

# SENATE BILL REPORT

## SHB 2318

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As of February 27, 2014

**Title:** An act relating to contractor liability for industrial insurance premiums for not-for-profit nonemergency medicaid transportation brokers.

**Brief Description:** Addressing contractor liability for industrial insurance premiums for not-for-profit nonemergency medicaid transportation brokers.

**Sponsors:** House Committee on Labor & Workforce Development (originally sponsored by Representatives Seaquist and Appleton).

**Brief History:** Passed House: 2/17/14, 95-1.

**Committee Activity:** Commerce & Labor: 2/24/14.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Mac Nicholson (786-7445)

**Background:** Under state industrial insurance statutes, a contractor is liable for the unpaid workers' compensation premiums of any subcontractor. In the construction industry, a contractor can shield themselves from liability for a subcontractor's unpaid premiums by ensuring that the subcontractor meets certain requirements, including having an industrial insurance account in good standing with the Department of Labor and Industries (L&I) or being a self-insurer.

Medicaid clients in Washington are provided nonemergency medical transportation to and from covered services, such as doctor's appointments. Transportation brokers contract with the state to arrange, coordinate, and manage nonemergency medical transportation for Medicaid clients.

**Summary of Bill:** Nonemergency transportation brokers that operate as nonprofits are not liable for unpaid subcontractor premiums if:

- the subcontractor maintains a separate set of books or records that reflect all income and expenses of the business; and
- the subcontractor has an industrial insurance account in good standing with L&I or is a self-insurer.

The subcontractor must meet the requirements throughout the term of contract.

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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.*

Nonemergency transportation brokers are organizations or entities that contract with the state Health Care Authority, or its successor, to arrange nonemergency transportation for qualified clients.

**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: Nonprofit transportation entities are okay with doing their due diligence when hiring a subcontractor, but they should not be held responsible when a subcontractor is fined as a result of an L&I audit and the subcontractor is not around anymore. A prime contractor who already conducts a quarterly check on its subcontractors' L&I accounts should be able to rely on that information.

**Persons Testifying:** PRO: Ann Kennedy, Paratransit Services.