

SENATE BILL REPORT

HB 1206

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, APRIL 5, 1991

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.

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

HOUSE COMMITTEE ON COMMERCE & LABOR

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McCaslin, McMullen, Moore, Murray, and Skratek.

Staff: Dave Cheal (786-7576)

Hearing Dates: March 21, 1991; April 5, 1991

BACKGROUND:

Industrial insurance benefit payments may be recovered by the department or self-insured employers under several different circumstances: if made due to mistake or clerical error, if a claim is rejected but some payments have already been made prior to that decision, if an appeal to the Board of Industrial Insurance Appeals eventually determines that payments were improper, or if payments have been induced by fraud on the part of the recipient.

Recoupment may be accomplished by repayment from the recipient, or by the deduction by the department or self-insurer from future benefits of the original or other industrial insurance claims.

If a worker dies as a result of an industrial injury, the surviving dependents are entitled to pension benefits. If a surviving spouse remarries, benefit payments for any child or children continue, but the surviving spouse must make an election to either accept a lump sum settlement and final termination of all surviving spouse benefits of \$7,500 or to accept a termination of all benefits at the time of the remarriage and no lump sum payment, but be able to resume benefits if the remarriage is terminated by death, dissolution or annulment.

SUMMARY:

A worker or beneficiary is given the right to appeal an order by the department or self-insurer assessing an overpayment of benefits to the Board of Industrial Insurance Appeals.

If an order assessing overpayment becomes final, either following an appeal or if no appeal is taken, the director or self-insurer may file with the clerk in any county a warrant in the amount of the overpayment assessment plus penalty or interest. The county clerk must designate a superior court cause number for the warrant, and enter the name of the worker or beneficiary or other person mentioned in the warrant in the judgment docket, together with the amount of the unpaid overpayment, penalty or interest, and the date the warrant was filed. The amount docketed becomes a lien against the real or personal property of the injured worker or beneficiary the same as a judgment in a civil action. All the collection remedies available to other judgment creditors are made to apply. These include writs of execution or garnishment.

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.

These procedures are made applicable to all claims regardless of date of injury or the date of issuance of the order assessing an overpayment.

Surviving spouses receiving industrial insurance pension benefit awards are now given a different option in the event they remarry. Instead of the option of receiving \$7,500, they are entitled to 24 times the monthly compensation rate in effect at the time of remarriage, which is allocable to the spouse.

Appropriation: none

Revenue: none

Fiscal Note: available

SUMMARY OF PROPOSED SENATE AMENDMENT:

The bill is made effective prospectively only.

Cash deposits for new employers who open accounts with the state fund are eliminated.

State coverage for a small group of federal employees who currently may be eligible for benefits under both federal and state industrial insurance laws is eliminated.

TESTIMONY FOR:

The department needs an effective collection method and this model has worked well for other agencies. The remarriage settlement has not been changed for many years and needs to be changed to a realistic amount.

TESTIMONY AGAINST: None

TESTIFIED: Mike Watson, Department of Labor and Industries (pro);
Doug Connell, Department of Labor and Industries (pro)