

SENATE BILL REPORT

SB 5241

As of January 31, 2007

Title: An act relating to industrial insurance, but only with respect to defining wages to include the cost of health insurance.

Brief Description: Defining wages for industrial insurance purposes.

Sponsors: Senators Kohl-Welles, Kline, Rasmussen, Shin, Keiser, Prentice, Hobbs, Poulsen and Fairley.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/30/07.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Staff: Jennifer Strus (786-7316)

Background: The cost of employer-provided health care insurance is included in the determination of the injured worker's time loss or pension payment only when the worker is no longer entitled to the benefit.

Summary of Bill: The bill as referred to committee was not considered.

EFFECT OF PROPOSED SUBSTITUTE (Labor, Commerce, Research & Development): Department of Labor & Industries (L&I) must include the value of the health care benefit in the calculation of the worker's time loss or pension payment when the employer stops contributing to the health care benefit rather than when the worker is no longer entitled to the health care benefit.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Some wages bargained for include benefits and some of those benefits are banked. It is not fair to force a union member to use banked benefits before having the health care benefits included in the wage calculation. Through the Taft-Hartley trusts, the building trades negotiate their health care plans and what coverage is included within those plans and the cost is taken out of the worker's wages. The employer's function in this situation is merely as a pass-through because the employer removes the

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allotted amount from the worker's wages and transmits it to the health care trust. In this situation, the payment of the premium to the trust should be the trigger so that as soon as the premium stops (which is when the worker is off the job), then L&I should include the value of the health care benefits when calculating the time loss payment. The consequence of L&I's current interpretation of the Cockle decision is to increase the number of uninsured members when they return to work.

CON: Employers do believe they contribute to the hours bank, although it varies from union to union. The bill fundamentally changes the way health care benefits were to be included in the wage calculation under the Cockle decision. The employers feel they will be paying twice; first in their contribution to the hours bank and second when the health care benefit is included in the wage calculation, even though the banked hours are not exhausted. Even though the title of the bill says it relates to health care, the language of the bill is much broader than health care.

Persons Testifying: PRO: Owen Linch, Teamsters; Dave Johnson, Building Trades; Michael Temple, Washington State Trial Lawyers Association; Jeff Johnson, Washington State Labor Council.

CON: Holly Chisa, Northwest Grocers; Kathleen Collins, Washington Self-Insurers.