

Senate Bill 6602: Addressing JLARC Recommendation on Self-Insured Workers' Comp Claims

- JLARC's performance audit of workers' compensation claims management recommended the Legislature have self-insurers issue their own formal orders accepting injured workers' claims.
- Why? Right now, self-insured employers have to seek this order from Labor & Industries. The process adds 45 days to claims management for no practical reason – **L&I agrees with the self-insured employer 99% of the time.** It is an administrative inefficiency.
- SB 6602 makes this change. It also intends to treat self-insureds and the State Fund the same in allowing and denying claims. It therefore includes interlocutory and denial orders too.
- Interlocutory orders are when an employer pays benefits provisionally, but is still investigating whether to formally accept or reject a claim and needs an extension of time. This makes clear the current law and practice can continue.
- Denial orders are when a self-insured does not believe a worker's claim should be accepted or condition is work-related. According to JLARC (Full Report, p. 121):
 - **L&I agrees with self-insurer denial requests 98 percent of the time.**
 - Self-insured and State Fund denial rates are equivalent
 - Outcomes in State Fund vs. self-insured denial appeals are consistent
 - Surveys show no difference in worker perception of the appeal process between State Fund and self-insurance.
- Strong worker protections include robust L&I audit of self-insured compliance, penalties (including withdrawal of self-insured status) for unreasonable denial of claims, protection by the office of Self-Insurance Ombuds, and the administrative protest and appeal process.