



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Labor & Industries

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 06-07-138 or	<input checked="" type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4).	<input type="checkbox"/> Continuance of WSR _____

Title of rule and other identifying information: Industrial Insurance Premium Rates

Chapter 296-17 WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Hearing locations:

See Attachment 1 Hearing Schedule

Submit written comments to:

Name: Ronald Moore, Acting Prog Mgr, Employer Services

Address: P O Box 44140

Olympia, WA 98504-4140

e-mail moora235@lni.wa.gov

fax (360) 902-4729 by (date) 5 pm Dec 18, 2006

Assistance for persons with disabilities: Contact

Office of Information and Assistance by _____

TTY (360) 602-5797 or () _____

Date of intended adoption: January 24, 2007

(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules: This proposal will reduce the Medical Aid premium base rates for the six months beginning July 1, 2007, which will ultimately reduce the Medical Aid contingency reserve. During this time period, Medical Aid premiums will not be assessed for employers and workers and therefore it is anticipated that this will reduce the balance of the Medical Aid fund by \$315 million.

As a result of lower Medical Aid (account 608) premiums collected the Accident Fund (account 609) premium base rates would be reduced because of the impact on anticipated retrospective rating refunds. These refunds are a percentage of the Accident plus Medical Aid premiums, and are expected to decrease by \$30 million. As a result, the upfront premium income for the Accident Fund is expected to decrease by \$30 million. Associated changes in the retrospective rating size tables are also included in this rulemaking. Because of the potential impact on the total of retrospective rating refunds we are specifically interested in receiving comments and input from retrospective rating participants.

Reasons supporting proposal: The Medical Aid Fund, which is paid half by workers and half by employers, as of 6/30/2006 has a contingency reserve of close to \$1.1 billion. This equates to approximately 38% of total Medical Aid liabilities and is more money than is felt necessary to maintain solvency in the Medical Aid fund.

Statutory authority for adoption: RCW 51.06.035 (Base Rates) RCW 51.32.073 (Supplemental Pension), RCW 51.08.010 (Retrospective Rating)and RCW 51.04.020(1) General Authority

Statute being implemented: RCW 51.16.035, RCW 51.32.073, RCW 51.18.010 and RCW 51.04.020(1)

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

CODE REVISER USE ONLY

WSR 06-22-108

DATE

November 1, 2006

NAME

Judy Schurke

SIGNATURE

TITLE

Acting Director

.CR102 Medical Aid Rates Holiday

Attachment 1 Hearings Schedule:

December 13, 2006	1:00 pm	Dept of Labor & Industries Tukwila Service Location 12806 Gateway Dr Seattle WA 98168-1050 Telephone: 206.835.1000
December 14, 2006	10:00 am	Ridpath Hotel 515 W Sprague Ave Spokane WA 99201 Telephone: 509.838.2711
December 15, 2006	10:00 am	Dept of Labor & Industries Room S117 7273 Linderson Way SW Tumwater WA 98501 Telephone: 360.902.5799
December 18, 2006	1:00 pm	Dept of Labor & Industries Yakima Service Location 15 W Yakima Ave Yakima WA 98902 Telephone: 509.454.3700

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: Department of Labor & Industries

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Bill Moomau	Tumwater, WA	(360) 902-4774
Implementation.... Ronald Moore	Tumwater, WA	(360) 902-4748
Enforcement..... Bob Malooly	Tumwater, WA	(360) 902-4209

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

In this rulemaking the agency is exempt from preparing a SBEIS when the proposed rules set or adjust fees or rates pursuant to legislative standards. This exemption is described in RCW 34.05.310(4)(f).

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: In this rulemaking, the agency is exempt from conducting a CBA since the proposed rules set or adjust fees or rates pursuant to legislative standards described in RCW 34.05.328(5)(b)(vi).