

**SENATE BILL REPORT**

**SSB 5503**

**AS PASSED SENATE, MARCH 17, 1993**

**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)

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** That Substitute Senate Bill No. 5503 be substituted therefor, and the substitute bill do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Cantu, Fraser, Newhouse, Prince, Sutherland, and Vognild.

**Staff:** David Cheal (786-7576)

**Hearing Dates:** March 2, 1993

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**HOUSE COMMITTEE ON APPROPRIATIONS**

**BACKGROUND:**

Under the industrial insurance law, injured workers receive a monetary benefit based on a percentage of their earnings at the time of injury if they are temporarily unable to work. The percentage varies from 60 percent to 75 percent of their earnings at the time of injury depending on their conjugal status and number of dependents.

Workers who are still recovering may return to work with permission of their attending physician. This work is often part-time or at a job less physically demanding. As a result, it is often at a lower wage. The law allows for a reduced time-loss payment which recognizes lost earning power as a result of the injury.

Currently, lost earning power is calculated as a percentage of the time-loss payment to which a worker is entitled during total disability. The percentage is based on the relationship of the wages after the injury to wages before the injury.

Often the combined total of earnings from the partial return to work and the lost earning power benefit is only slightly more than the time-loss benefit from total disability. It is felt that perhaps this provides little incentive to accept

employment following an injury until recovery is as complete as it is going to get.

**SUMMARY:**

The loss of earning power benefit is changed to 80 percent of the actual difference between the worker's present wages and earning power at the time of injury. This figure is subject to two limitations: the combined total of the worker's new reduced wages and the loss of earning power benefit may not exceed 150 percent of the average monthly wage in the state as computed by the Department of Employment Security. Secondly, the loss of earning power payments may not exceed 100 percent of the worker's time-loss benefit for total disability.

In almost all applications, this formula provides a higher loss of earning power benefit than under current law and to that extent provides a greater incentive to accept suitable part-time or lower paying work during the recovery period.

Application is prospective only.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**TESTIMONY FOR:**

Provides an incentive for early return to work, which benefits both workers and employers.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Clif Finch (pro)

**HOUSE AMENDMENT(S):**

A provision is added that loss of earning power payments for an injured worker who is subject to the new formula may not be less than the worker would have received under the old formula. Technical changes are made.