



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Labor and Industries

Subject of possible rule making: Creating an exception process to the current rule governing the enrollment of commonly-owned businesses in Retrospective Rating: WAC 296-17B-770.

Statutes authorizing the agency to adopt rules on this subject: RCW 51.18.010

Reasons why rules on this subject may be needed and what they might accomplish: Certain rules of the Retrospective Rating program (Retro) require commonly-owned businesses in the same industry category to all be enrolled in Retro if any one account wishes to be enrolled. Through the Retro Advisory Committee, several Retro groups have petitioned the Department to undertake rulemaking to amend this "all or nothing" rule. The Department accepted the petition and initiated rulemaking (CR 101 filed in November 5, 2013 under WSR 13-22-071). As indicated, the Department discussed possible changes to WAC 296-17B-770 with the petitioners, other Retro participants, the Retro Advisory Committee, and Department staff. To date, there is general agreement on the concept of an exception process and on exception criteria. Based on this input, the Department has decided to undertake pilot rulemaking to gain practical experience administering an exception process, evaluate the exception criteria categories and descriptions, assess the needs of Retro participants, and ensure conformance with the purpose of the authorizing statute.

With stakeholder input, the Department developed pilot rule language. Under this pilot, commonly-owned employers who volunteer to participate in the pilot will be able to apply for an exception from current requirements under WAC 296-17B-770. The pilot program will begin with the enrollment effective October 1, 2015, and will continue through the enrollment effective July 1, 2017, unless terminated sooner by the Department. The exceptions granted are effective throughout the applicable 12 month retro coverage period or as otherwise specified. Upon completion, the pilot program results will be considered in developing possible proposed rule language.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: No other state, local or federal agency regulates this subject.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe)

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

For information about requirements, you may contact Julie Osterberg, Financial Incentive Coordinator, at julie.osterberg@lni.wa.gov or Tim Smolen, Retrospective Rating Program Manager at tim.smolen@lni.wa.gov. You can find a link to more information on the pilot rules on the Retro Program Rules page: <http://www.lni.wa.gov/ClaimsIns/Insurance/Reduce/Qualify/Rules/default.asp>

DATE

August 5, 2015

NAME (TYPE OR PRINT)

Joel Sacks

SIGNATURE

TITLE

Director

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STATE OF WASHINGTON
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