



# Oregon

Theodore R. Kulongoski, Governor

Department of Consumer and Business Services  
Workers' Compensation Division  
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[www.wcd.oregon.gov](http://www.wcd.oregon.gov)

August 20, 2007

## Proposed Changes to Workers' Compensation Rules

The 2007 Oregon Legislature passed a number of bills affecting workers' compensation laws. The Department of Consumer and Business Services, Workers' Compensation Division proposes changes to OAR chapter 436 to make these rules consistent with the revised laws. In addition, the department proposes changes to make the rules easier to understand, to streamline regulations, and to expand return-to-work incentives for the Employer-at-Injury Program and Preferred Worker Program.

Please review the attached documents for more information about proposed changes and possible fiscal impacts.

The department welcomes public comment on proposed changes and has scheduled a public hearing.

- When is the hearing?** September 24, 2007, 2:00 p.m.
- Where is the hearing?** Labor & Industries Building  
350 Winter Street NE, Room 260 (2<sup>nd</sup> Floor),  
Salem, Oregon 97301
- How can I make a comment?** Come to the hearing and speak, send written comments, or do both. Send written comments to:  
Fred Bruyns, rules coordinator  
Workers' Compensation Division  
350 Winter Street NE (for courier or in-person delivery)  
PO Box 14480, Salem, OR 97309-0405  
Email - [fred.h.bruyns@state.or.us](mailto:fred.h.bruyns@state.or.us)  
Phone - (503) 947-7717; Fax - (503) 947-7581  
The closing date for written comments is September 27, 2007.

### How can I get copies of the proposed rules?

On the Workers' Compensation Division's Web site –  
<http://www.cbs.state.or.us/external/wcd/policy/rules/rules.html#proprules>  
Or call (503) 947-7627 to get free paper copies

### Questions?

Contact Fred Bruyns, (503) 947-7717.

Secretary of State  
**NOTICE OF PROPOSED RULEMAKING HEARING**

A Statement of Need and Fiscal Impact accompanies this form.

Dept of Consumer and Business Services (DCBS),

Workers' Compensation Division

OAR CHAPTER 436

Agency and Division

Administrative Rules Chapter Number

Fred Bruyns  
Rules Coordinator

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**RULE CAPTION**

**Proposed rules affecting workers' compensation insurance, claims processing, medical treatment, and return-to-work assistance.**

September 24, 2007	2:00 p.m.*	Room 260 (2 <sup>nd</sup> Floor, Labor & Industries Building) 350 Winter Street NE, Salem, Oregon	Fred Bruyns
Hearing date	Time	Location	Hearings Officer

**\*NOTE: The hearing will begin at 2:00 p.m. and end when all present who wish to testify have done so. Written testimony will be accepted through September 27, 2007.**

**The site of the hearing is accessible for individuals with mobility impairments. Auxiliary aids for persons with disabilities are available upon advance request.**

**RULEMAKING ACTION**

**ADOPT:** OAR 436-105-0511; 436-105-0512; 436-160-0400; 436-160-0410; 436-160-0420; 436-160-0430

**AMEND:** OAR 436-040; 436-105; 436-110; 436-120; and

436-009-0005	436-015-0005	436-030-0175	436-050-0100	436-060-0008	436-160-0004
436-009-0010	436-015-0030	436-030-0185	436-050-0175	436-060-0010	436-160-0005
436-009-0020	436-015-0040	436-035-0005	436-050-0200	436-060-0015	436-160-0006
436-009-0030	436-015-0120	436-035-0110	436-050-0400	436-060-0018	436-160-0010
436-009-0040	436-030-0007	436-035-0350	436-050-0410	436-060-0055	436-160-0020
436-010-0005	436-030-0020	436-035-0390	436-050-0420	436-060-0060	436-160-0030
436-010-0210	436-030-0035	436-035-0420	436-050-0440	436-060-0140	436-160-0040
436-010-0220	436-030-0115	436-035-0500	436-050-0450	436-060-0147	436-160-0050
436-010-0230	436-030-0135	436-045-0008	436-050-0455	436-060-0150	436-160-0060
436-010-0240	436-030-0145	436-045-0030	436-050-0460	436-160-0001	436-160-0070
436-010-0265	436-030-0155	436-050-0003	436-050-0470	436-160-0002	436-160-0080
436-010-0280	436-030-0165	436-050-0005	436-050-0480	436-160-0003	436-160-0090

**REPEAL:** 436-030-0440; 436-030-0450; 436-030-0460; 436-030-0550; 436-030-0570;  
436-110-0326; 436-110-0327; 436-110-0380; 436-120-0730

ORS 656.726(4)

Stat. Auth.

Other Authority

ORS chapter 656, as amended by enrolled: Senate Bill (SB) 83 – Oregon Laws (OL) 2007, ch. 70; SB 147 - OL 2007, ch. 86; SB 253 - OL 2007, ch. 491; SB 504 - OL 2007, ch. 505; SB 563 - OL 2007, ch. 423; SB 762 - OL 2007, ch. 518; House Bill (HB) 2218 - OL 270; HB 2756 - OL 2007, ch. 252; HB 2783 - OL 2007, ch. 656; HB 2943 - OL 2007, ch. 300

Stats. Implemented

**RULE SUMMARY**

**Amendments to implement changes in the Workers' Compensation Law, including:**

- Replacing the term "Handicapped Workers" with "Workers with Disabilities" (SB 83);
- Updating name of Board of Medical Examiners for the State of Oregon to "Oregon Medical Board" (SB 147);

- Including “administrative law judge” as a person who may approve or disapprove a claims disposition agreement (SB 253);
- Describing restrictions affecting emergency room physicians’ rights to be attending physicians and authorize temporary disability benefits (SB 504);
- Deleting requirement that managed care organizations send to the director copies of all new or amended treatment standards, protocols, and guidelines for the director’s review and approval; deleting related definitions (SB 563);
- Explaining how DCBS will publish the maximum reimbursable amount for medical services for non-disabling claims (SB 762);
- Amending penalty provisions affecting managed care organizations; deleting procedures for temporary rule promulgation to address disability in individual claims (when medical conditions are not addressed by current standards), and addressing such conditions in the director’s order on reconsideration, and providing that penalties will not be assessed if an increase in compensation results from such an order; describing how insurers must process requests for a lump sum payments of permanent partial disability awards (HB 2218);
- Describing the authority and limitations for several types of providers - chiropractors, naturopaths, podiatrists, and physician assistants - when acting as attending physicians (HB 2756);
- Referring to ORS 656.427 regarding time frames for termination of guaranty contracts; defining “premium” (HB 2783);
- Adopting standards of professional conduct for health care providers who perform independent medical examinations, which apply if the provider’s professional regulatory board has not adopted standards for performing such examinations (HB 2943);

**General amendments to OAR chapter 436, including:**

- Using plain language to add clarity to a number of rules;
- Shortening some rules by removing unnecessary descriptions of DCBS procedures;

**Amendments to OAR 436, 009, “Oregon Medical Fee and Payment Rules” and OAR 436-160, “Electronic Data Interchange” (EDI), to improve the quality of medical billing data for use by DCBS and its customers, including:**

- Requiring hospitals and other health care providers to include sufficient data on their billings so insurers and DCBS can identify the providers;
- Requiring insurers to report medical billing data to DCBS using standards for electronic data interchange adopted by the International Association of Industrial Accident Boards and Commissions;
- Listing the data elements reportable to DCBS; testing procedures for EDI; phase-in dates for EDI and when insurers and self-insured employers are subject; procedures for requesting deferral of EDI reporting;

**Amendment to OAR 436-010, “Medical Services,” to remove obsolete medical utilization guideline:**

- Regarding frequency of treatment in OAR 436-010-0230;

**Amendments to OAR 436-030, “Claim Closure and Reconsideration,” to eliminate conflicts between statute and rules, streamline processing, delete obsolete rules, and reduce litigation, including:**

- Restricting reconsideration of claim closure to issues raised by the parties plus requirements under ORS 656.268(1);
- Requiring insurers to submit documents related to reconsideration of claim closure in chronological order;
- Removing the limitation on attorney fees from OAR 436-030-0175(4);
- Deleting obsolete rules OAR 436-030-0440, 0450; 0460, 0550, and 0570; the relevant subject matter from these rules has been addressed in other rules in OAR 436-030 and 436-035 (since approximately 1988), but the rules have remained in the Oregon Administrative Rules published by the Secretary of State;

**Amendments to OAR 436-035, “Disability Rating Standards,” to clarify or correct certain provisions, and to provide for rating disability for a medical condition not currently addressed by the standards, including:**

- Clarifying the definition of “direct medical sequela”;
- Correcting the description of impairment involving angulation or malalignment of the humerus;
- Clarifying how to rate impairment for surgery involving one or more discs or vertebrae;
- Eliminating provision that if a value of impairment is determined for damage to the brain, no additional value for speech or psychiatric impairment is allowed;

- Provide standards for rating impairment for vaginal prolapse;

**Amendments to OAR 436-050, “Employer/Insurer Coverage Responsibility,” to clarify certain provisions and ensure appropriate oversight of worker leasing company licensing and practices, including:**

- Clarifying time frames and process for cancellation of self-insurance;
- Revising regulations affecting worker leasing companies, including:
  - Relevant definitions;
  - The application and license renewal process;
  - Reporting and record-keeping;
  - Grounds for disqualification, suspension of license, and revocation of license by the director;
  - Appeal rights for persons refused approval or renewal of a worker leasing license;
  - Reapplication following disqualification for, or revocation of, license;
  - Continuation of a disqualification, suspension, or revocation of a worker leasing license applicable to any new worker leasing company created through the sale, transfer, or conveyance of ownership or of the worker leasing company’s assets to another person or controlling person;
  - Penalties under ORS 656.990;

**Amendments to OAR 436-060, “Claims Administration,” to eliminate inconsistencies in DCBS rules and clarify or streamline certain provisions, including:**

- Revising time frame for employers’ first aid record-keeping (to be consistent with Oregon OSHA requirements);
- Reducing the documentation a worker must submit when appealing an insurer’s refusal to reclassify a claim;
- Clarifying conditions under which the insurer must notify health care providers when a workers’ compensation claim is denied or partially denied;

**Amendments to OAR 436-105, “Employer-at-Injury Program” (EAIP), to promote increased use of the EAIP and therefore earlier return to work of injured workers with their employers at injury, by streamlining program administration, setting an appropriate fee payable to insurers for administration of the program, and expanding some incentives, including:**

- Providing that a medical release remains in effect until another medical release is issued by the worker’s medical service provider;
- Providing that a worker is eligible for EAIP services while the claim is “deferred” (prior to acceptance or denial);
- Providing insurers greater discretion to determine appropriate EAIP worksite modifications and EAIP purchases;
- Providing insurers greater discretion to determine what is appropriate training; eliminating the requirement that EAIP purchases for training are limited to “accredited” or “licensed” training or courses;
- Increasing maximum reimbursable amount for EAIP purchases for tools and equipment;
- Allowing insurers to submit more than one reimbursement request per EAIP;
- Stating the administrative fee payable to the insurer for its administration of EAIP services (formerly not prescribed by rule);

**Amendments to OAR 436-110, “Preferred Worker Program” (PWP) to promote increased use of the PWP and therefore facilitate the return to work of injured workers and improve return-to-work outcomes (wages, tenure, etc.), by streamlining program administration, creating new PWP incentives, and expanding some existing incentives, including:**

- Redefining and simplifying “date of hire” and “reimbursable wages”;
- Shortening and simplifying the wording that must appear on notices to workers about potential PWP benefits;
- Issuing PWP identification cards with no expiration date - workers could offer the initial and any subsequent employers three full years of premium exemption and claim cost reimbursement;
- Eliminating the requirement that a modification of regular work be “substantial” in order for a worker to be eligible for PWP benefits other than Worksite Modification;
- Removing the restriction that Wage Subsidies may not be combined with subsidies from other sources, with the exception of subsidies under OAR 436-120;
- Revising the name of “Obtained Employment Purchases” to “Employment Purchases”;

- Allowing Employment Purchases while a worker is receiving vocational assistance under OAR 436-120;
- Allowing replacement of Employment Purchases;
- Increasing the maximum expenditure for an Employment Purchase for tools and equipment;
- Providing Employment Purchases needed to create a new worksite;
- Creating a miscellaneous category of Employment Purchase that may be used to help a worker find, accept, or retain employment;
- Allowing a second use of Wage Subsidy and a second use of each category of Employment Purchase for a different job with the same employer (formerly two wage subsidies could not be used with the same employer);
- Eliminating forms currently required for Worksite Modifications costing \$2,500 or less;
- Eliminating the general requirement for competitive bids for Worksite Modification;

**Amendments to OAR 436-120, “Vocational Assistance to Injured Workers,” to improve sufficiency of certain notices, clarify time frames for submitting information to DCBS, streamline return-to-work plan development process, clarify or define certain provisions, and delete obsolete provisions, including:**

- Describing how the Workers’ Compensation Division will determine the timeliness of any document that must be sent to the division in vocational matters;
- Requiring that notices of eligibility for vocational assistance, training, or direct employment services explain the rights of the worker to request a return-to-work plan conference;
- Requiring that notice must be in writing when an insurer notifies a worker that an eligibility determination is postponed while awaiting information about permanent restrictions;
- Requiring that if an insurer ends a worker’s eligibility because lack of suitable employment is not due to the limitations caused by the injury, the insurer must have obtained new information that did not exist or that the insurer could not have discovered with reasonable effort at the time the insurer determined eligibility;
- Including among the reasons a worker would be ineligible for vocational assistance or for which eligibility would end, that the worker is unavailable for vocational assistance due to short-term incarceration;
- Eliminating all time frames related to return-to-work plan development except that a plan must be approved within 45 days (direct employment) or 90 days (training) under OAR 436-120-0500(1) & (2);
- Updating the vocational fee schedule (consistent with changes in state average weekly wage and Bulletin 124);
- Eliminating the requirement that insurers request administrative approval for vocational services when the insurer is entitled to claims cost reimbursement under OAR 436-110;
- Repealing the rule: “Reimbursement of Vocational Assistance Costs for Pre-1986 Injuries”; and
- Defining “show-cause hearing” for the purposes of OAR 436-120-0915(3).

**Request for public comment:** The Workers’ Compensation Division requests public comment on whether other options should be considered for achieving the rules’ substantive goals while reducing the negative economic impact of the rules on business.

Address questions to:

Fred Bruyns, Rules Coordinator; phone 503-947-7717; fax 503-947-7581; e-mail [fred.h.bruyns@state.or.us](mailto:fred.h.bruyns@state.or.us)

Proposed rules are available on the Workers’ Compensation Division’s Web site:

<http://wcd.oregon.gov/policy/rules/rules.html#proprules>

or from WCD Publications, 503-947-7627 or fax 503-947-7630.

September 27, 2007  
Last Day for Public Comment

John L. Shilts  
Authorized Signer and Date

8-14-07

John L. Shilts, Administrator, Workers’ Compensation Division  
Printed name

\*The *Oregon Bulletin* is published on the 1st of each month and updates the rule text found in the Oregon Administrative Rules Compilation. Notice forms must be submitted to the Administrative Rules Unit, Oregon State Archives, 800 Summer Street NE, Salem, Oregon 97310 by 5:00 pm on the 15th day of the preceding month unless this deadline falls on a Saturday, Sunday or legal holiday when Notice forms are accepted until 5:00 pm on the preceding workday.

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Secretary of State  
**STATEMENT OF NEED AND FISCAL IMPACT**

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Department of Consumer and Business Services,

Workers' Compensation Division

OAR CHAPTER 436

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Agency and Division	Administrative Rules Chapter Number
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In the Matter of	)
The Amendment of OAR:	)
436-009, Oregon Medical Fee and Payment Rules	)
436-010, Medical Services	)
436-015, Managed Care Organizations	)
436-030, Claim Closure and Reconsideration	
436-035, Disability Rating Standards	
436-040, Workers with Disabilities Program	
436-045, Reopened Claims Program	
436-050, Employer/Insurer Coverage Responsibility	
436-060, Claims Administration	
436-105, Employer-at-Injury Program	
436-110, Preferred Worker Program	
436-120, Vocational Assistance to Injured Workers	
436-160, Electronic Data Interchange	

**Rule Caption:**

Proposed rules affecting workers' compensation insurance, claims processing, medical treatment, and return-to-work assistance.

**Statutory Authority:** ORS 656.726(4)

**Other Authority:**

**Statutes Implemented:** ORS chapter 656, as amended by enrolled: Senate Bill (SB) 83 – Oregon Laws (OL) 2007, ch. 70; SB 147 - OL 2007, ch. 86; SB 253 - OL 2007, ch. 491; SB 504 - OL 2007, ch. 505; SB 563 - OL 2007, ch. 423; SB 762 - OL 2007, ch. 518; House Bill (HB) 2218 - OL 270; HB 2756 - OL 2007, ch. 252; HB 2783 - OL 2007, ch. 656; HB 2943 - OL 2007, ch. 300

**Need for the Rule(s):** Chapter 436 must be amended to be consistent with the Workers' Compensation Law, as amended by legislation passed by the 2007 Oregon Legislature. Some of that legislation required the director to make rules to implement revised laws. The department is proposing additional changes to make the rules easier to understand, to streamline regulations affecting stakeholders, and to expand return-to-work incentives for the Employer-at-Injury Program and Preferred Worker Program.

**Documents Relied Upon, and where they are available:** "Issues" documents as presented to advisory committees; advisory committee meeting minutes; written advice from advisory committee members.

These records are available for public inspection in the Administrator's Office, Workers' Compensation Division of the Department of Consumer and Business Services, 350 Winter Street NE, Salem, Oregon 97301-3879, upon request and between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. Please call (503) 947-7717 to request copies.

**Fiscal and Economic Impact, including Statement of Cost of Compliance:** The following is a list of significant estimated fiscal/economic impacts on persons and organizations affected by proposed rule amendments:

**Amendments to implement changes in the Workers' Compensation Law**

- Senate Bill 504 restricts emergency room physicians' rights to be attending physicians and authorize temporary disability benefits. Overall emergency-room treatment charges can be substantially higher than charges for

visits to primary care physicians. In addition, early referral to primary care physicians should improve insurers' ability to keep track of authorization of temporary disability benefits and to promote return-to-work. The agency estimates that these changes should result in a small reduction in insurers' claims costs.

- Senate Bill 563 eliminates the requirement that managed care organizations (MCOs) send to the director copies of all new or amended treatment standards, protocols, and guidelines for the director's review and approval. In the "Statement of Need and Fiscal Impact" filed with the Secretary of State on 8/14/06, DCBS estimated reporting costs for such reporting based on advice from MCOs. The low-high range of estimated reporting costs was then \$100 per year to \$50,000 per year per MCO, potentially \$400/year to \$200,000/year for the four active MCOs. The agency projects elimination of these reporting costs for MCOs.
- House Bill 2756 provides authority and limitations for several types of providers - chiropractors, naturopaths, podiatrists, and physician assistants - when acting as attending physicians. Because we cannot project how many injured workers will choose these providers as their attending physicians, we cannot now project the fiscal impacts. However, DCBS will monitor the effects of HB 2756 to identify impacts over time.
- House Bill 2783 requires insurers to notify the employer of termination of a guaranty contract 45 days in advance instead of the 30 days currently required. In addition, HB 2783 allows for a shorter notice requirement of only 10 days if the termination is based on nonpayment of premium. The agency projects some reductions in costs for insurers, because they can shorten their liability under the 10-day notice provision. The agency projects that these savings will be greater than any increased costs due to the 45-day notice provision, because insurers can adjust notice procedures in order to end liability, in most cases, by a date certain. The agency projects a small positive impact for employers subject to the 45-day notice, as it will give them more time to shop for cost-effective workers' compensation insurance coverage.

**In addition to changes to implement changes in the Workers' Compensation Law:**

**Amendments to OAR 436, 009, "Oregon Medical Fee and Payment Rules" and OAR 436-160, "Electronic Data Interchange" (EDI)**

- The agency projects that proposed rule changes will not have a significant fiscal impact on Oregon health care providers, as providers already send sufficient data to insurers on standard billing forms. The agency projects some fiscal impacts for insurers and self-insured employers, smaller for those companies already using EDI in other states and greater for Oregon-only reporters. The advisory committee did not express concerns about implementation costs. However, the agency projects significant costs for some insurers and self-insured employers in order to prepare for EDI, and also projects that these costs will eventually be exceeded by savings due to efficiencies inherent in electronic communication.

**Amendments to OAR 436-035, "Disability Rating Standards"**

- The agency projects that eliminating provision that if a value of impairment is determined for damage to the brain, no additional value for speech or psychiatric impairment is allowed, will have a positive economic impact on affected workers and an equal increased cost to affected insurers. However, this combination of medical conditions is very rare and the impact is not expected to be significant overall.

**Amendments to OAR 436-050, "Employer/Insurer Coverage Responsibility"**

- The agency projects that proposed rules affecting worker leasing companies will add a small cost to submit additional information with the application for initial license or renewal of license.
- Conversely, the purpose of these rule changes is to create a level playing field for leasing companies by preventing or removing unfair competition by companies that cannot or will not comply with worker leasing laws and rules. Successfully preventing unfair competition would have a positive economic effect on leasing companies that do comply with the laws and rules. Relative to taking no action, the agency projects a small positive economic impact on worker leasing companies.

**Amendments to OAR 436-105, “Employer-at-Injury Program” (EAIP) and OAR 436-110, “Preferred Worker Program” (PWP)**

- The agency projects that expanded benefits and administrative fees for the EAIP will cost the Workers’ Benefit Fund (maximum/annual):
  - Reimbursement of EAIP costs before the claim is accepted or denied (if ultimately denied)..... \$700,000.00
  - Increased reimbursable amount for EAIP purchases for tools and equipment ..... \$300,000.00
  - Proposed fee payable to insurers for administration of the EAIP..... \$480,000.00
  - Total ..... \$1,480,000.00
  
- The agency projects that expanded benefits for the PWP will cost the Workers’ Benefit Fund (maximum/annual):
  - Providing Employment Purchases needed to create a new worksite..... \$100,000.00
  - Creating a miscellaneous category of Employment Purchase that may be used to help a worker find, accept, or retain employment ..... \$100,000.00
  - Total ..... \$200,000.00
  
- The agency projects that issuing PWP identification cards with no expiration date will increase use of premium exemption and thus increase costs to the Workers’ Benefit Fund. However, the impact would be very minor in the near term and increase gradually over time. The agency does not have a basis to project how many workers will use their cards for future employment, but will monitor this closely.
  
- Additional proposed changes that expand access to reemployment incentives will have lesser impacts on the Workers’ Benefit Fund; however, the agency does not have a basis to project how extensively these incentives will be used.
  
- All moneys paid out of the Workers’ Benefit Fund would have a positive economic impact on Oregon employers and insurers. In addition to the direct dollar transfer, by promoting early return to work, the proposed rules may reduce claims costs. In addition, the proposed changes should positively affect injured workers by promoting early return to work, which produces better long-term employment outcomes.
  
- The Workers’ Benefit Fund has adequate reserves to cover any increased costs resulting from proposed rule changes.

**Regarding: Additional proposed changes:**

- The agency estimates that additional changes will not have any significant negative economic impacts on any persons or businesses, including small businesses. Because a number of the proposed rule changes streamline processes, the agency projects a small overall positive economic impact of proposed rule changes not otherwise described.

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**How were small businesses involved in the development of this rule?**

Representatives from small businesses participated in the stakeholder advisory committees.

**Cost of compliance effect on small businesses:**

**Estimated number of small businesses subject to the proposed rule:**

One managed care organization. (Of the four managed care organizations certified and active in the Oregon workers’ compensation system, one managed care organization meets the definition of a small business under ORS 183.310.)

**Identify the types of businesses and industries with small businesses subject to the proposed rule:**

The proposed rule amendments will affect managed care organizations.

**Describe the projected reporting, record-keeping and other administrative activities required for compliance with the proposed rule, including costs of professional services:**

**Reporting:** Proposed rule changes would require less reporting by managed care organizations, who will no longer have to send to the director copies of all new or amended treatment standards, protocols, and guidelines for the director's review and approval.

**Record-keeping:** Proposed rule changes may substantially reduce record keeping by a managed care organization only if organization keeps a running record of updated treatment standards, protocols, and guidelines for the purpose of reporting the updates to the director.

**Other administrative activities and costs of professional services:** For managed care organizations that contract with companies that specialize in provision of guidelines and protocols, there is the potential for reduced professional services costs.

**Extent of economic impact:** The agency projects a substantial reduction in reporting costs for MCOs.

**Identify equipment, supplies, labor and increased administration required for compliance with the proposed rule:**

**Equipment:** The proposed rule changes do not require the purchase of equipment to achieve compliance.

**Supplies:** The proposed rule changes do not require the purchase of supplies to achieve compliance.

**Labor:** The proposed rule changes do not require increased labor costs to achieve compliance.

**Administration:** The proposed rule changes do not require increased administrative costs to achieve compliance.

**Extent of economic impact:** No increased costs for these categories.

**Administrative Rule Advisory Committee consulted:**

Yes. Advisory committees met on 6/21/07, 7/10/07, 7/16/07, 7/17/07, 7/19/07, 7/20/07, 7/23/07, 7/26/07, 7/31/07

The agency asked the advisory committee for advice on the impact of the discussed changes on costs, including any significant adverse impacts on small businesses.

*John L. Shilts* 8-14-07  
\_\_\_\_\_  
Signature and Date

John L. Shilts, Administrator, Workers' Compensation Division  
\_\_\_\_\_  
Printed name

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
WORKERS' COMPENSATION DIVISION



**Handicapped Workers with Disabilities  
Reserve Program**  
**Proposed Oregon Administrative Rules**  
**Chapter 436, Division 040**

Summer/Fall 2007

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**Revisions are marked as follows:**

Deleted text has a "strike-through" style, as in ~~Deleted~~  
Added text is bold and underlined, as in **Added**

**HISTORY LINES:** These rules include only the most recent "History" lines. The history line shows when the rule was last revised (or "filed" if the rule has never been revised) and its effective date. To obtain a comprehensive history for OAR chapter 436, please call the Workers' Compensation Division, (503) 947-7627, or visit the division's Web site: [http://www.wcd.oregon.gov/policy/rules/full\\_set.html](http://www.wcd.oregon.gov/policy/rules/full_set.html)

**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
**WORKERS' COMPENSATION DIVISION**  
*Proposed Rules* **WORKERS WITH DISABILITIES PROGRAM**

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**EXHIBIT "A"**  
**OREGON ADMINISTRATIVE RULES**  
**CHAPTER 436, DIVISION 040**

**436-040-0001 Authority for Rules**

These rules are promulgated under the director's authority contained in ORS 656.726 and 656.628.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82; WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84

**436-040-0002 Purpose**

The purpose of these rules is to establish guidelines for the administration of the ~~Handicapped Workers~~ **with Disabilities Reserve** Program established to encourage the employment or reemployment of ~~handicapped~~ workers **with disabilities**.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82; WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
 Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0003 Applicability of Rules**

(1) These rules are effective December 26, 1990, and apply to all applications for relief submitted prior to May 1, 1990 and all requests for reimbursement from the ~~Handicapped Workers~~ **with Disabilities Reserve** Program filed with the director on or after December 26, 1990 for injuries occurring on or after November 1, 1981.

(2) These rules carry out the provisions of ORS 656.628.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82; WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
 Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
 Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90  
 Amended 6-18-90 as WCD Admin. Order 12-1990, eff. 7-1-90 (Temp.)  
 Amended 11-29-90 as WCD Admin. Order 21-1990, eff. 12-26-90

**436-040-0005 Definitions**

Except where the context requires otherwise, these rules are governed by the following definitions:

(1) "Compensation" means all benefits, including medical services and attorney fees, provided for a compensable injury to a subject worker or the worker's beneficiaries. However, it does not include expenses as defined by the National Council on Compensation Insurance, in its Workers' Compensation Statistical Plan, Part IV.

(2) "Deductible" means the initial \$1,000 of cumulative compensation paid on qualifying claim(s) applied once per ~~handicapped~~ worker **with a disability**.

(3) "Director" means the director of the Department of Consumer and Business Services or the director's delegate for the matter.

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(4) "Division" means the Workers' Compensation Division of the Department of Consumer and Business Services.

(5) "Employer" means an employer who qualifies pursuant to the provisions of ORS 656.017, either as a carrier-insured employer or as a self-insured employer under ORS 656.407.

(6) "~~Handicapped Worker~~ **with a disability**" means a worker who is afflicted with, or subject to, any permanent physical or mental impairment, whether congenital or due to an injury or disease, including periodic impairment of consciousness or muscular control of such character that the impairment would prevent the worker from obtaining or retaining employment.

(7) "~~Handicapped Workers~~ **with Disabilities** Claim Reserve" means the total anticipated liability (paid plus future reimbursable costs) regardless of any relief granted under the ~~Handicapped Workers~~ **with Disabilities Reserve** ~~Program~~.

(8) "~~Handicapped Workers~~ **with Disabilities Reserve** **Program**" means the reserve **program** established under ORS 656.628 ~~to fund reimbursement under this program~~.

(9) "Paying Agency" means the insurer, self-insured employer, or designated representative of the self-insured employer, responsible for paying compensation for a compensable injury.

(10) "Settlement" means any agreement produced as a result of the act or process of settling differences between a paying agent and a ~~Handicapped Worker~~ **with a Disability**, or disposition of a claim pursuant to ORS 656.236 or 656.289.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82; WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
 Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
 Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90  
 Amended 11-29-90 as WCD Admin. Order 21-1990, eff. 12-26-90

**436-040-0006 Administration of Rules**

For the purpose of administration of the ~~Handicapped Workers~~ **with Disabilities Reserve** **Program**, orders of the Division are deemed orders of the director.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
 WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
 Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88

**436-040-0008 Administrative Review**

(1) If a paying agency or employer is aggrieved by a decision of the Division, the director may be petitioned for reconsideration.

(2) The director shall examine the application and such further evidence filed, and enter an order. Copies of the order will be sent to the paying agency, the Division, and employer, if applicable. Granting or denying reimbursement from the ~~Handicapped Workers~~ **with Disabilities Reserve** **Program** is at the sole discretion of the director. Pursuant to ORS 656.628(7), the director's order is final and not subject to review by any court or other administrative body.

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(3) In adopting these rules, the director reserves the right to reexamine any liability created against the ~~Handicapped Workers Reserve~~ **Workers' Benefit Fund** and to modify or terminate such liability, where such action is justified.

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0010 Criteria for Eligibility**

(1) The criteria used to determine eligibility for relief from the ~~Handicapped Workers with Disabilities Reserve~~ **Program** are:

(a) Without regard to employer knowledge, a worker must have a permanent physical or mental impairment, whether congenital or due to an injury or disease which would prevent the worker from obtaining or retaining employment. For the purpose of this section, a worker has a preexisting permanent impairment if it is equal to or greater than twenty five percent (25%) of the whole person.

(b) There must be a subsequent compensable injury or injuries:

(A) To the ~~handicapped~~ worker **with a disability** resulting in cumulative claim(s) costs in excess of \$1,000; or

(B) To other workers employed by the ~~handicapped-~~ **disabled** workers' employer resulting in cumulative claim(s) costs in excess of \$1,000.

(c) The insurer or employer must demonstrate that the subsequent injury or injuries:

(A) Would not have been sustained except for the ~~handicapped~~ **disabled** worker's impairment; or

(B) Would not have occurred, to workers of the same employer, except for the act or omission of a ~~handicapped~~ worker **with a disability** which resulted from the ~~handicapped~~ **disabled** worker's impairment; or

(C) Resulted in disability which is at least one-fourth greater by reason of the worker's preexisting impairment, as determined by the Division.

(2) An employer declared noncomplying in accordance with ORS 656.052 is not eligible for relief from the ~~Handicapped Workers~~ **with Disabilities Reserve Program** for injuries to subject workers occurring during any period of noncompliance.

(3) A paying agency is not eligible for reimbursement from the ~~Handicapped Workers~~ **with Disabilities Reserve Program** for any claim occurring to a worker during a period for which the employer is receiving premium reimbursement from the Reemployment Assistance ~~Reserve~~ **Program**, for that worker, pursuant to ORS 656.622(3).

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82; WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84

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Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90  
Amended 6-18-90 as WCD Admin. Order 12-1990, eff. 7-1-90 (Temp.)  
Amended 11-29-90 as WCD Admin. Order 21-1990, eff. 12-26-90

**436-040-0020      Limitation of Program**

(1) Reimbursement is limited to the monies available in the ~~Handicapped Workers' Benefit Fund Reserve~~.

(2) In the event of insufficient funds in the ~~Reserves in the Workers' Benefit Fund~~, the director shall have final authority to determine an equitable distribution which will proportionately distribute the available funds among the claims which have qualified for reimbursement from the ~~reserve~~ Workers with Disabilities Program.

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0030      Application for Determination of Relief From the Handicapped Workers with Disabilities Reserve Program**

(1) The paying agency must provide the director adequate evidence to establish eligibility for determination of relief from the ~~Handicapped Workers~~ with Disabilities Reserve Program.

(2) When the deductible has been met and possible eligibility for relief becomes known, the paying agency shall make prompt application to the Division requesting determination of relief from the ~~Handicapped Workers~~ with Disabilities Reserve Program in a form prescribed by the director.

(3) The application shall be submitted prior to the date of the last valuation affecting an employer's experience rating, prior to the last valuation for retrospective rating, whichever is the last to occur and prior to the employer ceasing to do business. The application shall be supported by sufficient evidence establishing eligibility for reimbursement under the general provisions herein and in accordance with OAR 436-040-0010. For employers that are not experience rated, application shall be submitted prior to the date there would have been a last valuation, had the employer been so rated, and prior to the employer ceasing to do business. The preceding application time frames do not apply to self-insured employers or their paying agencies.

(4) To meet the requirements of OAR 436-040-0030(3), the paying agency shall:

(a) Specify the condition which caused permanent impairment and which constituted a handicap;

(b) Specify whether this request is based on a causal or contributory relationship pursuant to OAR 436-040-0010(1)(c);

(c) Provide documentation describing prior impairment: such as medical reports, direct information from the worker, employer documentation, prior Determination Orders, Opinion and Orders, and Orders on Review;

(5) The Division will review the application to assure it is complete and the \$1,000

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deductible has been met. The application, supporting documentation, and claims involved will then be submitted to the Division for an eligibility determination.

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0040 Eligibility Determination**

(1) The Division shall determine whether a claim qualifies for reimbursement, and the percentage of the reimbursement.

(2) The Division shall issue a determination order accepting or denying the application within 30 calendar days after receipt of the application and supporting documentation.

(3) The reimbursement percentage shown on the determination order will be:

(a) 100% after the \$1,000 deductible in those cases qualifying under OAR 436-040-0010(1)(c)(A) and (B); or

(b) In direct proportion to the percentage the resulting disability was increased as a result of the preexisting impairment in those cases qualifying under OAR 436-040-0010(1)(c)(C).

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0050 Reimbursement**

(1) Reimbursement will be made to the paying agency based on the percentage of reimbursement ordered by the Division.

(2) Request for reimbursement shall not be made until the deductible has been met.

(3) Requests for reimbursement are not to include: costs incurred for conditions unrelated to the compensable claim; costs incurred due to inaccurate, untimely, or improper processing; expenses; and settlement amounts not approved by the Division, to which the parties agreed after relief was granted.

(4) The Division will authorize reimbursement to the paying agency quarterly after receipt and approval of documentation of compensation paid from the paying agency. Documentation shall include, but not be limited to:

(a) Net amounts paid separated into disability benefits by type, and medical benefits for corresponding quarterly time periods;

(b) The current ~~Handicapped Worker~~ **with a Disability** Claim Reserve as defined in these rules;

(c) Payment certification statement; and

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(d) Any other information deemed necessary by the director.

(5) For purposes of subsection 4(a) of this rule, "net amounts paid" means the total compensation paid less any recoveries, including but not limited to, third party recovery, Retroactive Reserve Program reimbursement and Rehabilitation Reserve Program reimbursement.

(6) Periodically the Division will audit the physical file of the paying agency to validate the amount reimbursed. Reimbursement shall not be approved if, upon such audit, any of the following are found to apply:

(a) Compensation has been paid as a result of untimely, inaccurate, or improper claims processing;

(b) Compensation has been paid for treatment of any condition unrelated to the compensable claim for which ~~Handicapped Workers~~ with Disabilities Reserve Program relief was granted.

(c) The compensability of the accepted claim is questionable and the rationale for acceptance has not been reasonably documented, as required under generally accepted claims management procedures;

(d) The separate payments of compensation have not been documented, as required under generally accepted accounting procedures;

(e) For applications received after January 1, 1990, the subject employer was no longer doing business at the time of application for the ~~Handicapped Workers~~ with Disabilities Reserve Program determination; that the employer was on a retrospective rating plan that was closed prior to the application for the ~~Handicapped Workers~~ with Disabilities Reserve Program determination; or, if not on an open retrospective rating plan, that the last valuation for experience rating modification purposes that could affect the employer was completed prior to the application for the ~~Handicapped Workers~~ with Disabilities Reserve Program determination;

(f) The insurer did not adjust the claims reserve value used in dividend, retrospective evaluation, or any claim valuation for experience rating determination to the percentage level specified in the order of acceptance, allowing for the \$1,000 compensation minimum, or did not make the necessary monetary adjustments with the employer; or

(g) The insurance carrier is not able to provide applicable records relating to experience rating, retrospective rating or dividend calculations at the time of audit or within ten working days thereafter. Any reimbursements received on claims, for which the insurer is unable to provide records, will be returned to the Division at least until the next annual audit is conducted and all applicable records are reviewed.

(7) The Division will authorize reimbursement to insurance companies only for compensation which could reasonably be projected at the first of either to occur;

(a) The last claim evaluation which would affect the employer's experience rating modification or retrospective rating adjustment, whichever is later; or

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(b) For applications received after January 1, 1990, the employer ceases to do business, if that occurs first.

(8) The insurance company shall submit a claim valuation to the Division at the first to occur of:

(a) The last claim valuation date which would affect the employer's experience rating modification or retrospective rating adjustment, whichever is later (usually three and one half years after the inception of the policy period); or

(b) For applications received after January 1, 1990, the employer ceases to do business. The valuation shall include future reserves for the claim at that time. The Division will verify the future reserves are reasonable and based on the appropriate valuation date. If the Division determines the submitted claim valuation is unreasonable or based on inappropriate information, the Division may establish the claim valuation or adjust the claim valuation period. The claim valuation, when approved by the Division, shall be the maximum ~~Handicapped Worker~~ **with a Disability** Claim Reserve used as the basis for reimbursement for the claim.

(9) When a claim is settled by a Compromise and Release or a Disputed Claims Settlement, the department shall review and modify the final reserve to reflect resulting changes in liability. The paying agent shall be notified of any change in the final reserve. A Director Review of this action will be considered only when paid claim costs have exceeded the established reserve.

(10) In the event that a denied claim is found compensable by a hearing referee, the Workers' Compensation Board, or the Court of Appeals, and that decision is reversed by a higher level of appeal, the paying agency shall receive reimbursement for claim payments required to be made while the claim was in accepted status.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90  
Amended 11-29-90 as WCD Admin. Order 21-1990, eff. 12-26-90

**436-040-0060      Effects on Rates; Reporting**

(1) Where an order of acceptance has established the percentage of reimbursement to an insured, the incurred claim cost above \$1,000, prior to reimbursement, shall be reduced by that percentage. The net incurred cost after such reduction shall be used in any dividend calculation, retrospective rating evaluation or experience rating computation, retroactively if necessary, and shall be reported at that net incurred cost to the rating organization. Any subsequent reevaluation of the claims reserve requirements under the rules of the Unit Statistical Plan Manual shall be similarly reduced by the percentage of reimbursement.

(2) The paying agency "eligible for" or receiving reimbursement from the ~~Handicapped Workers~~ **with Disabilities Reserve Program**, shall report the subject claims in such method and manner as the Insurance Commissioner shall require. Notwithstanding the reporting requirements of the Insurance Commissioner and an authorized rating organization, the paying

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agency must be able to document that such reimbursed costs are not and will not be included in data reported that will affect the rates and/or dividend eligibility.

(3) If compensation reported to the appropriate rating organization subsequently becomes eligible for reimbursement from the **Handicapped Workers with Disabilities Reserve Program**, the insured paying agency shall immediately file a "reevaluation of losses" report, pursuant to the Insurance Commissioner's rules, with a rating organization licensed by the Insurance Commissioner.

(4) If compensation used by the Division for experience rating purposes becomes eligible for reimbursement from the **Handicapped Workers with Disabilities Reserve Program**, the self-insured paying agency may file a request for reevaluation of experience rating modification(s) with the Division. Any necessary calculation(s) will be made, retroactively if necessary, when the annual experience rating modification is calculated.

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90

**436-040-0070 Settlements**

(1) Any settlement of the claim by the parties is not eligible for reimbursement from the **Handicapped Workers with Disabilities Reserve Program** unless made with the prior written approval of the Division.

(2) Requests for written approval of proposed settlements should include:

(a) A copy of the proposed settlement;

(b) Correspondence between the paying agency and the claimant or claimant's representative which establishes the basis for settlement or a statement from the paying agency of how the amount of the settlement was calculated;

(c) Additional medical reports not available at the time of the determination; and

(d) Other material which would support the proposed settlement as an appropriate manner to handle the claim.

(3) The paying agency shall submit settlements to the Division in the format prescribed by the director.

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84  
Amended 12-18-87 as Admin. Order 6-1987, effective 1-1-88  
Amended 12-22-89 as Admin. Order 3-1989, effective 1-1-90  
Amended 6-18-90 as WCD Admin. Order 12-1990, eff. 7-1-90 (Temp.)  
Amended 11-29-90 as WCD Admin. Order 21-1990, eff. 12-26-90

**436-040-0080 Third Party Recoveries**

(1) If a third party recovery is made prior to a claim qualifying for **Handicapped Workers with Disabilities Reserve Program** relief, compensation recovered shall be credited against the

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compensation of the claim prior to any request for reimbursement.

(2) The ~~Handicapped~~ Workers **with Disabilities Reserve Program** shall be a party to any third party recovery on a claim if payment from the ~~reserve~~ **program** has been made prior to the third party recovery as provided in ORS 656.591 and ORS 656.593(1)(c).

**Stat. Auth.:****Stats. Implemented:**

**Hist:** WCD 1-1982(Admin), f. 1-20-82, ef. 2-1-82;  
WCD 6-1983(Admin), f. 12-20-83, ef. 1-1-84

**436-040-0090 Assessment of Civil Penalties**

The director, through the Division and pursuant to ORS 656.745, may assess a civil penalty against an insurer. When the Division imposes a penalty under this section, the Order shall be issued in accordance with ORS 656.447, ORS 656.704 and the contested case provisions of the Administrative Procedures Act (ORS Chapter 183).

**Stat. Auth.:****Stats. Implemented:**

**Hist:** Filed 12-22-89 as WCD Admin. Order 3-1989, effective 1-1-90

**436-040-0100 Suspension and Revocation of Authorization to Issue Guaranty Contracts**

(1) Pursuant to ORS 656.447, the director may suspend or revoke the insurer's authority to issue guaranty contracts upon a determination that the insurer has failed to comply with its obligations under such contract or that it has failed to comply with the rules or orders of the director.

(2) For the purpose of this rule:

(a) "Suspension" and its variations means a stopping by the director of the insurer's authority to issue new guaranty contracts for a specified period of time.

(b) "Revocation" and its variations means a permanent revocation by the director of an insurer's authority to issue guaranty contracts.

(c) "Show-cause hearing" means an informal meeting with the director or designee in which the insurer shall be provided an opportunity to be heard and present evidence regarding any proposed orders by the director to suspend or revoke an insurer's authority to issue guaranty contracts.

(3) Suspension or revocation under this rule will not be made until the insurer has been given notice and the opportunity to be heard through a show- cause hearing before the director and "show cause" why it should be permitted to continue to issue guaranty contracts.

(4) A show-cause hearing may be held at any time the director finds that an insurer has failed to comply with its obligations under a guaranty contract or that it failed to comply with rules or orders of the director.

(5) Following a show-cause hearing, the director may rescind the proposed order if the insurer establishes to the director's satisfaction its ability and commitment to comply with ORS Chapter 656 and these rules.

(6) A suspension may be in effect for a period of up to 18 months. A suspended insurer

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may continue to serve existing accounts and renew any existing policy, unless the policy lapses or is canceled during the period of suspension.

(7) After 12 months of the suspension has elapsed, the Division may audit the performance of the insurer. If the insurer is in compliance, the administrator may request the director to lift the suspension before the 18 months has elapsed. If the insurer is not in compliance, the administrator may request the director revoke the insurer's authority to issue guaranty contracts.

(8) When an insurer's authority to issue guaranty contracts has been revoked, the insurer may serve an existing account only until the policy lapses, is canceled or until the next renewal date, whichever first occurs.

(9) After a revocation of an insurer's authority to issue guaranty contracts has been in effect for five (5) years or longer, it may petition the director to restore its authority by submitting a plan in the form prescribed by the director, demonstrating its ability and commitment to comply with the workers' compensation law, these rules and orders of the director.

(10) Appeal of proposed and final orders of suspension and revocation issued under this rule may be made as provided in OAR 436-040-0008.

(11) Any order of suspension or revocation issued by a referee or other person pursuant to ORS 656.447 and this rule is a preliminary order subject to revision by the director.

**Stat. Auth.:**

**Stats. Implemented:**

**Hist:** Filed 11-29-90 as WCD Admin. Order 21-1990, effective 12-26-90