
Commerce & Labor Committee

HB 2158

Brief Description: Addressing the industrial insurance system administered by the department of labor and industries.

Sponsors: Representative Conway.

Brief Summary of Bill

- Provides legislative intent to address short-term economic problems in the industrial insurance system with changes that treat workers fairly, support a sound and stable financial basis for the system, and allow immediate efficiencies in administration.

Hearing Date: 3/3/03

Staff: Chris Cordes (786-7103).

Background:

Industrial insurance is a no-fault state workers' compensation program that provides medical and partial wage replacement benefits to workers who are injured on the job or who develop an occupational disease. Employers must either insure with the state fund or qualify as a self-insurer. The Department of Labor and Industries (Department) administers the program by operating the state fund and regulating self-insured employers.

Beginning January 2003, industrial insurance basic premium rates for state fund employers increased an average of 29 percent. This rate increase followed nearly eight years of either moderate increases or decreasing rates. During the period ending September 30, 2002, the industrial insurance trust fund's contingency reserve fell from \$1.05 billion to \$251 million and the loss in investment income was approximately \$739 million. The Department's medical cost inflation was an average of 8 percent over the period from 1999 to 2001. The percentage change in time-loss duration has increased from no change in March 2001 to 16 percent by June 2002.

Summary of Bill:

The Legislature finds that the industrial insurance system administered by the Department of Labor and Industries is being affected by a period of economic uncertainty, which is reducing

investment income and increasing stresses on the system. The Legislature intends to address these short-term economic problems with policy changes that treat workers fairly, support a sound and stable financial basis for the system, and allow immediate efficiencies in administration.

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

Appropriation: None.

Fiscal Note: Not requested.

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