

HOUSE BILL REPORT

ESSB 6112

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to costs allowed for vocational rehabilitation benefits.

Brief Description: Increasing allowable costs for vocational rehabilitation.

Sponsors: Senate Committee on Labor, Commerce & Trade (originally sponsored by Senator Wojahn).

Brief History:

Committee Activity:

Commerce & Labor: 2/21/96, 2/22/96 [DPA].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 11 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith; Horn and Lisk.

Staff: Chris Cordes (786-7117).

Background: The Department of Labor and Industries is authorized to pay, and may direct self-insured employers to pay, the costs of vocational rehabilitation services for injured workers when these services are necessary and likely to enable the injured worker to become employable at gainful employment. These costs are limited to \$3,000 in a 52-week period and include the cost of books, tuition, fees, supplies, equipment, transportation, child or dependent care, and other necessary expenses. The department may extend the period of benefits for an additional 52 weeks.

Summary of Amended Bill: The amount that the Department of Labor and Industries may spend, or direct self-insurers to spend, for vocational rehabilitation services for an injured worker in the first 52-week period is increased from a maximum of \$3,000 to a maximum of \$5,000. If a second 52-week period of services is authorized, the \$3,000 limitation on expenditures will apply.

This amendment applies to industrial insurance claims filed after July 1, 1996.

Amended Bill Compared to Engrossed Substitute Bill: The amendment retains the current maximum of \$3,000 in vocational rehabilitation expenditures during a second year of services.

Appropriation: None.

Fiscal Note: Requested on February 14, 1996.

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

Testimony For: The cap on expenditures for vocational rehabilitation services for injured workers has not been raised since 1983. The current limit of \$3,000 will not get injured workers the services they need to compete for high-skill jobs. This program is not open to every injured worker, but only those who cannot return to their former employment. The cap on expenditures applies only to retraining plans, not all the other services that are provided to assist injured workers to return to employment. Other amendments are also needed, including covering transportation costs outside the expenditure limit. The current requirement to include transportation costs in the limit is not fair to workers in rural locations who must travel farther to attend training. An increase in the limit to \$3,750 is suggested, and this increase should not have to wait two more years for more studies. There is some concern that retraining schools will raise their fees if a blanket increase in the limitation is approved.

Testimony Against: Although the expenditure cap has not been raised recently, there is no justification for an increase until the vocational rehabilitation program is under control. Simply increasing funding will not address the issues. Utilization and costs have gone up by one-third even without any increase in the cap. And studies indicate marginal outcomes, at best. This is not just a matter of cost to the business community. The business community supports increases in vocational rehabilitation expenditures in the long-term disability pilot project and as part of retro reform. The pilot projects will provide information about the impact of better claims management and, based on the pilot results, raising expenditure limits could be considered. Retro employers would like the opportunity for increased expenditures for early intervention as part of their increased role in claims management.

Testified: (In favor) Robby Stern, Washington State Labor Council; and Dwight Thompson, NARPPS Management Group. (Opposed) Clif Finch, Association of Washington Business and Washington Self-Insurers Association; and Jan Gee, Association of Washington Retro Employers.