

HOUSE BILL REPORT

HB 2372

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 Salahuddin, Fosse, Berry, Reed, Leavitt, Doglio, Zahn, Scott, Obras and Pollet.

Brief History:

Committee Activity:

Labor & Workplace Standards: 1/20/26, 1/28/26 [DP].

Brief Summary of Bill

- Requires workers' compensation time-loss benefits paid to an injured worker to include the total amount of the employer's prior monthly payment for healthcare benefits, rather than a partial percentage based on the worker's number of dependents.

HOUSE COMMITTEE ON LABOR & WORKPLACE STANDARDS

Majority Report: 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 2 members: Representatives Schmidt, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative McEntire.

Staff: Kelly Leonard (786-7147).

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.

Background:

Under the Industrial Insurance Act, a worker who is injured in the course of employment or experiencing an occupational disease is entitled to certain benefits. A worker who is permanently or temporarily totally disabled—meaning incapacitated from performing any gainful occupation—is entitled to compensatory time-loss benefits based on a percentage of the worker's monthly wages, which ranges from 60 percent to 75 percent based on the worker's number of dependents.

Unless an employer continues paying for an injured worker's healthcare benefits, the amount of the employer's prior monthly payment for those benefits is included in the worker's wages for purposes of calculating time-loss benefits. Therefore, a worker receives a percentage of the amount of the employer's prior monthly payment for those benefits.

Summary of Bill:

For injuries and disease manifestations occurring on or after July 1, 2026, a worker who is eligible for time-loss benefits must receive 100 percent of the employer's previous monthly payment for healthcare benefits, unless the employer continues paying for those benefits.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The bill will ensure the workers' compensation system protects workers and their families from economic hardship while they recover from injuries sustained on the job. When an injured worker is unable to work, they receive time-loss benefits equal to 60 to 75 percent of their wages based on the number of their dependents. But, in practice, this means workers are receiving only a fraction of the value of the healthcare benefits that they relied on long before they were hurt. At a time when medical coverage is most critical, the system undervalues it. This pushes workers into having to make impossible choices, often between basic needs and health insurance. Partial wage replacement and partial benefit replacement simply do not stretch as far as they once used to. Health insurance in particular is more expensive on the private market. To that end, the bill requires payment of the entire value of healthcare insurance. This will help them maintain their insurance and minimize impacts to their families. And, this bill is an opportunity to take a step toward modernizing the system while staying true to its original purpose, which is economic security, healthcare

continuity, and stability for working families.

(Opposed) Typically, it is not up to the employer to decide whether a worker is put on time-loss or is kept on salary with light-duty work. This decision is made by the doctor, and appropriately so. The state should not dismiss the concerns of employers regarding the impacts of this legislation. If the goal is maintaining health insurance coverage, then the state should create a process whereby those benefits are covered by L&I or the employer. The bill may add some funds, but it does not guarantee insurance coverage. It is very difficult for a family to survive on partial wage replacement, and there should be a serious conversation about addressing this problem while also covering insurance costs. A worker is unlikely to be able to maintain insurance even with the increase in time-loss benefits created by the bill.

(Other) The bill takes effect in July of 2026, but L&I will need additional time to implement it. It requires some adjustments to benefit calculations and IT systems.

Persons Testifying: (In support) Representative Osman Salahuddin, prime sponsor; Erin Frasier, Washington State Building and Construction Trades Council; Ray Dumas, OPCMIA local 528; Danielle Green; Bill Hochberg, Washington State Association for Justice; and Danielle Green, Cement masons and plasterers.

(Opposed) Patrick Connor, NFIB.

(Other) Tammy Fellin, Department of Labor and Industries.

Persons Signed In To Testify But Not Testifying: None.