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## Labor Committee

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### ESB 5510

**Brief Description:** Simplifying and adding certainty to the calculation of workers' compensation benefits by creating a working group to develop recommendations.

**Sponsors:** Senators Braun, Baumgartner, Rivers and Angel.

<p><b>Brief Summary of Engrossed Bill</b></p> <ul style="list-style-type: none"><li>• Requires the Department of Labor and Industries to convene an industrial insurance benefit accuracy working group.</li></ul>
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**Hearing Date:** 3/24/15

**Staff:** Joan Elgee (786-7106).

**Background:**

Under the state's industrial insurance laws, workers who, in the course of employment, are injured or disabled from an occupational disease are entitled to benefits. Depending on the disability, workers are entitled to medical, temporary time-loss, and vocational rehabilitation benefits, as well as benefits for permanent partial and total disabilities.

Monthly temporary time-loss and permanent total disability benefits provide partial wage replacement to the worker. The amount of benefits is based on the worker's pre-injury wages and depends on the worker's marital status and number of children. An unmarried childless worker with no children receives 60 percent of the worker's wages, while a married childless worker receives 65 percent of the worker's wages. The percentage is increased by 2 percent for each child, up to a maximum of 10 percent. The monthly benefit is capped at 120 percent of the state's average monthly wage, as determined by the Employment Security Department.

The statutory definition of wages includes health benefits; bonuses; the reasonable value of room, board, fuel, or similar considerations; and tips to the extent they are reported to the employer for income tax purposes. For seasonal and part-time workers, monthly wages are

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determined by using total wages earned, including overtime, from all employment in any 12-month period which represents the worker's employment pattern, and dividing the total by 12.

Workers receive an annual cost of living adjustment.

**Summary of Bill:**

The Department of Labor and Industries (Department) must convene a benefit accuracy working group no later than August 1, 2015, to develop recommendations to improve the accuracy of the wage calculation. Working group members are appointed by the director of the Department and consist of two members each representing labor and employers, and at least two members representing the Department. The working group must focus on improving the accuracy, simplicity, fairness, and consistency of calculating and providing wage replacement benefits. Overall reductions in benefits levels may not be considered.

The working group must report to the relevant legislative committees by February 1, 2016 and must issue a final report that includes any legislative proposals no later than September 1, 2016.

**Appropriation:** None.

**Fiscal Note:** Requested on March 20, 2015.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.