

1 **SSB 6030 - H COMM AMD ADOPTED 4-10-97**

2 By Committee on Commerce & Labor

3 Strike everything after the enacting clause and insert the  
4 following:

5 "NEW SECTION. **Sec. 1.** The legislature recognizes the  
1 importance of the state workers' compensation program in providing  
2 medical and financial services and benefits to workers who are  
3 injured on the job, and to their families, and in facilitating the  
4 injured workers' return to employment and a productive life. In  
5 addition, the legislature considers periodic performance audits to  
6 be of assistance in determining the impact of state programs and in  
7 developing findings and recommendations that ensure the most  
8 effective use of worker, employer, state agency, and public time  
9 and resources.

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11 NEW SECTION. **Sec. 2.** The joint legislative audit and review  
12 committee, in consultation with members of the senate and house of  
13 representatives commerce and labor committees and the workers'  
14 compensation advisory committee established under RCW 51.04.110,  
15 shall conduct a performance audit of the state workers'  
16 compensation system.

17 The performance audit shall review the following issues:

18 (1)(a) The organizational structure of the workers'  
19 compensation system and its effectiveness;

20 (b) The management principles, program process, and ongoing  
21 practices of the workers' compensation system;

22 (2)(a) The program's taxation system, including the method of  
23 collection and the manner in which funds are prioritized and  
24 distributed;

25 (b) The use of all revenues generated from reserve surpluses  
26 and all other fund sources;

27 (3) The types of services and programs within the system;

28 (4) The level of cooperation and continuity between program  
29 and services;

1 (5)(a) The effectiveness of the system in providing sure and  
2 certain relief to injured workers as mandated by Title 51 RCW;

3 (b) The effectiveness of the workers' compensation system in  
4 returning injured workers to work and meeting other system goals;

5 (6) The level of customer satisfaction of workers and  
6 employers participating in the system;

7 (7) The current method by which the department internally  
8 reviews and determines the workers' compensation program  
9 effectiveness and performance and its process for responding to its  
10 findings or recommendations;

11 (8) The manner in which the workers' compensation system  
12 coordinates its activities with other programs or activities within  
13 the department or other state agencies, including: the WISHA  
14 program, the board of industrial insurance appeals, the employment  
15 security department, the department of revenue, the department of  
16 health, and the work force training and education coordinating  
17 board;

18 (9) The cost-effectiveness and efficiency of the state  
19 workers' compensation system as compared with other private and  
20 public sector delivery systems;

21 (10) Claims administration practices of the state fund, self-  
22 insured employers, and third-party administrators, and the  
23 effectiveness of department sanctions in promoting best practices  
24 in claims administration; and

25 (11) Any other item considered necessary by the joint  
26 legislative audit and review committee.

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28 NEW SECTION. **Sec. 3.** The joint legislative audit and review  
29 committee is directed to contract with a private entity that is not  
30 affiliated with an insurance company, brokerage, or agency,  
31 consistent with the provisions of chapter 39.29 RCW. The committee  
32 shall consult with the workers' compensation advisory committee in  
33 the design of the request for proposals from potential contractors  
34 and in the choice of a performance audit contractor. The committee  
35 shall provide an interim report on its findings and recommendations  
36 to the appropriate house of representatives and senate standing  
37 committees by December 31, 1997, and a final report by August 1,  
38 1998.

1           NEW SECTION.   **Sec. 4.** The department of labor and industries  
2 shall actively cooperate with the joint legislative audit and  
3 review committee in the course of the performance audit and provide  
4 information and assistance as necessary. Funding for the  
5 performance audit in the amount, as determined by the joint  
6 legislative audit and review committee, is provided from the  
7 nonappropriated medical aid fund within the department of labor and  
8 industries. The department will transfer the funds necessary to  
9 implement this act to the joint legislative audit and review  
10 committee through an interagency agreement.

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12           NEW SECTION.   **Sec. 5.** If any provision of this act or its  
13 application to any person or circumstance is held invalid, the  
14 remainder of the act or the application of the provision to other  
15 persons or circumstances is not affected."

**EFFECT:** The amendment (1) deletes references to a legislative advisory committee. The JLARC must consult with members of the Senate and House Commerce & Labor Committees; (2) changes the audit to a review of the workers' compensation system and deletes the reference to a review of the program within the Department of Labor and Industries; (3) adds that the review of the department's coordination with other agencies must include the Board of Industrial Insurance Appeals and the Department of Health; (4) adds a review of claims administration practices and the effectiveness of department sanctions in promoting best practices; (5) makes reference to an interagency agreement for transferring the funds to pay for the audit; and (6) makes other technical changes.