

HOUSE BILL REPORT

HB 1456

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to self-insured employers.

Brief Description: Allowing self-insured employers to close disability claims after July 1990.

Sponsors: Representatives King, G. Cole, Lisk, R. Johnson, Horn, Foreman, Sheahan and Chandler.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 12, 1993, DPA.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer; and Veloria.

Staff: Chris Cordes (786-7117).

Background: Self-insured employers are authorized to close the industrial insurance claims of their workers if the claim involves only medical treatment. Claims with other types of compensation are closed by the Department of Labor and Industries.

Between 1986 and 1990, self-insured employers were authorized to close industrial insurance claims if either medical treatment payments or temporary disability payments were made on the claim. The self-insurer could not close the claim if it involved permanent disabilities or raised disputes that required intervention by the department. In addition, the injured worker was required to have returned to work with the employer. The authority to close these claims expired July 1, 1990.

Summary of Amended Bill: Self-insured employers' authority to close certain industrial insurance claims is reinstated and made permanent. The claims may include time-loss compensation or both medical treatment and time-loss compensation, but may not involve permanent disability. The claims may not be closed by the self-insurer if the

Department of Labor and Industries has intervened because of a dispute or if the injured worker has not returned to work with the self-insured employer.

Amended Bill Compared to Original Bill: The amendment clarifies that the claims self-insurers may close include claims with time-loss payments or with both time-loss payments and medical benefits. It deletes a second reference to the sunset date.

Fiscal Note: Requested February 4, 1993.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: When the claims closure program was implemented in 1986, it benefited everyone. Because the Department of Labor and Industries did not have to process these "good" claims, the claims were closed more efficiently and were not delayed. Since the program terminated, the department has developed a backlog of these cases. There is no reason to have the department do work that the self-insurers can do just as well. If there is a dispute or problem with the claim, the self-insurer is required to turn it back to the department. A study of the earlier closure program showed that the claims were closed accurately about 92 percent of the time.

Testimony Against: (No position, but with concerns) Even though the claims closure program has safeguards, it should be remembered that the self-insurer is both the entity paying the benefits and deciding when to close the claim. For the small group of persons whose claims are closed in violation of the requirements, the closures could pose serious concerns.

Witnesses: (In favor) Lee Eberle, Washington Self-Insurers Association. (No position, but with concerns) Dennis Martin, Washington State Trial Lawyers Association.