

HOUSE BILL REPORT

HB 2614

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, Lisk, G. Cole, Foreman, Chandler, Brough, Dyer, Silver and Van Luven.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 2, 1994, DPS.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. 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 claims involve 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 claims. The self-insurer could not close claims that 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.

The Governor vetoed a bill enacted in 1993 that would have reauthorized closure of these claims by self-insurers. The bill would have added the condition that the worker had

returned to work with the employer at the previous job or a job with comparable wages, benefits and permanency.

Summary of Substitute 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. These claims may be closed by the self-insurer only if the Department of Labor and Industries has not intervened because of a dispute and if the injured worker has returned to work with the self-insured employer at the worker's previous job or a job that has comparable wages and benefits.

Substitute Bill Compared to Original Bill: The substitute bill makes grammatical corrections and provides a gender neutral reference.

Fiscal Note: Requested January 25, 1994.

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

Testimony For: The original study done several years ago by the Department of Labor and Industries showed that self-insurers were closing these claims appropriately more than 93 percent of the time. These claims cannot be closed if there is any dispute between the employer and the worker. Other restrictions also apply, such as the requirement for the worker to have returned to the job. If self-insurers could handle these closures, it would resolve the claims more quickly and allow the department to use its resources to regulate self-insurers.

Testimony Against: It is unclear why the amendment in the bill includes the reference to returning the worker to a comparable job. If there can be no permanent disability in these cases, then the worker should be returning to the same job. However, it seems to be the intent of all parties that the job to which the worker returns is a permanent job and not a temporary one. The main concern is for those minority of cases where quick closure is inappropriate.

Witnesses: (In favor) Representative Dick King, prime sponsor; Jodi Moran, Department of Labor and Industries; Melanie Stewart, Washington Self-Insurers Association; and Clif Finch, Association of Washington Business. (Opposed) Dennis Martin, Washington State Trial Lawyers Association.