

CONSUMER & BUSINESS SERVICES, DEPARTMENT of
Annual Performance Progress Report (APPR) for Fiscal Year (2007-2008)
Proposed KPM's for Biennium (2009-2011)

Original Submission Date: 2008

2007-2008 KPM #	2007-2008 Approved Key Performance Measures (KPMs)
1	REGULATORY CONDITION – Percent of regulated entities operating at desirable levels of acceptability or soundness.
2	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.
3	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.
4	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.
5	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.
6	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.
7	ON-TIME WORK – Percent of timelines for key department activities that are met.
8	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.
9	CONSULTATIONS WITH SAFETY COMMITTEES – Percent of Oregon-OSHA employer consultations where the consultant works actively with employee safety committees.
10	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.
11	REEMPLOYMENT FOR INJURED WORKERS – Difference in percentage of eligible workers who return to work using return-to-work programs from those who do not use return-to-work programs.
12	STREAMLINED BUILDING CODES – Number of Oregon-specific building codes modifications made to the national model codes.
13	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.

2007-2008 KPM #	2007-2008 Approved Key Performance Measures (KPMs)
14	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.
15	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.

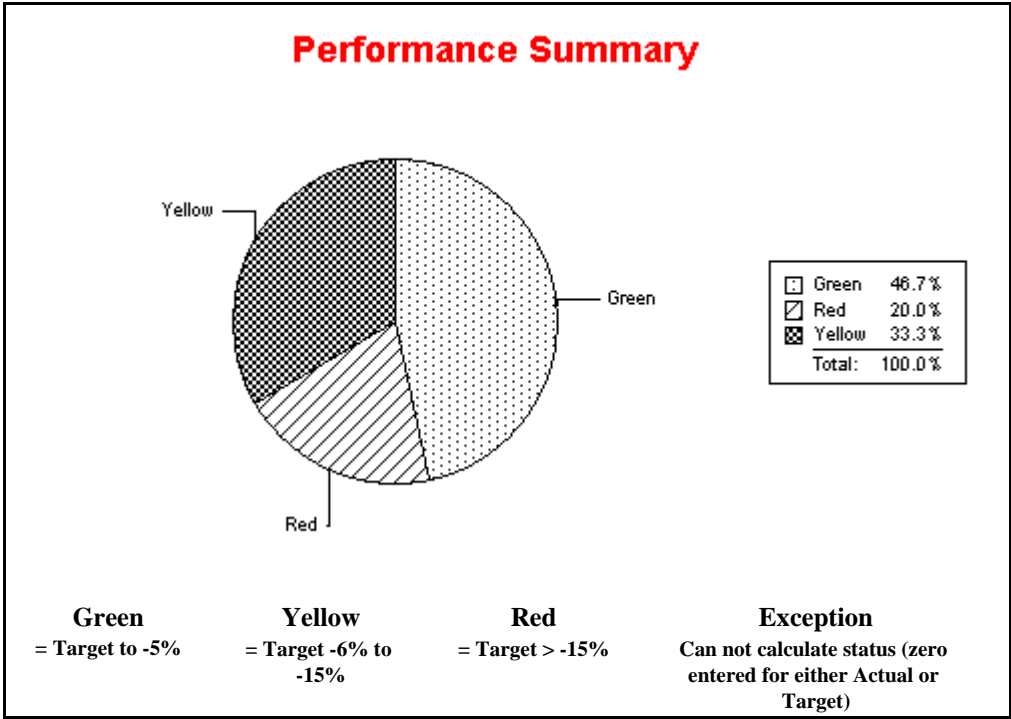
New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
NEW	<p>Title: WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.</p> <p>Rationale: Original Measure: Regulatory Condition - Percentage of entities operating at desirable levels of acceptability or soundness.</p> <p>This measure was created to show the degree to which regulated entities are meeting standards for compliance with DCBS laws and regulations. Ensuring that regulated entities meet these standards supports DCBS' goal of protecting Oregon's workers and consumers. Currently, this measure combines data from the Workers' Compensation Division on workers' compensation insurers and from the Division of Finance and Corporate Securities on banks, trusts, credit unions, mortgage lenders, pawnbrokers, and consumer finance companies. While the performance of these entities can be seen as proxies for consumer protection outcomes, there are enough differences in the desired outcomes, as well as in how the entities operate and are regulated, to make interpreting the results of a combined measure difficult. Therefore, we recommend deleting the existing measure and replacing it with two performance measures - one focusing on the DFCS component and one on the WCD component. This should increase the clarity and accuracy of the measures.</p>

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
NEW	<p>Title: PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.</p> <p>Rationale: Original Measure: Regulatory Condition - Percentage of entities operating at desirable levels of acceptability or soundness.</p> <p>This measure was created to show the degree to which regulated entities are meeting standards for compliance with DCBS laws and regulations. Ensuring that regulated entities meet these standards supports DCBS' goal of protecting Oregon's workers and consumers. Currently, this measure combines data from the Workers' Compensation Division on workers' compensation insurers and from the Division of Finance and Corporate Securities on banks, trusts, credit unions, mortgage lenders, pawnbrokers, and consumer finance companies. While the performance of these entities can be seen as proxies for consumer protection outcomes, there are enough differences in the desired outcomes, as well as in how the entities operate and are regulated, to make interpreting the results of a combined measure difficult. Therefore, we recommend deleting the existing measure and replacing it with two performance measures - one focusing on the DFCS component and one on the WCD component. This should increase the clarity and accuracy of the measures.</p>

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
DELETE	<p>Title: STREAMLINED BUILDING CODES – Number of Oregon-specific building codes modifications made to the national model codes.</p> <p>Rationale: This measure was developed in 2002 to reduce the number of modifications to the national building code in support of BCD’s regulatory streamlining efforts. Various boards have the authority to modify the national building code and may choose to do so if they believe the national code doesn’t meet Oregon’s standards or doesn’t adequately protect Oregonians. For example, many modifications are due to the Americans with Disabilities Act and are necessary because Oregon’s policies are stricter than required by the national code, in some areas. However, BCD believed that a subset of modifications could be eliminated in an effort to streamline regulations and make building in Oregon more uniform, consistent, and predictable. Initial goals were to reduce the number of modifications by 5 percent during each code revision cycle. As a result of BCD’s streamlining efforts, these goals were met from 2004-2006.</p> <p>However, recent policy changes, such as Oregon’s progressive efforts to promote green building, energy efficiency and sustainability, require additional modifications because Oregon’s policies are stricter than those adopted by the national code. BCD must balance its efforts toward continued regulatory streamlining and elimination of unnecessary modifications with its need to further modify the national code to support Oregon’s aggressive policies on green building, energy efficiency and sustainability. Efforts to reduce state-specific modifications to the national code may stand in the way of modifications necessary to ensure Oregon buildings codes promote green building, energy efficiency and sustainability standards. Therefore we believe this measure no longer produces meaningful results and we recommend it be removed from the agency’s key performance measures.</p>

New Delete	Proposed Key Performance Measures (KPM's) for Biennium 2009-2011
DELETE	<p>Title: CONSULTATIONS WITH SAFETY COMMITTEES – Percent of Oregon-OSHA employer consultations where the consultant works actively with employee safety committees.</p> <p>Rationale: In 2002, this measure was added to reflect Oregon-OSHA’s success in creating employer self-sufficiency in workplace safety and health by educating employers on the value of employee safety committees. In general, the percent of consultations where the Oregon-OSHA consultant works directly with the safety committee has improved since the measure was first reported.</p> <p>However, since the enactment of HB 2222 in 2007, many small employers now have alternative options for promoting safety in the workplace, such as safety meetings. HB 2222 will likely reduce the value of this measure because many small employers will not be required to have formal safety committees.</p> <p>Also, through evaluating performance data we have learned that this measure may lead to inefficient use of our staff time as well as that of our customers. There are many follow-up contacts with employers where requiring involvement with the safety committee adds no value. The actual percent of Oregon-OSHA consultations where it is beneficial to be in direct contact with safety committees is significantly less than 100 percent, more likely around 80 percent. Meeting our future targets of 88 percent would require inefficient involvement of Oregon-OSHA consultants with safety committees.</p> <p>We propose to delete this measure as we believe it no longer pertains to the same group of employers, and reflects a requirement that may result in inefficient interactions between safety committees and Oregon-OSHA.</p>
DELETE	<p>Title: REGULATORY CONDITION – Percent of regulated entities operating at desirable levels of acceptability or soundness.</p> <p>Rationale: This measure was created to show the degree to which regulated entities are meeting standards for compliance with DCBS laws and regulations. Ensuring that regulated entities meet these standards supports DCBS' goal of protecting Oregon's workers and consumers. Currently, this measure combines data from the Workers’ Compensation Division on workers’ compensation insurers and from the Division of Finance and Corporate Securities on banks, trusts, credit unions, mortgage lenders, pawnbrokers, and consumer finance companies. While the performance of these entities can be seen as proxies for consumer protection outcomes, there are enough differences in the desired outcomes, as well as in how the entities operate and are regulated, to make interpreting the results of a combined measure difficult. Therefore, we recommend deleting the existing measure and replacing it with two performance measures - one focusing on the DFCS component and one on the WCD component. This should increase the clarity and accuracy of the measures.</p>

CONSUMER & BUSINESS SERVICES, DEPARTMENT of		I. EXECUTIVE SUMMARY	
Agency Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.			
Contact: Greg Malkasian, Deputy Director		Contact Phone: 503-947-7872	
Alternate: Lisa Morawski, Public Information Director		Alternate Phone: 503-947-7897	



1. SCOPE OF REPORT

At the Department of Consumer and Business Services (DCBS), we protect consumers and workers from fraud, unfair treatment, and injury in the areas we regulate. But we also realize the importance of those industries to Oregon’s economy, so we work hard to make sure our regulations foster a positive business climate. We have three fundamental goals to advance our mission: 1) Protect consumers and workers in Oregon 2) Regulate in a manner that supports a positive business climate and 3) Be accountable to the public we serve, with excellent service to our customers.

As Oregon’s largest business regulatory agency, DCBS administers state laws to protect consumers and workers and support business in the areas of workers’ compensation; occupational safety and health; financial products, services, and institutions; insurance; building codes; and minority,

women, and emerging small business contracting. DCBS staff members are committed to carrying out the department's statutory responsibilities and fulfilling our mission and goals in a manner that serves the needs of both the public and the businesses and professionals we regulate.

With the help of our DCBS staff, stakeholders, and interested citizens, we have developed 15 key performance measures that were ultimately adopted by the Legislature. These measures help us gauge our progress in key areas toward meeting our mission and goals as well as help us develop strategies for improvement. We have many internal measures of performance, but we have identified these 15 measures as key measures because they represent significant activities we perform to accomplish our goals. The measures reflect the activities and operations of all divisions within DCBS. This report is prepared primarily for agency managers, legislators, and interested citizens to summarize our current performance on these 15 key measures, identify challenges and barriers we face, and discuss strategies to help us overcome these barriers and achieve our goals.

2. THE OREGON CONTEXT

DCBS' work has a major impact on the economic vitality and quality of life in Oregon. Through its diverse divisions, DCBS protects and serves Oregon's consumers and workers while supporting a positive business climate.

Many of DCBS' performance measures and outcomes align with Oregon Benchmark #9, Oregon's national rank in the cost of doing business. For example, improved workplace safety through Oregon OSHA programs – measured in KPM #13 – not only protects workers, but has been a key contributor to keeping workers' compensation insurance rates down. DCBS sets the workers' compensation "pure" premium insurance rate; since 1990, there have been many decreases and no increases in the rate -- an unprecedented record. In 2008, Oregon employers saw an average 2.3 percent decrease in the rate. This significantly lowers the cost of doing business in Oregon and helps retain and attract businesses. At the same time, the department has been able to improve benefits for injured workers using return-to-work programs provided through the Workers' Compensation Division. Injured workers who use these programs return to work faster (KPM #11) and at a higher wage (KPM #2) than injured workers who do not use return-to-work programs. The Building Codes Division has worked to streamline processes for contractors through projects such as the minor label (KPM #10) and e-permitting programs that make it easier for businesses to acquire necessary documents. The Building Codes Division is the first in the nation to develop a statewide e-permitting system, which will allow contractors to do permitting and other building department business 24 hours a day, seven days a week. All divisions have been aggressive in moving their licensing and other functions online (KPM #8) to make it faster and easier for businesses to work with us.

Consumer protection is another high-level outcome to which DCBS contributes. The Division of Finance and Corporate Securities and the Insurance Division regulate financial and insurance companies to make sure they are financially sound (KPM #1) and offer suitable products to consumers. The Insurance Division's Consumer Advocacy Unit advocates for consumers who have complaints about their insurance companies (KPM #3). In 2007, the division helped consumers recover nearly \$1.8 million in benefits from their insurance companies. The divisions also protect consumers from fraud and abuse through education and enforcement.

The department frequently collaborates with other state agencies and government entities when we believe it will enhance the service we provide to Oregonians. The Building Codes Division partners with local governments in the delivery of services to Oregonians. The Workers' Compensation Division works with other agencies, such as Revenue and Employment, to educate businesses about workers' compensation insurance and verify that businesses have workers' compensation insurance, which contributes to Workers' Compensation Coverage (KPM #4). The Workers' Compensation Division and Building Codes Division participate with other agencies in enforcement sweeps at construction sites, which serve as a deterrent for contractors violating licensing and workers' compensation insurance laws. So far, the divisions have participated in sweeps in Bend, Portland, and at the coast. These collaborative efforts with other state agencies and government entities allow us to be more effective and efficient in serving our customers.

3. PERFORMANCE SUMMARY

We are performing at or near the 2008 targets for many of our measures. The agency's performance has contributed to a number of positive outcomes for workers, consumers, and businesses in Oregon. For the 4th consecutive year, the Insurance Division has stayed above target -- yet within a desired range -- for the percentage of confirmed complaints resolved with relief for the consumer, ensuring insurance companies treat their customers fairly. The percent of our customers' transactions conducted electronically has increased by nearly 3 percentage points from 2007 and exceeds our 2008 target, indicating our continued improvement in making it faster and easier for our customers to do business with DCBS. The workplace injury rate (as measured by the Occupational Injury and Illness Rate -- KPM #13) has declined for the 8th consecutive year and has exceeded its target, reflecting our continued effort to promote workplace safety. Though slightly below target levels, the Workers' Compensation Division's return-to-work programs are getting injured workers back to work faster and workers who use the programs are receiving higher wages and benefits than workers who do not use the programs (KPMs #2 and #11). The percentage of eligible workers enrolling in return-to-work programs has also risen since last year, indicating that more injured workers are benefiting from these wage and employment increases. Further, due to WCD's continued education and regulatory efforts, the percentage of injured workers receiving accurate benefit payments (KPM #15) has risen to 93.3 percent, the highest level on record.

We have also identified some areas for improvement. Our percentage of work completed on-time (KPM #7) remains below target at 86 percent. Many divisions within DCBS experienced key vacancies in positions related to the timeliness of their activities, which contributed to a slight decrease in timeliness from 2007. We will focus on hiring and training new employees to ensure that vacancies do not impact our delivery of timely services to customers. We also will continue to streamline processes and apply best practices that we observe in various areas of the department. Also, our sales of minor label permits (KPM #10) fell below target levels, largely due to an overall decrease in construction activity and a slowing of the economy. However, these minor label permits make it easier and more efficient for contractors to do business in Oregon and customers report high levels of satisfaction with these permits. BCD will continue to aggressively market these minor label permits to provide better service to contractors despite slowed construction activity. We are adjusting our targets for sales of minor label permits to reflect changes in the economy.

4. CHALLENGES

Many of DCBS' key performance measures are affected by the strength or weakness of the economy. For example, the recent slowing in the construction industry may be affecting the number of minor permits sold (KPM #10). The strength of the economy also impacts performance of the businesses we regulate (KPM #1), such as Oregon-chartered banks and mortgage lenders. To protect consumers by improving the performance of mortgage lenders, DCBS has proposed a policy option package in its 2009-2011 budget request that adds staff to its Mortgage Lending Program. The additional employees would allow us to do more examinations of mortgage lenders to ensure they are following the law and to take appropriate enforcement actions when violations occur.

Continuing to reduce the worker injury and illness rate in Oregon remains a challenge. Workplace injury and illness incidence rates decreased 50 percent between 1988 and 2007, but further reductions will be difficult, in part because the number of Oregon OSHA staff has declined somewhat during that period, while the number of covered employers and employees has increased substantially. To ensure we can continue to improve workplace safety, DCBS is proposing a policy option package in its 2009-2011 budget request to add enforcement and training staff to Oregon OSHA.

5. RESOURCES AND EFFICIENCY

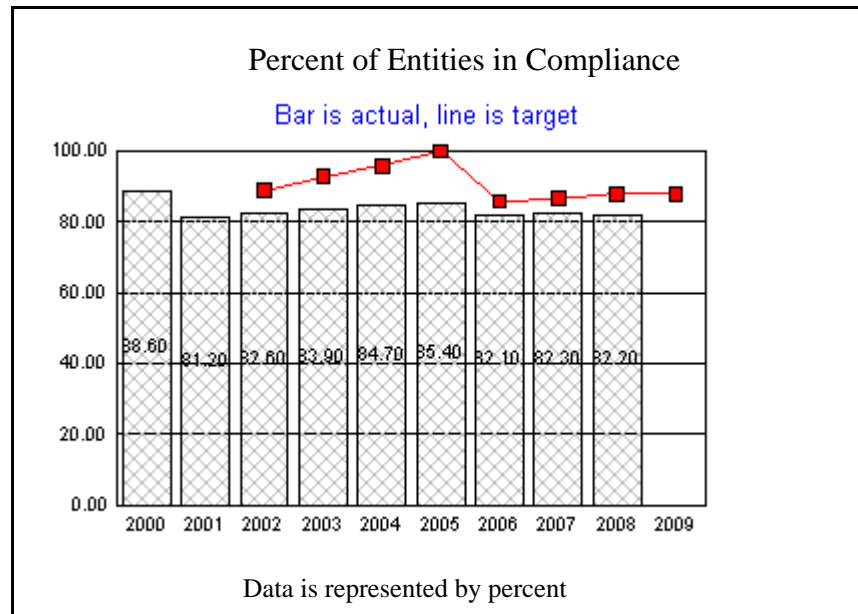
DCBS' operating budget for the 2007-2009 biennium is \$200,163,291. Three of DCBS' key performance measures measure efficiency.

KPM #7, On-time Work, measures timeliness in department activities such as closing complaints, completing applications, responding to inquiries, and issuing orders. This measure, which reflects our efficiency in providing service to our customers, is below the target of 95 percent, but many of the timeliness standards we impose are stricter than statutory requirements.

KPM #8, E-Transactions for Customers, measures the percent of customer transactions completed electronically. Electronic transactions save time for DCBS and its customers and stakeholders, making it more efficient for them to do business with us. DCBS has surpassed its target since it started tracking this measure.

KPM #10, Permits for Minor Construction Work, tracks the number of permits DCBS sells that can be used by contractors in multiple jurisdictions for small projects. This streamlines the permit process for contractors and DCBS. Growth in the number of permits sold has slowed because of the downturn in the construction industry.

KPM #1	REGULATORY CONDITION – Percent of regulated entities operating at desirable levels of acceptability or soundness.	2000
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	DFCS data systems, WCD Claims Information System, and WCD Field Audit Unit Quarterly Claims Processing Performance Audit data.	
Owner	Sally Coen, Manager, Field Audit Unit, Workers’ Compensation Division (503) 947-7687 Shelley Greiner, Budget and Legislative Coordinator, Division of Finance and Corporate Securities, (503) 947-7484	



1. OUR STRATEGY

Achieve efficient, effective regulation through risk-based and for-cause examinations of financial entities and quarterly review of workers’

compensation insurers. Risk-based exams of financial entities target companies and operations within a company where there is a high risk for noncompliance, such as new business, operations most affected by the economy, or areas that may harm consumers. The department also conducts “for-cause” exams of financial entities when it has received a complaint or other indication that there may be a problem at a particular business. Our strategy is to maximize the number of regulated entities that perform at or above desired levels in several regulatory areas to achieve increased protections for workers and consumers.

2. ABOUT THE TARGETS

This measure is a composite of the performance of mortgage lenders, banks and trusts, credit unions, consumer finance companies, and pawnbrokers regulated by the Division of Finance and Corporate Securities (DFCS) as well as workers’ compensation insurers regulated by the Workers’ Compensation Division (WCD). It shows the percentage of entities examined by DFCS and workers’ compensation insurers audited in the Quarterly Claims Processing Audit that operate at or above desirable levels of performance or soundness, defined in accordance with relevant regulatory criteria.

Because of the effect of the economy on this measure and our focus on risk-based and for-cause examinations of financial entities, a 100 percent compliance target is not feasible. Targeting steady improvement in the 80 percent range is a more realistic expectation; we established aggressive targets of 87.5 percent for 2008 and 88 percent for 2009.

For 2010, we have proposed that this measure be split into two separate measures – one measure focusing only on financial services and the other focusing only on workers’ compensation. While the performance of these entities can be seen as proxies for consumer protection outcomes, there are enough differences in the desired outcomes, as well as in how the entities operate and are regulated, to make interpreting the results of a combined measure difficult.

3. HOW WE ARE DOING

For 2008, we found that 82.2 percent of regulated entities were operating at or above desirable levels of acceptability or soundness, which falls below our targeted value of 87.5 percent. Many financial entities have been negatively impacted by the state of the economy, leading to a decrease in the percent of financial entities operating at acceptable levels. However, the percent of workers’ compensation insurers operating at or above desirable levels has increased by 2 percentage points since 2007 as insurers improve their performance to meet WCD’s 2006 increase in the standards for timely first benefit delivery and acceptance/denial decisions.

4. HOW WE COMPARE

Limited comparison data is available. Nationally, 79 percent of credit unions examined by the National Credit Union Administration (NCUA) were rated “satisfactory or better” as of June 30, 2008, while 100 percent of Oregon credit unions examined by DFCS were found to be “satisfactory or better” using an identical rating system, indicating the strength of Oregon’s credit unions. Additionally, as of June 30, 2008 88.8 percent of the banks in the San Francisco FDIC region had been rated as “satisfactory or better,” while 84.6 percent of Oregon banks and trusts examined by DFCS had been given a rating of “satisfactory or better” using the same rating system (there are 35 banks in Oregon and only 4 trusts, since the number of banks is significantly greater than the number of trusts we may compare banks / trusts in Oregon to banks in the San Francisco region). While Oregon’s ratings are only slightly below those from the San Francisco region, Oregon’s banks have historically performed well above banks in other jurisdictions. This decrease in the percent of banks operating at or above satisfactory levels relative to the San Francisco region is likely due to the economic slowdown and banks’ heavy investment in real estate loans. In 2009, we will continue to closely monitor the performance of our banks and trusts as well as those in other jurisdictions.

For workers’ compensation insurers, no direct comparisons are currently available for other jurisdictions because regulation is not done in the same or similar enough manner.

5. FACTORS AFFECTING RESULTS

Results for regulated financial entities can depend on variables such as the state of the economy and changes in an industry. The performance of banks, for example, has suffered because of the downturn in the real estate market. In mortgage lending, DFCS has seen increasing number of complaints about lenders. As a result, it added staff so it could conduct more risk-based and for-cause exams in that industry. This initially pushed down the compliance rate but should ultimately lead to higher-level compliance by those entities, resulting in increased protections for consumers.

The department’s approach to regulation also affects results. For example, because pawnbroker examinations are conducted on a for-cause basis the data may not reflect the performance of all pawnbrokers. Further, examinations of financial entities target operations within a company where there is a high risk for noncompliance, which can impact results. Focusing on areas of greater risk is a more effective use of scarce resources and provides greater protection to Oregonians. The department expects risk-based examination will result in greater compliance in the future as financial entities adjust their performance to be in compliance with laws and regulations.

In 2006, the Workers’ Compensation Division increased its performance standards for insurers, requiring them to provide timely first benefit payments and acceptance/denial decisions 90 percent of the time instead of the former standard of 80 percent. This change initially pushed down compliance levels; however, companies are now performing at higher levels. The division also expects targeted enforcement to improve insurer compliance by putting more focus on poorer performers. For example, in 2007 the department levied a \$5 million penalty for a number of

compliance violations against one of the largest groups of workers' compensation insurers. As part of the penalty agreement, the department has been working with the insurer group and has seen significant improvement in its overall workers' compensation claims performance.

6. WHAT NEEDS TO BE DONE

The department will continue to focus on risk-based and for-cause exams and audits in order to identify common problems and provide education for specific entities or industry segments.

In an effort to provide better protections for consumers obtaining mortgage loans, DFCS has submitted a Policy Option Package for additional mortgage lending staff. With the additional staff, DFCS will be able to develop and maintain a more-frequent examination cycle to identify problems in a timely manner and protect borrowers. We expect this to lead to increased compliance and performance of mortgage lending companies.

Oregon's 35 state-chartered banks have performed well in recent years, outpacing their national counterparts in profitability and asset quality. But with heavy concentrations of real estate construction and development loans, the Oregon banks have also begun to feel the effects of the current economic environment. To respond to the changing condition of Oregon's banks and to assist in protecting their safety and soundness, the Division of Finance and Corporate Securities has received approval from the September 2008 Legislative Emergency Board for five additional permanent positions to increase the frequency and scope of bank examinations.

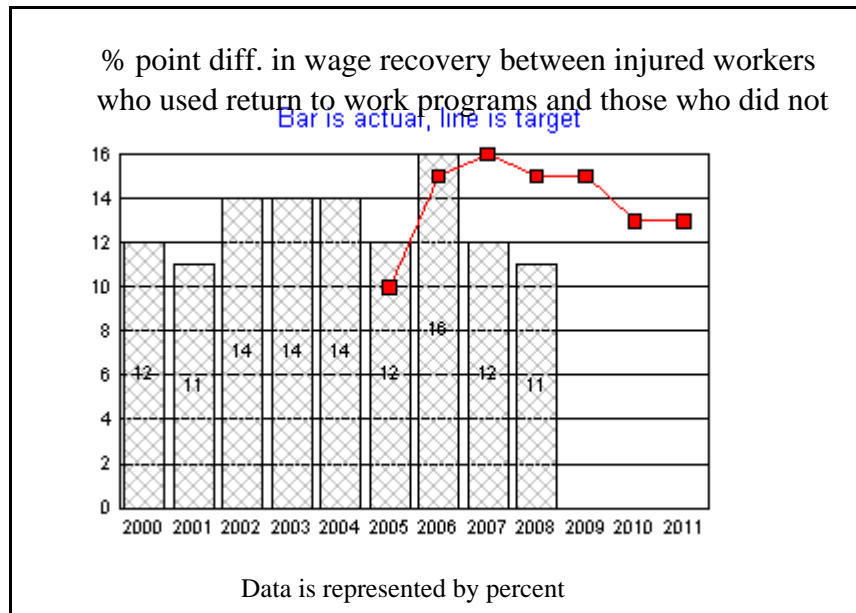
WCD will closely monitor data to determine the effect of increasing the performance thresholds on insurers and the workers' compensation system. WCD will continue to assist insurers by facilitating performance improvement through ongoing monitoring and additional regulatory oversight, education, and consultation services to the industry. Additionally, WCD is considering a significant change to its audit process that will include using a more risk-based approach. We believe a more risk-based approach will ultimately lead to greater protection for injured workers because under-performing insurers will be targeted. This more focused approach will also use audit resources more efficiently.

7. ABOUT THE DATA

Data is reported for the Oregon fiscal year (July 1 – June 30). Financial data is derived from examination results of banks, credit unions, mortgage lenders, consumer finance companies, and pawnbrokers based on an established rating system within each program and is reported annually. Data for the workers' compensation insurers comes from the claims information database and includes results of the Quarterly Claims Processing Performance audit. In the QCPP audit, insurers are issued a penalty if they fail to meet any of the following standards: at least 90 percent of first payments to injured workers are made in a timely manner, at least 90 percent of acceptance/denial decisions of workers' compensation claims are made in a timely manner, and at least 80 percent of first claim reports by insurers are filed in a timely manner. Data is self-reported by insurers and

verified for accuracy by WCD. Results for the two entity types are combined into the overall regulatory condition using the number of full-time employees allocated to each division/program as weights. Please contact DCBS for more detailed information on the regulatory condition of workers' compensation insurers, banks and trusts, credit unions, mortgage lenders, pawnbrokers, and consumer finance companies. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #2	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.	1999
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Information Management Division, Research and Analysis Section using Employment Department and WCD data files.	
Owner	Delmi Hernandez, Manager, Reemployment Assistance Unit, Workers’ Compensation Division, (503) 947-7797	



1. OUR STRATEGY

Restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work programs. The programs provide incentives to employers for getting workers back to work quickly.

2. ABOUT THE TARGETS

This measure comprises data from three return-to-work programs: the Vocational Assistance Program, the Preferred Worker Program, and the Employer-at-Injury Program. The measure compares wage differences in the 13th quarter after the date of injury between injured workers who were using these benefit programs and similar workers who did not use the programs. To set targets, we considered current return-to-work activities, legislative changes, and program activities during the years of injury. We have adjusted our targets downward to 13 percentage points for the next two years to reflect the growth in the use of the Employer-at-Injury Program (please see the “About the data” section for more detailed information on the wage recovery for each return-to-work program). This program had 3,200 participants in 2008, compared to 248 in the Preferred Worker Program and 67 in the Vocational Assistance Program. The Employer-at-Injury Program helps workers return to their pre-injury employer more quickly than the other two programs. Workers who are only eligible for the Employer-at-Injury Program typically are less severely disabled and have experienced less significant wage loss than those who are eligible for the other return-to-work programs, so their wage increase is typically smaller.

3. HOW WE ARE DOING

Data consistently shows that injured workers who use return-to-work programs maintain wages at a higher rate than workers who do not use these programs. In 2008, workers who used return-to-work programs had wages 11 percentage points higher than those who did not. This figure is consistent with past years, with the exception of 2006, when there was tremendous growth in the Preferred Worker Program. As mentioned earlier, the majority of the workers who use return-to-work programs use the Employer-at-Injury Program, so that program has the most influence on the overall figure (please see the “About the data” section for more detailed information on the wage recovery for each return-to-work program).

4. HOW WE COMPARE

Oregon’s return-to-work programs are nationally recognized and unique to Oregon. Many other jurisdictions have sought to introduce these programs in their jurisdictions due to the successes in Oregon. A 2008 study by the Workers’ Compensation Research Institute highlights Oregon’s return-to-work programs as one of four key lessons other states can learn from Oregon. According to the study: “Oregon policymakers have fashioned some potentially powerful program elements aimed at stimulating early return to work and long-term recovery of wages for injured workers.”

5. FACTORS AFFECTING RESULTS

Changes in the Oregon economy or in business practices may affect this measure by reducing or increasing opportunities for job openings. Also affecting results are changes in laws, rules, or WCD initiatives during the various times employees and employers trigger the use of these programs.

For example, the Workers' Compensation Division has streamlined the rules and processes for the Employer-at-Injury Program to enable more workers and their employers to participate. The Employer-at-Injury Program helps workers return to their pre-injury employer more quickly than in the other two programs, which benefits both the injured worker and the employer. Therefore, the growth in the use of this program is considered a significant success. However, since the wage difference between workers who use the Employer-at-Injury Program and those who do not is lower than in the other programs, it has influenced movement toward the target.

6. WHAT NEEDS TO BE DONE

WCD will continue to provide education and outreach that promotes use of the return-to-work programs and dispute resolution services for vocational assistance matters. In addition, WCD will continue to encourage use of these programs by injured workers through increased partnerships with vocational providers. WCD also will continue to focus on simplifying rules and streamlining processes in delivery of reemployment assistance in order to promote more use of the return-to-work programs.

7. ABOUT THE DATA

To see the effects of return-to-work programs, it is necessary to track injured workers' wages over time. The data reported for 2008 represents wages of workers who were injured during the calendar year 2004. The data represents wages in the 13th quarter after injury for workers using vocational assistance, Preferred Worker, or Employer-at-Injury program benefits compared to injured workers who did not use return-to-work programs or who did not complete their vocational assistance training. Wages of each group are adjusted for inflation and for those workers no longer in the workforce (due to retirement, moving out of state, etc). We compare their pre-injury wages with their wages 13 quarters after injury (corrected for inflation), which would be between April 1, 2007 and March 31, 2008. Note, data from 2006 and 2007 was audited for data validity in September, 2008. In the internal audit, the data and results were verified as "accurate", indicating that the auditor was able to recreate 2006 and 2007 results from raw data to within 5 percent of published values.

Percentage point differences in wage recovery for injured workers using each WCD return-to-work program are as follows (Note - results are shown as: EAIP / Preferred Worker / Vocational Assistance / Overall):

2000 - 6 / 22 / 26 / 12

2001 - 5 / 15 / 19 / 11

2002 - 8 / 18 / 28 / 14

2003 - 9 / 20 / 27 / 14

2004 - 8 / 14 / 33 / 14

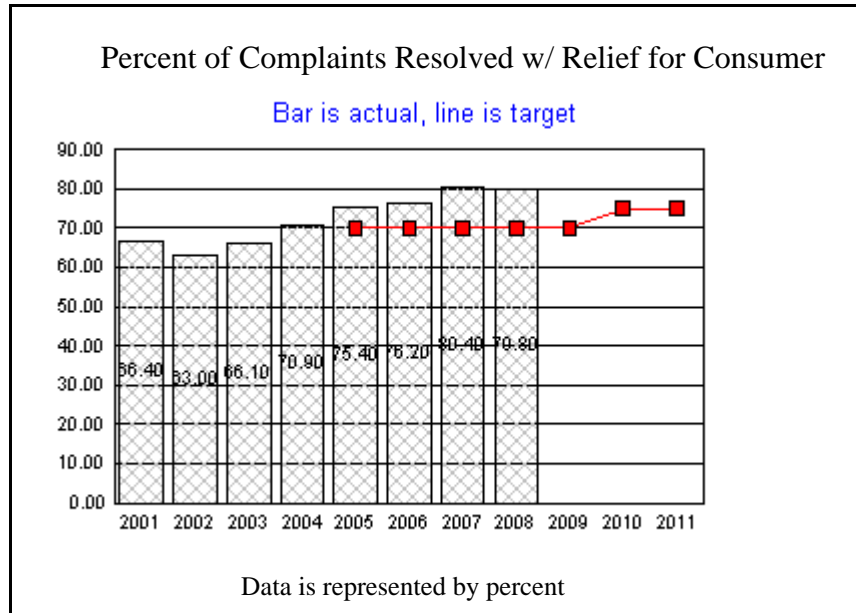
2005 - 5 / 29 / 19 / 12

2006 - 9 / 33 / 26 / 16

2007 - 6 / 20 / 41 / 12

2008 - 4 / 27 / 30 / 11

KPM #3	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.	2001
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Insurance consumer complaint data stored in the Complaints subsystem of the INSLIC data system.	
Owner	Ron Fredrickson, Manager, Consumer Advocacy Unit, Insurance Division, (503) 947-7277	



1. OUR STRATEGY

Ensure consumers receive the benefits they are entitled to under the terms of their insurance contract and applicable laws by advocating on their behalf.

2. ABOUT THE TARGETS

The Insurance Division uses the target to encourage prompt and effective advocacy for consumers. The 70 percent mark reflects the fact that not every person filing a confirmed complaint has a basis for an ultimate resolution in his or her favor. We are raising targets for the next two years to reflect past performance and a refinement of the way the division defines a confirmed complaint.

3. HOW WE ARE DOING

The Consumer Advocacy Unit has met its target each year since 2003. We consider the normal range for this measure to be 70 percent to 80 percent. At 79.8 percent in 2008, the unit is performing toward the top of the normal range for this measure.

4. HOW WE COMPARE

We do not know of any comparable data. While other states collect data, they use different standards for defining confirmed complaints, so it is difficult to compare.

5. FACTORS AFFECTING RESULTS

The Consumer Advocacy Unit's improved processes have helped us handle more complaints while improving levels of performance, resulting in increased service and protection for Oregonians. For example, the unit allows consumers to file complaints online and encourages the use of e-mail and electronic responses. In addition, the training and experience of the current advocacy team positively impacts results. We have an experienced staff and manage workloads to allow for sound analysis and follow-up. The Advocacy Unit has received more exposure through outreach efforts. As a result, complaints are often submitted to the Advocacy Unit earlier in the process, increasing the ease of resolution. Externally, changes in policies and procedures by insurers can affect the number of complaints and the results. For example, an insurer might add a mechanism for consumers to appeal decisions, which would decrease the number of complaints the Insurance Division receives because more cases would be settled between the consumer and the insurer. An insurer's willingness to settle a particular type of dispute may also affect results.

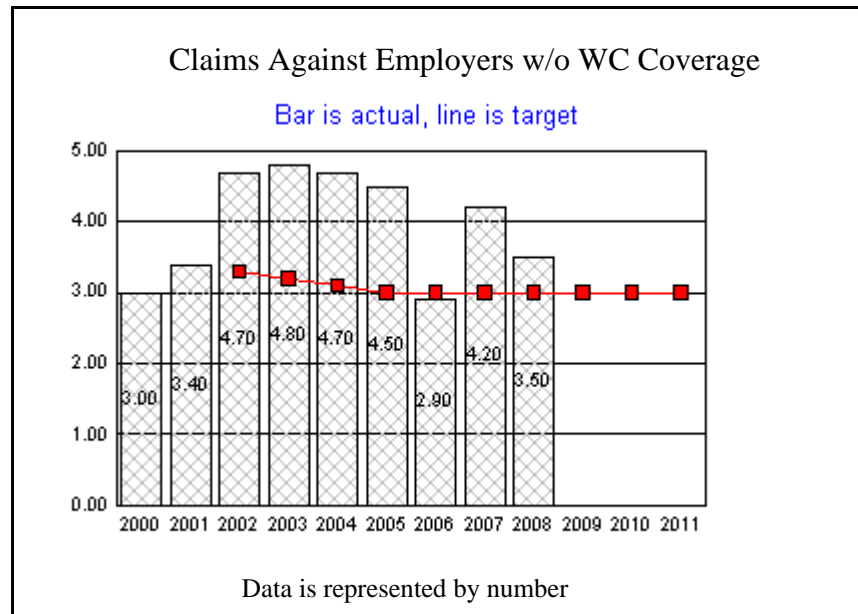
6. WHAT NEEDS TO BE DONE

We need to continue to deliver quality results to consumers by anticipating and addressing trends in the industry, such as timely payment of benefits and suitability of insurance products. We also must continuously improve our processes; we are pursuing additional electronic processes to eliminate paperwork and further streamline the complaint process.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). The Consumer Advocacy Unit handles about 3,000 complaints per year for all lines of insurance. To calculate this measure, the department divides the number of confirmed complaints resolved with relief for the customer by the total number of confirmed complaints. A confirmed complaint is a complaint that the Insurance Division has reviewed and determined that the consumer's position has merit with respect to the terms and conditions of their insurance policy or Oregon law. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #4	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.	1999
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Counts maintained in the Workers' Compensation Division's Claims Information System.	
Owner	Reg Gregory, Manager, Employer Compliance Unit, Workers' Compensation Division, (503) 947-7665 Edith Roster, Claims Unit Supervisor, Workers' Compensation Division, (503) 947-7619	



1. OUR STRATEGY

Ensure employers in Oregon have workers' compensation insurance coverage by using education and enforcement, improving data reporting, and partnering with other agencies.

2. ABOUT THE TARGETS

To ensure continued workers' compensation coverage, WCD records and monitors workers' compensation coverage for approximately 91,000 Oregon employers. This measure is a proxy for identifying the number of employers operating without workers' compensation insurance coverage, which helps the department measure its regulatory effectiveness on employers and improves protection for Oregon's workers and employers. The target reflects our efforts to maximize employer compliance with workers' compensation insurance coverage requirements and can be influenced by Oregon's economy and other external factors. A lower number is desired for this measure because it indicates fewer employers are operating without workers' compensation insurance.

3. HOW WE ARE DOING

With the exception of an unusually low number in 2006, this rate has stayed relatively steady for a long period of years while the economy and total number of employers operating in Oregon have grown, indicating our effectiveness in achieving compliance with coverage laws. WCD's staff investigates claims and complaints, as well as tracks policy cancellations to ensure all subject employers maintain the required insurance. If an employer does not obtain compliance voluntarily, WCD initiates enforcement action.

4. HOW WE COMPARE

We do not have comparable data from other jurisdictions.

5. FACTORS AFFECTING RESULTS

Small changes in the number of noncomplying employer claims could significantly alter the results since the number of noncomplying employer claims is so low. Data is reported as the number of accepted disabling injured worker claims filed where the employer did not provide workers' compensation coverage per 1,000 total accepted disabling injured worker claims. From 2000-2008, this represents less than 0.5 percent of all claims. Changes in WCD investigation processes or insurance coverage costs may also affect results.

6. WHAT NEEDS TO BE DONE

To reduce the number of Oregon employers without workers' compensation insurance coverage, WCD is expanding education and enforcement efforts and partnering with other agencies. For example, many employers are currently using temporary staffing, worker leasing arrangements, or outsourcing to maintain profitability in the current economy. In 2008, WCD provided workshops to staffing providers to help them ensure that

workers' compensation coverage is provided and that claims are properly handled. This facilitates good business staffing practices that also comply with Oregon workers' compensation laws. These educational efforts will continue.

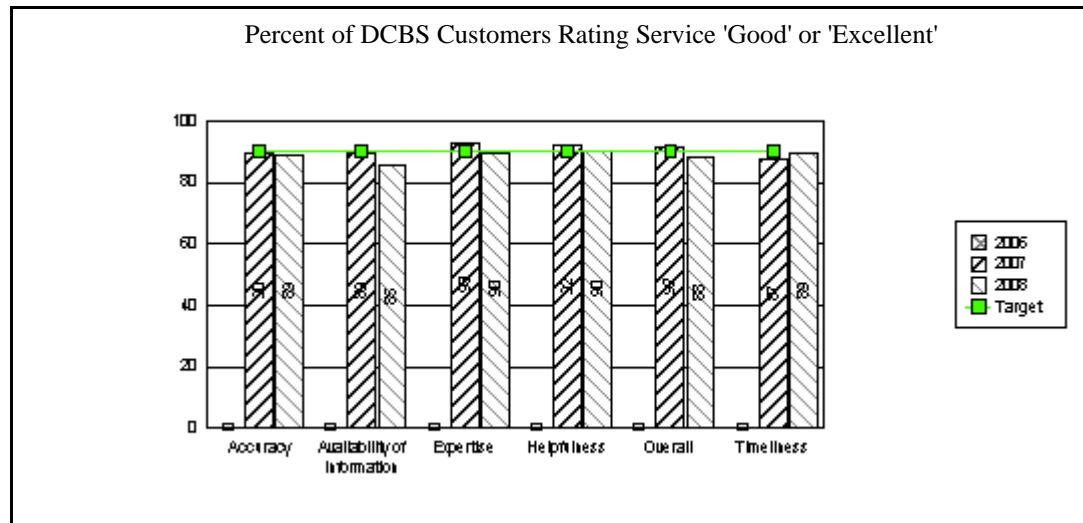
WCD also has partnerships with the Employment Department, Department of Revenue, Construction and Landscape Contractors Boards, Bureau of Labor and Industries, as well as local government entities to provide employers with workers' compensation insurance information and to verify that employers have workers' compensation coverage. The division participated with several of those agencies, as well as the DCBS Building Codes Division, in enforcement sweeps at construction sites in Bend, Portland, and at the coast. The sweeps serve as a deterrent for contractors violating licensing and workers' compensation insurance laws.

Further, effective July 1, 2009, the method by which insurers report proof of coverage to WCD will change. This change will allow quicker verification of workers' compensation coverage for employers and workers. In addition, it will provide WCD the ability to respond more quickly to problems or errors in the reporting by insurers.

7. ABOUT THE DATA

Data for this key performance measure is collected monthly and reported for the Oregon fiscal year (July 1 – June 30). This is a “proxy” measure intended to represent the relative number of employers operating in Oregon without workers' compensation insurance. Data is reported as the number of accepted disabling claims filed where the employer did not provide workers' compensation coverage per 1,000 total accepted disabling claims. The number, 3.5, indicates that only 3.5 out of every 1,000 (0.35 percent) accepted disabling workers' compensation claims filed are from employees injured at businesses that do not have workers' compensation insurance coverage. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #5	CUSTOMER SERVICE – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	2007
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Customer service survey results are maintained in the DCBS Internet Survey Tool and various spreadsheets at the division level.	
Owner	Greg Malkasian, DCBS Deputy Director, (503) 947-7872	



1. OUR STRATEGY

Provide excellent service in every customer interaction by making customer service a strategic initiative and investing in staff training.

2. ABOUT THE TARGETS

DCBS set very aggressive targets of 90 percent for all categories because excellent customer service is a high priority.

3. HOW WE ARE DOING

The department's overall rating of 91.6 percent in 2007 and of 88.4 percent in 2008 is a strong performance, especially since many of our customers are entities we regulate, audit, or inspect. Our timeliness rating has improved 2 percentage points since 2007 and is now within 1 percentage point of our target. Our helpfulness and expertise ratings remain on target, which reflects our focus on customer service. Customers' ratings of our overall service, accuracy, and availability of information have decreased slightly since 2007 and are currently below target levels. We will focus on these areas during 2009 to ensure we continue to provide excellent customer service to our customers.

4. HOW WE COMPARE

Comparable data from other states is not available at this time. DCBS compares favorably with other state regulatory agencies. In 2007 the Oregon Health Licensing Agency reported that 81 percent of its customers rated the agency's overall service as "Excellent" or "Good." Similarly, in 2006 (the most current data available), the Department of Environmental Quality reported that 87 percent of its customers rated the department's overall service as "Excellent" or "Good."

5. FACTORS AFFECTING RESULTS

Many of the customers we survey are entities that we regulate, which can affect our results. However, even though we have a regulatory relationship with many of our customers, we have continued to perform well on this measure. The department's focus on customer service as a key goal has helped create a culture that values excellent customer service.

6. WHAT NEEDS TO BE DONE

In 2009, we will continue our focus on serving our customers. To improve our already high levels of service, we will continue to train employees in customer service - all new DCBS employees attend a customer service workshop that helps them develop the attitude and skills needed to provide our customers with excellent service.

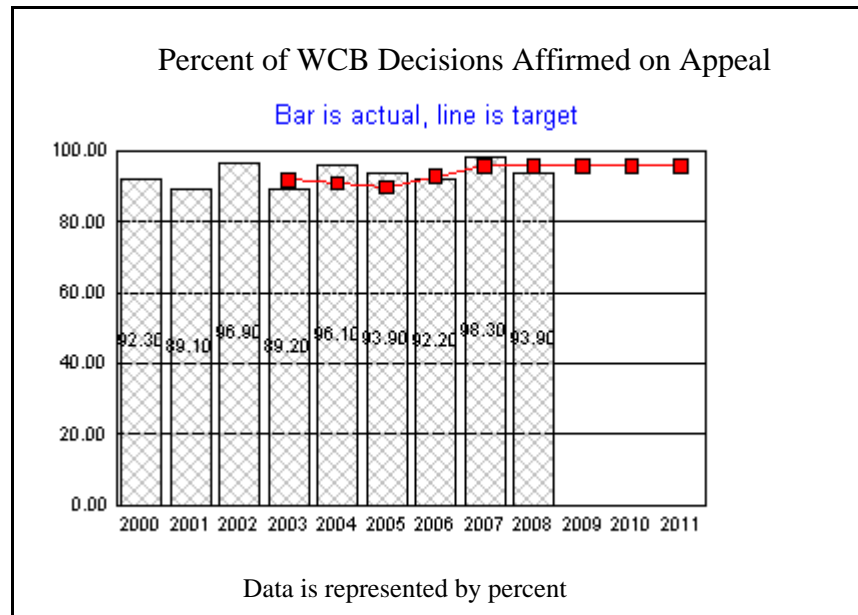
7. ABOUT THE DATA

DCBS uses an assortment of surveys to collect this data. Each of the department's major divisions is responsible for surveying customers and collecting data independently and then reporting it as part of this overall measure. Surveys ask customers to rate DCBS' performance as "Excellent," "Good," "Fair," or "Poor" in 6 key areas: Timeliness, Accuracy, Helpfulness, Expertise, Availability of Information, and Overall Service. For 2008,

seven of the agency's divisions and several of their sub-units provided data for the measure, based on surveys of their customers. Participating divisions were Oregon OSHA (surveys to 2 customer groups), Insurance (surveys to 3 customer groups), Workers' Compensation Division (surveys to 2 customer groups), Building Codes Division (surveys to 6 customer groups), Oregon Medical Insurance Pool (surveys to 1 customer group), Senior Health Insurance Benefits Assistance Program (surveys to 1 customer group), and the Division of Finance and Corporate Securities (surveys to 4 customer groups). The SHIBA and OMIP surveys are new in 2008; the remaining surveys were also conducted in 2007 with the exception of the Building Codes Division survey, which is conducted in even years. Data from each division is combined to give an agency-wide value using each division's full-time employees as a weight to reflect the division's relative level of service to Oregonians and the customers being served. Data for individual divisions is available on request. Survey data is collected annually or quarterly and is reported for the Oregon fiscal year (July 1 – June 30). Note, the 0s shown for 2006 are placeholders added by the automated annual report system and do not represent actual results. This measure was first reported in 2007.

Note: The 2007 customer satisfaction results have been updated since we submitted the 2007 annual report. In the 2007 report, one survey was inadvertently omitted due to a database change. Further, since the Building Codes Division only conducts surveys in even years, its results from 2006 are now included in 2007, representing its service levels for both years. Adding these results ensures the overall results are consistent from year to year since they are now based on the same customer groups. Additionally, we have changed our weighting methodology to increase consistency and more accurately represent our customer base. Originally, each survey's results were weighted by the number of survey responses; however, because each division conducts a different number of surveys and receives a different number of responses, we found that this method did not meaningfully represent the level of effort within each program area and could fluctuate significantly from year to year. Thus, we have updated the weighting methodology to use each division's number of full-time employees as weights as described above. These modifications resulted in relatively minor overall changes; the results shown in the 2007 report were as follows: Overall – 94.2%, Timeliness – 90.7%, Accuracy – 93.8%, Expertise – 93.9%, Helpfulness – 94.8%, and Availability of Information – 93.8%.

KPM #6	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.	2000
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
Data Source	Data captured from Court of Appeals slip opinions and entered into an Access database maintained by Research and Analysis staff.	
Owner	Abbie Herman, Chair, Workers' Compensation Board, (503) 378-3308	



1. OUR STRATEGY

Achieve consistent and legally sound decisions by conducting an impartial review of the record and the parties' arguments in light of controlling statutes, applicable administrative rules, and case precedent.

The Workers' Compensation Board, consisting of five members appointed by the Governor and confirmed by the Senate, provides timely and impartial resolution of disputes arising under the workers' compensation law. For example, the board may review an injured worker's appeal of an insurer's denial of their claim. A board decision may be appealed to the Court of Appeals if one of the parties believes the decision is in error as a matter of law. Our goal is to achieve substantial justice by providing fair and impartial decisions that are legally sound.

2. ABOUT THE TARGETS

WCB consistently performed at or near established target levels for court affirmation rates from 2000-2007. As a result, we have continued to raise the target even though a single court reversal can dramatically impact the affirmation rate. We will continue to monitor the measurement, particularly taking into account the potential effects of court decisions concerning significant issues that may impact a number of cases.

3. HOW WE ARE DOING

WCB has consistently met its targets. We expect some fluctuations in the numbers because of the small number of cases. In 2008, there were three reversals out of a total of 49 cases. So although the 2008 value of 93.9 percent fell slightly below the target, we still consider it a strong performance and within our desired performance range.

4. HOW WE COMPARE

There is limited data available because every jurisdiction has slightly different systems for resolving disputes in its workers' compensation system.

5. FACTORS AFFECTING RESULTS

The court reviews WCB decisions for errors of law and to determine whether substantial evidence and reason supports WCB's factual findings and conclusions. Because the number of cases is limited (49 cases in 2008, and 59 cases in 2007), a different decision in only a few cases can have a significant impact on the affirmation rate. In addition, one reversal on a key issue could have a "domino" effect and lead to reversals in other cases.

6. WHAT NEEDS TO BE DONE

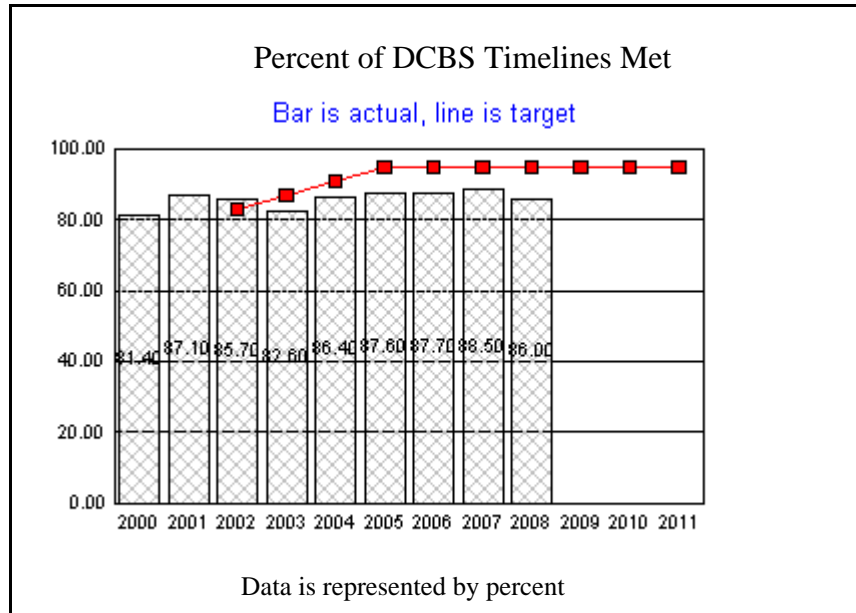
Board members, with the support of their board review staff, will continue to apply the processes developed for appellate review to issue consistent and legally sound decisions in an efficient manner. The staff will maintain the high standard of providing the court with a complete appellate record in a timely manner and accurately compiling statistical information regarding court dispositions of appealed WCB decisions.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). We gather data directly from court decisions and monitor in a monthly report. To obtain the overall value, we divide the number of WCB rulings affirmed upon appeal to the Court of Appeals by the total number of WCB cases appealed to the Court of Appeals. A link to the court's decisions is available on WCB's Web site at:

<http://www.cbs.state.or.us/wcb/contents/coa.htm>. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #7	ON-TIME WORK – Percent of timelines for key department activities that are met.	2000
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Composite of several division-level measures. See “About the Data” for sources.	
Owner	Greg Malkasian, DCBS Deputy Director, (503) 947-7872	



1. OUR STRATEGY

Provide timely service to customers by using technology, improving efficiencies, and training employees on responsiveness and timely work.

2. ABOUT THE TARGETS

DCBS has set aggressive targets for this measure to better serve its customers and to encourage employee improvement in activities such as closing complaints, completing applications, responding to inquiries, and issuing orders.

3. HOW WE ARE DOING

DCBS has been able to maintain relatively high performance levels after seeing a steady increase between 2000 and 2004. In several cases, when we determine through consultation with customers that faster processing time would benefit them, we have set timeliness goals greater than required by statute. While short of the targeted 95 percent, performance on this measure still reflects substantially improved service to Oregonians.

4. HOW WE COMPARE

Statistics for public or private industry standards on timeliness are not available for comparison to key activities contributing to this measure.

5. FACTORS AFFECTING RESULTS

Because we hold ourselves to a stricter standard than the law in many cases, reaching our target is challenging. We evaluate whether faster processing time would benefit our customers; if so, we strive to achieve more aggressive timeliness. We have made significant strides in this area already. For example, several units in the Workers' Compensation Division have achieved significant improvement through use of alternative dispute resolution, which has dramatically improved the time it takes to resolve disputes. Staffing levels also can affect timeliness results. Many divisions within DCBS experienced key vacancies in positions related to the timeliness of their activities, which contributed to the slight decrease in timeliness from 2007.

6. WHAT NEEDS TO BE DONE

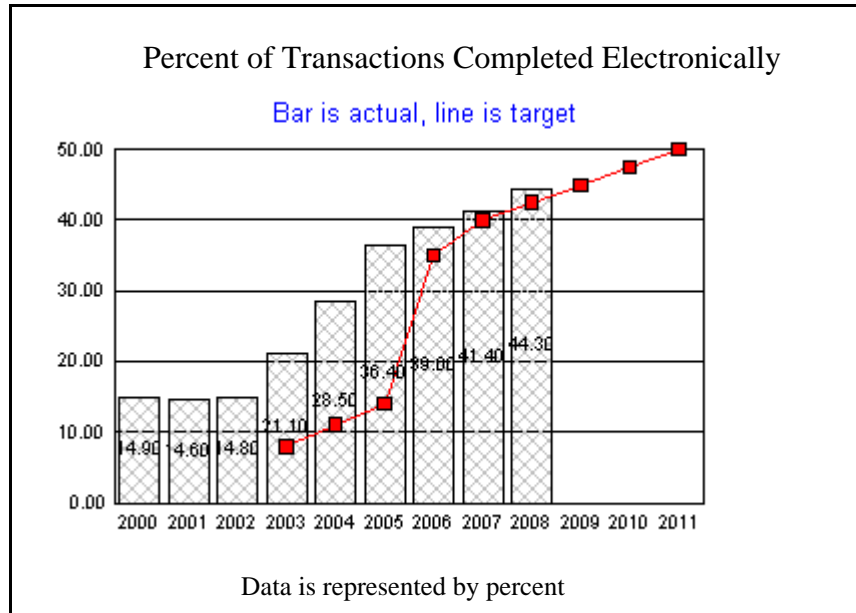
We need to continue to develop and implement processes for improvement and streamlining and apply best practices that we observe in various areas of the department as well as outside the department. We also will focus on hiring and training new employees to ensure that vacancies do not impact our delivery of timely services to customers. Further, new and existing employees will continue to receive training so they are able to conduct all activities in a timely manner.

7. ABOUT THE DATA

Data for this measure is reported for the Oregon fiscal year (July 1 – June 30) and represents more than 20 key agency activities, such as issuing

workers' compensation orders and filing insurance complaints. Data for individual components is collected quarterly or monthly. The timeliness for each division is calculated by dividing the number of activities under consideration that are completed in a timely manner by the total number of activities completed during each fiscal year. To obtain the overall, agency-wide measure, the timeliness for each division is weighted by the number of full-time employees in that division. This weighting reflects the overall resources applied to each division as well as the services provided to Oregonians. Data is available at the division and program levels by contacting DCBS. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #8	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.	2000
Goal	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	DCBS databases	
Owner	Royce Trammell, Deputy Administrator, Information Management Division, (503) 947-7361	



1. OUR STRATEGY

Make it faster and easier for businesses and consumers to conduct business with the department by allowing them to complete transactions electronically.

2. ABOUT THE TARGETS

The Governor targeted regulatory streamlining as a key initiative in the 2003-05 biennium and DCBS aggressively implemented online systems for licensing and permitting. Without historical data, the initial targets set for this measure proved to be low and the department easily beat the targets. We subsequently increased the targets based on the new data, and are on track to meet a very progressive goal of 45 percent in 2009. From this point forward, incremental improvements on this established base will be much more challenging to achieve. As such, we are recommending the legislature adopt targets for electronic transaction levels of 47.5 percent in 2010 and 50 percent in 2011, which represent a growth rate of 2.5 percentage points each year.

3. HOW WE ARE DOING

During 2008, 44.3 percent of applicable transactions between businesses and consumers and DCBS were completed electronically, which exceeds our target. We believe this is a strong performance and that our online services make it more convenient for businesses and consumers to do business with us.

4. HOW WE COMPARE

No direct comparison data is available. As a state, Oregon was ranked 18th overall for its e-government sites and services available online in a 2008 study conducted by the "Inside Politics" section of the Brookings Institution. Oregon's overall rating (on a scale from 0 to 100) increased from 44.3 in 2007 to 53.9 in 2008, indicating continued improvement in our Web sites and online services.

5. FACTORS AFFECTING RESULTS

The primary factor affecting results is customers' and businesses' willingness to conduct business electronically with DCBS. When electronic transactions are available, businesses and consumers choose to conduct 70 percent of transactions electronically, which is up from 66 percent in 2007. Customers' belief in the security of their online information, knowledge that services are available online, and preference for online vs. paper transactions affect the overall percent of transactions that are conducted electronically. The number of services available online to customers also affects results. Of the data systems meeting the criteria for inclusion in this measure (see "About the data"), 69 percent are available for online transactions. Future efforts will focus on increasing the number of services available online as well as customer use of these services.

6. WHAT NEEDS TO BE DONE

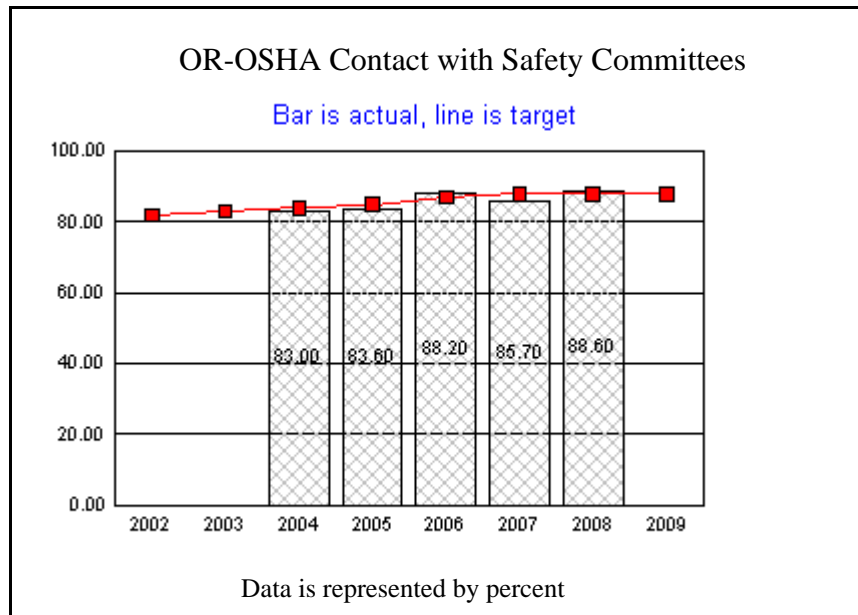
We will focus on making more services available electronically for business and consumers. We are developing systems that allow check-cashing

licensing applications and annual report filings from mortgage lenders to be submitted electronically. We are also investigating the possibility of allowing citizens and businesses to apply for and renew elevator and vessel permits electronically. To make doing business with DCBS faster and easier, it is important that our online services are easy to use – many are equipped with built-in surveys and e-mail feedback to help us ensure our systems are user-friendly.

7. ABOUT THE DATA

This data represents DCBS systems that conduct at least 5,000 transactions annually and that are available to businesses and citizens (internal systems or systems that primarily interface with other state agencies are not included). There are other, smaller systems that conduct fewer transactions, but they are not typically included because we want to focus on systems that have substantial impact for our customers. Instead of using a pure calculation of percent of transactions, we combine the average percent of electronic transactions for each division into an overall, agency average. This minimizes the impact of a few systems that have an extremely large number of transactions as well as equalizes the impact of each division's efforts. The data is reported annually and represents averages for the Oregon fiscal year (July 1 – June 30). Contact DCBS for more detailed information on electronic transactions by division. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #9	CONSULTATIONS WITH SAFETY COMMITTEES – Percent of Oregon-OSHA employer consultations where the consultant works actively with employee safety committees.	2002
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	Oregon-OSHA Consultations database	
Owner	Suzanne Kailey, Consultation and Public Education Manager, Oregon-OSHA, (503) 378-3272	



1. OUR STRATEGY

Create employer self-sufficiency in workplace safety and health by involving employees in workplace safety and educating employers on the value of employee safety committees.

Oregon OSHA offers no-cost, confidential consultation services to help employers improve workplace safety. Collaborating with the safety committee during those consultations ensures that both employers and employees are engaged in creating safer workplaces.

2. ABOUT THE TARGETS

We used historical trends to set a baseline for performance and set targets to show steady improvement from our baseline level, reflecting our desire to increase contact with safety committees. Target percentages increased through 2007 to an 88 percent threshold. The threshold of 88 percent reflects the expectation that approximately 12 percent of companies receive a consultation visit where safety committee involvement would not be productive. For example, consultants frequently meet with an employer more than once and it may not enhance safety efforts to meet with the safety committee at each visit. Also, some consultations focus on specific areas where working actively with the safety committee may not be constructive.

3. HOW WE ARE DOING

In general, actual percentages have closely followed our targets. Over the past five years, the percentage of consultations where our staff work actively with safety committees has increased by more than 5 percentage points. The value of 88.6 percent for 2008 reflects a leveling off of interaction between Oregon OSHA consultants and safety committees because we realized that encouraging further increases in this target would be counterproductive to our efforts to improve safety (see explanation under “About The Targets”).

4. HOW WE COMPARE

It is difficult to compare Oregon OSHA’s performance with other states because only about 20 percent of states have a safety committee requirement and we do not know of any other states that track this data.

5. FACTORS AFFECTING RESULTS

The percentage varies per quarter based on the type of consultation and the need for safety committee involvement. Consultants may visit the same employer over time to address specific safety and health issues. In these cases the consultant may not work with the safety committee during each visit. This is particularly true for subsequent visits if the employer already has an active and effective safety committee or has had previous consultant interactions related to safety committee roles and responsibilities.

House Bill 2222, which was passed during the 2007 Legislature, likely affects this measure. The bill changed the safety committee requirements, particularly as they relate to small employers. As a result, this measure is not as meaningful because many small employers now have alternative

options for promoting safety in the workplace. We have proposed this measure for deletion because of the new law and the potential for inefficient interactions between safety committees and Oregon OSHA staff to meet an increasing target. Not all Oregon OSHA/employer interactions require involvement with safety committees and we don't want to encourage employers to interact with us in an unproductive manner.

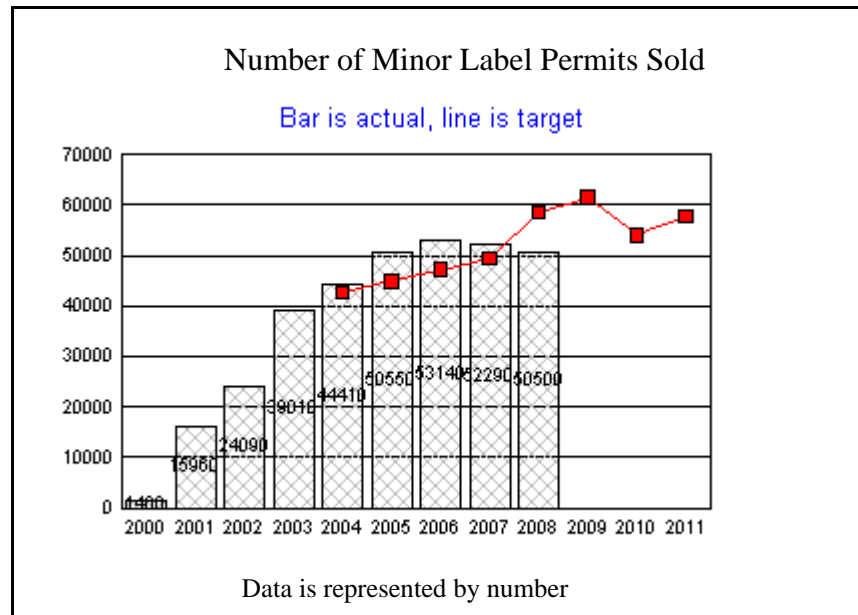
6. WHAT NEEDS TO BE DONE

Oregon OSHA will continue to emphasize the importance of effective employee involvement mechanisms such as safety committees and employer safety meetings. As part of the implementation of House Bill 2222, Oregon OSHA consultants and public education staff will provide renewed emphasis on these issues in their contact with employers.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 through June 30). Actual percentage figures are calculated by dividing the number of Oregon OSHA consultations where consultants worked with the safety committee to enhance their skills and /or improve their effectiveness by the total number of consultations with employers that had a safety committee. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #10	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.	2004
Goal	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Minor Label Permit database maintained by Building Codes Division staff.	
Owner	Liz Browder, Manager, Statewide Inspections, (503) 373-1983	



1. OUR STRATEGY

Make it easier and less expensive for contractors to comply with regulations by offering “minor label” building permits for routine plumbing and electrical installations that can be used anywhere in the state.

Minor labels permits are multiple permits that are purchased together and can be used throughout the state for numerous types of jobs, making them more convenient than traditional permits. For example, using traditional permits, a contractor installing new electrical outlets at 10 locations throughout the state must purchase 10 separate permits from multiple jurisdictions to comply with regulations. However, using minor labels permits, this contractor can make only one minor labels purchase that will cover all 10 jobs. Further, this purchase can be made online - 24 hrs a day, 7 days a week - making purchasing permits much more convenient for contractors. This streamlining of the permit process saves contractors time and money and improves compliance with the law.

2. ABOUT THE TARGETS

Our goal is to increase the number of minor labels sold around the state. We used our history of sales to establish a baseline, and we set targets by factoring in expected growth based on our aggressive marketing strategies. Targets for 2008 and 2009 were established in 2006, with the assumptions that economic conditions would remain favorable and that construction activity would show continued growth. However, construction activity has slowed since 2007, which has a significant impact on minor label permit sales. To establish targets for 2009-2011, we must take this reduced construction activity into account. Construction activity is expected to remain relatively constant until 2010, when it is expected to begin increasing gradually. Using a growth rate for the number of minor label permits sold of approximately 7 percent per year beginning in 2010, we target 54,000 minor labels permits sold in 2010 and 57,800 sold in 2011.

3. HOW WE ARE DOING

Customers report a great deal of satisfaction in using this simpler and cheaper process to purchase permits for minor work. However, despite continued efforts from the Building Codes Division to increase the utility and availability of minor labels permits, the total number of permits sold dropped from 52,290 in 2007 to 50,500 in 2008. This is likely due to economic factors that have caused a reduction in construction activity.

4. HOW WE COMPARE

Oregon is a national leader in the area of simplifying building permits. We know of no other state that has such a program, and we are being contacted by other state jurisdictions for help in establishing their own “minor label” programs. There also are no industry standards that relate to this goal.

5. FACTORS AFFECTING RESULTS

Construction activity has historically had a major impact on outcomes for this measure. For example, the construction industry had been booming,

constituting 20 percent of all job gains in Oregon from mid-2003 to 2006, which led to an increase in the number of building permits sold. However the economic downturn and problems in the lending markets have caused the construction industry to slow during the past two years, which likely caused the number of permits sold to decrease.

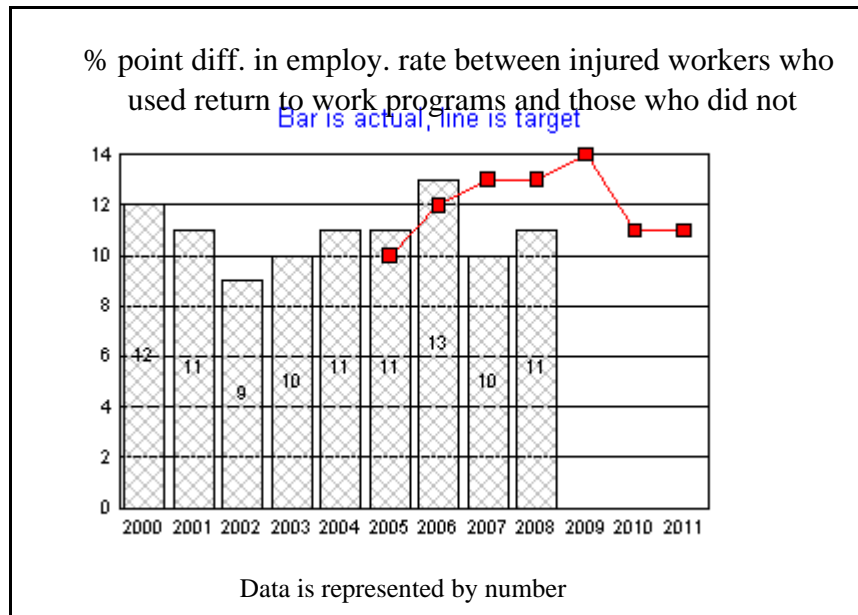
6. WHAT NEEDS TO BE DONE

We are continuing our aggressive marketing efforts through BCD newsletters, e-mail, and articles in trade publications. We are expanding the type of work that can be covered by a minor label building permit to elevators and boilers.

7. ABOUT THE DATA

The data reported for this measure is the number of minor label permits sold in Oregon during the fiscal year (July 1 – June 30); data is collected monthly. Permit sales are registered and maintained in BCD databases. Note, data from 2006 and 2007 was audited for data validity in September, 2008. In the internal audit, the data and results were verified as “accurate”, indicating that the auditor was able to recreate 2006 and 2007 results from raw data to within 5 percent of published values.

KPM #11	REEMPLOYMENT FOR INJURED WORKERS – Difference in percentage of eligible workers who return to work using return-to-work programs from those who do not use return-to-work programs.	1999
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Information Management Division, Research and Analysis Section using Employment Department and WCD data files.	
Owner	Delmi Hernandez, Manager, Reemployment Assistance Unit, Workers’ Compensation Division, (503) 947-7797	



1. OUR STRATEGY

Restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work programs. The programs provide incentives to employers for getting workers back to work quickly.

2. ABOUT THE TARGETS

This measure comprises data from three return-to-work programs: the Vocational Assistance Program, the Preferred Worker Program, and the Employer-at-Injury Program. The measure compares the difference in employment rates between injured workers who were using these benefit programs and similar workers who did not use the programs. To set targets, we consider current return-to-work activities, legislative changes, and program activities during the years of injury. We have adjusted our targets downward to 11 percentage points for the next two years to reflect the growth in the use of the Employer-at-Injury Program (please see the “About the data” section for more detailed information on the return-to-work rates for each program). This program had 3,200 participants in 2008, compared to 248 in the Preferred Worker Program and 67 in the Vocational Assistance Program. The Employer-at-Injury Program helps workers return to their pre-injury employer more quickly than in the other two programs. However, workers who are only eligible for the Employer-at-Injury program typically are less severely disabled and have higher employment rates than those who are eligible for the other return-to-work programs, so the difference in the return-to-work rates is typically smaller.

3. HOW WE ARE DOING

Data consistently shows that injured workers who use return-to-work programs are employed at a higher rate than workers who do not use these programs. In 2008, workers who used return-to-work programs had a return-to-work rate that was 11 percent higher than those who did not use the program. This figure is consistent with past years, with the exception of 2006, when there was tremendous growth in use of the Preferred Worker Program. As mentioned earlier, the majority of the workers who use return-to-work programs use the Employer-at-Injury Program, which means that program has the most influence on the overall figure (please see the “About the data” section for more detailed information on the return-to-work rates for each program).

4. HOW WE COMPARE

Oregon’s return-to-work programs are nationally recognized and unique to Oregon. Many other jurisdictions have sought to introduce these programs in their jurisdictions due to the successes in Oregon. A 2008 study by the Workers’ Compensation Research Institute highlights Oregon’s return-to-work programs as one of four key lessons other states can learn from Oregon. According to the study: “Oregon policymakers have fashioned some potentially powerful program elements aimed at stimulating early return to work and long-term recovery of wages for injured workers.”

5. FACTORS AFFECTING RESULTS

Changes in the Oregon economy or in business practices may affect this measure by reducing or increasing opportunities for job openings. Also

affecting results are changes in laws, rules, or WCD initiatives during the various times employees and employers trigger the use of these programs. For example, the Workers' Compensation Division has streamlined the rules and processes for the Employer-at-Injury Program to enable more workers and their employers to participate. The Employer-at-Injury Program helps workers return to their pre-injury employer more quickly than in the other two programs, which benefits both the injured worker and the employer. Therefore, the growth in the use of this program is considered a significant success. However, since the difference in employment rates between workers who use the Employer-at-Injury Program and those who do not is lower than in the other programs, it has influenced movement toward the target.

6. WHAT NEEDS TO BE DONE

WCD will continue to provide education and outreach that promotes use of the return-to-work programs and dispute resolution services for vocational assistance matters. In addition, WCD will continue efforts to encourage use of these programs through increased partnerships with vocational providers. WCD also will continue to focus on simplifying rules and streamlining processes in delivery of reemployment assistance in order to promote more use of the return-to-work programs.

7. ABOUT THE DATA

To see the effects of return-to-work programs, it is necessary to track injured workers' employment over time. The data reported for 2008 represents employment levels for workers who were injured during the calendar year 2004. This measure calculates the percentage increase in employment levels between eligible injured workers who use the return-to-work programs and eligible workers who do not use them or who did not complete their vocational assistance training. We compare the post-injury employment rates of these two groups 13 quarters after injury, which would be between April 1, 2007 and March 31, 2008. Note, data from 2006 and 2007 was audited for data validity in September, 2008. In the internal audit, the data and results were verified as "accurate", indicating that the auditor was able to recreate 2006 and 2007 results from raw data to within 5 percent of published values.

Percentage point differences in return-to-work rates for injured workers using each WCD program are as follows (Note - results are shown as: EAIP / Preferred Worker / Vocational Assistance / Overall):

2000 - 6 / 24 / 30 / 12

2001 - 5 / 24 / 24 / 11

2002 - 4 / 21 / 21 / 9

2003 - 3 / 20 / 35 / 10

2004 - 4 / 23 / 35 / 11

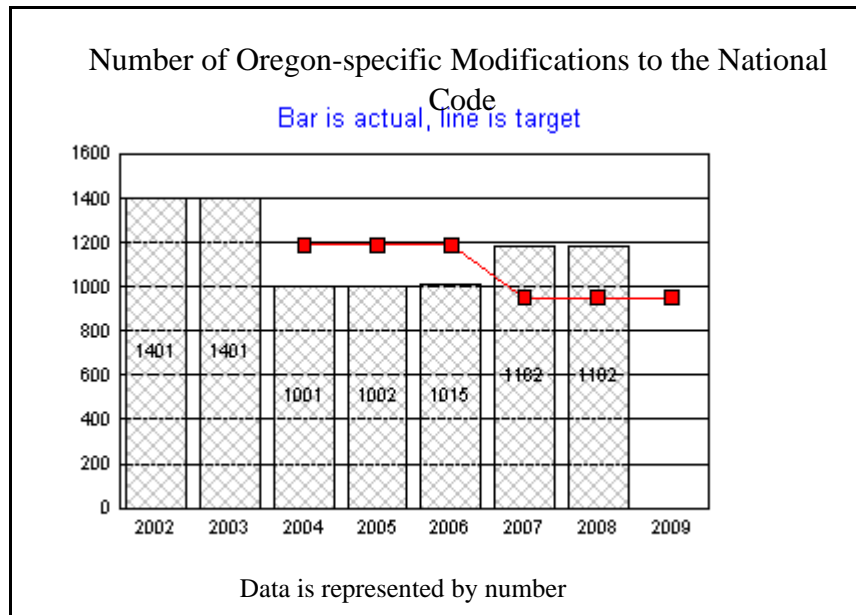
2005 - 4 / 24 / 29 / 11

2006 - 6 / 29 / 34 / 13

2007 - 5 / 23 / 32 / 10

2008 - 4 / 27 / 39 / 11

KPM #12	STREAMLINED BUILDING CODES – Number of Oregon-specific building codes modifications made to the national model codes.	2002
Goal	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Manual counts based on review of building code revisions.	
Owner	Andrea Simmons, Manager, Policy and Technical Services, Building Codes Division, (503) 373-7235	



1. OUR STRATEGY

Make Oregon’s building codes as consistent as possible with national model codes by limiting code revisions, so that contractors and inspectors will need less training and code enforcement will be more uniform, predictable, and consistent.

2. ABOUT THE TARGETS

Historically, we determined our targets by selecting the commercial structures code that contained many Oregon amendments and identifying Oregon-specific amendments that were in statute (e.g. accessibility, energy, etc.) and should not be changed. Our initial targets were based on the number of amendments that remained. Our goal was to then reduce amendments to the national code by 5 percent during the next cycle of code changes; we cannot eliminate all Oregon-specific amendments because they are intended to protect the public or accomplish other policy objectives.

Recent policy changes, such as Oregon's progressive efforts to promote green building, energy efficiency, and sustainability, require additional modifications because Oregon's policies are stricter than those adopted by the national code. The Building Codes Division must balance its efforts toward continued regulatory streamlining and elimination of unnecessary modifications with its need to further modify the national code to support Oregon's aggressive policies on green building, energy efficiency, and sustainability. Raising the targets could create incentives to make unnecessary modifications, placing additional burden on contractors and inspectors to comply with added modifications. Lowering the targets, however, will not reflect the need to make necessary changes to promote sustainability. Therefore we believe this measure no longer produces meaningful results and we recommend it be removed from the agency's key performance measures.

3. HOW WE ARE DOING

The codes are adopted once every three years with occasional mid-term updates. The last major code change occurred in 2007 and the number of code differences increased by more than 16 percent at that time. However, many of these code modifications were due to newly adopted policies in Oregon related to energy efficiency and sustainability. There were no mid-term code changes in 2008, though changes are expected in upcoming years to ensure that Oregon's code reflects new policies on sustainability.

4. HOW WE COMPARE

We know of no other comparable standards. Many states do not have statewide codes and Oregon's code reflects standards and policies enacted to serve and protect Oregonians.

5. FACTORS AFFECTING RESULTS

We are experiencing an increase in Oregon code changes because of several policy changes related to energy efficiency, sustainability, and green building. We make Oregon-specific changes when it is necessary to change national codes that are inconsistent with Oregon's policies.

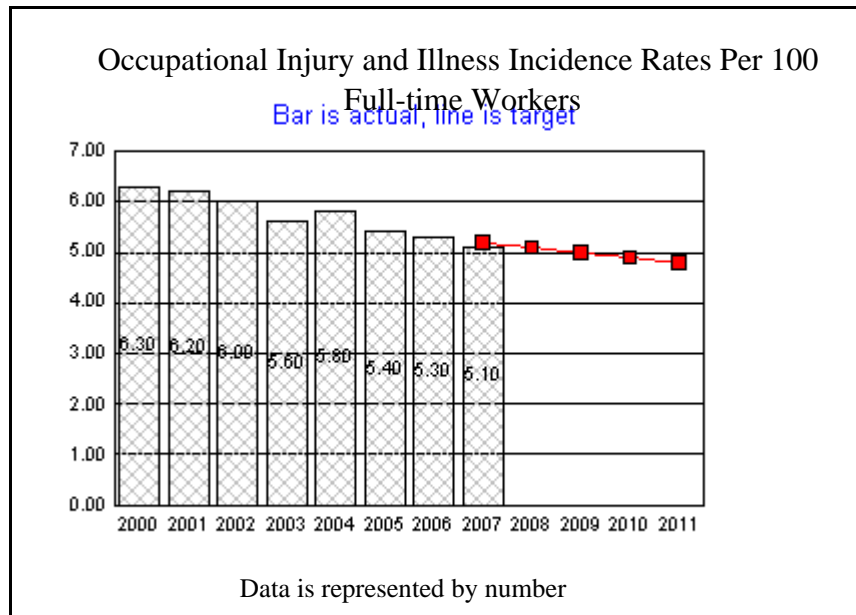
6. WHAT NEEDS TO BE DONE

We need to continue to make modifications to ensure that Oregon's code complies with Oregon policies and standards, such as those relating to sustainability and energy efficiency. At the same time, we must eliminate unnecessary modifications to continue to promote regulatory streamlining and consistency.

7. ABOUT THE DATA

This measure includes modifications to the commercial structures code. The code is adopted every three years, with occasional minor modifications in off years. The count reported each year reflects the number of modifications in effect during that Oregon fiscal year (July 1 – June 30). For example, the last major code update occurred in 2007, when 1,182 modifications were made to the national code. In 2008, there were 0 additional modifications. The 2008 value of 1,182 modifications reflects the modifications still in effect from the major code revision in 2007. Please contact DCBS or visit http://www.cbs.state.or.us/external/bcd/programs/codes_in_oregon.html for additional information on Oregon specific building codes.

KPM #13	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.	2007
Goal	DCBS Goal # 1: Protect consumers and workers in Oregon.	
Oregon Context	Oregon Benchmark #9: Oregon’s national rank in the cost of doing business.	
Data Source	Data are reported on an annual basis via an employer-based survey collected for the Bureau of Labor Statistics.	
Owner	Michael Wood, Administrator, Oregon OSHA, (503) 947-7400	



1. OUR STRATEGY

Advance workplace safety and health and reduce workplace injuries and illnesses by inspecting worksites for safety and health violations, investigating workplace fatalities, serious accidents, and complaints, providing training and consultation, and developing clear standards. This measure reflects the highest level measure of workplace safety in Oregon.

2. ABOUT THE TARGETS

Oregon OSHA has historically relied upon the overall occupational injury and illness rate for the private sector as one of the primary indicators of the program's performance. In addition, Oregon OSHA uses industry-specific rates and other data to identify areas that deserve further attention. Targets are based on past trends and our desire to continually reduce the rate of workplace injuries each year; a rate below the targeted level is desired for this measure. For 2010 and 2011 we propose targets of 4.9 and 4.8 respectively, reflecting our continued focus on making Oregon's workplaces safer and reducing the rate of workplace injuries and illnesses each year.

3. HOW WE ARE DOING

During 2007, Oregon's occupational injury and illness incidence rate was 5.1 per 100 full-time workers, which outperforms our targeted value. Rates have dropped during eight consecutive years and have decreased 42 percent since 1995, indicating our continued success in partnering with employers to promote safer work environments in Oregon.

4. HOW WE COMPARE

Monitoring Oregon's occupational injury and illness rate over time gives us valuable information on workplace safety trends. However, because each state has a different workforce composition (e.g. relative proportions of clerical staff to construction), results are not directly comparable across jurisdictions. We do monitor the nationwide occupational injury and illness incidence rate; the 2007 national rate was 4.2 and the 2006 rate was 4.4. Though Oregon's rate is higher than the national rate, over the past 20 years Oregon's rate has typically declined faster than the national rate – Oregon's rates have decreased 53 percent while national rates have decreased 49 percent.

5. FACTORS AFFECTING RESULTS

The injury and illness incidence rates are based on an annual sample of Oregon employers. While the survey sample is small (around 4,000 Oregon employers are sampled each survey year), it is consistent with sample sizes used for other states. The safety and health practices of Oregon employers and employees affect this measure. Economic factors, such as the relative number of new employees in the workforce or the availability of employer resources to invest in safety training and equipment, can also impact the overall injury and illness incidence rate.

6. WHAT NEEDS TO BE DONE

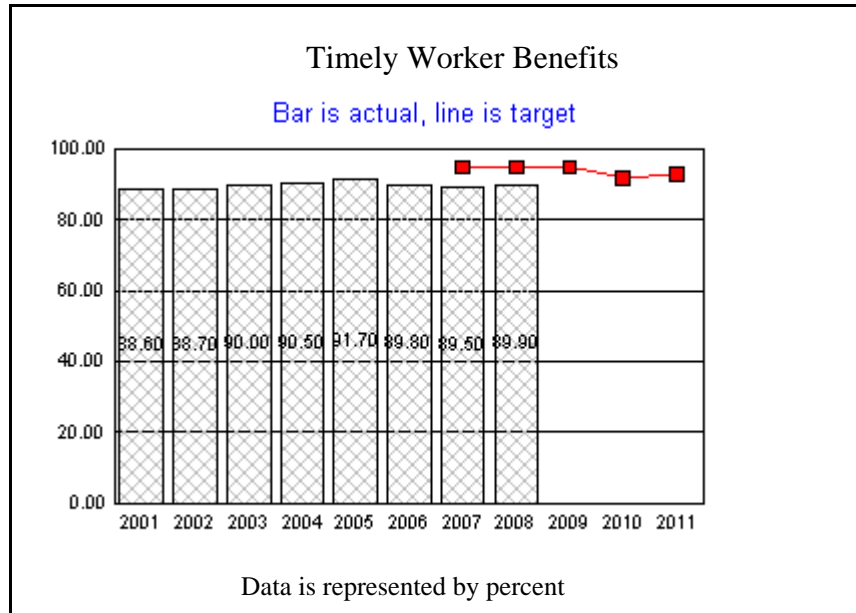
Oregon OSHA will continue its programs that enhance workplace safety. Additionally, Oregon OSHA has submitted a policy option package for

added enforcement and training staff to increase its enforcement presence and education support for employers. The package also includes a research analyst to help the division better target high-risk industries. These efforts, combined with increased productivity among the staff, are expected to help continue to reduce the injury and illness rate.

7. ABOUT THE DATA

Data is reported on a calendar year basis using results from the Bureau of Labor Statistics' (BLS) national survey of occupational injuries and illnesses. For Oregon, this survey is conducted by the DCBS Information Management Division. The total-cases occupational injury and illness incidence rate is a measure of all recordable Oregon workplace injuries and illnesses per 100 full-time workers in the private sector. Beginning with the 2002 BLS survey, rates are based on revised requirements for recording occupational injuries and illnesses. Due to the revised requirements, the rates since the 2002 survey may not be comparable with those of prior years. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #14	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.	2007
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD insurer audit data	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division (503) 947-7687	



1. OUR STRATEGY

Ensure insurers and self-insured employers process claims and deliver benefits to injured workers in a timely manner by using education, enforcement, targeted auditing, and streamlining.

2. ABOUT THE TARGETS

This data tracks the timeliness of benefit payments by insurers to injured workers. Various types of benefit payments from insurers are audited for timeliness, including: time loss, permanent disability, death, and reimbursement of worker expenses. This measure provides a gauge for the efficiency of claim processing and benefit delivery. At 95 percent, the current, aggressive target reflects our desire to improve an already high level of performance. In 2009, we are changing our audit methodology to include a more risk-based approach. We will focus on under-performing insurers instead of regularly auditing all insurers. This will lead to greater long-term protection for workers, though in the short term insurers may appear to have decreased performance results. To reflect the change in our audit methodology, we recommend the legislature lower our 2010 target to 92 percent and 2011 target to 93 percent.

3. HOW WE ARE DOING

Although we are performing below our target of 95 percent, the number has been at or close to 90 percent for the past several years, which is an extremely high level of performance.

4. HOW WE COMPARE

Direct comparisons to other jurisdictions are difficult as many states do not track and publish comparable data. However, the Workers' Compensation Research Institute (WCRI) has stated that Oregon continues to have one of the highest rates of timeliness in the nation. A 2008 study of 14 states by the WCRI showed that in 2003 only 41 percent of workers received their first benefit payment within 21 days of injury. Oregon's injured workers received their first benefit payment within 14 days of injury 90 percent of the time in 2003, and that performance has stayed strong.

5. FACTORS AFFECTING RESULTS

In the past couple years, the Workers' Compensation Division has made increased efforts to educate insurers about what constitutes a timely payment. For example, many payments that one particular insurer previously categorized as timely are now reported as not timely, which resulted in a drop in the percent of benefits paid timely for this insurer. Looking forward, we expect performance to improve because of several of our efforts. For example, in 2006, we increased the performance thresholds for insurers from 80 percent to 90 percent in categories that directly relate to workers receiving timely benefits. This threshold increase caused a greater number of companies to be penalized in 2007 and 2008; however, over time we anticipate these new thresholds will encourage insurers to improve their timeliness. Further, in 2007 the department levied a \$5 million penalty against one of the larger groups of workers' compensation insurers in Oregon for a number of compliance violations. As part of the penalty agreement, the department has been working with the insurer to improve its timeliness performance – the insurer group has bettered its timeliness of first payment of benefits for injured workers from 66 percent at the end of 2007 to 85 percent in the first quarter of 2008 and has seen significant

improvement in its overall workers' compensation claims performance.

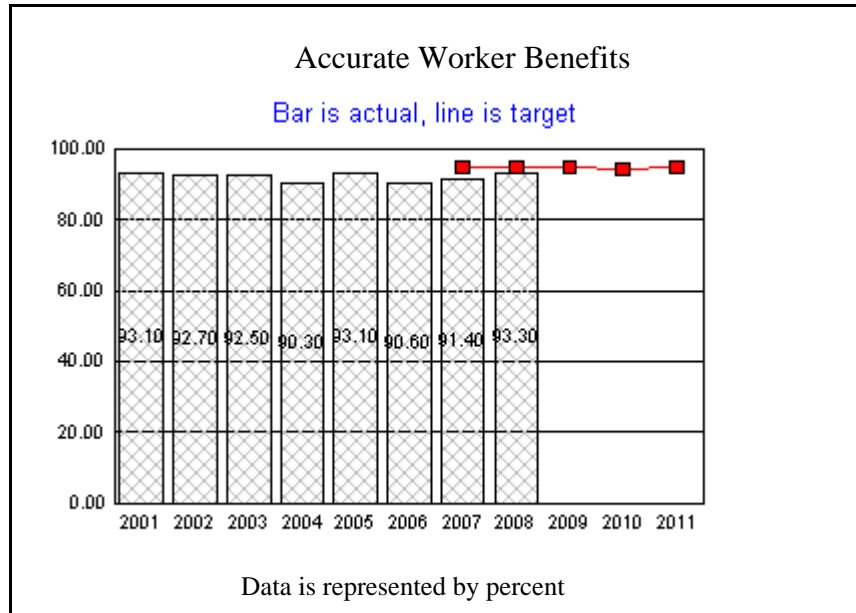
6. WHAT NEEDS TO BE DONE

WCD is sponsoring a regulatory streamlining initiative to improve the division's claims systems and processes in order to ensure injured workers receive the benefits to which they are entitled, make processes easier for insurers and employers, and improve performance by regulated parties. As part of this project, WCD will be using data to better target its education and enforcement efforts to improve insurer compliance. WCD is also considering a significant change to its audit process that will include using a more risk-based approach. We believe a more risk-based approach will ultimately lead to more timely benefit payments and greater protection for injured workers because the audits will target under-performing insurers.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). Data includes benefits payments for time loss, permanent disability, death, and reimbursement of worker expenses. Data comes from insurer self-reports that are verified by WCD and captured in the WCD Quarterly Claims Processing Performance audit report as well as the Compliance Field Audit of insurers and self-insured employers, which is an on-site field audit of insurer claims records. To calculate the overall value, the total number of benefits payments found to be timely are divided by the total number of benefits payments audited for timeliness. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

KPM #15	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.	2007
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD insurer audit data	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division (503) 947-7687	



1. OUR STRATEGY

Ensure injured workers receive accurate benefits by educating insurers and self-insured employers, conducting targeted audits, and streamlining processes.

2. ABOUT THE TARGETS

This data tracks the accuracy of various benefit payments by insurers to injured workers, such as time loss, permanent disability, death, and reimbursement of worker expenses. This measure provides a gauge for the efficiency of claim processing and benefit delivery. At 95 percent, the aggressive target reflects our desire to improve an already high level of performance. In 2009, we are changing our audit methodology to include a more risk-based approach. We will focus on under-performing insurers instead of regularly auditing all insurers. This will lead to greater long-term protection for workers, though in the short term insurers may appear to have decreased performance results. To reflect the change in our audit methodology, we recommend the legislature lower our 2010 target to 94.5 percent and 2011 target to 95 percent.

3. HOW WE ARE DOING

Although we are performing below our target of 95 percent, the number has stayed consistently above 90 percent, which is an extremely high level of performance.

4. HOW WE COMPARE

Direct comparisons to other jurisdictions are difficult as many states do not track and publish comparable data.

5. FACTORS AFFECTING RESULTS

Many factors outside the insurers' control can affect results. For example, if an employer provides incorrect payroll information to the insurer, this can cause benefit payments to be inaccurate. WCD continues to streamline processes, which should reduce these types of errors and ensure that injured workers receive accurate benefit payments. Many factors within an insurer's control can also impact results, such as training and education for employees. To improve insurer performance in this area, WCD conducted training on accurate benefits payment for individual insurers and provided training at the 2008 Workers' Compensation Education Conference. Additionally, WCD provides tools, such as a Web-based benefit calculator, so that companies can ensure their benefit payments are accurate.

6. WHAT NEEDS TO BE DONE

WCD is sponsoring a regulatory streamlining initiative to improve the division's claims systems and processes in order to ensure injured workers receive the benefits to which they are entitled, make processes easier for insurers and employers, and improve performance by regulated parties. WCD is also considering a significant change to its audit process that will include using a more risk-based approach. We believe a more risk-based approach will ultimately lead to more accurate benefit payments and greater protection for injured workers because under-performing insurers will

be the focus of increased education and monitoring.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). Data includes benefits payments for: time loss, permanent disability, death benefits, and reimbursement of worker expenses. Data comes from the Compliance Field Audit of insurers and self-insured employers, which is an on-site field audit of insurer claims records. To calculate the overall value, the total number of benefit payments found to be accurate are divided by the total number of benefit payments audited for accuracy. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

Agency Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

Contact: Greg Malkasian, Deputy Director

Contact Phone: 503-947-7872

Alternate: Lisa Morawski, Public Information Director

Alternate Phone: 503-947-7897

The following questions indicate how performance measures and data are used for management and accountability purposes.

<p>1. INCLUSIVITY</p>	<p>* Staff : A variety of methods were used to gain staff input. This included strategic planning processes and ongoing discussions at the work-unit, division and department levels.</p> <p>* Elected Officials: The department presented performance measures to the Legislature (through the Ways and Means subcommittee), which adopted the measures.</p> <p>* Stakeholders: Stakeholders were involved in many aspects of the department’s work. Advisory groups, outreach meetings, and individual contacts helped staff ensure that stakeholder interests were considered and that stakeholders were aware of the proposed measures.</p> <p>* Citizens: Citizens provided input into the reporting of measures through the Advisory Group on Citizen Friendly Reporting convened by the Oregon Progress Board in 2004-2005. Citizens also have the opportunity to provide feedback on performance measures and our annual performance measures report using an online survey available on our performance measures Web site (http://egov.oregon.gov/DCBS/performance.shtml). We will use citizen feedback to improve the quality of our performance measures and annual report.</p>
<p>2 MANAGING FOR RESULTS</p>	<p>The measures are used to gauge progress toward targeted goals. If progress is not met satisfactorily, the department staff seeks to determine the reason(s) and make policy, program, or operational changes to improve performance. The DCBS executive team uses performance data and other tools to identify best practices, strategies, and resource requirements to enhance performance. The team continues to evaluate the performance measures to ensure clarity and ensure that progress on each measure is meaningful.</p>
<p>3 STAFF TRAINING</p>	<p>Once the measures were adopted by the Legislature, the department conducted training for all managers. The DCBS divisions have had ongoing discussions and training at management meetings as well as extensive involvement by staff in performance tracking and measurement. Performance measures are often a discussion</p>

item at division and section-level meetings within the department.

4 COMMUNICATING RESULTS

* **Staff :** The department uses its Key Measures System to ensure the staff has easy access to the most current data available for each measure. Staff also can access the measures from the Web site.

* **Elected Officials:** Performance measures are a discussion and decision item in the budget process. The measures are also available to elected officials on our Web site.

* **Stakeholders:** Stakeholders view the measures through reports in newsletter articles, conference presentations, and advisory committees.

* **Citizens:** Our performance measure report is available on our public Web site. We also provide high-level summary data on each measure, and interested citizens can get current performance data and see how the measure is trending.