

SENATE BILL REPORT

SB 5046

As of January 21, 2021

Title: An act relating to workers' compensation claim resolution settlement agreements.

Brief Description: Concerning workers' compensation claim resolution settlement agreements.

Sponsors: Senators Conway, Keiser and King.

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 1/21/21.

Brief Summary of Bill

- Allows the parties to a workers' compensation claims to agree to have the claim resolution settlement be paid out in a single lump sum or be paid on a structured basis.
- Requires the Board of Industrial Insurance Appeals to provide copies of all final claim resolution settlement agreements to the Department of Labor and Industries.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Staff: Susan Jones (786-7404)

Background: Workers' Compensation. Workers who, in the course of employment, are injured or disabled from an occupational disease are entitled to workers' compensation benefits, which may include medical, temporary time-loss, vocational rehabilitation benefits, and permanent disabilities benefits. Occupational disease means a "disease or infection as arises naturally and proximately out of employment under the mandatory or elective adoption provisions of this title." The Department of Labor and Industries (L&I) administers the state's workers' compensation system.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Claim Settlements. Eligible workers have the option to settle parts of their workers' compensation claims through structured settlements. Settlements are available for injured workers who are age 50 and older. Medical benefits may not be settled. The parties may only initiate claim resolution structured settlements if at least 180 days have passed since the claim was received by L&I or self-insurer and the order allowing the claim is final and binding.

The claim resolution structured settlement agreements must:

- bind the parties with regard to all aspects of a claim except medical benefits unless revoked by one of the parties;
- provide a periodic payment schedule to the worker equal to at least 25 percent but not more than 150 percent of the average monthly wage in the state, except for the initial payment which may be up to six times the average monthly wage in the state;
- not set aside or reverse an allowance order;
- not subject any employer who is not a signatory to the agreement to any responsibility or burden under any claim; and
- not subject any funds covered under this title to any responsibility or burden without prior approval from the director or designee.

An unrepresented worker seeking to settle a claim must submit the agreement to an industrial appeals judge (IAJ) for approval. The IAJ can approve the settlement only if the settlement is in the best interest of the worker. If the IAJ approves the agreement, the agreement is forwarded to the Board of Industrial Insurance Appeals (BIIA) for approval.

A worker who is represented by an attorney can submit the settlement agreement directly to the BIIA for approval. The BIIA must approve the agreement unless it finds that the parties have not entered into the agreement knowingly and willingly; the agreement does not meet the requirements of a settlement; the agreement is the result of a material misrepresentation of law or fact; the agreement is the result of harassment or coercion; or the agreement is unreasonable as a matter of law.

Offsets. Federal and state laws address the coordination of Social Security disability benefits and workers' compensation.

Summary of Bill: The term "structured settlement agreement" is modified to "claim resolution settlement agreement."

At the option of the parties, a claim resolution settlement may either be paid out in a single lump sum or be paid on a structured basis. If the parties opt to have the settlement paid on a structured basis, the agreement must meet the payment schedule provisions of the law.

The BIIA must provide to L&I copies of all final claim resolution settlement agreements.

Appropriation: None.

Fiscal Note: Requested on January 13, 2021.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.