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## **Workers' compensation rate to decline for fourth straight year** *Rates in Oregon have not increased in 20 years*

(Salem) — Oregon employers will pay less for workers' compensation insurance coverage in 2010, the Department of Consumer and Business Services announced today. The workers' compensation "pure" premium rate will decrease 1.3 percent in 2010, saving employers \$18.1 million. Workers' compensation rates have decreased each year since 2006 and have not increased since 1990.

Since 1991, Oregon's workers' compensation costs have declined more than 60 percent, and Oregon employers have saved \$17.4 billion as a result. At the same time, benefits and services for workers have improved.

"The new rate announced today is good news for Oregon businesses, especially during this difficult economic time," said Governor Kulongoski. "We are fortunate in Oregon to have a strong workers' compensation system that keeps costs low for employers while continuously improving benefits and outcomes for workers."

The pure premium rate is the base rate employers pay their insurance company for workers' compensation coverage. On average, Oregon employers can expect a 1.3 percent decrease in pure premium in 2010, although some employers will see rates go up and others may see no change. Specific cost changes vary from business to business, depending on the employer's industry, claims experience, workforce, and other factors.

The department sets the pure premium rate based on a recommendation from the National Council on Compensation Insurance Inc. (NCCI). NCCI looks at various trends in claims experience and benefits to forecast "loss costs" — or the estimated cost of injury and illness claims in Oregon. NCCI forecasted a 1.3 percent decrease in loss costs.

"We continue to see reductions both in the number and severity of workplace injuries and illness, which helps keep the costs down," said Cory Streisinger, director of the Department of Consumer and Business Services. "Oregon employers and their workers take safety seriously and are constantly looking for innovative ways to create safer workplaces."

Workplace injury and illness rates in Oregon have declined nearly 19 percent since 2004 and more than 50 percent since the late 1980s. And workers who are injured are returning to work faster, with the help of Oregon's return-to-work programs. Use of the Employer-at-Injury Program — the most widely used return-to-work program — has grown 100 percent during the past five years.

While low premium rates have provided significant savings to employers, Oregon has continued to make changes to its workers' compensation system that benefit injured workers. For example, legislation passed in 2009 enhances death benefits for surviving family members and makes it easier for firefighters to receive benefits for work-related illnesses. Permanent partial disability payments, which go to the most severely injured workers, grow each year, and Oregon's benefits for time loss are now among the highest nationally.

In fact, Oregon's workers' compensation system is frequently lauded by national organizations, and other states trying to improve their systems often look to Oregon as an example. The Oregon Workers' Compensation Division has recently provided guidance to Minnesota and New York on workers' compensation reform.

"Through the Management-Labor Advisory Committee (MLAC), management and labor work together with all who have a stake in workers' compensation to resolve issues and make continued improvements," Streisinger

said. “MLAC is one of the reasons Oregon is a national model for building and sustaining a strong workers’ compensation system.”

MLAC recently has been working closely with the medical community – through the Workers’ Compensation Medical Advisory Committee – to control health care costs, a major driver of the pure premium rate. By screening the use of new and experimental medical procedures and encouraging the use of generic drugs, Oregon has been able to slow the growth of medical costs in workers’ compensation.

In addition to the pure premium announcement, the department said today that two workers’ compensation fees will remain unchanged next year. The workers’ compensation premium assessment, which pays for the administration of workers’ compensation and workplace safety programs, is proposed to remain at 4.6 percent in 2010 (4.8 percent for self-insured employers and employer groups). The Workers’ Benefit Fund assessment, which pays for special benefits for injured workers and their employers, will remain at 2.8 cents-per-hour worked in 2010. Employers and workers each pay half of the Workers’ Benefit Fund assessment. Neither the premium assessment nor the Workers’ Benefit Fund assessment has increased in the past eight years. With the downturn in the economy this year, DCBS has cut agency operating costs in order to avoid raising these fees.

The pure premium rate decrease and the Workers’ Benefit Fund assessment go into effect Jan. 1, 2010. The Department of Consumer and Business Services will hold a hearing to invite public comment on the premium assessment recommendation Tuesday, Sept. 29, at 1 p.m. in conference room “F” in the Labor and Industries Building, 350 Winter St. NE in Salem.

Please see links below for more information:

[Workers’ Compensation Rate Questions & Answers](#)

[Workers’ Compensation Rate Fact Sheet](#)

[Workers’ Compensation Rate Graphs](#)

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