

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5368 E S SB	<b>Title:</b> Stay-at-work program
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Board of Industrial Insurance Appeals	.0	0	0	0	.4	0	0	125,014	.5	0	0	166,312
Department of Labor and Industries	1.6	0	0	577,000	3.8	0	0	1,423,000	2.1	0	0	562,000
<b>Total \$</b>	<b>1.6</b>	<b>0</b>	<b>0</b>	<b>577,000</b>	<b>4.2</b>	<b>0</b>	<b>0</b>	<b>1,548,014</b>	<b>2.6</b>	<b>0</b>	<b>0</b>	<b>728,312</b>

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Board of Industrial Insurance Appeals	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Anna Minor, OFM	<b>Phone:</b> (360) 790-2951	<b>Date Published:</b> Final 3/ 4/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5368 E S SB	<b>Title:</b> Stay-at-work program	<b>Agency:</b> 190-Board of Industrial Insurance Appeals
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.4	0.5
<b>Account</b>					
Accident Account-State 608-1	0	0	0	62,507	83,156
Medical Aid Account-State 609-1	0	0	0	62,507	83,156
<b>Total \$</b>	0	0	0	125,014	166,312

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelly Leonard	Phone: 360-786-7147	Date: 02/07/2024
Agency Preparation: William Chase	Phone: 360-753-2790	Date: 03/04/2024
Agency Approval: Bob Liston	Phone: 360-753-6823	Date: 03/04/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 03/04/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Establishes additional requirements for requesting, reviewing, and accepting light duty and transitional job offers made to injured workers in the workers' compensation system.

- Allows an employer with 100 or fewer employees to offer an injured worker a light duty or transitional job with an off-site nonprofit organization or charity.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

L&I expects 550 new claims per year. Historically, approximately 12 percent result in new appeals (66 new appeals). The act takes effect January 1, 2026.

Based on these assumptions, the BIIA will require 0.27 FTEs and \$41,990 in FY2026 and 0.53 FTEs and \$83,980 each year after.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	0	0	0	62,507	83,156
609-1	Medical Aid Account	State	0	0	0	62,507	83,156
<b>Total \$</b>			0	0	0	125,014	166,312

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.4	0.5
A-Salaries and Wages				76,764	102,120
B-Employee Benefits				24,824	33,002
C-Professional Service Contracts					
E-Goods and Other Services				21,445	28,558
G-Travel				1,981	2,632
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	0	0	125,014	166,312

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Chief Judge	10,149				0.0	0.0
IAJ3	9,200				0.1	0.2
IAJ4	9,911				0.1	0.2
LS3	4,842				0.1	0.2
<b>Total FTEs</b>					0.4	0.5

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5368 E S SB	<b>Title:</b> Stay-at-work program	<b>Agency:</b> 235-Department of Labor and Industries
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	3.2	1.6	3.8	2.1
<b>Account</b>					
Accident Account-State 608-1	0	288,000	288,000	712,000	281,000
Medical Aid Account-State 609-1	0	289,000	289,000	711,000	281,000
<b>Total \$</b>	0	577,000	577,000	1,423,000	562,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kelly Leonard	Phone: 360-786-7147	Date: 02/07/2024
Agency Preparation: Donald Jenson Jr	Phone: 360-902-6981	Date: 02/16/2024
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/16/2024
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/17/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

See attached.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
608-1	Accident Account	State	0	288,000	288,000	712,000	281,000
609-1	Medical Aid Account	State	0	289,000	289,000	711,000	281,000
<b>Total \$</b>			0	577,000	577,000	1,423,000	562,000

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		3.2	1.6	3.8	2.1
A-Salaries and Wages		315,000	315,000	615,000	286,000
B-Employee Benefits		103,000	103,000	219,000	112,000
C-Professional Service Contracts		80,000	80,000	200,000	120,000
E-Goods and Other Services		38,000	38,000	366,000	42,000
G-Travel		1,000	1,000	3,000	2,000
J-Capital Outlays		40,000	40,000	20,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	577,000	577,000	1,423,000	562,000

### III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Analyst 5	76,607		0.2	0.1	0.3	0.1
IT Business Analyst-Journey	103,033		1.0	0.5	0.5	
Management Analyst 5	98,040		0.5	0.3	0.3	
Program Specialist 4	80,464		0.5	0.3	0.8	
WMS2	110,636		1.0	0.5	0.5	
Workers Compensation Adjudicator 2	67,720				1.5	2.0
<b>Total FTEs</b>			3.2	1.6	3.8	2.1

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

See attached.

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

See attached.

## Part II: Explanation

This bill would allow employers with 100 or fewer employees to offer light duty return to work opportunities to injured workers; amending RCW 51.32.090.

This bill takes effect January 1, 2026.

The differences between ESSB 5368 and SSB 5368 include, but are not limited to:

- Refining language throughout the bill.
- Eliminating the reference to the covid 19 pandemic from section 1(2).
- Adding that workers eligible for the expanded program pursuant to RCW 51.32.090(4)(m) will receive a written notice in their preferred language that they have a right to reject a specific light duty job with a specific nonprofit (section 1(3)).
- Adding that if more than 21 calendar days have passed since the attending provider's last appointment with the worker, the attending provider may meet with the worker, if the attending provider deems necessary, to determine whether the worker is able to perform the work. The attending provider's determination must be shared with both the worker and employer (section 2(4)(b)(i)).
- Adding that the worker shall accept or decline the light duty job offer within seven days after receiving notification that the attending provider has approved the job description. Failure to timely accept a valid light duty job offer shall result in termination of temporary total disability benefits except as described under (m)(v) of this subsection (section 2(4)(b)(ii)).
- Adding that offers made to a worker under this subsection (m) must include a written notice in the worker's preferred language that they have a right to reject a specific light duty job with a specific nonprofit (section 2(4)(m)(iv)).
- Adding that to offer light duty, transitional work with a nonprofit organization or charity under (m) of this subsection, the employer of injury must contract with a return-to-work employment agency approved by the department or work with a nonprofit organization or charity listed as active on a secretary of state website. The department must develop criteria in rule for a return-to-work employment agency to receive department approval under this subsection (section 2(4)(n)(i)).

The differences between ESSB 5368 and SSB 5368 include, but are not limited to (continued):

- Adding that the department must work with the vocational rehabilitation advisory committee established in RCW 51.32.096 to research and report on meaningful return-to-work outcomes and the benefits of return-to-work on workers' mental health. The advisory committee must also study the quality of the work and benefits to the worker of transitional return to work with nonprofit organizations and make recommendations for improving outcomes. The report must be submitted to the workers' compensation advisory committee by October 31, 2029, for consideration of additional legislation (section 2(4)(n)(ii).
- Changing the effective date to January 1, 2026 (section 3).

## **II. A – Brief Description of What the Measure Does that Has Fiscal Impact**

### **Section 2: Amends RCW 51.32.090**

**(4)(b)** In addition to the employer of injury, light duty work can be with an approved nonprofit pursuant to new subdivision (m) of this subsection.

**(4)(m)** An employer with 100 or fewer employees may offer light duty return to work to a worker pursuant to this subsection (4) with an established nonprofit organization or charity pursuant to (n) of this subsection, subject to the following parameters and conditions:

- The employer of injury may not disclose the worker's medical restrictions with the nonprofit or charity without the worker's written consent. If the worker does not consent to sharing their medical restrictions, any approved light duty work must be with the employer of injury.
- The employer of injury remains accountable for all reporting requirements;
- The employer of injury remains responsible for any new injury or occupational disease incurred while the worker is on light duty return to work;

- Offers made to a worker under this subsection (m) must include a written notice in the worker's preferred language that they have a right to reject a specific light duty job with a specific nonprofit;
- The injured worker does not forfeit any protections or benefits afforded to them under this title, and the injured workers may reject light duty return-to-work offer or otherwise terminate the light duty return to work with the nonprofit organization or charity in which case the injured worker's temporary total disability payments must continue or be resumed;
- Except as otherwise provided under this subsection (4)(m), the offer of light duty return to work with the nonprofit organization or charity is subject to the same parameters and conditions as an offer of available work with the employer of injury;
- The employer of injury may be eligible for reimbursement if the department determines the employer qualifies; and
- The injured worker's experience gained through light duty return to work with the nonprofit organization or charity may not be construed as acquisition of transferrable skills and does not disqualify the injured worker from accessing vocational rehabilitation services.

**(4)(n)(i)** To offer light duty, transitional work with a nonprofit organization or charity under (m) of this subsection, the employer of injury must contract with a return-to-work employment agency approved by the department or work with a nonprofit organization or charity listed as active on a secretary of state website. The department must develop criteria in rule for a return-to-work employment agency to receive department approval under this subsection.

**(4)(n)(ii)** The department must work with the vocational rehabilitation advisory committee established in RCW 51.32.096 to research and report on meaningful return-to-work outcomes and the benefits of return-to-work on workers' mental health. The advisory committee must also study the quality of the work and benefits to the worker of transitional return to work with nonprofit organizations and make recommendations for improving outcomes. The report must

be submitted to the workers' compensation advisory committee by October 31, 2029, for consideration of additional legislation.

## **II. B – Cash Receipt Impact**

### **Non-Appropriated – State Fund Premiums**

As an insurance entity, L&I premium rates are intended to match premiums to claims cost projections. Therefore, for this fiscal analysis it is assumed that any incremental costs or savings will equal the incremental revenue collected.

### **Non-Appropriated – Premium Impact to Employers**

Individual changes to the Accident and Medical Aid fund do not change rate assumptions by themselves. Cost increases are only one of many components in determining rates. The high-level strategy that is used to determine if a rate change is necessary is as follows:

- Review of liabilities, or costs of the Workers' Comp System.
- Investment earnings.
- Adequate revenue (premiums + investments) based on projected costs (actuarial estimates) will determine need for a premium change.

### **Non-Appropriated – Self-Insured Employers**

If an employer chooses to be self-insured, they are responsible to pay for overall claim costs and a portion of administration costs of L&I's Self-Insurance Program and other costs of related support functions. The administrative assessment is an amount per dollar of claim benefit costs. If benefit costs are increased due to the change, self-insured employers would be assessed by L&I for their appropriate portion of administrative costs based on the increase. Incremental costs or savings will equal the incremental revenue collected from assessments.

## II. C – Expenditures

### Non-Appropriated – State Fund Benefits Costs

There is non-appropriated impact to the Accident Account, fund 608, and Medical Aid Account, fund 609. (Non-appropriated costs are not included in the Fiscal Note Summary.) The following assumptions were used to calculate the estimates:

There is non-appropriated impact to the Accident Account, fund 608, and Medical Aid Account, fund 609. (Non-appropriated costs are not included in the Fiscal Note Summary.)

The impact to the non-appropriated is Indeterminate. For Fiscal Note purposes L&I has developed three cost scenarios that may occur ranging from a 5%, 10%, and 15% impact. Below are the basis for the three modeling scenarios:

L&I estimates that 4,400 claims from Fiscal Injury Year 2023 will participate in Stay at Work. While L&I does not have information on how frequently light-duty is used without Stay at Work reimbursement, assume three scenarios, where the non-Stay at Work light duty claim volume is 50%, 100%, and 150% of the Stay at Work claim volume or 2,200 claims, 4,400 claims, and 6,600 claims.

L&I assumes this bill will create some additional Stay at Work opportunities by permitting light-duty and transactional employment at non-profits and charities, increasing participation by 5%. Although unknown, there may be a possibility that the additional requirements on light-duty job offers may discourage employers from offering light-duty. Below are some examples of impacts of additional requirements:

- Currently an employer has the ability to have a bilingual supervisor or co-worker verbally translate the job offer with an injured worker. Certain businesses may not have the capacity and/or resources to provide written translation, and resources are available it may take additional time to complete in writing versus verbal communications.
- Currently, the employer has the ability to offer the approved job to the worker in person or over the phone and the worker can respond in real time, which allows the worker to start the light duty job quickly. The new criteria outline in the bill builds in 7 days for the worker to respond after the provider approves the job.
- Currently, the employer may send several light duty job offers to the provider for their review, make adjustments, and then decide which job to offer. The new criteria requires the employer to provide a copy of the job descriptions to the worker at the same

time. This may cause confusion for the worker who will see several job offers, or see the back and forth between the employer and provider as modifications are made.

If employers become discouraged there is a possibility of light-duty jobs becoming eliminated, below are three potential modeling scenarios:.

	5%	10%	15%
Annual SAW Claims:	4,400	4,400	4,400
Annual Claims accepting Light-Duty Job Offers	<b>6,600</b>	<b>7,700</b>	<b>8,800</b>
Percentage of Light-duty job offers eliminated	<b>5%</b>	<b>10%</b>	<b>15%</b>
Reduction in SAW claims	220	440	660
Reduction in non-SAW claims with light duty jobs	110	330	660
% Increase in SAW due to charity and non-profit light-duty job opportunities	<b>5%</b>	<b>5%</b>	<b>5%</b>
Additional SAW claims due to charity and non-profit light-duty job opportunities	220	220	220
<b>Impact of decrease in Stay at Work Participation</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
Net decrease in SAW claims	0	220	440

### **Savings on Stay at Work reimbursements due to reduction in Stay at Work participation**

L&I estimates the average Stay at Work cost per participating claim to be \$3,979 in 2024. The decrease in Stay at Work participation may imply annual Stay at Work reimbursement savings based on a reduced amount of SAW claims:

<b>Impact of decrease in Stay at Work Participation</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
Net decrease in SAW claims	0	220	440
<b>A: Additional Savings due to reduction in SAW</b>			
Average SAW costs:	3,979	3,979	3,979
<b>Subtotal</b>	<b>0</b>	<b>875,000</b>	<b>1,751,000</b>

### **Short-term time-loss costs due to reduction in Stay at Work participation**

L&I assumes 75% of the new Stay at Work claims may have received time loss payments, and 25% may be Kept-on-Salary (KOS) by their employers. Assuming an average compensation rate of 63% of wages, L&I would save an average of approximately \$5,000 in time loss payments for each Stay at Work claim that would have received time-loss. The decrease in Stay at Work participation would result in annual additional time-loss costs:

<b>Impact of decrease in Stay at Work Participation</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
Net decrease in SAW claims	0	220	440
<b>B: Additional Timeloss Costs due to reduction in SAW</b>			
% of Claims with Reduced Timeloss due to SAW	75%	75%	75%
Average Timeloss Compensation Percentage	63%	63%	63%
Average Timeloss for those who would have received it	5,014	5,014	5,014
<b>Subtotal</b>	<b>0</b>	<b>827,000</b>	<b>1,655,000</b>

**Short-term time-loss costs due to reduction in non-Stay at Work light duty**

L&I does not know the average additional time-loss days a claim would incur if a light duty job were eliminated, so for Fiscal Note purposes developed three potential cost scenarios, 14 days, 21 days, and 28 days. The average daily compensation rate for 2024 is estimated to be \$113.88. The loss of non-Stay at Work light-duty jobs increase time-loss costs under the three modeling scenarios:

	<b>5%</b>	<b>10%</b>	<b>15%</b>
<b>Reduction in non-SAW claims with light duty jobs</b>	110	330	660
<b>D: Increase in short term timeloss due to loss of light-duty</b>			
Average increase in timeloss days due to loss of light-duty	<b>14</b>	<b>21</b>	<b>28</b>
Average time loss compensation per day	113.88	113.88	113.88
Increase in short-term timeloss on non-SAW claims	<b>175,000</b>	<b>789,000</b>	<b>2,105,000</b>

**Long-term disability costs due to reduction in Stay at Work participation**

Participation in Stay at Work may also make some claims less likely to become long-term disability claims. Non-fatal Accident Fund costs for long-term disability claims (claims with more than 12 months of time loss payments) average approximately \$244,500 at 2024 cost levels. Accident Fund claim costs for non-KOS short-term disability claims (time loss payments less than 12 months) average approximately \$7,200 at 2024 cost levels. If 5% of Stay at Work claims avoid long-term disability due to participation in light-duty and Stay at Work, the decrease in that would represent an additional annual cost under the three modeling scenarios:

<b>C: Additional Long-Term Disability Costs due to reduction in SAW</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
% of Additional Claims avoiding long term disability through SAW:	5%	5%	5%
Number of Claims that would have avoided long term disability	0	11	22
Average non-fatal Long Term Disability Accident Fund Claim Cost	244,500	244,500	244,500
Average Short Term Disability Accident Fund Claim Cost	7,200	7,200	7,200
<b>Subtotal</b>	<b>0</b>	<b>2,610,000</b>	<b>5,221,000</b>

### Long-term disability costs due to reduction in non-Stay at Work light duty

Light duty work may make some claims less likely to become long-term disability claims. L&I assumes 5% of claims on light duty work avoid long-term disability due to the light duty work. The reduction in non-Stay at Work light duty jobs would result in additional annual costs under the three modeling scenarios:

<b>E: Additional Long-Term Disability Costs due to loss of light-duty</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
% of Additional Claims avoiding long term disability through light-duty work	5%	5%	5%
Number of Claims that would have avoided long term disability	6	17	33
Average non-fatal Long Term Disability Accident Fund Claim Cost	244,500	244,500	244,500
Average Short Term Disability Accident Fund Claim Cost	7,200	7,200	7,200
<b>Subtotal</b>	<b>1,305,000</b>	<b>3,915,000</b>	<b>7,831,000</b>

### Impact of Translation delays

L&I assumes that 22% of claimants receiving light-duty job offers would prefer to have their documents translated. L&I also assumes that translating light-duty job descriptions would delay the offer by 14 days on average. The increase in translated documents and the potential delays could lead to increased annual costs under each of the modeling scenarios:

	<b>5%</b>	<b>10%</b>	<b>15%</b>
Annual Claims accepting Light-Duty Job Offers	6,600	7,700	8,800
Reduction in SAW claims	-220	-440	-660
Reduction in non-SAW claims with light duty jobs	-110	-330	-660
Additional SAW claims due to charity and non-profit light-duty job opportunities	220	220	220
	<b>6,490</b>	<b>7,150</b>	<b>7,700</b>

<b>F: Additional Cost due to translation delays</b>			
Assumed proportion of all light-duty job offers requiring translation	22%	22%	22%
Assumed number of required translations	1,428	1,573	1,694
Assumed Days of Delay per translation	14	14	14
Average time loss compensation per day	113.88	113.88	113.88
<b>Subtotal</b>	<b>2,277,000</b>	<b>2,508,000</b>	<b>2,701,000</b>

### Impact of Medical Scheduling and Other Dispute delays

L&I assumes that the bill may lead to medical scheduling delays and the additional notification requirements may lead to disputes. L&I assumes that those delays would add an average of 6 weeks of time-loss in 6% of the light-duty job offers. These delays would also lead to increased costs under the three modeling scenarios:

	5%	10%	15%
Annual Claims accepting Light-Duty Job Offers	6,600	7,700	8,800
Reduction in SAW claims	-220	-440	-660
Reduction in non-SAW claims with light duty jobs	-110	-330	-660
Additional SAW claims due to charity and non-profit light-duty job opportunities	220	220	220
	<u>6,490</u>	<u>7,150</u>	<u>7,700</u>

**G: Additional Cost due to medical scheduling and other dispute delays**

Assumed proportion of claims with light-duty delayed	6%	6%	6%
Assumed number of claims with delayed light-duty	389	429	462
Assumed Days of Delay	42	42	42
Average time loss compensation per day	113.88	113.88	113.88
<b>Subtotal</b>	<b>1,861,000</b>	<b>2,052,000</b>	<b>2,210,000</b>

The information above is assumed for 2024. The effective date for the bill is January 1, 2026, and L&I anticipates Accident Fund costs increasing by approximately 11.7% between 2024 and 2026. The annual costs starting in 2026 under the three modeling scenarios is as follows.

<b>Net annual cost / (savings) at 2024 cost levels</b>	5%	10%	15%
A: Additional Savings due to reduction in SAW	0	-875,000	-1,751,000
B: Additional Timeloss Costs due to reduction in SAW	0	827,000	1,655,000
C: Additional Long-Term Disability Costs due to reduction in SAW	0	2,610,000	5,221,000
D: Increase in short term timeloss due to loss of light-duty	175,000	789,000	2,105,000
E: Additional Long-Term Disability Costs due to loss of light-duty	1,305,000	3,915,000	7,831,000
F: Additional Cost due to translation delays	2,277,000	2,508,000	2,701,000
G: Additional Cost due to medical scheduling and other dispute delays	1,861,000	2,052,000	2,210,000
	<u>5,618,000</u>	<u>11,826,000</u>	<u>19,972,000</u>

<b>Net annual cost / (savings) estimated for 2026 cost levels</b>	5%	10%	15%
A: Additional Savings due to reduction in SAW	0	-977,000	-1,956,000
B: Additional Timeloss Costs due to reduction in SAW	0	924,000	1,849,000
C: Additional Long-Term Disability Costs due to reduction in SAW	0	2,915,000	5,832,000
D: Increase in short term timeloss due to loss of light-duty	195,000	881,000	2,351,000
E: Additional Long-Term Disability Costs due to loss of light-duty	1,458,000	4,373,000	8,747,000
F: Additional Cost due to translation delays	2,543,000	2,801,000	3,017,000
G: Additional Cost due to medical scheduling and other dispute delays	2,079,000	2,292,000	2,469,000
	<u>6,275,000</u>	<u>13,209,000</u>	<u>22,309,000</u>

Because the Stay at Work program focuses on new claims and the usage drops off significantly as claims age, was assume these annual costs would apply to new claims and there would be minimal impact on existing claims.

### **Appropriated – Operating Costs**

This bill increases expenditures to the Accident Account, fund 608 and Medical Aid Account, fund 609. The following assumptions were used to estimate the resources requested to implement this bill.

### **Staffing**

2.0 FTE, Workers' Compensation Adjudicator 2 (WCA2), permanent, beginning January 1, 2026. Duties include adjudicating claim validity, time-loss compensation, medical treatment authorization, vocational issues, protests and permanent partial disability awards on industrial injury and occupational disease claims under a WCA2 medical complexity. The following assumptions were used:

- Using the midpoint actuarial estimation, light duty will be reduced by 330 non-Washington Stay at Work (WSAW) and 220 (WSAW), for a total of 550 claims that now will not have a light duty opportunity.
- WCA2s currently handle a caseload of approximately 230 claims.
- Therefore, 2 WCA2 FTEs are needed. ( $550 \text{ claims} / 230 \text{ claims per WCA2} = 2.4$ )

It is estimated that 100 of the 550 additional compensable claims would become long-term disability (LTD) claims. ( $17\% \times 550 = 95$ ) It is expected that the LTD claims will end up in a claims manager's current caseload. A future budget request may be needed if the workload is greater than anticipated.

1.0 FTE, Program Specialist 4, temporary, from January 1, 2025 through December 31, 2026. Duties include providing educational outreach consisting of presenting training and information to external vocational providers, employers, employer groups and representatives, internal staff and other agencies on the new legislative requirements. This includes writing informational publications, providing educational presentations, attending meetings, and having direct customer contact by phone and/or by webinar.

1.0 FTE, Project Manager (WMS2), temporary, from July 1, 2024 through June 30, 2026. Duties include managing the implementation of the bill; assisting with changes in processes,

procedures, and tasks; rulemaking; updating publications; assisting with information technology services requests; implementing training and resources.

0.5 FTE, Management Analyst 5, temporary, from July 1, 2024 through June 30, 2026. Duties include developing and executing the organizational change management strategy and associated plans to implement this bill. This includes changes to business process, developing and implementing training materials, and communication strategies.

### **Information Technology**

There will be minimal programming work necessary and will be done with existing programming resources, and folded into future update scheduling. To prepare for updating this will require gathering business and information technology requirements; redesigning business processes; monitoring policy and rule changes; and coordinating with communications. One, temporary Information Technology Business Analyst-Journey from July 1, 2024 through June 30, 2026.

### **Third party contract**

\$400,000 is needed to conduct research and provide a report as required in section 2(4)(n)(ii) of the bill. This estimate is for 1,000 hours at \$400 per hour implemented as follows:

- \$80,000 (200 hours) in fiscal year 2025 regarding research study requirements and data access.
- \$80,000 (200 hours) in fiscal year 2026 collecting data.
- \$120,000 (300 hours) in fiscal year 2027 analyzing data, conducting worker surveys, or focus groups.
- \$80,000 (200 hours) in fiscal year 2028 collecting data with nonprofits and comparing outcomes with employer of injury.
- \$40,000 (100 hours) in fiscal year 2029 completing report.

### **Printing & Mailing**

\$289,282 is needed for printing and/or mailing costs for:

- Direct mailing postcard to 260,000 employers for a cost of \$180,600, to be spent in fiscal year 2026.
- Mail insert into annual rate notice for 260,000 employers for a cost of \$18,980, to be spent in fiscal year 2026.
- Updating numerous publications, including multiple language versions, for a cost of \$89,702, to be spent in fiscal year 2026.

**Rule making**

\$5,000 is needed for two rule making hearings to during fiscal year 2025. The average cost of one rule making hearing is \$2,500. (2 hearings x \$2,500 each = \$5,000)

**Indirect Costs**

The amount included in this fiscal note for indirect is:

Fund Name		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
608	Accident	0	9,500	14,500	8,000	6,500	6,500
609	Medical Aid	0	9,500	14,500	8,000	6,500	6,500
<b>Total:</b>		<b>\$0</b>	<b>\$19,000</b>	<b>\$29,000</b>	<b>\$16,000</b>	<b>\$13,000</b>	<b>\$13,000</b>

The department assesses an indirect rate to cover agency-wide administrative costs. Labor and Industries’ indirect rate is applied on salaries, benefits, and standard costs. For fiscal note purposes, the total indirect amount is converted into salary and benefits for partial or full indirect FTEs. Salary and benefits costs are based on a Fiscal Analyst 5 (Range 59, Step G).

**Part IV: Capital Budget Impact**

None.

**Part V: New Rule Making Required**

This legislation would result in rule changes to:

- WAC 296-16A-020, I am an employer insured with the department. How can I qualify for stay-at-work reimbursements?

- WAC 296-19A-070, What information must an assessment report include?
- New rules would also need to be created in WAC 296-16A and WAC 296-19A.