



# Oregon

John A. Kitzhaber, MD, Governor

Department of Consumer and Business Services

Director's Office  
350 Winter Street NE, Room 200  
Salem, OR 97301-3878  
Voice: 503-378-4100  
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dcbs.oregon.gov

March 6, 2013

The Honorable Bob Jenson  
The Honorable Betsy Johnson  
Joint Ways & Means Subcommittee on  
Transportation and Economic Development  
State Capitol  
900 Court Street NE  
Salem, OR 97301

Re: Response to Committee Members' Questions

Dear Co-Chairs and Members:

During the course of the subcommittee's hearing of the Department of Consumer and Business Services (DCBS) budget (SB 5514) on March 4<sup>th</sup> and 5<sup>th</sup>, members requested additional information and or questions to which we would like to respond.

**1. DCBS Key Performance Measure # 14 – Customer Service, breakdown by Division.**

Please see the attachment following this letter.

**2. For Workers' Compensation Board (WCB):**

- a. List of locations
- b. Cost
- c. Number of administrative law judges (ALJs)/mediators
- d. Caseload

For calendar year 2012, the WCB received 7,635 requests for workers' compensation hearings, 39 "safety" cases (appeals by employers concerning fines assessed under the Oregon Occupational Safety and Health Act), and 564 requests for mediation which resulted in 8,238 orders issued by WCB. ALJs are scheduled for 15 sets of cases per week. When not actively hearing a case, ALJs work on other assigned cases, which include preparing for hearings and completing their reporting responsibilities at the end of a hearing. Of our 25 ALJs, 12 are also mediators. ALJ-Mediators conduct mediations in addition to their hearing caseload.

The table below delineates, for calendar year 2012:

- WCB locations throughout the state;
- Whether the space is leased or rented. Leased space is committed space with a monthly cost. Rented space is space we rent on an as needed basis.;
- The average monthly lease/rent cost;
- How many ALJ's are assigned to the particular location;
- Frequency of hearings; and
- Number of mediations scheduled.



Location	Type of Space	Average Monthly Cost	Assigned ALJs	Hearing Frequency	Number of Mediations in 2012
Salem*	leased space	\$ 33,356.39	7	weekly	86
Portland	state building	\$ 16,252.19	15	weekly	357
Eugene	leased space	\$ 4,697.28	3	weekly	66
Medford	leased space	\$ 4,062.04	1	weekly	45
Bend	leased space	\$ 2,677.18	2	weekly	11
Pendleton	leased space	\$ 1,209.47	1 as scheduled	weekly	-
Coos Bay	leased space	\$ 1,270.00	1 as scheduled	bi-weekly	6
Ontario	leased space	\$ 1,426.68	1 as scheduled	monthly	-
Klamath Falls	rented space	\$ 192.08	1 as scheduled	as needed	1
Astoria	rented space	\$ 41.67	1 as scheduled	as needed	-
Roseburg	rented space	\$ 66.67	1 as scheduled	as needed	1
Newport	rented space	\$ -	1 as scheduled	as needed	-

Please note: Salem office includes WCB headquarters which includes Hearings Division, Board Review

**3. Insurance Division continues to enhance health insurance rate review. Federal grants have allowed us to enter into a contract with Georgetown University for an independent perspective. Who at Georgetown University is performing this work?**

The key personnel assigned to this project, as identified in the ‘Georgetown University – evaluation services proposal’, included as an attachment for your convenience, includes:

- Sally McCarty, project director
- Rick Diamond, actuarial consultant
- Max Farris, Center on Health Insurance Reform (CHIR) researcher
- “Research to be named” CHIR researcher. At the time the request-for-proposal was awarded, the University had not yet released this individual’s name. We will provide this final name to the committee as it becomes available to us.

**4. For the Insurance Division, how many actual complaint calls were received?**

	2011	2012
Inquiries	15,628	16,508
Complaints	3,400	3,228

**5. Does DCBS expect to request approval for any Federal grant in the near future?**

At this time, DCBS does not have any pending applications for new grants. DCBS has been awarded several grants, which are from time-to-time increased or extended. If an opportunity arises to apply for a grant, we will pursue approval through the Ways and Means process.

**6. For workers compensation Assigned Risk Plan (ARP), how long, on average, could a new and small business expect to stay in the ARP? How would a business know it may be able to get a better price in the voluntary market if the business doesn't have an insurance broker or agent?**

Please see attached letter from John Shilts, Administrator for Workers' Compensation Division following this letter

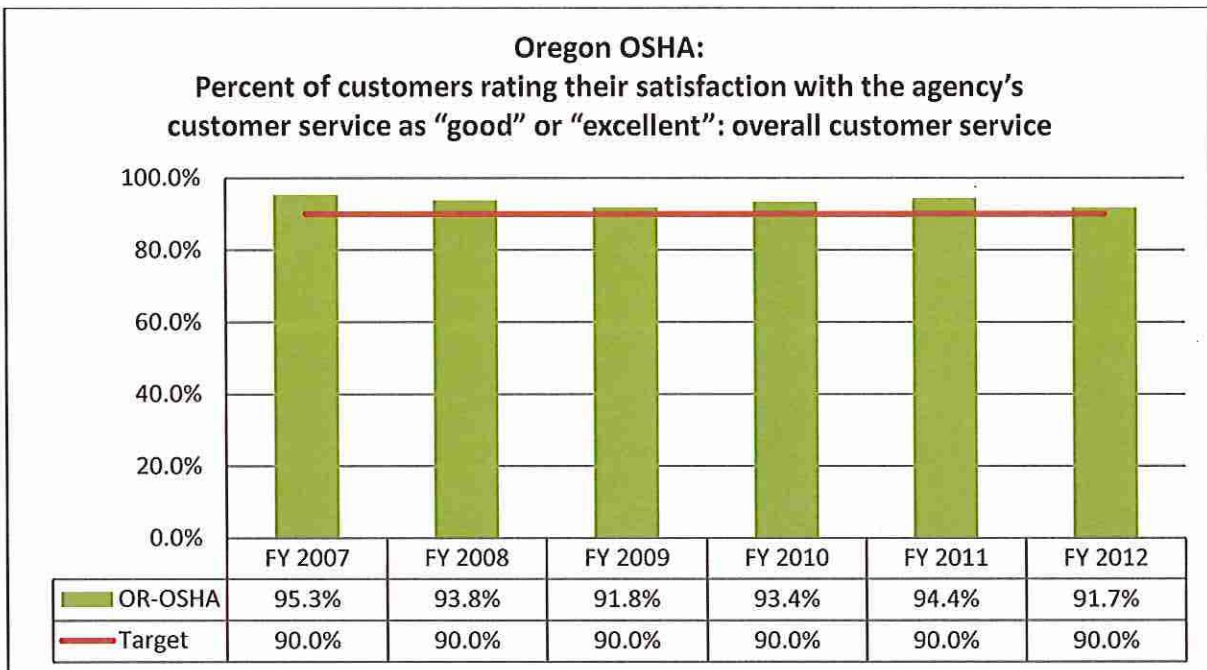
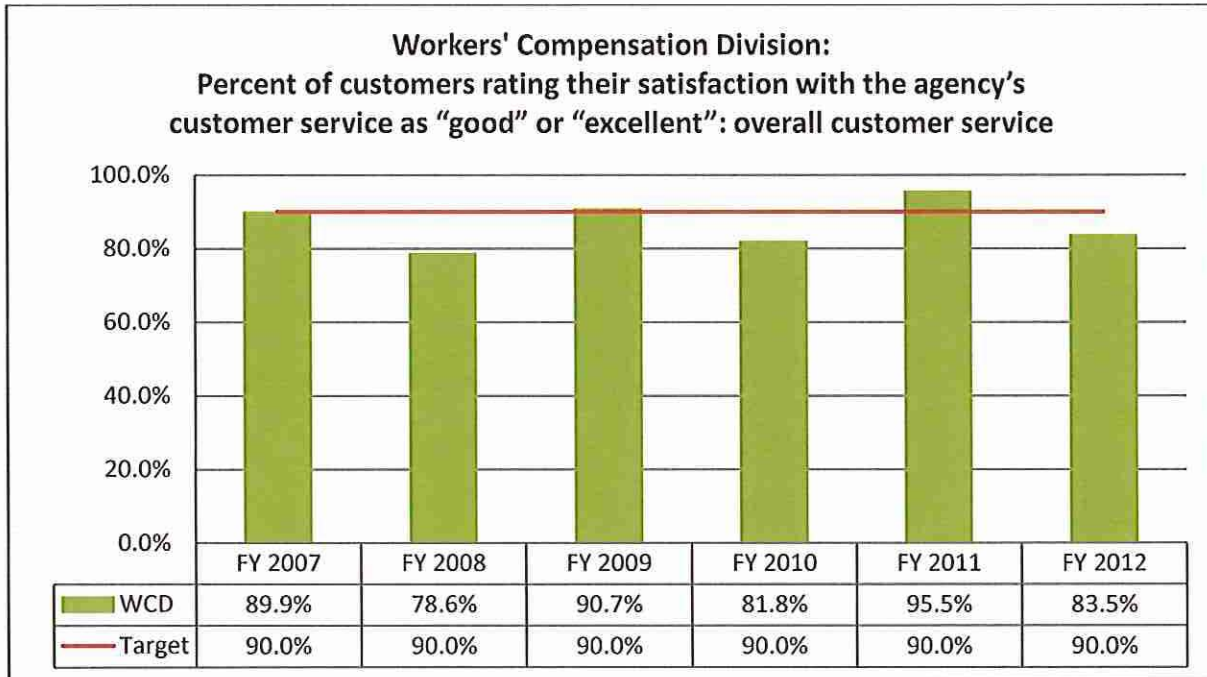
I hope this information is helpful to you and the committee.

Sincerely,

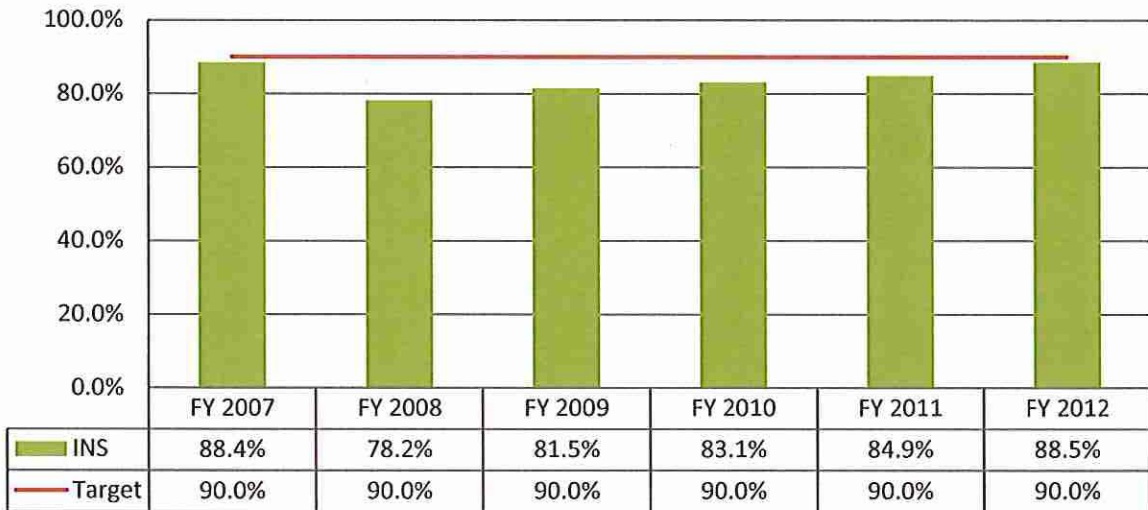


Patrick M. Allen  
Director

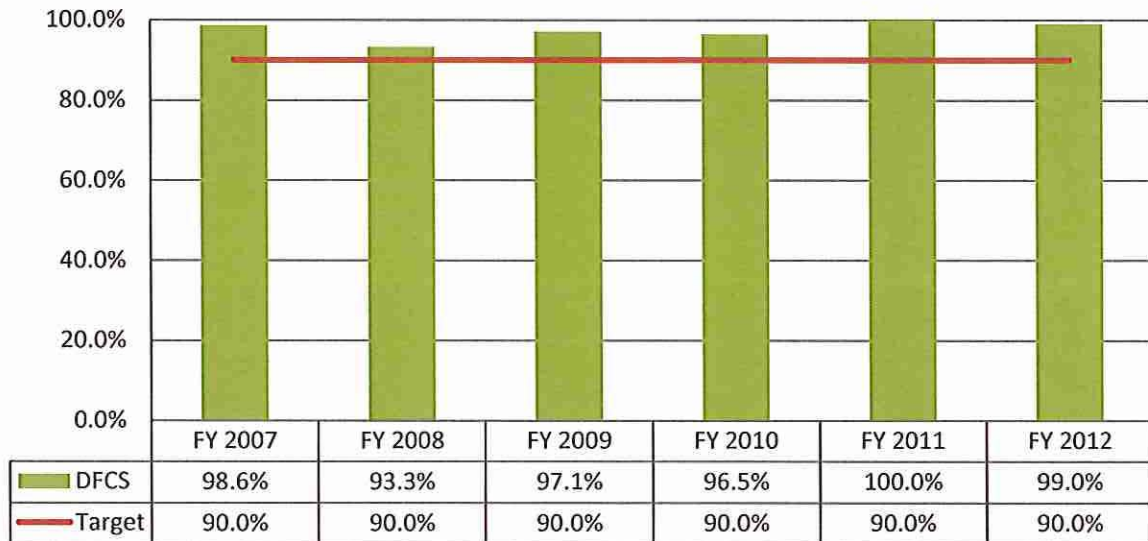
DCBS Key Performance Measure # 14 – Customer Service,by Division



**Insurance Division:  
Percent of customers rating their satisfaction with the agency's  
customer service as "good" or "excellent": overall customer service**



**Division of Finance and Corporate Securities:  
Percent of customers rating their satisfaction with the agency's  
customer service as "good" or "excellent": overall customer service**



# Proposal Cover Sheet

## Proposer Information

Organization Name: Georgetown University

Primary Contact Person: W. Walker Pheil Title: Assistant Director

Address: 37 & O Streets, N.W., Box 571168

City, State, Zip: Washington, DC 20057-1168

Telephone: (202) 687-1958 Fax: (202) 687-4555 Federal Tax ID# 53-0196603

E-mail Address: pheilww@georgetown.edu

Name and title of the person(s) authorized to represent the Proposer in any negotiations and sign Any Contract that may result:

Name: W. Walker Pheil Title: Assistant Director, Office of Sponsored Programs

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### Minimum Proposal Requirements: This Proposal:

- Meets all Minimum Proposal Requirements described in Section 2.1;
- Addresses all Technical Proposal Requirements described in Section 2.2, including but not limited to Section 1.10, Scope of Work.
- Has a Price Proposal per Section 2.3

**Representations, Attestations, and Certifications:** The undersigned further acknowledges, attests and certifies individually and on behalf of the Proposer that:

1. No attempt has been made or shall be made by the Proposer to induce any other person or organization to submit or not submit a Proposal.
2. Information and prices included in this Proposal shall remain valid for one hundred and twenty (120) days after the proposal due date or until a Contract is approved, whichever comes first.
3. The undersigned recognizes that this is a public document and open to public inspection, except as provided in Section 3.6.
4. The Proposer acknowledges receipt of all Addenda issued under the RFP.
5. Proposer does not discriminate in its employment practices with regard to race, creed, age, religious affiliation, sex, disability, sexual orientation or national origin, nor has Proposer or will Proposer discriminate against a subcontractor in the awarding of a subcontract because the subcontractor is a minority, women or emerging small business enterprise certified under ORS 200.055.
6. **Affirmative Action Program:** Agency is an equal-employment-opportunity employer and value diversity in its work force. Agency requires its Contractors to have an operating policy as an equal employment opportunity employer. Firms of 50 people or less do not need to have a formal equal employment opportunity program, but shall have an operating policy supporting equal employment opportunity. Proposer has an operating policy supporting equal employment opportunity. Firms of 50 people or more shall also have a formal equal employment opportunity program.  
 Yes  No Does your firm have 50 or more employees?  
 Yes  No Does your firm have a formal equal employment opportunity program?
7. The Proposer, acting through its authorized representative, has read and understands all RFP instructions, specifications, and terms and conditions contained within the RFP and all Addenda, if any.
8. The Proposer agrees to and shall comply with, all requirements, specifications and terms and conditions contained within the RFP, including all Addenda, if any.
9. The Proposal submitted is in response to the specific language contained in the RFP, and Proposer has made no assumptions based upon either (a) verbal or written statements not contained in the RFP, or (b) any previously-issued RFP.
10. The Proposer agrees that if awarded the Contract, Proposer shall be authorized to do business in the State of Oregon at the time of the award.
11. Agency shall not be liable for any claims or be subject to any defenses asserted by Proposer based upon, resulting from, or related to, Proposer's failure to comprehend all requirements of the RFP.

12. The Agency shall not be liable for any expenses incurred by Proposer in either preparing or submitting its Proposal or in the Contract negotiation process if Proposer is the Awardee.

**13. Recycled Products Certification**

Proposers must use recyclable products to the maximum extent economically feasible in the performance of the Contract work set forth in this document.

Authorized Agencies must use, or require persons with whom they Contract with to use in the performance of the Contract work, to the maximum extent economically feasible, recycled paper products as well as other recycled plastic resin products. (ORS 279B.270 (1)(e)).

"Recycled paper" means a paper product with not less than fifty percent of its fiber weight consisting of secondary waste materials; or twenty-five percent of its fiber weight consisting of post-consumer waste. (ORS 279A.010 (1)(g)).

ORS 279A.010 (1) (ii) states: "'Recycled product' means all materials, goods and supplies; not less than 50 percent of the total weight of which consists of secondary and post-consumer waste with not less than 10 percent of total weight consisting of post-consumer waste. 'Recycled product' also includes any product that could have been disposed of as a solid waste, having completed its life cycle as a consumer item, but otherwise is refurbished for reuse without substantial alteration of the product's form."

ORS 279A.010 (1)(u) states: "'Post-consumer waste' means a finished material which would normally be disposed of as solid waste, having completed its life cycle as a consumer item. 'Post-consumer waste' does not include manufacturing waste."

ORS 279A.010(1)(jj) states: "'Secondary waste materials' means fragments of products or finished products of a manufacturing process which has converted a virgin resource into a commodity of real economic value, and includes post-consumer waste, but does not include excess virgin resources of the manufacturing process. For paper, 'secondary waste materials' does not include fibrous waste generated during the manufacturing process such as fibers recovered from waste water or trimmings of paper machine rolls, mill broke, wood slabs, chips, sawdust, or other wood residue from a manufacturing process."

Yes  No This Proposal has been printed on recycled paper.

14. **Office of Foreign Assets Control and US Department of State:** Proposer and Proposer's employees and agents are not included on:
- a) the list entitled "Specially Designated Nationals and Blocked Persons" maintained by the Office of Foreign Assets Control of the United States Department of the Treasury and currently found at <http://www.treas.gov/offices/enforcement/ofac/sdn/t1/sdn.pdf>; or
  - b) the list entitled "Current List of Designated Foreign Terrorist Organizations" of the US Department of State and currently found at <http://www.state.gov/j/ct/rls/other/des/123085.htm>.
15. The signatory of this Proposal Cover Sheet is a duly authorized representative of the Proposer, has been authorized by Proposer to make all representations, attestations, and certifications contained in this Proposal document and any Addenda, and to execute this Proposal document on behalf of Proposer.



16. By signature below, the undersigned Authorized Representative hereby certifies on behalf of Proposer that all contents of this Proposal Cover Sheet and the submitted Proposal are truthful, complete and accurate. Failure to provide information required by the RFP may ultimately result in rejection of the Proposal.

THIS PROPOSAL SHALL BE SIGNED IN BLUE OR BLACK INK BY AN AUTHORIZED REPRESENTATIVE OF THE PROPOSER; ANY ALTERATIONS OR ERASURES TO THE PROPOSAL SHALL BE INITIALED IN INK BY THE UNDERSIGNED AUTHORIZED REPRESENTATIVE.

PROPOSER SHALL PROVIDE A FEDERAL EMPLOYEE IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER WITH THE PROPOSAL SUBMISSION.

SIGNATURE OF PROPOSER'S DULY AUTHORIZED REPRESENTATIVE FOR ALL SECTIONS:

Authorized Signature: *W. Walker Pheil* 9/13/14

Print Name: W. Walker Pheil, CRA  
Assistant Director

Title: Office of Sponsored Programs

FEIN ID# or SSN# (required): 53-0196603

Contact Person (Type or Print): W. Walker Pheil

Telephone Number: (202) 687-1958

Fax Number: (202) 687-4555

## **PART 1: Minimum Proposal Requirement**

### **1.6 Minimum Proposer Qualifications**

To the best of its knowledge, Georgetown University is eligible to do contract work with the State of Oregon. The University is eligible to be awarded a contract for federal funds. The University has a policy to identify and address potential, actual and apparent financial conflicts of interest and is unaware of any conflict existing in relation to this project.

#### **2.1.2 Formatting**

The proposal follows the formatting guidelines outlined in RFP Number DCBS-1046-12.

#### **2.1.3 Copies**

An original and five copies of the proposal and all required supporting information and documents have been submitted in a sealed box labeled "Proposal to RFP #DCBS-1046-12" and delivered to the SPC via FedEx.

#### **2.1.4 Financial Statement/Fiscal Stability**

Georgetown University undergoes regular audits, including an annual audit to ensure compliance with federal regulations. The University's Division of Financial Affairs is charged with formulating, implementing and monitoring financial policies and procedures and preparing and interpreting financial reports and analysis. James L. Reisert, Director of the Sponsored Accounting Office, Division of Financial Affairs, is responsible for monitoring and executing the post-award administration of sponsored activity for the University.

#### **2.1.5 Insurance Requirements**

Georgetown University is able to provide and comply with the necessary insurance requirements. Please note that the University is self-insured.

#### **2.1.6 References**

Three customer references are furnished in Exhibit A.

#### **2.1.7 Organization Description**

Georgetown University is a Catholic and Jesuit university. The University is a tax-exempt corporation. It is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. The University is not a private foundation within the meaning of section 509(a) of the Code, because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(11). The University does not have a parent or partner organization.

## **Part II. Technical Proposal Requirements**

### **2.2.1 Experience in Public Policy and Program Evaluation**

The Georgetown University Health Policy Institute is a multi-disciplinary group of faculty and staff dedicated to conducting research on key issues in health policy and health services. Institute members are engaged in a variety of projects, focusing on issues relating to health care financing, the uninsured, federal health insurance reforms, quality of care and outcomes research, and the impact of changes in the health care market on providers and patients. The Center on Health Insurance Reform (CHIR) is one of the research centers affiliated with the Health Policy Institute. CHIR is composed of a team of nationally recognized experts on private health insurance and health reform. CHIR team members will be conducting the research and evaluation for this project.

With support from the Robert Wood Johnson Foundation, the Commonwealth Fund, and a number of additional funding sources, the CHIR's team of legal and public policy researchers conducts extensive studies of the federal and state regulatory framework for private health insurance. CHIR is tracking implementation of the insurance reforms embodied in the ACA, and developing policy briefs, resource manuals, fact sheets, state guides and other materials to help policymakers, consumer and patient advocates, insurance regulators, and health industry stakeholders understand the law and its implications.

Other projects in which CHIR staff members are currently engaged include participation in the Robert Wood Johnson Foundation State Network project. As part of that project CHIR staff members provide technical advice to 10 states as they implement the Affordable Care Act. This work includes evaluation of the strengths and challenges each participating state is facing in its implementation work. Additionally, members of the CHIR staff are examining the rate review programs of another set of 10 states to illustrate the effects of the Affordable Care Act on rate review in those states.

CHIR staff members, including the proposed project director, have decades of experience -- as researchers, regulators, consumer advocates, or other key role players -- drawing the line from health policy, especially as it relates to the private insurance market, to its real effects in the marketplace. This has been accomplished using a variety of research tools, including quantitative tools, such as the calculation of differences between rate proposals and approvals after the implementation of reforms, or using enrollment data and other relevant markers to assess the effects of reforms and other policy changes. The CHIR staff also has extensive experience with qualitative tools, such as stakeholder interviews, and with recognition and consideration of the many political, economic, and societal variables that affect the implementation of reform and other health policy changes.

### **2.2.2 Federal Affordable Care Act and Oregon's Health Care Statutory Reforms**

Oregon's state government is known for its healthcare innovations, as evidenced by its health insurance regulatory structure, which is a national model for other states, especially in the areas of transparency and consumer involvement. The same leadership is evident in the state's

introduction of Coordinated Care Organizations to the Oregon Health Plan, a cutting edge initiative that, like the Oregon rate review program, will likely end up being considered one of the "gold standard" state innovation programs that make healthcare more affordable.

Oregon's initiative to commission a study of the expected effects of the 2014 Affordable Care Act reforms on its individual and small group marketplaces was also forward thinking and will no doubt prove to be valuable as Oregon moves forward with implementing the reforms. Again, there is little doubt that the report will provide other states with an incentive for looking ahead to 2014, as well as a model to emulate when doing so.

The report indicates that health insurance rates will increase significantly for some Oregonians in 2014, which serves to confirm the need to assure that the state's health insurance rate review program is rigorous and highly functioning.

#### **2.2.3/2.2.4 Insurance Rate Review Process/Key Personnel**

Personnel assigned to this project have many years of combined experience as state and federal regulators. Much of that experience includes oversight or direct responsibility for rate review.

**Sally McCarty** will be the project director for this project. Ms. McCarty was a regulator with the Indiana Department of Insurance for nine and a half years. She was the deputy commissioner for health issues for two and a half years, the chief deputy commissioner for six months, and Indiana's insurance commissioner from March of 1997 through July of 2004. Ms. McCarty was most recently director of rate review for the Center for Consumer Information and Insurance Oversight (CCIIO), the federal agency charged with implementing the Patient Protection and Affordable Care Act (ACA) insurance provisions relating to rate review. McCarty is a CHIR faculty member and holds a bachelor's degree in journalism and sociology from Indiana University, Bloomington, Indiana, and will complete a Master's Degree in Adult and Community Education from Ball State University, Muncie, Indiana, in May of 2013.

At CCIIO, McCarty was director of the team that researched and surveyed rate review programs in 50 states, the District of Columbia, and five U.S. Territories to determine if their rate review programs met the standards of an "Effective Rate Review Program," as defined in federal regulation. Additionally, as Indiana's insurance commissioner, McCarty was responsible for initial and ongoing evaluation of the many initiatives undertaken by the Indiana Department of Insurance during her tenure, including the implementation of the HIPAA portability provisions.

Ms. McCarty was involved in the review of the DCBS Division of Insurance's rate review program during the Effective Rate Review evaluation process and is aware of the program's accomplishments, as well as the challenges presented by Oregon's small group association exemption.

The Division's transparency standards, as evidenced by the absence of redactions in filings that appear on the rate review web site, are considered the highest in the country, and while designing the CCIIO consumer disclosure to appear on the Healthcare.gov website, Ms. McCarty and the team she directed looked to the Division's web site as a model.

**Rick Diamond** will serve as the actuarial consultant for the project. Mr. Diamond's extensive experience with regulatory rate review comes from more than 30 years with the Maine Bureau of Insurance where he had full responsibility for health insurance rate review. Mr. Diamond holds a bachelor's degree in mathematics and philosophy from Clark University in Worcester, Massachusetts, and is a fellow of the Society of Actuaries and a member of the Academy of Actuaries.

**Max Farris**, a CHIR researcher will also be assigned to the project. Mr. Farris is a former CCIIO staff member and worked with the CCIIO Enforcement Team. Max was on loan to the CCIIO rate review program in the summer of 2011 and assisted with the Effective Rate Review Program initiative. Mr. Farris is a graduate of the Georgetown University School of Law. He holds a bachelor's degree in philosophy from the University of Michigan in Ann Arbor, Michigan, and a J.D. from Georgetown University School of Law in Washington, D.C.

A **Researcher to be named**, who will be new to the CHIR team in the fall of 2012, will devote much of her time to this project. She is a person with excellent research and analytical skills who is knowledgeable about federal and state policy, including the Affordable Care Act.

### **2.2.5 Methodology**

The evaluation plan will be conducted in three phases. Two data gathering phases and an evaluation and reporting phase.

#### **Phase One: Internal Data Gathering - October 2012 through March 2013.**

Phase One activities will center on gathering data from the Department of Consumer and Business Services' Insurance Division (the Division). The types of data and collection methods will include the following:

- 1) Review of Cycle I and Cycle II rate review grant applications and quarterly reports.
  - a. The applications will be used to develop a baseline from which the rate review program will be evaluated.
  - b. The quarterly reports will be reviewed to assess progress over the reporting period.
- 2) Interviews with rate review staff.
  - a. On-site or telephone interviews will be conducted with staff who have responsibility over the Division's rate review program to determine their perceptions of the program's goals and achievements, as well as any challenges they have encountered.
  - b. On-site or telephone interviews will be conducted with actuarial staff to determine any changes introduced in the rate review process as a result of the grants as well as any changes in the rate increases filed and approved or denied since the changes were implemented.
- 3) Review of Rate Filings.

- a. Review of a sample of rate increase proposals filed during the first six months of 2010 and the last six months of 2012 to note any differences in :
    - i. Data required and filed
    - ii. Review process
  - b. Review of association filings reviewed by CCIIO.
- 4) Assessment of the Division's rate review transparency activity.
- a. Where possible, an analysis of access to the website, e.g., number of hits, and any patterns that emerge in reviewing the number of hits over the grant period. (For example, are there more hits when a rate increase proposal receives media coverage?)
  - b. A review of consumer feedback received through the rate review web site or other avenues provided for consumer comment, such as the consumer complaint system.
  - c. A review of public hearing records, including number of attendees by location, number of individuals testifying, and possible relevant variables (e.g. time of year, media coverage, etc.).

**Phase Two: External Data Gathering – April 2013 through December 2013.**

Phase Two activities will center on stakeholders in the Division's rate review program, including consumers, issuers, and providers. Research protocols for these interviews will be informed by data gathered in Phase I, as well as suggested data points in Exhibit C of the Request for Proposals and will include the following:

- a) On-site or telephone interviews with appropriate representatives from issuers who cover 5% or more of the individual or small group markets. (The 5% trigger is based on the standard used to determine the workload portion of Cycle II rate review grants.)
- b) On-site or telephone interviews with representatives of the consumer groups that are most active in Oregon rate review issues.
- c) On-site or telephone interviews with physician groups, hospitals, and other representative providers and provider groups to learn of any impact the Division's rate review program might have on providers.

**Interim Report: December 31, 2013.**

An interim report outlining findings and any preliminary analysis to date will be submitted to the Division by December 31, 2013. A meeting between the Project staff and Division staff will be scheduled in January 2014 to discuss any changes in content or direction that the Division would like to make regarding Phase III plans.

**Phase Three: Follow-up/Evaluation/Final Report – January, 2014 to September 2014.**

During Phase Three, after any necessary additional data gathering (based on meeting with the Division) is completed, analysis of the data collected during Phase I and Phase II will take place and the program evaluation will be completed. This work will result in a final report to be presented to the Division by December 1, 2014.

For all three phases:

- Interviews will be conducted by telephone when practical.
- Division staff will be consulted before external sources are contacted.
- Interim and final reports will be organized in a manner deemed most appropriate by the Division.

## EXHIBIT A

### 2.1.6 References

#### Customer Reference #1

Business Name	National Academy of Social Insurance
Contact Name	Lee Goldberg, Director of Health Policy
Business Address	1776 Massachusetts Ave, NW, Suite 400 Washington, DC 20036
Contact Phone Number	(202) 243-7288

#### Customer Reference #2

Business Name	Florida Office of Insurance Regulation
Contact Name	Kevin McCarty, Commissioner
Business Address	200 East Gaines Street, Tallahassee, FL 32399-0305
Contact Phone Number	(850) 413-5914

#### Customer Reference #3

(For Sally McCarty's work as CCIIO Rate Review Director)

Business Name	Center for Consumer Information and Insurance Oversight (CCIIO)
Contact Name	Karen Pollitz (former CCIIO Director of Consumer Support)
Business Address	Kaiser Family Foundation 1330 G Street, NW, Washington, DC 20005
Contact Phone Number	(202) 654-1307





# Oregon

John A. Kitzhaber, MD, Governor

Department of Consumer and Business Services

Workers' Compensation Division

350 Winter St. NE

PO Box 14480

Salem, OR 97309-0405

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[www.wcd.oregon.gov](http://www.wcd.oregon.gov)

March 6, 2013

The Honorable Bob Jenson  
The Honorable Betsy Johnson  
Joint Ways & Means Subcommittee on  
Transportation and Economic Development  
State Capital  
900 Court Street NE  
Salem, OR 97301

Dear Co-Chairs and Members:

During the March 4, 2013 Hearing of the Ways and Means Subcommittee on Transportation and Economic Development, Senator Shields asked about the status of the Assigned Risk Plan (ARP). Following that meeting Senator Shields asked how long, on average, a new and small business could expect to stay in the ARP? Senator Shields also asked how a business would know it may be able to get a better price in the voluntary market if the business doesn't have an insurance broker or agent.

The ARP is administered by the National Council on Compensation Insurance. We requested current information on how long employers are remaining in the plan. We expect we should have that information from NCCI shortly and will share that when we receive it. In 2005, the department conducted a study of Oregon's ARP. At that time, about half of employers in the plan had been in the plan 12 months or less. A small share of plan employers, 13%, had been in the plan for more than 36 months.

As a result of the 2005 study, several steps were initiated to reduce the number of employers in the ARP, including adoption of a loss sensitive rating plan for larger employers and assistance to employers to find placement in the voluntary market by matching them with carriers that cover their industry risk. There have also been improved plan operations and pricing. In 2005, over 13,000 employers, or 8.2% of written workers' compensation premium, were in the ARP. By 2011, the ARP was reduced to approximately 7,900 employers representing 3.7% of written workers' compensation premiums.

A high percent of employers in the plan are small businesses with premiums less than \$2,500. The ARP acts as an incubator for many new and small businesses to obtain mandatory workers' compensation insurance while developing enough experience to purchase voluntary market coverage. Oregon remains the only state that offers premium credits for new and small employers in the plan. There are also some specialty workers compensation policies only available in the ARP, such as the "If Any" policy which offers coverage to small businesses who currently have no employees but have future plans to hire, and the Preferred Worker Policy



which offers coverage to a business who's only employee has preferred worker status. In addition, there are some classes of business that have lower minimum premiums in the ARP than is available in the voluntary market.

Before an employer can get insurance coverage through the ARP, they must be declined by at least one workers' compensation carrier admitted in Oregon. As mentioned above, some employers are pre-screened into voluntary coverage during the ARP application process. Employers also receive notices about ARP coverage in their plan application and the insurance binder. The vast majority of insurance carriers do require employers to obtain insurance through either an agent or a broker, with SAIF being the main exception to the rule. Servicing insurance carriers actively monitor the plan for potential voluntary market coverage, and often underwrite businesses they service out of the ARP. In addition, the DCBS Small Business Ombudsman for Workers' Compensation regularly assists employers to obtain voluntary market coverage and department personnel regularly perform outreach to small businesses through small businesses fairs and outreach programs.

Please let me know if you have any additional questions. As I mentioned above, I will forward to the subcommittee the information from the plan administrator regarding current average time employers stay in the ARP.



John Shilts, Administrator  
Workers' Compensation Division  
(503) 947-7551  
[john.l.shilts@state.or.us](mailto:john.l.shilts@state.or.us)