



SHAE SORTWELL

STATE REPRESENTATIVE • 2nd ASSEMBLY DISTRICT

Hearing Testimony

Assembly Committee on Workforce Development, Labor, and Integrated Employment

May 28, 2025

Assembly Bill 232

Chairman Melotik and members of the Assembly Committee on Workforce Development, Labor, and Integrated Employment – Thank you for giving me the opportunity to speak on AB 232, relating to transferring adjudicatory functions for worker’s compensation from DOA to DWD.

A decade ago, the legislature passed 2015 WI Act 55, which transferred the Worker’s Compensation Division’s (WCD) administrative law judges (ALJ) to the DOA’s Division of Hearings and Appeals (DHA) within the newly created Office of Worker’s Compensation Hearings (OWCH). The goal of this legislation was to create efficiencies in the litigation processes and reduce their administrative costs. Unfortunately, those efficiencies have not come to fruition.

According to the Wisconsin Insurance Alliance, the length of time to adjudicate an application and the overall costs have increased since the law was passed. They will be providing the metrics on how bad it has gotten over the years.

This bipartisan legislation would transfer these adjudicatory functions of DHA back to DWD, which currently has the technology and system to create the efficiencies needed for workers’ compensation claims.

I appreciate the opportunity to testify on this legislation and would gladly answer any questions the committee may have.

Written Testimony on AB 232
Amy Pechacek, Secretary Department of Workforce Development
May 28, 2025

Chair Melotik, Vice-Chair Snyder, Ranking Member Sinicki, and members of the Assembly Committee on Workforce Development, Labor, and Integrated Employment, thank you for the opportunity to provide written testimony on AB 232. Thank you to Representative Sortwell and Senator Testin for their interest in transferring the adjudicatory functions for worker's compensation back to the Department of Workforce Development.

AB 232 transfers the adjudicatory functions for worker's compensation from the Department of Administration's Division of Hearings and Appeals (DHA) back to the Department of Workforce Development (DWD). The bill transfers all positions in DHA's Office of Worker's Compensation Hearings (OWCH) and incumbent employees back to DWD on Jan. 1, 2026. Moving OWCH staff back to WC will streamline communications across the worker's compensation program and yield timely adjudications for cases.

The Worker's Compensation Division (WC) oversees the Worker's Compensation Act, ch. 102, to ensure injured workers receive required timely payments from insurers and employers when eligible. From the inception of the Wisconsin worker's compensation program over 110 years ago until the effective date of 2015 Wisconsin Act 55, WC performed all functions related to the program. Act 55 transferred worker's compensation adjudicatory functions from WC to DHA, while WC retained administrative functions. Within DHA, OWCH was assigned those worker's compensation adjudicatory functions.

Under current law, the adjudicatory functions that DHA now preforms for worker's compensation applications may include, among other tasks: receiving answers; scheduling prehearings and hearings; conducting hearings and prehearings and receiving testimony; issuing findings, orders, and awards; dismissing parties and applications for hearings; and conducting mediation.

During the 2015-17 budget, in discussion of the transfer, the Legislative Fiscal Bureau identified two metrics to watch: (a) whether the cost of the WC program would decrease, thereby reducing the burden on Wisconsin employers; and (b) whether workflow can be tailored to shorten the time from application to a decision resulting in injured workers receiving just compensation. After nine years, the worker's compensation program has not realized the expected efficiencies after the transfer of the adjudicatory duties to DHA. Program costs have increased. Additionally, the length of time to adjudicate worker's compensation cases for OWCH has increased since the separation. Reunifying the worker's compensation program will allow for efficient coordination of workload without regard to whether the work is "administrative" or "adjudicative" in nature. The enactment of AB 232 will increase efficiency, improve service to stakeholders, and promote stability in the Wisconsin worker's compensation system.

DWD is ready and able to welcome worker's compensation adjudicatory functions back to DWD. Thank you for the opportunity to provide testimony on AB 232. As always, please do not hesitate to reach out with any questions.