
Commerce & Labor Committee

HB 1244

Brief Description: Defining wages for industrial insurance purposes.

Sponsors: Representatives Conway, Hankins, Clibborn, Wood, Hunt, Haler, Morrell, Kirby, Hasegawa, Moeller, Sells, Strow, McCoy, O'Brien, Ericks, Simpson, Green, Campbell, Williams, Kenney and Ormsby.

Brief Summary of Bill

- Modifies the definition of wages used to calculate workers' compensation benefits to exclude health care benefits during periods in which employers continue to make contributions toward such benefits.

Hearing Date: 1/30/07

Staff: Sarah Beznoska (786-7109).

Background:

Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act. Compensatory benefits (time-loss, pension, and survivor benefits) for injured workers or their surviving beneficiaries are based on the monthly wages that the worker was receiving from all employment at the time of injury. For most purposes, wages include:

- the reasonable value of board, housing, fuel, or other consideration of like nature received from the employer;
- health care benefits (except during the periods the employer continues to provide it), valued at the employer's cost, under a decision by the Washington Supreme Court in *Cockle v. Department of Labor and Industries*;
- tips reported for federal income tax purposes; and
- the average monthly value of bonuses received from the employer in the preceding 12 months.

Overtime pay is not included, but, under rules adopted by the Department of Labor and Industries (Department), overtime hours are included at the regular pay rate.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

For workers who are exclusively seasonal or whose relationship with their employment is essentially part-time or intermittent, the same wage definition is used, except that overtime is included at the overtime pay rate.

Rules adopted by the Department on "consideration of like nature" (including health care benefits) specify that the value of such consideration is only included in wages if:

- the employer provided the benefit to the worker at the time of injury;
- the worker received the benefit at the time of injury; and
- the worker or beneficiary no longer receives the benefit and the Department or self-insurer has knowledge of this change.

With respect to the requirement that the worker no longer receive the benefit, the rules further specify that, if the worker continued to receive the benefit from a union trust fund or other entity for which the employer made a financial contribution at the time of injury, the employer's monthly payment for the benefit is not included in wages.

Summary of Bill:

"Wages" is generally defined as the gross remuneration paid in cash by the employer to the worker for services performed with respect to a pay period before any deductions. "Paid in cash" is defined as payment in case, by check, by electronic transfer, or by other means made directly to the worker.

The definition of wages is further modified to exclude health care benefits during periods in which employers continue to make contributions toward such benefits (rather than during periods in which employers provide such benefits).

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

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