

HOUSE BILL REPORT

HB 1395

As Reported by House Committee On: Appropriations

Title: An act relating to authorizing the use of nonappropriated funds on certain administrative costs and expenses of the stay-at-work and self-insured employer programs.

Brief Description: Authorizing the use of nonappropriated funds on certain administrative costs and expenses of the stay-at-work and self-insured employer programs.

Sponsors: Representatives Springer, Chandler and Sells; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Appropriations: 2/4/15, 2/19/15 [DP].

Brief Summary of Bill

- Allows the Department of Labor and Industries (Department) to make administrative expenditures related to the self-insured employer and Stay at Work programs without an appropriation.
- Requires the Director of the Department to appoint a Stay at Work advisory committee to make recommendations on Department proposals to spend non-appropriated funds.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Cody, Condotta, Dent, Dunshee, Fagan, Haler, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, MacEwen, Magendanz, Pettigrew, Sawyer, Schmick, Senn, Springer, Stokesbary, Sullivan, Tharinger, Van Werven and Walkinshaw.

Minority Report: Do not pass. Signed by 2 members: Representatives G. Hunt and Taylor.

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.

Staff: Derek Rutter (786-7157).

Background:

Self-insured Employers.

Under the state's industrial insurance laws, employers must insure through the state workers' compensation system administered by the Department of Labor and Industries (Department) or, if qualified, they may self-insure. Self-insured employers pay for benefits out of their own funds and manage most aspects of the claims of their employees. Self-insured employers also pay certain assessments to the Department. To qualify as a self-insurer, an employer must demonstrate sufficient financial ability to make prompt payment of all benefits and assessments that may become due.

Stay at Work Program.

The Stay at Work Program (Program) was created through legislation in 2011. Under the Program, an employer insured through the state may receive a wage subsidy and other reimbursements under certain circumstances for employing an injured worker at light duty or transitional work. State workers' compensation moneys are used to administer the program, but the Department internally tracks Program expenditures separately from those for other state workers' compensation programs.

Workers' Compensation Advisory Committee.

The Workers' Compensation Advisory Committee (WCAC) is a 10-member committee tasked with studying aspects of the workers' compensation system. Workers and employers are represented on the WCAC.

Summary of Bill:

Administrative expenditures for one-time projects requested by self-insured employers and supporting the self-insured employer program are subject to allotment procedures but do not require an appropriation. The Department must use self-insured employer administrative assessments to cover these costs and seek support from self-insured employers before accessing these funds.

Administrative expenditures supporting employers in developing Program-related programs are subject to allotment procedures but no longer require an appropriation. The Department must use the Program premiums to cover these costs and seek the advice of the WCAC before accessing these funds.

The Director of the Department must also appoint a six-member Stay-at-Home Advisory Committee (Committee), representing workers and employers, to review Department proposals to spend nonappropriated Program premiums. The Committee must make recommendations on these proposals to the WCAC for their consideration.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is agency request legislation. It will make the agency's operations more responsive and efficient, giving them some autonomy to work outside of the legislative cycle and avoid delays. The first intent behind this bill is to allow for quicker response to requests from the self-insured business community. This community repays every dollar of money spent to oversee them. Right now, the agency must come to the Legislature to ask for an appropriation to charge these businesses for services they have asked for. This bill allows the Department to make one-time investments (for example, an interface to receive data from other states) more quickly after they are requested. Secondly, this bill focuses on the Program, which was created by innovative legislation in 2011. The Program provides employers financial incentives to allow injured workers to return to employment in a light-duty capacity. Response to the Program has been positive among employers and employees, and this bill allows the Department more flexibility to adjust to increasing demands for participation.

(Opposed) None.

Persons Testifying: Representative Springer, prime sponsor; Joel Sacks, Department of Labor and Industries; and Joe Kendo, Washington State Labor Council.

Persons Signed In To Testify But Not Testifying: None.