

any court and timely appeal therefrom has been made where the final decision is that any such payment was made pursuant to an erroneous adjudication, the recipient thereof shall repay it and recoupment may be made from any future payments due to the recipient on any claim with the state fund or self-insurer, as the case may be. The director, pursuant to rules adopted in accordance with the procedures provided in the administrative procedure act, chapter 34.04 RCW, may exercise his discretion to waive, in whole or in pari, the amount of any such payments where the recovery would be against equity and good conscience.

~~((3))~~ (4) Whenever any payment of benefits under this title has been induced by fraud the recipient thereof shall repay any such payment together with a penalty of fifty percent of the total of any such payments and the amount of such total sum may be recouped from any future payments due to the recipient on any claim with the state fund or self-insurer against whom the fraud was committed, as the case may be, and the amount of such penalty shall be placed in the supplemental pension fund. Such repayment or recoupment must be demanded or ordered within one year of the discovery of the fraud.

Passed the House February 12, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

CHAPTER 55

[Substitute House Bill No. 1581]

INDUSTRIAL INSURANCE—SELF-INSURERS—CLAIMS CLOSURE

AN ACT Relating to industrial insurance; amending RCW 51.32.055; creating a new section; making an appropriation; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 46, chapter 289, Laws of 1971 ex. sess. as last amended by section 1, chapter 326, Laws of 1981 and RCW 51.32.055 are each amended to read as follows:

(1) One purpose of this title is to restore the injured worker as near as possible to the condition of self-support as an able-bodied worker. Benefits for permanent disability shall be determined under the director's supervision only after the injured worker's condition becomes fixed.

(2) All determinations of permanent disabilities shall be made by the department. Either the worker, employer, or self-insurer may make a request or such inquiry may be initiated by the director on his or her own

motion. Such determinations shall be required in every instance where permanent disability is likely to be present. All medical reports and other pertinent information in the possession of or under the control of the employer or self-insurer shall be forwarded to the director with such requests.

(3) A request for determination of permanent disability shall be examined by the department and an order shall issue in accordance with RCW 51.52.050.

(4) The department may require that the worker present himself or herself for a special medical examination by a physician, or physicians, selected by the department, and the department may require that the worker present himself or herself for a personal interview. In such event the costs of such examination or interview, including payment of any reasonable travel expenses, shall be paid by the department or self-insurer as the case may be.

(5) The director may establish a medical bureau within the department to perform medical examinations under this section. Physicians hired or retained for this purpose shall be grounded in industrial medicine and in the assessment of industrial physical impairment. Self-insurers shall bear a proportionate share of the cost of such medical bureau in a manner to be determined by the department.

(6) Where dispute arises from the handling of any claims prior to the condition of the injured worker becoming fixed, the worker, employer, or self-insurer may request the department to resolve the dispute or the director may initiate an inquiry on his or her own motion. In such cases the department shall proceed as provided in this section and an order shall issue in accordance with RCW 51.52.050.

(7) (a) In the case of claims accepted by self-insurers after June 30, 1986, and before July 1, 1988, which involve only medical treatment and/or the payment of temporary disability compensation under RCW 51.32.090 and which at the time medical treatment is concluded do not involve permanent disability, if the claim is one with respect to which the department has not intervened under subsection (6) of this section, and the injured worker has returned to work with the self-insured employer of record, such claims may be closed by the self-insurer, subject to reporting of claims to the department in a manner prescribed by department rules adopted under chapter 34.04 RCW.

(b) All determinations of permanent disability for claims accepted by self-insurers after June 30, 1986, and before July 1, 1988, shall be made by the self-insured section of the department under subsections (1) through (4) of this section.

(c) Upon closure of claims under (a) of this subsection the self-insurer shall enter a written order, communicated to the worker and the department self-insurance section, which contains the following statement clearly set forth in bold face type: "This order constitutes notification that your claim

is being closed with medical benefits and temporary disability compensation only as provided, and with the condition you have returned to work with the self-insured employer. If for any reason you disagree with the conditions or duration of your return to work or the medical benefits or the temporary disability compensation that has been provided, you may protest in writing to the department of labor and industries, self-insurance section, within sixty days of the date you received this order." In the event the department receives such a protest the self-insurer's closure order shall be held in abeyance. The department shall review the claim closure action and enter a determinative order as provided for in RCW 51.52.050.

(d) If within two years of claim closure the department determines that the self-insurer has made payment of benefits because of clerical error, mistake of identity, or innocent misrepresentation, or the department discovers a violation of the conditions of claim closure, the department may require the self-insurer to correct the benefits paid or payable. This paragraph shall not limit in any way the application of RCW 51.32.240.

(8) In the case of claims accepted by self-insurers after June 30, 1988, which involve only medical treatment and which do not involve payment of temporary disability compensation under RCW 51.32.090 and which at the time medical treatment is concluded do not involve permanent disability, such claims may be closed by the self-insurers subject to reporting of claims to the department in a manner prescribed by department rules promulgated pursuant to chapter 34.04 RCW. Upon such closure the self-insurers shall enter a written order, communicated to the worker, which contains the following statement clearly set forth in bold-face type: "This order constitutes notification that your claim is being closed with medical benefits only, as provided. If for any reason you disagree with this closure, you may protest in writing to the Department of Labor and Industries, Olympia, within 60 days of the date you received this order. The department will then review your claim and enter a further determinative order." In the event the department receives such a protest it shall review the claim and enter a further determinative order as provided for in RCW 51.52.050.

NEW SECTION. Sec. 2. The department of labor and industries shall conduct a study of the program established by section 1 of this act. The study shall be funded by a special assessment on all self-insured employers. The study and the special assessment shall be conducted under department rules adopted pursuant to chapter 34.04 RCW. The department shall make periodic reports on the study to the joint select committee on industrial insurance, or to the commerce and labor committees of the senate and house of representatives, or the appropriate successor committees, and to the workers' compensation advisory committee. The initial report shall be made by January 1, 1987, with quarterly reports made thereafter. A final report shall be made to the legislature at the commencement of the 1988 regular legislative session.

This section shall expire on July 1, 1988.

NEW SECTION. Sec. 3. There is appropriated twenty-four thousand five hundred dollars from the medical aid fund of the department of labor and industries and twenty-four thousand five hundred dollars from the accident fund of the department of labor and industries, or so much thereof as may be necessary, to the department of labor and industries for the biennium ending June 30, 1987, to carry out the purposes of section 2 of this act.

NEW SECTION. Sec. 4. Section 1 of this act shall take effect July 1, 1986, and shall apply to claims accepted after June 30, 1986.

Passed the House February 12, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

CHAPTER 56

[House Bill No. 1721]

INDUSTRIAL INSURANCE—SUPPLEMENTAL PENSION FUND—
OCCUPATIONAL DISEASE

AN ACT Relating to the supplemental pension fund; and amending RCW 51.48.110.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 65, chapter 289, Laws of 1971 ex. sess. and RCW 51.48.110 are each amended to read as follows:

Where death results from the injury or occupational disease and the deceased leaves no beneficiaries, a self-insurer shall pay into the supplemental pension fund the sum of ten thousand dollars.

Passed the House February 14, 1986.

Passed the Senate March 3, 1986.

Approved by the Governor March 12, 1986.

Filed in Office of Secretary of State March 12, 1986.

CHAPTER 57

[Substitute House Bill No. 1783]

INDUSTRIAL INSURANCE—SELF-INSURERS—SECURITY REQUIREMENTS

AN ACT Relating to securing the obligations of self-insured employers; amending RCW 51.14.020, 51.14.060, 51.14.070, and 51.14.080; adding new sections to chapter 51.14 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 27, chapter 289, Laws of 1971 ex. sess. as last amended by section 9, chapter 323, Laws of 1977 ex. sess. and RCW 51.14.020 are each amended to read as follows: