Washington State Department of Labor & Industries

Office of the Ombuds for Injured Workers of Self-Insured Employers

Fiscal Year (FY) 2025 Annual Report to the Governor

September 2025

Table of Contents

Figures

A MESSAGE FROM THE ACTING OMBUDS

I am honored to serve as Acting Ombuds and carry on our important work. Our priority continues to be advocating for injured workers of self-insured employers. This year's report highlights progress toward the program's priorities and recommended improvements. In the Executive Summary and throughout the report, you will find information focused on three key areas:

1. **Ongoing work.** The Ombuds team resolved 1,937 inquiries during the 2025 fiscal year. The team continues to provide support and training for the self-insured community, and offers a confidential dispute-resolution process that allows for informal and quick resolution to concerns.

2. **Impacts of new legislation and rules.** Important legislation was passed in 2025 to standardize payments between married and unmarried workers (HB1788); expand the duty of good faith and fair dealing to all self-insured employers (SB5463); and require the Department of Labor and Industries (L&I) to fulfill obligations of a decertified self-insured group or municipal employer, and require a decertified self-insured group or municipal employer to reimburse L&I for any payments made (HB1275).

3. **Deficiencies and recommendations.** There are several recommendations outlined for improvement. We continue to recommend establishing a centralized, electronic claim filing and reporting system that will make it easier for workers to file self-insured claims. Implementing partial pensions for injured workers unable to return to their job of injury; simplifying the complex self-insured wage calculation process; allowing for coverage of routine testing on closed occupational disease cancer claims; and begin incorporating Centers of Occupational Health and Education (COHE) best practices for the self-insured community. Continued modernization of Self-Insurance Program compliance and audit processes is also important, ensuring evolution of L&I's regulatory and enforcement efforts, shifting focus from readjudication to stronger regulation through comprehensive audits, and enforcement efforts.

Thank you for your continued support of the Ombuds Office. I look forward to listening and learning from all stakeholders as we work together toward the shared goal of improving the self-insured workers' compensation system and supporting injured workers.

Ciara High
Acting Ombuds for Injured Workers of Self-Insured Employers

Executive Summary

Introduction

The Department of Labor & Industries' (L&I) Self-Insurance Program oversees and provides services to certified self-insured employers (SIE) in Washington. SIEs pay workers' compensation benefits directly to employees who are injured or become ill due to their job. More than 330 Washington companies are certified to self-insure, employing about 25% of Washington's workforce.

Self-insured employers manage their own workers' compensation claims, usually through a third-party administrator (TPA). This includes making decisions about paying benefits and accessing medical care.

Office of the Ombuds

In 2007, the state Legislature established the Ombuds Office for injured workers of self-insured employers, with the mission of advocating for injured workers. To accomplish this mission, the Ombuds Office coordinates with workers, employers, and medical providers, or their representatives, to:

- inform injured workers about industrial insurance and their rights and responsibilities;
- investigate and resolve complaints;
- identify Self-Insurance Program deficiencies; and
- recommend policy solutions.

Ombuds Office staff collaborates with multiple stakeholders and conducts community outreach to help ensure the Ombuds program's awareness and success.

About this report

This report to the governor is an annual requirement under Revised Code of Washington (RCW) 51.14.400 for the fiscal year July 1, 2024, through June 30, 2025. It summarizes each year's Ombuds Office activities, including:

- issues addressed during the past year, along with case scenarios;
- activities, findings, and community outreach; and
- identifying deficiencies in the self-insured workers' compensation system, and providing recommendations for improvement.

The Ombuds Office is committed to L&I's mission to *keep Washington safe and working*. The initiatives described in this report aim to ensure fair and equitable benefits for injured workers, and continual process and systemic improvements.

Summary of Fiscal Year 2025 activities and findings

The issues and activities addressed in this report are for FY 2025. During this time, the Ombuds Office team resolved 1,937 inquiries.

Of the 1,937 inquiries, 826 resulted in an investigation, while the others were resolved by sharing information and resources. Investigations involved 45% of SIEs. Our top reported issues are consistent with prior reporting periods and include:

- delays in time-loss benefits, medical treatment, and medical bill payments;
- claim status issues, such as claim allowance, closure, denial, and re-opening;
- unresponsive SIEs and TPAs;
- regulatory process delays, including incorrect use of required templates/forms and reporting;
- IME concerns, including concerns around IME usage and not sending reports to workers and providers; and
- incorrect wage and loss of earning power benefit calculations.

The Ombuds Office attempts to resolve each issue quickly by working directly with the self-insured employer or TPA. The Ombuds Office engages L&I's Self-Insurance Program for resolution when appropriate.

Ombuds Office: other priorities and changes

The previous Ombuds, Donna Egeland, retired in March 2025. We appreciate her dedication and commitment to supporting injured workers and her many contributions toward improving the self-insured workers compensation system. I am grateful for the opportunity to serve as Acting Ombuds to ensure continuity of our services and efforts. We remain committed to our mission and being a strong advocate for injured workers of self-insured employers.

Our office participates in several outreach events and continues to offer requested training and resources to our stakeholders. We look forward to expanding our outreach efforts with more focused training opportunities and work to increase the number of outreach events we attend.

The Ombuds Office continues to focus on supporting a positive customer experience — workers reach out to our office to get answers and resolutions to concerns that are complex and difficult to navigate. It is important that we effectively and timely resolve concerns so that workers feel empowered and heard, and understand their rights and options.

We encourage any interested party to use our services as a neutral and confidential space to address concerns and seek resolution. We are happy to connect and discuss how we can help empower workers, promote education of workers' rights and responsibilities, and enhance claim processes.

Self-Insurance Program

The Self-Insurance Program has revamped its audit model. The audit cycle has changed from a 2-year to a 3-year cycle, with the first cycle starting July 1, 2025. This audit will cover all employers and include additional audit concepts identified through review of penalty data trends, our report, and stakeholder feedback. We are encouraged to hear that all employers, even those with no eligible claims, will still be required to participate in an interview to ensure important processes are in place. The Ombuds Office continues to recommend increased audit volume. While we understand the current staffing constraints, we hope that continued efforts are made to streamline processes and increase the minimum number of claims audited — currently a minimum of only five claims per employer.

The Ombuds Office self-insured audit priorities continue to include making sure audit volume is commensurate with employer size; ensuring adequate allocation of audit resources to include issue and complaint-based audits; and monitoring a variety of compliance trends. We will also monitor the impacts of enforcement efforts on self-insured employers and TPAs that continue to have findings. We encourage engagement and collaboration with all stakeholders through the Audit Governance Committee, with the goal of creating and maintaining a fair and effective audit system.

The Self-Insured Program has enhanced its stakeholders' experience through more consistent communication and education on claims management and required reporting, such as Self-Insurance Electronic Data Reporting System (SIEDRS). The self-insured program completed a Claims Process Project, with goals of creating greater efficiency and consistency in claims processes and overall improvements in claims management. This included a process improvement with disputes that will request a 15-calendar day response time with an expected resolution of 60 days vs. the prior 90-day period. This should reduce the time it takes L&I to resolve disputes.

Our office appreciates these improvements and efforts to educate stakeholders with consistent and reliable resources and expectations. We hope this will help improve overall compliance and claims management practices.

Ombuds Office recommendations

The Ombuds serves on several committees and workgroups, and collaborates with multiple stakeholders to identify Washington self-insured workers' compensation system improvements.

Current Ombuds Team Recommendations:

- Filing a workers' compensation claim should be easy for all workers. L&I should implement a solution to expedite claim filing and reporting with a centralized, electronic single pathway, similar to that of the State Fund accident reporting system. The process for filing self-insured claims creates unnecessary barriers for workers, medical providers, and employers. This electronic system should allow a claim to be initiated by the injured worker, medical provider, or SIE or its representative TPA.

  We recommend that the self-insured business community and L&I consider agreeing to a special allotment of funds pursuant to RCW 51.44.145. These funds could also be used to fix

other IT issues and enhance data collection systems such as the Self-Insurance Electronic Data Reporting System (SIEDRS) and electronic data interchange (EDI), and improve transparency and reporting of performance measures. Any use of these special funds should be carefully monitored to ensure project goals are met and that funds are used efficiently.

- Shift the focus of the Self-Insurance Program from claim readjudication to education/training, audits, enforcement, and electronic data reporting. This concept aligns with L&I's goals of making it easier to do business with L&I and focusing efforts on bad actors. Expanded authority must be accompanied by strong L&I regulation to include consistent penalties, corrective action, and effective and transparent monitoring of violations.

- Solve delays related to medical-only claim issues, including requiring allowance orders on medical-only claims. The current statute (RCW 51.14.130), which requires timely claim allowance or denial, does not provide an exception for medical-only claims. Self-Insurance rules, however, do not require these orders due to limited resources.

- Explore options for SIEs and TPAs to self-enforce, including mandatory automatic penalties for late payment of time-loss disability benefits. This could also free up resources to focus on other audit priorities. Automatic late time-loss payment penalties should decrease benefit payment delays — one of the top sources of complaints to the Ombuds Office.

- The Washington complex wage calculation continues to be an issue in the self-insured claim process (e.g., time-loss benefit underpayments and repayment of overpayments, and time and resources it takes to audit wage calculations). Solutions should be explored that maintain fairness and equity for all injured workers and streamline administrative processes for SIEs, including an acceptable, consistent entitlement for all injured workers.

- Self-Insurance has enhanced stakeholder experiences by implementing process changes aimed at providing consistent, reliable resources and resolutions. We believe there can be additional process improvements to the worker experience, such as increased awareness of processes and resources, such as standardized communications for disputes and protests. We encourage a partnership with our office on any worker outreach and education efforts, and look forward to this collaboration.

Other initiatives supported by this Office

- IMEs continue to be a source of inquiries and complaints to the Ombuds Office. The new rules related to SHB 1068 have caused confusion and delays with IMEs and claim management processes. IME investigations have remained steady, with a majority of investigative issues related to failure to send the IME report to the injured worker or medical provider and concerns with purpose or number of examinations. L&I has reported that state fund data shows a decrease in the number of IMEs performed since 2018, and that cancelations are down to levels prior to the implementation of recording rules, largely due to improved processes and communication.

  Based on external feedback, L&I is not moving forward with proposed IME rules. A pilot, which started March 1 has been extended through February 2026 with a third-party vendor for recording. Workers may opt to use the service in lieu of using their own device to record, and examiners may use the service if a worker agrees to co-recording. We look forward to hearing the results of the pilot and any future rulemaking efforts or changes to IME policies.

- We continue to believe that self-insured employers and their workers would benefit from the services offered by COHE. These services, such as coordinating care, engaging in return to work conversations, and training providers in best practices could help reduce concerns with medical treatment delays, which is consistently one of our top complaints received.

  L&I has completed a gap analysis and will prepare for discussions with representatives of the self-insurer community on solutions and next steps. The project team looks forward to these discussions and to offering recommendations on how to incorporate COHE best practices for self-insured employers and their workers.

- In July 2025, qualified psychologists were permitted to be attending providers for claims solely for mental health. This legislation should improve worker-centric care by expanding access to evidence-based treatment, aligning psychologists with medical colleagues, and reducing treatment delays by connecting workers with care more quickly.

  L&I has implemented several Posttraumatic Stress Disorder (PTSD) projects over the past year. This includes identifying data elements to produce reports and ensuring proactive evaluation of PTSD-relevant practices and programs. L&I produced a report to the legislature, Posttraumatic Stress Disorder (PTSD) Survey and Jurisdictional Review, in June 2025. L&I has also partnered with the Industrial Medical Advisory Committee (IIMAC) to develop a clinical guideline for PTSD, with a target completion date of fall 2025.

  These continued efforts to enhance access to all providers, including those who can treat mental health, should be an ongoing collaborative effort. The self-insured community can support these efforts by streamlining internal processes, eliminating administrative burden, standardizing expectations, offering effective provider communication, and reducing billing delays.

Additional recommendations

- Injured workers should be allowed to return to some form of gainful employment when they are unable to return to their job of injury. L&I should identify a solution to help injured workers return to a lighter job without jeopardizing their entire workers' compensation pension, such as a partial pension.

  Partial pensions can improve positive outcomes for injured workers while helping to reduce rising trends in long-term disability. This aligns with L&I's goals of improving outcomes for workers and helping injured workers heal and return to work.

- We recommend allowing routine medical surveillance examinations on closed cancer-related occupational disease claims. Injured workers who have a closed occupational disease claim related to cancer must officially apply to reopen their claim for routine medical surveillance examinations to be covered. These routine examinations are allowed without having to file a reopening application for some claims, such as for asbestosis-related claims and some pensions.

Conclusion

The Ombuds Office is committed to a strong advocacy program for injured workers, including timely and efficient resolution of issues and complaints. The Ombuds Office continues to advocate for new rules and procedures to further the goal of continual process improvement.

Introduction

The Office of the Ombuds for Self-Insured Injured Workers advocates for injured workers of self-insured employers, identifies program deficiencies, and makes recommendations for policy and process improvements.

The Ombuds Office helps injured workers and their representatives with questions and concerns about industrial insurance rules and regulations, and quickly resolves complaints. The Ombuds Office team offers a high level of customer service to help injured workers navigate the complex workers' compensation system.

The Ombuds Office works to ensure a smooth claim process for injured workers by identifying process improvements and related policy enhancements. Effective collaboration is crucial; the team strives to maintain objectivity and positive relationships with all stakeholders, including worker advocates, L&I staff, and the self-insured business community.

This report describes the structure of the Ombuds Office and Self-Insurance in Washington. This is followed by a summary of inquiries and investigation results for FY 2025, including statistical analysis of the issues addressed. Each section then details work to resolve issues and process-improvement recommendations.

Office of the Ombuds

SIEs fund the Ombuds program. RCW 51.14.300 through 51.14.400 governs the program. All information is strictly confidential, and injured workers are informed of their rights to confidentiality under RCW 51.14.370.

Gov. Bob Ferguson appointed the current Acting Ombuds effective March 2025. The Ombuds reports to L&I Director Joel Sacks, yet operates independently from the agency. The Ombuds Office team consists of the official Ombuds, one operations and outreach supervisor, two workers' compensation adjudicators, and a program specialist.

Ensuring fair and certain relief on behalf of injured workers is the primary mission of the Ombuds Office. The Ombuds operates in the best interest of all parties involved in the Washington self-insured employer workers' compensation system.

PRIMARY RESPONSIBILITIES

Investigate and resolve complaints

- We ensure injured workers receive appropriate benefits under Washington industrial insurance rules and regulations. It is important for workers to understand their rights and responsibilities and the investigation process. The Ombuds Office's top priority is to resolve all complaints as efficiently and quickly as possible, maintaining contact with the worker throughout the investigation process. When a timely resolution is not feasible, we refer the complaint to L&I's Self-Insurance Program for further action.

Provide information and training

- We address questions and concerns about the workers' compensation process. The Ombuds Office team strives for excellent customer service and empathy — helping workers understand and navigate the often-complex workers' compensation claim process. The team provides a range of training and education on appropriate regulations, administrative procedures, and claim management tools and resources.

Track complaints and inquiries

- We maintain a comprehensive database of complaints and inquiries, and document outcomes and analyze trends. Ombuds staff uses data analytics to identify systemic issues and potential policy and process improvements.

Recommend policy and process improvements

- We identify solutions and opportunities for potential self-insured program improvements. To prepare our recommendations, we coordinate with relative L&I divisions, external stakeholders, workgroups, committees, and other groups.

Maintain collaborative relationships

- We cultivate positive relationships with all interested parties, including worker advocates, L&I staff, and the self-insured business community.

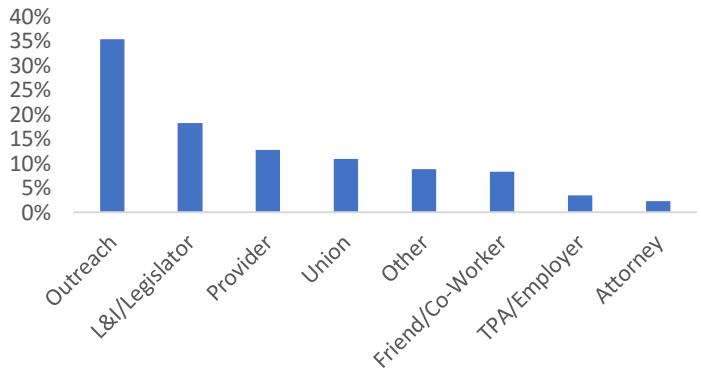
Conduct community outreach

- We participate in community events to provide stakeholders with training and education. Participating in conferences, meetings, and committees offers meaningful ways to share information, build relationships, and identify issues and solutions.

Referrals

As shown in Figure 1, L&I staff, legislators, outreach materials, and worker advocates are the major source of referrals to the Ombuds Office. Other sources include friends, medical providers, attorneys, and employers and their representatives.

Figure 1: Referral sources



Source: Self-Insurance Ombuds Database (SIOD)

SELF-INSURANCE IN WASHINGTON

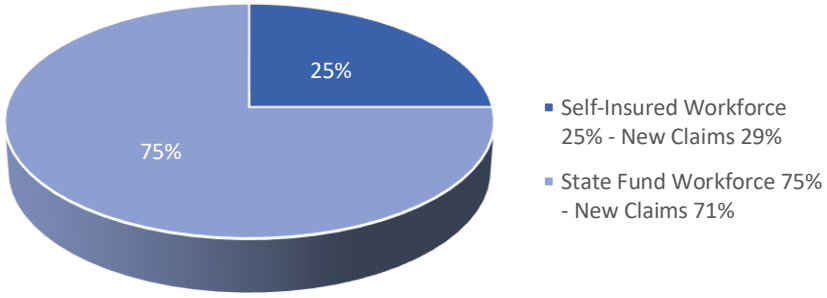
SIEs typically represent the state's largest companies. They choose to self-administer their workers' compensation program or contract with a TPA to manage their claim process. L&I has regulatory authority over all industrial insurance rules and regulations, and enforces these regulations for SIEs. This includes providing certification services, audits, education and training, and assessing penalties, if needed.

Self-Insured Employer Facts:

- There are 337 active self-insured employers in Washington, employing around 950,000 workers.
- Self-insured workers comprise about 25% of Washington's workforce.
- SIEs reported about 40,000 new claims, compared to around 98,600 new State Fund claims (29% of new claims) during FY 2024.
- More than 95% of SIEs currently contract with a TPA. There are 22 licensed TPAs, half of which are based out of state.

Figure 2 shows the proportion of workers covered by SIEs vs. workers covered by State Fund employers in Washington.

Figure 2: Washington's workforce



Source: L&I Self-Insurance Section

Self-insurance basic requirements

To qualify for self-insurance, businesses must meet certain requirements, including:

- being in business for at least three years;
- meeting mandatory financial standards and obligations;
- demonstrating the existence of an established safety program, including an effective accident-prevention program;
- submitting a description of an acceptable industrial insurance administration process to L&I.

Standard workers' compensation benefits

All workers are entitled to the same level of benefits provided by Washington industrial regulations, including, but not limited to:

- medical benefits for approved treatment related to a work-related injury or illness;
- partial wage replacement for lost wages due to a temporary disability resulting from a work-related injury or illness;
- vocational assistance if the worker qualifies for retraining;
- permanent partial disability award to compensate for a permanent loss of bodily function;
- disability pension if the worker is totally, permanently disabled from any gainful employment; and
- death benefits for survivors if a worker dies as the result of a work-related injury or illness.

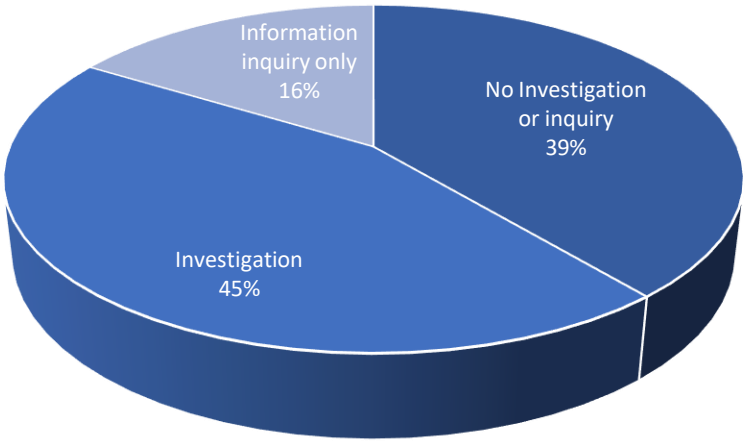
Summary of Activities and Findings

One of the Ombuds Office's highest priorities is to advocate for injured workers of SIEs. This involves providing information about industrial insurance and identifying, investigating, and resolving issues and complaints from workers and their representatives.[1] Here is a summary of investigation activities and findings for FY 2025.

INQUIRIES

The Ombuds Office resolved 1,937 total inquiries for the 2025 reporting period as of June 30, 2025. We received information-only inquires on about 16% of SIEs. Investigations were necessary for 45% of employers. About 39% of self-insured employers had no investigation or inquiry.

Figure 3: Inquiries proportion by self-insured employers



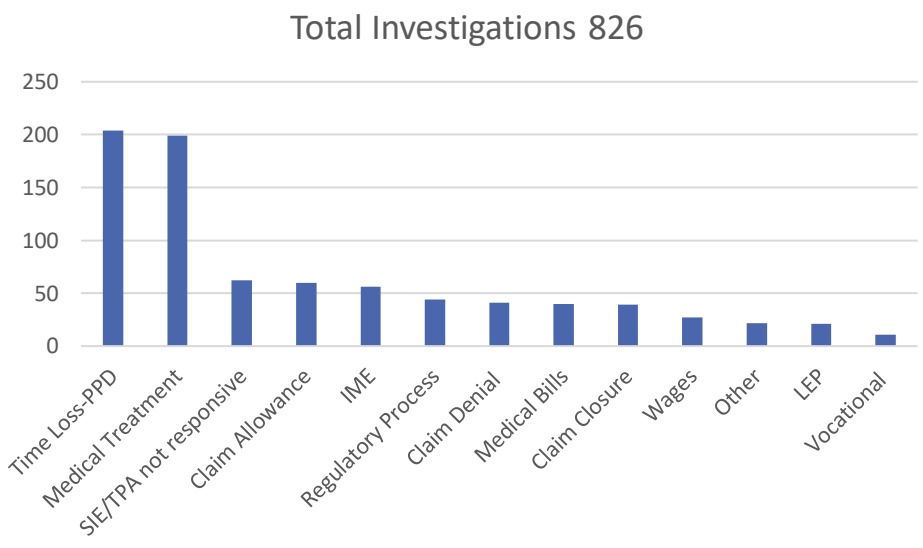
Source: SIOD

[1]RCW 51.14.340

INVESTIGATIONS

During FY 2025, the Ombuds Office conducted 826 investigations in the following categories.

Figure 4: Reported investigation issues



Source: SIOD

The categories remain fairly consistent with the prior reporting period. The Ombuds Office's tracking and reporting system continues to evolve.

Points of interest:

- Concerns regarding time-loss benefits remain a top source of complaints. The most frequent complaint regarding time-loss is the delay or nonpayment of the benefit. Strong enforcement with self-enforced late benefit payments would be beneficial, as seen in some other states (Alaska, California, Oregon). Self-Insurance should continue to prioritize timely and accurate benefit payments and monitor trends established by audits with meaningful enforcement and penalties on those who do not pass.

- Delays and issues with medical treatment also continue to be a top source of complaints. Oftentimes these delays are due to lack of proper documentation or delays with communicating treatment decisions. We work to resolve these issues by reviewing treatment decisions, educating providers and claims managers, and ensuring workers and medical providers know their rights to dispute decisions to L&I if in disagreement. We believe COHE services, such as coordinating care and training providers in best practices, may help reduce these delays.

- Concerns regarding claim status (Claim Allowance, Closure, and Denial) continue to be a source of inquiries. Self-Insurance has enhanced its claim processes to include updates to

required claim request forms that went into effect July 1, 2025. Our office will continue to educate all parties on claim processes, including rules related to claim validity and claim closures. We believe that streamlining the claim process, including reducing Self-Insurance claim readjudication, would also reduce related claim status delays. This change may require legislation.

- SIE/TPA being unresponsive remains a concern. The Ombuds team continues to provide information regarding WAC 296-15-550, which requires prompt response to inquiries from workers, L&I, the Ombuds Office, and medical providers. We continue to see some penalties being assessed for this violation and hope that continued awareness and enforcement will reduce future violations.

- The Regulatory Process category has decreased**.** This category tracks issues with a regulatory process that is not otherwise captured in a different category (e.g., not using L&I templates and forms, failure to respond to our claim file requests, initial claim reporting via SIEDRS). We believe education and stronger enforcement by Self-Insurance has had a positive impact overall.

- IME investigations have remained steady. Of the inquires that resulted in an investigation, 43% were due to failure to send the IME report to the injured worker or attending medical provider, and 27% were related to concerns with the reason or number of examinations scheduled. We continue to receive inquires about new rules related to RCW 51.36.070; and concerns associated with delays regarding the new recording rules. We look forward to the results of the IME recording pilot and any further recommendations for rulemaking or process enhancements.

- The Washington complex wage calculation continues to be an issue in the self-insured claim process (e.g., time-loss benefit underpayments and repayment of overpayments). The legislature passed HB 1788 that revises wage calculation for unmarried workers with children effective July 1, 2026. Self-insurance has also improved its Claims Process Project to help with consistency and accuracy of wage documentation. We believe additional solutions can be implemented for a consistent entitlement that maintains fairness and equity for injured workers and streamlines processes for SIE and L&I. Legislation to address this ongoing issue is likely necessary.

RESOLUTION PROFILE

The following describes how investigations were resolved.

Figure 5: Resolution profile

	FY2025	FY2024	FY2023	FY2022
Total Number of Investigations	**826**	**912**	**978**	**1,007**
Claim Adjudicated Correctly	318	307	389	306
Resolved – SIE / TPA	234	307	249	364
Resolved – L&I Assistance	163	151	185	177
Not in Jurisdiction	45	75	86	108
No Worker Follow-up	66	72	69	52

Source: SIOD

Our top priority is to resolve issues directly with the involved parties as quickly as possible. The majority of investigative issues continue to be resolved as adjudicated correctly or resolved with SIE/TPA. We appreciate our collaboration with SIE/TPAs to quickly resolve concerns at the lowest level possible. If we cannot resolve the issue with the SIE or TPA, we engage L&I's Self-Insurance Program, and the complaint may be referred for further review and action (RCW 51.14.350).

CASE SCENARIOS

This report includes case scenarios on a range of issues summarizing Ombuds Office activities (RCW 51.14.400). These scenarios describe some of the cases closed during FY 2025.

Time-loss benefit delays

A worker contacted our office because they were not receiving time-loss benefits. We reached out to the TPA claims manager (CM), who shared they did not have the necessary medical certification to pay the benefits. We reviewed the claim file and located medical documents supporting payment of time-loss. We contacted the TPA CM to discuss our findings. The TPA CM issued the payment.

A worker reached out to our office after their claim reopened, but they were not receiving time-loss benefits. We reviewed the file and determined that time-loss was supported effective the reopening date. We contacted the TPA CM to discuss the time-loss certification, and they did not agree to pay. We assisted in a delay of benefits penalty, which L&I assessed a penalty. We confirmed with the TPA's assigned attorney that ongoing time-loss would be paid as required.

Medical treatment

A worker reached out after a surgery request was denied. They were told the procedure code was not covered. We reviewed L&I's payment policies and determined that there was a recent change — as of Jan. 1, 2025, the code is now covered. We contacted the TPA CM, who agreed to re-review the surgery request and authorized the surgery.

Claim allowance

A worker reached out to our office for help in filing a hearing-loss claim. They had not worked with the employer for several years, and the employer told them to contact the TPA. The TPA told the worker that they needed to contact the employer. We confirmed that the Provider Initial Report (PIR) was faxed to the TPA. After several follow-up calls from our office, we were able to confirm that the claim was received and being processed. We recommended process improvements to the TPA so that when a worker reaches out, they are provided with the appropriate point of contact with the employer to receive the claim filing form.

Claim Denial

A worker contacted our office as their claim was in provisional status, and since the period to make an allowance determination had expired, L&I issued a denial order based on what was available in the file. We requested a copy of the claim file and determined that medical support did exist but the TPA did not respond to L&I's request for claim determination and complete copy of the claim file within the statutory timeframe. Based on our review, the worker protested the denial and requested a rule violation penalty. L&I reversed the denial, issued an allowance order, and assessed a rule violation penalty.

Communication

A worker shared that their TPA CM was not returning their calls. Our office reached out to the TPA CM, who said that email was their preferred contact method. However, the worker was monolingual Spanish-speaking and did not use email. This information was provided to the TPA CM, who promptly called the worker with an interpreter to provide assistance.

Wage concerns

A worker contacted our office regarding the calculation of their wages. Upon review by our office, we determined that the TPA did not correctly calculate the average hours and bonus earnings. We attempted to resolve the issue with the TPA but were unsuccessful. We explained to the worker their right to dispute to L&I. The worker disputed, and L&I issued a wage order that was higher than the calculation by the TPA.

IME concerns

A worker reached out to our office with questions surrounding an IME that was scheduled. After reviewing the IME appointment letter, we noticed it did not include the purpose of the examination or information on the worker's right to record. We reached out to the TPA, who said they would be alerting their supervisor to ensure the updated template is loaded in their system. The TPA CM shared that the reason for the IME was due to a new diagnosis on the claim and request for surgery. We confirmed that the letter was re-sent, and moving forward the correct template was in their system.

Major Initiatives

The Ombuds Office was involved in several important projects that impact the self-insurance system. This section highlights significant projects and future recommendations.

OMBUDS OFFICE BUSINESS TRANSFORMATION

Donna Egeland retired in March 2025, and I am grateful for the opportunity to serve as Acting Ombuds to ensure continuity in our services. The Ombuds Office continues to focus on excellent customer service and timely resolution of issues and complaints.

The Ombuds Office continues to support a positive customer experience — workers reach out to our office to get answers and resolutions to concerns that are complex and difficult to navigate. It is important that we effectively and timely resolve concerns and that workers are left feeling empowered and heard, and understand their rights and options. We prioritize our customer experience and continue to explore ways to increase our outreach to those who need our services most. We appreciate our partnership with the L&I's Office of Community Relations that helps ensure customers have meaningful access and are connected to our services.

We look forward to expanding awareness of our program as a confidential space to informally address and resolve concerns efficiently. Please contact us so we can discuss how our team can support injured workers, provide training and awareness of claim management processes, and assist in mediating concerns.

Mission statement

The primary mission of the Office of the Ombuds for Self-Insured Injured Workers is to provide a confidential dispute-resolution process that advocates for fair and equitable outcomes for injured workers of self-insured employers. We provide an informed annual report to the governor and legislature that summarizes our activities, findings, and recommendations for systemic improvements to the Washington Self-Insured Workers' Compensation system.

Core values:

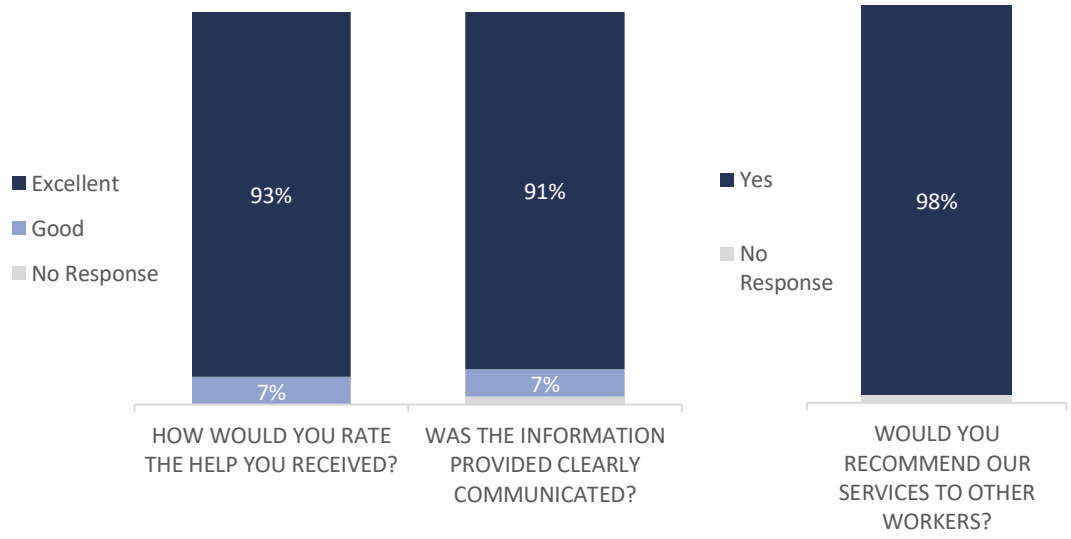
- Independence. We are independent and collaborate with multiple stakeholders (injured workers of self-insured employers and their representatives, self-insured employers and their representatives, medical providers, and L&I).
- Integrity. We take pride in our work and are committed to ethical, honest, and fair outcomes.
- Professionalism. We maintain the highest level of professionalism at all times.

- Empathy. We are committed to kindness and understanding the needs of our customers and the impact of our actions.

- Confidentiality. We are committed to the highest level of confidentiality at all times, and protect the information given to us.

Customer service surveys for injured workers

The Ombuds Office sends surveys to injured workers after resolving their issue(s) that required an investigation. The current response rate is 20%, and survey results remain positive. Ninety-eight percent of responses said they would recommend our services to other injured workers, and all customers who responded to our survey rated the help they received as either excellent or good.



Some additional feedback received on our surveys:

"It's good that there are people like you that can help us. Thank you."

"Thank you to Alicia and your whole team for evening the playing field for injured workers."

"Thank you for the help provided. I can only say that the person who helped me did an excellent job and I hope that more people can benefit from this type of resources that SI OMBUDS provides. I feel deeply grateful."

INDEPENDENT MEDICAL EXAMINATIONS

Though we continue to see IME-related inquires, IME investigations have remained steady, with a majority being the failure to send the IME report to the injured worker or medical provider, and concerns regarding the purpose of the exam. L&I has reported a decrease in state fund data of performed IMEs since 2018. L&I has also reported that state fund IME cancelations are down to levels prior to recording rules due to improved processes and communications, which is an encouraging trend.

Based on community feedback, L&I is not moving forward with proposed IME rules. A pilot, which started March 1 has been extended through February 2026, is using a third-party vendor for recording. Workers may opt to use the service in lieu of using their own device to record, and examiners may use the service if a worker agrees to co-recording. We look forward to hearing the results of the pilot and any future rulemaking efforts or changes to IME policies.

We will continue to monitor the trends and inquiries we receive regarding IMEs and look forward to continued policy and process improvements as necessary.

SELF-INSURANCE AUDITS

Self-Insurance has revamped its audit process, and the first three-year audit cycle started July 1, 2025. This audit will cover all employers and include additional audit concepts identified through review of our report, penalty data, and stakeholder feedback. We are encouraged to hear that even when an SIE does not have eligible claims to audit, they will still be required to participate in an interview to ensure important processes are in place. The audits will no longer have a pass/fail outcome; instead, findings are presented to the SIE, who will have an option of a walk-through of the results. Based on the audit findings, there may be training directives or penalty referrals.

During the interim period of the audit process project, educational audits were completed aligning with the new Good Faith and Fair Dealings rules (per SHB 1521). The most common identified issues were date stamping and communication concerns surrounding usage of department-developed templates.

The new audit cycle starting July 2025 will focus on these audit topics:

- wage rate calculation;
- timeliness of time-loss benefits (initial payment, ongoing, provisional and pay on appeal);
- communications (timeliness and proper use of department-developed templates, and communicating in the worker's preferred language);

- claim determination (timely requests for allowance, denial, and interlocutory orders);
- forwarding documents (timely forwarding of documents such as reopening applications, protests, and appeals);
- Certified Administrator (those taking claim actions are certified or in the process of being certified);
- department claim number on all claim-related communications; and
- date stamping.

We are encouraged that every SIE will be contacted to ensure compliance with important claim processes, including procedures for claims filing, reporting, and having a designated individual who is qualified to serve as a resource to address employee questions.

We look forward to continued engagement and collaboration with the Audit Governance Committee to ensure this new audit model is successfully implemented and outcomes are monitored and shared.

The Ombuds Office recommends continued focus on these audit priorities:

- timeliness of initial claim reporting by the self-insured employer, including the employer's internal claim reporting system (e.g., date stamping, posting notices, claim packets);
- efficient use of medical electronic data reporting and SIEDRS, and implementing new claim management electronic data reporting via EDI to help identify future issue-based audit concepts;
- timeliness and accuracy of all indemnity benefits (time-loss, permanent partial disability);
- timeliness and efficiency of time-loss claim allowance, closure, and denial;
- timeliness and efficiency of medical-only claim allowance and claim closure;
- correct use of mandatory Self-Insurance forms and templates;
- efficiency of claim reserve practices; and
- accuracy of SIE's quarterly assessment reporting, including payroll data. (The accuracy of this reporting affects the administrative assessments paid by SIEs to support the operation of the Self-Insurance Program.)

Self-Insurance's regulatory enforcement standards and processes must continue to evolve and include the following:

- Ensuring audit volume is commensurate with the size of the employer. The current number of claims audited for large employers is too low (five claims).

- Ensuring adequate allocation of audit resources, including resources for issue-based and complaint-based audits, and expanding the focus to other compliance concerns.

- Monitoring audit trends and the impact on benefit delays and accuracy based on L&I audit results and complaint-based data contained in the Self-Insured Ombuds Database (SIOD). If audits are effective, benefit complaints and issues should decrease.

- Monitoring the impact on SIEs that repeatedly have findings to include monitoring other compliance concerns, so those that continue to perform poorly face stronger enforcement and corrective action.

- Investigations and effective monitoring of any good-faith and fair-dealing violations per SB 5463.

The Ombuds Office will continue to monitor the current audit model and looks forward to the Self-Insurance audit outcomes, which are vital to ensuring compliance and identifying self-insured noncompliance and systemic issues.

SELF-INSURANCE PROGRAM

The Self-Insured Program has a new program manager, Stephanie Scheurich, with whom we look forward to collaborating with. We thank Knowrasa Patrick for her dedication and leadership over the past four years and hope to see continued momentum in strengthening enforcement and regulation.

The program has made some improvements with penalty processes to ensure consistency in tracking/monitoring of penalties. The Ombuds team is encouraged to see this focus and believes that stronger enforcement, tracking, and monitoring of employers will lead to improved claims management practices with SIEs and TPAs. This will also help with meeting enforcement requirements related to the new Good Faith and Fair Dealing rules (SB 5463) that were recently expanded to all self-insured employers effective Jan. 1, 2026.

The Self-Insured Program has improved messaging surrounding SIE reporting requirements and created a SIEDRS guide to make expectations and compliance easier for employers. This claims data is important to identify the performance of the self-insured community and guide future policy.

Self-Insurance has improved stakeholder experiences by implementing process changes aimed at providing consistent, reliable resources and resolutions.

The Ombuds team meets regularly with L&I's Self-Insurance Program staff and stakeholders to resolve injured worker concerns in a timely manner and will continue to identify opportunities for process improvement.

Current Ombuds Team recommendations:

- The system for filing self-insured claims should be easy for all workers. The current filing process creates unnecessary barriers for workers, medical providers, and employers, with no consistent procedures. L&I should implement a solution to expedite claim filing and reporting, such as an electronic, centralized single pathway to reporting similar to that of the State Fund accident reporting system. This electronic system should allow a claim to be initiated by the injured worker, medical provider, or SIE or its representative TPA. This would prevent delays in claim processing and allow L&I to get more complete and accurate data collection up front.

  The Ombuds team suggests the self-insured business community and L&I consider agreeing to a special allotment of funds per RCW 51.44.145. These funds could also be used to improve other IT issues such as the SIEDRS reporting system and evolution of EDI data and enhance overall transparency and reporting of performance measures. Any use of these funds should be carefully monitored and outcomes tracked to ensure responsible and effective use.

- Shift the focus and resources of the Self-Insurance Program from claim readjudication to audits, enforcement, corrective action and education, and reporting. This concept aligns with L&I's goals of focusing efforts on bad actors, which is consistent with protocols in other states.

  We believe SIEs should be able to issue formal orders when accepting, closing, or denying a claim. The Joint Legislative Audit and Review Committee's (JLARC) 2015 audit report on workers' compensation claims management confirmed that the current readjudication process by Self-Insurance takes an average of 66 days, compared to an average of six days to make a decision on a State Fund claim. According to the JLARC study, "L&I agrees with the [self-insured] employer for 99 percent of acceptance decisions and 98 percent of denials."[2]

  This expanded authority must be accompanied by strong L&I regulation and consistent penalties for failing to deliver timely and accurate benefits, corrective action, and effective and transparent monitoring of violations.

- Solve delays related to medical-only claim issues. Allowing SIEs to issue these orders could significantly improve timeliness of claim decisions. The current statute (RCW 51.14.130) requiring timely claim allowance or denial does not provide an exception for medical-only claims. Self-Insurance rules, however, do not require these orders due to limited resources.

- Explore options for SIEs and TPAs to self-enforce, including mandatory automatic penalties for late payment of time-loss disability benefits, which is a common practice in some

[2]JLARC Proposed Final Report: Workers' Compensation Claim Management, Published January 2016

surrounding states (Alaska, California, Oregon). Automatic late time-loss payment penalties should decrease benefit payment delays, which is consistently one of the top sources of complaints to the Ombuds Office. This may also free up resources to focus on other audit priorities.

- The Washington complex wage calculation continues to be an issue in the self-insured claim process, including causing time-loss benefit underpayments and repayment of overpayments. The legislature recently passed HB1788 that revises wage calculation for unmarried workers with children effective July 1, 2026. Self-insurance has also made some improvements in its Claims Process Project to help with consistency and accuracy of wage documents.

  The complexity of wages requires additional time and resources to audit when resources are already limited. We believe there is a way to maintain fairness and equity for injured workers and streamline administrative processes for self-insured employers, including an acceptable, consistent entitlement for all injured workers. Legislation to address this ongoing issue is likely necessary.

- Self-Insurance has improved stakeholder experiences by implementing process changes aimed at providing consistent, reliable resources and resolutions. We believe there can be additional process improvements to the worker experience, such as increased worker awareness on processes and resources including standardized communications for disputes and protests. We encourage a partnership with our office on any worker outreach and education efforts and look forward to this collaboration.

Other Initiatives

The Ombuds Office continues to search for opportunities to improve Self-Insurance Program processes and identify enhancements to self-insured systems. The Ombuds Office is confident these initiatives will lead to further positive outcomes for injured workers.

PARTIAL PENSIONS

The Ombuds Office believes a solution should be identified to help injured workers return to some form of gainful employment when they are unable to return to their job of injury, such as allowing for a partial pension. A partial pension allows an injured worker to return to a lighter job, often at reduced wages, without jeopardizing their entire workers' compensation pension (i.e., the pension is decreased based on the worker's wages at the new job). This solution works in other states, such as Arizona.

Partial pensions can improve outcomes for injured workers while reducing rising trends in long-term disability. This aligns with L&I goals of improving outcomes for workers and helping injured workers heal and return to work.

CANCER CLAIMS

Under current rules and regulations, an injured worker who has a closed occupational disease claim related to cancer must officially apply to reopen their claim to undergo routine follow-up testing to ensure they remain cancer-free. The reopening process is an administrative burden on workers, providers and employers on claims when routine monitoring is required and necessary. This is not required for some claims, such as some pensions and asbestosis-related claims.

We recommend a change that allows for routine medical surveillance examinations on closed cancer-related occupational disease claims without filing a reopening application. This may require a statutory change.

CENTERS OF OCCUPATIONAL HEALTH AND EDUCATION

We continue to suggest that SIEs use services offered by COHE. These services, such as coordinating care, engaging in return-to-work conversations, and training providers in best practices, could help reduce concerns with medical care and time-loss benefits, which are consistently among the top issues for our office.

L&I has completed a gap analysis and will prepare for discussions with representatives of the self-insurer community on solutions and next steps. The project team looks forward to these discussions

and to offering recommendations on how to incorporate COHE best practices for self-insured employers and their workers.

We look forward to these discussions and determining how the SIE community can benefit from COHE best practices.

MENTAL HEALTH AND PTSD

In July 2025, qualified psychologists were permitted to be attending providers for claims solely for mental health. This legislation should improve worker-centric care by expanding access to evidence-based treatment, aligning psychologists with medical colleagues, and reducing treatment delays by connecting workers with care more quickly.

In 2024, L&I started a Posttraumatic Stress Disorder (PTSD) project to identify data elements to produce reports, and ensure proactive and consistent evaluation of PTSD-relevant practices and programs. This project also included engaging with an external vendor made possible through legislative funding to asses PTSD benefits, policies, coverage, as well as projects across multiple jurisdictions. L&I produced a report to the Legislature, Posttraumatic Stress Disorder (PTSD) Survey and Jurisdictional Review, in June 2025.

L&I has partnered with the Industrial Insurance Medical Advisory Committee (IIMAC) to develop the Washington State Department of Labor & Industries Clinical Guideline for Posttraumatic Stress Disorder. This clinical guideline will provide clarity of policy and evidence-based clinical recommendations, and has a fall 2025 target completion date.

Improving L&I access to all providers, including those who can treat mental health, needs to be an ongoing collaborative effort. The self-insured community can support these efforts by streamlining processes, eliminating administrative burden, standardizing expectations, offering effective communication with providers, and reducing billing delays.

Conclusion

The Ombuds Office continues to help injured workers of SIEs, worker advocates, medical providers, SIEs and their representatives, and any other party involved in the self-insured system. Our team has modernized several processes and is well-positioned to assist interested parties with many new self-insured rules and processes. Community outreach remains a high priority and is key to maintaining awareness of issues and establishing priorities for the self-insured community. The Ombuds Office team is dedicated to resolving issues and complaints efficiently, and identifying positive solutions and recommendations to improve the Washington workers' compensation system.

How to get help

For help with a self-insured workers' compensation issue, please contact:

- Ombuds Confidential Hotline: 1-888-317-0493
- Ombuds Confidential Secured Email: SIOmbuds@Lni.wa.gov

Let us know your thoughts

The Ombuds Office welcomes feedback and suggestions about this report, as well as any suggestions for improving the self-insured workers' compensation system. Additional information about the Ombuds program can be found online. (www.lni.wa.gov/Ombuds)

Contact information

For more information about this report or self-insurance in Washington, please contact:

- Ciara High, Acting Ombuds: 253-596-3938.
- Judy Berquest, Program Specialist: 253-596-3865.

This document is available in alternative formats to accommodate persons with disabilities. Copies of this document can be obtained in alternative formats by calling 1-888-317-0493.