
Labor & Workforce Development Committee

HB 1725

Brief Description: Addressing administrative efficiencies for the workers' compensation program.

Sponsors: Representatives Sells, Reykdal, Ormsby, Kenney and Upthegrove; by request of Department of Labor & Industries.

Brief Summary of Bill

- Provides that employers may, rather than are required to, deduct one-half the Medical Aid and Supplemental Pension Fund premiums from their workers' pay.
- Requires self-insured employers to issue orders when allowing or reopening a claim, and permits self-insured employers to make wage determinations.
- Allows the Department of Labor and Industries to send notices electronically when requested by the worker, employer, or other person affected.
- Makes other changes regarding the administration of workers' compensation.

Hearing Date: 2/4/11

Staff: Joan Elgee (786-7106).

Background:

The Department of Labor and Industries (Department) administers the workers' compensation program. Employers must either insure through the State Fund, or may self insure if qualified. State Fund employers pay premiums into the Accident Fund and the Medical Aid Fund, and both State Fund and self-insured employers pay into the Supplemental Pension Fund. The law requires State Fund employers to deduct one-half the Medical Aid premium from workers' pay and all employers to deduct one-half the Supplemental Pension Fund premium from workers' pay. Some employers pay the worker share of the premiums.

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.

Self-insurers may manage some aspects of their injured workers claims; for example, a self-insurer may close some claims that involve only medical treatment or medical treatment and permanent partial disability. When the self-insurer closes a claim, the self-insurer issues an appealable order.

The Department issues various notices under the workers' compensation program. Some of these notices must be sent by registered or certified mail.

The Director of the Department establishes a fee schedule of the maximum charges to be made by a medical provider. The fee schedule is not a "rule" under the Administrative Procedure Act.

Summary of Bill:

Employers may, rather than are required to, deduct one-half the Medical Aid and Supplemental Pension Fund premiums from their workers' pay.

Self-insurers must take affirmative action with respect to the allowance and reopening of a claim as follows. If a self-insurer:

- Decides to allow a claim, the self-insurer must issue an order within 60 days from the date of notice of a claim. If an allowance order is not issued within 60 days, the claim is allowed.
- Determines that a claim should be denied, the self-insurer must request denial within 60 days of the date of notice of a claim. If denial is not requested within 60 days, the claim is allowed.
- Decides to reopen a claim, the self-insurer must issue an order within 90 days of the workers' request for reopening or the application is granted. This authority applies to reopening applications made within seven years of the first closing order.
- Determines that a reopening should be denied, the self-insurer must request denial within 70 days from the reopening application. The Department has 20 days to review the request. If the denial order is not issued, the reopening application is deemed granted.

The various times for issuing orders may be extend by the self-insurer for an additional 60 days for good cause.

A self-insurer may also issue an order establishing a worker's monthly wage.

The Department must establish forms for self-insurer orders. Protests to orders issued by self-insurers must be reviewed by the Department. If no protest is timely filed, orders issued by the self-insurer become final. The Department may intervene in an open claim to resolve a dispute. Self-insured employers who do not issue timely orders are subject to penalties payable to the worker, and the Department may establish penalty amounts in rule.

Industrial insurance notices and orders may be sent electronically if requested by the employer, worker, beneficiary, or other person affected. Correspondence and notices sent electronically are considered received on the date sent. Orders and notices required to be served by registered or certified mail may be served by any method for which receipt can be confirmed or tracked.

The billing or payment instructions and policies associated with a fee schedule do not constitute a "rule" under the Administrative Procedure Act.

Appropriation: None.

Fiscal Note: Requested on January 31, 2011.

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