GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0556 - Generally revise workers compensation laws (Glimm, Carl)	
Status:	As Introduced

☐Significant Local Gov Impact ☒Needs to be included in HB 2 ☒Technical Concerns

☐Included in the Executive Budget ☒Significant Long-Term Impacts ☐Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Expenditures:				
General Fund	$678,648	($5,750,000)	($5,500,000)	($5,200,000)
State Special Revenue	$0	$251,424	$255,195	$259,023
Other - SITSD Proprietary	$0	$1,113,412	$0	$0
Other - MSF Proprietary	$0	$638,100,000	$0	$0
Other - SFD Trust	$0	$150,880,781	$154,495,438	$161,849,846
Revenue:				
General Fund	$0	$0	$0	$0
State Special Revenue	$0	$0	$0	$0
Other - SITSD Proprietary	$0	$0	$0	$0
Other - MSF Proprietary	$0	$0	$0	$0
Other - SFD Trust	$0	$647,500,000	$31,800,000	$29,400,000
Net Impact-General Fund Balance:	($678,648)	$5,750,000	$5,500,000	$5,200,000

Description of fiscal impact: This bill dissolves the Montana State Fund (MSF). All MSF assets will be transferred to the State Fund Dissolution Trust. The Department of Labor and Industry (DLI), and/or Residual Market Plan (RMP or Plan No. 4) will be responsible for procuring or assuming all the business operations of MSF including claim management, policy servicing, and payment of all obligations.

The full fiscal impact on the Montana workers compensation system, the state of Montana, and the state fund dissolution trust cannot be fully determined. Some significant items related to revenues and expenditures are included in this fiscal note.

FISCAL ANALYSIS

Assumptions:

Montana State Fund

1. Montana State Fund's role to act as the residual market carrier or guaranteed market for Montana will be eliminated. A Residual Market Plan (RMP) will be created and implemented requiring each Plan No. 2 insurer to participate. The RMP may provide that a Plan No. 2 insurer may meet its obligation under this section through direct policy assignment, participation in a reinsurance pooling mechanism, or otherwise.
2. All MSF assets will be placed in the State Fund Dissolution Trust to fund the claim runoff, transition of MSF operations and satisfy business obligations, including MSF employee retirement and transition costs. All future income from the trust must first be used for the runoff of state fund claims, and if this income is insufficient to pay current claim benefits and expenses, trust principal can be withdrawn as authorized. The ultimate liability for any unfunded claim benefits and expenses will be with the state of Montana.
3. As of July 1, 2024, MSF will no longer issue workers' compensation insurance policies and MSF policyholders will be required to obtain policies with Plan No. 2 insurers or in the RMP. Montana State Fund will have to provide for the cancellation of all in force policies effective July 1, 2024. The Department of Labor and Industry (DLI) will be responsible for providing any pro-rata policy refunds and policy reconciliations.
4. The Commissioner of the Department of Labor and Industry, in consultation with the Department of Administration, shall dispose of all remaining assets, wind up the affairs of the state fund, and dissolve the state fund.
5. The Old Fund liability will be funded by the dissolution trust fund managed by DLI.
6. Based on the annual statement filed with the State Auditor's Office for the year ending 12/31/2022, MSF had $1.69 billion in total assets, $1.08 billion in liabilities, and $613 million of Policyholders' Equity.
7. Montana State Fund will cease to collect premium effective July 1, 2024. Montana State Fund estimates the lost premium revenue to be: $165 million in FY 2025; $168 million in FY 2026; and, $171 million in FY 2027.
8. There will be revenue from investment income on the declining balance of the state fund dissolution trust. Due to multiple unknown factors, this amount cannot accurately be determined. A broad estimate of investment income assuming a 3% return would indicate: $34.5 million in FY 2025; $31.8 million in FY 2026; and, $29.4 million in FY 2027.
9. The MSF dissolution will require a one-time contribution to the Montana Public Employees Retirement Association (MPERA). On February 3, 2023, a consultant for MPERA estimated that the amount of the unfunded pension liability associated with dissolving MSF was $25.1 million. This estimate assumes the dissolution is effective July 1, 2022.
10. Montana State Fund will pay claim benefit and loss adjustment expense through June 30, 2024. The Department of Labor and Industry will be responsible for all payments beginning July 1, 2024.
11. Based on projections as of December 31, 2022, claim benefit payments and loss adjustment expense on claims that occurred on or after July 1, 1990, are estimated to be: $144.5 million in FY 2025; $148.6 million in FY 2026; and, $156 million in FY 2027. However, benefit payments will continue for decades. These amounts will be funded by the State Fund Dissolution Trust.
12. Based on the State Employees Protection Act, 2-18-1203, MCA, and 2-18-1205, MCA, there could be expenditures for job retraining or other potential expenses related to the dissolution. Ongoing health insurance costs could be as much as $1.8 million for the 278 employees laid off (278 current employees x $1,054 current monthly payment x 6 payments = $1,758,072).
13. Montana State Fund currently pays state of Montana agencies $3.7 million for various information technology, administration, and financial service fees. These central costs will have to be redistributed to

the remaining agencies effective July 1, 2024. The impact of this redistribution is not included in this fiscal note.

14. All Old Fund expenditures are currently funded by general fund. Effective July 1, 2024, Old Fund expenditures will be funded by the State Fund Dissolution Trust.
15. The Office of Budget and Program Planning included Old Fund expenditures of $6.2 million in FY 2024 and $5.75 million in FY 2025 in the 2025 Biennium Executive budget. Montana State Fund staff estimates the FY 2026 and FY 2027 Old Fund estimated expenditures to be $ 5.5 million and $5.2 million, respectively. These amounts will be funded by the State Fund Dissolution Trust.
16. Creation, implementation, and administration of the RMP will require contracted use of an advisory organization likely to be the National Council on Compensation Insurance (NCCI). The cost for this service is unknown.
17. Montana State Fund completes financial reporting on a calendar year basis. The Old Fund financial reporting is on a July 1 through June 30 fiscal period as is this fiscal note template.
18. The Department of Labor and Industry may determine, and distribute, policyholder dividends. No assumed dividend has been included in this fiscal note estimate. A dividend distribution will reduce the amount of investment income. Montana State Fund's board of directors declared a policyholder dividend of $30 million on September 9, 2022.
19. The tables in this fiscal note do not encompass all expenditures and revenue impacts but attempt to identify the significant items impacted by this legislation.

Department of Labor and Industry

20. The Department of Labor and Industry (DLI) anticipates a transition team appointed by the commissioner will be necessary to oversee any contract effecting the transition of the Montana State Fund (MSF) business and operations, wind up MSF affairs, and dissolve the MSF. The team will transition all policies, risks, and obligations of the MSF, compensation Plan No. 3, to Plan No. 2 or Plan No. 4 insurers. The Department of Labor and Industry is unable to estimate the costs necessary to support the transition team.
21. The Department of Labor and Industry will be required to contract with a qualified vendor to pay claims and ultimately create a loss portfolio transfer for all existing claims. The department is unable to estimate the costs necessary to develop this type of contract.
22. The Department of Labor and Industry will contract with an advisory organization designated by the commissioner of insurance for the implementation and administration of Plan No. 4 (the residual market).
23. The contractor (advisory organization) will be paid directly from the Plan No. 4 premiums based on a percentage of total premiums. While DLI will be responsible for administering the contract with the advisory organization, there will be no fiscal impact to the agency for this portion of the bill. The purchase of reinsurance will be paid for from the premiums of Plan No. 4 through the advisory organization and will not have a fiscal impact on the agency.
24. Montana State Fund currently uses an independent consulting actuarial service to review the New Fund and Old Fund. The department anticipates that this will be a necessary annual cost but is unable to estimate the cost of that service at this time.
25. To comply with the additional administrative requirements under SB 556 for the development of Plan No. 4, DLI will need to hire a 1.00 FTE Program Manager and a 1.00 FTE Research Analyst 3 starting July 1, 2023.
26. It is assume that a general fund appropriation will be required to fund FY 2024 personal services and operating costs, since this will be in advance of the MSF dissolution in FY 2025.
27. Salary and benefits for a program manager will be $117,010 in FY 2024 and $117,411 in FY 2025. Salary and benefits for a research analyst will be $91,113 in FY 2024 and $91,415 in FY 2025. Personal services have been inflated by 1.5% for fiscal years 2026 and 2027.
28. The department's cost allocation plan is applied at 9.5% of personal services for FY 2024-2027.
29. One-time-only costs for each new FTE include $1,600 for office supplies/furniture and $1,200 for a computer. This equates to $5,600 in FY 2024 ([$1,600 + $1,200] x 2).

30. Based on typical expenditures, the department estimates a cost of 13% of personal services expenses for items such as telephone, copiers, scanners, utilities, minor equipment, supplies, etc. These expenditures are included in operating expenses and would total $27,056 in FY 2024 and $27,147 in FY 2025. These additional costs have been inflated by 1.5% for fiscal years 2026 and 2027.
31. One-time-only administrative rule-making costs are estimated at $40,800 and are included in operational expenses for FY 2024. This includes 20 pages of Secretary of State filings at $60 per page and 300 hours of legal work at $132/hour.
32. There will be programming and information technology costs to administer Plan No. 4. These costs will be absorbed in the agency's current information technology budget.
33. The department estimates 1,800 hours of legal services will be required each year moving forward to assist with the transition, administration and ongoing legal matters related to this legislation. At $132/hour for legal services, this equals $237,600 annually in FY 2024 and FY 2025. These legal costs have been inflated by 1.5% for fiscal years 2026 and 2027.
34. The Department of Labor and Industry assumes all of the above costs would be paid from the MSF trust.
35. The increase in agency legal work for this program cannot be absorbed within the department's current agency legal staff. Therefore, the agency would need to add 1.00 FTE in the Legal Bureau. The department's Legal Bureau is funded through an internal service fund by charging an hourly rate to the programs. An additional 1.00 FTE and an associated $125,020 in FY 2024 and $125,452 in FY 2025 will need to be incorporated into the department's proprietary rates and charged to the MSF trust. These increased proprietary costs have been inflated by 1.5% for fiscal years 2026 and FY 2027.
36. The Department of Labor and Industry's cost allocation plan is applied at 9.5% of personal services for FY 2024-2027. This equates to $11,877 in FY 2024 and $11,918 in FY 2025 in proprietary funding for the legal position.
37. One-time-only costs for this new legal position include $1,600 for office supplies/furniture and $1,200 for a computer.
38. Additional legal services may be required to comply with the requirements of this legislation; however those additional costs cannot be estimated at this time.

Department of Administration

39. Health Care & Benefits Division - SB 556 will dissolve the Montana State Fund (MSF) providing for the transition of insurance functions and operations to commence on July 1, 2024. The State of Montana Group Benefits Plan (SOM Plan) will experience a reduction of state share revenue as well as a reduction of claims from MSF employees and dependents.
40. The number of MSF employees is 264 and MSF total contributions for 2022 were $3,954,975. It is assumed there will be no increase in those contributions through FY 2025. Calculations are based on current state share allocation and family tier contribution amounts with 50% of employees eligible for wellness subsidies.
    a. Annual State Share portion: $3,478,200
    b. Annual Employee contribution: $476,775
41. SOM Plan expenses for 2025 are calculated using the 2022 claims paid, the benefits incurred but not reported (IBNR) adjustment factor, and claims trend factor. Each of the four categories of expenses include medical with vision, prescription, dental, and administrative fees. Total estimated expense for FY 2025 is $4,037,697.
42. IBNR adjustment assumes a 1.5 month claim lag for medical, vision, and dental, but a 0.5 month claim lag for prescription drugs.
43. Claims trends are based on low trend scenario with medical/vision at 6.0%, prescription drugs at 9.0%, dental at 4.0%, and administrative fees at 2.0%.
44. The Worker's Compensation Management Bureau will need to procure a new insurer. However, the associated costs are undeterminable at this time.

45. The State Financial Services Division will absorb any impacts including transitioning fiscal year end, coordinating with the Governor's Office of Budget and Program Planning and agencies to transfer financial data in SABHRS, and reporting changes in the Annual Comprehensive Financial Report (ACFR).
46. SB 556 modifies the Procurement Act to remove MSF and exempts DLI from the act for procurement of contracted related services required under sections 1 – 8 of the bill.
47. Montana State Fund will no longer use State Information Technology Services Division's services. It is estimated that revenue will be reduced by $1,113,412, based on an average from fiscal year 2022 and projected fiscal year 2023 revenues.
48. It is assumed that SITSD rates will be adjusted for the reduced utilization for the 2027 biennium.

State Auditor's Office

49. SB 556 will remove funding for 1.00 modified FTE attorney and 1.00 modified FTE examiner positions, currently provided by MSF for fiscal years 2025, 2026, and 2027. The personal services cost of these employees is $220,424 and the operating cost is $31,000 for each fiscal year.
50. These personal services and operating costs have been inflated by 1.5% for fiscal years 2026 and 2027.
51. The MSF is subject to a financial examination every five (5) years by the State Auditor's Office. The office completed a financial examination of the MSF in 2023, spending approximately $200,000. The next regularly scheduled exam will be in 2028. The office will not require spending authority in the amount of $200,000 in 2028 if the MSF is dissolved.
52. With the dissolution of the MSF, if market forces do not maximize competition to the degree contemplated under SB 556, it is possible a competitive market analysis and hearing may be necessitated under Section 33-16-1020, MCA. To the extent that occurs, the State Auditor's Office will incur costs and expenses that will likely necessitate some limited, additional spending authority.

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Fiscal Impact: Combined				
FTE	3.00	(275.00)	3.00	3.00
Expenditures:				
Personal Services - MPERA	$0	$25,100,000	$0	$0
Personal Services - DOL	$333,143	$334,278	$339,292	$344,381
Personal Services - SAO	$0	$220,424	$223,730	$227,086
Operating - DOL	$345,505	$296,503	$300,951	$305,465
Operating - State Auditor's Office	$0	$31,000	$31,465	$31,937
Operating - SITSD	$0	$1,113,412	$0	$0
Benefits - New Fund	$0	$144,500,000	$148,600,000	$156,000,000
Transfers - Policyholder Equity	$0	$613,000,000	$0	$0
TOTAL Expenditures	$678,648	$784,595,617	$149,495,438	$156,908,869
Funding of Expenditures:				
General Fund (01)	$678,648	($5,750,000)	($5,500,000)	($5,200,000)
State Special Revenue - SAO	$0	$251,424	$255,195	$259,023
Other - SITSD Proprietary	$0	$1,113,412	$0	$0
Other - MSF Proprietary	$0	$638,100,000	$0	$0
Other - SFD Trust	$0	$150,880,781	$154,740,243	$161,849,846
TOTAL Funding of Exp.	$678,648	$784,595,617	$149,495,438	$156,908,869
Revenues:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue - SAO	$0	$0	$0	$0
Other - SITSD Proprietary	$0	$0	$0	$0
Other - MSF Proprietary	$0	$0	$0	$0
Other - SFD Trust	$0	$647,500,000	$31,800,000	$29,400,000
TOTAL Revenues	$0	$647,500,000	$31,800,000	$29,400,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	($678,648)	$5,750,000	$5,500,000	$5,200,000
State Special Revenue - SAO	$0	($251,424)	($255,195)	($259,023)
Other - SITSD Proprietary	$0	($1,113,412)	$0	$0
Other - MSF Proprietary	$0	($638,100,000)	$0	$0
Other - SFD Trust	$0	$496,619,219	($122,940,243)	($132,449,846)

Fiscal Impact: Montana State Fund	**FY 2024 Difference**	**FY 2025 Difference**	**FY 2026 Difference**	**FY 2027 Difference**
FTE	0.00	(278.00)	0.00	0.00
Expenditures:				
Personal Services - MPERA	$0	$25,100,000	$0	$0
Benefits - New Fund	$0	$144,500,000	$148,600,000	$156,000,000
Transfers - Policyholder Equity	$0	$613,000,000	$0	$0
TOTAL Expenditures	$0	$782,600,000	$148,600,000	$156,000,000
Funding of Expenditures:				
General Fund (01)	$0	($5,750,000)	($5,500,000)	($5,200,000)
Other - MSF Proprietary	$0	$638,100,000	$0	$0
Other - SFD Trust	$0	$150,250,000	$154,100,000	$161,200,000
TOTAL Funding of Exp.	$0	$782,600,000	$148,600,000	$156,000,000
Revenues:				
General Fund (01)	$0	$0	$0	$0
Other - MSF Proprietary	$0	$0	$0	$0
Other - SFD Trust	$0	$647,500,000	$31,800,000	$29,400,000
TOTAL Revenues	$0	$647,500,000	$31,800,000	$29,400,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$5,750,000	$5,500,000	$5,200,000
Other - MSF Proprietary	$0	($638,100,000)	$0	$0
Other - SFD Trust	$0	$497,250,000	($122,300,000)	($131,800,000)

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Fiscal Impact: DOA				
FTE	0.00	0.00	0.00	0.00
Expenditures:				
Personal Services	$0	$0	$0	$0
Operating Expenses	$0	$1,113,412	$0	$0
Benefits	$0	($4,037,697)	$0	$0
TOTAL Expenditures	$0	($2,924,285)	$0	$0
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
Other - Proprietary HCBD	$0	($4,037,697)	$0	$0
Other - Proprietary SITSD	$0	$1,113,412	$0	$0
TOTAL Funding of Exp.	$0	($2,924,285)	$0	$0
Revenues:				
General Fund (01)	$0	$0	$0	$0
Other - Proprietary HCBD	$0	($4,037,697)	$0	$0
Other - Proprietary SITSD	$0	$0	$0	$0
TOTAL Revenues	$0	($4,037,697)	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	$0	$0
Other - Proprietary HCBD	$0	$0	$0	$0
Other - Proprietary SITSD	$0	($1,113,412)	$0	$0

Fiscal Impact: State Auditor's Office

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
FTE	0.00	0.00	0.00	0.00
Expenditures:				
Personal Services	$0	$220,424	$223,730	$227,086
Operating Expenses	$0	$31,000	$31,465	$31,937
TOTAL Expenditures	$0	$251,424	$255,195	$259,023
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$0	$251,424	$255,195	$259,023
TOTAL Funding of Exp.	$0	$251,424	$255,195	$259,023
Revenues:				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$0	$0	$0	$0
TOTAL Revenues	$0	$0	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	$0	$0
State Special Revenue (02)	$0	($251,424)	($255,195)	($259,023)

Fiscal Impact: DLI	**FY 2024 Difference**	**FY 2025 Difference**	**FY 2026 Difference**	**FY 2027 Difference**
FTE	3.00	3.00	3.00	3.00
Expenditures:				
Personal Services	$333,143	$334,278	$339,292	$344,381
Operating Expenses	$345,505	$296,503	$300,951	$305,465
TOTAL Expenditures	$678,648	$630,781	$640,243	$649,846
Funding of Expenditures:				
General Fund (01)	$0	$0	$0	$0
Other - SFD Trust	$678,648	$630,781	$640,243	$649,846
TOTAL Funding of Exp.	$678,648	$630,781	$640,243	$649,846
Revenues:				
General Fund (01)	$0	$0	$0	$0
Other - SFD Trust	$0	$0	$0	$0
TOTAL Revenues	$0	$0	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	$0	$0
Other - SFD Trust	($678,648)	($630,781)	($640,243)	($649,846)

Long-Term Impacts:

1. Workers' compensation claim liabilities are long term obligations, sometimes taking up to 40 to 50 years to close. The total claim liability is susceptible to significant variance, and it is common to have development, or increasing costs, due to variables like new treatment options, medical inflation, and court cases.
2. The State of Montana Group Benefits Plan (SOM Plan) rates for the 2027 biennium could be affected upward with the SOM Plan population loss.
3. SB 556 will cause the State Information Technology Services Division's rates charged to other agencies to increase in the 2027 biennium due to reduced utilization.

Technical Notes:

1. All MSF assets and interest income on these assets are held in trust, 39-71-2316, MCA, 39-71-2320, MCA, and 39-71-2322, MCA, and can only be expended for the purpose the money was collected. Use of MSF assets for old fund liabilities or other purposes is inconsistent with the contractual and statutory limitations on MSF assets.
2. The recitals ("Where as" clauses) contain inaccuracies and unsupported conclusions.
3. The RMP has the obligation to provide for the orderly and efficient dissolution of MSF including: transition of the MSF policies to private insurers or the RMP; transition of MSF employees to state or private employment or retirement; and satisfaction of all MSF obligations in coordination with the Department of Administration (Pages 6-8 of bill draft). Section 2 conflicts with this as it states that the Commissioner may contract for the transition of policies, risks and obligations. This further conflicts with the DLI being required to provide for the orderly dissolution and transfer policies.
4. Section 4 requires the dissolution of MSF upon establishment of the RMP. A conflict exists as the dissolution section is effective on July 1, 2024. If the RMP is established prior to July 1, 2024, it is unclear as to when MSF dissolves.

5. Montana State Fund has multiple reinsurance contracts dating back to 1992 that require ongoing monitoring and accounting with a reinsurance broker. These adjustments can significantly impact claim liability and recoverables. These contracts include language prohibiting either party from assigning the contract without the prior written consent of the other, which consent may be withheld by either party in its sole discretion.
6. The bill requires DLI to act in the role as regulator and as a substitute for the insurer or real party in interest in claim administration creating a potential conflict of interest. (See Sky Country v. State Compensation Insurance Fund, WCC No. 8809-4913).
7. The bill does not identify funding or appropriations to DLI or the State Auditor's Office to accommodate the additional dissolution and implementation costs to these agencies.
8. Article VIII, Section 13 of the Montana Constitution allows investment in private corporate capital stock only for the state compensation insurance fund and public retirement system assets. Section 8 of the bill transfers assets of the former state compensation insurance fund into the State Fund Dissolution Trust. Trust funds are prohibited from purchasing private corporate capital stock and, therefore, expected return for the assets will shrink over time given the relative outperformance of public equities versus fixed income assets.
9. The current investment portfolio for Montana State Fund assumes a perpetual time horizon allowing for higher yielding illiquid assets to be purchased for the portfolio. Once inflows to the fund cease, and claims are paid from both principal and interest of the State Fund Dissolution Trust, the investment mix will necessarily transition to a more liquid portfolio, which will have a lower return expectation.
10. As of February 3, 2023, the Montana State Fund's share of the current Public Employee Retirement System's Unfunded Accrued Liability (UAL) is $25,094,944. Sections 7 and 8 together provide that the future value of the UAL will be calculated at the time all Old Fund and New Fund claims are paid in full and a surplus amount known. The UAL would grow by the actuarily required rate of return established by the Public Employee Retirement Board per Article VIII, Section 15 of the Montana Constitution. This is currently 7.3% compounded per year. The table below shows a ten-year projection of this liability using current law for employer and employee contributions and actuarial assumptions:

FY2023	$ 25,094,944.00
FY2024	$ 26,926,874.91
FY2025	$ 28,892,536.78
FY2026	$ 31,001,691.97
FY2027	$ 33,264,815.48
FY2028	$ 35,693,147.01
FY2029	$ 38,298,746.74
FY2030	$ 41,094,555.25
FY2031	$ 44,094,457.79
FY2032	$ 47,313,353.20
FY2033	$ 50,767,227.99

11. By removing fraud investigative authority in Sections 11, 21, 25, 29, and 70, SB 556 may eliminate the ability to investigate and prosecute fraud that was perpetrated while the State fund was in existence and could also adversely impact ongoing fraud prosecutions. It is unclear who, if anyone, would be responsible for investigating and prosecuting Plan 4 fraud.
12. Sections 20 and 53 refer to Plan 3 even though Plan 3 will no longer exist.
13. Section 28 unnecessarily deletes the Board's authority to determine whether a member has become disabled. It may be appropriate to retain the Board's authority and request the information from the applicable workers' comp carrier or the administrator/advisory organization (in place of requesting the information from the MSF).
14. Section 42 deletes the reference to the MSF in one place and leaves the MSF in another. The MSF may be involved in current litigation; to the extent true, it would seem appropriate to retain the attorney general as the continuing legal representative for the MSF.

NO SPONSOR SIGNATURE 4.5.23

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*
NO SPONSOR SIGNATURE	4.5.23		4-4-23