

SENATE BILL REPORT

SB 5360

As Reported By Senate Committee On:
Commerce & Trade, February 20, 2003

Title: An act relating to false industrial insurance claims.

Brief Description: Revising penalties for false industrial insurance claims.

Sponsors: Senators West, Sheahan, Honeyford, Hewitt, Roach, Hale, Esser and Mulliken.

Brief History:

Committee Activity: Commerce & Trade: 2/7/03, 2/20/03 [DPS].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: That Substitute Senate Bill No. 5360 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: John Dzedzic (786-7784)

Background: Under current law, if a worker knowingly gives false information in obtaining more worker compensation benefits than he or she is entitled to, the worker is guilty of theft. Depending on the amount of the wrongfully obtained benefit, the offense is classified as either a gross misdemeanor (up to \$250); a class C felony (from \$250 to \$1,500); or a class B felony (over \$1,500).

Any entity other than an injured worker that knowingly participates in fraudulently causing an excess payment of worker compensation benefits commits a class C felony. It is also a class C felony for an employer to knowingly fail to pay the proper worker compensation premium.

Summary of Substitute Bill: If a worker knowingly gives false information in an industrial insurance claim, it is a class C felony; unless the worker wrongfully receives \$1,000 or more, in which case, it is a class B felony. A worker convicted of either offense must also pay restitution, and a penalty of 100 percent of the benefits wrongfully received, plus interest on the excess benefits received and the penalty imposed.

The penalty for any entity other than an injured worker that participates in fraudulently causing an overpayment of worker compensation benefits is a class C felony, unless the entity wrongfully receives \$1,000 or more, in which case it is a class B felony.

The entity that wrongfully receives an excess payment must also pay restitution, penalties, and interest.

Substitute Bill Compared to Original Bill: Internal references to language establishing different criminal classifications are placed in distinct sections to facilitate court system record-keeping. Provisions concerning the collection and distribution of restitution and penalties are made to apply identically to employees who fraudulently receive excess benefits and all others who fraudulently receive excess payment.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Technical language change may be needed to avoid unintended consequence.

Testimony Against: None.

Testified: Suzanne Mager, L&I (concerns).