



ANALYSIS OF OREGON HOUSE BILL 276
As Introduced on January 11, 2016

NCCI estimates that Oregon House Bill (HB) 276, if enacted, could result in an increase in workers compensation (WC) system costs in Oregon. The magnitude of the increase, if any, would depend on an increase in employee utilization of choice of medical provider.

There is no explicit effective date included in the bill associated with this proposed change. Consequently, HB 276 could result in a retroactive impact since the proposed changes may apply to policies written prior to the enactment of the bill. Such a retroactive application may result in an unfunded liability, as these additional costs were not contemplated in the premiums charged for policies written prior to the proposed changes being enacted.

If enacted, any resulting cost impact would be realized through future Oregon claims experience and reflected in subsequent NCCI loss cost filings.

Background and Summary of HB 276

Currently under the Oregon Revised Statutes (ORS) § 656.245, the worker has the right to choose an attending doctor, physician or nurse practitioner within the State of Oregon unless the employer is self-insured or covered by an insurer who contracts with a managed care organization (MCO). If the worker is subject to a MCO, then the choice of medical provider may be stipulated by the MCO contract.

HB 276 would amend existing statutory language by clarifying that an employer "may not require the worker to obtain nonemergency medical services from a specified doctor, physician, nurse practitioner, occupational medical center, emergency care clinic or other medical group" unless the insurer of an employer or self-insured contracts with an MCO and the worker is required to receive medical services according to the terms of an MCO contract.

HB 276 also proposes the following administrative changes:

1. Upon notice of injury the employer shall provide to the worker written notice explaining the medical treatment rights the worker has for a compensable injury.
2. The notice of medical treatment rights must be signed by the injured worker and the employer.
3. The employer shall provide a copy of the signed notice to the injured worker and to the insurer and additional electronic copies as requested. Additional fully executed copies of the notice will be furnished upon request to third parties.
4. The director shall draft the form to be used by employers to provide workers notice of their medical treatment rights.

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Actuarial Analysis of HB 276

As noted above, HB 276 would amend existing language in ORS § 656.245 by stating that the worker's choice of medical provider is only limited in cases where the employer's insurer or self-insured has an MCO contract. The proposed bill would also require notice to be given to the employee upon reporting of the injury of their right to select a physician of their choosing. The extent to which HB 276 would modify current practice is uncertain. However, it could increase utilization of employee choice of medical provider due to a greater awareness of the worker's right to choose their own physician.

One goal of a managed care organization is to reduce claims costs. Assuming that a MCO lowers costs, WC system costs would be expected to increase to the extent that utilization of employee choice of medical provider increases, resulting in more care being provided outside of MCO's. The magnitude of such an increase is unquantifiable.

NCCI estimates that, if enacted in its current form, Oregon HB 276 could result in an increase to overall workers compensation costs, although the magnitude of the impact, if any, is uncertain.

Any change in system costs resulting from increased employee utilization of choice of medical provider would be reflected in future NCCI loss cost filings in Oregon.

Other Considerations

- The administrative changes under HB 276 would be expected to increase expenses to the employer for administration and retention of worker's rights notifications.

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