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Self-Insurance for Workers' Compensation

The Department of Labor & Industries (L&I) is making improvements to the Self-Insurance Program to provide improved data for participating employers, better track employer performance, and ensure compliance with the program.

What the Self-Insurance Program does

L&I's Self-Insurance Program oversees and provides services to companies in Washington that are certified to "self-insure," or pay workers' compensation benefits directly to employees who are injured or become ill on the job. More than 360 Washington companies are currently certified to self-insure. They employ about 34 percent of Washington workers.

How self-insurance works

Self-insurers are generally very large companies that can meet stringent financial requirements. They must show L&I they have the resources to pay wage replacement and medical benefits for their injured workers in order to be certified as self-insurers. L&I also conducts annual reviews of their finances to ensure they can continue to meet their workers' compensation obligations.

With some exceptions, self-insured employers manage their own worker injury claims (usually through another company, called a third-party administrator). Managing claims includes making decisions about benefits and access to care.

Exceptions for which only L&I can make claim decisions include responses to disputes, responses to protests and appeals, and allowing or denying survivor and total disability pensions.

Program improvements

L&I is updating the Self-Insurance Program to better track self-insurers' performance and ensure compliance with program requirements. Improvements include:

- **Providing improved data for participating employers:** Better data will help employers comply with the program by enabling them to more easily track their performance.
- **Developing a data management system to track caseload details and timelines:** This system will provide a more complete picture of the program and how self-insurers are performing. L&I implemented the system in 2014 and is now collecting data.
- **Modernizing the claim-compliance audit program to make it faster and more thorough:** The current audit process uses outdated technology that does not always ensure timely and appropriate benefits or meet individual employer needs. L&I is working with a stakeholder advisory group to review other states' compliance practices and data support systems, and determine where improvements are needed. L&I is beginning to test new audit processes, and is on track to pilot new components in 2015.

Need more information?

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