



Workers' Compensation Overview

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What is Workers' Compensation?

- Social insurance
- Protects employers and employees from financial loss and hardship due to injuries
- "Great compromise"
 - Employees guaranteed medical and wage benefits
 - Employers protected from lawsuits

Oregon History

- Before 1913, the only recourse for workers was to sue their employer for workplace injuries
- The Legislature created the workers' compensation system, effective 1914
- Employers purchased insurance through a state fund

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Oregon History

- The Legislature stated findings for the system:
 - Economic enterprise is valuable for Oregon
 - Injuries will occur at work
 - Lawsuits are costly and have low benefit for both parties
 - Exclusive statutory system of compensation provides best solution

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Oregon History

- Coverage for workplace injury
- No fault
- Exclusive remedy
- Comprehensive medical treatment
- Payment for wage loss & disability
- Workplace safety
- Return to work and efficient dispute resolution

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Oregon History

- In 1966, the Legislature made most employers subject to workers' compensation law.
- Employers had three choices:
 - Buy insurance from State Compensation Department (the predecessor of SAIF Corp.)
 - Buy insurance from private insurers, or
 - Self-insure

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Oregon History

- Between 1987 and 2001 there were a number of reform efforts.
- Some of the results:
 - Emphasized return to work
 - Improvements to safety and enforcement
 - Managed care and improved medical care
 - More precise definition of compensable injury
 - Streamlined litigation and dispute processes

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Oregon System Today

- Affordable system for employers
- Strong benefits for workers
- Employers pay premiums that fund benefits
- Employers and workers equally pay for return to work, cost-of-living increases, and other programs

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Oregon System Today

- Legislature has a key role in this process
 - Decides who must be covered and who provides coverage
 - Sets levels of benefits
 - Decides who qualifies for benefits
 - Gives policy direction

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Dept. of Consumer and Business Services (DCBS)

- Administers and enforces the law:
 - Ensure coverage is in place, resolve disputes, and ensure workers get benefits due (Workers' Compensation Division)
 - Insurance company financial regulation (Insurance Division)
 - Workplace safety (Oregon-OSHA)

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Workers' Compensation Board

- Workers' Compensation Board resolves disputes and approves settlements
 - Hearings Division/ALJs
 - Board hears appeals and approves settlements

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Management-Labor Advisory Committee (MLAC)

- Statutory committee made up of five management members, five labor members, director of DCBS is ex-officio
- Charged to study issues that affect the system
- Reports findings and recommendations to Legislature and Governor

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Ombudsmen

- Ombudsman for Injured Workers
- Small Business Ombudsman

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Insurers and Self-Insured Employers

- Process claims
- Pay benefits
- Rate permanent disability
- Set aside reserves to pay future liabilities
- Assist with safety programs
- Implement return to work

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Oregon's Effective System

- System is for employers and workers
- Recent ProPublica article - national view
 - State systems cut worker benefits
 - Lower employer costs
- Oregon went a different way

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Oregon's Effective System

- Oregon reform era 1987 to 2001
- 1987- 1989: Oregon system in crisis
 - 6th most expensive state
 - Low benefits to injured workers

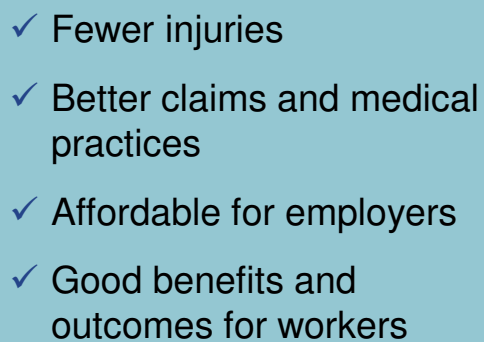
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Oregon's Effective System

- 2015 - 9th least expensive in nation
- 2015 - Worker benefits are improved
 - Temporary disability – average up 76% since 1995
 - Permanent disability – average up 74% since 1995
 - Fatal burial benefits – doubled in 2009
 - Return-to-work services are used in 25% of disabling claims

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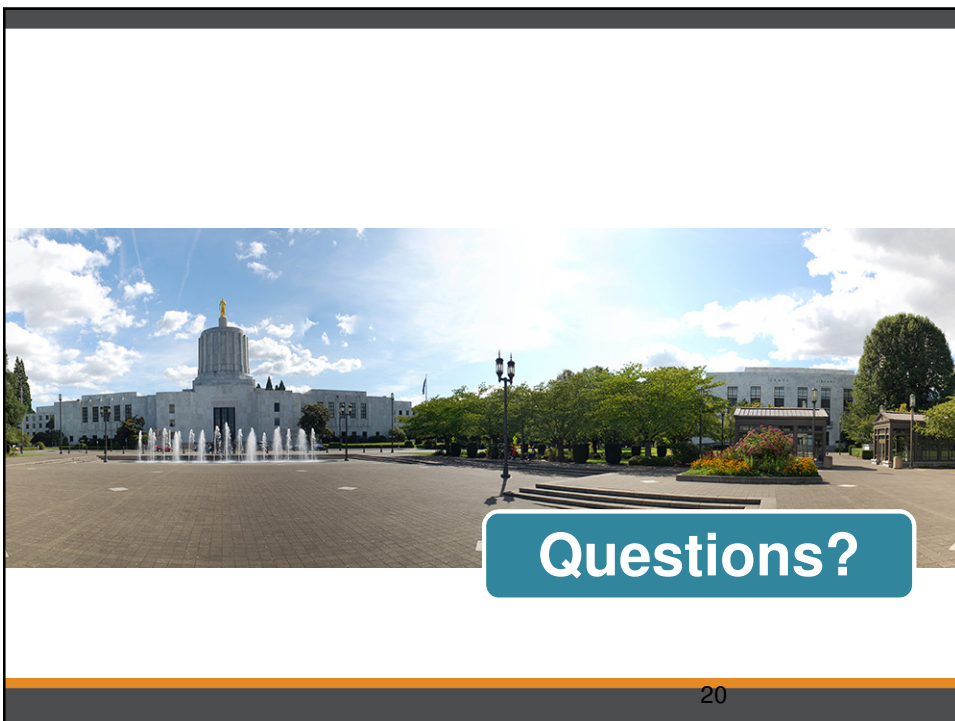
Big Four Reform Successes

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

Legislative Issues

- Workers' compensation system always needs improvement.
- Bills coming to this committee address:
 - Independent medical examinations
 - Compensability determinations in light of recent court cases
 - Self-insured employers
 - Attorney fees

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