

# HOUSE BILL REPORT

## SSB 5451

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### As Reported by House Committee On: Labor

**Title:** An act relating to addressing vocational rehabilitation by making certain recommendations from the vocational rehabilitation subcommittee permanent and creating certain incentives for employers to employ injured workers with permanent disabilities.

**Brief Description:** Addressing vocational rehabilitation by making certain recommendations from the vocational rehabilitation subcommittee permanent and creating certain incentives for employers to employ injured workers with permanent disabilities.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Braun, Keiser, Conway, Kohl-Welles and McAuliffe; by request of Department of Labor & Industries).

**Brief History:**

**Committee Activity:**

Labor: 3/24/15, 3/26/15 [DP].

#### Brief Summary of Substitute Bill

- Makes permanent the provisions of the vocational rehabilitation pilot program, with some changes.
- Provides financial benefits, such as partial wage reimbursement, for employers who employ an injured worker receiving vocational services.

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### HOUSE COMMITTEE ON LABOR

**Majority Report:** Do pass. Signed by 7 members: Representatives Sells, Chair; Gregerson, Vice Chair; Manweller, Ranking Minority Member; G. Hunt, Assistant Ranking Minority Member; McCabe, Moeller and Ormsby.

**Staff:** Trudes Tango (786-7384).

**Background:**

Vocational Rehabilitation.

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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.*

One of the primary purposes of the Industrial Insurance Act is to enable injured workers to become employable at gainful employment. The Department of Labor and Industries (Department) pays, or directs self-insurers to pay, the costs of vocational rehabilitation services when these services are necessary and likely to enable the injured worker to become employable at gainful employment.

In 2007 the Legislature created a pilot program for improving vocational rehabilitation. Some of the significant provisions of the pilot program include:

- establishing timeframes for the Department to approve vocational rehabilitation plans;
- establishing accountability requirements for injured workers;
- increasing benefits for training and other costs, such as books, tuition, and tools (originally starting at \$12,000, the benefits are adjusted based on changes in tuition at the state community colleges, and is currently \$17,599);
- allowing a vocational rehabilitation plan to last up to two years;
- giving eligible workers an option to receive funds equal to six months of time-loss benefits to pursue self-directed training (called Option 2); and
- placing vocational professionals at pilot WorkSource locations for job placement services.

The pilot program also created a vocational rehabilitation subcommittee to provide recommendations to the Department and the Legislature. The pilot program is set to expire on June 30, 2016.

#### Preferred Worker Program.

The Preferred Worker Program (PWP) provides financial incentives to employers that hire workers who have been injured in previous employment. The worker must first be certified by the Department as a "preferred worker." An employer hiring a preferred worker does not pay Accident Fund or Medical Aid premiums on the preferred worker for as long as the worker is a certified "preferred worker," which cannot be more than 36 months. If the worker is injured on the job during the worker's certification period, the employer is not liable for the costs of the new claim and it will not affect the employer's experience rating.

#### Stay at Work.

While the PWP provides benefits for subsequent employers of injured workers, the Stay at Work program provides financial incentives for employers to keep an injured worker on the job with the same employer. Subject to certain conditions, the Stay at Work program includes benefits, such as funds for:

- reimbursing the employer for 50 percent of the employee's base wages up to 66 days, not to exceed \$10,000 per claim within a 24-month period;
- training, instruction, or materials, such as books, up to \$1,000 per claim;
- tools, up to \$2,500 per claim; and
- clothing, up to \$400 per claim.

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#### **Summary of Bill:**

Provisions created by the vocational rehabilitation pilot program are made permanent, with some changes to certain provisions. Workers choosing Option 2 are provided an amount equal to nine months of temporary total disability compensation, rather than six months. Up to 10 percent of the worker's Option 2 funds may be used for vocational counseling and job placement services. The total amount allowed for an individual worker's vocational plan may not exceed \$17,500, and the annual adjustment based on the average percentage change in community college tuition cannot exceed 2 percent per year, with certain exceptions.

Financial assistance similar to those in the Preferred Worker Program and Stay at Work Program may be provided to employers, including the employer of injury, who employ injured workers receiving vocational services. In addition, a one-time payment equal to 10 percent of the worker's wages or \$10,000, whichever is less, is available if the employer provides continuous employment to the worker without a reduction in the worker's base wages for at least 12 months. The one-time payment is available at the sole discretion of the Department.

The benefits are available to state fund employers, and available to a self-insured employer only in cases where the worker was employed by a state fund employer at the time of injury.

Other changes to the vocational rehabilitation program regarding vocational professionals at WorkSource locations and accountability agreements for injured workers are made.

A vocational rehabilitation advisory committee is created. The Department must conduct a study to determine the impact on return-to-work outcomes, long-term disability, and claim costs. The Department must report back to the appropriate committees of the Legislature by December 1, 2018.

The Department may adopt rules governing the eligibility for and admission of benefits available under the vocational rehabilitation program.

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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 bill has been developed over a period of time in collaboration with business and labor. It expands a program that has been working well. It improves training options for workers and creates incentives for employers to keep workers employed, which is the best outcome in a workers' compensation system.

(Opposed) None.

**Persons Testifying:** Senator Braun, prime sponsor; and Vickie Kennedy, Department of Labor and Industries.

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