

HOUSE BILL REPORT

HB 2153

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to including public hospital districts as authorized self-insurers.

Brief Description: Including public hospital districts as authorized self-insurers.

Sponsors: Representatives Skinner, McMorris, Grant, Clements and Thompson.

Brief History:

Committee Activity:

Commerce & Labor: 1/15/96, 1/18/96 [DP].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Cairnes; Fuhrman; Goldsmith and Lisk.

Minority Report: Do not pass. Signed by 4 members: Representatives Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cody and Cole.

Staff: Karen Tyler (786-5793).

Background: Employers covered by the industrial insurance law must insure their responsibilities under the law by self-insuring or by purchasing insurance from the Department of Labor and Industries. A single employer with sufficient financial resources may self-insure. In addition, four categories of employers are permitted to form self-insurance groups: school districts, educational service districts, hospitals owned or operated by a state agency or municipal corporation, and hospitals which are not owned or operated by a state agency or municipal corporation. Group self-insurers operate under rules adopted by the department that address requirements for formation of and membership in the group, responsibilities of the group's trust fund trustees, and the amount of reserves that must be maintained to ensure financial solvency of the group.

Public hospital districts are municipal corporations that own and operate hospitals and other health care facilities, including nursing homes and extended care, long-term

care, outpatient, and rehabilitative facilities. It is not clear whether a public hospital district self-insurance group may insure district employees who do not work for a hospital, such as employees of clinics owned and operated by the hospital district. Statewide, the public hospital districts estimate that approximately 200 district employees do not work in a hospital.

Summary of Bill: Two or more public hospital districts are permitted to form self-insurance groups to self-insure their responsibilities under the industrial insurance law. (The group would insure all district employees, including those who do not work for hospitals, such as employees of clinics.)

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Currently, public hospital districts must administer two workers' compensation insurance plans, which is difficult and inefficient. This bill would allow public hospital districts to consolidate insurance coverage and cover all employees under one plan. In addition, this bill would make treatment of public hospital districts under the industrial insurance law consistent with other aspects of public hospital district law.

Testimony Against: Any expansion in the numbers or authority of self-insurers is ill-advised. There are too many documented abuses; a review of the practices of self-insurers is needed. Although this bill would effect only 200 public hospital district employees at the present time, likely changes in the delivery of health care mean that, in the future, a greater number of district employees will fall into the employment category to which the bill expands self-insurance coverage.

Testified: (In favor) Jean Roberts, Mark Reed Hospital; and Beverly Simmons, Washington Hospital Services. (Opposed) Robby Stern, Washington State Labor Council.