

SENATE BILL REPORT

ESHB 2238

As Reported By Senate Committee On:
Labor & Workforce Development, April 1, 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: House Committee on Commerce & Labor (originally sponsored by Representatives Clements and Conway).

Brief History:

Committee Activity: Labor & Workforce Development: 3/30/99, 4/1/99 [DPA].

SENATE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Franklin, Vice Chair; Hochstatter, Kline, Oke and Wojahn.

Staff: Jack Brummel (786-7428)

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."

Summary of Amended 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. By December 1, 1999, the department must report to the appropriate committees of the Legislature on:

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

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

Amended Bill Compared to Substitute Bill: The amended bill does not contain the optional employer reporting provisions of the substitute bill.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed, except Section 2, which takes effect January 1, 2001.

Testimony For: This bill follows up the JLARC study by: (1) giving a date certain for proposals to implement recommendations; (2) giving a date certain for recommendations on the vocational rehabilitation system; and (3) implementing employer reporting. It is not hard for employers to report. **CONCERNS:** Employer reporting needs more exhaustive treatment and greater specificity.

Testimony Against: The current system delays will not be solved by this bill.

Testified: PRO: Representative Clements, Representative Conway, sponsors; Margie Weinberg, WA Self-Insurers; Anne-Marie Cavanaugh, WA State Labor Council; Julie Murray, Farm Bureau; Gary Moore, L&I; CON: Clif Finch, AWB; Rick Slunaker, AGC; CONCERNS: Michael Temple; WA State Trial Lawyers Assn.; Gary Smith, Independent Business Assn.