
Commerce & Labor Committee

HB 3134

Brief Description: Determining the amount of compensation for temporary or permanent total disability.

Sponsors: Representatives Conway, Wood, Chase and Kenney.

Brief Summary of Bill

- Requires the Department of Labor and Industries to calculate the reduction in industrial insurance benefits for federal Social Security retirement benefits using a formula in federal law and guidelines in state law.

Hearing Date: 1/30/06

Staff: Sarah Dylag (786-7109).

Background:

The federal Social Security Act contains provisions to coordinate benefits received under more than one disability program. Social Security disability benefits for persons under age 65 are reduced by the full amount of state or federal workers' compensation benefits also being paid to the individual. The federal provisions include a "reverse offset" that permits the disability benefit reduction to be taken by a state's workers' compensation program rather than by the federal program. Federal law provides a formula for computing this reverse offset.

State law also allows the Department to reduce workers' compensation benefits for Social Security retirement benefits. Unlike the reverse offset for Social Security disability benefits, there is not a corresponding federal law for the retirement benefit reduction. Under state law, the procedures for the retirement benefit reduction must comply with the procedures for the offset for Social Security disability benefits, except for procedures that relate to computation.

Summary of Bill:

For a worker whose entitlement to Social Security retirement benefits is immediately preceded by an entitlement to Social Security disability benefits, the reduction for Social Security retirement benefits must be computed consistent with the formula set forth in federal law for computing the reverse offset for Social Security disability benefits.

For all other workers, the reduction for Social Security retirement benefits must be calculated "to most closely follow the intent" of the state law that sets forth the reverse offset for Social Security disability payments.

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

Appropriation: None.

Fiscal Note: Requested on January 27, 2006.

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