



**Testimony of  
David Barenberg, SAIF's director of government relations  
Ways and Means Subcommittee on Transportation and Economic Development  
Regarding HB 5011  
February 6, 2019**

I am here today to speak in support of the elements of the Department of Consumer and Business Services budget that impact Oregon's workers' compensation system.

SAIF is Oregon's not-for-profit workers' compensation insurance company. For more than 100 years, we've been taking care of injured workers, helping people get back to work, and keeping rates low by focusing on workplace safety.

In the 1980s, Oregon's workers' compensation system was in crisis. We had the sixth highest rates in the country as business costs had almost doubled in 10 years. We had the highest frequency of claims, and the highest frequency of claims with permanent partial disability. We were the third highest in total medical cost per claim. In addition, we had a poor rate of returning injured workers back to the workforce.

In 1990, the governor brought business and labor together at Mahonia Hall, and charged them with creating a system that worked for both workers and business. Their work was adopted in a one-day special session.

Their major reforms included a focus on safety, quality managed medical care and returning injured workers to work. They also established the Management-Labor Advisory Committee (MLAC), which was especially important to maintain the system's continued success. Made up of five representatives from management and five from labor, the group continued the partnership started at Mahonia Hall. MLAC's statutory mandate is to advise the legislator on the workers' compensation system. Policyholders rely on MLAC to maintain the balance brought to the system by the 1990s reforms.

Today, Oregon's workers' compensation system is among the best in the country. Both injury frequency and rates have fallen more than 70 percent (*figure 1*). Our workers' compensation system gives Oregon a competitive advantage over neighboring states, where rates are significantly higher (*figure 2*).

These results are not an accident—they have required 28 years of stewardship by DCBS and its agencies. We have an exceptionally strong partnership with DCBS and its divisions, who have effectively reached out to stakeholders and ensured workers' comp is a collaborative effort:

- MLAC has continued the partnership between business and labor in advising policy.
- The Workers Compensation Division's nationally recognized return-to-work and Employer-at-Injury programs are innovative and help SAIF policyholders return their injured workers back to their jobs.
- The Oregon Occupational Safety and Health Administration has continued to regulate and educate businesses on safety and health practices.
- The injured worker and small business ombudsmen provide valuable assistance to workers and businesses as they navigate the system.

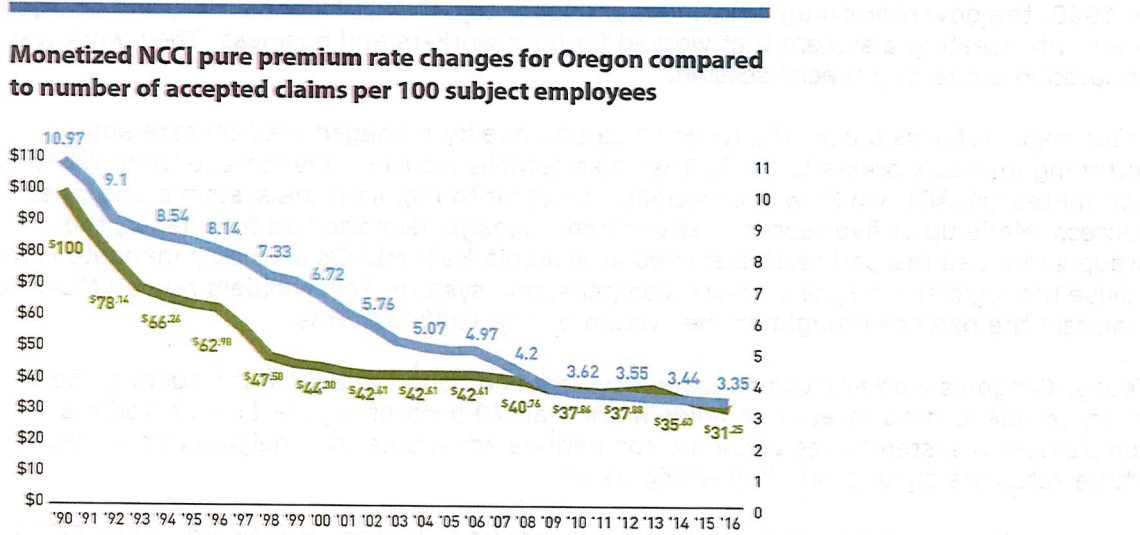


- Prior to offering workers' compensation insurance rates to policyholders, insurers must file proposed rates with the Division of Financial Regulation for approval. DFR's market oversight assures Oregon businesses that their rates are fair and adequate.
- The workers' compensation board has managed and resolved disputes.

SAIF urges your support of DCBS's budget so they can continue to shepherd Oregon's well-managed workers' compensation system for both Oregon's businesses and workers. In particular, we want to voice our support of the Workers' Compensation Division's IT modernization POP request. It is clear the system needs to be revamped to improve system efficiencies. For example, SAIF regularly provides claims documents electronically to the Workers' Compensation Division. Rather than being able to scan or store these documents digitally, WCD employees must manually enter the information into their outdated system. This is time that could be better used helping Oregon businesses and workers.

We thank you for your time and are happy to answer any questions.

FIGURE 1

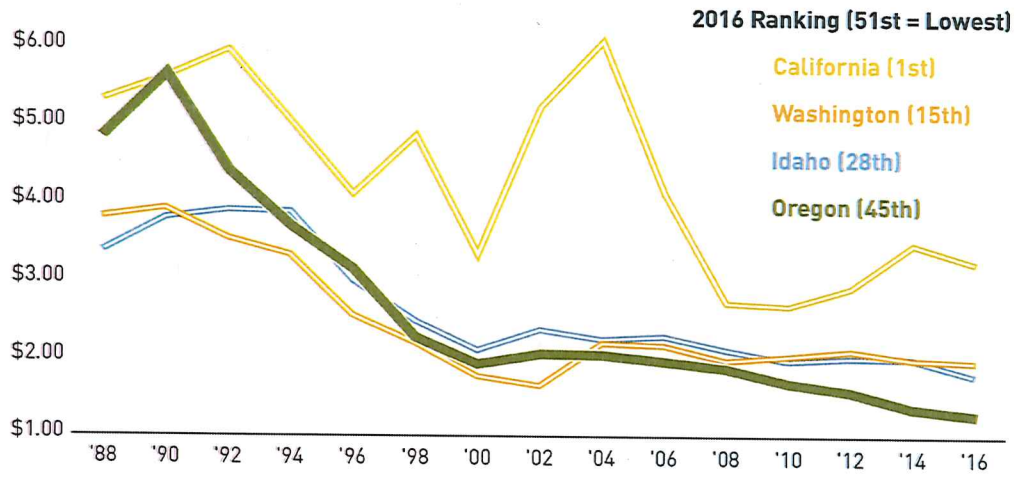


Source: National Council on Compensation Insurance (NCCI) Pure Premium rate filings for Oregon workers' compensation for years shown. Department of Consumer and Business Services (DCBS): Information and Technology Research Section

FIGURE 2

**Oregon vs. California, Idaho, and Washington comparison of workers' compensation pure premium rate indices and ranking, 1988-2016**

Dollars per \$100 of payroll



Source: Oregon Workers' Compensation Premium Rate Ranking; Oregon Department of Consumer and Business Services (DCBS); Information and Technology Research Section.