



April 8, 2015

To: Senate Committee on Workforce

Re: SB 701 - Modifies Process for Independent Medical Examinations of Injured Workers by Providing Random Selection of Qualified Physicians

Mr. Chairman and Committee Members:

My name is Brandon LaSalle, and I am Government Affairs Counsel with American Family Insurance Company. Thank you for the opportunity to comment on SB 701.

American Family opposes SB 701 and believes passage will result in higher workers' compensation costs and premiums.

Under ORS 656.325, any provider performing a workers' compensation independent medical examination (IME) must be pre-approved by the Director of the Department of Consumer and Business Services. Today, there exists a large pool of providers who have been pre-approved to perform IMEs. A workers' compensation insurer has the discretion to select any pre-approved provider to perform an IME.

Adding a random selection process, as contemplated in SB 701, will eliminate the right of a workers' compensation insurer to select a pre-approved provider to perform an IME. Insurer will be forced to utilize and abide by the results of, an IME provider they would never have selected on their own. Most importantly, it means insurers will no longer *manage* claims, but will be forced to merely *process* claims payments.

A somewhat similar situation occurred in Colorado in 1997. The legislature created a mandatory (independent medical examination) IME Panel for all automobile personal injury protection (PIP) insurance benefits. Many of the doctors who applied to participate in the pool were claimant-oriented providers, who had years of pent up frustration as a result of having their treatments terminated by independent medical examinations. The results of the IME pool were predictable: **98+**% of all IMEs performed by pool doctors sided with the injured claimant. Only 1-2 % of injured parties had benefits terminated. In nearly every case, treatments continued unabated. At one point, American Family's PIP premiums increased by 20% a year. Eventually the additional medical expense and increasing premiums imperiled the entire system, which was repealed in 2003.

American Family urges the committee to maintain the current IME law which helps keep workers' compensation costs and premiums in check.

Thank you again for the opportunity to share our thoughts on SB 701.

Respectfully,

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