

# HOUSE BILL REPORT

## SB 5278

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### As Reported by House Committee On: Labor & Workforce Development

**Title:** An act relating to information contained in rate notices under the industrial insurance laws.

**Brief Description:** Addressing information contained in rate notices under the industrial insurance laws.

**Sponsors:** Senators Holmquist Newbry and King.

#### **Brief History:**

##### **Committee Activity:**

Labor & Workforce Development: 3/8/11, 3/16/11 [DP].

#### **Brief Summary of Bill**

- Requires industrial insurance rate notices to identify all programs and services that are funded by State Fund premiums or self-insured employer administrative assessments.

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### HOUSE COMMITTEE ON LABOR & WORKFORCE DEVELOPMENT

**Majority Report:** Do pass. Signed by 13 members: Representatives Sells, Chair; Reykdal, Vice Chair; Condotta, Ranking Minority Member; Shea, Assistant Ranking Minority Member; Fagan, Green, Kenney, Miloscia, Moeller, Ormsby, Roberts, Taylor and Warnick.

**Staff:** Joan Elgee (786-7106).

#### **Background:**

Under the state's industrial insurance laws, employers must either insure through the State Fund administered by the Department of Labor and Industries (Department) or, if qualified, may self-insure.

The industrial insurance funds administered by the Department include the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund. The Accident Fund is used to

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pay time-loss benefits, permanent partial, and permanent total disability awards. The Medical Aid Fund is used to pay medical and vocational rehabilitation benefits. The Supplemental Pension Fund is used to pay cost-of-living adjustments to workers receiving time-loss or permanent total disability payments. All State Fund employers pay premiums to the Department for these three funds. State Fund employers deduct one-half of the premium for the Medical Aid Fund and the Supplemental Pension Fund from their workers' wages. (Self-insured employers and workers also pay into the Supplemental Pension Fund.)

In addition to paying for benefits and administration of those benefits, Accident and Medical Aid funds are also used for the expenses of the Board of Industrial Insurance Appeals (Board), and the Department's Division of Occupational Safety and Health (DOSH). Other programs supported by these funds include the University of Washington's Department of Environmental and Occupational Health Sciences (DEOSH), and the Department's employment standards and apprenticeship programs, as well as certain fraud prevention activities.

In 2007 the Legislature authorized loans from the Supplemental Pension Fund to the Family Leave Insurance Account.

Self-insured employers pay assessments to the Department for various purposes. These assessments are used for, among other purposes, the Department's costs of administering the self-insurance program, the Board, the DOSH, and the DEOSH expenses, and the employment standards and apprenticeship programs.

The Department typically adjusts rates and sends out rate notices annually.

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**Summary of Bill:**

Industrial insurance rate notices must include an accounting that clearly identifies all programs and services that are financed in whole or in part by state fund premiums or self-insurers' administrative assessments.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This is a simple but important workers' compensation transparency bill that allows workers and employers to see how the funds are being used. More and more of the

funds are being used for other purposes. This bill would require a clear accounting of where dollars are going.

(Opposed) None.

**Persons Testifying:** Patrick Connor, National Federation of Independent Business.

**Persons Signed In To Testify But Not Testifying:** None.