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## Workers' comp has biz groups stirred up

Puget Sound Business Journal (Seattle) - by [Deirdre Gregg](#) Staff Writer

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Businesses large and small agree that they want reform of the state's workers' compensation system, which has come under scrutiny after steep rate hikes for 2003 and 2004.

But the best way to go about that reform is still being debated.

The Association of Washington Business, which celebrates its 100th birthday this year, is pushing legislation in the state Senate for immediate changes, but is trying to decide on a plan for broader future reform. AWB is talking with the governor's office about a possible workers' comp task force that would bring business and labor together to make recommendations, but the group may also consider putting forward a reform initiative.

"If more people want to go the initiative route than want to sit down and negotiate, then negotiations would be futile," said Don Brunell, president of the association. "That's the bridge we've got to cross as an employer community."

The Building Industry Association of Washington, which went directly to voters to score big wins on ergonomics rules and unemployment insurance in the past two years, is more definite. BIAW says the task force won't work and is mulling going the initiative route again, said Tom McCabe, executive vice president for BIAW.

The National Federation of Independent Business (NFIB), which represents small business, is also dubious about the task force and said it prefers to push legislative fixes now.

The task force is "a good idea at the wrong time -- (Gov. Gary Locke) should have done it four years ago," said Carolyn Logue, state director for NFIB.

### Rising rates

Two years ago, the state's industrial insurance fund was spending more on benefits and administration than it was collecting in premiums and investment income.

"In 2002, or every dollar a worker and employer paid in premiums, we paid benefits of \$2.05," said Robert Nelson, spokesman for the state Department of Labor and Industries. "The difference was made up by investment earnings and money built up in contingency reserve, but we couldn't keep doing that once investment earnings diminished."

Labor and Industries raised workers' comp premiums by an average of 9.8 percent for 2004, after a 29 percent increase in 2003.

Critics say L&I mismanages finances and is inefficient in processing claims. Businesses want action on court rulings that have driven up benefit payouts, and want independent auditors to weigh in on the level of reserves the department maintains. Some business groups also want to open the system to competition by private insurers.

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"There's not a substantive difference on what needs to happen -- the difference is how," said Logue.

Late last year, Locke reconvened the Washington Competitiveness Council, which recommended setting up a workers' compensation task force.

Locke contacted the Association of Washington Business in November to discuss the task force. He also asked AWB to stand down during the legislative session and wait for the commission's report.

"It is important to note that from the beginning, we said that we could not agree to that request and proceeded with our workers' comp legislative agenda," said Don Brunell, president of AWB, in an e-mail he sent to business leaders.

The governor asked the newly formed Policy Consensus Center, a joint effort of the University of Washington and Washington State University, to get involved. Representatives of the center met with Brunell and Rick Bender, president of the Washington State Labor Council, AFL-CIO, during the first week of February.

If both sides agree to go forward, the governor would appoint a task force with equal representation from business and labor. While the scope of the task force is still being defined, it would likely include rate-setting policies and vocational rehabilitation issues.

AWB has concerns about what will happen after the 2004 election, but is open to discussing the task force while continuing to work on its current legislative agenda.

"My recommendation would be to see if a process can be pulled together that will gain some traction to resolve problems," Brunell said in the e-mail. "I am under no illusion that this process will be easy and in the end it may be futile."

That next step will be deciding whether to set up a task force at all, Brunell said. "It's not a slam-dunk that there's going to be a process to begin with," he said.

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