



PRELIMINARY COST IMPACT ANALYSIS

ANALYSIS OF OREGON SENATE BILL 418-2

Version dated March 6, 2023

NCCI evaluated the impact of Oregon Senate Bill (SB) 418-2, which proposes to expand eligibility for temporary disability benefits for injured workers when time away from work is required for medical treatment. NCCI estimates that SB 418-2, if ultimately enacted, would result in an indeterminate increase on overall workers compensation (WC) system costs in Oregon.

The provisions contained in SB 418-2 are proposed to become effective on January 1, 2024 and were analyzed on a prospective basis only (i.e., for accidents occurring on or after January 1, 2024).

This analysis was completed in an expedited manner and is considered preliminary. NCCI may supplement this document with a complete and final analysis of the proposed bill at a later date. It is possible that the estimated impact of the final analysis will differ materially from what is provided in this document. Note that the absence of an update to the preliminary analysis does not signify that this is NCCI's final assessment of the cost impact of the proposed bill.

Summary and Analysis of SB 418-2

Currently in Oregon, an injured worker is entitled to temporary disability benefits¹ for time spent away from work if they are required to leave work for a period of four or more hours to receive medical consultation, examination, or treatment for a compensable WC injury. The injured worker is entitled to these benefits until the worker is determined to be medically stationary.² The benefits are not payable if wages are paid for the period of absence by the employer.

SB 418-2 proposes to remove the requirement that the injured worker is away from work for four or more hours in order to receive the aforementioned benefits. As a result, an injured worker would be entitled to receive temporary disability for *any* period the worker is absent from work due to receiving medical consultation, examination, or treatment for the compensable injury.

Under SB 418-2, it is anticipated that the number of workers who would be eligible to receive temporary disability benefits for the time spent away from work to receive medical treatments, examinations, and consultations for a compensable injury would increase. As a result, SB 418-2,

¹ Calculated pursuant to ORS 656.212.

² "Medically stationary" is defined as meaning no further material improvement would reasonably be expected from medical treatment or the passage of time.



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if ultimately enacted, would be expected to increase benefit costs in Oregon. The magnitude of such an increase would depend on several factors, including:

- The number of injured worker medical treatments, examinations, and consultations that are four hours or less and occur after the injured worker has returned to work and during the injured worker's working hours.
- The length of the time away from work and the injured worker's hourly WC benefit.
 - The hourly temporary disability benefit payable for time away from work would depend on the injured worker's hourly wages. Data reported to NCCI suggests that the average injured worker's hourly benefit in Oregon was \$14.87 in 2021³. Assuming an average wage trend of 4%, the average injured worker's hourly benefit is estimated to be approximately \$16.40 as of January 1, 2024, the proposed effective date of SB 418-2.
- The frequency with which workers would be paid wages by their employer for the time away from work while receiving medical treatments, consultations, or examinations related to the compensable injury, as these workers would be ineligible to receive temporary benefits for this period of absence since there would be no wage loss for the respective appointment.
- Potential changes in the utilization of medical services by injured workers during working hours.

NCCI expects that SB 418-2, if ultimately enacted, would result in an increase in overall WC system costs in Oregon. The magnitude of such an increase, however, is currently indeterminate.

Other Considerations

If the changes proposed in SB 418-2 were to extend to accidents occurring prior to the proposed effective date, there may be retroactive cost impacts arising from provisions of the bill. Such a retroactive application could result in an unfunded liability to the extent that these additional benefit costs were not contemplated in the premiums charged for policies written prior to enactment of the bill.

³ Based on the IDC for Oregon for Accident Year 2021. The average hourly benefit is estimated to be two-thirds of the injured worker's average hourly pre-injury wage; the actual average hourly benefit is expected to be slightly lower, however, due to applicable limitations related to minimum and maximum weekly WC benefit compensation.



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In addition, it is unclear how settlements of indemnity benefits would be reflected under SB 418-2. That is, there may be uncertainty in whether or not the provisions of SB 418-2 would apply in the situation where the indemnity portion of the accepted compensable claim has been settled, but the injured worker requires time away from work for medical treatment.

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