

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5401**

Chapter 81, Laws of 1995

54th Legislature  
1995 Regular Session

Studies of medical benefits for injured workers under  
consolidated health care system--Extension of deadlines

EFFECTIVE DATE: 7/23/95

Passed by the Senate March 7, 1995  
YEAS 47 NAYS 1

JOEL PRITCHARD

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**President of the Senate**

Passed by the House April 6, 1995  
YEAS 97 NAYS 0

CLYDE BALLARD

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**Speaker of the  
House of Representatives**

Approved April 18, 1995

MIKE LOWRY

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**Governor of the State of Washington**

CERTIFICATE

I, Marty Brown, Secretary of the  
Senate of the State of Washington,  
do hereby certify that the attached  
is **SENATE BILL 5401** as passed by the  
Senate and the House of  
Representatives on the dates hereon  
set forth.

MARTY BROWN

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**Secretary**

FILED

April 18, 1995 - 1:10 p.m.

**Secretary of State  
State of Washington**

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**SENATE BILL 5401**

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Passed Legislature - 1995 Regular Session

**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senators Quigley, Winsley, Moyer and C. Anderson; by request of Department of Labor & Industries

Read first time 01/23/95. Referred to Committee on Health & Long-Term Care.

1       AN ACT Relating to extending deadlines for studies of medical  
2 benefits for injured workers under a consolidated health care system;  
3 and amending RCW 43.72.850 and 43.72.860.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       **Sec. 1.** RCW 43.72.850 and 1993 c 492 s 485 are each amended to  
6 read as follows:

7       On or before January 1, 1995, and January 1, 1996, the health  
8 services commission, in coordination with the department of labor and  
9 industries and the workers' compensation advisory committee, shall  
10 study and make an interim report, and on or before January 1, (~~1996~~)  
11 1997, a final report, to the governor and appropriate committees of the  
12 legislature on the provision of medical benefits for injured workers  
13 under a consolidated health care system. The study shall include a  
14 review of options and recommendations for modifying the industrial  
15 insurance system to provide medical services for injured workers in a  
16 more cost-effective manner under a consolidated system, and may include  
17 consideration of the purchase of industrial insurance medical benefits  
18 through the health care authority or the inclusion of industrial  
19 insurance medical benefits in the services offered by certified health

1 plans or other appropriate options. The commission should also give  
2 consideration to at least the following issues: The use of managed  
3 care and the effect of managed care options on the injured workers'  
4 choice of health services provider; the potential cost savings or other  
5 impacts of various consolidation options; the benefit structure  
6 required under industrial insurance; the potential for consolidation to  
7 meet or exceed existing medical cost management of the medical aid  
8 fund; the impact of separating the medical management of claims from  
9 the disability management of claims; the relationship between return-  
10 to-work efforts, medical services, and disability prevention; the  
11 relationship between medical services and rehabilitation services; and  
12 the effects of the quasi-judicial system that determines industrial  
13 insurance rights and obligations. In addition, the final report shall  
14 include a proposed plan and timeline for including the medical benefits  
15 of the industrial insurance system in the services offered by certified  
16 health plans. The proposed plan shall assure that:

17 (1) The plan shall not take effect until at least ninety-seven  
18 percent of state residents have access to the uniform benefits package  
19 as required in chapter 492, Laws of 1993;

20 (2) The uniform benefits package of the certified health plan will  
21 provide benefits for injured workers that are at least equivalent to  
22 the medical benefits provided to injured workers under Title 51 RCW as  
23 determined by the department of labor and industries as of the  
24 effective date of the plan, including payments for services that are  
25 ancillary to industrial insurance medical benefits, such as but not  
26 limited to medical examinations for permanent disabilities;

27 (3) Other nonmedical benefits required to be provided under Title  
28 51 RCW, such as but not limited to total or partial disability benefits  
29 or vocational rehabilitation benefits, are not affected;

30 (4) Employers who do not choose to become certified health plans  
31 under chapter 492, Laws of 1993, will continue to be required to  
32 provide industrial insurance medical benefits under Title 51 RCW;

33 (5) Employees participating in the plan shall not be required to  
34 pay deductibles, copayments, or other point of service charges for  
35 services related to industrial insurance injuries or diseases, such  
36 costs to be paid by the department of labor and industries or self-  
37 insured employer, as applicable;

38 (6) The plan includes a mechanism to return to workers and  
39 employers, in equal shares, any savings that are realized in the costs

1 of medical services for injured workers, as identified by the  
2 department of labor and industries;

3 (7) The majority of the employer's employees or, if the employees  
4 are represented for collective bargaining purposes, the exclusive  
5 bargaining representative voluntarily agree to the employer's  
6 participation in the plan.

7 **Sec. 2.** RCW 43.72.860 and 1993 c 492 s 486 are each amended to  
8 read as follows:

9 (1) The department of labor and industries, in consultation with  
10 the workers' compensation advisory committee, may conduct pilot  
11 projects to purchase medical services for injured workers through  
12 managed care arrangements. The projects shall assess the effects of  
13 managed care on the cost and quality of, and employer and employee  
14 satisfaction with, medical services provided to injured workers.

15 (2) The pilot projects may be limited to specific employers. The  
16 implementation of a pilot project shall be conditioned upon a  
17 participating employer and a majority of its employees, or, if the  
18 employees are represented for collective bargaining purposes, the  
19 exclusive bargaining representative, voluntarily agreeing to the terms  
20 of the pilot. Unless the project is terminated by the department, both  
21 the employer and employees are bound by the project agreements for the  
22 duration of the project.

23 (3) Solely for the purpose and duration of a pilot project, the  
24 specific requirements of Title 51 RCW that are identified by the  
25 department as otherwise prohibiting implementation of the pilot project  
26 shall not apply to the participating employers and employees to the  
27 extent necessary for conducting the project. Managed care arrangements  
28 for the pilot projects may include the designation of doctors  
29 responsible for the care delivered to injured workers participating in  
30 the projects.

31 (4) The projects shall conclude no later than January 1, 1997. The  
32 department shall make an interim report on the projects to the governor  
33 and appropriate committees of the legislature on or before October 1,  
34 1996. The department shall present the final results of the pilot  
35 projects and any final recommendations related to the projects to the  
36 governor and appropriate committees of the legislature on or before  
37 ((October 1, 1996)) April 1, 1997.

Passed the Senate March 7, 1995.  
Passed the House April 6, 1995.  
Approved by the Governor April 18, 1995.  
Filed in Office of Secretary of State April 18, 1995.

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