

HOUSE BILL REPORT

SSB 5503

As Passed House
April 9, 1993

Title: An act relating to loss of earning power payments.

Brief Description: Providing injured workers with an increased incentive to return to work.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Vognild, Newhouse, Sutherland, Moore, Amondson, McAuliffe, Fraser, Pelz, Cantu, Snyder, Deccio and Hochstatter).

Brief History:

Reported by House Committee on:
Commerce & Labor, April 2, 1993, DPA;
Appropriations, April 3, 1993, DPA(CL);
Passed House - Amended, April 9, 1993, 98-0.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 8 members: Representatives Heavey, Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer; and Veloria.

Staff: Chris Cordes (786-7117).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Commerce & Labor. Signed by 26 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Peery; Rust; Sehlin; Sheahan; Sommers; Stevens; Talcott; Wang; Wineberry; and Wolfe.

Staff: Dwight Edwards (786-7118).

Background: Injured workers who are temporarily totally disabled receive time-loss benefits until the worker's medical condition has stabilized and the worker is released to return to work or the claim is closed. The worker's

attending physician may authorize the worker to return to part-time work or to a light duty job during the period of recovery from the injury before the worker's condition has become stabilized. Once the worker returns to work, he or she is no longer entitled to time-loss benefits. However, if the part-time or light duty job pays less than 95 percent of the worker's wages at injury, the worker is entitled to partial benefits that are paid in proportion to the worker's loss of earning power.

Summary of Bill: Industrial insurance loss of earning power (LEP) payments are modified for workers with injuries that occur after the effective date of the bill. The payments will equal 80 percent of the actual difference between the worker's present wages and the earning power at the time of injury. However, the total of the LEP payments and the worker's present wages may not exceed 150 percent of the state's average monthly wage (currently \$2960). The LEP payments may not exceed 100 percent of the worker's time-loss entitlement and may not be less than the worker would have received under the prior formula.

Fiscal Note: Available. New fiscal note for amended substitute bill requested on April 2, 1993.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: (Commerce & Labor): The new formula for determining loss of earning power payments will provide an incentive for workers to return to work. When workers return to work earlier, they tend to avoid long-term disability. Although the new formula adds some cost to the system, the costs are justified because of the need to encourage return to work.

(Appropriations): None.

Testimony Against: (Commerce & Labor): None.

(Appropriations): None.

Witnesses: (Commerce & Labor): Janet Morris, Department of Labor and Industries; and Clif Finch, Association of Washington Business.

(Appropriations): None.