

SENATE BILL REPORT

SB 5826

As of February 26, 2005

Title: An act relating to making cost-of-living adjustments to account for inflation in industrial insurance claims.

Brief Description: Making cost-of-living adjustments to account for inflation in industrial insurance claims.

Sponsors: Senators Hewitt, Parlette and Honeyford.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 3/1/05.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Staff: Jennifer Strus (786-7316)

Background: Workers injured in the course of employment may receive various benefits under the Industrial Insurance Act.

For example, injured workers or their surviving beneficiaries may receive compensatory benefits (time-loss, pension, and survivor benefits). The amounts are revised annually for a cost-of-living adjustment based on changes in the state average monthly wage (SAMW). The SAMW is derived from the Employment Security Department's calculation of the state average annual wage.

Injured workers with permanent partial disabilities receive statutory awards. The amounts are adjusted annually using the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-U and CPI-W).

Workers with catastrophic injuries may have modifications made to their residences, with costs paid up to the state's average annual wage. Similarly, injured workers who are amputees or are paralyzed may have modifications made to their vehicles, with costs paid up to 50 percent of the state's average annual wage.

Summary of Bill: Various annual indexing or cost-of-living adjustments must be made using the Implicit Price Deflator (IPD) beginning July 1, 2005, and each July 1st thereafter.

Caps on compensatory benefits are increased by adjusting the maximum amount for the previous twelve-month period for inflation using the IPD instead of the SAMW.

Cost-of-living increases for compensatory benefits are adjusted for inflation from the previous twelve-month period using the IPD instead of the SAMW.

Caps on permanent partial disability awards are adjusted for inflation using the IPD instead of the U.S. Consumer Price Index.

Caps on residence and vehicle modification benefits are adjusted for inflation using the IPD instead of the state average annual wage.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005, except for section 8 of this act which takes effect June 30, 2007.