

SENATE BILL REPORT

SB 5580

As Reported By Senate Committee On:
Commerce & Labor, February 26, 1997

Title: An act relating to determination of benefits for permanent partial disability by industrial insurance self-insurers.

Brief Description: Providing for industrial insurance self-insurers to determine benefits for permanent disability.

Sponsors: Senators Anderson, Schow, Horn, Newhouse, Oke, Haugen and West.

Brief History:

Committee Activity: Commerce & Labor: 2/18/97, 2/26/97 [DPS, DNPS].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5580 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson and Newhouse.

Minority Report: Do not pass substitute.

Signed by Senators Franklin, Fraser and Heavey.

Staff: Jack Brummel (786-7428)

Background: The Department of Labor and Industries is responsible for making all determinations of permanent disabilities in industrial insurance claims, whether the injured worker is covered by the state fund or a self-insured employer.

Self-insurers are authorized to close only those claims that do not involve permanent disabilities and meet other criteria established by statute. For other claims, the self-insurer must request the department to close the claim.

Summary of Substitute Bill: Beginning with industrial insurance claims accepted by self-insured employers after June 30, 1997, self-insurers are authorized to make determinations of permanent partial disability. The claims for which self-insurers may make permanent disability determinations must involve only medical treatment and time loss payments, or only time loss payments, must be undisputed claims, and must involve a worker who has returned to work with the self-insured employer of record at his or her previous job or a job with comparable wages and benefits.

Upon closing one of these claims, the self-insurer must report the closure to the department and notify the worker in writing that the claim is being closed with medical benefits and/or time loss compensation and an award for permanent partial disability as applicable. The notice must include information about the worker's right to protest the closure. If the

worker does not file a protest to a self-insurer's closure order within 60 days, the order becomes final and has the same effect as a final order of the department. The department is to report on claims closure by self-insured employers and by the department by January 1, 2000.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect July 1, 1997.

Testimony For: This bill is an administrative fix to create more efficiency in claims closure. The bill does not change the process by which permanent partial disabilities are determined. The bill will not take away from any employee's right.

Testimony Against: The bill is an unfair bill. It sidesteps the traditional arbitrator's role of the department. There is nothing now that bars early payment of permanent partial disability. Under this, only the injured worker will have to pay the cost of appeal. The bill needs a good faith requirement on the part of employers.

Testified: PRO: Pam Tellevick, Washington Self-Insurers Association; Bill Johnson, U.S. Marine/Bayliner Marine Corp.; Rebecca Forrester, Group Health; Tom Chapman, Paine Hamblen; Kathleen Collins, Washington Self-Insurers Association; CON: Wayne Lieb, Washington State Trial Lawyers Association; Robby Stern, Washington State Labor Council; Joyce Walker, Department of Labor and Industries (neutral).