

# SENATE BILL REPORT

## SHB 1607

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As Reported By Senate Committee On:  
Commerce & Labor, April 1, 1997

**Title:** An act relating to determination of benefits for permanent partial disability by industrial insurance self-insurers.

**Brief Description:** Providing for industrial insurance self-insurers to determine benefits for permanent disability.

**Sponsors:** House Committee on Commerce & Labor (originally sponsored by Representatives McMorris, Thompson, Dyer, Sheldon, Boldt, Honeyford, Lisk, Clements, Mulliken and Mielke).

**Brief History:**

**Committee Activity:** Commerce & Labor: 3/27/97, 4/1/97 [DP, DNP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson and Newhouse.

**Minority Report:** Do not pass.

Signed by Senators Franklin, Fraser and Heavey.

**Staff:** Jack Brummel (786-7428)

**Background:** The Department of Labor and Industries supervises all determinations of permanent disabilities in industrial insurance claims and closes all claims involving permanent disabilities, whether the injured worker is insured by the state fund or covered by a self-insured employer.

Self-insurers are currently authorized to close only those claims that do not involve permanent disabilities and that meet the criteria established by statute. The self-insurer must request the department to close other claims. If a self-insurer closes a claim, the order must include notice of the worker's right to protest the order to the department within 60 days. If a protest is filed, the department must review the closure and enter a determinative order.

When the department issues a final order, the order must state that the order will become final unless, within 60 days of the date that the order is communicated, a written request for reconsideration is filed with the department or an appeal is filed with the Board of Industrial Insurance Appeals.

**Summary of Bill:** Beginning with claims accepted after June 30, 1997, self-insured employers are authorized to close certain industrial insurance claims that involve a determination of permanent partial disability. The claims that self-insurers may close must

be undisputed and must concern a worker who has returned to work with the self-insurer of record at his or her previous job or a job with comparable wages and benefits. For these claims, the self-insurer may initiate the permanent partial disability determination and may require the worker to undergo a special medical examination.

On closing one of these claims, the self-insurer must notify the Department of Labor and Industries and the worker in writing that the claim is being closed with medical benefits or time-loss compensation, or both, and an award for permanent partial disability, if applicable. The notice to the worker must include information about the worker's right to protest the closure to the department. If the department receives a protest, the self-insurer's order must be held in abeyance and the department must review the closure and enter a determinative order. If no protest is filed, the self-insurer's order becomes final and has the same effect as a department order that has become final.

The department must review the self-insurers' claims closure program and the claims closure program of the department's self-insured section and report to the Legislature by January 1, 2000.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 1997.

**Testimony For:** This would allow claims to be handled more quickly. The bill expands the protest opportunities of injured workers. Self-insured employers do better than the state fund on worker outcomes.

**Testimony Against:** This would allow the self-insurer to control the permanent partial disability process. In 1996, there were 189 appeals. These would be eliminated. The self-insurer should not be allowed to close claims if the attending physician and independent medical examiner are in disagreement on whether the injured worker's condition is fixed and stable.

**Testified:** PRO: Pam Televick, Washington Self-Insurers Association; Bill Johnson, U.S. Marine; Clif Finch, AWB; Barbara Frost, City of Seattle; CON: Robby Stern, Washington State Labor Council; Harold Abby, Western Pulp and Paper Workers; Wayne Lieb, Washington State Trial Lawyers Association.