

SENATE BILL REPORT

SB 6067

As of January 23, 2026

Title: An act relating to workers' compensation benefits.

Brief Description: Concerning workers' compensation benefits.

Sponsors: Senators Alvarado, Chapman, Conway, Hasegawa, Nobles, Orwall, Riccelli, Saldaña and Valdez.

Brief History:

Committee Activity: Labor & Commerce: 1/23/26.

Brief Summary of Bill

- Modifies the percentage of health care benefits included in an injured worker's monthly benefit for workers' compensation to 100 percent of the employer's payment or contribution for health care benefits, instead of 60 to 75 percent depending on the worker's marital status and number of children.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Susan Jones (786-7404)

Background: Workers' Compensation—General. A worker who is injured in the course of employment or injured or disabled from an occupational disease is entitled to workers compensation benefits under the Industrial Insurance Act (Act). Benefits may include medical, temporary time-loss, vocational rehabilitation benefits, and permanent disabilities benefits. The Department of Labor and Industries (L&I) administers the workers' compensation system.

For claims with a date of injury or disease manifestation on or after July, 1, 2026, when the L&I determines there is a permanent or temporary total disability from a workers'

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compensation injury, a worker receives monthly payments during the period of the disability, as follows:

<u>Worker's Status</u>	<u>Percentage of the Worker's Wages</u>
Unmarried with no children	60%
Unmarried with 1 child or married with no children	65%
Unmarried with 2 children or married with 1 child	67%
Unmarried with 3 children or married with 2 children	69%
Unmarried with 4 children or married with 3 children	71%
Unmarried with 5 children or married with 4 children	73%
Unmarried with 6 or more children or married with 5 or more children	75%

A married worker receives an additional \$10 per month when the worker is receiving the minimum monthly payments for a permanent or temporary total disability.

Wages includes the employer's payment or contributions, or appropriate portions thereof, for health care benefits unless the employer continues ongoing and current payment or contributions for these benefits at the same level as provided at the time of injury.

If an injured worker or the injured worker's surviving spouse does not have legal custody of a child for whom payments are required to be made, the payments must be made to the legal custodian, or custodians, of the child for the periods of time after L&I has been notified of the fact of the legal custody. The payments to be made to the legal custodian, or custodians, of a worker's child will be 2 percent of the worker's wages. The payment to the worker or the worker's surviving spouse will be reduced by the amount of the payments to be made to the legal custodian, or custodians, of a worker's children.

Child means every natural born child, posthumous child, stepchild, child legally adopted prior to the injury, child born after the injury where conception occurred prior to the injury, and dependent child in the legal custody and control of the worker, all while under the age of 18 years, or under the age of 23 years while permanently enrolled at a full time course in an accredited school, and over the age of 18 years if the child is a dependent as a result of a disability.

Summary of Bill: The percentage of health care benefits included in an injured worker's monthly benefit for workers' compensation is modified. The worker will receive 100 percent of the employer's payment or contribution for health care benefits, unless the employer continues payment or contributions for these benefits. This is instead of current law requiring payment of 60 to 75 percent of the health care benefits, depending on the worker's marital status and number of children.

Appropriation: None.

Fiscal Note: Requested on January 14, 2026.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Healthcare coverage is important. A workplace injury shouldn't mean that you lose healthcare. Under current law, an injured worker receives care for their workplace injury. That doesn't include routine preventative or family health care, which means a lot of workers are left without comprehensive coverage. We all want workers to heal and get back to work as quickly and as safely as possible. The best way to do that is to make sure that workers who are injured can manage ongoing health care needs, whether for a chronic illness or general preventative care. This bill simply adjusts the workers' compensation time loss formula, guaranteeing 100 percent coverage of health insurance.

When a worker is injured on the job and their employer chooses to place them on time loss while they recover, this bill ensures the employer's share of their healthcare coverage is at 100 percent, instead of the current policy of 60 to 75 percent. For a worker that has just suffered a life-altering injury, this is just not fair, destabilizing and can lead to other medical conditions unrelated to the injury.

An employer may choose to keep an injured worker on salary, in which their health cover is maintained. We want the same compensation if the employee chooses the time loss option for an injured worker.

This change increases the likelihood that injured workers will have the income necessary to maintain healthcare coverage and minimize disruptions to care for themselves and their family. It may encourage more employers to use kept on salary or light duty options when a worker is injured on the job.

A testifier described a workplace injury that ended her career overnight. The loss of her livelihood and identity led to severe anxiety and depression. She had no access to counseling when she needed it most. Her health care benefits were compensated at 62 percent. COBRA costs exceeded that amount. The current compensation structure does not adequately cover healthcare insurance costs, especially for heads of household. Injured workers should never be forced to choose between survival and healthcare.

CON: There is nothing in the bill that requires that the extra money has to go to health insurance. Nothing on the bill that protects that money from up to one-third of the money being diverted to an attorney's fee. The extra money will not cover the COBRA. The worker would have to come up with the difference.

The cost for the state fund of \$75 - \$100 of added benefit costs come out of the 100 percent state fund employer-paid accident fund. The cost is astronomical. It could be a good idea but good ideas and fiscal responsibility need to match up.

There's no mechanism, no process, no guarantee that even \$1 of \$500 billion over six years that this bill would spend would help one worker remain insured. The half billion dollars over six years, which represents a 25 percent increase over all benefit payments by L&I in 2024, would come out of the accident fund. If we are going to be paying workers these dollars to be used for medical care through medical health insurance, it should come out of the medical fund. This fund has the largest reserve. If we increase benefit spending by 25 percent over six years, rates will go through the roof.

This is a disincentive for particularly small employers to continue offering health insurance.

We want the intent of this bill is realized by limiting attorneys' cut to this portion of benefit, making sure that workers get the insurance. The time loss benefit generously allows for all these benefits.

National research data shows that Washington's time loss and disability benefits are the most generous in the nation. 73 percent of all workers' comp expenses go to time loss and disability. Even California with high wages, has only 49 percent of their total benefit going toward time loss. Oregon is 50 percent. Instead of doing a lot of these piecemeal changes to our systems, let's do a more thorough review of the workers' comp system so it is sustainable.

OTHER: There are some costs associated with changing the L&I IT systems. It's about \$380,000 in the current biennium and about \$608,000 ongoing.

L&I assumed that because it would become a portion of the indemnity payment to the worker, it is proposed to be paid for out of the accident fund. 100 percent of the Accident Fund premiums are paid by employers. The medical aid fund is split 50-50 with employers and workers.

Persons Testifying: PRO: Senator Emily Alvarado, Prime Sponsor; Erin Frasier, Washington State Building & Construction Trades Council; Ray Dumas, Operative Plasterers and Cement Masons; Danielle Green; Lee Thomas, Washington State Association for Justice.

CON: Patrick Connor, NFIB; Rose Gundersen, WA Retail Association; Kris Tefft, Washington Self-Insurers Association.

OTHER: Tammy Fellin, Department of Labor & Industries.

Persons Signed In To Testify But Not Testifying: No one.