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**Commerce & Labor Committee**

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**HB 1500**

**Brief Description:** Modifying provisions on permanent partial disability claims.

**Sponsors:** Representatives Conway, Williams, Chase, Kenney, Wood and Moeller.

**Brief Summary of Bill**

- Creates options for deducting a prior permanent partial disability award from a subsequent pension award.

**Hearing Date:** 2/15/07

**Staff:** Sarah Beznoska (786-7109).

**Background:**

Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act (Act).

Permanent Partial Disability

If permanent partial disability results from an injury, a worker may be entitled to compensation in accordance with a statutory schedule. Maximum permanent partial disability awards (PPD awards) are adjusted annually using the U.S. Consumer Price Index (CPI). A permanent partial disability is defined under the Act as the loss of either one foot, one leg, one hand, one arm, one eye, one or more fingers, one or more toes, any dislocation where ligaments were severed where repair is not complete, or any other injury known in surgery to be a permanent partial disability.

Permanent Total Disability

If permanent total disability results from an injury, a worker may be entitled to compensatory benefits based on the monthly wages that the worker was receiving from all employment at the time of injury. A permanent total disability is defined under the Act as loss of both legs, or arms, or one leg and one arm, total loss of eyesight, paralysis or other condition permanently incapacitating the worker from performing any work at any gainful occupation.

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*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.*

Pension benefits for eligible workers with a permanent total disability are payable to the worker as long as he or she remains totally disabled. A cost of living adjustment is made to the monthly pension amount each July 1st based upon based on changes in the state average monthly wage. The state average monthly wage is derived from the Employment Security Department's calculation of the state average annual wage.

#### Related Reductions

If a pension award for permanent total disability is preceded by a PPD award, there may be a related deduction in the pension award to account for the prior PPD award. That deduction is taken from the pension reserve and monthly pension payments are then reduced accordingly. Under *Stuckey v. Department of Labor and Industries*, in all cases where a PPD award precedes a pension award, the Department of Labor and Industries (Department) must use this method of deduction.

#### **Summary of Bill:**

When a PPD award precedes a pension award, the Department may treat the amount as an overpayment.

The worker has a choice between the following options for dealing with the overpayment:

- to have the amount deducted from monthly pension benefits in an amount that does not exceed 25 percent of the monthly amount or one-sixth of the total overpayment, whichever is less; OR
- to have the amount deducted from the pension reserve and have monthly compensation payments reduced accordingly (consistent with current statute).

**Rules Authority:** The bill does not address the rule making authority of an agency.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2007.