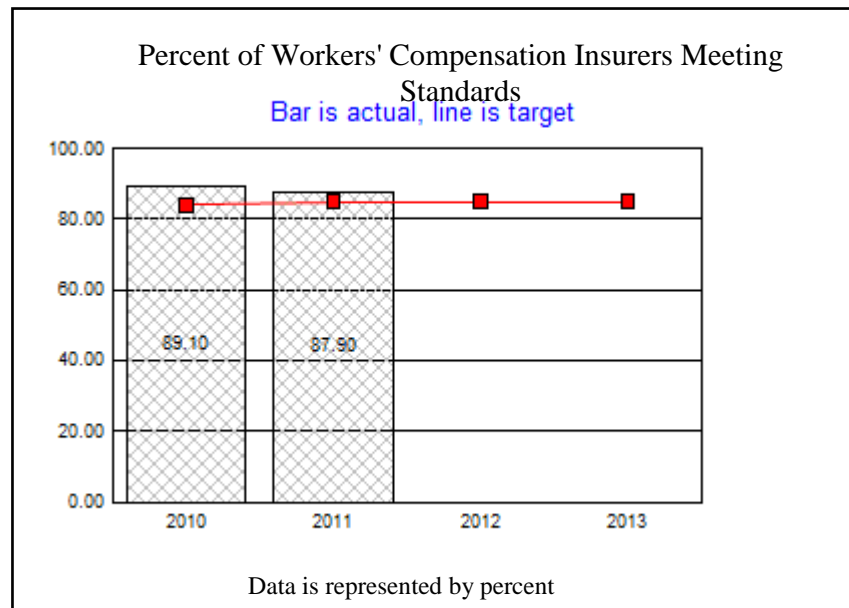


KPM #9	WORKERS' COMPENSATION INSURER PERFORMANCE - Percentage of workers' compensation insurers meeting standards for benefit delivery and reporting.	2010
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD 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	



1. OUR STRATEGY

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 (WCD). The measure shows the percentage of insurers that meet all three performance standards. Fiscal year 2011 marks the second 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

For 2011, we found that 87.9 percent of workers' compensation insurers regulated by WCD were meeting performance standards in the three areas measured for this performance measure. This is a high level of performance, especially given that WCD has raised many of its standards in recent years.

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

WCD raised performance expectations for insurers several years ago, creating an incentive for better performance, and companies are now performing at higher levels. This data is self-reported by the insurers, which means the results could be influenced by an individual insurer's reporting. There is also the risk of incorrect reporting if not properly monitored. Additionally, ongoing education, further clarification of standards, and focused auditing and enforcement are believed to improve insurer compliance for injured workers 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 insurance agents, vocational providers, attorneys, claims examiners, disability management, and claims managers.

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.