

# SENATE BILL REPORT

## SSB 5789

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, January 31, 2006

**Title:** An act relating to authorizing self-insurers to make claim decisions and actively participate in workers' compensation claims.

**Brief Description:** Expanding the role of self-insurers in the workers' compensation system.

**Sponsors:** Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Prentice and Parlette).

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 2/28/05, 3/1/05 [DP];  
1/31/06 [DP].  
Passed Senate: 3/14/05, 49-0.

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Honeyford and Keiser.

**Staff:** Jennifer Strus (786-7316)

**Background:** Washington State requires most employers to provide workers' compensation coverage for their employees either through participation in the state fund or by being self-insured under RCW 51.14. An employer may be a self-insurer if it establishes to the Director of the Department of Labor and Industries (L&I) that it has sufficient financial ability to make its workers' compensation payments.

Self-insurers are closely monitored by L&I and, with some exceptions, do not have the ability to administer workers' compensation claims made by its workers.

**Summary of Bill:** The general rule that self-insured employers are vested with the powers and duties necessary to process many aspects of workers' compensation claims of their injured workers without prior approval or consent of L&I is established. The ability of injured workers, who receive workers' compensation benefits through a self-insurer, to protest and appeal their rights to L&I is maintained.

L&I has the authority to issue subpoenas for the self-insurers, upon request. Self-insurers have an obligation to report a summary of claims information to L&I every month to enable L&I to fulfill its audit responsibilities.

If the self-insurer does not act on a request to initiate a new claim within a specified period of time, the claim is automatically allowed. The self-insurer makes the decision about whether a

pension should be granted to an injured worker, but all other aspects of administering a pension remain with L&I.

Self-insurers make the initial decision on whether or not vocational rehabilitation should be provided, but the L&I Director retains sole discretion to make final vocational rehabilitation decisions.

Self-insurers must report monthly to L&I on all claims filed or closed during the previous month as well as any information necessary to conduct audits of the self-insurer

An injured worker may request that L&I intervene with a self-insurer when the worker believes the self-insurer is not acting on a claim request. L&I can compel the self-insurer to issue an order on the worker's request.

L&I has the right to require a self-insurer to correct an error in a closed claim when an error is discovered in an audit up to two years after the claim is closed.

New penalties are created in addition to those currently in statute: a penalty up to \$2,500 for some violations, and for intentional and repeated violations, the penalty can be up to \$25,000. Further penalties are created for different levels of violations. The different levels are also established.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The act takes effect on January 1, 2007 except for several sections which take effect on June 30, 2007.

**Testimony For:** Business and labor are currently negotiating the terms of the bill. The committee is encouraged to pass a vehicle out of the committee so that the parties can continue to work on the bill.

**Testimony Against:** None.

**Who Testified:** PRO: Owen Linch, Teamsters; Bruce Beckett, Weyerhaeuser.