



# Oregon

Theodore R. Kulongoski, Governor

## Department of Consumer and Business Services

Workers' Compensation Division

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December 13, 2006

**To:** Workers' compensation insurers, self-insured employers, and third-party administrators

**Subject:** Supplemental disability for workers with multiple jobs at the time of injury; industry performance; division audits; processing guidelines

This notice is to provide information regarding the industry's recent performance in processing supplemental disability and the Workers' Compensation Division's plans for future monitoring of this program. Additionally, we are identifying processing guidelines to ensure that eligible workers receive the wage loss replacement they are entitled to under the supplemental disability program and to ensure that Workers' Benefit Fund monies are appropriately used.

The division has completed our first audits of the industry's processing of supplemental disability. Our audit team reviewed claims with supplemental disability reimbursement activity handled by the division's assigned processing administrator and by insurers who have chosen to process and pay these benefits themselves (rather than electing the division's administrator). Although we found areas where processors did not fully understand their responsibilities, we also found that overall, processors correctly paid supplemental disability benefits in 93 percent of the claims we audited.

Problems identified included the following:

- Not sending appropriate eligibility letters to workers consistently
- Incorrectly limiting the time frame for workers to submit verifiable documentation of earnings from other jobs
- Inappropriately applying a three-day waiting period
- Not keeping separate records for supplemental disability and other workers' compensation payments
- Not communicating with the division's assigned processing administrator

Another issue identified in our audit is that insurers did not consistently track the claims in which they had found workers ineligible for supplemental disability, so the auditors could not review the accuracy of those decisions. Thus, to facilitate future audits, the division will propose an administrative rule change to require insurers to keep records identifying the claims in which they find workers ineligible for supplemental disability. Additionally, we may also review samples of these eligibility decisions during our claims processing performance audits.

The attached document, **Supplemental Disability Benefits Processing Reminders & Guidelines**, addresses these areas and gives more detailed information regarding supplemental disability benefit processing and requirements.

WCD will continue to audit claims with supplemental disability reimbursement activity at each processing location, including the division's assigned processing administrator, in conjunction with our reimbursement audits for the Reopened Claims, Preferred Worker, and Handicapped Worker programs. Every two years, our reimbursable claims audit team will audit claims that had department reimbursements during the audit period.

Please address questions regarding supplemental disability benefits or calculations to the WCD Benefits and Certifications Unit at (503) 947-7585. If you have questions regarding reimbursements from the Workers' Benefit Fund, please call (503) 947-7810 and ask for the In-Office Audit Program. If you have questions regarding the division's field audit activities, please contact Sally Coen, Field Audit Unit Manager, (503) 947-7687, or send e-mail to [sally.c.coen@state.or.us](mailto:sally.c.coen@state.or.us).



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John L. Shilts, Administrator  
Workers' Compensation Division

Distribution: IY

Attachment: "Supplemental Disability Benefits Processing Reminders & Guidelines"