

March 16, 2023

PATRICK PRIEST, MANAGEMENT REPRESENTATIVE & CO-CHAIR
SCOTT STRICKLAND, LABOR REPRESENTATIVE & CO-CHAIR
MANAGEMENT-LABOR ADVISORY COMMITTEE
DEPARTMENT OF CONSUMER & BUSINESS SERVICES
350 WINTER STREET NE
SALEM, OR 97312

Re: **Updated estimated fiscal impact of SB418-1**

Dear Co-Chairs Strickland and Priest,

Please accept this *updated* analysis of the estimated fiscal impact of SB 418-1. This updated estimate differs from the previously provided letter in that we were able to calculate the average weekly wage (AWW) SAIF paid out for time-loss to Oregon workers in 2022. This is updated from the previously provided fiscal impact estimate that was calculated on Oregon's average weekly wage. The result of this updated analysis shows a lower estimated fiscal impact to SAIF.

SAIF conducted an updated fiscal review to assess the potential impact of removing the four-hour limitation from ORS 656.210(4). Below is a summary of claims-related data that SAIF obtained and analyzed in light of the proposed changes. This data represents an estimate of the fiscal impact of paying temporary disability benefits to workers who have an accepted disabling claim, have returned to regular or modified work, and miss 1-4 hours of work to attend a medical appointment.¹

For 2022, SAIF compiled the total number of medical appointments (i.e. office visits and physical therapy appointments) for accepted open disabling claims. In 2022, the office visits and PT appointments totaled 163,831. Of this total, SAIF filtered and compared the work status (i.e. off work, returned to modified work, and returned to regular work) for each claim identified with the dates for medical appointments. Based on this comparison, SAIF determined the following:

1. For workers completely off work and receiving time loss benefits there were 70,538 medical appointments.
2. For workers performing modified work, there were 32,438 medical appointments.
3. For workers performing regular work, there were 60,855 medical appointments.

¹ A disabling claim is one where temporary disability benefits are due and payable and/or there is a reasonable expectation of permanent impairment. ORS 656.005(7)(c). A nondisabling claim is one that only requires medical services. ORS 656.005(7)(d).

Because SB 418-1 would only impact claims where a worker with an open disabling claim actually misses time from work (either modified or regular) to attend an appointment, SAIF only estimated the cost of paying additional temporary disability benefits for these workers. To determine an estimated hourly rate, SAIF calculated the average of worker's AWW for disabling claims received by SAIF in 2022 - \$974.84. This resulted in a weekly time loss rate of \$649.93 ($\$974 \times .6667$). SAIF converted that to an hourly time loss rate of \$16.25 ($\$649.93 / 40$).

For workers performing regular work, there are approximately 60,855 medical appointments. The estimated exposure for one hour of missed work to attend a medical appointment would be \$988,893 ($60,855 \times \16.25). Applying the same methodology for 3.75 hours of missed work, the estimated exposure would be \$3,708,348 ($\$988,893 \times 3.75$).

For workers performing modified work and applying the same methodology as for workers performing regular work, the range is \$527,118 to \$1,976,690.

Based on SAIF's review of its data, the estimated fiscal impact to SAIF alone ranges from \$1,516,011 to \$5,685,038 of additional temporary disability benefits per year. For 2022, SAIF paid approximately \$77 million in temporary disability benefits.

There were several data points that SAIF could not determine which could impact the estimated impact of the proposed change such as whether the appointments occurred on a scheduled day off or before/after a worker's shift; whether the employer paid the worker for the missed time; whether the worker had sufficient earnings such that no time loss would be due; and whether the proposed change would increase the worker's utilization rate of medical services.

SAIF Corporation appreciates the opportunity to provide this updated data to MLAC as MLAC considers the proposed change to ORS 656.210(4). SAIF would be happy to present additional information and/or answer any questions raised by MLAC.

Sincerely,

/s/ David Barenberg
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