
Commerce & Labor Committee

HB 2233

Brief Description: Restricting the use of industrial insurance funds.

Sponsors: Representatives Condotta, Chandler, Orcutt, Schindler, Kretz, Ahern, Kristiansen and Warnick.

Brief Summary of Bill

- Requires that expenditures from the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund be made only for purposes related to industrial insurance.
- Authorizes ratepayers to file actions protesting the uses of the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund.

Hearing Date: 2/1/08

Staff: Jill Reinmuth (786-7134).

Background:

The Department of Labor and Industries (Department) administers the Washington industrial insurance system. The Department's responsibilities include operating the state fund from which employers who are not self-insured purchase industrial insurance coverage.

The state fund administered by the Department includes the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund. The Accident Fund is used to pay time-loss benefits, permanent partial disability awards, and pensions. The Medical Aid Fund is used to pay medical and vocational rehabilitation benefits. The Supplemental Pension Fund is used to pay cost-of-living adjustments to workers receiving time-loss or pension payments.

All state fund employers pay premiums to the Department for these three funds. These employers deduct one-half of the premium for the Medical Aid Fund and the Supplemental Pension Fund from their employees' wages.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A proviso in the 2006 supplemental operating budget required the Department to prepare a report identifying programs funded either directly or indirectly from the state fund. In addition to the Department's industrial insurance and occupational safety and health, identified programs included the following:

- the University of Washington's Department of Environmental and Occupational Health Sciences;
- the Department's employment standards, apprenticeship, and elevator inspection programs, as well as certain fraud prevention activities;
- the Department's shared responsibility with the Department of Health to inspect farm worker housing and enforce related laws; and
- the Department's shared responsibility with the Department of Social and Health Services and the Health Care Authority to develop a preferred drug list.

Summary of Bill:

Expenditures from the Accident Fund and the Medical Aid Fund must be made only for purposes related to the payment of industrial insurance benefits or the administration of the industrial insurance program. Expenditures from the Supplemental Pension Fund are, in large part, similarly limited. Before approving an expenditure from the Supplemental Pension Fund, the Legislature must find that the expenditure is reasonably related to industrial insurance or risk management activities.

By December 1 of each year, the Director of the Department of Labor and Industries (Department) must attest that the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund are being used only for authorized purposes.

Ratepayers may file actions protesting the uses of the Accident Fund, the Medical Aid Fund, and the Supplemental Pension Fund. If ratepayers prevail, the Department is prohibited from making the expenditure and ratepayers must be awarded triple damages and compensation for attorneys' fees.

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

Appropriation: None.

Fiscal Note: Requested on January 26, 2008.

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