

OREGON

Workers' Compensation System Overview

HOUSE BUSINESS AND LABOR COMMITTEE
FEBRUARY 18, 2013



Pre-1913

- When injured on the job, workers' recourse was to sue their employer
- This was expensive to all, slow, and to no one's benefit
- Both employers and workers sought a better solution
- The 1913 Oregon Legislature created the workers' compensation system
- Law took effect on Jan. 1, 1914



Pre-1990 reform

- The system was broken
- Workers' outcomes were unacceptable
- No return-to-work programs in place
- Employers' costs were high



Mahonia Hall – 1990 reforms

- The governor convened management and labor representatives to recommend solutions
- The legislature met in May 1990 and passed comprehensive reforms, including:
 - Emphasized return to work
 - Improvements to safety and enforcement
 - Managed care and improved medical care
 - More precise definition of compensable injury
 - Streamlined litigation process



Terms

- ADC = Accepted Disabling Claims
- RTW = Return to Work
- TTD = Temporary Total Disability or full wage replacement while recovering from injury.
- PPD = Permanent Partial Disability or compensation for permanent wage loss and disability.
- PTD = Permanent Total Disability or worker so severely disabled expected never to return to work

Results

Workers' comp reform reached

The governor says Oregon employers' bill will drop an average of 15 percent next year because of workplace safety

By ROGER O. CROCKETT
of The Oregonian staff

Workers' comp reform OK'd

A labor-business success story

Oregon's 1990 workers' compensation reform proved to be a management, labor and state success story

businesses will save nearly \$40 million in 1997 under the new rates, which follow recent reforms in workers' comp

employer-paid insurance that covers workplace injuries. State regulators set a "pure premium" rate for private insurance to reflect actual costs

THE EFFECT BY INDUSTRY

Workers' compensation rates will drop an average of 10.5 percent in 1997, but the average reduction for individual industries will be higher or lower. Here are some examples for different risk groups:

Manufacturing
Construction/contracting
Office and clerical
Goods and services
Miscellaneous

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OSHA helps boost safety

Voluntary programs can translate into bottom-line savings

By COOKSON BEECHER
Special to The Hermitian Herald

"Work safe. Home safe," is the motto of the Washington state Department of Labor and Industries' voluntary work-safe program.

The program is built on cooperative partnerships between employers and the agency to help workers safe and lower costs caused by workplace injuries.

"The goal is to have workplaces where management and employees work with us to provide the safest workplace possible," said Tom Norris, director of Washington's Voluntary Protection Program. "We want workers to know that when they come to work in the morning that they have a 99.9 percent chance of going home at night."

Interest in voluntary protection programs, which are managed by the federal Occupational Safety and Health Administration or similar state organizations, has been growing

from being a niche program, but now it's the door. said Bill E Hennings, which has storage facilities in Washington state. "We they point what to look for. For Hennings, being OSHA's Safety Achievement Program."

Workers' compensation insurance rates will fall

The governor says an average 15.6% decline in costs will save employers \$112 million in 1997

By CHARLES BEGG
The Associated Press

BUILDING ON SAFETY

Workers' compensation insurance rates in Oregon will drop an average of 15.6 percent in 1997

and Business Services Department.

Kitzhaber said the state's shift from a timber-based economy to one driven by high technology does not fully explain the drop in workplace injuries.

Kerry Barnett, director of the Consumer and Business Services Department, said the state and federal government are working on a joint effort to reduce workplace injuries.

Workers' comp rates to decline once again

Insurance: The drop will save Oregon employers \$112 million a year.

By CHARLES BEGG

Workers' comp rates to fall further

The decrease moves Oregon from 15th-most expensive state to 34th.

By JIM KRAVETS
San Journal
ton's dramatic reduction

year, with another 15 percent drop, Gov. John Kitzhaber said Monday.

Since the decade began, the rates Oregon businesses pay have been cut in half, the governor said. The decrease has pushed Oregon from the sixth-most expensive state in 1986 to 34th.

ness," Kitzhaber said.

Employers, who lobbied state officials hard in the late 1980s to change the state's system, are obviously happy.

"It allows us to be more competitive in the marketplace and lowers the net cost to companies," Kitzhaber said.

The state's changes began in 1991, with legal reforms and with SAIF — the quasi-public workers' compensation insurance agency — eliminating some employers from coverage.

The revisions were intended to cut costs by

Since then, work-related illnesses and injuries have dropped dramatically.

In 1989, for example, more than 10 percent of the workforce suffered a work-related injury or illness compared to slightly less

was at an historic high of \$825 million statewide.

The decrease leaves unchanged the workers' compensation rates employers pay, which is 1.3 cents for every hour worked.

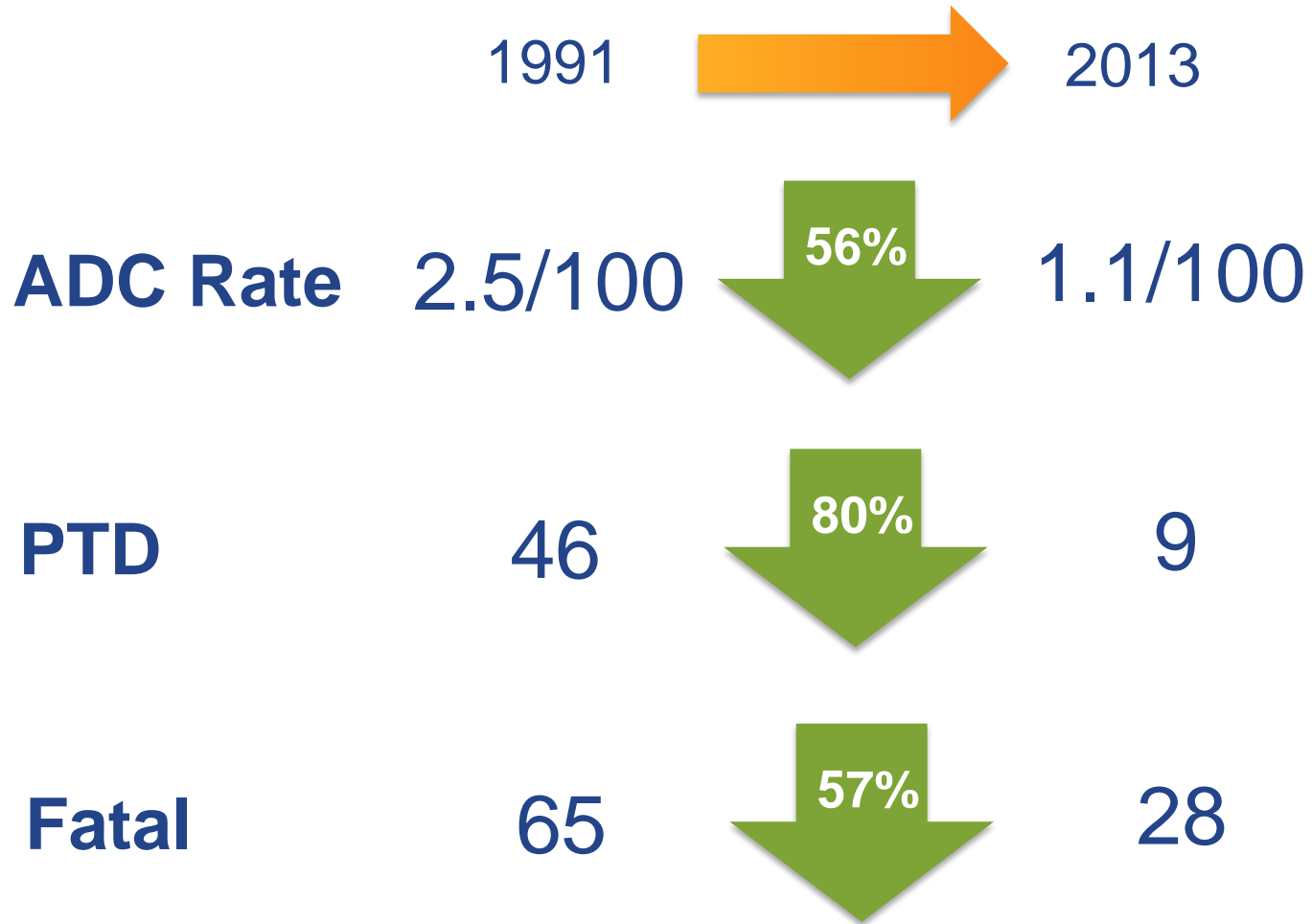
Workers' comp claims declining

Employer Savings

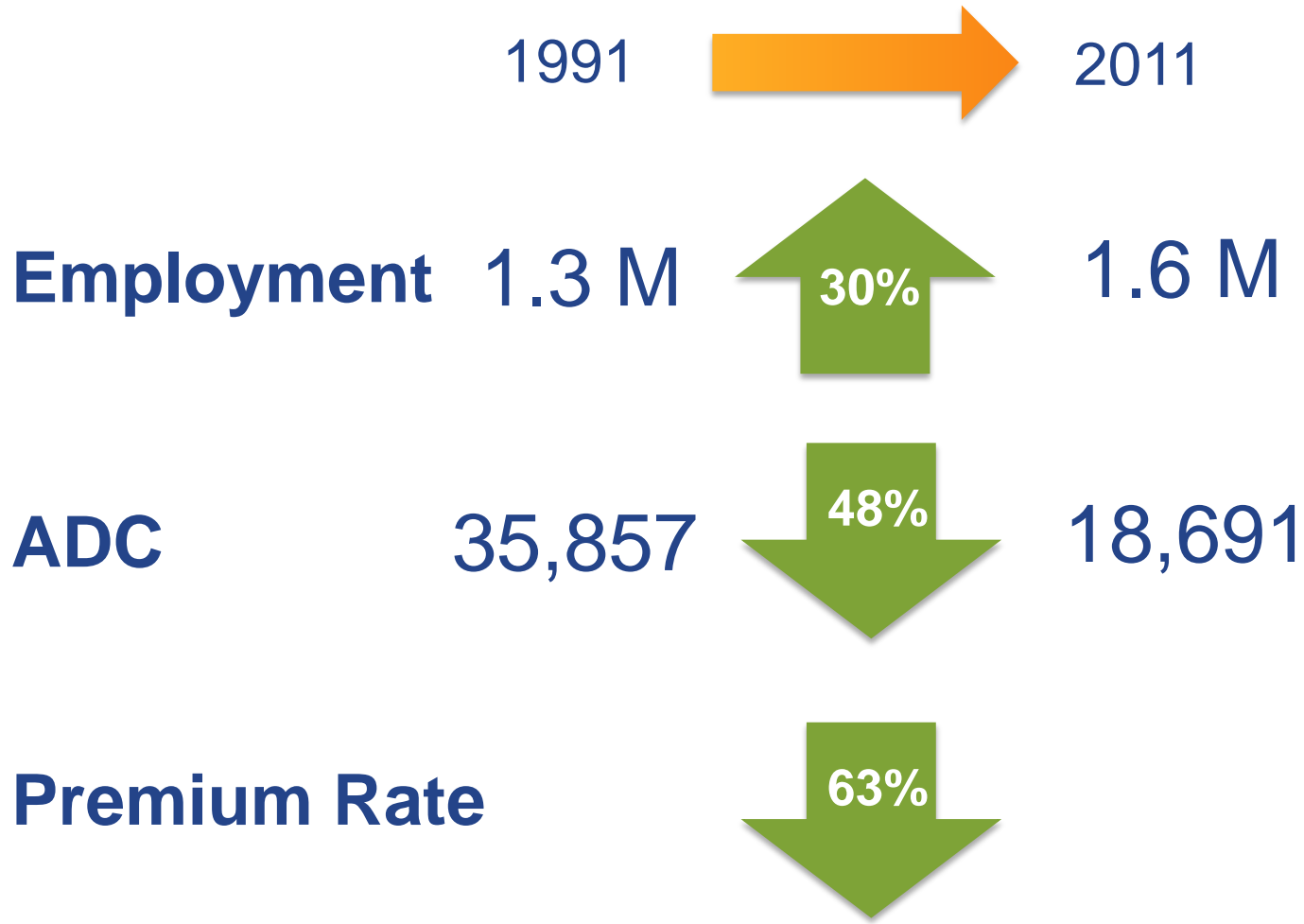
1991  2013

\$20 Billion

Improved Safety



Improved Safety



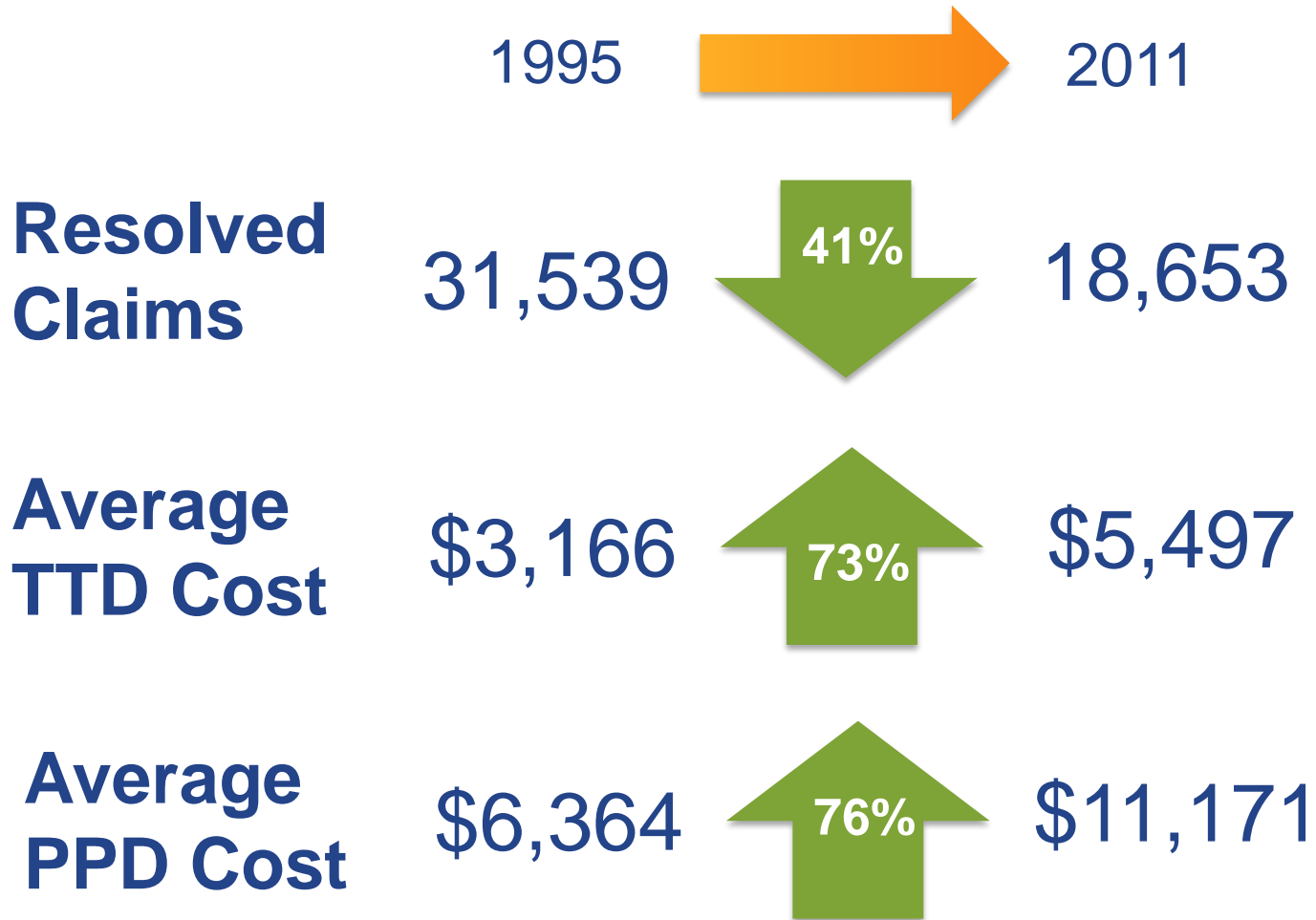
Claim Denial Rate Declining

CY	ADC rate compared to 1990	Denial rate for disabling claims (fiscal year data)
2004	48%	17.1%
2005	46%	16.1%
2006	47%	14.1%
2007	47%	14.7%
2008	44%	14.0%
2009	41%	15.3%
2010	39%	15.5%
2011	40%	14.0%

Improved Safety

CY	Claims avoided since 1990	Cumulative claims avoided since 1990	ADC rate compared to 1990
1990			100%
1991	-4,378	-4,378	88%
1992	-5,695	-10,073	84%
2008	-28,089	-321,344	44%
2009	-27,700	-349,044	41%
2010	-28,235	-377,280	39%
2011	-27,995	-405,274	40%

Increased Benefits



Increased PPD Benefits

Dates of injury	Maximum scheduled PPD	Maximum unscheduled PPD	Maximum PPD
July 1986 - June 1987	\$24,000	\$32,000	-
July 1990 - June 1991	58,560	32,000	-
July 1995 - Dec. 1995	67,402	69,617	-
Jan. 2000 - Dec. 2001	98,168	149,033	-
—————> Series break			
Jan. 2005 - June 2005	-	-	\$263,917
July 2010 - June 2011	-	-	314,061
July 2012 - June 2013	-	-	322,447

Big four reform successes

- ✓ Fewer injuries
- ✓ Better claims and medical practices
- ✓ Affordable for employers
- ✓ Good benefits and outcomes for workers

Questions?



community
Workers' Compensation