

# HOUSE BILL REPORT

## SB 6222

---

---

**As Reported By House Committee On:**  
Commerce & Labor

**Title:** An act relating to self-insurance administrative procedures.

**Brief Description:** Providing for self-insurance administrative procedures.

**Sponsors:** Senators Pelz, Deccio and Newhouse; by request of Department of Labor & Industries.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/14/96, 2/22/96 [DP].

---

### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 12 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith; Horn and Lisk.

**Staff:** Chris Cordes (786-7117).

**Background:** The state industrial insurance law permits qualified employers to provide benefits through a workers' compensation self-insurance program to workers who are injured at work or who develop an occupational disease. Self-insurers are certified and regulated by the Department of Labor and Industries.

#### **Reporting requirements**

Self-insurers are required to report to the department on making the first payment of industrial insurance benefits to an injured worker and on stopping or changing the worker's benefits.

#### **Decertification and corrective action procedures**

The certification of a self-insurer is subject to withdrawal on a number of grounds, including that the self-insurer fails to meet the financial and other requirements of the law, habitually fails to comply with reporting requirements, intentionally or repeatedly

induces employees to fail to report injuries or to report injuries as off-the-job injuries, persuades claimants to accept less than the benefits due, unreasonably makes it necessary for claimants to resort to proceedings to obtain compensation, or habitually engages in a practice of arbitrarily or unreasonably refusing employment to applicants or discharging employees because of nondisabling conditions.

The director may take corrective action against a self-insurer if the employer is not following proper claims procedures, the employer has an inadequate accident prevention program, or grounds exist for decertification. If the self-insurer complies with the corrective action requirements, no further action will be taken against the employer.

If an employee or employee association representing a substantial number of employees of the self-insurer petitions the department, the director must hold a hearing to determine whether grounds exist for decertification of the self-insurer. A notice of the director's intention to decertify must be served on the parties. The notice must give 30 days notice of the date of decertification and must specify the manner in which the grounds for decertification may be eliminated. Similar notices must be served for decisions regarding corrective actions.

### **Summary of Bill:**

#### **Reporting requirements**

The requirement for self-insurers to report to the Department of Labor and Industries each time industrial insurance benefits are stopped or changed is eliminated. However, on the request of the department, the self-insurer must submit a record of payments, including initial, termination, or changes to benefits.

#### **Decertification and corrective action procedures**

The mandatory decertification hearing required when a self-insurer's employee or employee association petitions to the department is changed to a discretionary hearing. The director of the department or director's designee has sole discretion to determine whether a hearing should be held.

The notice of the director's intention to withdraw certification is no longer required to contain a directive regarding eliminating the grounds for decertification. The notice will give 90 days, instead of 30 days, notice of the date of decertification.

If a corrective action notice is sent, the notice must include a directive to the self-insurer specifying the program deficiencies that are to be eliminated.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (1) This bill is the product of a business-labor task force that reviewed the industrial insurance self-insurance program and agreed to these changes. It allows a more efficient use of resources by eliminating paperwork and reducing time and cost spent on unnecessary hearings. It simplifies and adds certainty to the decertification process. (2) It would be helpful to amend the bill to permit workers, as well as the Department of Labor and Industries, to ask self-insurers for an explanation of benefit changes.

**Testimony Against:** None.

**Testified:** (In favor) Melanie Stewart, Washington Self-Insurers Association; and Mark Brown, Department of Labor and Industries. (With concerns) Wayne Lieb, Washington State Trial Lawyers Association.