

FINAL BILL REPORT

SSB 5965

C 327 L 97
Synopsis as Enacted

Brief Description: Providing for changes in agency experience ratings for industrial insurance.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Horn, Anderson, Heavey and Franklin).

Senate Committee on Commerce & Labor

House Committee on Commerce & Labor

Background: Retrospective rating is an optional incentive program offered by the Department of Labor and Industries and is designed to reward state fund employers who minimize their workers' compensation costs with a refund of a portion of the premium paid. Private employers which receive refunds typically reinvest the money in safety awareness, accident prevention and claims management activities to further increase savings.

State agencies represent the largest state fund employers. Smaller state agencies that participate in the retrospective rating program generally do so through a group plan that is managed by the Risk Management Division of the Department of General Administration. State agencies that earn a refund through the program are required to deposit the refund in the industrial insurance premium refund account in the Treasurer's Office and must submit a supplemental budget request to access their funds. The refund must then be appropriated. The cumbersome nature and delays associated with the process diminish the incentive effect of the program.

Currently, no universities or community colleges enroll in the program. Analysis by the Department of Labor and Industries indicates that large state agencies not enrolled in the retrospective rating program would have earned several million dollars worth of refunds had they been enrolled.

Summary: The requirement that moneys in the industrial insurance premium refund account be spent only after appropriation is eliminated. The account is placed in the custody of the State Treasurer and is made subject to allotment under Office of Financial Management rules. Refunds are to be used to offset the cost of an agency's claims management staff and for programs within an agency that promote workplace safety and health, and promote return to work for injured employees.

Votes on Final Passage:

Senate	49	0	
House	98	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: July 27, 1997