



November 6, 2009

Ronald Moore
Employer Services Program Manager
Department of Labor and Industries
PO Box 44000
Olympia, WA 98504-4000

Dear Mr. Moore:

On behalf of our more than 36,000 member families, Washington Farm Bureau thanks you for the opportunity to comment on the proposed changes to workers' compensation premiums for 2010.

The proposed average 7.6 percent rate increase for next year is yet another blow to farmers and ranchers across this state during tough economic times. In general, farmers in Washington state find themselves in a precarious position due, in part, to rising input costs (including labor and labor-related expenses) while facing the reality of receiving lower prices for their goods due to interstate and even international competition. Increasing costs for farmers only serves to hamper their efforts to provide food and fiber to the rest of the state.

Washington Farm Bureau opposes any increase in workers' compensation premiums without reform to the workers' comp system.

Our agricultural employers are wary of pumping more money into a broken system. We understand that the Department of Labor and Industries has cited factors for the increase that were largely due to the recession: reduced investment returns, fewer premiums paid because fewer hours were worked, and fewer jobs for injured workers to return to.

While these facts may be true, we believe that these are not the only factors involved. Other issues related to claims and pensions are principal factors in driving up workers' comp costs. In many aspects, the Washington state system deviates from national averages. For example:

- The average injured worker in Washington misses 266 days of work, which is figured by dividing the total days of time loss by the number of time loss claims for each accident quarter. This is almost twice the national average and is an increase since June 2009 when it was 257 days. By comparison, that figure in

Oregon is about 70 days. We encourage the department to make major changes in claims management to reverse this trend.

- Since 1990, claims have dropped 52 percent. Workplaces are safer, but workers' comp tax rates are more than 50 percent higher than they were 10 years ago. There are fewer claims, but dramatically higher costs.
- We have the highest pension rate in the nation. More than 50 percent of injured workers are likely to receive a pension from L&I if they have been off work more than two years. In fact, pension rates have increased more than 300 percent since 1996.
- Administration costs at the Department of Labor and Industries have increased 82 percent from 1999 to 2009. This fact raises questions about department efficiencies regarding operations and claims management.
- Each year the department uses more than \$50 million of workers' comp premiums for programs that are unrelated to workplace injuries. This money could and should be used to pay for claims and/or reduce premiums.

We need to fix our system and reduce costs without reducing important benefits that injured workers need most. Below are several ideas the department should consider in an attempt to reform the fundamentals of its workers' comp system.

- **Manage the fund better:** End diversions of workers' comp funds to programs that are not related to workplace injuries.
- **Create a settlement option:** Washington is one of only a handful of states that does not allow workers to voluntarily close claims in exchange for lifetime medical treatment and a lump-sum payment. Allow workers, employers, and L&I the voluntary option to negotiate a final settlement and close the claim for a lump-sum payment.
- **Better define occupational disease:** Washington has one of the broadest occupational disease definitions in the country. It must be revised to exclude conditions that are not work-related.
- **Allow for medical provider networks and expand COHE to the entire state:** The pilot project conducted in several counties proved that Centers of Occupational Health and Education significantly reduced costs, injured workers received appropriate care, and workers were able to return to their job of injury much sooner. Injured workers deserve access to occupational medical providers trained and experienced in treating their particular condition. We need to establish these networks to treat injured workers statewide.

- **Allow employees to report claims directly to employers, the department, or their medical providers:** Washington is the only state in the nation where workers do not report injuries to the employer. Employers need to know right away regarding any injuries. When claims are filed quickly, they are less likely to become long-term cases. When employers can be involved in the claim right away, they can better assist the employee by helping to accommodate the employee and get the injured worker back to work much sooner.
- **Provide multiple coverage options:** Allow a three-way system of private workers' comp insurance, the state-funded system, or self-insurance. Washington is one of only four states with a government monopoly that forbids private competition for industrial insurance coverage. Washington Farm Bureau believes that private insurance can be a more efficient system in managing claims and in reducing claim costs.

Again, we thank you for the opportunity to comment on the proposed changes to workers' comp premiums for 2010. On behalf of family farmers and ranchers in Washington state, we ask that the department adopt and/or otherwise support fundamental workers' comp reforms. With the state fund on a trajectory toward insolvency, these reforms should be implemented immediately before asking farmers and other small businesses owners to pay more into the currently broken system.

Sincerely,

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