

Workers' Benefit Fund Fact Sheet

Contents

Workers' Benefit Fund	2
Retroactive Program	4
Reemployment Assistance Program	5
Reopened Claims Program	6
Supplemental Disability Benefits.....	7
Injured worker discrimination investigations	8
Vocational assistance reimbursement during litigation.....	9
Oregon Health and Science University funding	10
Permanent Total Disability after claim closure	11
Noncomplying Employer claim costs	12
Other programs.....	13
WBF Program Expenditures.....	15
WBF Administrative Expenditures.....	16

Workers' Benefit Fund

What it is

The Workers' Benefit Fund (WBF) is a state-managed fund that provides a variety of benefits for workers injured on the job. Workers who receive benefits from the WBF have exceptional needs that might not otherwise be met by the workers' compensation system, either because of the nature of their claims or the nature of their employers. This fact sheet covers each of the programs the WBF is used for.

The WBF is primarily used to:

- Provide benefit increases to permanently disabled workers and to families of workers who died from a workplace injury or disease. These cost-of-living adjustments are made to reflect improvements to benefits and changes in average wages.
- Support Oregon programs that help injured workers return to work. These programs offer financial assistance to employers that hire injured workers, such as wage subsidies, premium exemptions, and reimbursements for worksite modifications and equipment. These programs help keep Oregon's workers' compensation costs low.

WBF funds are also used for a variety of other purposes, including investigating discrimination against injured workers, and providing benefits in special circumstances (for example, this includes when the injury affects multiple jobs held by the worker).

Funding

The WBF is funded by a cents-per-hour-worked assessment. Employers and workers each pay half of the assessment. In 2025, the WBF assessment is 2.0 cents per hour worked. The assessment is paid directly to Oregon's Employment and Revenue departments through quarterly payroll tax reports, and the revenue is transferred to DCBS.

DCBS also deposits civil penalties and other moneys recovered from noncomplying employers into a subaccount of the WBF. This subaccount is used solely to pay the costs of noncomplying employer claims. Revenue from the cents-per-hour assessment is never used to pay these claims. If claim costs exceed recoveries, additional funds are transferred into the subaccount from the Premium Assessment Operating Account of the Consumer and Business Services Fund, which is funded by assessments on insurers.

History

The WBF was established in 1995 by House Bill 2044. Before HB 2044, four dedicated reserves within the Consumer and Business Services Fund paid for benefits for permanently disabled or fatally injured workers, reopened claims, and reemployment

assistance. Each reserve was funded by its own payroll assessment, with the assessment rate set by statute.

This model had drawbacks: setting assessment rates in law could be politically contentious, and funding wasn't always allocated efficiently between reserves. These issues lead to reforms in 1993 and 1995.

HB 2348 (1993) established that DCBS was allowed to set assessment rates by rule and allocate future revenue between all four reserves. However, this did not address outstanding imbalances between the reserves.

HB 2044 (1995) established the WBF, transferred the balances of the reserves into it, and made it the funding source for all the programs those reserves had paid for. HB 2044 also established the WBF subaccount used to pay noncomplying employer claims.

These reforms were intended to improve the efficiency of the WBF programs, depoliticize conversations around assessment rates and benefit levels, and protect reserve funds from being used by the legislature for unrelated programs.

Since 1995, legislative changes have established additional programs funded by the WBF. These programs have been added over time as specific issues have arose, or due to recommendations from the Management-Labor Advisory Committee (MLAC), a committee established by law to study issues affecting the workers' compensation system. By law, MLAC is responsible for reporting to the director and legislature on the operation of the WBF programs.

Additional Information

General information about the WBF and WBF assessment	WBF Assessment WBF 2024 Annual Update
For questions regarding the WBF assessment	Phone: 503-378-2372 Email: wbf.assessments@dcbs.oregon.gov
For questions regarding subjectivity to the WBF assessment or workers' compensation law	Phone: 503-947-7815 Email: workcomp.questions@dcbs.oregon.gov FAQ: Worker's Compensation Coverage (PDF)
For questions regarding premium assessment	Email: wc.premiumassessments@dcbs.oregon.gov

Retroactive Program

Summary

Under Oregon workers' compensation law, most disability benefits are based on a worker's wage at the time of injury. However, when a worker is permanently totally disabled or fatally injured, the worker or their beneficiaries may continue to be entitled to benefits for many years. In these cases, benefits based on pre-injury wages may become inadequate as the cost of living rises over time.

The Retroactive Program was created to ensure that benefits for these workers and their beneficiaries continue to be adequate over the life of a claim. It does so by providing benefit increases for older claims.

Each year DCBS determines the level of benefits insurers and self-insured employers must pay above the benefits workers and beneficiaries would have been entitled to based on pre-injury wages. Insurers and self-insured employers are then reimbursed quarterly for these additional benefits from the WBF.

Additional Information

The earliest retroactive benefits were established under HB 130 in 1949. The Retroactive Program has been funded by the WBF since the fund was established in 1995, though benefits were funded through assessments paid by workers and employers for decades prior.

Related statute(s)

ORS 656.605, ORS 656.506, ORS 656.204, ORS 656.208, ORS 656.206

Reemployment Assistance Program

Summary

The Reemployment Assistance Program provides benefits through the Employer at Injury Program (EAIP) and Preferred Worker Program (PWP) to help workers return to work.

Employer at Injury Program (EAIP) - Assists and encourages employers to offer modified duty work to an injured worker. Benefits include:

- Subsidizing a portion of the worker's wages while they are on modified duty
- Modifying the work site to accommodate the worker's restrictions
- Purchasing tools and equipment needed for modified work

Preferred Worker Program (PWP) - Helps Oregon workers who have permanent restrictions from on-the-job injuries and who are not able to return to their regular employment due to those injuries. Preferred workers can offer employers a chance to save money by hiring them. Benefits include:

- Subsidizing a portion of the worker's wages
- Modifying the work site to accommodate the worker's restrictions
- Purchasing tools and equipment needed to return to work
- Exempting the employer from paying premium on the preferred worker for a three-year period
- If the preferred worker is injured again during the premium exemption period, reimbursing the cost of that claim

EAIP and PWP benefits are offered in order to:

- Prevent claims from becoming disabling (i.e., resulting in time off from work)
- Prevent on the job injuries from recurring
- Reduce the amount of time workers lose from work by helping them return to work sooner
- Help workers remain employed

Additional Information

Oregon has had a variety of return to work programs for decades; though EAIP and PWP have been in place since 1993 and 1987, respectively. Components of these programs have been added over time through multiple legislative changes, including HB 2900 (1987), SB 1197 (1990), and SB 369 (1995).

Related statute(s)

ORS 656.622, ORS 656.605

Reopened Claims Program

Summary

The Reopened Claims Program (RCP) reimburses insurers for providing additional compensation to injured workers after a worker's aggravation rights have expired. This reimbursement is provided primarily for the following circumstances:

- *The worker's work related injury worsened*

In some cases, a worker's injury worsens after their claim is closed. However, workers have a limited timeframe (called aggravation rights) to claim additional benefits after claim closure. If the worsening occurs after the worker's aggravation rights have expired, additional compensation is only provided if the Workers' Compensation Board (the "Board") approves it, or the insurer chooses to voluntarily reopen the claim.

If approved by the Board or the insurer, the worker may receive temporary disability benefits (wage replacement) for the worsened condition. The insurer must process and pay for this benefit, but they are reimbursed by the RCP.

- *The worker identifies a condition that was not included in their initial claim*

Workers can file a claim for a new or omitted medical condition that wasn't originally included in their initial claim. However, if the worker doesn't identify this condition until after their aggravation rights have expired, they only get additional compensation if the Board approves it, or the insurer chooses to voluntarily reopen the claim. In this case, the worker may receive temporary disability benefits and permanent partial disability benefits. The insurer must still process and pay for the claim, but they are reimbursed by the RCP.

Additional information

RCP was established by House Bill 2900 (1987). RCP was intended to limit how long insurers had to maintain reserves for a claim and reduce workers' compensation premium rates, while still providing injured workers benefits if issues with an injury resurfaced many years later.

Related statutes

ORS 656.625, ORS 656.278, ORS 656.605

Supplemental Disability Benefits

Summary

If a worker has multiple jobs when they are injured, they may be eligible for supplemental temporary disability benefits (SDB). SDB compensates the worker when their work injury causes them to lose time at jobs other than the one at which they were injured.

The insurer can elect to pay SDB, and then get reimbursed from the WBF for the SDB they paid. If the insurer doesn't elect to pay SDB, a processor contracted by DCBS pays the worker SDB. As a result, insurers are ultimately only responsible for paying for the temporary disability associated with the job the worker is injured at. However, the worker can still get additional compensation for losses at other jobs, and this compensation is provided from the WBF.

Additional information

SDB was established by SB 485 (2001) effective July 30, 2001. SB 485 was a result of several recommendations developed by MLAC during their evaluation of issues in the workers' compensation system. SDB was added to the workers' compensation system to provide better compensation for workers with multiple jobs.

Related statutes

ORS 656.210, ORS 656.605

Injured worker discrimination investigations

Summary

Oregon law provides discrimination protections for workers injured on the job under ORS chapter 659A. These protections make it unlawful to discriminate against a worker with respect to hire or tenure, or any term or condition of employment, because the worker files a claim or asks about workers' compensation benefits. The law also establishes reinstatement and reemployment rights for injured workers.

The Bureau of Labor and Industries (BOLI) enforces these laws. However, funds from the WBF are used to reimburse BOLI for the expenses of enforcing these protections.

Additional information

The workers' compensation system has provided reimbursement to BOLI for the expenses of enforcing injured worker protections since 1995. These reimbursements were initially made through one time transfers. However, since HB 4035 (2002) was passed, this reimbursement has been one of the expenses the law authorizes from the WBF.

Related statutes and administrative rules

ORS 656.605, ORS 659A.040, ORS 659A.043, ORS 659A.046, ORS 659A.049, ORS 659A.052

Vocational assistance reimbursement during litigation

Summary

DCBS handles disputes regarding vocational assistance, including when an insurer denies vocational assistance. If DCBS finds that the worker should receive vocational assistance, DCBS can issue an order that overturns the insurer's denial and requires proceeding with vocational assistance. This order can be appealed. However, under ORS 656.313, the vocational benefits ordered by the director are not paused when the insurer appeals the order.

Once the appeal process is complete, if it's determined that the vocational benefits should have been denied, the insurer or self-insured employer can get reimbursed for the costs of providing vocational benefits.

Additional Information

This reimbursement was established by SB 119 (2005), effective January 1, 2006. SB 119 modified the law to allow vocational benefits to continue while the insurer appealed the DCBS order. The bill also established if the director's order is overturned, the costs of vocational benefits the insurer provided would be reimbursed from the WBF.

SB 119 was a result of recommendations developed by MLAC in 2004. The change regarding the stay of vocational benefits was one of a number of statute and rule changes MLAC recommended. The proposals were intended to encourage and support workers in returning to work, provide prompt and adequate vocational assistance, and provide other return to work assistance for those who do not qualify for vocational assistance.

Related statute(s)

ORS 656.313, ORS 656.340, ORS 656.605

Oregon Health and Science University funding

Summary

Oregon Institute of Occupational Health Sciences (OIOHS) (a part of the Oregon Health and Science University, or OHSU) is a research center dedicated to occupational disease and injury research.

A fraction of the WBF revenues ($1/16^{\text{th}}$ of one cent of the worker portion of the WBF assessment) is transferred to OIOHS. This money may only be used for paying the expenses of the OIOHS.

Annually, the institute files a report with OHSU and DCBS regarding its activities and research findings. Recent research topics have included environmental exposure, sleep and circadian health, safety at work, and supportive workplace practices.

Additional Information

The OIOHS was established in 1985 (then named the Center for Occupational Disease Research) by HB 2290. OIOHS was created to conduct occupational disease and injury research, since no other Oregon programs focused on such research at that time.

Related statute(s)

ORS 656.605, ORS 656.630

Permanent Total Disability after claim closure

Summary

If a worker is receiving permanent total disability (PTD) benefits, but is found materially improved and capable of regularly working at a gainful and suitable job, the insurer can close the claim (i.e., issue a notice of closure). The insurer is required to continue the PTD benefits through the date of the notice of closure.

However, if the worker disagrees with the closure, they can appeal. If the worker appeals, depending on the timing of their appeal, the insurer must continue or resume paying PTD until a later order affirms the closure. If the later order upholds the closure, the insurer can get reimbursement from the WBF, for the PTD paid after the closure was issued.

Additional Information

This reimbursement was established by SB 386 (2005), effective January 1, 2006. It applies to all claims for which a notice of closure is issued under ORS 656.206 or 656.268 on or after the effective date.

SB 386 was a result of recommendations developed by MLAC in 2004-2005 after a workgroup evaluated statute, case law, and public testimony regarding PTD.

Related statute(s)

ORS 656.605, ORS 656.206

Noncomplying Employer claim costs

Summary

When DCBS determines that a person was required to obtain workers' compensation insurance but failed to do so, it issues an order declaring that person a "noncomplying employer." A noncomplying employer is liable for the costs of claims made by its workers.

A claim made by the injured worker of a noncomplying employer is processed by assigned claims agent contracted by DCBS. DCBS reimburses the assigned claims agent for the costs of the claim and recovers these costs from the noncomplying employer. This process ensures that all injured workers receive compensation, regardless of whether their employer complied with workers' compensation coverage requirements.

Noncomplying employer claim costs are reimbursed from a subaccount of the WBF which is funded by recoveries from noncomplying employers. If the costs of these claims exceed recoveries, additional funds are transferred into the subaccount from the Premium Assessment Operating Account of the Consumer and Business Services Fund, which is funded by assessments on insurers. Revenue from the cents-per-hour assessment is never used to pay noncomplying employer claim costs, and funds in the subaccount are never used to pay for other WBF programs.

Additional Information

The WBF has been used to pay for NCE claim costs since the fund was established by HB 2044 (1995). The bill provided that civil penalties and recoveries from noncomplying employers would be deposited into the WBF and used for paying claims made by these employers' workers. Previously, these claims were paid by the Consumer and Business Services Fund directly.

Related statute(s)

ORS 656.605, ORS 705.148, ORS 656.735

Other programs and purposes

Summary

The following programs and purposes are funded by the WBF, but they are mostly only for older claims that meet specific criteria.

Workers With Disabilities Program (WDP)

The WDP encouraged the employment of disabled workers, whether their impairment was congenital or due to an injury or disease. If those workers had a subsequent injury, the program allowed for reimbursing the percent of claim costs that could be attributed to the disability.

The Oregon Legislature's special session in 1990 ended the WDP. No new claims against the reserve have been accepted since May 1, 1990, but reimbursement for claim costs continues for claims found eligible before the program ended.

Permanent Partial Disability Correction

The WBF compensates certain workers who received less permanent partial disability (PPD) than they were supposed to due to a transposition error in SB 460 (1999). This error affected workers with a date of injury between January 1, 2000 and July 30, 2001 who were awarded PPD before July 30, 2001. This error was later corrected by SB 485 (2001). The bill also provided that the amount of the underpayment would be paid to the worker from the WBF.

Pre-1986 Vocational Assistance

The WBF pays for expenses of vocational assistance on claims for injuries incurred prior to January 1, 1986. Prior to July 1, 1984, insurers and self-insured employers who provided vocational assistance to workers could get reimbursed for program costs from a now-defunct fund, the Rehabilitation Reserve. However, SB 165 (1985) abolished the Rehabilitation Reserve, and amended workers' compensation law so that the costs incurred for vocational assistance were shifted from the reserve to insurers. The bill shifted these costs for injuries occurring on or after January 1, 1986, but allowed for reimbursement of vocational costs for injuries prior to that date.

Claim payments – decertified self-insured employer groups

SB 1558 (2014) allows the director to advance WBF funds to injured workers whose employers were members of self-insured employer groups that were decertified prior to September 15, 2014. The bill also imposed new requirements on groups to ensure timely payment of benefits going forward. The provisions related to advances were codified as ORS 656.441.

The bill was intended to ensure that claims associated with two specific decertified groups would continue to be paid after their security was exhausted. The director continues to make payments under the program, but yearly expenditures have decreased by roughly 98% since the bill was passed.

Claim payments – insurer defaults in payment of compensation

If a workers' compensation insurer defaults in paying compensation due to an injured worker, ORS 656.445 allows the director to advance funds from the WBF to injured workers who have not received payment of compensation due from the insurer in default. If the insurer's default is due to insolvency, funds advanced from the WBF will generally be reimbursed by the Oregon Insurance Guaranty Association when it assumes responsibility of the insurer's claims.

Specified attorney fees

Under ORS 656.740, the WBF provides for payment of reasonable attorney fees when a person prevails at hearing or appeal against a noncomplying employer determination or a proposed assessment of civil penalty. ORS 656.740 also provides if a worker prevails at hearing or appeal from a nonsubjectivity determination, the worker is entitled to reasonable attorney fees paid from the WBF and reimbursed by the employer.

Related statute(s)

ORS 656.605, ORS 656.628, ORS 656.441, ORS 656.445, ORS 656.214, ORS 656.740

WBF Program Expenditures

About 90 percent of the WBF's expenditures pay for WBF programs.¹

Retroactive Program – pays cost of living adjustment (COLA) for fatal or permanent total disability injuries; based on State Average Weekly Wage (SAWW)

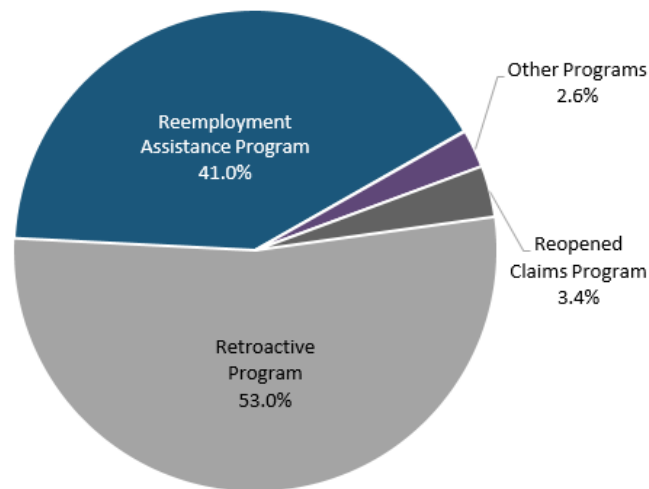
Reemployment Assistance Program – facilitates the early return to work of injured employees

- Employer-at-Injury Program
- Preferred Worker Program

Reopened Claims Program – reimburses insurers and self-insured employers for certain costs arising after workers' aggravation rights have expired

Other programs – includes the Workers with Disabilities Program, compensation for multiple jobs (Senate Bill 485), and claims payments for dissolved self-insured groups (Senate Bill 1558)

Fiscal Year 2024 WBF program expenditures



Total FY 2024 Expenditures = \$64.7 million

¹ Workers' Benefit Fund 2024 Annual Update, available here:

<https://www.oregon.gov/DCBS/mlac/Documents/2025/030625/030325-WBF-summary-MLAC.pdf>

² Workers' Benefit Fund Status Update 2024, available here:

<https://www.oregon.gov/DCBS/mlac/Documents/2025/030625/wbf-status-update-2024.pdf>

WBF Administrative Expenditures

In fiscal year 2024, state agency administrative expenditures were about 11.8 percent of WBF expenditures. Of this amount, about 72 percent were DCBS expenditures, and the remaining amount was paid to other agencies. By statute, the WBF makes payments to the Oregon Institute of Occupational Health Sciences (OIOHS) of 1/16th of a cent per hour worked. These amounts are matched by equal payments from the Premium Assessment Operating Account (PAOA). The Bureau of Labor and Industries (BOLI) receives payments to enforce anti-discrimination laws. BOLI received \$460,000 from the WBF in fiscal year 2024.³

³ Workers' Benefit Fund 2024 Annual Update, available here:

<https://www.oregon.gov/DCBS/mlac/Documents/2025/030625/030325-WBF-summary-MLAC.pdf>