

# Workers' Compensation/Industrial Insurance

**WRA Position:** Support legislation that expands options for employers to manage overall workers' compensation costs. Oppose changes that increase benefit or pension costs.

## Suggested Talking Points:

- Washington needs to more effectively control escalating costs for workers' compensation claims.
- Please support providing more options for employers to contain claim costs without decreasing benefits to injured workers.

**Background:** On Jan. 1, workers' compensation rates were increased by an average of 7.6 percent. This rate hike appears to be substantially lower than what is needed to maintain ample levels in the workers' compensation funds, potentially setting the stage for large increases in workers' compensation rates in the future.

Washington workers' compensation costs are among the highest in the nation; however, the increasing cost of claims in recent years has been masked by favorable returns on invested workers' comp trust funds. As investment returns eroded, the actual costs of the system have become more evident.

Although the number of claims has declined in recent years, the average injured worker misses 266 days of work—nearly three times the national average. In contrast, Oregon's average time loss rate is about 70 days. Additionally, Washington state has the highest pension rate in the nation—more than 50 percent of injured workers receive a pension if they've been off work more than two years. In fact, pension rates have increased more than 300 percent since 1996.

Although most restaurant owners typically experience minor medical-only claims (85 percent of restaurant claims are medical-only claims), pension costs are absorbed by all employers, regardless of their risk class or experience. Accordingly, increase in pension

and time-loss claims increase the costs borne by the hospitality industry.

The business community is advancing three ideas to reform workers' compensation to provide more options for controlling workers' compensation costs. None of these ideas reduce benefits to injured workers. They include:

- 1) Update the definition of occupational disease so non-work related injuries and illnesses are not compensated through the workers' compensation system.
- 2) Allow self-insured employers and association members to enter into medical provider networks, a network of doctors who are knowledgeable about occupational health best practices. This will help expedite claims processing, bring specialized expertise to assist in treating workers efficiently and effectively, and control costs.
- 3) Allow employers to enter into voluntary settlement agreements for complex claims. Currently, complex claims turn into extensive time-loss claims or mandatory pensions. This provides employers and employees with another option, similar to what is allowed in most other states, to settle a claim.