Worker's Compensation Reform

Background

Washington State continues to have a compulsory workers’ compensation system that is one of the most expensive and administratively complex in the nation. The last major workers’ compensation reforms were passed in 2011, yet some of the largest cost-saving reforms have not produced the promised savings or increased efficiencies. Just two examples of the dysfunction of the state’s system is the fact that Washington State pays out at least two times the number of lifetime pensions of any other state as well as actual cases in some industries of workers receiving more on timeliness than by working.

The 2011 reforms have failed to make our state’s system competitive to other states and workers continue to have limited options for resolving their claims. The Washington State Department of Labor & Industries (L&I) continues to raise costs on employers without making any substantial improvements to the system.

We want to ensure that the benefit package to Washington workers can continue, that the state fund remain solvent, that costly fraudulent claims are timely addressed, and that workers and employers pay affordable premium rates. However, to achieve these goals, real cost reduction and increased efficiency in the workers’ compensation system are necessary and will result in a better outcome for both injured workers and employers. True workers’ compensation reform must address issues such as the high incidence and cost of occupational disease claims, and the unfair and unduly complex process for calculating workers’ benefit levels under state law.

Objectives

AWB supports legislation to:

- Adopt a formula for calculating wage benefits that is simple to understand and use, is consistent, and more accurately reflects a worker’s customary pattern of annual income.
- Clarify the scope and definitions of covered conditions including occupational disease, to cover only work-related exposures and conditions, which was the original intent of the law.
- Allow all workers the opportunity to use the claims resolution settlement option regardless of age.
- Expand claims management authority for retrospective ratings groups and self-insured employers.
- Address third party settlements to prioritize reimbursement to L&I or self-insured employers for costs advanced on those claims.
- Ensure that workers’ compensation trust funds are spent only on programs and purposes related to workers’ compensation.