

SENATE BILL REPORT

ESHB 1248

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

Brief Description: Regulating the increase of industrial insurance death and disability benefits.

SPONSORS: House Committee on Appropriations (originally sponsored by Representatives King, Heavey, Franklin, Orr, Jones, G. Cole, Veloria and Johanson)

HOUSE COMMITTEE ON COMMERCE & LABOR

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Fraser, McAuliffe, Pelz, Sutherland, Vognild, and Wojahn.

Minority Report: Do not pass.

Signed by Senators Amondson, Barr, Cantu, Newhouse, and Prince.

Staff: Dave Cheal (786-7576)

Hearing Dates: March 30, 1993; April 1, 1993

BACKGROUND:

The amount of workers' compensation total disability and death benefits paid monthly to injured workers or beneficiaries is based on a percentage of the worker's wage at injury. The percentage varies depending on the marital status of the worker and the number of children. For example, a married worker with two children would be entitled to temporary total disability payments equal to 69 percent of his or her wages at injury, subject to a statutory minimum amount. The maximum amount is limited to 100 percent of the state average monthly wage, currently \$1,973 per month.

In 1972, the National Commission on State Workmen's Compensation Laws recommended that the maximum total disability benefit should be progressively increased so that by 1981 the maximum in each state would be at least 200 percent of the state's average weekly wage. The commissioners also identified, as an essential recommendation, a proposal that states should have a maximum of 100 percent of the state average wage by 1975. As of January 1992, 29 states had met or exceeded this standard.

SUMMARY:

Effective July 1, 1993, the maximum monthly total disability or death benefit payable to an injured worker or beneficiary is increased from 100 percent of the state average wage to 110 percent of the state average monthly wage.

The Task Force on Workers' Compensation is created to study the adequacy and equity of the industrial insurance benefit structure with regard to death and disability benefit increases and the determination of benefits based on spendable income.

SUMMARY OF PROPOSED SENATE AMENDMENT:

The maximum disability benefit level is raised to 110 percent of the state average wage as of July 1, 1993, 125 percent as of July 1, 1995, and 150 percent as of July 1, 1997. The benefit study task force is removed.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1993.

TESTIMONY FOR:

The current cap limits disability awards unfairly in the case of higher paid workers. For many workers, current income replacement if they are injured on the job is less than two-thirds of their take-home pay. If they are off work very long, they can lose their house and life savings.

TESTIMONY AGAINST:

Increased benefits invariably lead to increased utilization and reduced incentives to return to work. The cumulative effect of these and UI benefits are very damaging to employers. Money should go to support improved claims management as requested by the department, not higher benefits.

TESTIFIED: Jeff Johnson (pro); Rick Bender (pro); Bill Hochberg (pro); Clif Finch (con); Don Scoville (con); Melanie Stewart (con); Duke Schaub (con)