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Workers' Compensation Reform

The Department of Labor & Industries (L&I) continues to implement legislative reforms to the Workers' Compensation Program passed by the Legislature in 2011.

What the Workers' Compensation Program does

Washington's workers' compensation system provides benefits to workers who are injured on the job or who suffer from an occupational disease. It pays for medical treatment and partial wage replacement, and provides permanent disability benefits. For eligible workers, training for a new job or occupation is also provided.

2011 reforms

The Legislature passed workers' compensation reforms in 2011 to improve care for injured workers, return them to work as quickly as possible, reduce long-term disabilities, and put Washington's workers' compensation system on a more sustainable financial footing. Some of the most significant results of the changes are:

- A financial incentives program ("Stay at Work") for employers to encourage injured workers to stay at or return to work when possible
- A statewide network of health care providers certified to treat injured workers
- An expanded statewide network of Centers for Occupational Health and Education (COHEs) to provide injured workers more access to occupational health best practices
- A program to provide structured settlements and close claims for older injured workers

Status of reforms

- **Stay at Work:** L&I launched the Stay at Work program on June 15, 2011. This program encourages employers to bring injured workers quickly and safely back to work by providing light-duty or transitional work. Eligible employers can be reimbursed for 50 percent of the base wages they pay to the injured worker, and for some of the costs of training, tools, or clothing the worker needs.

By spring 2014, more than 2,500 employers were participating in Stay at Work. They had received a total of more than \$21 million in light-duty wage reimbursements for nearly 293,000 days of work. These wage reimbursements involved 9,365 claims.

- **Statewide medical provider network:** Since January 1, 2013, L&I requires workers injured on the job to choose a health care provider from a network of providers that meet L&I requirements. As of December 2013, more than 19,000 providers were enrolled in this network, including a broad range of specialists. Almost 99 percent of injured workers in Washington live within 15 miles of at least five primary-care network providers.
- **COHE network expansion:** The Legislature directed L&I to expand access to COHEs to at least 50 percent of injured workers by December 2013, and to all injured workers by December 2015. COHEs are instrumental in providing injured workers access to medical

best practices designed to help them heal and get back to work more quickly. L&I is well ahead of this schedule. The agency finalized new COHE agreements with six health care organizations in July and August 2013. These organizations were offering services in 26 of 39 counties by the end of 2013, and continue to actively recruit health care providers.

- **Structured settlements:** L&I launched the Structured Settlement program in January 2012. This program offers a new way for workers age 55 and older, their employers, and L&I to close a claim. A structured settlement must be agreed upon by all parties and the Board of Industrial Insurance Appeals. It pays the worker an agreed-upon amount in periodic payments, and allows the worker to receive continued medical treatment for any allowed condition related to the claim. The worker must be at least age 55 and have an allowed claim (State Fund or self-insured) that is at least 180 days old. The eligible age drops to 53 in 2015 and 50 in 2016.

As of December 2013, 78 structured settlement agreements were approved. Of these, 64 were state funded and 14 were paid for by self-insurance. Participation has been lower than expected, and L&I has reduced the program's projected savings.

Are the reforms working?

L&I needs more time to accumulate reliable data on how well the reforms are working to reduce costs and disability claims. However, savings from the new medical provider network and the COHE expansion alone may ultimately exceed the original savings estimate of \$219 million in the first four years of implementation:

- L&I estimates the Stay at Work program saved about \$76 million through December 31, 2013
- The Stay at Work program and the COHE expansion combined were expected to save an estimated \$100 million as of June 30, 2014

A 2011 study found that injured workers treated by COHE-affiliated health care providers are off work 20 percent fewer days than other injured workers, further reducing costs and disability claims.

Need more information?

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