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Oregon workers' compensation costs continue to decrease

Nearly 6 percent reduction reflects safer workplaces

(Salem) — Employers in Oregon will pay nearly 6 percent less on average for workers' compensation coverage in 2009, the Department of Consumer and Business Services announced today. The reduction in the workers' compensation "pure" premium rate in 2009 marks the third straight year for a rate decrease and the 19th consecutive year with no rate increase. Since 1991, Oregon's workers' compensation costs have declined nearly 62 percent, saving Oregon employers \$16.4 billion, while benefits and services for workers have improved.

"This rate reduction continues Oregon's unprecedented success story in workers' compensation," said Governor Kulongoski. "Not only have we been able to keep costs low for employers, but we have improved worker benefits and made workplaces safer."

In fact, the successes in Oregon's workers' compensation system were recognized in 2008 in a national study by the Workers' Compensation Research Institute. The study, called "Lessons from the Oregon Workers' Compensation System," highlighted several lessons other states can learn from Oregon, including cooperation between management and labor; accurate and timely benefits for injured workers; reduced litigation over benefits; and return-to-work programs that help injured workers get back to work faster.

The pure premium rate is the base rate employers pay their insurance company for workers' compensation coverage. On average, Oregon employers can expect a 5.9 percent decrease in pure premium in 2009, but some employers will see rates go up and others may see no change. Specific cost changes vary from business to business, depending on the employer's industry, claims experience, workforce, and other factors.

The department sets the pure premium rate based on a recommendation from the National Council on Compensation Insurance Inc. (NCCI). NCCI looks at various trends in claims experience and benefits to forecast "loss costs" – or the estimated cost of injury and illness claims in Oregon. NCCI forecasted a 5.9 percent decrease in loss costs because claims frequency and costs per claim are continuing to decline while medical costs are increasing but at a slower rate.

"Employers and workers in Oregon have worked hard to make their workplaces safer, and it has resulted in fewer, less severe injuries," said Cory Streisinger, director of the Department of Consumer and Business Services, adding that workplace injury and illness rates in the state have declined more than 10 percent since 2004 and more than 50 percent since the late 1980s.

Medical costs also constitute a large piece of the pure premium rate. The department has taken several steps to reduce medical costs in workers' compensation, such as lowering pharmacy fees, encouraging the use of generic drugs, and working with the Workers' Compensation Medical Advisory Committee to screen the use of new and experimental medical procedures.

While low premium rates have provided significant savings to employers, Oregon has continued to make several changes to its workers' compensation system that benefit injured workers. For example:

- Benefits for permanent disability have increased between 600 percent and 800 percent since the late 1980s, depending on the type of injury, and they now go up automatically as statewide wages increase.
- Oregon's wage replacement benefits are now among the highest nationally.

- The rate at which workers' claims are denied has held steady in the past 15 years and has declined slightly since 2002.
- Workers have more rights in the independent medical examination process, with the ability to contest the examination location, bring in an observer during the examination, and file complaints.
- Workers are receiving medical benefits more quickly. The department's Workers' Compensation Division has reduced the average time it takes to resolve medical disputes 57 percent since 2005.

"We will continue to work with the Management-Labor Advisory Committee to further improve benefits to workers while keeping costs low for employers," Streisinger said.

For example, the Management-Labor Advisory Committee is developing recommendations to improve workers' compensation death benefits and plans to submit a legislative proposal to the 2009 Legislature.

The department also announced that two workers' compensation fees will remain unchanged next year. The workers' compensation premium assessment, which pays for the administration of workers' compensation and workplace safety programs, is proposed to remain at 4.6 percent in 2009 (4.8 percent for self-insured employers and employer groups). The Workers' Benefit Fund assessment, which pays for special benefits for injured workers and their employers, will remain at 2.8 cents-per-hour worked in 2009. Employers and workers each pay half of the Workers' Benefit Fund assessment. Neither the premium assessment nor the Workers' Benefit Fund assessment have increased in the past seven years.

The pure premium rate and the Workers' Benefit Fund assessment go into effect Jan. 1, 2009. The Department of Consumer and Business Services will hold a hearing to invite public comment on the premium assessment recommendation Sept. 22 at 2 p.m. in conference room "F" in the Labor and Industries Building, 350 Winter St. NE in Salem.

Please see links below for more information:

[Workers' Compensation Rate Questions & Answers](#)

[Workers' Compensation Rate Fact Sheet](#)

[Workers' Compensation Rate Graphs](#)

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