



ANALYSIS OF ADDITIONAL PROPOSED BENEFIT CALCULATION SCENARIO BASED ON INJURED WORKER WAGES

As Requested on October 6, 2025

NCCI evaluated the potential system cost impact of a hypothetical scenario provided by the Oregon Workers' Compensation Division on October 6, 2025. This scenario is in addition to the four scenarios originally requested on September 4, 2025. This additional proposed scenario would increase the compensation rate from 66 2/3% to 75% of the injured worker's wage, for all workers' wages up to 75% of the State Average Weekly Wage (SAWW). For any portion of wages above 75% of the SAWW, the compensation rate would decrease from 66 2/3% to 65%. NCCI estimates that the impact of these changes, if ultimately proposed and enacted, would be +3.1% (\$25M¹) on overall workers compensation (WC) system costs in Oregon. This analysis assumes an effective date of January 1, 2027, and is prospective only (i.e., for accidents occurring on or after January 1, 2027).

This pricing analysis is based on an informal proposal, not on formal statutory bill language. If a legislative bill were introduced, NCCI would perform an analysis based on the actual bill language and the impacts stated in this analysis may change accordingly.

Summary and Analysis

In Oregon, compensation for lost wages is defined in the Oregon Revised Statutes (ORS) Chapter 656. Per ORS 656, compensation for total disability is equal to 66 2/3% of the injured worker's wage. When the total disability is temporary in nature, a temporary total disability (TTD), benefits are subject to a maximum of 133% of the Oregon State Average Weekly Wage (SAWW) and a minimum of 90% of the injured worker's wage or \$50, whichever is less. When the total disability is permanent in nature, a permanent total disability (PTD), benefits are subject to a maximum of 133% of the SAWW and a minimum of 33% of the SAWW.

Per ORS 656.212, weekly TPD benefits are based on wage loss and proportional to TTD benefits as defined in ORS 656.210. Therefore, any impact on TPD costs will be proportional to the impact of the proposed changes in TTD benefits.

Per ORS 656.214, PPD benefits are calculated on an impairment basis and would not be directly affected by the proposed changes to benefit calculation. The portion of PPD, however, that is

¹ The estimated dollar impact is displayed for illustrative purposes only and calculated as the percentage impact(s) multiplied by 2024 written premium of \$792M from NAIC Annual Statement data for Oregon. This figure does not include self-insurance, the policyholder retained portion of deductible policies, or adjustments for subsequent changes in premium levels. The use of premium as the basis for the dollar impact assumes that expenses and other premium adjustments will be affected proportionally to the change in benefit costs. The dollar impact on overall system costs inclusive of self-insurance is estimated to be \$30M, where data on self-insurance is approximated using the National Academy of Social Insurance's November 2024 publication "Workers' Compensation: Benefits, Costs, and Coverages, 2022."



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paid during an injured worker's healing period prior to a PPD award is considered under the TTD benefits portion of this analysis.

This additional proposed scenario would increase the compensation rate from 66 2/3% to 75% of the injured worker's wage, for all workers' wages up to 75% of the SAWW. For any portion of wages above 75% of the SAWW, the compensation rate would decrease from 66 2/3% to 65%.

In order to estimate the potential impact of the proposed change on overall workers compensation system costs, NCCI analyzed the impact of the changes to the TTD and PTD compensation rates for the affected subset of injured workers or portion of their annual income. This analysis uses the Oregon Workers Compensation Division's (WCD) breakdown of average annual income brackets for workers with accepted workers compensation disability claims in 2024 to calculate the impact of the increased benefits for each wage bracket. The following table shows the estimated direct cost impacts on TTD and PTD benefits, by wage bracket.



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		TTD	PTD
	(1)	(2)	(3)
Annual Income	Workers in Income Bracket (%)	Estimated Direct Cost Impact on TTD Benefits	Estimated Direct Cost Impact on PTD Benefits
<\$30,000	15.3%	+12.3%	—
\$30,000-\$50,000	41.1%	+12.5%	+10.3%
\$50,000-\$70,000	23.2%	+11.1%	+11.1%
\$70,000 - \$90,000	9.8%	+7.8%	+7.7%
\$90,000 - \$110,000	5.2%	+5.7%	+5.7%
>\$110,000	5.4%	+3.3%	+3.3%
A) Impact on Benefit Type ²		+10.9%	+4.4%
(B) Benefits as a % of Total Losses ^{3,4}		28.0%	1.6%
Impact by Benefit Type = (A) x (B)		+3.1%	+0.1%
Overall Impact ⁵		+3.1%	

² The overall impacts on TTD and PTD benefits are equal to the percentage of workers in each bracket multiplied by the cost impact for each bracket, summed over all income brackets. In the case of PTD, the overall impact of +4.4% shown also contemplates the offset due to social security benefits, which reduces the amount of PTD benefits an injured worker receives based on the amount of social security benefits they are also receiving.

³ Based on NCCI Workers Compensation Statistical Plan (WCSP) data for Oregon policies becoming effective during the 24-month period ending December 31, 2021, brought to the current benefit level and developed to an ultimate basis by type of injury, as well as trended, developed and on-leveled Financial Call data from the latest approved NCCI experience filing for Oregon, effective January 1, 2025.

⁴ In Oregon, the Temporary Total Disability (TTD) injury type represents 28.9% of indemnity costs. Permanent partial disability (PPD) claims are divided into “healing period” benefits and permanent disability awards. The healing period represents temporary disability benefits paid on PPD claims prior to the award for permanent disability. NCCI estimates that the PPD injury type represents 60.7% of indemnity costs. Meanwhile, 39.6% of indemnity benefits for PPD injuries are paid during the healing period, and thus would be affected by this provision if enacted. The total estimated percentage of indemnity benefits represented by temporary benefits is thus 28.9% + (60.7%)(39.6%) = 52.9%. Since indemnity benefits comprise 53% of overall costs, the total estimated percentage of overall benefits represented by temporary benefits is 28% (= 52.9% x 53%).

⁵ Figures may not sum to total due to differences as displayed values not shown to full precision.



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The table below summarizes the impact by type of injury and the resulting overall impact. Note that the estimated impact to PPD is a result of the proposed increase to TTD benefits paid during the “healing period”, as explained in footnote 4. For simplicity, this impact was included in the TTD impact shown on the previous table.

Type of Injury	(1) Percentage of Indemnity Losses	(2) Impact of Proposed Scenario
PTD	3.1%	+4.4%
PPD	60.7%	+4.3% ⁶
TTD	28.9%	+10.9%
(3) Impact on Indemnity Losses = (1) x (2), Summed Over All Injury Types		+5.9%
(4) Indemnity Share of Overall Benefit Costs⁷		53.0%
(5) Overall Impact = (3) x (4)		+3.1%

Other Considerations

Studies⁸ indicate that significant benefit increases are typically accompanied by changes in claimant behavior, known as utilization. The potential impact of utilization may add to the estimated cost impact for the proposed scenario.

⁶ PPD impact resulting from impact to TTD benefits during healing period is equal to the TTD impact multiplied by the percentage of PPD costs attributable to the healing period (+4.3% = +10.9% x 39.6%).

⁷ Indemnity/Medical loss distribution based on trended and on-leveled financial data from the latest approved NCCI experience filing for Oregon, effective 01/01/2026.

⁸ Moss, Robert, Pistole, Ashley, Ritter, Bruce. “Impact on Utilization from an Increase in Workers Compensation Indemnity Benefits” (National Council on Compensation Insurance, 2009).



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