

# FINAL BILL REPORT

## HB 1206

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*Synopsis As Enacted*

**Brief Description:** Establishing a procedure for collecting overpayments and allowing eligible surviving spouses to choose a lump sum payment equal to two years of monthly payments.

By Representatives Jones, Fuhrman, R. King and Winsley; by request of Department of Labor & Industries.

House Committee on Commerce & Labor  
Senate Committee on Commerce & Labor

### ***Background:***

Industrial insurance overpayments to injured workers: If an injured worker receives industrial insurance benefits in error or because of innocent misrepresentation, the worker is required to repay the payments, which may be recouped from the worker's future benefits. If the overpayment has been induced by fraud, the worker must repay the benefits and a fifty percent penalty.

The industrial insurance law does not specify procedures for collection of overpayments.

Remarriage payments to the spouse of a deceased worker: If a deceased worker was eligible for industrial insurance benefits, his or her surviving spouse receives monthly payments according to the statutory benefit formula until the spouse's death or remarriage. If the spouse remarries, the monthly pension ceases at the end of the month in which the marriage occurred.

Upon remarriage, the spouse may choose to settle his or her remaining benefit claim by receiving either: 1) a lump sum payment of \$7,500, or 2) 50 percent of the annuity value of the remaining benefits, whichever is less. The spouse may also decide not to take the settlement. In that case, if the new marriage ends because of death or court action, the spouse may again receive the monthly pension payment.

Coverage of federal employees: The Federal Employees' Compensation Act (FECA) provides workers' compensation coverage for certain employees. Under a recent decision of the Board of Industrial Insurance Appeals, these employees

may be covered under both state industrial insurance and FECA.

Employer deposits: When an employer who is required to obtain industrial insurance coverage first commences or resumes business, the employer must file a deposit equaling the estimated industrial insurance premiums for three months.

***Summary:***

Industrial insurance overpayments to injured workers: Industrial insurance overpayment orders may be contested by a worker or other beneficiary in the same manner as other orders made by the Department of Labor and Industries. If a final overpayment order is not paid, the department or self-insurer may file a warrant in superior court. The warrant then becomes a lien against all real and personal property of the person against whom the warrant is issued. The warrant may be executed by the county sheriff as provided under civil law and may support a writ of garnishment. A copy of the warrant must be mailed to the person against whom it was issued within three days of filing.

The department or self-insurer may also issue a notice to withhold and deliver to anyone holding property belonging to the recipient of overpayments. If the property held is wages, the wage earner is entitled to all exemptions provided by law.

The new overpayment collection procedures apply only to overpayment orders issued on or after the effective date of the act, except for orders resulting from fraud. The orders must contain conspicuous notice of the collection methods available to the department.

Remarriage payments to the spouse of a deceased worker: For cases involving injuries occurring on or after the effective date of the act, the lump sum option that an injured worker's surviving spouse may choose upon remarriage is changed from \$7,500 (or 50 percent of the annuity value of the remaining benefits, whichever is less) to a lump sum amount equal to 24 times the monthly compensation amount (or 50 percent of the annuity value of the remaining benefits, whichever is less).

Coverage of federal employees: State industrial insurance does not apply to employees who are covered under the Federal Employees' Compensation Act.

Employer deposits: The provisions are deleted that require an employer to file a deposit equaling the estimated

industrial insurance premiums for three months when the employer first commences or resumes a covered business.

***Votes on Final Passage:***

House	96	0	
Senate	46	0	(Senate amended)
House	96	0	(House concurred)

***Effective:*** July 28, 1991