

SENATE BILL REPORT

ESHB 1725

As of March 17, 2011

Title: An act relating to administrative efficiencies for the workers' compensation program.

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

Sponsors: House Committee on Labor & Workforce Development (originally sponsored by Representatives Sells, Reykdal, Ormsby, Kenney and Upthegrove; by request of Department of Labor & Industries).

Brief History: Passed House: 3/05/11, 96-1.

Committee Activity: Labor, Commerce & Consumer Protection: 3/14/11.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Mac Nicholson (786-7445)

Background: The state Industrial Insurance Program provides medical and other benefits to workers who suffer a work-related injury or develop an occupational disease. The Industrial Insurance Program is administered by the Department of Labor and Industries (L&I). Qualified employers may self-insure for workers' compensation purposes. Self-insurers are authorized to manage aspects of their injured worker claims, though L&I retains oversight of the provision of benefits to injured workers.

State Fund employers can participate in a retrospective rating (retro) plan as an individual employer or as part of a group of employers. Participation in retro allows an employer or a group of employers to assume a portion of industrial insurance risk and receive premium refunds or be assessed additional premiums based on claim losses.

Direct practice is a type of primary health care where a health care provider charges a patient a set fee for all primary care services provided in their office, regardless of the number of visits. Patients pay a monthly fee. No insurance plan is involved, although patients may have insurance coverage for more costly medical services. State law regulates direct health care practice agreements.

Summary of Bill: The billing and payment instructions and policies associated with a fee schedule are not considered an agency rule.

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.

Industrial insurance notices and orders required to be mailed by L&I can be sent electronically if requested by the employer, worker, beneficiary, or other person affected, except for notices and orders communicating the closure of a claim. Correspondence sent electronically is considered received on the date sent by L&I. Orders and notices required to be served by registered or certified mail can be served by any method for which receipt can be confirmed or tracked.

Payment by an employer for direct primary care services does not disqualify the employer from participating in a retro plan; a group sponsor from promoting a retro plan; or a plan administrator from administering a retro plan.

L&I must adopt rules to assure an injured worker may receive care from a direct practice provider. Any billing rule requiring a provider to bill for services does not apply to a direct practice. However, L&I may adopt rules requiring a direct practice to provide information to allow L&I to establish industrial insurance rates and retro plan refunds and assessments. L&I may also adopt rules regarding direct practice fees to assure that workers are not paying for workers compensation benefits.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 11, 2011.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: OTHER: The changes in the legislation are at L&I's request, except for the provisions on direct care providers. L&I has concerns about the direct care provider language. It would require L&I to address the business model of certain providers before the statewide medical provider network is set up. Issues regarding direct care providers should be addressed by the provider network advisory board. The bill would also allow the retro community to use direct providers. The retro program has gone through significant change in response to an independent study, and the timing of the changes in the bill is concerning, as the study recommendations are just being implemented. It's unclear how direct care providers would be able to get L&I the information needed for workers compensation calculations.

Persons Testifying: OTHER: Vickie Kennedy, Department of L&I.