

HOUSE BILL ANALYSIS

SSB 6030

Brief Description: Establishing a performance audit and operations review of the workers' compensation system.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Goings, Anderson, Haugen, Horn, Rasmussen, Long, and Oke)

Hearing: March 24, 1997

BACKGROUND:

The Department of Labor and Industries administers and regulates the state's industrial insurance system, including regulation of employers and groups who are qualified to self-insure their workers' compensation obligations. The department operates the industrial insurance state fund and adjudicates the claims of injured workers whose employers are insured by the state fund.

As part of the oversight of the industrial insurance system, a statutory Workers' Compensation Advisory Committee is charged with conducting a continuing study of the system. The committee includes business and labor representatives appointed by the director of the Department of Labor and Industries.

SUMMARY OF BILL:

The Joint Legislative Audit and Review Committee (JLARC), in consultation with the Workers' Compensation Advisory Committee and a legislative advisory committee, must conduct a performance audit of the state workers' compensation program within the Department of Labor and Industries. The JLARC must contract, subject to the personal service contracts law, with a private entity that is not affiliated with an insurance company. The JLARC must consult with the legislative advisory committee and the Workers' Compensation Advisory Committee in designing the request for proposals from potential contractors and in choosing the contractor.

The audit must review:

- the organizational structure of the workers' compensation system and its effectiveness.
- management principles, process, and practices of the system.

- the program's taxation system, including collection, prioritization and distribution of revenues, and use of revenues.
- types of services and programs, and the level of cooperation and continuity between program and services.
- effectiveness in providing sure and certain relief to injured workers, in returning injured workers to work, and in meeting other system goals.
- the level of customer satisfaction.
- the current method used by the department to internally review the program's effectiveness and to respond to its findings.
- the manner in which the workers' compensation program coordinates its activities with other department programs and other agencies.
- the system's cost-effectiveness and efficiency compared to other private and public delivery systems.
- any other item considered necessary by JLARC.

The legislative advisory committee is composed of four members of the Legislature, two members from each caucus of the Senate and House of Representatives Commerce & Labor Committees, appointed by the President of the Senate and the Speaker of the House of Representatives, respectively. The department must also actively cooperate with the JLARC in the audit and provide information and assistance as necessary.

Funding for the audit, in the amount determined by JLARC, is from the nonappropriated medical aid fund.

The JLARC must report to the appropriate committees of the Legislature on its findings and recommendations, with an interim report by December 31, 1997, and a final report by August 1, 1998.

RULES AUTHORITY: The bill does not contain provisions addressing the rule-making powers of an agency.

FISCAL NOTE: Available.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.