



Washington State Department of  
Labor & Industries

# **Workers' Compensation Vocational Rehabilitation System**

*2014 Annual Report to the Legislature*

December 2014

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# Acknowledgements

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# Executive Summary

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## Introduction

The workers' compensation vocational rehabilitation system report is required by Revised Code of Washington (RCW) 51.32.099. It is the seventh of eight annual reports on this subject to be provided to the legislature.

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 disability benefits. For eligible workers, training for a new job or occupation (vocational rehabilitation) is also provided. The Vocational Improvement Project (VIP) was created to improve vocational outcomes for Washington's injured workers and employers.

This report describes the results of the Vocational Improvement Project and other work in Washington's workers' compensation vocational rehabilitation system. It also gives an update on L&I's efforts to meet the legislature's goal of "creat[ing] improved vocational outcomes for Washington state injured workers and employers" through changes to the Vocational Improvement Project.

## 2014 Information Update

### Overview of the Vocational Rehabilitation system

About two percent of all injured workers are eligible for vocational retraining each year. In fiscal year (FY) 2014, this included nearly 1,700 workers covered by L&I and just under 200 workers covered by self-insured employers.

### Overview of the Vocational Improvement Project

Prior to the Vocational Improvement Project (VIP), the existing legal framework presented several challenges to successful outcomes for injured workers eligible for vocational retraining. The VIP has resulted in an increased variety of retraining options, more accountability for participants, increased efficiency and greater flexibility for workers to pursue training or other alternatives on their own.

### Subcommittee role and actions

The Vocational Rehabilitation Subcommittee was created as part of the VIP legislation to provide business and labor oversight of the project's progress. The subcommittee consists of four members recommended by business and labor associations and appointed by the L&I director. They are tasked by the legislature to recommend statutory and program changes as needed and assist L&I with reporting on VIP progress.

## **Assessment of VIP outcomes**

L&I and the subcommittee analyzed data from a 2010-2012 University of Washington study of changes made as a result of the VIP, and collected and analyzed their own available data. The data shows that the changes as a result of the VIP have had a broad-based and positive impact on vocational outcomes for workers and employers. Significant improvements include:

- Clearer time limitations and accountability, resulting in decreases in time required for plan development and in re-referral rates. This has reduced costs, offsetting costs for longer training plans.
- Expanded access to training for workers to gain broad skills that meet their occupational goals, including skills for high-demand occupations.
- Improved worker access to employment opportunities through L&I partnership with WorkSource.
- A viable alternative (Option 2) for workers who prefer to exit the system and pursue self-directed training.
- A higher number of training-eligible workers whose claims are resolved.

## **Recommendations for further legislative action**

The subcommittee, along with L&I, recommends that some aspects of the VIP be changed to increase efficiencies, accountability and worker choice; and that the VIP, with these changes, become a permanent part of Washington's workers' compensation system. L&I submitted the following changes as proposed request legislation to the Governor's office for consideration. If approved, these changes will be agency request legislation in the 2015 session.

The proposed changes would:

- Increase the Option 2 award for self-directed training to be equivalent to nine months' time-loss benefits (currently, Option 2 is the equivalent of six months' benefits).
- Allow workers to choose Option 2 at any time from the date of training plan approval through the first 90 days or first academic quarter of the plan. The Option 2 vocational award would be reduced by the time spent; the Option 2 retraining amount would be reduced by the money spent.
- Allow up to 10 percent of Option 2 retraining funds for vocational counseling and assistance.
- Create a permanent business/labor advisory group to partner with L&I to identify approaches that would continue improvement in return-to-work outcomes for injured workers.
- Cap the annual tuition benefit increase at two percent.

## **Conclusion**

The VIP elements continue to support the legislature's goal of "creat[ing] improved vocational outcomes for Washington state injured workers and employers." Currently in its seventh year, the overall vocational system has improved in many ways: more access to training, the option of self-directed training, lower costs for training plan development, better access to employment for workers

and more workers whose claims resolved. Because of these improvements, which have remained consistent over the life of the pilot, the subcommittee and L&I recommend that the major changes associated with the VIP become permanent.

Some challenges remain. These include increasing the percentage of injured workers who successfully complete retraining plans and improving employment rates and earnings after training. In cooperation with the subcommittee, L&I will continue to focus efforts on these important issues.

# Introduction

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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 disability benefits. For eligible workers, training for a new job or occupation (vocational rehabilitation) is also provided. The Vocational Improvement Project (VIP) was created to improve vocational outcomes for Washington's injured workers and employers.

The legislature created the Vocational Improvement Project (VIP) as a pilot project in 2008, and established a business/labor subcommittee to oversee the project's progress. The subcommittee's responsibilities are to:

- Recommend to the director and the legislature any additional statutory changes needed.
- Provide recommendations for additional changes or incentives for injured workers to return to work with their employer of injury.
- In collaboration with L&I, develop an annual report concerning Washington's workers' compensation vocational rehabilitation system.

This annual report is the subcommittee's response to the legislative directives. It includes:

- An overview of the vocational rehabilitation system.
- An overview of the VIP legislation.
- A description of the subcommittee's role and actions.
- An assessment of VIP outcomes.
- Recommendations for further legislative action.

# 2014 Information Update

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This section describes the vocational rehabilitation system in Washington and explains how the VIP has improved the overall system by increasing training options and types, reducing costs for the system and employers, streamlining processes and increasing access to training.

## OVERVIEW OF THE VOCATIONAL REHABILITATION SYSTEM

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 disability benefits. For eligible workers, training for a new job or occupation (vocational rehabilitation) is also provided.

A worker is eligible for vocational services when L&I determines they are all of the following:

- Not employable due to the effects of the industrial injury or occupational disease.
- Physically able to participate in training.
- Likely to be employable after training.

About two percent of all injured workers, or six percent of those entitled to time-loss benefits, are eligible for vocational retraining each year. In FY 2014, this included nearly 1,700 workers covered by L&I and just under 200 workers covered by self-insured employers. Although this is a very small proportion of all workers who filed claims, these claims are generally among the most complex, with significant incidence of long-term disability. These workers typically are unable to return to work with their employer in any capacity, and they lack transferrable work skills. Building the knowledge and skill of these workers through formal vocational training is critical to restoring them to the workforce.

Private vocational rehabilitation counselors work directly with eligible workers to develop a training plan for L&I approval. Developing a plan is a complex challenge: the plan must address the worker's medical conditions and restrictions (both those caused by the injury and those that are unrelated or pre-existing) and resolve all barriers to returning to work – such as lack of education and experience, lack of skills, language difficulties and unavailability of employment in the worker's labor market.

## OVERVIEW OF THE VIP LEGISLATION

The VIP was established in 2008 to “allow opportunities for eligible workers to participate in meaningful retraining in high demand occupations, improve successful return to work and achieve positive outcomes for workers, reduce the incidence of repeat vocational services, increase accountability and responsibility, and improve cost predictability.”<sup>1</sup>

### Before the VIP

Prior to the VIP, the existing legal framework presented several challenges to successful return to work:

- Training programs for workers were capped at one year and \$4,000. This did not allow access to the majority of programs available at community and vocational technical colleges.
- Workers had no alternatives if they did not want to participate in training.
- Some workers were not motivated to complete retraining plans that did not address their personal goals.
- Delays, unproductive attempts at retraining and repeat referrals for plan development resulted in unnecessary costs.

### After the VIP

The VIP legislation made sweeping changes to vocational retraining in the workers’ compensation system. These changes include:

- An increase in available training time from one year to two years and an increase in available training funds from \$4,000 to \$12,000, plus increases based on changes in community college tuition.
- A new option (Option 2) for workers to choose a vocational award and self-directed training as an alternative to participating in a formal retraining plan.
- Increased marketing of on-the-job training opportunities with employers.
- Increased accountability for the department, employers, workers and vocational providers, including time limits on plan development, employer-of-injury job offers and department review and approval of plans.
- Direction to develop return-to-work plans for high-demand occupations.
- Placement of L&I staff in Washington WorkSource locations to provide vocational services to workers.

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<sup>1</sup> RCW 51.32.099(1)(a)

## SUBCOMMITTEE ROLE AND ACTIONS

The Vocational Rehabilitation Subcommittee provides a business and labor partnership to continue improvements in the vocational system. The subcommittee consists of four members selected from candidates identified by business and labor associations and appointed by the L&I director:

- Terry Peterson, Comprehensive Risk Management
- Lori Daigle, Sellen Construction
- Joe Kendo, Washington State Labor Council
- Terri Herring, Washington State Association for Justice

The subcommittee members have been instrumental in developing rules, policies and communication materials; selecting an independent researcher and identifying research elements; selecting WorkSource sites in which to place vocational counselors; and discussing internal measures to track the effects of the VIP changes. This group is also charged with recommending statutory changes needed to accomplish the goals of the pilot. This occurred in 2011 and 2013, when the law was changed to clarify and improve aspects of the VIP project and the pilot project was extended through June 2016.

Recently, the subcommittee's role has broadened to include other vocational rehabilitation system processes and become more involved with L&I's return-to-work initiatives.

## ASSESSMENT OF VIP OUTCOMES

The measures used to assess progress in improving vocational outcomes overall and during 2014 are:

- The percentage of workers who successfully complete their training plan.
- Workers retrained for higher-demand occupations.
- Reduced costs to the system and employers through eliminating delays and unproductive attempts at vocational plan development and training.
- Reduced repeat referrals for vocational services.
- Partnerships created with WorkSource to improve worker outcomes.
- Increased access to a variety of training programs.

The University of Washington (UW) independently reviewed and studied the VIP changes. L&I and the VIP subcommittee analyzed the UW data combined with other data available from L&I's Research and Data Services program to determine progress in improving vocational outcomes in each of the areas listed above.

### **Percentage of workers who successfully complete their training plan**

Overall, 9,000 injured workers have submitted plans since the beginning of the VIP pilot. Of those, 55 percent of those who chose Option 1 completed their training.

The percentage of workers who successfully complete a training plan has not increased during the pilot project. However, under the VIP, more workers gain skills to make them employable even if the training plans (which are now longer on average) are not completed. In addition, accountability expectations are clearer for all parties, and when plans fail due to workers' actions, claims are more often closed. The number of workers eligible for training who fail to complete their plan has fallen. This may be an indication that some of those who would have failed now choose Option 2.

### **Option 2: Self-directed Retraining Alternative**

Option 2 is an option for workers to choose self-directed training as an alternative to participating in a formal retraining plan (Option 1). A worker eligible for training is assigned a vocational rehabilitation counselor (VRC) to develop a training plan. After L&I approves the plan, the worker has 15 days to choose either Option 1 or Option 2.

Of the approximately 1,900 training-eligible participants in FY 2014, over 1,600 workers had a plan approved. Over 1,000 of these workers chose Option 1; nearly 550 chose Option 2; and nearly 50 chose on-the-job training.

**Figure 1. Comparison of training options**

Option 1	Option 2
Worker participates in approved training with oversight by VRC.	Worker receives a vocational award equivalent to six months of time-loss benefits, and has access to funds for self-directed training for up to five years.
Claim remains open until training is completed.	Claim is closed.

Source: L&I Research and Data Services

Option 2 allows workers with an approved plan an opportunity to move toward immediate claim closure. This entitles a worker to receive the equivalent of six months of time-loss benefits and access to training funds for self-directed training up to five years. This has resulted in both savings to the system and more options for workers.

Between January 2008 and June 30, 2014, nearly 3,200 workers, or about a third of those with approved plans, selected Option 2. Over 2,800 of these workers are insured with the State Fund and nearly 400 are self-insured. About 21 percent of workers who choose Option 2 are accessing their retraining funds. About 18 percent of workers who choose Option 2 return to work within 12 months of claim closure.

**On-the-job training opportunities**

Some workers are better suited to hands-on training than classroom training. The pilot calls for L&I to work with employers to market the benefits of on-the-job training (OJT) programs for injured workers and their employers so that VRCs and workers can consider OJT when developing a training plan. Regional L&I staff located across the state inform employers about the benefits of training and hiring injured workers. L&I developed a brochure called “Are You an Employer Who Can Provide On-the-job Training?” and set up a web site for sharing these opportunities:

<http://www.lni.wa.gov/ClaimsIns/Voc/Ojt/Default.asp>.

To date, OJT plans represent a relatively small proportion of all approved training plans -- about three percent for both State Fund and self-insured workers. This is a small increase over the two percent figure reported in 2013. Working with injured workers, private vocational counselors and L&I are still identifying fewer OJTs when compared to a pre-VIP baseline of about five percent. VRCs report they are less likely to pursue OJT because of the statutory expectation that plans are developed within 90 days of the worker being referred to the VRC for plan development assistance. VRCs report it takes longer to develop an OJT with an individual employer and worker.

L&I has attempted to mitigate this concern by considering an OJT valid criteria for granting an extension to the 90-day requirement. The department hosted a conference in May 2014 that included

speakers from community college programs that support on-the-job training. In spite of these efforts, the use of OJTs as an alternative to formal training has not increased to date.

**Retraining plan completion rate**

As of the most recent reporting period, nearly six of ten workers who began a retraining plan completed it. This matches the completion rate pre-VIP. At the start of the pilot, L&I assumed that access to more training options and the higher emphasis on accountability would result in more workers completing their training plans. So far, this has not been the case. However, since implementation of the VIP, fewer workers eligible for training fail to complete their plan -- which may mean some of those who would have failed now choose Option 2.

Despite remaining unchanged, the completion rate compares favorably to other systems for retraining adults. For example, the Workforce Training and Education Board reports completion rates for adults retrained by the Division of Vocational Rehabilitation and the Federal Workforce Investment Act are 55 percent and 53 percent, respectively.

The share of claims that resolve within 12 months of plan completion has increased from 81 percent pre-VIP to 90 percent.

**Figure 2. Claims resolution\* for workers with an approved plan**

	2006	2010	2011
Share of claims that resolve within 12 months of Plan Completion	81%	86%	90%
Share of claims that resolve within 12 months of choosing Option 2		97%	97%
Share of claims that resolve within 12 months of Plan Ending (when plan ends without completion of retraining)	44%	46%	54%

\*Note: "Claims resolution" means the worker's claim was closed.

Source: L&I Research and Data Services

Improvements in spite of unchanged completion rate

The VIP law says a vocational plan interruption (non-completion) is considered outside the control of the worker when it is due to the closure of the accredited institution, death in the worker's immediate family or documented changes in the worker's medical conditions under the claim.

Some vocational plans are not completed due to a worker's actions. Prior to the VIP changes, the system lacked a clear means of holding workers accountable for failed plans when the failure was due to the worker's actions. Now, when appropriate, benefits are suspended and claims moved to closure.

This currently occurs in about 28 percent of all failed plans. Prior to the VIP, claim managers determined that benefits could be suspended due to failed plans less than 12 percent of the time. In most cases, a worker's claim quickly moves to closure when their plan fails due to their own actions.

Even though vocational plan completion rates are not increasing, a higher proportion of workers gained sufficient skills to be considered employable in spite of not completing their plans. This rate increased from 10 percent pre-VIP to 12 percent in FY 2014.

### **Workers who require more than one plan**

Following the first retraining plan, the VIP statute requires L&I to report on workers who sustained a new injury after being retrained and while working in an occupation outside of their physical restrictions. The report must specifically address:

- The number of workers who require more than one retraining plan.
- The industries those workers were working in when injured.

One worker was reported in 2010. No other workers have met these criteria.

### **Employer job offers**

L&I attempts to maintain the relationship of the worker and employer in every claim. Employers have a legal right to offer work consistent with the worker's restrictions. When this occurs, the worker is obligated to accept the employment or risk losing time-loss benefits. If a worker can return to work for his or her employer of injury, training is not needed.

The VIP clarified that training plan development and time-loss benefits end if the employer at the time of injury makes a valid job offer within 15 days of the date the worker is determined to be eligible for training. After that, the employer may offer work, but the worker is not obligated to accept it. This right is explained to employers and workers in letters notifying them of the worker's eligibility for training plan development.

This provision was changed with the passage of House Bill 1726 in 2011. Now, at L&I's discretion, an employer may be allowed an additional 10 days to amend a job offer. This change was made to address cases where an employer made a job offer in good faith, but the offer did not adequately address all requirements or certain medical restrictions.

Employers of injury have made a total of 115 job offers within 15 days of the date the worker is determined to be eligible for training since the VIP was implemented. This represents less than one percent of all workers found eligible during the time period.

## **Department accountability**

A rehabilitation plan submitted by a vocational counselor must be acted on (approved or disapproved) by the department within 15 days or it is “deemed approved.” In FY 2014, approximately 1,500 plans were submitted. One plan was deemed approved because of inaction by the department.

Out of over 9,000 plans submitted since the beginning of the pilot in 2008 (including both State Fund and self-insured claims), 15 have been deemed approved because the department did not act within 15 days. In all other cases, department vocational staff has taken action on plans within the required timeframes. On average, the department takes action on plans in less than five days from receipt.

## **Workers retrained for higher-demand occupations**

Eighty-four percent of approved training goals are now for high- or balanced-demand occupations. This is up from 78 percent in FY 2013. A high-demand occupation is one that is projected to have more job openings than there are qualified candidates in a particular Washington labor market. A balanced-demand occupation means the demand for workers in that occupation is approximately equal to the supply of workers. Though workers and VRCs are encouraged to choose high-demand training goals, it is not a requirement.

L&I has determined that while high-demand jobs may indicate a higher likelihood of employment, they do not necessarily equate to higher-paying jobs. For example, the occupation of cashier is considered high-demand in most labor markets even though the compensation for this work is typically at or just above the state minimum wage.

Baseline data prior to the pilot is not available for comparison.

## **Reduced costs to the system and employers**

During the time a training plan is being developed, an eligible worker is paid time-loss. Expediting plan development results in lower costs and potentially earlier return to work. The VIP requires training plans to be developed and submitted within 90 days of the worker being referred to a vocational counselor for assistance in developing a plan. It allows extensions only for good cause. The median time it takes to submit a plan for State Fund claims has dropped from 144 days pre-VIP to 125 days. This is a savings of 19 days per plan. Twenty-four percent of plans are submitted within the required 90-day period, and 76 percent of plans require an extension to be completed and submitted. The median time to submit a plan for self-insured claims is 99 days under the VIP. Starting in 2015, L&I vocational experts will work with VRCs to analyze the process and develop standard approaches aimed at reducing the number of State Fund plan development referrals that require more than 90 days to complete.

A comparison of claim costs for State Fund workers selecting an option in 2008 shows significantly lower costs for those choosing Option 2 compared to Option 1. This is likely due to a variety of factors, including:

- Lower vocational award for workers choosing Option 2. Workers who choose Option 2, which currently allows an award equivalent to six months' time-loss, receive the equivalent of 550 days less time-loss benefits than those choosing Option 1. This includes both those who completed the plan and those who did not.
- Reduced training costs, as most workers who choose Option 2 do not use their available training funds.
- Lower costs for vocational counselor services, as Option 2 workers participate in self-directed training.

Option 2 allows workers with an approved plan the opportunity to move toward immediate claim closure and pursue self-directed training, resulting in both savings to the system and more options for workers who choose to take advantage of their training funds. The reduction in the days to develop a plan saved an average of 42 days per plan development referral in FY2014.

### **Reduced repeat referrals**

A second assignment for plan development (repeat referral) can add significantly to the cost of a claim. A second assignment is necessary when the initial assignment was closed without a plan being submitted. Prior to the VIP, this occurred because the one year and \$4,000 for training made it difficult to identify a valid plan. In addition, closure of an assignment without submitting a plan happened when a worker encountered medical issues that prevented participating in a plan at that time. The pre-VIP repeat referral rate for State Fund claims was nearly 43 percent. Under the VIP, it has dropped to 33 percent. This means there were 200 fewer repeat referrals in FY 2013 compared to the pre-VIP baseline. The repeat referral rate for self-insured claims is 11 percent under the VIP.

L&I attributes this improvement to several changes:

- Allowing workers the choice of Option 2
- Increased access to training programs because of the increased time and money available
- Clearer expectations for the parties involved in claim and vocational services

### **Partnerships with WorkSource**

The pilot directs L&I to establish partnerships at a number of WorkSource locations and to provide vocational services to injured workers from those locations. WorkSource is a nationally recognized system of one-stop career centers that offer employment and training services to job seekers and businesses through a partnership of government agencies, colleges, and non-profit organizations. The partnerships with WorkSource are intended to provide insight into whether services provided from this resource-rich, community environment result in better outcomes for workers.

Since 2008, L&I has placed vocational services specialists on site at six WorkSource locations: Mt. Vernon, Renton, Tacoma, Tumwater, Spokane, and Kennewick. The specialists guide workers to WorkSource resources, including workshops on resume writing, interviewing techniques, and

using the computer for job searches. Through December 2013, these specialists provided formal vocational services similar to those provided by private sector vocational counselors. Previous reports showed the services provided through the WorkSource environment were timelier and resulted in a higher proportion of injured workers returning to work.

Beginning in 2014, the vocational services specialists' roles changed to focus on providing job readiness and job placement assistance to all injured workers in their area. This change, endorsed by the subcommittee, allows the specialists to help more injured workers return to work. In addition to providing return to work services to injured workers, the specialists also provide open house events for local VRCs, who are a primary referral source for work-ready injured workers and are available to explain services to local employers and medical providers.

### Increased access

The pre-2008 training benefit of up to one year and \$4,000 provided access to very few programs offered by community and vocational technical colleges. The VIP significantly increased the training benefit available so that injured workers would have access to a broader variety of programs. The intent was that this increased access would lead to broader skills, increased plan completion, and eventual employment at higher wages.

In 2008, the VIP allowed up to two years of training time and up to \$12,000 for tuition, fees, and other training costs. The tuition/fees limit is indexed annually to increases in Washington's community college tuition and has increased over time to the current level of \$17,599 (see Table 3). There was no change in 2013 or 2014 because the community college tuition rates were frozen for those years.

**Figure 3. Schedule of maximum training benefits since VIP implementation**

For plans approved	Dollar limit	Percentage change
January 1, 2008	\$12,000	N/A
July 1, 2008	\$12,240	2%
July 1, 2009	\$13,096	7%
July 1, 2010	\$14,029	7%
July 1, 2011	\$15,713	12%
July 1, 2012	\$17,599	11%
July 1, 2013	\$17,599	No increase over 2012
July 1, 2014	\$17,599	No increase over 2013

Source: L&I Research and Data Services

As expected, both plan cost and duration have increased since the beginning of the pilot. In FY 2009, the average cost of a plan was about \$9,000 for both State Fund workers and workers covered by self-insured employers. It is currently at about \$12,370 for State Fund workers and \$12,722 for self-insured workers. The increased costs are directly tied to increases in state tuition rates that occurred between 2009 and 2012.

Valid data on pre-VIP duration and cost of training plans is not available. This is because the law previously allowed for a second year and an additional \$4,000 in certain cases, at the discretion of the supervisor of Industrial Insurance. In addition, training plans would stop and restart (for example, a plan might stop for a period due to summer quarter breaks). During these breaks in training, time-loss benefits would continue to be paid. This is not allowed under the new system. As a result, training more often continues through typical breaks such as summer quarters. The average time-loss days for workers eligible for training increased about 80 days under the VIP, while the average actual instruction days have increased from around 245 days pre-VIP to over 600 days currently.

Allowing additional tuition dollars along with increased training time has significantly expanded access to training programs that would not have been available prior to the VIP. Examples of plan goals approved under the VIP include:

- Graphic designer
- Computer network technician
- Biomedical equipment technician
- Architectural drafter
- Paralegal

#### **Additional vocational assistance**

The VIP law allows for time and training to exceed the statutory limit in cases where it is necessary to help a worker avoid a total permanent disability pension. The decision to allow additional time and/or costs is at the L&I director's discretion. Since implementation of the VIP, a total of 182 State Fund workers and five self-insured workers have received additional vocational assistance. In the majority of these cases, the students needed additional assistance due to tuition increases that occurred during their program. In other cases, the need was due to changes in school curriculum. The average additional cost granted per person was slightly over \$1,280. The average additional time granted was 75 days.

## Other factors of note

### Employment and wages

The VIP implementation coincided with the economic recession, when Washington's unemployment rate rose from 4.9 percent to 9.9 percent. Return to work rates fell by 50 percent between 2006 and 2010 for injured workers who had a job restriction but were not eligible for retraining. Return to work rates for injured workers eligible for training fell by a similar percentage.

It is difficult to judge the impact of the VIP on median earnings due to the recession. Median earnings (relative to pre-injury wages) for both injured workers who were eligible for training and those who had restrictions but were not eligible for training fell around 25 percent during the recession.

Since the VIP coincided with the recession, L&I has not been able to measure an independent impact of the VIP on employment or wages.

## RECOMMENDATIONS FOR FURTHER LEGISLATIVE ACTION

The subcommittee, along with L&I, recommends that some aspects of the VIP be changed to increase efficiencies, accountability and worker choice; and that the VIP, with these changes, become a permanent part of Washington's workers' compensation system.

The proposed changes would:

- Increase the Option 2 award to be equivalent to nine months' time-loss benefits (currently, Option 2 is the equivalent of six months' benefits).
- Allow workers to choose Option 2 at any time from the date of training plan approval through the first 90 days or academic quarter of the plan. The Option 2 vocational award would be reduced by the time spent; the Option 2 retraining amount would be reduced by the money spent.
- Allow up to 10 percent of Option 2 retraining funds for vocational counseling and assistance.
- Create a permanent business/labor advisory group to partner with L&I to identify approaches that would continue improvement in return-to-work outcomes for injured workers.
- Cap the annual tuition benefit increase at two percent, while including a provision to increase funds if necessary to ensure access to community college and vocational technical school programs.

As of October 2014, L&I submitted agency request legislation to accomplish these changes to the Governor's Office for consideration.

# Conclusion

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## THE VIP HAS IMPROVED THE VOCATIONAL REHABILITATION SYSTEM

L&I and the VIP subcommittee determined vocational services have improved in the following areas:

### **The percentage of workers who successfully complete their training plan**

Overall, 9,000 injured workers have submitted plans since the beginning of the VIP pilot. Of those, 55 percent of those who chose Option 1 completed their training and 29 percent of workers who completed a plan returned to work within 12 months of plan completion.

### **Workers retrained for higher-demand occupations**

Eighty-four percent of approved training goals are now for high- or balanced-demand occupations. This is up from 78 percent in FY 2013.

### **Reduced costs to the system and employers through eliminating delays and unproductive attempts at vocational plan development and training**

The VIP requires training plans to be developed and submitted within 90 days of the worker being referred to a vocational counselor for plan development assistance. It allows extensions only for good cause. The median time it takes to submit a plan has dropped from 182 days pre-VIP to 140 days for the one-year period ending June 30, 2014. Twenty-four percent of plans are submitted within the required 90-day period, and 76 percent of plans require an extension in order for the plan to be completed and submitted. The reduction in the days to develop a plan saved an average of 42 days per plan development referral in FY 2014.

### **Reduced repeat referrals for vocational services**

The pre-VIP repeat referral rate was nearly 35 percent. Under VIP, it has dropped to less than 27 percent. This means there were 726 fewer repeat referrals in FY 2014 compared to the pre-VIP baseline.

### **Partnerships created with WorkSource to improve worker outcomes**

Since 2008, L&I has placed vocational services specialists on site at six WorkSource locations: Mt. Vernon, Renton, Tacoma, Tumwater, Spokane, and Kennewick.

### **Increased access to a variety of training programs**

The pre-2008 training benefit of up to one year and \$4,000 provided access to very few programs offered by community and vocational technical colleges. The VIP significantly increased the training benefit available so that injured workers would have access to a broader

variety of programs. In 2008, the VIP allowed up to two years of training time and up to \$12,000 for tuition, fees, and other training costs.

### **Overall**

Currently in its seventh year, the overall vocational system has been improved through the effects of the VIP. To continue these improvements, the subcommittee recommends the primary changes should be made a permanent part of Washington's workers' compensation system.