

SENATE BILL REPORT

SB 5503

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, MARCH 2, 1993

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

SPONSORS: 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

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.

EFFECT OF PROPOSED SUBSTITUTE:

Application is made 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)