

HOUSE BILL REPORT

HB 2158

As Reported by House Committee On:

Commerce & Labor

Title: An act relating to addressing the industrial insurance system administered by the department of labor and industries.

Brief Description: Addressing the industrial insurance system administered by the department of labor and industries.

Sponsors: Representative Conway.

Brief History:

Committee Activity:

Commerce & Labor: 3/3/03, 3/5/03 [DPA].

Brief Summary of Amended Bill

- Provides legislative intent to address economic problems in the industrial insurance system with changes that treat workers fairly, support a sound and stable financial basis for the system, and allow immediate efficiencies in administration.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Hudgins, Kenney and McCoy.

Minority Report: Do not pass. Signed by 4 members: Representatives Chandler, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse and Holmquist.

Staff: Chris Cordes (786-7103).

Background:

Industrial insurance is a no-fault state workers' compensation program that provides medical and partial wage replacement benefits to workers who are injured on the job or who develop an occupational disease. Employers must either insure with the state fund

or qualify as a self-insurer. The Department of Labor and Industries (Department) administers the program by operating the state fund and regulating self-insured employers.

Beginning January 2003, industrial insurance basic premium rates for state fund employers increased an average of 29 percent. This rate increase followed nearly eight years of either moderate increases or decreasing rates. During the period ending September 30, 2002, the industrial insurance trust fund's contingency reserve fell from \$1.05 billion to \$251 million and the loss in investment income was approximately \$739 million. The Department's medical cost inflation was an average of 8 percent over the period from 1999 to 2001. The percentage change in time-loss duration has increased from no change in March 2001, to 16 percent by June 2002.

Summary of Amended Bill:

The Legislature finds that the industrial insurance system administered by the Department of Labor and Industries is being affected by a period of economic uncertainty, which is reducing investment income and increasing stresses on the system. The Legislature intends to address these economic problems with policy changes that treat workers fairly, support a sound and stable financial basis for the system, and allow immediate efficiencies in administration.

Amended Bill Compared to Original Bill:

The amendment removes a reference to "short-term" from the description of the economic problems that the Legislature intends to address.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The parties are trying to make progress on the issues but they do not expect a quick resolution. This bill will allow the process to continue working.

(Concerns) Although the title is broad, the scope of the bill is narrow and needs to take into consideration systemic reform and equity for employers. There is a question whether the bill precludes benefit enhancements.

Testimony Against: None.

Testified: (In support) Suzanne Mager, Department of Labor and Industries.

(With concerns) Rick Slunaker, Associated General Contractors of Washington.