

HOUSE BILL ANALYSIS

HB 1617

Brief Description: Providing for a performance audit of the Department of Labor and Industries' claims administration.

Sponsors: Representatives McMorris, Mulliken, L. Thomas, Honeyford, Mielke, Boldt, Conway, Dunn and Backlund

Hearing: February 10, 1997

BACKGROUND:

The Department of Labor and Industries administers and regulates the state's industrial insurance system. The department also operates the industrial insurance state fund and adjudicates the claims of injured workers whose employers are insured by the state fund.

In 1994, House Bill 2843 was enacted creating two pilot projects to test new approaches to reducing long-term disability in the industrial insurance system. The bill followed a study by the Joint Labor-Management Task Force for the Prevention of Long-Term Disability. In its reports to the Legislature, the task force reviewed many industrial insurance issues and noted a number of problems related to claims administration. These problems included the need for better coordination with return-to-work and medical treatment issues. The task force suggested that high case loads, among other issues, may contribute to some of the problems observed.

In establishing the criteria for the pilot projects, House Bill 2843 included new approaches to claims management, such as a team approach with lower caseloads for claim managers, intensive screening of claims, and intensive management of cases of injured workers at risk of long-term disability. These pilot projects are scheduled to end in 1999.

SUMMARY OF BILL:

The Joint Legislative Audit and Review Committee (JLARC) is directed to conduct a performance audit of claims administration within the industrial insurance division of the Department of Labor and Industries. The performance audit must include an evaluation of the department's efficiency in operating claims administration and recommendations for improving efficiency. The JLARC must use performance measures generally recognized in the insurance industry or by self-insured employers to the extent the committee finds the

standards relevant.

The JLARC must report its findings to the appropriate committees of the Legislature by December 1, 1997.

RULES AUTHORITY: The bill does not contain provisions addressing the rule-making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.