



2021 Legislative and Budget Concepts

Nov. 5, 2020

Regulatory streamlining

The Workers' Compensation Division has identified several statutes that are outdated or inconsistent with current industry practices. This concept offers changes in three areas.

Records storage and claim processing locations

Under the general Insurance Code (ORS 731.475), insurers or service companies must process workers' compensation claims and keep records at a place of business in Oregon. The law does not clearly allow for common industry practices such as cloud storage and telework, which have become common in the insurance industry. The concept would require records be accessible from an insurer's Oregon location and delete the requirement that records be physically retained in the state. The director would write rules describing the details. The concept would also allow the director to adopt rules to allow insurers and service companies to process claims remotely from an Oregon location.

Licensed landscape contractors coverage alignment

A person that awards a contract (the "prime employer") is responsible for providing coverage to the contractor's employees. Under ORS 656.021, the requirement to provide coverage does not apply to prime employers who are licensed construction contractors. As a condition of licensure, a licensed construction contractor is required to provide workers' compensation coverage to their employees. The law presumes the license is sufficient proof of coverage, so the prime employer should not be held responsible for a subcontractor's noncompliance. Since the law was enacted, licensed landscape contractors have become similarly regulated and are also required to have workers' compensation coverage as a licensure condition. For consistency and fairness, this concept would add licensed landscape contractors to the exception under ORS 656.021.

Repeal outdated civil penalty law

Under ORS 656.750, if a self-insured employer fails to keep records of compensation claims, the director must assess a civil penalty of \$250 a day. Separate civil penalty laws (ORS 656.745) apply when an insurer violates the same record keeping requirements. The latter, more general, penalty statute also applies to self-insured employers. This concept deletes the ORS 656.750 penalty, removing the inconsistencies and consolidating civil penalty authority in one location.

Electronic claim reporting

Once the division's Modernization Program is fully underway, we intend to implement electronic claims reporting. This concept will allow the division to specify by rule what type of claim information must be reported electronically. This could include all nondisabling claims and other claim related information currently required by paper. The soonest the division would adopt rules is July 1, 2023. The division will not change what is reported until electronic claim reporting is in place.

November 5, 2020

Page 2

Modernization Program Budget Request

Last biennium, the division kicked off a modernization initiative to transform business processes to meet the evolving needs of customers and partners in innovative ways. The program is working to transform how we interact with our stakeholders, including modernizing technology. The division currently has an archaic computer system that primarily relies on stakeholders submitting paper documents and manual data entry.

We completed initial planning toward modernization and in 2019, the legislature authorized us to hire a program manager and contract for services to identify a roadmap of potential technology projects. The final consultant recommendations gave the division a long-term modernization roadmap for the next decade.

Originally, we planned to request funding for a large modernization project. However, given the current economic situation, we scaled back our budget request to focus on short term, process improvement efforts that will improve current processes for external customers and help the division be ready to start bigger projects when fiscal conditions improve. The revised budget request asks for two information technology positions to support this work. The cost of the budget request was incorporated in the workers' compensation insurance premium assessment rate for 2021.

Contact:

Sally Coen
Administrator
Oregon Workers' Compensation Division
sally.c.coen@oregon.gov