

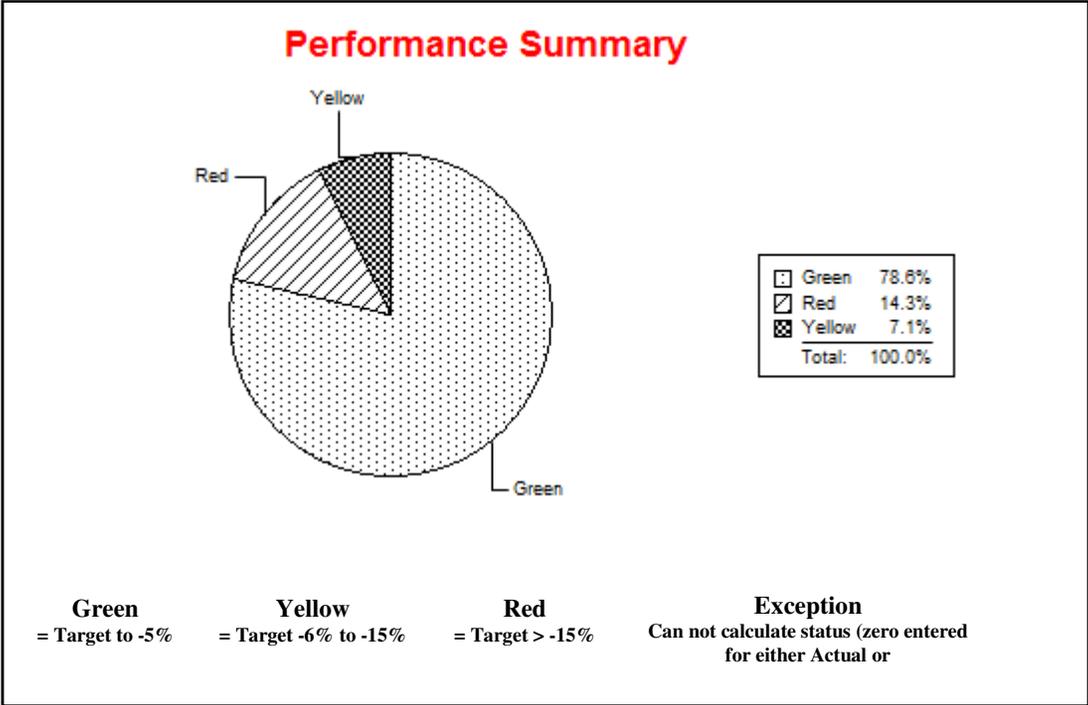
**CONSUMER & BUSINESS SERVICES, DEPARTMENT of**  
**Annual Performance Progress Report (APPR) for Fiscal Year (2013-2014)**

Original Submission Date: 2014

Finalize Date: 12/30/2014

2013-2014 KPM #	2013-2014 Approved Key Performance Measures (KPMs)
1	PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.
2	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.
3	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.
4	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.
5	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.
6	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.
7	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.
8	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.
9	WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.
10	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.
11	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.
12	ON-TIME WORK – Percent of timelines for key department activities that are met.
13	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.
14	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.

<b>CONSUMER &amp; BUSINESS SERVICES, DEPARTMENT of</b>		<b>I. EXECUTIVE SUMMARY</b>	
<b>Agency Mission:</b> To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.			
<b>Contact:</b> Jean Straight, Deputy Director		<b>Contact Phone:</b> 503-947-7870	
<b>Alternate:</b> Lisa Morawski, Public Information Director		<b>Alternate Phone:</b> 503-947-7873	



**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. We also realize the importance of those industries to Oregon’s economy, and 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; workplace safety (Oregon OSHA); insurance; financial services and institutions (banks, credit unions, mortgage companies, consumer lending, securities, ID theft, and others);

and building codes. 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 14 key performance measures that were adopted by the Legislature. These measures help us gauge our progress in key areas toward meeting our mission and goals as well as to help us develop strategies for improvement. We have many internal measures of performance, but we have identified these 14 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 summarizes our current performance on these 14 key measures, identifies challenges and barriers we face, and discusses 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 #3 – not only protects workers, but has been a key contributor to keeping workers' compensation insurance rates down and has been statistically shown to reduce the rate of disabling injuries. DCBS sets the workers' compensation "pure" premium insurance rate; in 2014, the department approved a 5.3 percent decrease in the rate effective January 2015. This decrease was approved thanks to reductions in medical costs as well as fewer and smaller claims for lost wages; Oregon is currently tied as the 9th least expensive workers' compensation rates in the nation as measured by the department. This significantly lowers the cost of doing business in Oregon and helps attract and retain businesses. At the same time, the department has been able to provide 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 #6) and at a higher wage (KPM #7) than injured workers who do not use return-to-work programs. The Building Codes Division has continued to streamline processes for contractors through projects such as the minor label (KPM #11) and e-permitting programs that make it easier for businesses to acquire necessary documents. The Building Codes Division was the first in the nation to develop a statewide e-permitting system, which allows contractors to do permitting and other department business 24 hours a day, seven days a week. All divisions have been aggressive in moving their licensing and other functions online (KPM #13) 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 regulates financial companies to make sure they are financially sound (KPM #1) and offer suitable products to consumers. The Insurance Division advocates for consumers who have complaints about their insurance companies (KPM #2). In fiscal year 2014, the division helped consumers recover approximately \$1.67 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; this contributes to workers' compensation coverage (KPM #8). Also, the Workers' Compensation Division has been active with the Independent Contractor interagency workgroup, participating on steering committees with the Employment Department, Department of Revenue, Bureau of Labor and Industries, Construction Contractors Board, Landscape Contractors Board, and Department of Justice with an interest in better coordinating regulatory actions, enforcement, data sharing and analysis, investigation of criminal law violations, and outreach and assistance.

The Division of Finance and Corporate Securities works with the Department of Justice by sharing consumer complaints and referrals and collaborating on cases of mutual interest. The division coordinates regulation of pre-need funeral services and endowment care with the Mortuary and Cemetery Board. It also works with the Real Estate Agency on the regulation of mortgage professionals and with Oregon Housing and Community Services and Department of Justice on foreclosure prevention and outreach. 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 2014 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.

Green (measures that are performing on target or within 5 percent of targets, see graph on page 1): The performance of financial service entities, especially banks and mortgage lenders, was challenged by the economic environment (KPM #1). The Legislature provided the department with additional resources to increase oversight of these companies and help them to meet regulatory standards and results are evident as 2013 saw an increase over 2012. The Insurance Division continues to perform near or above target for the percentage of complaints resolved with relief for the consumer (KPM #2), ensuring insurance companies treat their customers fairly. The workplace injury rate, as measured by the Occupational Injury and Illness Rate (KPM #3), has exceeded our goal for the seventh consecutive year, reflecting our continued effort to promote workplace safety. Injured workers also continue to receive timely benefits (KPM #4): more than 90 percent of benefit payments to workers were timely in 2014. Injured workers who use the Workers' Compensation Division's return-to-work programs are receiving higher wages (KPM #7) than workers who do not use the programs. The measure of workers' compensation coverage (KPM #8) - which considers the number of claims made against employers without workers' compensation coverage - reported a record low in 2014. Also, for 2014, we found that 82 percent of workers' compensation insurers regulated by WCD were operating at or above desirable levels of acceptability (KPM #9) which is near the targeted range (85%). The measure for Workers' Compensation Board decisions affirmed on appeal to the Oregon Court of Appeals (KPM #10) is just shy of targeted performance for fiscal year 2014. Considering the few number of cases that are appealed, these results speak to quality of the board's performance across all cases considered. The number of minor label permits (KPM #11) sold through the Building Codes Division in fiscal year 2014 stands at the highest since the start of the program. These minor labels permits make it easier and more efficient for contractors to do business in Oregon and customers report high levels of satisfaction with these permits. The percent of our customers' transactions conducted electronically (KPM #13) in 2014 has increased from 2013, indicating our continued improvement in making it faster and easier for our customers to do business with DCBS. Our customer service (KPM #14) ratings continue to exceed 90 percent across all. Our overall customer service satisfaction rating (KPM #14) continues to perform well compared to our target since measurement began in 2007.

Yellow (6 percent to 15 percent from target, see graph on page 1): One performance measure fell just outside of the targeted range in fiscal year 2014. Our timeliness in performing key activities (KPM #12) is slightly below target, but still strong considering many of our standards are higher than what is required by the law.

Red (15 percent or more, away from target, see graph on page 1): The department had two performance measures that were 15 percent or more away from targets for fiscal year 2014. The results for KPM #5, Accurate Worker Benefits, are short of the targeted range (90 percent) which indicates efficiency of claim processing and accurate benefit delivery to injured workers. In addition the results for KPM #6 are short of targeted performance, which measures how injured workers who use return-to-work programs are getting back to work faster than workers who do not use the programs.

#### **4. CHALLENGES**

The 2014 results for KPM #5 reflect the department's recent emphasis on the accuracy of pre-closure temporary disability payments. These focused and more numerous audits have resulted in a greater portion of audited payments being found inaccurate. Until 2012, the department typically audited fewer than 6,000 payments; however, in 2013 the department audited over 12,000 payments and in 2014 over 14,000 payments.

Though the 2014 difference in employment rates between those that use the program versus those that don't has decreased (KPM #6), the overall employment rate for workers eligible for re-employment assistance has been steadily increasing. There are significant benefits to injured workers who take advantage of the programs, particularly for the more severely injured workers who would otherwise face significantly greater earning challenges after being injured. However, the non-user group's re-employment rate has grown at double the rate than the user group, which created less of a difference in the measure. Based on the numbers, it appears that employers are bringing their injured workers back to work without having to use the programs' benefits. This culture change, if sustained, was the original purpose of initiating these programs. This results in the measure having a lower number, but in reality is a positive because the rate of employment the system is experiencing for those who are eligible for re-employment assistance is increasing.

#### **5. RESOURCES AND EFFICIENCY**

DCBS' operating budget for 2013-2015 is approximately \$211 million.

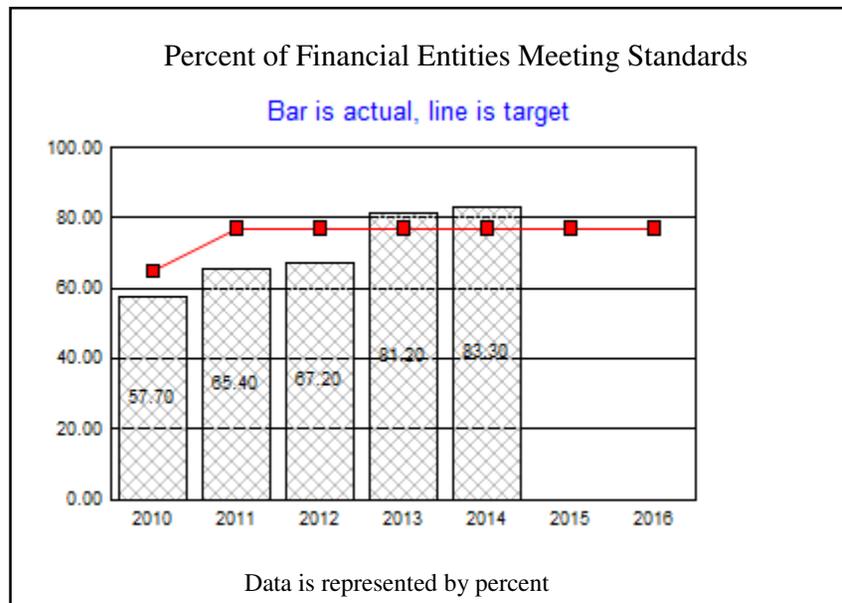
Three of DCBS' key performance measures gauge efficiency.

KPM #11, 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. The number of minor label permits sold has steadily increased, and this year's growth demonstrates the strength of the construction industry's recovery.

KPM #12, 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 #13, 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 recorded increases in the percent of transactions completed electronically every year since it started tracking this measure.

<b>KPM #1</b>	PERFORMANCE OF FINANCIAL SERVICE ENTITIES - Percentage of financial services entities rated satisfactory or higher.	2010
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	DFCS data systems.	
<b>Owner</b>	Shelley Greiner, Budget and Legislative Coordinator, Division of Finance and Corporate Securities, 503-947-7484	



**1. OUR STRATEGY**

Maximize the number of regulated entities in the financial services industry that perform at or above desired levels of compliance or safety and soundness to achieve increased protections for consumers. We strive to achieve efficient, effective regulation through routine, risk-based, and for-cause examinations of

financial entities. Routine exams are regularly scheduled per Oregon law. Risk-based exams target companies and operations within a company where there is a high risk for noncompliance 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.

## 2. ABOUT THE TARGETS

This measure is a composite of the performance of mortgage lenders, banks and trusts, credit unions, and consumer finance and payday lending companies regulated by the Division of Finance and Corporate Securities (DFCS). It shows the percentage of entities examined by DFCS that operate at or above desirable levels of compliance or safety and soundness, defined in accordance with relevant regulatory criteria. Our initial targets of 65 percent for fiscal year 2010 and 77 percent in fiscal year 2011 and thereafter reflect the risk-based nature of our examinations and the current economic climate.

## 3. HOW WE ARE DOING

For fiscal year 2014, we reviewed 364 regulated entities— including 27 banks and trusts, 18 credit unions, 217 mortgage lenders, and 102 consumer finance and payday lending firms. Of those entities, we found that 83 percent were operating at or above desirable levels of compliance or safety and soundness. Collectively, the overall condition of our regulated entities has improved over the prior year. We expect this improving trend to continue absent any significant shocks to the economy.

## 4. HOW WE COMPARE

In the 12 western states that include Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming, 75.7 percent of credit unions examined by the National Credit Union Administration (NCUA) were rated satisfactory or better as of June 30, 2013, while 94.4 percent of Oregon state-chartered 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. As of June 30, 2014, 77 percent of FDIC-insured institutions in the FDIC's San Francisco region, which includes the states of Alaska, Washington, Oregon, Idaho, Utah, Montana, Wyoming, California, Nevada, Arizona and Hawaii, were rated satisfactory or better, while 75 percent of Oregon's 24 state-chartered banks were rated satisfactory or better. The overall condition of Oregon banks has improved during the past year and this trend is expected to continue, provided economic conditions do not deteriorate. Oregon's three state-chartered trust companies remain in strong condition.

## 5. FACTORS AFFECTING RESULTS

The economy has a direct impact on the safety and soundness of our financial institutions. As economic conditions in the state improve, the overall condition of our banks and credit unions have begun to improve and be expected to continue to improve. The rise in real estate values over the past year continues to have a significantly positive impact on these institutions.

Oregon state-chartered banks that were heavily concentrated in real estate loans were hit hard by the financial crisis, which triggered significant declines in real estate values. Also, capital levels at many institutions declined because of operating losses. Through the examination process, as well as through ongoing guidance and counsel, the department has been successful in steering banks towards increasing capital levels and diversifying their loan portfolios.

The department's risk-based approach to regulation affects results as well. Examinations of financial entities target operations within a company where there is a high risk for noncompliance. While focusing on these areas is a more effective use of limited resources and provides greater protection to Oregonians, it can lead to decreased ratings for the examined companies in the short term. In the long term, these risk-based examinations have resulted in greater compliance, and eventually better exam scores, as financial entities adjust performance to comply with laws and regulations. Now with fewer exams of troubled banks, there are fewer scores of unsatisfactory or worse to bring down the numerical average.

## 6. WHAT NEEDS TO BE DONE

With the improvement in the economy and the concerted efforts by Oregon chartered banks and credit unions, loan quality has improved significantly and capital reserves and earnings for institutions continue to improve. While earnings need to continue to improve, our focus is also shifting to ensure that potential interest rate risks triggered by inflationary factors do not undermine the safety and soundness of our depositories. In general, scores for depositories are going up, reducing the need for more frequent exams. Exam scores should continue to improve. The division will continue to work closely with Oregon's financial institutions as they manage through these changing economic times.

However, DFCS continues to exercise increased oversight of financial institutions that are not in satisfactory condition by conducting semi-annual examinations, performing off-site monitoring, and having more frequent contact with the institutions' senior management. The division will continue to work even more closely with these institutions, providing counsel and guidance as appropriate.

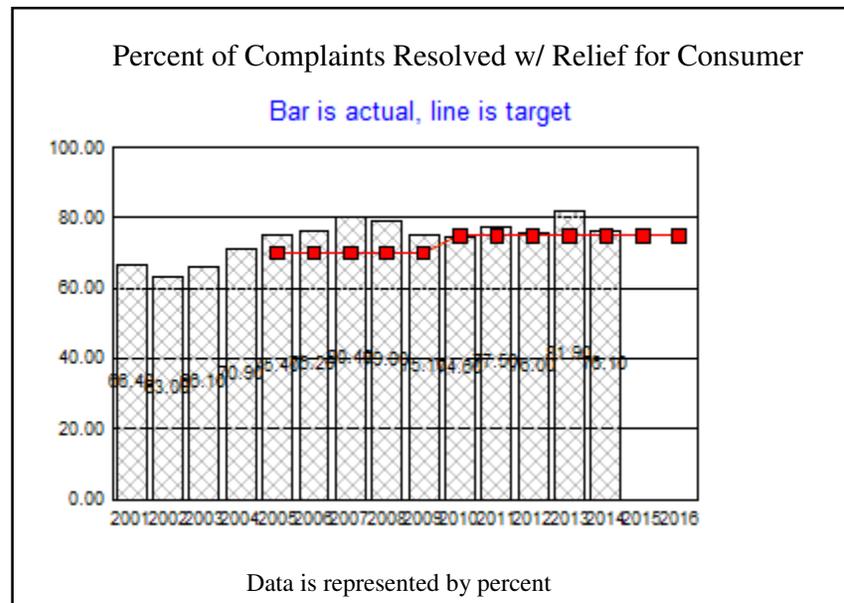
DFCS continues to conduct examinations of licensed mortgage lenders to identify problems in a timely manner and protect borrowers. In another effort to protect borrowers and improve regulatory oversight, the department recently begun participating the Nationwide Multiple Licensing System (NMLS), a national system for issuing and tracking mortgage lender licenses, which helps identify lenders and loan originators who have been barred from doing business in other states and prevent them from doing business in Oregon. The department anticipates expanding the use of the NMLS to other consumer-related financial businesses, starting with consumer finance lenders.

In all areas, the division will continue to focus on risk-based and for-cause exams and audits in order to identify common problems, and will continue to educate

## 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, and consumer finance and payday lending companies based on an established rating system within each program and is reported annually. Please contact DCBS for more detailed information on the regulatory condition of banks and trusts, credit unions, mortgage lenders, and consumer finance companies.

<b>KPM #2</b>	INSURANCE CONSUMER RELIEF – Percent of confirmed complaints resolved with relief for the consumer.	2001
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	Insurance consumer complaint data stored in the INSSBS data system.	
<b>Owner</b>	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. Toward this end, the Insurance Division’s consumer advocates respond to thousands of complaints each year from consumers who believe insurance companies or agents have treated them unfairly.

## 2. ABOUT THE TARGETS

The Insurance Division's goal is to encourage prompt and effective advocacy and resolution for all consumers. Recognizing that not every individual filing a complaint has a basis for resolution in his or her favor, a target of 75 percent has been established.

## 3. HOW WE ARE DOING

In fiscal year 2014, the Consumer Advocacy Unit resolved confirmed complaints for 723 consumers, helping them to recover more than \$1.67 million in benefits. In total, the consumer advocacy unit resolved 76 percent of confirmed complaints with relief for consumers. During fiscal year 2013 the division migrated to a new national coding standard for enumerating complaints as well as categorizing resolution status. While the divisions' processes remained consistent, this coding conversion resulted in lowering in the number of confirmed complaints categorized with a resolved with relief status in OFY 2013. A review of historical complaints with the new coding standard applied retroactively permitted a revised figure for percentage of confirmed complaints resolved with relief for the consumer (OFY 2013 65.3% originally; 81.9% revised). The figure for OFY 2014 (76.1%) was also determined using the new coding standard.

## 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. Additionally, not all states offer consumer advocacy units like Oregon.

## 5. FACTORS AFFECTING RESULTS

The Consumer Advocacy Unit's improved processes 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 by insurers. The Advocacy Unit has received more exposure through outreach and education 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.

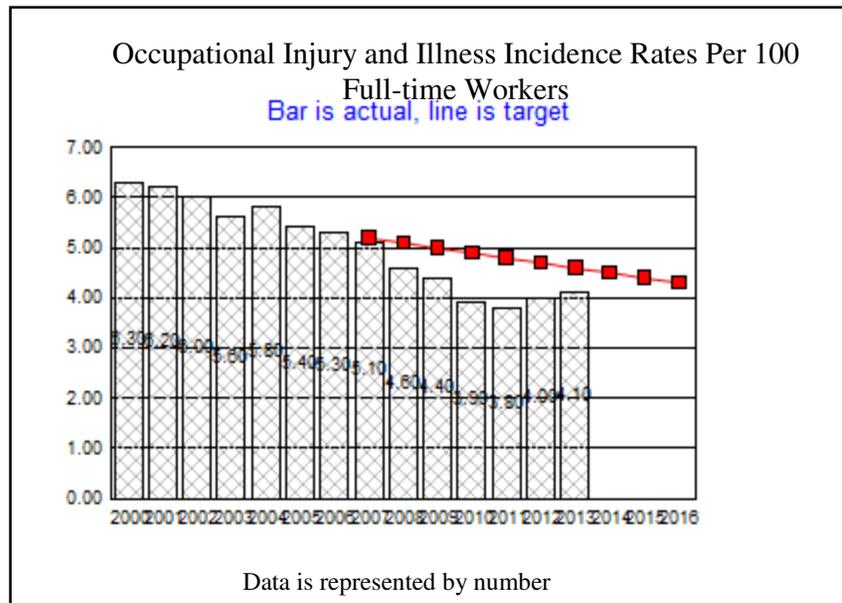
**6. WHAT NEEDS TO BE DONE**

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. We have continued to expand content on our website to help consumers make informed decisions when purchasing health insurance and provide information on the cost of insurance.

**7. ABOUT THE DATA**

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). 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 has been reviewed by the division and determined to hold merit with respect to the terms and conditions of the consumer's insurance policy or Oregon law.

<b>KPM #3</b>	OCCUPATIONAL INJURY AND ILLNESS INCIDENCE RATES – Number of occupational injury and illness cases per 100 full-time workers.	2007
<b>Goal</b>	DCBS Goal # 1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Data are reported on an annual basis via an employer-based survey collected by the Bureau of Labor Statistics.	
<b>Owner</b>	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.

## 2. ABOUT THE TARGETS

This measure relies upon and tracks private sector occupational injury and illness rates as a primary indicator of Oregon OSHA performance. These rates are a measure of all recordable Oregon workplace injuries and illnesses per 100 full-time workers. Targets for this measure are set to achieve continuous reduction in the rate of workplace injuries and illnesses each year and reflect our continued focus on making Oregon's workplaces safer and healthier.

## 3. HOW WE ARE DOING

During 2013, Oregon's occupational injury and illness incidence rate was 4.1 per 100 full-time workers, which exceeds our targeted goal. This represents a nearly 30 percent rate decrease since 2004, 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 and health trends. Oregon's rate is slightly higher than the national injury and illness rate calculated by the Federal Bureau of Labor Statistics; however, because each state has a different workforce composition (e.g., relative proportions of clerical staff to construction), results are not directly comparable to the national level or across jurisdictions.

## 5. FACTORS AFFECTING RESULTS

The injury and illness incidence rates are based on an annual survey of Oregon employers. The Federal Bureau of Labor and Statistics guides the survey sample selection. For the survey, approximately 4,000 Oregon employers are selected to participate and the sample size is consistent with other states. Ultimately, the safety and health practices of Oregon employers and employees affect this measure. Also, 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 affect the injury and illness incidence rates.

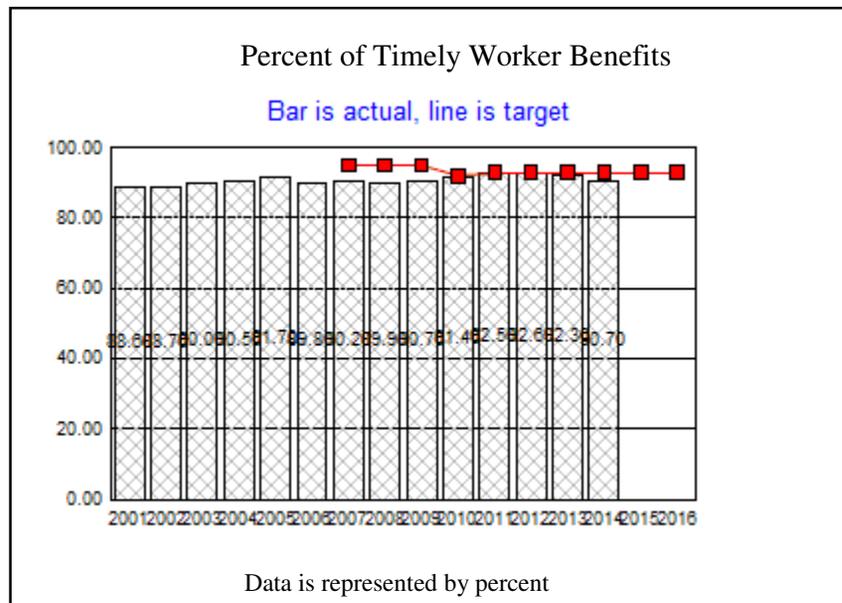
## 6. WHAT NEEDS TO BE DONE

Oregon OSHA will continue to deploy the programs such as inspections, consultations, and ongoing education that enhance workplace safety and health and contribute to reductions in the overall 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, conducted by the DCBS Information Management Division. The total-cases incidence rate is a measure of all recordable Oregon workplace injuries and illnesses per 100 full-time workers. Beginning with the 2002 BLS survey, incidence 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.

<b>KPM #4</b>	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.	2007
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	WCD Field Audit Unit Quarterly Claims Processing Performance audit and Annual audit data.	
<b>Owner</b>	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



**1. OUR STRATEGY**

Ensure injured workers receive timely benefit payments from insurers. Benefit payments include time loss, permanent disability, death, and reimbursement of worker expenses. To achieve results, the department educates insurers and self-insured employers, conducts audits, and streamlines benefit delivery processes.

## 2. ABOUT THE TARGETS

This measure tracks the timeliness of benefit payments by insurers to injured workers, providing a gauge for the efficiency of claims processing and benefit delivery. The targets reflect our goal of facilitating and ensuring a high level of timeliness for all benefit payments.

## 3. HOW WE ARE DOING

For fiscal year 2014, benefit payments that were audited for timeliness showed 90.7 percent of the payments were made to injured workers in a timely fashion. This is just shy of last year's figure, the highest in more than a decade of measurement.

## 4. HOW WE COMPARE

The Workers' Compensation Research Institute (WCRI) has stated that Oregon continues to have one of the highest rates of timeliness in the nation. A 2008/2009 Benchmark study of 16 states by the WCRI showed that only 44 percent of injured 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 Oregon has since maintained that strong performance. Another source for comparison of Oregon's performance in this measure is Florida's [report](#) on its average for timely initial indemnity benefit payments; their result was 94.6 percent in fiscal year 2010-2011.

## 5. FACTORS AFFECTING RESULTS

Education and enforcement efforts by the department can help further improve insurer performance. For example, when the Workers' Compensation Division (WCD) finds incorrect reporting of benefit payments or untimely payments during audits, we assess civil penalties for performance below standards, provide specific training to the insurer, and may conduct follow-up audits. Factors beyond the insurer's control can impact results as well, such when the employer delays notifying the insurer of an injury. When employers do not notify insurers in a timely fashion, this may lead to a late first benefit payment to the injured worker. To improve performance in this area, WCD continues to encourage insurers to educate their insured employers of the importance of notifying them of claims quickly to ensure workers receive their benefits on time.

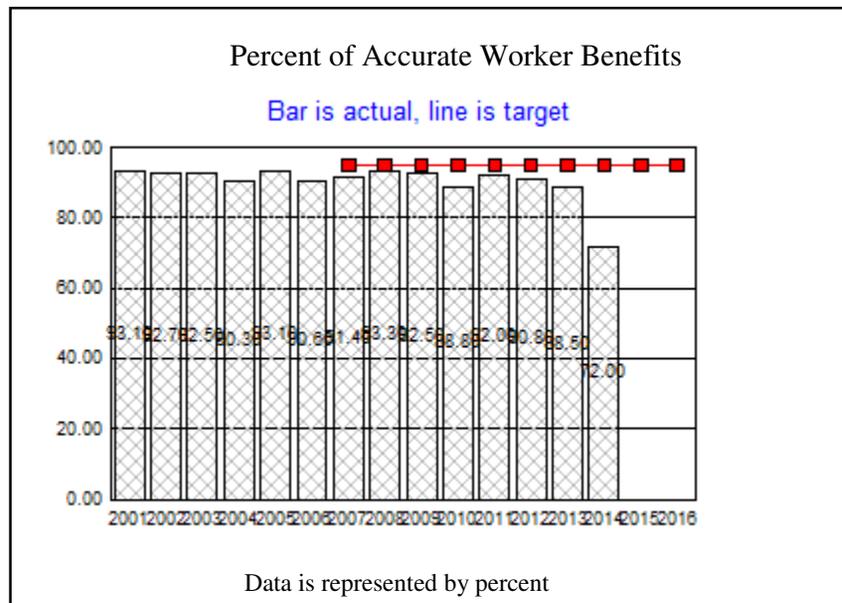
## 6. WHAT NEEDS TO BE DONE

The department reviews insurer records for compliance with requirements. As part of that effort, WCD conducts audits to ensure compliance with workers compensation requirements, to validate the accuracy of insurers' self-reported performance, and to provide training for companies that do not meet performance standards. WCD implemented a new audit method in fiscal year 2011 to help improve insurer performance. Under the new methodology, WCD annually monitors certain key performance areas, including timeliness of benefit payments, and uses a more risk-based approach, focusing on insurers and areas with low claims processing performance. We believe a more risk-based approach will ultimately lead to greater protection for injured workers and use audit resources more efficiently. In addition, the division will continue to educate insurers about payment requirements.

## 7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). Data includes benefit payments for time loss, permanent disability, death, and reimbursement of worker expenses. Data comes from insurer self-reports that are compiled in the WCD Quarterly Claims Processing Performance audit and the Annual audit of insurers and self-insured employers, which is verification audit of insurer claims records. The department's risk-based audit methodology that focuses more on poor performers may result in lower performance. However, the focus on improving the performance of lower-performing insurers will ultimately lead to higher industry-wide performance. 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.

<b>KPM #5</b>	ACCURATE WORKER BENEFITS – Percent of injured workers who receive accurate benefits from insurers.	2007
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	WCD Field Audit Unit field audit data.	
<b>Owner</b>	Barbara Belcher, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



**1. OUR STRATEGY**

Ensure injured workers receive accurate benefit payments from insurers. Benefit payments include time loss, permanent disability, death, and reimbursement of worker expenses. To achieve results, the department educates insurers and self-insured employers, conducts audits, and streamlines benefit delivery processes.

## 2. ABOUT THE TARGETS

This measure tracks the accuracy of various benefit payments by insurers to injured workers, providing a gauge for the efficiency of claim processing and benefits delivery. The targets reflect our goal of facilitating and ensuring a high level of accuracy for all benefit payments to Oregon's injured workers.

## 3. HOW WE ARE DOING

The department found 72 percent of the 14,074 benefit payments audited for accuracy in fiscal year 2014 to be accurate. This is consistent with the past several years; however, with the implementation of a risk-based audit methodology, what and who we audit varies and can influence the results. Additionally, until 2012, the department typically audited fewer than 6,000 payments; however, in 2013 the department audited over 12,000 payments and in 2014 over 14,000 payments. This reflects the department's recent emphasis on the accuracy of pre-closure temporary disability payments. These focused and more numerous audits have resulted in a greater portion of audited payments being found inaccurate.

## 4. HOW WE COMPARE

Direct comparisons to other jurisdictions are difficult as many states do not track and publish comparable accuracy data. However, Oregon compares well with other states in claim processing performance. In a 2008 Workers' Compensation Research Institute (WCRI) study, "Lessons from the Oregon Workers' Compensation System," the institute cited Oregon's approach to measuring insurer performance as a lesson for other states: "... Oregon's approach to compliance helps ensure that injured workers receive benefits accurately and predictably."

## 5. FACTORS AFFECTING RESULTS

The majority of factors that can impact results are within an insurer's control, such as its employees' knowledge and skills in calculating benefit payments. To improve insurer performance in this area, the Workers' Compensation Division (WCD) assesses civil penalties against insurers that do not meet performance standards, provides training on accurate benefit calculation and payment requirements for individual insurers, and may conduct follow-up audits. Additionally, WCD provides tools, such as a Web-based benefit calculator, to help companies ensure their benefit payments are accurate. Who and what WCD audits can also really impact the results.

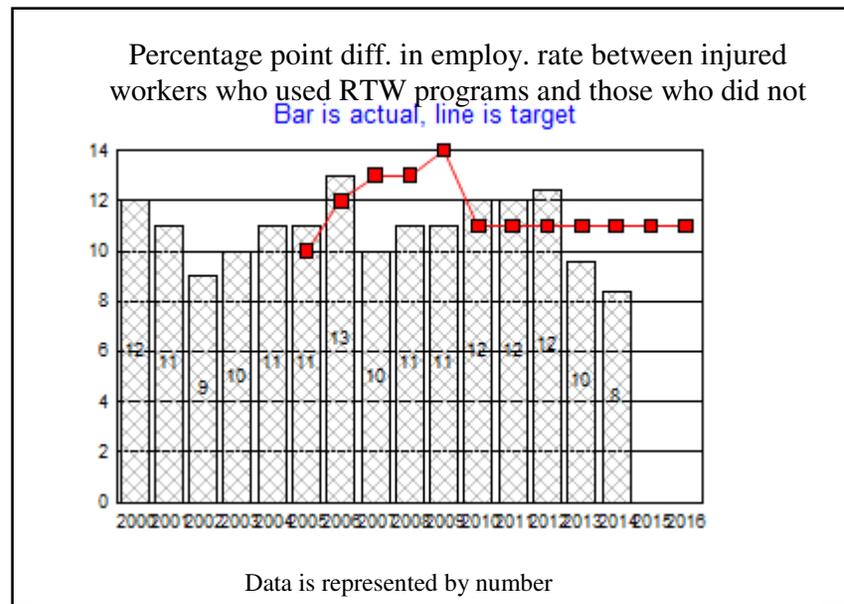
**6. WHAT NEEDS TO BE DONE**

WCD is committed to carrying out the department's statutory responsibilities and fulfilling its mission and goals in a manner that serves the needs of the public and the businesses and professionals it regulates. WCD has changed to a new, risk-based audit methodology that monitors certain key performance areas and focuses on companies that do not meet requirements and areas of low performance throughout the industry. We expect that a more risk-based approach will ultimately lead to greater protection for injured workers and use audit resources more effectively. In addition, by identifying systemic problems, WCD will be

**7. ABOUT THE DATA**

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). Data may include benefits payments for time loss, permanent disability, death benefits, and reimbursement of worker expenses. Data comes from verification audits of insurer and self-insured employer claims records. The data for fiscal year 2013 includes industry payments for reimbursement of worker expenses and time loss payments. To calculate the overall value, the total number of benefit payments found to be accurate is divided by the total number of benefit payments audited for accuracy.

<b>KPM #6</b>	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
<b>Goal</b>	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Workers' Compensation and Employment Department data files.	
<b>Owner</b>	Jim Van Ness, Employment Services Team Manager, Resolution Section, Workers' Compensation Division, 503-947-7018	



**1. OUR STRATEGY**

The department’s goal is to restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work programs. The return-to-work programs help injured workers in a variety of ways depending on their injury and provide incentives to employers for getting workers back to work quickly, resulting in better outcomes for the injured workers and lower costs for employers.

## 2. ABOUT THE TARGETS

This measure compares the difference in employment rates between injured workers with disabling claims using return-to-work programs and similarly injured workers who did not use the programs. Our targets reflect our goal of getting workers back to regular employment quickly so they can become self-sufficient.

## 3. HOW WE ARE DOING

The return-to-work programs assist approximately 4,000 workers per year. In 2014, workers who used return-to-work programs had an employment rate eight percentage points higher than those who qualified but did not use the programs. Though the employment rate between those that use the program versus those that don't has decreased, the overall employment rate for workers eligible for re-employment assistance has been steadily increasing. There are significant benefits to injured workers who take advantage of the programs, particularly for the more severely injured workers who would otherwise face significantly greater earning challenges after being injured. Oregon employers recognize the programs' value as well, evidenced by the slight increased use of the Employer at Injury Program (EAIP) program. Use of the longer term programs, Vocational Assistance and Preferred Worker, has decreased slightly but the employment rate for those programs has remained steady.

## 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 department initiatives during the various times employees or employers trigger the use of return-to-work 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. This resulted in significant growth in the use of the program during the past several years, benefitting both the injured workers and the employers. This growth within the Employer-at-Injury Program was not only in those who used the program but those that did not report using the program.

The non-user group grew at double the rate that the user group did, which created less of a difference in the measurement. Based on the numbers, it appears that employers are bringing their injured workers back to work without having to use the program benefits. This culture change, if sustained, was the original purpose of initiating this program. This results in the measure having a lower number, but in reality is a positive because the rate of employment the system is experiencing for those who are eligible for re-employment assistance is increasing.

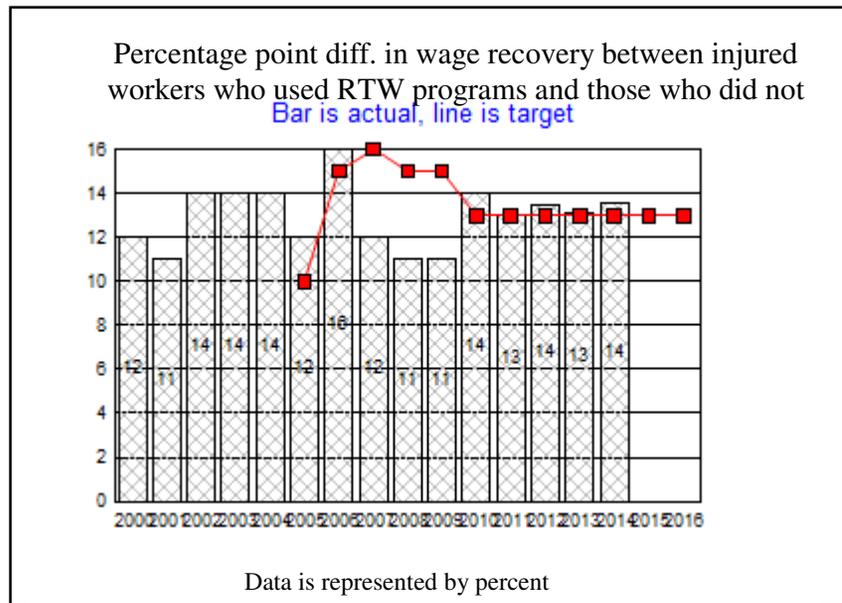
**6. WHAT NEEDS TO BE DONE**

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 has implemented incentives to those who help injured workers find new vocations and jobs and further decrease the time it takes for return-to-work services to be provided to workers and their employers.

**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 fiscal year 2014 represents employment levels for workers who were injured in calendar year 2010. 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.

<b>KPM #7</b>	WAGE RECOVERY FOR INJURED WORKERS – Difference in percentage wage recovery for workers who use return-to-work programs versus workers who do not.	1999
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Workers' Compensation and Employment Department data files.	
<b>Owner</b>	Jim Van Ness, Employment Services Team Manager, Resolution Section, Workers' Compensation Division, 503-947-7018	



**1. OUR STRATEGY**

The department’s goal is to restore injured workers to a self-sufficient status and lower costs for employers by increasing the use of return-to-work (RTW) programs. The Oregon RTW programs help employers and injured workers by providing incentives for getting workers back to work quickly. This results in better outcomes for the injured workers and lower costs for employers.

## 2. ABOUT THE TARGETS

This measure compares the difference in wage rates between injured workers with disabling claims using return-to-work programs and similarly injured workers who did not use the programs. Our targets reflect our goal of getting workers back to work quickly with wages that are equivalent or better than before their injury.

## 3. HOW WE ARE DOING

The return-to-work programs help approximately 4,000 workers per year. In 2014, workers who used return-to-work programs had a wage rate 14 percentage points higher than those who qualified but did not use the programs. There are significant benefits to injured workers who take advantage of the programs, particularly for the more severely injured workers who would otherwise face significantly greater earning challenges after being injured. Oregon employers also recognize the programs' value evidenced by the large number of employers who use them. Although the result for each program may vary slightly, we continue to see significantly higher wage difference for workers who use these programs and those who were eligible but do not use them.

## 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 department initiatives during the various times employees or employers trigger the use of return-to-work 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. This resulted in significant growth in the use of this program during the past several years, benefitting both the injured workers and the employers.

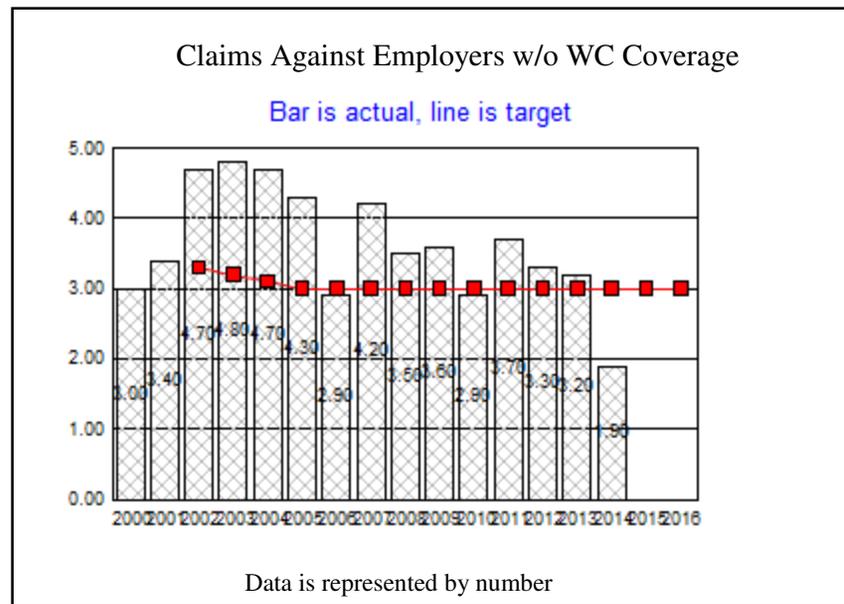
**6. WHAT NEEDS TO BE DONE**

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 has implemented incentives to those who help injured workers find new vocations and jobs, and further decrease the time it takes for return-to-work services to be provided to workers and their employers.

**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 fiscal year 2014 represents wages of workers who were injured during the calendar year 2010. The data represents wages in the 13th quarter after injury for workers using the return-to-work programs administered by WCD, compared to injured workers who did not use return-to-work programs or, in the case of vocational assistance, 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. For example, if a worker is injured in the first quarter of 2008 (Jan. 1, 2008, to March 31, 2008), we would measure their wages 13 quarters later (April 1, 2011, to June 30, 2012).

<b>KPM #8</b>	WORKERS' COMPENSATION COVERAGE – Number of claims against employers without workers' compensation coverage per 1,000 accepted disabling claims.	1999
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	Counts maintained in the Workers' Compensation Division's Claims Information System.	
<b>Owner</b>	Linda Repp, Employer Compliance Unit Manager, Workers' Compensation Division, 503-947-7665	



### 1. OUR STRATEGY

The department's mission is to protect Oregon workers and employers by ensuring businesses and organizations have workers' compensation insurance coverage. The department achieves that goal through education, enforcement, data tracking, and partnerships with other agencies. This measure is a proxy,

(substitute) for identifying the number of employers operating without workers' compensation insurance coverage. The measure reflects the department's effectiveness in compelling employers to provide workers' compensation coverage for their employees.

## 2. ABOUT THE TARGETS

WCD records and monitors workers' compensation coverage for approximately 99,000 Oregon employers and their 1.7 million employees that are subject to workers' compensation. This measure tracks the number of workers' compensation claims made against employers without insurance. A low number is desired for this measure because it indicates fewer employers are operating without workers' compensation insurance.

## 3. HOW WE ARE DOING

The department continues to achieve a high level of compliance with workers' compensation coverage laws, which protects both the employer and the employee in the event of a workplace injury. For fiscal year 2014, 1.9 out of every 1,000 accepted disabling injured worker claims were made against an employer without workers' compensation coverage. This indicates that, on average, 99.81 percent out of every 1,000 accepted disabling workers' compensation claims were filed by employees whose employers provided workers' compensation coverage.

## 4. HOW WE COMPARE

Exact comparison data from other states is not available, though a similar metric measured by the National Council on Compensation Insurance (NCCI) in July 2009 shows that Oregon compares favorably to the rest of the nation in ensuring that employers have workers' compensation insurance. The NCCI looked at the percent of companies that reported that they had workers' compensation insurance and found that 98.7 percent of Oregon companies reported having workers' compensation coverage compared to 97.9 percent of companies nationwide.

## 5. FACTORS AFFECTING RESULTS

Small changes in the number of noncomplying employer claims (claims from employers who do not provide workers' compensation insurance) can significantly alter the results since the number of noncomplying employer claims is so low. In the past three years, the department has recorded on average 18,657 accepted disabling claims annually, and of these less than 0.5 percent was from noncomplying employers. Also, changes in the Workers' Compensation Division (WCD) investigation processes or insurance coverage costs may affect results. Mandatory electronic reporting of workers' compensation insurance policies, which became effective July 1, 2009, gives WCD additional information that helps improve compliance of employers to purchase workers' compensation insurance coverage for Oregon workers.

## 6. WHAT NEEDS TO BE DONE

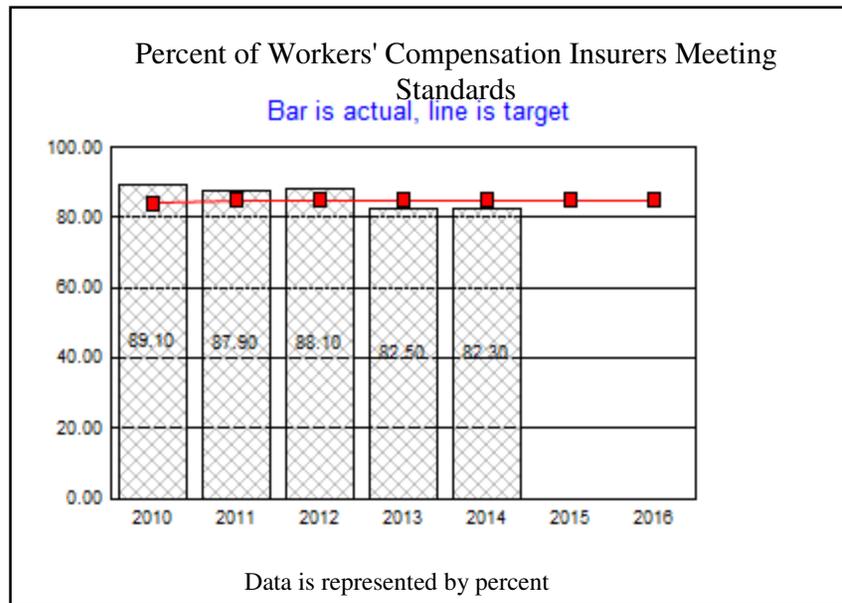
To reduce the number of Oregon employers without workers' compensation insurance coverage, WCD is expanding education and enforcement efforts and partnering with other agencies. For example, many employers are currently using temporary staffing, worker-leasing arrangements, or outsourcing to maintain profitability in the current economy. WCD provides workshops for staffing providers to help them ensure that workers' compensation coverage is provided and that claims are properly handled. WCD actively participates and provides leadership in ongoing education for business owners through small-business fairs held in various parts of the state. WCD organizes and presents educational opportunities for insurance agents, accountants, and business executives, further promoting compliance with coverage requirements. These educational efforts will continue.

WCD also will continue to work with other agencies, such as the Employment Department, the Department of Revenue, and the Construction Contractors Board, as part of the Interagency Compliance Network to verify that employers have workers' compensation coverage and comply with other employment laws. Referrals and cooperation among agencies ensure resources are used effectively to protect workers and establish a level playing field for businesses in Oregon.

## 7. ABOUT THE DATA

Data for this key performance measure is collected monthly and reported for the Oregon fiscal year (July 1 to June 30). This is a "proxy" or substitute 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 reported to WCD. The number, 1.9, indicates that only 1.9 out of every 1,000 (0.19 percent) accepted disabling workers' compensation claims filed are from employees injured at businesses that do not have workers' compensation insurance coverage. The outcome of this measure stays fairly stable regardless of outside influences such as economic change, number or size of employers, and law changes.

<b>KPM #9</b>	WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.	2010
<b>Goal</b>	DCBS Goal #1: Protect consumers and workers in Oregon.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	WCD Claims Information System and WCD Field Audit Unit Quarterly Claims Processing Performance audit data.	
<b>Owner</b>	Barbara Belcher, Manager, Field Audit Unit, Workers' Compensation Division, 503-947-7687	



**1. OUR STRATEGY**

The department strives to achieve efficient, effective review of workers' compensation insurer performance through quarterly audits, and maximize the number of workers' compensation insurers that meet Oregon's standards. To achieve increased protection for workers, the Workers' Compensation Division (WCD)

focuses on thresholds of insurers' performance in three regulatory areas: 1) 90 percent of first payments to workers are paid timely; 2) 90 percent of decisions to accept or deny a claim are made timely; and 3) 80 percent of first-claim reports to the department are made timely.

## **2. ABOUT THE TARGETS**

This measure provides a broad perspective of the performance of all Oregon workers' compensation insurers regulated by the Workers' Compensation Division. The measure shows the percentage of insurers that meet all three performance standards. Fiscal year 2014 marks the fourth year of reporting separately on this measure (it previously was combined with the performance of financial institutions). Targets reflect the goal of steady improvement.

## **3. HOW WE ARE DOING**

In 2006, the Workers' Compensation Division increased its performance standards for insurers, requiring them to provide timely first benefit payments and acceptance/denial decisions at least 90 percent of the time instead of the former standard of 80 percent. For fiscal year 2014, we found that 82.3 percent of workers' compensation insurers regulated by WCD were meeting performance standards in the three areas measured for this performance measure. This is a decrease from recent years and WCD will continue to monitor to see if this represents a trend in insurer performance.

## **4. HOW WE COMPARE**

There are no direct comparisons available for workers' compensation insurers' performance because regulation is not done in the same or similar enough manner in other jurisdictions to compare with Oregon.

## **5. FACTORS AFFECTING RESULTS**

Size of the insurer does not influence the outcome of this measure, however, raising performance expectations created an incentive for better performance and companies performed at higher levels. This data is self-reported by the insurers which mean the results could be influenced by an individual insurer's reporting. There is also the risk of incorrect reporting if not properly monitored. WCD verifies the accuracy of insurer reporting during the Annual audit. Ongoing education, further clarification of standards, and focused auditing and enforcement should improve insurer compliance with requirements and use audit resources more efficiently over time.

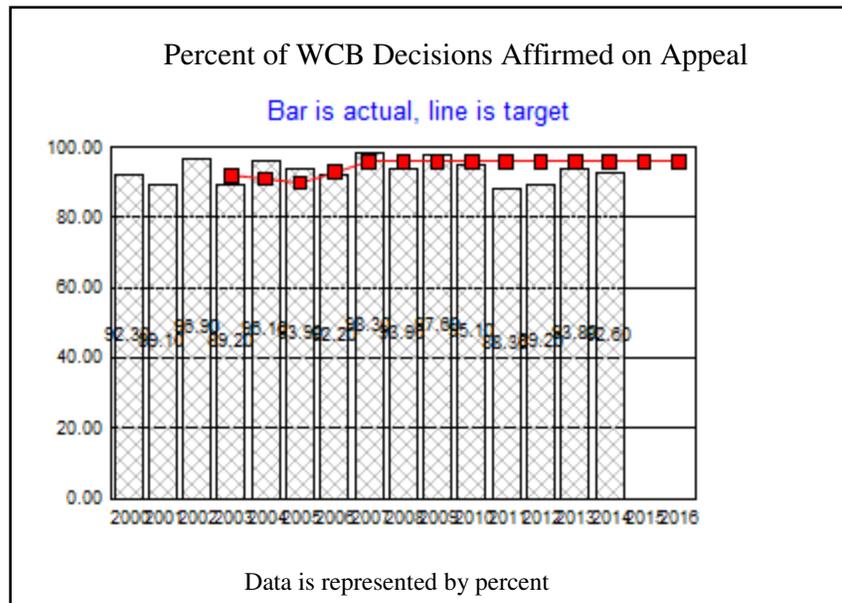
## 6. WHAT NEEDS TO BE DONE

To further improve insurer performance, WCD began implementing a new audit method in fiscal year 2011. Under this new approach, WCD is monitoring certain key performance areas quarterly and annually and using a more risk-based approach that focuses on low-performing insurers and performance areas throughout the industry. In its audit processes, WCD reviews insurer records for compliance with requirements, validates the accuracy of insurers' self-reported performance, and provides training for companies that do not meet performance standards. In addition to improved regulation, the division continues to conduct education and outreach programs to help companies comply with laws and regulations. For example, the Workers' Compensation Educational Conference is a collaborative effort between WCD and the International Workers' Compensation Foundation (IWCF) to provide research information, education, and communication to the workers' compensation community. The conference also offers educational credit hours for industry representatives.

## 7. ABOUT THE DATA

Data is reported for the Oregon fiscal year (July 1 – June 30). Data for the workers' compensation insurers comes from the claims information database and includes results of the Quarterly Claims Processing Performance audit (QCPP). The QCPP audit identifies insurers who 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.

<b>KPM #10</b>	UPHELD WORKERS' COMPENSATION DECISIONS – Percent of Workers' Compensation Board decisions affirmed on appeal to the Judiciary.	2000
<b>Goal</b>	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Data captured from Court of Appeals slip opinions.	
<b>Owner</b>	Holly Somers, 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. The Board reviews and resolves approximately 600 cases per year, most of which involve appealed ALJ decisions. That number does not include another 120 to 150 decisions regarding claim disputes arising under the Board's Own Motion authority pursuant to ORS 656.278. A Board decision may be appealed to the Court of Appeals if one of the parties believes the decision is not supported by substantial evidence or is in error as a matter of law. Approximately 80 Board orders per year are appealed. Our goal is to achieve substantial justice by providing fair and impartial decisions that are legally sound.

## **2. ABOUT THE TARGETS**

Our target of 96 percent represents a high level of performance by the board and minimal to no reversals of board decisions per year.

## **3. HOW WE ARE DOING**

Of the 27 decisions issued by the Court regarding Board orders in fiscal year 2014, there were two reversals. The overall affirmation of 93 percent demonstrates that the Board is serving Oregon's workers' compensation system by consistently producing sound legal decisions.

## **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**

When WCB decisions are appealed, the Court of Appeals reviews the decision for errors of law and to determine whether substantial evidence and reason supports WCB's factual findings and conclusions.

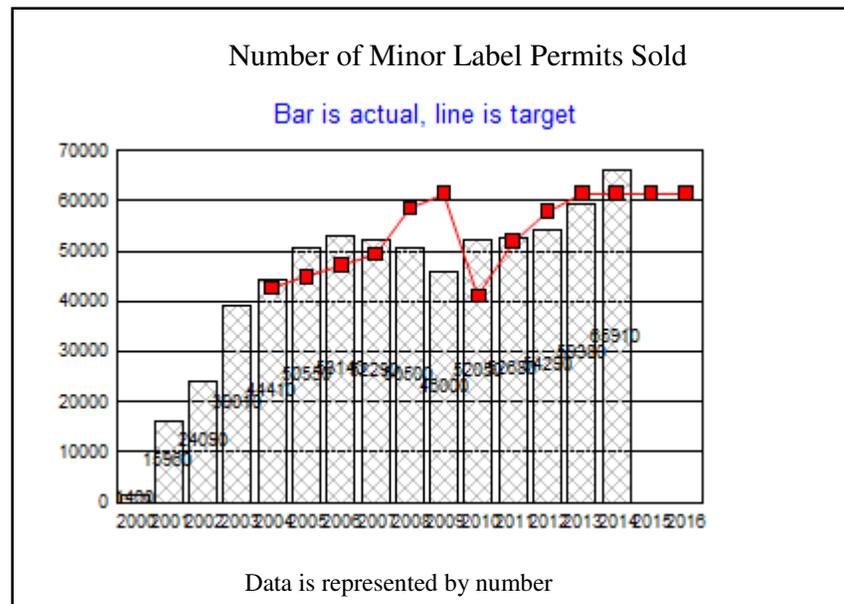
## **6. WHAT NEEDS TO BE DONE**

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.

**7. ABOUT THE DATA**

Data are gathered directly from court decisions. To obtain the overall value, we divide the number of WCB orders affirmed by the court by the total number of WCB orders affirmed or reversed by the court. A link to the court's decisions is available on WCB's website at <http://www.cbs.state.or.us/wcb/contents/coa.htm>.

<b>KPM #11</b>	PERMITS FOR MINOR CONSTRUCTION WORK – Number of building permits that can be used by contractors in multiple jurisdictions for minor construction work.	2004
<b>Goal</b>	DCBS Goal #2: Regulate in a manner that supports a positive business climate.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Minor Label Permit database maintained by Building Codes Division staff.	
<b>Owner</b>	Shane Sumption, Interim Manager, Statewide Inspections, Building Codes Division, 503-373-0855	



**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 work as well as other activities.

Minor label permits 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 label permits, a contractor can make only one purchase that will cover all 10 jobs. Also, this purchase can be made online – 24 hours a day, 7 days a week – making purchasing permits much more convenient for contractors. Minor labels help facilitate the construction process, save contractors time and money, and improve compliance with the law.

## **2. ABOUT THE TARGETS**

Our primary goal is to increase the number of minor labels sold around the state. We base our targets on this goal as well as economic forecasts of construction activity. New information from the Office of Economic Analysis indicates that construction will likely not return to increased levels in the near future, which may impact forecasted growth in the minor labels program.

## **3. HOW WE ARE DOING**

In fiscal year 2014, the total number of permits sold was the highest since introduction of the program. Customers continue to report a great deal of satisfaction using this more efficient and less expensive process for purchasing permits for minor work. The program also reduces workload for building departments. The program has been expanded over the past years to include most elevator maintenance activities as well as electric vehicle charging unit work.

## **4. HOW WE COMPARE**

Oregon is a national leader in providing online access to building permits and other construction services. We know of no other state that has such a program, and other state jurisdictions are contacting us 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 tremendous growth in the construction industry from mid-2003 to 2006 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 several years. Although construction levels have begun rebounding in urban areas, rural areas continue to stagnate. The increase recorded for fiscal year 2014 is likely attributable to a combination of the increase in construction in urban areas and a continuation of contractors’ focus on small repairs and alterations to existing buildings. Additionally, in an attempt to reduce operating costs in this strained economy, many building owners have replaced aging equipment with modern, energy efficient counterparts – modifications that can be done using the minor label program.

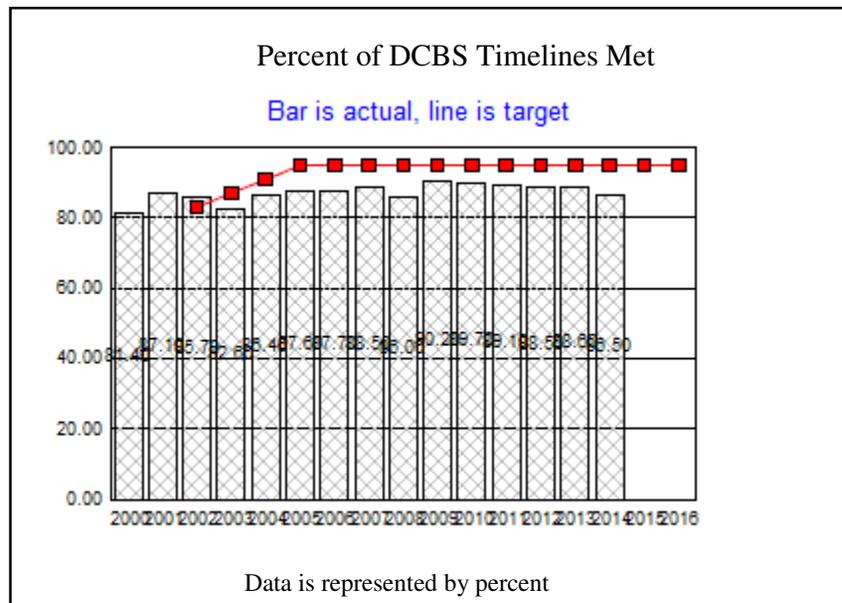
**6. WHAT NEEDS TO BE DONE**

Our significant growth in minor label permit sales over the past 10 years demonstrates our success in providing convenient permits to our customers. As sales stabilize, we will continue to look at making additional types of online permits available to our customers in the construction community.

**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 to June 30); data is collected monthly and reported annually. Permit sales are registered and maintained in BCD databases.

<b>KPM #12</b>	ON-TIME WORK – Percent of timelines for key department activities that are met.	2000
<b>Goal</b>	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	Composite of several division-level measures. See About the Data for sources.	
<b>Owner</b>	Jean Straight, DCBS Deputy Director, 503-947-7870	



**1. OUR STRATEGY**

Provide timely service to customers by using technology, improving efficiencies, and supporting responsiveness and timely work as a key commitment of employees.

**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. 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.

**3. HOW WE ARE DOING**

DCBS has maintained high performance levels by continuing to streamline processes and expand use of technology. In 2014, we met our timelines for key department activities 87 percent of the time.

**4. HOW WE COMPARE**

Statistics for public or private industry standards on timeliness are not available for comparison.

**5. FACTORS AFFECTING RESULTS**

Reaching our targets can be challenging because in many cases we hold ourselves to a higher standard than what is required by law. There are many factors the department evaluates as a result of this data: staffing levels and available resources; clarity of our processes and ease of customer compliance; and customer completeness and follow-through. Regardless of the contributing factor, we strive to perform at high levels and take action to constantly improve our performance.

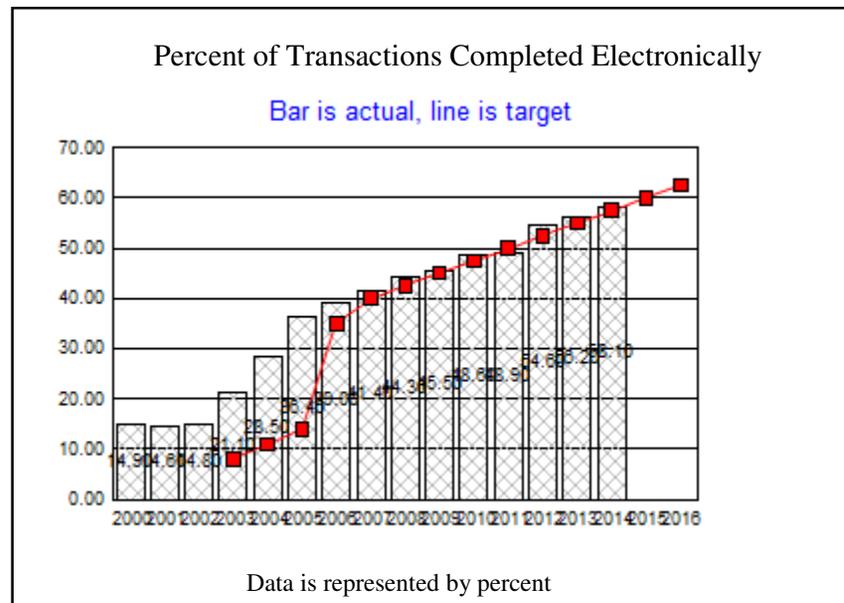
**6. WHAT NEEDS TO BE DONE**

We need to continue to apply best practices that are observed in various areas of the department as well as outside the department. Further, employees will continue to receive training so they are able to conduct all activities in a timely manner. We also will continue to look for ways to use technology to streamline processes, but this will be a challenge with steps we have taken to reduce spending due to the economic downturn.

**7. ABOUT THE DATA**

Data for this measure is on a fiscal-year basis (July 1-June 30) and represents more than 20 key agency activities, such as issuing workers' compensation orders and filing insurance complaints. 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. DCBS reports final values to only 1 decimal place. The automated annual report system adds a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.

<b>KPM #13</b>	E-TRANSACTIONS FOR CUSTOMERS – Percent of customer transactions completed electronically.	2000
<b>Goal</b>	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
<b>Oregon Context</b>	Oregon Benchmark #9: Oregon's national rank in the cost of doing business.	
<b>Data Source</b>	DCBS databases	
<b>Owner</b>	Sandy Wheeler, Chief Information Officer, DCBS, 503-947-7323	



**1. OUR STRATEGY**

Develop, implement, and maintain systems that make it faster and easier for businesses and consumers to conduct business with the agency by allowing them to complete transactions electronically.

## 2. ABOUT THE TARGETS

DCBS offers more than 500 licensing, permitting, and certification services online. Our target for this measure has increased over time as we added new online systems. We expect future growth as we identify new opportunities for online services, although that growth will likely slow as we already have a large base of e-transactions and funding is limited.

## 3. HOW WE ARE DOING

During 2014, 58.1 percent of applicable transactions between businesses and consumers and DCBS were completed electronically. 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. We continue to undertake projects to increase the types and numbers of electronic transactions for companies, workers, and other stakeholders, and we are continually expanding and improving existing systems. Many of our systems are equipped with built-in surveys and e-mail feedback to ensure they are user-friendly and meet changing needs.

## 4. HOW WE COMPARE

No direct comparison data is available. As a state, Oregon was among the top 13 states for e-government sites and services available online in the 2010 National Digital States Survey study conducted by the Center for Digital Government. In the 2010 State New Economy Index produced by the Information Technology and Innovation Foundation, Oregon ranks 14th among states across a range of information technology parameters. Unfortunately, more current comparison information was not available at this time.

## 5. FACTORS AFFECTING RESULTS

The primary factor affecting results is the willingness of customers and businesses to conduct business electronically with DCBS. 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. When electronic systems are available, our customers tend to embrace them. Although this measure tracks the percent of all transactions that are electronic, we also measure how many customers chose to conduct business electronically when it is an option.

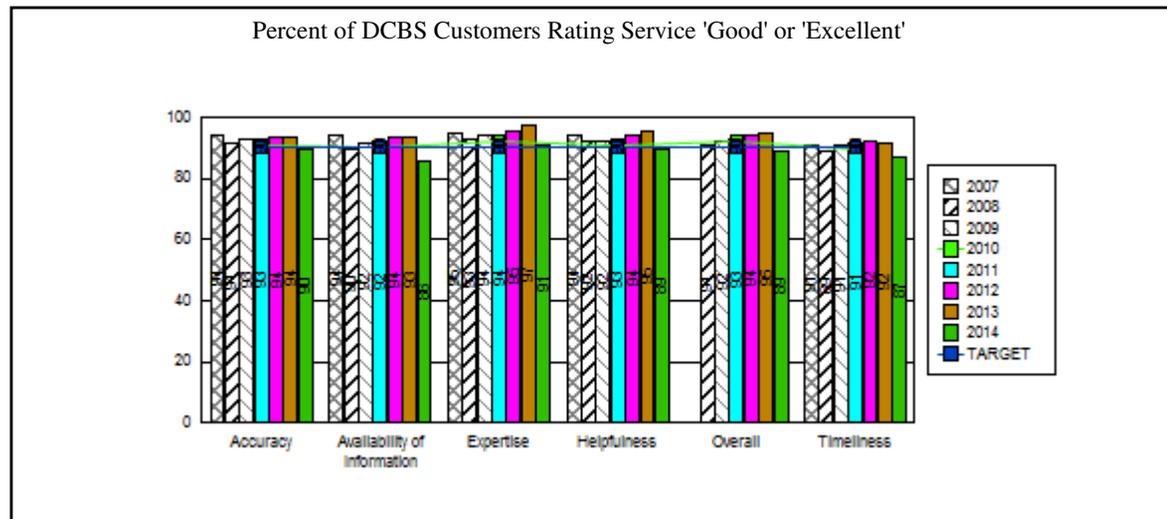
## 6. WHAT NEEDS TO BE DONE

We will continue to focus on making more services available electronically for business and consumers as funds are available to do so. However, with limited resources, we must balance the need to develop new electronic systems with other priorities such as maintaining existing services.

**7. ABOUT THE DATA**

This data represents DCBS systems that conduct at least 5,000 transactions annually and are available to businesses and citizens (internal systems or systems that primarily interface with other state agencies are not included). Most of the agency's smaller systems that conduct fewer transactions are not included because we want to focus on systems that have substantial impact for our customers. A few smaller systems are included, however, because the agency determined that they were of high priority and represented added value to the customer. For example, a reporting system for insurance health benefits was added in the previous year, which falls below the 5,000-transaction criteria, but is a high-priority service to customers. Note that 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. Also, DCBS reports final values to only 1 decimal place.

<b>KPM #14</b>	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
<b>Goal</b>	DCBS Goal #3: Be accountable to the public we serve, with excellent service to our customers.	
<b>Oregon Context</b>	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
<b>Data Source</b>	Customer service survey results are maintained in the DCBS Internet Survey Tool and division spreadsheets.	
<b>Owner</b>	Jean Straight, DCBS Deputy Director, 503-947-7870	



**1. OUR STRATEGY**

Provide excellent service in every customer interaction by focusing on customer service as a strategy to achieve department goals.

## 2. ABOUT THE TARGETS

DCBS set aggressive targets of 90 percent over all categories (timeliness, accuracy, helpfulness, expertise, and availability of information) because excellent customer service is a high priority.

## 3. HOW WE ARE DOING

The department's overall rating of 89 percent is a strong performance, especially since many of our customers are entities we regulate, audit, or inspect. Our ongoing focus on customer satisfaction has resulted in high ratings that have consistently performed well compared to our target since measurement began in 2007. We conduct customer satisfaction surveys in a number of areas within DCBS.

## 4. HOW WE COMPARE

Comparable data from other states is not available. Since all state agencies use these same metrics to measure customer satisfaction, we hoped to compare DCBS survey results with similarly situated state agencies of a regulatory nature. However, in consultation with performance measure experts at the Department of Administrative Services, we learned this particular measure needs to reach some degree of stability before we could have reasonable confidence in comparisons among Oregon agencies. Further, even among regulatory agencies, the customers being surveyed and the methods for conducting surveys may be quite different, making meaningful comparisons between agencies difficult. Therefore, no comparisons with other agencies are included in this report.

## 5. FACTORS AFFECTING RESULTS

Many of the customers we survey are entities that we regulate, which could 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. Also, many of our customers are individuals we are helping with complaints, and the outcome of the complaint can influence how the customer rates our service. We try to mitigate this effect by managing expectations and making it a priority to do everything we can to provide customers with a high level of service, even if the customer may not get the desired outcome. The response rate for these surveys can also affect results. We encourage our customers to provide us with feedback by responding to our surveys, but the percent of customers who respond to surveys is often low.

## 6. WHAT NEEDS TO BE DONE

We will continue to focus on customer service and find ways to improve our already high level of performance. 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. Also, providing excellent customer service is one of our three major goals at DCBS and is highly integrated into our work environment. This focus on customer service ensures we meet, and exceed, customer service expectations.

## 7. ABOUT THE DATA

DCBS uses an assortment of surveys to collect this data. Each of the department's major divisions surveys customers and collects data independently and then reports the survey results as part of this overall measure. For 2014, five 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 two customer groups), Insurance Division (surveys to two customer groups), Workers' Compensation Division (surveys to two customer groups), Building Codes Division (surveys to six customer groups), and the Division of Finance and Corporate Securities (surveys to four customer groups). Data from each division is combined to give an agency-wide value reflecting the divisions' 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).

<b>CONSUMER &amp; BUSINESS SERVICES, DEPARTMENT of</b>	<b>III. USING PERFORMANCE DATA</b>
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**Agency Mission:** To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

<b>Contact:</b> Jean Straight, Deputy Director	<b>Contact Phone:</b> 503-947-7870
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<b>Alternate:</b> Lisa Morawski, Public Information Director	<b>Alternate Phone:</b> 503-947-7873
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**The following questions indicate how performance measures and data are used for management and accountability purposes.**

<p><b>1. INCLUSIVITY</b></p>	<p>* <b>Staff:</b> 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>* <b>Elected Officials:</b> The department presented performance measures to the Legislature (through the Ways and Means subcommittee), which adopted the measures.</p> <p>* <b>Stakeholders:</b> 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>* <b>Citizens:</b> 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 (<a href="http://egov.oregon.gov/DCBS/performance.shtml">http://egov.oregon.gov/DCBS/performance.shtml</a>). We will use citizen feedback to improve the quality of our performance measures and annual report.</p>
<p><b>2 MANAGING FOR RESULTS</b></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><b>3 STAFF TRAINING</b></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 involvement by staff in performance tracking and measurement. Performance measures are often a discussion item at division and section-level meetings within the department.</p>

#### 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.