STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

2018 Workers' Compensation Premium Assessment Rates

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)
In the Matter of:
Amendment of:
Amending OAR Chapter 440-045-0020 to 440-045-0025, relating to Workers' Compensation Premium Assessment

Statutory Authority:
ORS 705.135, ORS 656.726, 656.612

Other Authority:

Statutes Implemented:
ORS 656.612, ORS 656.614

Need for the Rule(s):
The proposed rule adopts the workers' compensation premium assessment rate that is paid by all employers based on their workers' compensation premium and is collected by the insurer at the time the employer pays the premium. This assessment is used to fund workers' compensation related programs and workplace safety and health programs that serve Oregon employers and workers. In addition, the rule adopts the rate for an additional assessment percentage amount that is collected from all self-insured employers as well as all self-insured employer groups to fund the Self-Insured Employers Adjustment Reserve and the Self-Insured Employer Group Adjustment Reserve. These reserves are established to assure benefits are available in the event of a financial failure of a self-insured employer or self-insured employer group. The proposed premium assessment rate for 2018 is expected to remain unchanged at 6.8%. Additional assessments to fund the Self-Insured Employer Adjustment Reserve and Self-Insured Employer Group Adjustment Reserve are also expected to remain unchanged. These are preliminary rates and are subject to change during the rulemaking process.

Fiscal and Economic Impact:
The fiscal impact of the proposed amendment cannot be estimated until it is determined whether or not there will be a change in the workers' compensation pure premium rate. Determining the proposed rates requires fiscal year-end (6/30/2017) financial data. Before recommending the 2018 rate, the department must analyze this financial data and review and authorize a proposed workers' compensation pure premium rate filing filed by the National Council on Compensation Insurance. The estimated fiscal impact will be provided at the rulemaking hearing.

Statement of Cost of Compliance:
1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):
The estimated fiscal impact will be provided at the rulemaking hearing.

2. Cost of compliance effect on small business (ORS 183.336):
   a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:
   All Oregon employers that pay workers' compensation insurance premiums also pay the premium assessment. Oregon Employment Department data shows that the great majority of Oregon employers are small businesses (as defined in ORS 183.310 (10)), though large businesses may employ more than half of the workforce.

   b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:
   Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services: The proposed rule amendment will not increase reporting, recordkeeping, or other administrative activities, nor will it increase the costs of professional services.

   c. Equipment, supplies, labor and increased administration required for compliance:
   Equipment, supplies, labor and increased administration required for compliance:
The proposed rule amendment will not require additional equipment, supplies, labor, or administration to achieve compliance.

**How were small businesses involved in the development of this rule?**

Small businesses were not involved in the development of this rule because of the proposed workers' compensation premium assessment rate is based on many and varied factors as outlined in the "Documents Relied Upon" section above, as well as complex mathematical calculations, data analysis, and forecasting. Therefore, small businesses would not benefit from involvement in the development of the rate recommendation, as these complex calculations are the essence of the rates to be adopted in this rule.

**Administrative Rule Advisory Committee consulted?: No**

If not, why?:

Because calculation of the rate is technical in nature as described above, consulting an advisory committee to assist the agency in drafting the rule would not be productive for participants of an advisory committee or for the department. The proposed premium assessment rate for 2018 is expected to remain unchanged at 6.8%. Additional assessments to fund the Self-Insured Employer Adjustment Reserve and Self-Insured Employer Group Adjustment Reserve are also expected to remain unchanged. These are preliminary rates and are subject to change during the rulemaking process. The rulemaking hearing and comment period will allow all interested parties to provide input. Additionally, the timing of the development of the pure premium rates and the resulting assessment recommendation does not allow for earlier consultation.

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<tr>
<th>Last Day (m/d/yyyy) and Time</th>
<th>Printed Name</th>
<th>Email Address</th>
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</thead>
<tbody>
<tr>
<td>09-28-2017 5:00 p.m.</td>
<td>Heather Welburn</td>
<td><a href="mailto:heather.welburn@oregon.gov">heather.welburn@oregon.gov</a></td>
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