines not paid by N.I.C. Even with insurances, which I must keep, I will have a balance to the hospital and doctors. Also due to a vascular acculsion I now must have my glasses changed. I need dental work that has been needed for years but which will not be covered by insurances and will cost me between \$2,000.00 and \$2,500.00 as I have some loose teeth and need new upper dentures and lower dentures. I have no money for this at all.

I can not afford the nutritious food I need. I am lucky to keep up with hamburger, chicken, and stew. Several times I have had to even go without medicine I need and I have to depend on my children for clothes and other needed articles for Christmas, Birth-day's, and Mother's Day gifts. My doctor says I need a more social life as my only contacts are with my family. I have lost contact with old friends as I am to ashamed to say I can not afford to even go to lunch with them. In an emergency I always have to fall back on my children which is hard for me to do as they all have families of their own.

It is even hard to keep myself in tooth paste, soap, toilet tissue, etc., which are all essentials.

I could go on and on but I hope this letter has given you an insight into the hardships we must go through to make expenses from month to month. I have to support myself to keep myself respect.

Sincerely,

*Dixie Mae Atchley*

Dixie Mae Atchley  
117-Orland St. #8  
Las Vegas, Nevada 89107

P.O. Box 83  
Panaca, Nevada 89042  
March 19, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Labor Committee Chairmen of the Nevada Legislature:

At the present time I am receiving survivor benefits for myself and my disabled child from the Nevada Industrial Commission. Total benefits received from the NIC is \$251.30 per month.

I receive benefits from Social Security for myself and daughter totaling \$416.60 per month. It is really a struggle to make it from one month to the next on this much income and it is getting worse with our present inflation rate.

Is there something that can be done to help us?

Sincerely,

*Donna J. Hansen*

Donna J. Hansen



RECEIVED MAR. 26 1979

Frank A. Dennis  
337 J Street  
Sparks, Nevada 89431  
March 23, 1979

*Claude B. ...*

~~Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89700~~

Dear Sir:

I am writing in regards to the upcoming bill that will be introduced to increase benefits paid to the survivors of fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of an industrial injury.

I was injured in August of 1965 from a story and a half fall at the addition to the Main Post Office in Reno.

As a result, I have had three surgeries on my left hip and spent nine months in the hospital, most of the time in a body cast. During that time N.I.C. reimbursed me for lost wages and paid medical expenses, after which a settlement was made. It was not enough but the best they would do and I had to accept what they offered.

In 1965 we were able to get by with my wife working, but since that time, price increases have put our income way lower than an adequate amount to get by. Our home payment has risen by \$30.00 a month. Utilities are higher by another \$30.00, medicine for myself and wife another \$30.00, besides the higher cost of food and clothing which is unreasonable, and my wife continues to work to help us get by and that's all we're doing.

Supplements on Medicare and ridiculous health insurance rates absorb anything leftover except the worry of how we're going to pay it.

N.I.C. as it is, is working a real hardship for the totally disabled, but still won't allow a person to supplement the income in something they can do such as the Foster Grandparent Program, without sacrificing on N.I.C.

I strongly ask for your support of this upcoming legislature.

Sincerely yours,

*Frank*  
Frank Dennis

FD/bg

March 20, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89701

Senator Thomas Wilson, Chairman  
Commerce & Labor Committee  
Nevada State Legislature  
Carson City, Nevada 89701

Dear Sirs:

I never write letters but upon receipt of a notice that there was pending legislature regarding a benefit increase for survivors of fatally injured workers I felt it was time to voice an opinion. Since I am also one of the survivors.

I do not feel that these benefits are judged as they are supposed to be, since in reality they certainly do not appear to be based upon the workers income, but amounts set arbitrarily by the State. This is apparently what was done in the case of my husbands death. In my own particular case I was advised by my attorney that the computing of the award made to me was far from being accurate based upon his income and that I had a very good case against the State of Nevada, should I decide to pursue the matter. I was also advised to be prepared to spend five years in court before I could expect a correct settlement. By the time I decided I was ready to take the necessary steps my attorney passed away and I dropped the matter.

I feel that I am extremely fortunate in that I have maintained good health and hold a good job. I am very aware that many others are not so fortunate. There is no question that these benefits definitely need to be re-evaluated and increased. I would hate to try and live on the amount that I receive it would not be possible.

Hopefully, something can be done during this session with your help.

Very truly yours,

Helen B. Fink  
P.O. Box 7564  
Reno, Nevada 89510

cc: Claude Evans  
Executive-Secretary Treasurer  
Nevada State A.F.L.-C.I.O.  
P.O. Box 2115  
Carson, City, Nevada 89701

RECEIVED MAR 27 1979

Las Vegas, Nv/ 89122

March 21, 1979

Claude Evans  
Ex. Sect Tres.

P.O.Box 2115

Carson City, Nv. 89701

Dear Sir:

I understand there is or is to be a bill introduced in 1979 Nevada legislature to increase benefits to permanently and totally disabled claimants, due to industrial accidents, and to their survivors. This is a MUST PASS bill at all costs. I was permanently and totally disabled in 1960 while working for the city of Henderson, Nevada. At that time because I had worked for a municipality over five(5) year I forfeited my disability social security disability benefits, yet had not been there long enough to be covered by the pension plan. I was forced to take early retirement. The social security payments have increased to the present time to \$181.80 . Nevada Industrial Commission awarded me \$232.00 per month for myself and wife., this was later increased by \$46.40. Add these up and you see this up and you can see this does not provide very adequately for a good life in these days of increasing inflation.

At the present time I am a terminal cancer patient and have chosen to be treated by laetrile through Mexican Drs., which neither medicæ or private insurance will cover, so through this past year I have virtually wiped out my savings.

This is not a begging letter- it is a statement of facts and must apply to many accident claimants. If this helps at all to pass the proposed bill and obtain these increased benefits I will be greatly pleased.

Sincerely yours

*[Handwritten signature]*

RECEIVED MAR 28 1979

Reno, Nevada  
March 26, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Sir:

Regarding your letter received by me, Ernest K. Franklin, Pension #3261, on total disability due to accident in April, 1971; anniversary date April 1, 1979.

In reply to your letter I have had many, many hardships in the last 8 years due to my injury both financially and physically. I have never had an increase in money in any way, shape or form since 1971.

I receive \$345.00 a month from the most disgraceful Nevada Industrial I have ever heard of in my whole life.

Every time I was in need of medical help and was requested to travel to Carson City I always had to finance my own transportation and was never reimbursed.

I have been sent to numerous medical doctors via N. I. C. and in most cases none have been permanent nor have they done me any good; hospitals included. I am still in a great deal of pain and have difficulty walking. This whole situation has been a very bad and horrible experience for me. This so called N. I. C. of this State is a meaningless situation; you have to beg and plead and fight for whatever you get from them, which is most unfair. It is bad enough to be in constant pain without being tormented mentally by having to fight the N. I.C. for something you should have without a hassle. They have also advised a number of physicians to just drop the patient or refuse to handle the case further. I have been told by two of my doctors that I am a "medical nuisance" and have threatened to push me out of the N. I. C. altogether. This N. I. C. needs a total "shape up"

I know that the N. I. C. has enough money in their budget where they could afford \$30,000.00 a year to each N. I. C. patient on disability. I have been in contact with many of the patients in the last four years, and believe you me, they too have been pushed around and been placed in very bad situations. I am referring to about 50 or 60 people.

Assemblyman James Banner

Page 2.

My wife has been quite ill periodically in the last six years and these horrible circumstances are a great deal responsible for it. My children have also had to suffer as it is impossible to live on this very low income. I have also almost lost my home, and still could with inflation such as it is and no cost if living increases, or any other increases in my disability income. The wage percentage for more recent disabilities has increased and so should old disability income! It is terribly unfair and there is no other word for it.

I now have to depend on other people to take me places as I can't afford gasoline money, and am not physically able to walk two blocks. The situation is getting constantly worse and when my wife is unable to work it is a very difficult problem to cope with.

I could write a book about all I have been through but I hope this will give you some idea of my physical condition, as well as my financial situation.

I would like to thank you for your letter and I sincerely hope that you as members of A.F.L., C.I.O or union can help my very serious situation.

Sincerely,

Ernest K. Franklin  
1385 Trainer Way  
Reno, Nevada 89512

CC: Claude Evens,  
Executive Secretary-Treasurer

ck

March 28, 1979

Assemblyman James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, NV 89710

Dear Assemblyman Banner:

I am permanently and totally disabled as a result of an industrial injury.

I receive NIC benefits of \$374.40 per month. As I have a wife and daughter, who is in junior high school, to support, need I say more about the high cost of living during these days of high inflation. It is such a hard struggle trying to make ends meet from one month to the next.

Increasing benefits for individuals in my situation would be a great help in day-to-day living expenses.

I am thanking you in advance for your assistance in this matter.

Your Brother-in-Christ,

Emile Schneider

14

RECEIVED APR 2 1979

*Claude Evans*  
*P.O. Box 2115*  
*Las Vegas City Nevada 89101*

MARCH 27, 1979

TO LABOR COMMITTEE:

I SAMUEL SURGEON, PRESENTLY ON DISABILITY (PERMANENTLY AND TOTALLY), REQUEST YOUR HELP IN PASSING THE FOLLOWING BILLS: AF-563 & AB489.

I HAVE BEEN ON N.I.C. SINCE 1971, AND RECEIVE \$249.60 PER MONTH. WITH THE PRESENT RATE OF INFLATION, YOU SHOULD BE WELL AWARE THAT THIS INCURS MANY HARDSHIPS.

ANY HELP OR ASSISTANCE YOU CAN BE IN GETTING THESE BILLS PASSED WILL BE GREATLY APPRECIATED BY MYSELF AND OTHERS IN THE SAME SITUATION.

THANKING YOU IN ADVANCE,

I REMAIN.....

*Samuel Surgeon*

SAMUEL SURGEON

car

RECEIVED APR 4 1979

Mar. 29, 1979

Dear Mr. Evans

Just received your letter today - hope it isn't too late. I have been gone, my mother isn't well so want to see her.

Here is a copy of the two letters I sent. One to Sen. Wilson and one to James Benner.

Dear Sir,

It is my understanding that legislation is being considered to raise the benefits for disabled workers such as myself.

I was injured Nov. 6-77 and granted permanent total disability Apr. 28-78. I received my first pension check July 1-78 in the amount of \$484.99. This amount was derived from quote (in your particular case in the amount of \$724.48) unquote. My computed salary at the time of my accident was \$1500 a month. This settlement to me was demoralizing and degrading. It is bad enough to be a cripple without degrading you to a pauper.

Since my accident we have had double digit inflation and my so called pension has never changed. According to the law I have no recourse but to accept what they gave me. Therefore I think it is up to the legislature to see that we have a decent standard of living without having to depend on myself & others.

Sincerely Celestina Peterson  
3650 Archdale Dr.

Hope this is O.K. and have some Las Vegas Dec. 89/27

Good. If I can be of any assistance Pension # 3661  
in any way please feel free to  
Contact me.

Ceto



Phuoc T. Hunkins  
2912 W. Avalon Ave.  
Las Vegas, NV 89107

CH

Dear Sir;

It has come to my attention that a bill increasing the benefits to the survivors of disabled and / or fatally injured Nevada workers will be introduced in the 1979 Nevada State Legislature.

While the costs of food, clothing, housing, gas, education, and general living expenses have been spiraling upward for the past four years, the benefits have remained the same. How is a family to raise their children properly if there is not enough money to go around.

I have been receiving approximately \$413 a month for the past four years ever since my husband was killed in July of 1975 in the flood. Even though I do receive some money from Social Security, it still is not enough to make a living for my two children and me.

In these days of welfare " ripoffs " and money going to people who do not need or deserve state or federal assistance, why can not the families of workers who have been injured or killed receive fair compensation for their loss.

I hope that you people in the legislature will take seriously my letter and hopefully the letters of the other recipients when the bill comes to the floor. Thank you very much for taking the time to read my letter.

Yours truly,

*Phuoc T. Hunkins*

RECEIVED APR 5 1979

Michael Travaglia  
560 Marsh Avenue  
Reno, Nevada 89509  
April 2, 1979

Assemblyman, James Banner  
Labor Committee Chairman  
Nevada State Legislature  
Carson City, Nevada 89710

Dear Assemblyman Banner:

Please give your utmost attention and support to the bill being introduced during the 1979 Session of the Nevada State Legislature to increase benefits paid to the survivors of fatally injured workers of Nevada and to individuals who have been permanently and totally disabled as a result of an industrial injury.

I personally will be effected by the bill, in that, I am totally disabled and have been since 1973 from an Nevada industrial accident occuring while I was an ironworker.

As a totally and permanently injured worker, I am unable to supplement my NIC income, as are all other permanently disabled people. Our income is sub-standard by all comparisons and living is hard. Learning to live with our injuries is hard without adding poverty existence. But, poverty is a fact among all NIC recipients and we ask why? Why must industrial mistakes be further aggravated with sub-standard livings?

The average wage earners wages have been upgraded. Not nearly enough, but up graded nonetheless. Not so the injured workers income! No increase has been suggested for NIC totally and permanently injured, until now.

During the 1978 State elections, I entered the race for Assemblyman of my district. My sole intention being to gather public attention to the plight of the injured. I failed to gather enough votes, for many reasons, one probably because I am unknown and many people are uncaring about this particular aspect of community living. Until each of us have been among NIC's subjects, do we know how very bad it is!

I appreciate all that each Assemblyman has done towards aid to the injured. I could not have accomplished nearly as much as each of you has done on our behalf. This letter serves as a great thanks for your sincere effort in addition to adding another name to your list.

Very truly,

*Michael P. Travaglia*

cc: Claude Evans,  
Executive Secretary-Treasurer  
Nevada State A.F.L.-C.I.O.  
P.O. Box 2115  
Carson City, Nevada 89701

Favorable  
to  
Present  
Benefits



RECEIVED MAR 23 1979

East Ely, Nevada

March 19, 1979

Nevada State A.F.F. C.I.O.

Claude Evans  
Executive Secretary - Treasurer

Dear Sir;

In answer to your letter,  
I have reached the age where  
I am able to draw my  
deceased husbands Social  
Security, so I am getting  
along very nicely.

Thanks.

Sincerely,

Phyllis W. Draper



SENATE BILL NO. 3—SENATOR HERNSTADT

JANUARY 15, 1979

Referred to Committee on Commerce and Labor

**SUMMARY**—Provides for transition of workmen's compensation insurance from Nevada industrial commission to private insurance carriers and self-insured employers. (BDR 53-189)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to industrial insurance; providing for the transition of industrial insurance from the Nevada industrial commission to private insurance carriers and self-insured employers; establishing a method for determining the administrative costs chargeable to insurance carriers and self-insured employers; establishing the industrial commission's administrative account; providing penalties; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 616 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 13, inclusive, of this act.  
3 SEC. 2. "Insurance carrier" means an insurance company which is  
4 approved by the commissioner of insurance to write industrial and occu-  
5 pational disease insurance in this state.  
6 SEC. 3. 1. Except as otherwise provided in NRS 616.395, a policy  
7 of insurance providing coverage against liability arising under this chapter  
8 or chapter 617 of NRS must not be issued for less than the full liability  
9 of the employer insured.  
10 2. Every policy of insurance providing coverage against liability  
11 arising under this chapter or chapter 617 of NRS must contain provisions  
12 specifying, as between the insurance carrier and the employee or the  
13 employee's dependents, that:  
14 (a) Notice or knowledge of the occurrence of an injury or death to an  
15 employee by the insured shall be deemed to be notice or knowledge to  
16 the insurer;  
17 (b) If the insured becomes insolvent or is discharged in bankruptcy  
18 during the time the liability policy is in operation, if any compensation is  
19 due and unpaid, or if execution upon a judgment for compensation is  
20 returned unsatisfied, an injured employee or his dependents may enforce



(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 84

ASSEMBLY BILL NO. 84—COMMITTEE ON  
LABOR AND MANAGEMENT

JANUARY 17, 1979

Referred to Committee on Labor and Management

SUMMARY—Permits self-insurance of workmen's compensation risks; modifies administrative procedures. (BDR 53-117)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to industrial insurance; permitting self-insurance against liability for industrial accidents and occupational diseases; providing for administrative hearings and appeals; establishing a retroactive benefit account; providing for a review of proposed rate changes; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 616 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 20, inclusive, of this  
3 act.
- 4 SEC. 2. "*Self-insured employer*" means any employer who possesses  
5 a certification from the commissioner of insurance that he has the  
6 financial capability to assume the responsibility for the payment of com-  
7 pensation under this chapter or chapter 617 of NRS.
- 8 SEC. 3. 1. *An employer who is certified as a self-insured employer*  
9 *directly assumes the responsibility for providing compensation due his*  
10 *employees and their beneficiaries under chapter 616 of NRS.*
- 11 2. *A self-insured employer is not required to pay the premiums*  
12 *required of other employers but is relieved from other liability for per-*  
13 *sonal injury to the extent as are other employers.*
- 14 3. *The claims of employees and their beneficiaries resulting from*  
15 *injuries while in the employment of self-insured employers must be*  
16 *handled in the manner provided by this chapter, and the self-insured*  
17 *employer is subject to the regulations of the commissioner of insurance*  
18 *with respect thereto.*
- 19 4. *The security deposited pursuant to section 4 of this act does not*  
20 *relieve that employer from responsibility for the administration of claims*  
21 *and payment of compensation under this chapter.*

Original bill is 25 pages long.  
Contact the Research Library for  
a copy of the complete bill.



ASSEMBLY BILL NO. 84—COMMITTEE ON LABOR AND  
MANAGEMENT

JANUARY 17, 1979

Referred to Committee on Labor and Management

SUMMARY—Permits self-insurance of workmen's compensation risks; modifies administrative procedures. (BDR 53-117)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to industrial insurance; permitting self-insurance against liability for industrial accidents and occupational diseases; providing for administrative hearings and appeals; establishing a retroactive benefit account; providing for a review of proposed rate changes; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

1 SECTION 1. Chapter 616 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 20, inclusive, of this  
3 act.

4 SEC. 2. "*Self-insured employer*" means any employer who possesses  
5 a certification from the commissioner of insurance that he has the  
6 financial capability to assume the responsibility for the payment of com-  
7 pensation under this chapter or chapter 617 of NRS.

8 SEC. 3. 1. An employer who is certified as a self-insured employer  
9 directly assumes the responsibility for providing compensation due his  
10 employees and their beneficiaries under chapter 616 of NRS.

11 2. A self-insured employer is not required to pay the contributions  
12 required of other employers by NRS 616.400.

13 3. The claims of employees and their beneficiaries resulting from  
14 injuries while in the employment of self-insured employers must be  
15 handled in the manner provided by this chapter, and the self-insured  
16 employer is subject to the regulations of the commission with respect  
17 thereto.

18 4. The security deposited pursuant to section 4 of this act does not  
19 relieve that employer from responsibility for the administration of claims  
20 and payment of compensation under this chapter.

21 SEC. 4. 1. An employer may qualify as a self-insured employer by

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 470

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ASSEMBLY BILL NO. 470—ASSEMBLYMEN  
GETTO AND DINI

FEBRUARY 27, 1979

Referred to Committee on Government Affairs

SUMMARY—Provides industrial insurance coverage for paid firemen injured while performing certain voluntary services off duty. (BDR 53-1210)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to industrial insurance; providing coverage for paid firemen injured while performing certain voluntary services off duty; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 616 of NRS is hereby amended by adding  
2 thereto a new section which shall read as follows:  
3 *A fireman who is employed by a regular organized and recognized fire*  
4 *department, while engaged off duty in the voluntary performance of serv-*  
5 *ices as a fireman within the jurisdiction served by his department or a*  
6 *jurisdiction with which his department has a reciprocal agreement, is*  
7 *entitled to receive the benefits provided by this chapter as though he were*  
8 *an employee receiving the wage which he receives from his regular*  
9 *employer.*



(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 410

SENATE BILL NO. 410—SENATOR KEITH ASHWORTH  
(by request)

MARCH 30, 1979

Referred to Committee on Commerce and Labor

SUMMARY—Clarifies certain provisions of Public  
Accountancy Law. (BDR 54-1831)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to the Public Accountancy Law; clarifying provisions relating to membership on the Nevada state board of accountancy, to the registration of corporations and partnerships, and to the qualifications of applicants for certification; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. NRS 628.045 is hereby amended to read as follows:  
2 628.045. 1. The governor shall appoint [ ]:  
3 (a) Five members who are certified public accountants in the State of  
4 Nevada.  
5 (b) Two members who are registered public accountants in the State  
6 of Nevada.  
7 2. On and after April 1, 1978, the board shall consist of] six mem-  
8 bers who are certified public accountants *in the State of Nevada* and one  
9 member who is a registered public accountant [.] *in the State of Nevada.*  
10 [3.] 2. Whenever the total number of practicing public accountants  
11 registered is 10 or [less,] fewer, the board shall consist of six certified  
12 public accountant members and the registered public accountant mem-  
13 ber until his term of office expires. Thereafter, the board shall consist of  
14 seven members who are certified public accountants.  
15 [4.] 3. No person may be appointed to the board unless he is:  
16 (a) Engaged in active practice as a certified public accountant or reg-  
17 istered public accountant; and  
18 (b) A resident of the State of Nevada.  
19 [5.] 4. If there are no public accountants who are eligible and  
20 willing to serve as members of the board, a certified public accountant  
21 may be appointed to fill a vacancy.

Original bill is 5 pages long.  
Contact the Research Library for  
a copy of the complete bill.