

CERTIFICATION OF ENROLLMENT
SUBSTITUTE SENATE BILL 6030

Chapter 330, Laws of 1997

55th Legislature
1997 Regular Session

WORKERS' COMPENSATION SYSTEM PERFORMANCE AUDIT AND REVIEW

EFFECTIVE DATE: 7/27/97

Passed by the Senate April 22, 1997
YEAS 41 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 10, 1997
YEAS 98 NAYS 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved May 12, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6030** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

May 12, 1997 - 3:41 p.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6030

AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Goings, Anderson, Haugen, Horn, Rasmussen, Long and Oke)

Read first time 03/05/97.

1 AN ACT Relating to establishing a performance audit and operations
2 review of the state workers' compensation system; and creating new
3 sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature recognizes the importance of
6 the state workers' compensation program in providing medical and
7 financial services and benefits to workers who are injured on the job,
8 and to their families, and in facilitating the injured workers' return
9 to employment and a productive life. In addition, the legislature
10 considers periodic performance audits to be of assistance in
11 determining the impact of state programs and in developing findings and
12 recommendations that ensure the most effective use of worker, employer,
13 state agency, and public time and resources.

14 NEW SECTION. **Sec. 2.** The joint legislative audit and review
15 committee, in consultation with members of the senate and house of
16 representatives commerce and labor committees and the workers'
17 compensation advisory committee established under RCW 51.04.110, shall
18 conduct a performance audit of the state workers' compensation system.

1 The performance audit shall review the following issues:

2 (1)(a) The organizational structure of the workers' compensation
3 system and its effectiveness;

4 (b) The management principles, program process, and ongoing
5 practices of the workers' compensation system;

6 (2)(a) The program's taxation system, including the method of
7 collection and the manner in which funds are prioritized and
8 distributed;

9 (b) The use of all revenues generated from reserve surpluses and
10 all other fund sources;

11 (3) The types of services and programs within the system;

12 (4) The level of cooperation and continuity between program and
13 services;

14 (5)(a) The effectiveness of the system in providing sure and
15 certain relief to injured workers as mandated by Title 51 RCW;

16 (b) The effectiveness of the workers' compensation system in
17 returning injured workers to work and meeting other system goals;

18 (6) The level of customer satisfaction of workers and employers
19 participating in the system;

20 (7) The current method by which the department internally reviews
21 and determines the workers' compensation program effectiveness and
22 performance and its process for responding to its findings or
23 recommendations;

24 (8) The manner in which the workers' compensation system
25 coordinates its activities with other programs or activities within the
26 department or other state agencies, including: the WISHA program, the
27 board of industrial insurance appeals, the employment security
28 department, the department of revenue, the department of health, and
29 the work force training and education coordinating board;

30 (9) The cost-effectiveness and efficiency of the state workers'
31 compensation system as compared with other private and public sector
32 delivery systems;

33 (10) Claims administration practices of the state fund, self-
34 insured employers, and third-party administrators, and the
35 effectiveness of department sanctions in promoting best practices in
36 claims administration; and

37 (11) Any other item considered necessary by the joint legislative
38 audit and review committee.

1 NEW SECTION. **Sec. 3.** The joint legislative audit and review
2 committee is directed to contract with a private entity that is not
3 affiliated with an insurance company, brokerage, or agency, consistent
4 with the provisions of chapter 39.29 RCW. The committee shall consult
5 with the workers' compensation advisory committee in the design of the
6 request for proposals from potential contractors and in the choice of
7 a performance audit contractor. The committee shall provide an interim
8 report on its findings and recommendations to the appropriate house of
9 representatives and senate standing committees by December 31, 1997,
10 and a final report by August 1, 1998.

11 NEW SECTION. **Sec. 4.** The department of labor and industries shall
12 actively cooperate with the joint legislative audit and review
13 committee in the course of the performance audit and provide
14 information and assistance as necessary. Funding for the performance
15 audit in the amount, as determined by the joint legislative audit and
16 review committee, is provided from the nonappropriated medical aid fund
17 within the department of labor and industries. The department will
18 transfer the funds necessary to implement this act to the joint
19 legislative audit and review committee through an interagency
20 agreement.

21 NEW SECTION. **Sec. 5.** If any provision of this act or its
22 application to any person or circumstance is held invalid, the
23 remainder of the act or the application of the provision to other
24 persons or circumstances is not affected.

Passed the Senate April 22, 1997.

Passed the House April 10, 1997.

Approved by the Governor May 12, 1997.

Filed in Office of Secretary of State May 12, 1997.