

HOUSE BILL REPORT

HB 2536

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to allowing an injured worker to change total permanent disability pension options under certain circumstances.

Brief Description: Allowing an injured worker to change total permanent disability pension options under certain circumstances.

Sponsors: Representatives Conway, McCoy, Condotta, Simpson and B. Sullivan; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Commerce & Labor: 1/18/06, 1/23/06 [DP].

Brief Summary of Bill

- Allows an injured worker entitled to an industrial insurance permanent total disability pension to change his or her pension option if the worker's designated beneficiary dies or the worker becomes divorced from the designated beneficiary.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Holmquist, Hudgins, Kenney and McCoy.

Staff: Sarah Dylag (786-7109).

Background:

Industrial insurance is a no-fault state workers' compensation program that provides benefits to covered workers who are injured on the job or who develop an occupational disease. Under the industrial insurance program, an injured worker who is totally and permanently disabled as a result of a workplace injury may be entitled to permanent total disability compensation.

There are three pension options available for receiving permanent total disability compensation. The options determine how much a designated beneficiary will continue to receive if the injured worker dies from a cause unrelated to the injury. One option allows the injured worker to receive a full monthly benefit each month with no benefits being paid to the worker's designated beneficiary if the worker dies from a cause unrelated to the injury. Two

other options allow the injured worker to receive a reduced monthly benefit each month in exchange for a designated beneficiary continuing to collect benefits if the worker dies from a cause unrelated to the injury.

The injured worker must choose one of the three options and cannot change the option after making a choice.

Summary of Bill:

If an injured worker's designated beneficiary dies or if the injured worker becomes divorced from the designated beneficiary, the injured worker may apply to receive a full monthly benefit instead of a reduced monthly benefit. The injured worker must apply within one year of the death or dissolution of marriage and must submit documentation of the death or dissolution of marriage to the Department of Labor and Industries (Department).

This is a one-time adjustment permanent for the life of the worker.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (In support) This bill changes the law so that pensioners are treated more fairly and brings industrial insurance pensions in line with other pension systems. In the current industrial insurance system, the worker has no ability to return to a higher level of benefit payment if the worker becomes divorced or his or her beneficiary dies. This creates a situation where money could be reserved for a benefit that no one would ever receive. This bill corrects that situation.

(With concerns) If the Department reserves money for a spouse's pension and then the pensioner changes his or her option and the Department does not have to pay the spouse's benefits, then there must be a benefit to the fund or other financial impact. To do away with that benefit to the fund would then be detrimental to the fund. The Department has said this is a small impact, but there must still be some impact. There is also not any harm being done that requires this change.

Testimony Against: None

Persons Testifying: (In support) Robert Malooly and Vickie Kennedy, Department of Labor and Industries.

(With concerns) Larry Stevens, National Electrical Contractors Association, Mechanical Division.

Persons Signed In To Testify But Not Testifying: None.