

**HB 2336 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Barreto

**House Committee On Business and Labor**

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**Action Date:** 02/20/17

**Action:** Do pass with amendments. (Printed A-Eng.)

**Vote:** 9-0-0-0

**Yeas:** 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

**Fiscal:** No fiscal impact

**Revenue:** No revenue impact

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**WHAT THE MEASURE DOES:**

Allows Director of Department of Consumer and Business Services to appoint claims processing agent for self-insured employer who defaults, cancels certification, or is decertified by Director. Provides that paying agency must reimburse Department for expenditures made and for present value of reasonably expected expenditures.

**ISSUES DISCUSSED:**

- Potential delay State's procurement process could cause in assigning claims processor
- Variety of benefits paid by Department
- Support of Management-Labor Advisory Committee

**EFFECT OF AMENDMENT:**

Allows claims processing agent under contract with Department to process claims of defaulted or decertified self-insured employer or employer group to employ the legal counsel of their choice. Clarifies that funds due to Department recovered from third party must be deposited in the same fund from which the Department's expenditures originated.

**BACKGROUND:**

Most employers in Oregon are obligated to provide workers' compensation coverage to their employees. An employer can choose to purchase private insurance or be self-insured as an individual or with a group of other employers. In Oregon, an employer or group of employers that wants to be self-insured must apply with the Department of Consumer and Business Services (DCBS) and be certified by the Director. To qualify for self-insurance, certain criteria must be met, including providing assurance that claims will be processed promptly and completely.

In 2014, DCBS requested legislation (Senate Bill 1558) to address an urgent situation involving the default of several self-insured employer groups. The enacted legislation ensured that affected workers would receive benefits in a timely manner. In the process of implementing Senate Bill 1558, the Department identified inconsistencies that were inadvertently created by the legislation in the areas of claims processing and recovery of damages from third parties. House Bill 2336-A specifies that the Department is the "paying agency" with respect to all of its expenditures, not just those limited to vocational assistance and costs of claims on noncomplying employers. It clarifies that reimbursement from a third party to the Department is required regardless of who (i.e., injured worker or insurer) undertook the recovery action. House Bill 2336-A allows the DCBS Director to assign a claims processor for any defaulted or decertified self-insured employer, just as they are currently able to do when a self-insured employer group defaults or is decertified. This authority allows the Department to act quickly without being subject to the procurement laws and policies of the State.