

# Oregon Workers' Compensation

# Topic of Interest

## Workers' Compensation Funds \_\_\_\_\_

### **The Workers' Benefit Fund**

The Oregon workers compensation administration and programs are funded by insurer, employer, and worker assessments. The Workers' Benefit Fund is one of two funds to which monies from the assessments are deposited. The other fund is the Consumer and Business Services Fund.

#### **The Program**

The Workers Benefit Fund covers the following continuing expenditures:

- ◆ Workers with Disabilities Program (ORS 656.628)
- ◆ Reemployment Assistance Program (ORS 656.622)
- ◆ Reopened Claims Program (ORS 656.625)
- ◆ Retroactive Program (ORS 656.506)
- ◆ Noncomplying Employer Payments (ORS 656.054 & .735)
- ◆ Supplemental Disability Benefit (ORS 656.210)
- ◆ Rehabilitation Payments (for pre-1986 Vocational Assistance Costs) (Oregon Laws 1985, Chapter 600, Section 15)
- ◆ Expenses of the Center for Research on Occupational and Environmental Toxicology (CROET) of the Oregon Health Sciences University (ORS 656.630)
- ◆ Payments due workers who have not received payment from an insurer in default (ORS 656.445)
- ◆ Expenses of the Bureau of Labor and Industries for activities related to investigation of alleged injured worker discrimination (ORS 656.605)

#### **Source**

Employers retain from the monies earned by all subject employees an amount determined by the director for each hour or part of an hour the employee works. The director also assesses each employer an amount equal to that retained from the employees' earnings (ORS 656.506). The combined Workers' Benefit Fund assessment rate for employers and employees is 2.8 cents per hour for calendar year 2010. An amount equal to one sixteenth of one cent of the money deductible from workers' wages is transferred from the Consumer and Business Services Fund for half of the funding for the Center for Research on Occupational and Environmental Toxicology. Quarterly transfers are also made from the Consumer and Business Services Fund for noncomplying employer payments and rehabilitation payments. In addition, recoveries, fines, and penalties related to the above programs and payments are returned to this fund.

# Oregon Workers' Compensation

## The Workers' Benefit Fund

### Collection

Employers report and pay the Workers' Benefit Fund assessment quarterly along with their state withholding taxes, unemployment insurance tax, and certain transit taxes. As part of the Combined Payroll Tax Reporting System, the Department of Revenue banks employers' Workers' Benefit Fund assessment payments and the Employment Department captures the report data. The Department of Consumer and Business Services, Fiscal and Business Services, manages employers' Workers' Benefit Fund assessment accounts and performs account resolution activities (e.g., transfers, refunds, billings, and collections).

**Reference:** ORS 656.605 & OAR 436.070

### Workers with Disabilities Program (ORS 656.628)

The Workers with Disabilities Program encouraged the employment of disabled workers whether their impairment was due to congenital causes, injury, or disease. It allowed for reimbursement for subsequent injuries for the percent of claim costs that could be attributed to the disability. The legislature's special session in 1990 ended the identification of new claims for eligibility under the Workers with Disabilities Program, when incentives under the Reemployment Assistance Program were increased. Although no new claims against the reserve have been accepted since May 1, 1990, reimbursement for claim cost continues for those claims previously found eligible.

### Reemployment Assistance Program (ORS 656.622)

The Reemployment Assistance Program, provides employers incentives to rehire or hire injured workers. Employment is encouraged through premium exemption and providing funds for wage subsidies, worksite modifications, certain purchases, and claim cost reimbursement for eligible employers and workers. The program also offers reimbursement to insurers and self-insured employers for certain related administrative costs.

### Reopened Claims Program (ORS 656.625)

The Reopened Claims Program provides reimbursement to insurers, self-insured employers, and self-insured employer groups for costs arising from specific claims costs associated with Boards Own Motion (BOM) orders or voluntary re-openings by insurers. These orders are done under the authority of ORS 656.278.

### Retroactive Program (ORS 656.506)

The Retroactive Program provides increased benefits to workers' or their beneficiaries for benefit levels that are lower than what is currently being paid for like injuries. The increased benefits are received mainly by beneficiaries of workers who suffered fatal injuries and by workers who have been determined to have a permanent total disability.

### **Noncomplying Employer Payments (ORS 656.054 & .735)**

Noncomplying employer payments are for claims costs of injured workers who were employed by an employer that did not have workers' compensation insurance coverage at the time of the worker's injury. These payments previously came out of the Consumer and Business Services Fund, but this was changed in 1995 legislation. Sedgwick Claims Management Services Inc. processes these claims as the department's claim processing agent, and is reimbursed by the department. The department is responsible for collecting all claims costs from the noncomplying employer. The Department of Revenue, Department of Justice, and contracted private vendors assist the Department of Consumer & Business Services in the recovery of claims costs not readily recoverable.

### **Supplemental Disability Benefit (ORS 656.210)**

The Supplemental Disability Benefit was established to provide a more accurate replacement of lost wages for workers with multiple jobs for injuries occurring on or after January 1, 2002. The Workers' Benefit Fund will pay this Supplemental Disability Benefit.