

## Commitment to customer service

### Mission Statement

We support the state's economic well-being by protecting the safety of Washington's workers, providing benefits to injured workers and ensuring fair wages and quality industry services.

### Principles

**We understand and embrace our mission.**

- ▣ This organization focuses on results. We make changes based on measuring our results.
- ▣ We prudently and effectively use the resources entrusted to us.

**We are committed to a knowledgeable, service-oriented, high-performing workforce.**

- ▣ We have a great work environment that values diversity, workplace safety and innovation.
- ▣ We hire people with integrity who are highly motivated and qualified.
- ▣ We promote career growth by mentoring and providing opportunities.
- ▣ In return, we have expectations of high performance.

**Ours is an organization with integrity.**

- ▣ We do what we say we are going to do.
- ▣ We treat each other and our customers with dignity and respect.
- ▣ We communicate openly with each other and our customers.
- ▣ We are committed to clear rules and policies and fair and consistent enforcement.

**We are dedicated to providing high-quality and timely customer service.**

- ▣ We treat our customers as we wish to be treated, responding promptly and carefully to their needs.
- ▣ We make decisions quickly. We hold people accountable to make prompt and appropriate decisions.
- ▣ We work diligently to make sure customers clearly understand the processes we use and the reasons for our decisions.

# 2006

## Annual Report

### 2006: A Year of Achievement at Labor and Industries

- ▣ Workers' compensation insurance for 165,000 employers and 2.4 million workers
- ▣ \$1.5 billion in premiums collected
- ▣ \$1.5 billion in benefits paid to injured workers
- ▣ Workplace hazards fixed: 46,000
- ▣ Unpaid wages collected: \$2.3 million
- ▣ Electrical wiring jobs inspected: 300,000
- ▣ Boilers and elevators inspected: 33,000
- ▣ Apprentices registered: 14,000

#### 2006 Annual Report

For additional copies of the 2006 Annual Report, contact the Labor and Industries office nearest you.

This publication is also available online at [www.LNI.wa.gov/IPUB/101-078-000.pdf](http://www.LNI.wa.gov/IPUB/101-078-000.pdf)

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## A year of achievement at L&I

The Department of Labor and Industries (L&I) has many important responsibilities – workers' compensation insurance coverage, protecting workplace health and safety, making sure workers are paid their wages, issuing electrical permits, registering contractors, inspecting elevators, and more.

This annual report provides you with statistics that show the volume of work L&I completed in Fiscal Year 2006 (July 1, 2005, to June 30, 2006).

L&I was able to achieve many things during this year, including, **improving speed and quality of customer service** to the citizens of Washington, providing **clear customer communication**, and ensuring **fairness and transparency** in its transactions.

### Highlights from 2006

**Workers' compensation premium rates are stable and predictable.** Rates for 2006 were held to generally the same level as 2005 and rates for 2007 are going to be about 2 percent lower. The state's rates are among the lowest in the nation, according to a nationally recognized study, and benefits remain among the highest in the nation, according to several studies. For more information: [www.StateFundFinancial.LNI.wa.gov](http://www.StateFundFinancial.LNI.wa.gov).

L&I also **contained medical costs** in 2006. For nearly a decade, L&I's medical inflation has averaged 6.5 percent annually, compared to a 9.3 percent average for all other workers' comp insurers.

For the second year in a row, L&I received encouraging news about an experimental project that involves assisting health-care providers in providing better care for injured workers. A University of Washington study found that the Center of Occupational Health and Education (COHE) in Spokane got injured workers back on the job 33 percent faster and saved more than \$3 million in workers' compensation insurance claim costs. Similar results were reported last year for the COHE in Renton. In one year, the Renton COHE, which

serves workers in South King County, saved the state's workers' compensation system nearly \$6 million.

L&I had a renewed emphasis on **helping small business**, including making forms easier to understand and clearing away red tape. A small-business liaison was appointed, whose job is to help small-business owners work their way through L&I's system and get their problems resolved. The agency continues to hold Small Business Roundtables around the state. The purpose is to listen to what small- and medium-sized employers have to say about L&I, good and bad. And L&I staff are taking action to deal with the issues identified by these important L&I customers. For more information: [www.LNI.wa.gov/news/smallbusiness](http://www.LNI.wa.gov/news/smallbusiness).

The agency also is doing a number of things to promote **workplace safety**. Earlier in the year, the agency's workplace safety and health program was restructured to ensure statewide continuity and consistency. The division formerly known as WISHA is now DOSH, or Division of Occupational Safety and Health, to better reflect its function and purpose. DOSH will continue to build knowledge and training of its safety and health specialists in order to achieve statewide enforcement consistency. In addition, specialized training will be provided to staff as the division expands its services, and will include the development of a fatality response team.

L&I is focusing injury-prevention efforts in areas that will provide the greatest benefit to employers and workers. The agency is developing educational materials and outreach to address the most prevalent injuries. L&I management also has entered into partnerships with trade and business associations to collaborate on ways to make workplaces safer. For more information: [www.LNI.wa.gov/safety/](http://www.LNI.wa.gov/safety/).

L&I is taking fraud and the **prevention of fraud** very seriously. In FY 2006, the agency had a return on investment of \$10.20 for every dollar spent, collecting \$135 million in delinquent premiums, overpayments, penalties and interest.

L&I's Online Claim and Account Center is providing a secure, convenient way to quickly check the status of a workplace-injury claim or employer account. It continues to attract more users and is getting rave reviews from employers, injured workers and the medical office staffs.

### The Future

**L&I is committed to providing even better customer service in 2007. Look for enhanced performance in these areas:**

- Operating more efficiently to increase the timeliness of our service and speed up decision-making.
- Continuing to work to provide stability in workers' compensation premium rates. Rates will be an average of 2% lower in 2007 than in 2006. The agency also has proposed a six-month partial suspension of Medical Aid Fund rates during the last six months of 2007 to reduce excess reserve funds. Washington employers and workers would save \$315 million in premiums as a result of the proposed rate suspension.
- Helping injured workers get the medical help they need and return to work as soon as possible.
- Providing more ways for employers and workers to obtain the assistance they need to make their workplaces safe.
- Conducting a pilot study of allowing employers to report worker injuries for workers' compensation claims. Currently, only health-care providers and workers can file injury reports.

# The Department of Labor and Industries in 2006

## One of the largest workers' compensation insurers

Washington's workers' compensation system is the tenth largest workers' compensation insurer in the nation. This no-fault insurance system pays medical expenses and partially replaces lost wages for workers who suffer job-related injuries or illnesses.

### How it works

When a worker is injured, his or her doctor notifies the Department of Labor and Industries. L&I pays the medical treatment costs for the injury. If the worker is off work more than three days, then L&I also pays the worker to partly offset lost paychecks until he or she can return to work. Pensions also are paid to workers whose injuries or illnesses preclude ever returning to work and to survivors of workers who die from work-related injuries or illnesses.

### Funding is from three sources:

- ▣ Quarterly premiums paid by employers
- ▣ Payroll deductions from workers
- ▣ Income from investments

Each employer is charged based on how hazardous their industry is and their own accident record. Washington is the only state where workers pay a significant percentage of premiums, about 25 percent.

About two-thirds of Washington workers are covered by the state system. The other one-third are workers at federal facilities, and some larger local governments and large employers who are self-insured. L&I regulates self-insured coverage, ensuring that those workers receive the same rights and benefits as workers in the State Fund.

For more information: [www.LNI.wa.gov/ClaimsIns/Insurance/](http://www.LNI.wa.gov/ClaimsIns/Insurance/)

### Workers' compensation at a glance

Operating Environment	2006	2005
Employers insured	165,000	161,000
Workers covered	2,400,000	2,300,000
Premiums paid by employers	\$1,218,046,000	\$1,108,948,000
Premiums paid by workers	\$307,371,000	\$301,506,000
Claims costs incurred	\$1,414,420,000	\$1,386,587,000
Number of claims filed	140,887	139,359
New time-loss claims	29,615	28,521
Medical-only claims accepted	97,964	96,289

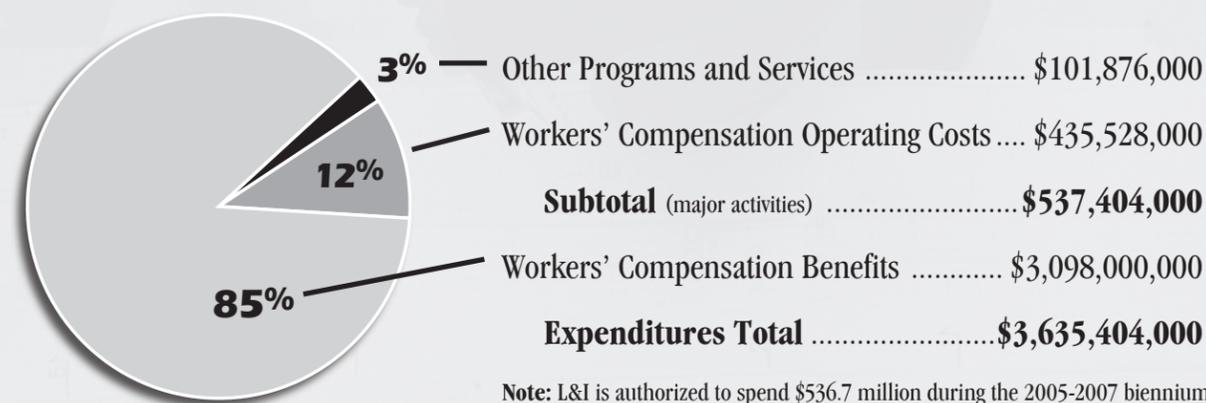
Most Frequent Injuries	2006	2005
Cut/abrasion on the hand/finger	18,516	16,695
Sprain/strain back	14,574	14,804
Sprain/strain lower extremities	7,201	6,564
Eye injuries	6,127	5,486
Sprain/strain trunk	5,535	5,136

Note: The fiscal year is July 1 through June 30. FY2006 statistics are not final.

### Projected Revenue Collected (2005 – 2007 Biennium)



### Projected Expenditures Disbursed (2005 – 2007 Biennium)



Note: L&I is authorized to spend \$536.7 million during the 2005-2007 biennium to operate the workers' compensation system and provide other programs and services. Projected expenditures do not include the "reserve fund," monies set aside to cover future costs of current claims beyond June 30, 2007. Projected expenditures include FY2006 supplemental funding.

### Local L&I Offices and Main Phone Numbers

Hours: 8 a.m. to 5 p.m., weekdays (except state holidays)

<b>Aberdeen</b> ..... 360-533-8200	<b>Kennewick</b> ..... 509-735-0100	<b>Spokane</b> ..... 509-324-2600
<b>Bellevue</b> ..... 425-990-1400	<b>Longview</b> ..... 360-575-6900	<b>Tacoma</b> ..... 253-596-3800
<b>Bellingham</b> ..... 360-647-7300	<b>Moses Lake</b> ..... 509-764-6900	<b>Tukwila</b> ..... 206-835-1000
<b>Bremerton</b> ..... 360-415-4000	<b>Mount Vernon</b> ..... 360-416-3000	<b>Tumwater</b> ..... 360-902-5799
<b>Colville</b> ..... 509-684-7417	<b>Port Angeles</b> ..... 360-417-2700	<b>Vancouver</b> ..... 360-896-2300
<b>E. Wenatchee</b> ..... 509-886-6500	<b>Pullman</b> ..... 509-334-5296	<b>Yakima</b> ..... 509-454-3700
<b>Everett</b> ..... 425-290-1300	<b>Seattle</b> ..... 206-515-2800	

## Workplace safety and health goal is protecting workers

L&I works with employers and workers to increase the safety of Washington workplaces.

- ▣ Safety consultants work with employers to find and fix hazards, improving workplace safety and health.
- ▣ Inspectors investigate work-related fatalities, catastrophic accidents and employee-initiated complaints. Inspectors also conduct targeted inspections that focus on industries and employers with high rates of occupational injury or illness.

The agency also provides training for employers that includes workshops, online interactive information, publications, videos and other training resources.

### Workplace safety at a glance

Workplace safety	2006	2005
Workplaces inspected	7,167	7,165
Workplace-safety consultations	3,136	2,889
Total hazards addressed	45,971	44,559
Timely correction of hazards	95.4%	96.5%

## Protecting workers' wages, hours, and more

L&I enforces child labor laws, as well as laws that protect workers' wages and working conditions. L&I also oversees apprenticeship programs and administers rules covering prevailing wage on public-works construction projects.

### Employment standards/Apprenticeship at a glance

Employment standards	2006	2005
Unpaid wages collected for workers	\$2,300,000	\$1,900,000
<b>Apprenticeship</b>		
Apprentices signed up for work and training	13,693	11,937

## Protecting the public from unsafe work and economic hardship

L&I technical experts protect the public by inspecting electrical work, boilers, elevators and manufactured homes. The agency also tests and licenses electricians and certifies plumbers. L&I registers construction contractors, requiring them to be insured and bonded.

### Construction trades at a glance

Construction trades	2006	2005
Electrical wiring jobs inspected	297,865	297,928
Building contractors registered	56,000	54,000
Boilers checked for safety	17,680	21,263
Elevators inspected for safety	15,574	14,418