

# HOUSE BILL REPORT

## ESHB 2238

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### As Passed House:

March 16, 1999

**Title:** An act relating to the department of labor and industries' plans for implementing the joint legislative audit and review committee's recommendations for industrial insurance.

**Brief Description:** Implementing recommendations for industrial insurance.

**Sponsors:** By House Committee on Commerce & Labor (Originally sponsored by Representatives Clements and Conway).

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/1/99 [DPS].

#### Floor Activity:

Passed House: 3/16/99, 93-0.

### Brief Summary of Engrossed Substitute Bill

- Requires the Department of Labor and Industries to develop a plan for implementing the recommendations of the Joint Legislative Audit Review Committee Workers' Compensation Performance Audit by September 15, 1999, and to report this plan, and a plan for improving vocational services, to the Legislature by December 1, 1999.
- Requires a report on implementing Recommendation 2 of the audit (employer reporting) by September 15, 1999.
- Authorizes injured workers to file applications for industrial insurance benefits with their employers beginning January 1, 2001.

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HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Chris Cordes (786-7103).

**Background:**

Substitute Senate Bill 6030, enacted in 1997, required the Joint Legislative Audit and Review Committee to contract for a performance audit of the Washington workers' compensation system. The report was delivered in December 1998, and made 32 recommendations for modifying the system, including recommendations for:

- management of industrial insurance claims;
- regulation and oversight of self-insured employers and outside parties involved in claims procedures;
- dispute resolution;
- vocational rehabilitation services;
- workplace safety; and
- rate setting practices and the retrospective rating plan.

Recommendation 2 of the report addressed reporting of workplace injuries by the employer:

"The department should adopt an alternative system for the reporting of injuries under which the worker would report to the employer and the employer would report to the department. An educational effort should be launched to promote this method of reporting."

The industrial insurance law requires employees to report workplace accidents "forthwith" to the employer or supervisor, and requires the employer to report "at once" the accident and resulting injury to the department if the worker has received treatment from a physician, been hospitalized, been disabled from work, or died. However, an injured worker claiming benefits must file an application with the department or with his or her self-insured employer. Under court decisions, if a state fund worker fails to file the application with the department within the statutory time limits, benefits may not be granted, even if the employer had notice or knowledge of the injury.

The Workers' Compensation Advisory Committee is a statutory committee composed of labor and business representatives appointed by the director of the Department of Labor and Industries. The committee is charged with conducting studies of the industrial insurance system. In 1996, the committee formed a Subcommittee on Vocational Services to consider changes to the vocational rehabilitation system that

would improve service and contain costs. The subcommittee is reviewing possible models for recommendations to the department and the Legislature.

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**Summary of Bill:**

By September 15, 1999, the Department of Labor and Industries must develop a plan for implementing the recommendations reported in the Joint Legislative Audit and Review Committee's Workers' Compensation System Performance Audit, No. 98-9. The department must report the plan to the appropriate committees of the Legislature by December 1, 1999, including:

- recommendations that have been or will be implemented;
- recommendations that are not planned for implementation, with reasons for the decision; and
- recommendations for legislation that may be required.

The department's plan for implementing Recommendation 2 of the audit (employer reporting) must be reported by September 15, 1999.

In conjunction with that part of the December 1999 report dealing with vocational rehabilitation services, the department must also report on the study undertaken by the Subcommittee on Vocational Services of the Workers' Compensation Advisory Committee, including a plan for improving the industrial insurance vocational rehabilitation system and recommendations for legislation, if any.

Beginning January 1, 2001, an injured worker filing an application for industrial insurance benefits may file the application with either the department or the employer. An employer receiving an application must forward a copy of the application to the department.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed, except that section 2, permitting industrial insurance benefit applications to be filed with the employer, takes effect on January 1, 2001.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.