

Workers' Benefit Fund

As part of administering Oregon workers' compensation system, the Department of Consumer and Business Services (DCBS) manages the Workers' Benefit Fund, which pays for a variety of programs that help injured workers and employers.

Fund Management

The Workers' Benefit Fund's primary revenue source is an assessment on payroll earned by all workers subject to Oregon workers' compensation law, or non-subject workers the employer chooses to cover with workers' compensation insurance. The assessment is calculated based on an employee's hours worked in the quarter they are paid by employers. Employers and employees each pay half of the assessment, currently set at 2.0 cents per hour or partial hour worked.

DCBS annually reviews and may adjust the assessment rate as needed to meet fund balance requirements. The hourly rate is determined based on cash balances and projected levels of need from programs funded by the assessment. The current rate of 2.0 cents per hour is a decrease from the 2020 to 2023 assessment rate of 2.2 cents per hour.

The department provides public notice to employers and payroll service providers before any change to the rate. Every October, employers and payroll service providers are mailed the rate notice for the upcoming calendar year.

Oregon law requires DCBS to maintain a cash balance of approximately 12 months of projected expenditures in the Workers' Benefit Fund. If the fund balance is projected to fall below the required balance, DCBS must develop a plan to increase the balance and report the plan to the Workers' Compensation Management-Labor Advisory Committee (MLAC).

Fund Expenditures

Re-employment Assistance Program (ORS 656.622) - The Re-employment Assistance Program provides employers incentives to rehire or hire injured workers. There are two components to this program: the Employer-at-Injury Program, which encourages the early return to work of injured workers; and the Preferred Worker Program, which helps qualified Oregon workers who have permanent restrictions from on-the-job injuries and who are not able to return to their regular employment because of those injuries. Employment is encouraged through (depending on the program) premium exemption and providing funds for wage subsidies, worksite modifications, certain purchases, and claim cost reimbursement for eligible employers and workers. The program also offers reimbursement to insurers and self-insured employers for certain related administrative costs.

Retroactive Program (ORS 656.506) - The Retroactive Program provides increased benefits to workers or their beneficiaries for benefit levels that are lower than what is currently being paid for like injuries. The increased benefits are received mainly by beneficiaries of workers who suffered fatal injuries and by workers who have been determined to have a permanent total disability.

Noncomplying Employer Payments (ORS 656.054 and ORS 656.735) - Noncomplying employer payments are for claims costs of injured workers who were employed by an employer that did not have workers' compensation insurance coverage at the time of the worker's injury. Sedgwick Claims Management Services Inc. processes these claims as the department's claim processing agent and is reimbursed by the department.

The department is responsible for collecting all claims costs from the noncomplying employer. Recovered claim costs and civil penalties to the noncomplying employer are deposited into the Fund. The Department of Revenue, Department of Justice, and contracted private vendors help the Department of Consumer and Business Services in the recovery of claims costs not readily recoverable.

Reopened Claims Program (ORS 656.625) - The Reopened Claims Program provides reimbursement to insurers, self-insured employers, and self-insured employer groups for costs arising from specific claims costs associated with Workers' Compensation Board motion orders or voluntary reopenings by insurers. These orders are done under the authority of ORS 656.278.

Expenses of the Oregon Institute of Occupational Health Sciences of the Oregon Health & Science University (ORS 656.630) – The Oregon Institute of Occupational Health Sciences is dedicated to health and safety in the workforce and is the home of the Oregon Healthy Workforce Center, a National Institute for Occupational Safety and Health (NIOSH) Center of Excellence for Total Worker Health, and the NIOSH-supported Oregon Fatality Assessment and Control Evaluation program. The Institute is base funded through the Fund, in an amount equal to one-sixteenth of one cent of the workers' portion of the assessment.

Activities related to investigating an alleged injured worker discrimination (ORS 656.605) – The Bureau of Labor and Industries (BOLI) is responsible for enforcing statutes regarding alleged discrimination related to a workers' compensation claim, including reinstatement and reemployment rights. Expenses are paid by the Fund, subject to an agreement between the DCBS Director and BOLI Commissioner.

Payments due to workers who have not received payment from an insurer in default (ORS 656.445) – If a workers' compensation insurer defaults in paying compensation due to an injured worker, DCBS can advance funds to injured workers who have not received payment from the insurer in default.

Supplemental Disability Benefit (ORS 656.210) - The Supplemental Disability Benefit was established to provide a more accurate replacement of lost wages for workers with multiple jobs for injuries occurring on or after Jan. 1, 2002.

Workers with Disabilities Program (ORS 656.628) - The Workers with Disabilities Program encouraged the employment of disabled workers whether their impairment was due to congenital causes, injury, or disease. It allowed for reimbursement for subsequent injuries for the percent of claim costs that could be attributed to the disability. The Oregon Legislature's special session in 1990 ended the identification of new claims for eligibility under the Workers with Disabilities Program, when incentives under the Re-employment Assistance Program were increased. Although no new claims against the reserve have been accepted since May 1, 1990, reimbursement for claim costs continues for those claims previously found eligible.

Rehabilitation Payments for pre-1986 Vocational Assistance Costs (Oregon Laws 1985, Chapter 600, Section 15) – Enacted legislation shifted funding of injured workers' vocational assistance for injuries sustained after 1985 to employers' insurance premiums.