

# HOUSE BILL REPORT

## HB 2238

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### As Reported By House Committee On:

Commerce & Labor

**Title:** An act relating to the department of labor and industries' plans for implementing the joint legislative audit and review committee's recommendations for industrial insurance.

**Brief Description:** Implementing recommendations for industrial insurance.

**Sponsors:** Representatives Clements and Conway.

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/1/99 [DPS].

#### Brief Summary of Substitute Bill

- Requires the Department of Labor and Industries to develop a plan for implementing the recommendations of the Joint Legislative Audit Review Committee Workers' Compensation Performance Audit by September 15, 1999, and to report this plan, and a plan for improving vocational services, to the Legislature by December 1, 1999.
- Requires a report on implementing Recommendation 2 of the audit (employer reporting) by September 15, 1999.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Chris Cordes (786-7103).

### Background:

Substitute Senate Bill 6030, enacted in 1997, required the Joint Legislative Audit and Review Committee to contract for a performance audit of the Washington workers' compensation system. The report was delivered in December 1998, and made 32 recommendations for modifying the system, including recommendations for:

- management of industrial insurance claims;
- regulation and oversight of self-insured employers and outside parties involved in claims procedures;
- dispute resolution;
- vocational rehabilitation services;
- workplace safety; and
- rate setting practices and the retrospective rating plan.

Recommendation 2 of the report addressed reporting of workplace injuries by the employer:

"The department should adopt an alternative system for the reporting of injuries under which the worker would report to the employer and the employer would report to the department. An educational effort should be launched to promote this method of reporting."

The Workers' Compensation Advisory Committee is a statutory committee composed of labor and business representatives appointed by the director of the Department of Labor and Industries. The committee is charged with conducting studies of the industrial insurance system. In 1996, the committee formed a Subcommittee on Vocational Services to consider changes to the vocational rehabilitation system that would improve service and contain costs. The subcommittee is reviewing possible models for recommendations to the department and the Legislature.

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### **Summary of Substitute Bill:**

By September 15, 1999, the Department of Labor and Industries must develop a plan for implementing the recommendations reported in the Joint Legislative Audit and Review Committee's Workers' Compensation System Performance Audit, No. 98-9. The department must report the plan to the appropriate committees of the Legislature by December 1, 1999, including:

- recommendations that have been or will be implemented;
- recommendations that are not planned for implementation, with reasons for the decision; and
- recommendations for legislation that may be required.

The department's plan for implementing Recommendation 2 must be reported to the Legislature by September 15, 1999.

In conjunction with that part of the December 1999 report dealing with vocational rehabilitation services, the department must also report on the study undertaken by the Subcommittee on Vocational Services of the Workers' Compensation Advisory Committee, including a plan for improving the industrial insurance vocational rehabilitation system and recommendations for legislation, if any.

**Substitute Bill Compared to Original Bill:** The substitute bill adds a requirement for the Department of Labor and Industries to include, in its December 1999 report to the Legislature, a report on the Workers' Compensation Advisory Committee's study of vocational services.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.