



# 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  
Fax: 503-378-6444  
dcbs.oregon.gov

March 18, 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. On March 6, 2013 we responded to the majority of the request except for two areas, to which we would like to respond.

- 1. 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?**

Our initial response included the names of the individuals at Georgetown University performing the health insurance rate review work. One individual's name was unavailable at the time of our response. The information below provides a complete list of key personnel assigned to this project:

- Sally McCarty, project director
- Rick Diamond, actuarial consultant
- Max Farris, Center on Health Insurance Reform (CHIR) researcher
- Sarah Dash, Center on Health Insurance Reform (CHIR) researcher

- 2. 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?**

On March 6<sup>th</sup> a response was submitted, however, we have additional information to share. 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





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Department of Consumer and Business Services

Workers' Compensation Division

350 Winter St. NE

PO Box 14480

Salem, OR 97309-0405

1-800-452-0288, 503-947-7810

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

March 11, 2013

The Honorable Bob Jenson  
The Honorable Betsy Johnson  
Joint Ways and Means Subcommittee on  
Transportation and Economic Development  
State Capitol  
900 Court St. NE  
Salem, Oregon 97301

Dear Co-Chairs and Members:

During the March 4, 2013 Subcommittee Hearing of the Ways and Means Subcommittee on Transportation and Economic Development, Senator Shields asked how long, on average, could a new, small business expect to stay in the Assigned Risk Plan? The Assigned Risk Plan is the insurer of last resort for workers' compensation insurance and is administered by the National Council on Compensation Insurance (NCCI). I provided some dated information in my letter of March 6, 2013, but have more up-to-date data to share.

We received a substantial data file from the NCCI. The department's summary of the spreadsheet for employers in the Assigned Risk Plan for policy year 2012 is provided below. Please note, for the purpose of this discussion a "small" employer in the plan is an employer with less than \$2,500 in workers' compensation premium.

	Policy premium	
	< \$2500	>= \$2500
Employers	6,147	1,807
Average months	52.6	39.9
Minimum	0	0
Median	28	20
Maximum	240	240

The average duration for a small employer is 52.6 months (just over 4 years), but the median is lower (just over two years). This indicates that while half the small employers leave the assigned Risk Plan in just over 2 years, some small employers are staying in the plan for much longer.

Larger employers, those with more than \$2,500 in premium are typically leaving than assigned risk plan faster than those employers under the \$2,500 premium volume.

Please let me know how if you have any questions or want to discuss this further. Thank you.

Sincerely,

John Shilts  
Administrator  
Workers' Compensation Division  
Department of Consumer and Business Services  
(503) 947-7551  
[john.l.shilts@state.or.us](mailto:john.l.shilts@state.or.us)

