

HOUSE BILL REPORT

HB 1788

As Reported by House Committee On:
Labor & Workplace Standards

Title: An act relating to workers' compensation benefits.

Brief Description: Concerning workers' compensation benefits.

Sponsors: Representatives Richards, Bronoske, Berry, Wylie, Fosse, Taylor, Ormsby, Nance, Salahuddin, Pollet and Obras.

Brief History:

Committee Activity:

Labor & Workplace Standards: 2/12/25, 2/19/25 [DPS].

Brief Summary of Substitute Bill

- Removes an employer's payment or contribution for health care benefits from the calculation of a worker's wages; the worker receives 100 percent of an employer's payment or contribution for health care benefits and a percentage of the worker's remaining wages.
- Consolidates the worker's compensation calculation for workers who are permanently or temporarily totally disabled, and for workers' surviving spouses, and standardizes payments between married and unmarried workers.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Berry, Chair; Fosse, Vice Chair; Scott, Vice Chair; Bronoske, Obras and Ortiz-Self.

Minority Report: Do not pass. Signed by 3 members: Representatives Schmidt, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; McEntire.

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

Staff: Benjamin McCarthy (786-7116).

Background:

Under the Industrial Insurance Act (Worker's Compensation Act), a worker who is injured in the course of employment is entitled to certain benefits.

Worker's Compensation Payment for Total Disability.

A worker who is permanently or temporarily totally disabled—meaning incapacitated from performing any gainful occupation—or a worker's surviving spouse, is entitled to compensatory benefits based on the following percentages of the worker's monthly wages, from all employment, at the time of injury:

Worker's Status: Unmarried	Percentage of Worker's Wages	Worker's Status: Married	Percentage of Worker's Wages
Unmarried with no children	60 percent	Married with no children	65 percent
Unmarried with one child	62 percent	Married with one child	67 percent
Unmarried with two children	64 percent	Married with two children	69 percent
Unmarried with three children	66 percent	Married with three children	71 percent
Unmarried with four children	68 percent	Married with four children	73 percent
Unmarried with five or more children	70 percent	Married with five or more children	75 percent

Payments to a Person Who Has Legal Custody of an Injured Worker's Child.

If a worker, or a worker's surviving spouse, does not have legal custody of a child who is entitled to compensation under the Worker's Compensation Act, payments are made to the person who has legal custody of the child. A child is entitled to compensation if the child is:

1. the worker's natural born child, posthumous child, stepchild, legally adopted child who was adopted prior to the injury, child who was conceived before but born after the injury, or dependent child who the worker has legal custody and control of; and
2. is under age 18, under age 23 and enrolled in a full-time course at an accredited school, or over age 18 but is a dependent because of a disability.

Summary of Substitute Bill:

Worker's Compensation Payment for Total Disability.

Workers' compensation claims with a date of injury or disease manifestation on or after July 1, 2026, that result in a determination of permanent or temporary total disability, shall entitle the worker to receive:

1. compensation equal to 100 percent of the employer's payment or contribution for health care benefits, unless the employer continues payment or contributions for these benefits at the same level as at the time of injury; and
2. a percentage of the worker's wages, excluding the employer's payment of contribution for health benefits. The calculation of the percentage of wages that the worker is entitled to are as follows:

Worker's Status	Percentage of Worker's Wages
Unmarried with no children	60 percent
Unmarried with one child or Married with no children	65 percent
Unmarried with two children or Married with one child	67 percent
Unmarried with three children or Married with two children	69 percent
Unmarried with four children or Married with three children	71 percent
Unmarried with five children or Married with four children	73 percent
Unmarried with six or or more children or Married with five or more children	75 percent

Payments to a Person Who Has Legal Custody of an Injured Worker's Child.

A person who has legal custody of a child who is entitled to compensation under the Worker's Compensation Act is paid an amount equal to 2 percent of the worker's wages, excluding payments for health care benefits. The payment to the injured worker or the worker's surviving spouse is reduced by the amount of the payment made to the person who has legal custody of the child.

Substitute Bill Compared to Original Bill:

The substitute bill changes the application of the new wage and health care benefit

calculation to claims with dates of injury or disease manifestation that occur on or after July 1, 2026.

The substitute bill adds "or more" to the number of children that a worker must have to receive 75 percent of the worker's wages, to signify that the 75 percent rate is the maximum rate of compensation.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available. New fiscal note requested on February 20, 2025..

Effective Date of Substitute Bill: The bill takes effect on July 1, 2026.

Staff Summary of Public Testimony:

(In support) This protects workers and their families by helping them maintain health care coverage after an injury. Ensuring injured workers can maintain coverage and maintain relationships with current providers is vital to ensuring that these workers recover fully and quickly. Increasing the payment parity between married and unmarried workers is good and equitable. If there are concerns about attorney's fees being charged on the health benefit, there are other methods besides prohibiting fees: fee costs can be shifted by statute.

(Opposed) The worker's compensation program is failing. Washington has the most generous benefits, but 16 percent of cases end in total disability, and that rate is growing. This is bad for workers because it increases worklessness and pension costs. This is a piecemeal approach when what the worker's compensation program really needs is a thorough audit. Giving workers 100 percent of the employer's payment or contribution for health care benefits may be good, but not if attorneys get a significant cut of that amount.

Persons Testifying: (In support) Representative Adison Richards, prime sponsor; Minna Long, Washington State Building and Construction Trades Council; Chris Ellis, Bricklayers and Allied Craftworkers Local 1; Ray Dumas, OPCMIA Local 528; Joe Kendo, Washington State Labor Council, AFL-CIO; Brenda Wiest, Teamsters 117; and Rachel Hamar, Washington State Association for Justice.

(Opposed) Rose Gundersen, WA Retail Association; and Lauren Gubbe, Associated General Contractors of Washington.

Persons Signed In To Testify But Not Testifying: None.