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## Washington State Legislature Still At Work - Legislators Need To Know Now If You Support Worker's Comp Reform

As you probably know from the headline news, the Washington State Legislature is now in its second Special Session and the gridlock continues as it relates to passing a state budget. A major roadblock is a workers' comp reform bill.

For more details on the workers' comp reform bill, please see the below information from the Washington Farm Bureau. **If you support ESSB 5127, you are encouraged to call your representatives at (800) 562-6000 to ask for their support of the bill.**

If you do not know who your representatives are, please click [here](#).



**June 13, 2013**

### **Take Action Now on Workers' Comp Reform**

With the advent of a 2nd Special Session in Olympia, legislators are still trying to break an impasse over the budget. One of the main sticking points is passage of ESSB 5127, this year's primary workers' comp reform bill. This bill would improve the structured settlement agreement process and help avoid a \$1.1 billion increase in workers' comp taxes.

Structured settlements, approved in the 2011 workers' comp reform package, were one of the biggest

pieces of financial savings in that package. The Department of Labor & Industries has booked \$628 million in savings from claim settlements through 2013. Unfortunately, L&I has only actually saved \$47 million in 2012 from just 27 settlements.

One hurdle to approval of settlement agreements has been a misinterpretation by the Board of Industrial Insurance Appeals. The 2011 reforms were intended to allow the BIIA to act in the "best interests" of the injured worker if that worker is not represented by an attorney. Represented workers have attorneys to advise them on what is in their best interests. However, the BIIA claims that it needs to apply the "best interest" standard to all workers, slowing the approval process. **ESSB 5127 would clarify state law to ensure that the BIIA cannot use this misinterpretation to slow the settlement approval process.**

ESSB 5127 also grants more workers the opportunity to voluntarily choose a structured settlement. Currently, a claimant must be 55 years of age or older. **ESSB 5127 would allow workers 40 and over the option of a voluntary settlement.**

**Call to Action:** In order to get this type of common-sense workers' comp reform passed, House members need to hear from you right away. This bill has twice passed the Senate. Please convey your support for ESSB 5127 to your representatives.

Here's why passing ESSB 5127 is important:

- ESSB 5127 will help Washington's economy by heading off anticipated workers' comp rate hikes on employers and employees.
- Even with estimated savings from the 2011 reforms, L&I still projects a further **shortfall exceeding \$2 billion** in its reserves.
- Without passage of ESSB 5127, L&I will have to **add \$200-\$600 million back into its liabilities** for settlements that didn't happen.
- L&I intends to recover this \$2+ billion over a **10 year plan of \$200+ million average annual tax surcharges** on top of the cost of providing workers' comp insurance.
- According to L&I's fiscal note, a mid-range projection of savings would be **\$232 million in one-time savings** to the reserve (off the \$1.1 billion shortfall), and **annual savings starting at \$90 million per year.**
- Passage of ESSB 5127 by itself would begin restoring the L&I reserve and would **offset 10 years of tax surcharges** on state fund employers and employees.

Please call your representatives at (800) 562-6000, let them know that you support ESSB 5127, and ask them to support it, too. Email addresses for representatives can be found here.

Thank you.

*Questions on any of the topics addressed in this "WALP Watch"? Contact the WALP Office at [info@walp.org](mailto:info@walp.org) or (425) 967-0729.*

