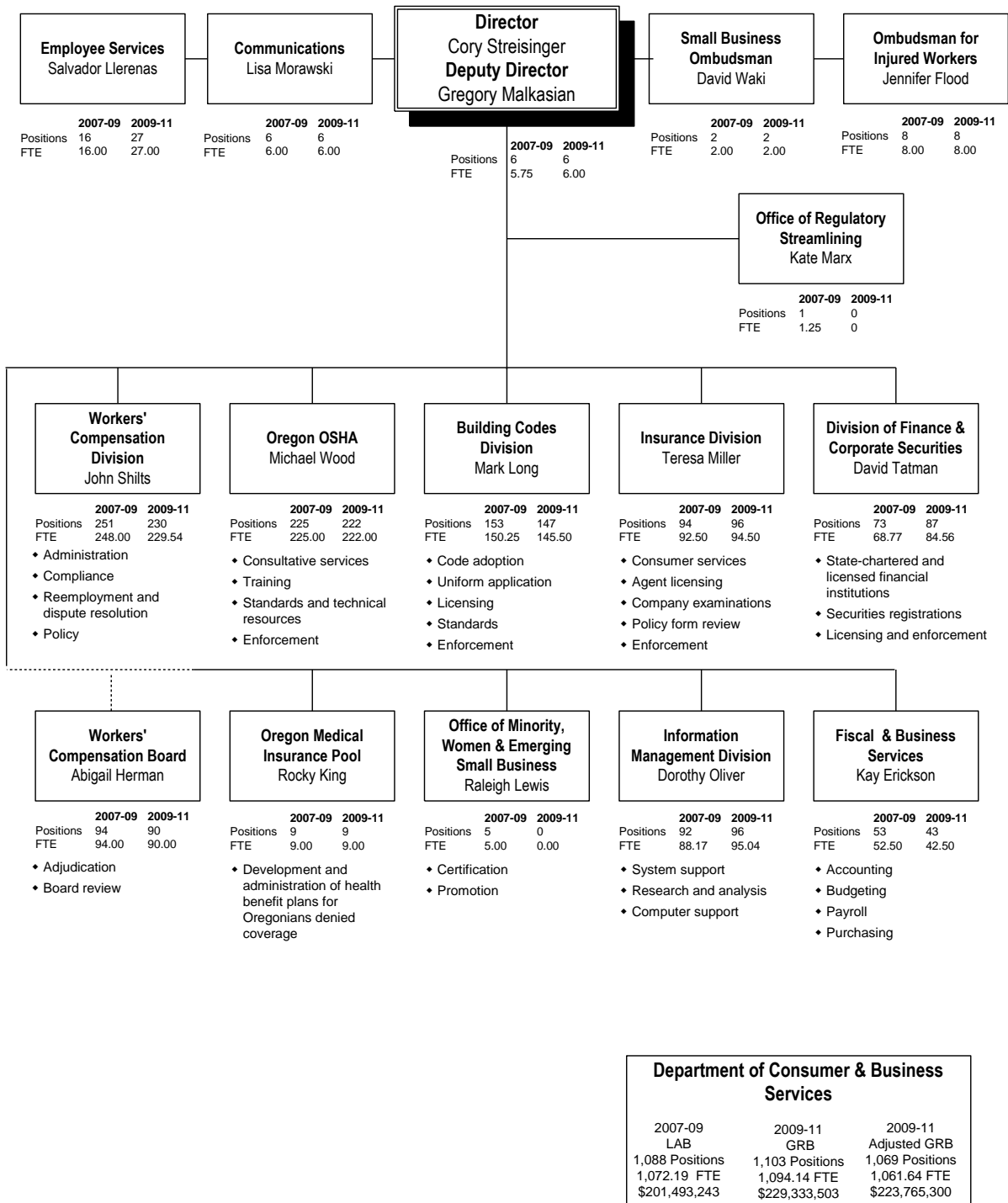


# ORGANIZATION CHART



# AGENCY OVERVIEW

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## Mission

The Department of Consumer and Business Services' mission is to protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

## What we do

DCBS is Oregon's largest business regulatory agency. The department administers state laws and rules to protect consumers and workers in the areas of:

- Workers' compensation
- Occupational safety and health
- Financial services and institutions
- Insurance
- Building codes

DCBS staff members are committed to carrying out the department's statutory responsibilities and fulfilling our mission and goals in a manner that serves the needs of the public and the businesses and professionals we regulate.

## Our goals

DCBS has three fundamental goals to advance the department's mission:

- Protect consumers and workers in Oregon.
- Regulate in a manner that supports a positive business climate.
- Be accountable to the public we serve, with excellent service to our customers.

In pursuing these goals, DCBS programs contribute to progress on a comprehensive list of departmental performance measures, described later in this document.

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## Our strategies

DCBS will apply the following strategies to achieve the department's mission and goals:

- We will seek input from stakeholders and the public to identify areas of greatest concern to consumers, workers, and the businesses we regulate.
- We will focus our efforts on improving outcomes for consumers and workers, not simply on improving processes.
- We will structure our regulatory programs to impose the minimum burden on regulated businesses consistent with achieving the desired outcomes.
- We will promote choices and access for Oregon consumers and businesses by supporting the success of industries in the economic sectors we regulate.
- We will use a variety of approaches (regulation, enforcement, education, consultation, direct service delivery, etc.) in the most appropriate combinations to achieve our results.
- We will use technology and other tools to make it as easy as possible for others to exchange information and do business with us.
- We will work with customers to solve problems and make every contact a positive experience.
- We will measure results achieved by our programs and approaches and re-evaluate the programs and approaches to find further improvements.
- We will continually improve our cost-effectiveness and ensure that our services provide value to consumers, workers, and businesses.
- We will evaluate, develop, and maintain appropriate levels of human, organizational, financial, and other resources necessary to carry out our responsibilities.

## Program delivery

### Workers' Compensation Division

ORS 656; OAR 436

Protects injured workers' benefits and rights in the workers' compensation system by:

- Ensuring that employers maintain workers' compensation insurance coverage.
- Ensuring that injured workers receive timely benefits and quality medical care.
- Facilitating injured workers' early return-to-work through incentive programs to employers.
- Resolving medical, vocational, disability, and other disputes.
- Providing consultation and technical assistance to workers, employers, insurers, claims examiners, attorneys, medical providers, and others.
- Administering the Workers' Benefit Fund programs.

Funding Source: Workers' compensation premium assessments, Workers' Benefit Fund assessment, fines and penalties, and investment income.

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## **Oregon Occupational Safety and Health Division (Oregon OSHA)**

ORS 654, 656; OAR 437

Advances workplace safety and health, reduces workplace injuries and illnesses, and reduces the cost of workers' compensation insurance by:

- Inspecting worksites for safety and health violations.
- Investigating workplace fatalities, major accidents, and safety and health complaints.
- Providing training and consultation services.
- Developing occupational safety and health rules.

Funding Source: Workers' compensation premium assessment, fines and penalties, federal funds spent as Other Funds, and investment income.

## **Building Codes Division**

ORS 446, 447, 455, 460, 479, 480, 670, 693; OAR 918

Ensures safe building construction while supporting a positive business climate by:

- Adopting and administering uniform statewide building codes.
- Providing building code and rule interpretation.
- Assisting local government building departments and facilitating dispute resolution.
- Enforcing license, code, and permit requirements.
- Certifying inspectors and licensing trade professionals.
- Facilitating economic development efforts around the state.
- Conducting inspections where local entities do not.

Funding Source: Permit, surcharge, inspection and license fees; federal funds spent as Other Funds; fines and investment income.

## **Insurance Division**

ORS 731-735, 737, 743, 744; OAR 836

Ensures the financial soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products by:

- Licensing insurance companies, producers (agents), adjusters, and consultants.
- Reviewing insurance products and premium rates and monitoring insurer solvency.
- Monitoring insurers and producers to enforce insurance laws and issuing penalties for violations as appropriate.
- Helping resolve consumer complaints, advocating reforms to address common consumer problems, and educating the public about insurance issues.
- Educating the insurance industry about new legislation.

Funding Source: Insurance assessments, fees and charges for service, workers' compensation premium assessments, federal funds spent as Other Funds, and investment income.

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## **Division of Finance and Corporate Securities**

ORS 59, 645, 650, 705, 706, 722, 723, 725, 726; OAR 441

Encourages a wide range of financial services, products, and information for Oregonians, provided in a safe, sound, equitable, and fraud-free manner by:

- Supervising state-chartered or state-licensed financial institutions and financial-service providers (e.g., banks, credit unions, consumer finance companies, pawnbrokers, mortgage lenders, and money transmitters).
- Regulating the sale of securities in Oregon, reviewing securities offerings, and licensing those who sell them and those who advise about or manage securities.
- Protecting consumers, ensuring industry compliance with financial service laws, and promoting confidence in the financial system by investigating complaints and alleged violations.
- Providing education and other resources so that consumers can recognize and avoid fraud and inappropriate products and services.

Funding Source: Assessments, license fees and charges for service, fines and penalties, and investment income.

## **Workers' Compensation Board**

ORS 656; OAR 438

Provides timely and impartial resolution of disputes arising under the Workers' Compensation Law and the Oregon Safe Employment Act by:

- Producing timely and legally supportable decisions.
- Conducting an efficient, effective, and expeditious review of appealed cases.
- Processing cases to the Court of Appeals in a timely manner.
- Promulgating and adopting administrative rules.
- Providing timely scheduling of hearing requests.
- Providing mediation services to parties requesting an alternative to the hearing process.
- Sharing administrative services with DCBS, which eliminates duplication at WCB.

Funding Source: Workers' compensation premium assessment, arbitration fees, and investment income.

## **Oregon Medical Insurance Pool**

ORS 735.600 - 735.650; OAR 443

Reduces the state's overall uninsured rate and protects those with chronic illnesses by:

- Providing health insurance for Oregonians who have been turned down for individual health insurance because of health conditions.
- Providing health benefit portability coverage to Oregonians who exhaust employer-provided COBRA benefits and have no other portability options and to individuals who move out of their current portability carrier's service area.

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Funding Source: Assessments on health insurance companies, premium payments, reimbursements from Office of Private Health Partnerships, and investment income.

## **Senior Health Insurance Benefits Assistance**

Social Security Act, Titles XVIII and XIX, section 1882(g) (1)

Ensures Oregon Medicare beneficiaries have accurate and objective information and understand their rights and options by:

- Providing a network of volunteers to answer questions and provide counseling to Medicare beneficiaries and their families.
- Conducting education and outreach to the public about Medicare and other health insurance options.

Funding Source: Federal funds expended as Other Funds.

## **Office of Minority, Women, and Emerging Small Business**

ORS 200.005 - 200.200; OAR 445

Ensures that minorities, women, and emerging small businesses have access to public and private contracting opportunities by:

- Administering certification programs that document the status of such businesses.
- Maintaining online directories of such businesses for public jurisdictions, prime contractors, and private industries.
- Conducting public-education activities pertaining to certification programs.
- Acting as a resource and referral service for information on certified firms needed by state agencies, small businesses, women, and ethnic groups.

Funding Source: Assessments to state agencies and transfers from the Oregon Department of Transportation.

## **Ombudsman for Injured Workers**

ORS 656.709

Advocates for injured workers in their dealings with the workers' compensation system by:

- Providing workers with information and training about rights and benefits.
- Investigating and acting to resolve complaints.
- Referring injured workers to other sources of assistance.
- Reporting and making recommendations to the Governor, director, and other concerned parties about how injured workers may be better served.

Funding Source: Workers' compensation premium assessments and investment income.

## **Small Business Ombudsman**

ORS 656.709

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Operates as a resource center for small business employers, insurers, trade groups, and agents needing workers' compensation information and assistance by:

- Counseling employers on available choices in the workers' compensation insurance market and on their appeal rights and other options.
- Mediating solutions between employers and insurance companies on classification, audit, coverage, and premium disputes.
- Educating new and existing businesses on the fundamentals of workers' compensation coverage, pricing, and claims processing through outreach activities such as seminars, forums, and business fairs.
- Referring individuals to other sources of assistance when appropriate.
- Providing information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect small businesses.

Funding Source: Workers' compensation premium assessments and investment income.

## Office of Regulatory Streamlining

Executive Order 03-01

Works to simplify state business regulations and improve Oregon's business climate by:

- Serving as a state-government-wide clearinghouse for best practices, specific projects, multi-agency projects, and business sector initiatives.
- Collecting and reporting ongoing statewide customer service efforts.
- Partnering with state and local agencies to ensure that regulatory processes burden businesses as little as possible as they protect Oregonians.
- Conducting outreach activities with the goal of informing business and other stakeholders and developing partnerships that will advance the state's streamlining efforts.

Funding Source: Assessments to various state agencies.

## Shared Services

ORS 705; OAR 440

Provides effective direction, leadership, and resources to support the department's programs and stakeholders and maximize cost efficiencies by:

- Providing leadership and general supervision of all program areas and achieving consistency in policy direction, program strategies, and operational management.
- Providing recruitment, labor relations and contract administration, staff development, affirmative action, workplace safety, and management of early return-to-work programs for DCBS employees who are injured on the job.
- Providing public information, publication, Web site, and graphic design services, and coordinating service delivery to Oregonians with limited English proficiency.
- Collecting, storing, processing, analyzing, and reporting information.
- Providing computer services and systems development.
- Providing internal audit services.

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- Administering centralized accounting, budgeting, collections, contracting, facilities and property management, payroll, purchasing, and mail services.

Funding Source: Charges to DCBS divisions and federal funds spent as Other Funds.

## Accomplishments, 2007-2009

DCBS accomplishments during the current biennium will be described more fully in the discussion of each division or office. Examples include:

- Workers in Oregon continue to be safer on the job. The statewide rate of reported workplace injuries and illnesses in the private sector declined from 5.4 cases per 100 workers in 2005 to 5.1 cases per 100 workers in 2007. The rate has decreased more than 50 percent since the late 1980s.
- More than 2,400 Oregonians shared in a \$1.5 million settlement of a predatory lending lawsuit against Ameriquest. The Division of Finance and Corporate Securities worked with the Attorney General's office on the case.
- Employers continue to save money on workers' compensation costs. There has been no increase in workers' compensation premium rates for 19 years, and premium rates have dropped 10 percent over the past three years. In 2009, Oregon employers will see an average 5.9 percent decrease in the "pure" premium rate.
- Buildings in Oregon are becoming more energy-efficient as a result of several initiatives by the Building Codes Division. The division increased residential energy standards 15 percent and approved new methods for homeowners and commercial building owners to reuse water.
- Oregonians are receiving fewer misleading advertisements about mortgage products because of new rules the department implemented for lenders. The rules require advertisements to include additional, clearer information about the lender and the product.
- Injured workers insured through the American International Group (AIG), the state's third-largest workers' compensation insurer, are receiving more timely benefits since the department took a significant enforcement order against the company. The order included a \$5 million fine and a set of corrective actions the company must take to improve how it delivers benefits to workers.
- Oregon seniors are better protected from unsuitable sales of annuity products after an Insurance Division investigation and enforcement action against Bankers Life and Casualty Co. The company has given refunds to some seniors and must change its sales practices to ensure that future annuity sales are appropriate for the client's age, income, and other factors.
- Health care facilities across the state are working on ways to better protect workers from patient-lifting injuries with grant money they received from Oregon OSHA.
- Consumers and employers can compare hospital costs for more than 90 medical procedures by logging on to a new Web site DCBS helped develop.
- More than 7,000 Oregonians recovered about \$3.5 million in benefits from their insurance companies with assistance from the Insurance Division.

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- Employers who comply with workers' compensation laws have benefited because DCBS has improved its collection of past-due accounts from non-complying employers. The department nearly doubled the amount of money it recovered, from \$3.5 million in fiscal year 2004 to a record \$6.4 million in fiscal year 2007, allowing it to keep employer assessments level.
- Farm workers and their families are better protected under new agricultural-labor housing rules adopted by Oregon OSHA.
- Building contractors in 30 jurisdictions — including Eugene, Salem, Jefferson County, Medford, Cannon Beach, and Pendleton — can now apply and pay for over-the-counter permits online as the Building Code Division's "Quick Permits" e-permitting portal continues to expand. More than 40,000 permits have been sold through the Web site.
- Employers and workers are finding it easier to use the Workers' Compensation Division's nationally recognized return-to-work programs. The division adopted new rules that simplify the requirements, provide more flexibility, and streamline processes.
- Mortgage borrowers are better protected from fraud as a result of increased enforcement by the Division of Finance and Corporate Securities. The division issued more than 30 enforcement orders against lenders in 2008 and worked on several high-profile criminal cases.
- Oregonians are better shielded from identity theft under a new law that DCBS helped develop and has implemented. The department produced a tool kit for businesses and continues to conduct presentations throughout the state to help them understand their responsibilities under the new law.
- Designing and installing charging stations for electric vehicles in Oregon will be faster and easier because of statewide standards adopted by the Building Codes Division. The division developed the standards as part of Gov. Kulongoski's efforts to promote alternative fuel infrastructure.
- DCBS has a more visible enforcement presence in the contracting community, after participating in enforcement sweeps at construction sites in Bend, Portland, and at the coast. The sweeps serve as a deterrent for contractors violating licensing and workers' compensation insurance laws.
- Oregonians with limited English proficiency can access the more than 300 DCBS publications and numerous Web pages that are available in other languages.
- More than 34,000 Oregon Medicare beneficiaries received free counseling services through the Senior Health Insurance Benefits Assistance (SHIBA) program, to enable them to make better choices about their medical coverage.
- Oregon banks and credit unions are receiving more oversight as they work through the national financial crisis. The Division of Finance and Corporate Securities hired additional financial examiners to monitor banks' financial condition.
- Oregonians worried about the national financial crisis received sound advice from the department's consumer advocacy staff and a new Web page about the safety of their insurance policies and financial accounts.
- Oregonians are better protected against financial fraud as a result of the Division of Finance and Corporate Securities' increased focus on criminal cases, which are a significant deterrent of white-collar crime. The division worked on 56 criminal cases in

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2007, including helping to convict the owners of Pac Equities, Inc., who orchestrated an \$18 million scheme involving more than 300 investors.

- Senior citizens in Oregon are armed with information to help them make financial decisions as a result of an outreach program DCBS conducted. The department produced several publications, developed a Web site, and conducted 74 presentations around the state to help seniors avoid insurance and financial abuse.
- Customers can more efficiently conduct business with DCBS through electronic means — saving time and money. For example, most of the Building Codes Division’s licensees can apply for and renew licenses online. Since this service started in March 2005, approximately 34 percent of customers have chosen this electronic method to renew their licenses. During the same period, the number of DCBS licenses available online has grown from 29 to 75. The Insurance Division streamlined the insurer producer licensing process in 2007 to allow for electronic application, renewal, and license delivery for its 72,000 licensees.
- Consumers facing mortgage foreclosure have access to more resources and counseling, thanks to efforts by the Division of Finance and Corporate Securities. In addition, legislation DCBS helped develop for the 2008 session provides consumers at the risk of foreclosure with clearer information and better protections.
- Spanish-speaking workers are receiving more education on safety issues, with Oregon OSHA continuing to add training modules through its PESO bilingual English-Spanish program.
- Oregon received national recognition in 2008 for its workers’ compensation system. The Workers’ Compensation Research Institute published a study called “Lessons from the Oregon Workers’ Compensation System,” which highlighted Oregon’s successes and encouraged other states to learn from Oregon’s experience.

## Anticipated results, 2009-2011

DCBS expects to use the resources requested for the department for the 2009-2011 biennium to achieve the following results:

### Workers’ Compensation Division (WCD)

- Address nontraditional employer-employee relationships — such as worker leasing and temporary staffing — to ensure workers who are injured are covered by workers’ compensation insurance and employers are paying fairly for that coverage.
- Identify patterns in claims administration errors and use the results to target education, outreach, enforcement, and audits to insurers, third-party administrators, employers, and stakeholders.
- Integrate the three return-to-work programs – the Preferred Worker Program, the Employer-at-Injury Program, and the vocational assistance program – to make the benefits of each program more accessible to more workers.
- Continue to improve quality medical care for injured workers while containing costs:
  - Identify injuries that are cost drivers in the workers’ compensation system, such as back injuries, and determine treatments for those injuries that achieve the best outcome at the lowest cost.

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- Ease the administrative burden on insurers and providers by moving to electronic data reporting and electronic billing.
- Help physicians better understand the needs of injured workers and the workers' compensation system with more targeted training, a newsletter, and better learning materials.
- Enable injured workers to receive prescription drugs before their claim is accepted or denied to save system costs and to prevent workers from having to pay out of pocket.

## **Oregon Occupational Safety and Health Division (Oregon OSHA)**

- Better target Oregon OSHA's safety and health resources on the most hazardous industries and occupations by developing an improved method for scheduling workplace inspections that uses better indicators of injury, illness, and fatality risks.
- Increase Oregon OSHA's inspection presence among the state's employers.
- Increase the number of employers, especially moderate- and high-risk employers, that take advantage of Oregon OSHA's consultation, education, and training services.
- Improve employer access to and understanding of safety and health standards or rules by providing more direct Web access, writing rules more clearly, and using common industry terminology.
- Continue to aggressively market Oregon OSHA's safety and health recognition programs (VPP and SHARP) and educate employers about the bottom-line value of employee safety and health.
- Increase employer and employee access to safety and health training through improved use of technology.

## **Building Codes Division**

### **Promote sustainability**

- Help meet the Governor's goal of achieving net-zero energy use in building construction by 2030 by developing new energy conservation standards.
- Develop a "solar code" to establish consistent construction standards for solar installations.
- Continue to offer classes throughout the state on green building.

### **Enhance consumer and community protection**

- Allow local jurisdictions to mandate fire sprinklers in areas where there are no fire stations.
- Continue to alert consumers, government, and businesses about local code violators.

### **Streamline regulations and regulatory processes**

- Align Oregon codes with national model codes and further reduce Oregon amendments, except in areas that align with policy objectives, such as sustainability and energy efficiency.

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- Continue to create more streamlined permitting processes such as minor label permits to encourage contractors to comply with building regulations and to help ensure quality construction for consumers.
- Align the elevator and boiler programs so that there is a single system for issuing permits, making it easier for customers who use both programs.

## **Improve customer service**

- Begin implementing a comprehensive electronic permitting program that can be used in local jurisdictions throughout the state to electronically apply for and purchase permits, submit building plans, and schedule inspections.
- Pilot a Web-based continuing education program for inspectors.
- Realign inspection services for manufactured homes, recreational vehicles, and prefab structures to meet the changing nature of businesses in those industries.

## **Insurance Division**

- Reform regulation of insurers' total-loss settlements on motor vehicles – when the cost of repair and related expenses is more than the value of the vehicle – to make the process more fair to consumers.
- Encourage insurers to bring “green” insurance products to Oregon. For example, some policies ensure that when claims are made, structures are rebuilt in an environmentally friendly manner. Others allow policyholders to pay for insurance based on the number of miles they drive, encouraging alternative transportation.
- Implement insurance-related health reform proposals resulting from the work of the Oregon Health Fund Board.
- Standardize and clarify the division's process for approving health insurance rate changes to ensure health insurance companies stay solvent but rates are not excessive for Oregon consumers.
- Achieve broader transparency about health care costs by expanding the Compare Hospital Costs Web site and requiring insurance companies to provide consumers with out-of-pocket cost estimates for medical procedures.
- Enhance outreach so consumers throughout the state – particularly in underserved areas – are better protected from insurance and financial abuse and are more informed about their rights.
- Make producer licensing and rates and form filing faster and easier for customers through expanded electronic processes and redesigned procedures.
- Working with the Division of Finance and Corporate Securities, limit the use of designations, such as “senior specialist,” that agents use when marketing to seniors, to ensure these agents have specialized knowledge and expertise.

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## **Division of Finance and Corporate Securities**

- Continue to increase oversight of banks, credit unions, and other depository lending institutions during the economic downturn to mitigate lending risks and keep institutions strong and ready to provide financial support to the Oregon economy.
- Further improve consumer protection in mortgage lending:
  - Increase the scope, number, and frequency of mortgage lending examinations.
  - Develop legislation and rules to address mortgage lending practices.
  - Use new enforcement authority to ensure loan originators are no longer allowed to conduct business in Oregon if they act inappropriately.
  - Implement a new nationwide mortgage lending licensing system.
- Identify new methods to regulate Internet providers to protect consumers who use the Internet for financial services, particularly consumer lending and debt management services.
- Continue to educate licensees and industry trade associations about state regulation and laws and take enforcement actions, when appropriate, to ensure compliance.
- Use consumer outreach and financial services education to help Oregonians avoid becoming victims of identity theft, predatory lending, and investment and debt settlement scams.
- Expand electronic licensing, renewal, and payment options for regulated businesses and individuals.
- Working with the Insurance Division, limit the use of designations, such as “senior specialist,” that agents use when marketing to seniors, to ensure these agents have specialized knowledge and expertise.

## **Workers’ Compensation Board**

- Have in place a fully functioning electronic data and docket scheduling system to ensure a “real time” and transparent hearings and mediation docket.
- Continue to maintain the Board Review Division’s status of no backlog of cases on appeal and continue to fine-tune Board Review procedures in order to minimize the time between briefing completion and issuance of Board orders without sacrificing quality decisions.
- Continue to meet timeliness standards when setting new requests for hearings and postponed cases and issuing Administrative Law Judge Opinion and Orders.
- Continue to resolve Oregon OSHA disputes in a timely and efficient manner.

## **Oregon Medical Insurance Pool**

- Reduce system costs by expanding the number of enrollees that participate in disease management program services.
- Identify ways to keep OMIP plan premiums as affordable as possible while maintaining a comprehensive benefit plan.

## **Senior Health Insurance Benefits Assistance Program**

- Increase locally based counseling services by adding SHIBA sponsors.

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- Outreach to pharmacies to ensure they are aware of services SHIBA can provide to their clients.
- Focus outreach efforts to counties that have the highest concentration of low-income and disabled beneficiaries.

## **Office of Minority, Women, and Emerging Small Business**

- Help provide “one-stop shopping” for Oregon’s minority, women, and emerging small businesses by integrating the office into the Oregon Economic and Community Development Department and by continuing to coordinate with other related agencies.
- Work with other state agencies to increase the number of minority and women businesses that become vendors for state services.

## **Ombudsman for Injured Workers**

- Conduct outreach to injured workers and stakeholders to increase awareness of the services the ombudsman’s office provides.
- Ensure that workers who need help have access to the ombudsman’s services regardless of language, disability, or other potential barriers.
- Provide information to policymakers about initiatives, legislative concepts, and administrative rule revisions that may affect workers’ benefits, rights, and responsibilities.

## **Small Business Ombudsman**

- Continue to build awareness of the services of the Small Business Ombudsman by working with Small Business Development Centers, trade groups, small-business fairs, and other agencies and employer groups that engage small businesses.
- Provide excellent service to small businesses by maintaining a 24-hour response time on all inquiries and by advocating for fair treatment for employers on workers’ compensation matters.
- Implement a new database to capture the type and nature of inquiries to better serve small businesses.

## **Office of Regulatory Streamlining**

- Continue to provide guidance and resources to state agencies as they convert their written documents to plain language.
- Explore regulatory barriers to sustainability and “green tech” industries and find ways to remove those barriers.
- Continue to work with Secretary of State, Employment Department, and Revenue on projects to reduce regulatory burdens on business, such as the Central Business Registry and the combined tax reporting system.

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## Cost control and interagency coordination

### *Cost control*

Because the agency relies primarily on Other Funds, DCBS programs have a very direct revenue connection to their stakeholders: The stakeholders pay specific fees and assessments to support specific department services. Some examples include:

- Constant interaction and the use of advisory groups for input and feedback allows DCBS to maintain an appropriate balance between the need to pay for regulatory and service programs and the need to avoid undue burdens on businesses, licensed professionals or tradespeople, and workers.
- Program evaluation is a regular part of the department's management process, with the goal of ensuring that only programs that deliver value to Oregonians are presented in our budget for legislative funding, and that we seek funding to support an appropriate level of regulation or service delivery.

### *Interagency coordination*

DCBS coordinates regularly with other public agencies and organizations to avoid duplication, minimize costs, and improve consistency. Examples include the following:

- The Office of Regulatory Streamlining works with the Secretary of State, Employment Department, and Department of Revenue on projects to reduce regulatory burdens on business, such as the Central Business Registry and the combined tax reporting system.
- The Workers' Compensation Assessments Section is responsible for the financial reporting and collection of the Workers' Benefit Fund (WBF) assessment through a program administered cooperatively by the Oregon Department of Revenue, Employment Department, and DCBS that enables employers to report and pay the following State of Oregon payroll taxes and assessments using a single reporting form and writing a single check: income tax withholding to the Department of Revenue; unemployment insurance tax to Employment Department; Tri-Met and Lane Transit District taxes; and Workers' Benefit Fund assessment to DCBS.
- The Division of Finance and Corporate Securities (DFCS) works with the Department of Justice by sharing consumer complaints and referrals, and collaborating on cases of mutual interest. DFCS also coordinates regulation of pre-need funeral services and endowment care with the Mortuary and Cemetery Board, and it collaborates with the Real Estate Agency on the regulation of mortgage professionals. This type of information sharing benefits all agencies involved and their stakeholders.
- The Building Codes Division is working with local jurisdictions to offer electronic permitting to contractors. The project started as a pilot in the Portland area allowing simple permits to be purchased online. The system has expanded to include 30 jurisdictions across the state serving more than 55 percent of Oregon addresses. The

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system is now being expanded to include complex permits requiring plan review, and will ultimately cover all cities and counties with a building program.

- The Workers' Compensation Division has been actively participating in the Interagency Steering Committee — which includes the Construction Contractors Board, Landscape Contractors Board, Employment Department, Bureau of Labor and Industries, Department of Revenue, and DCBS — to ensure consistent application and enforcement of laws for independent contractors.
- The Office of Regulatory Streamlining works with the Department of Justice and the Secretary of State to plan and deliver comprehensive rulemaking training for state agencies.
- The Office of Regulatory Streamlining is currently working with all state agencies to help them implement plain language. The office has partnered with the Department of Administrative Services and the State Library to offer training and other resources.
- The Building Codes Division and Workers' Compensation Division work with other state agencies in periodic enforcement sweeps to ensure compliance with regulations. Partnering with the Construction Contractors Board, the Department of Revenue, and the Employment Department, the divisions conduct checks at construction sites to ensure compliance with laws such as licensing and employment documentation.
- The Division of Finance and Corporate Securities works closely with Oregon Housing and Community Services on consumer outreach activities. The two agencies recently partnered to increase foreclosure counseling options available to Oregonians.
- The Office of Minority, Women, and Emerging Small Business collaborates with the Economic and Community Development Department and other agencies and programs to help connect small businesses with state services. The office has co-located with the Economic and Community Development Department, and both DCBS's and OECDD's budgets include a proposal to merge the office into OECDD. The move will help create "one-stop shopping" for Oregon's small businesses.
- The Office of Regulatory Streamlining is coordinating with the Governor's Economic Revitalization Team to plan the next phase of regulatory streamlining work. The plan is to merge the regulatory streamlining initiative into the Economic Revitalization Team at the start of the 2009-2011 biennium. The merger is an opportunity to further "streamline," because ERT already works with the heads of the major regulatory agencies on regulatory efficiency issues.

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## Environmental Factors and Related Initiatives

### The Economy

Like the rest of the nation, Oregon has seen significant effects from the economic downturn. Unemployment and foreclosure rates have hit their highest levels in decades, and many Oregonians are struggling to pay for their health care and other expenses.

DCBS programs serve businesses and their employees in every economic sector, and thus the department must remain sensitive to economic fragility as it projects service levels and works to limit fees and other regulatory burdens. At the same time, there often is increased demand for consumer services and regulatory action during an economic downturn.

Below are specific initiatives the department is taking in response to the economic downturn:

- ***Increased oversight of financial institutions:*** The economic downturn has had a significant impact on Oregon's financial institutions, such as banks, mortgage lenders, and insurance companies, and DCBS is more closely monitoring their financial condition to protect Oregonians.

The department has added new staff in its Division of Finance and Corporate Securities to increase its examinations of banks. Oregon banks are experiencing many challenges due to the economy, and the new staff is allowing the division to exam banks more frequently and thoroughly. DCBS closed two banks that could not resolve their problems and became insolvent; in both cases, another bank purchased the failed banks' deposits to ensure customers would not be impacted. The division has been strengthening its regulation of mortgage lenders for the past several years as it has seen an increasing number of consumer complaints and issues in mortgage lending. DCBS added enforcement staff in 2008 and is requesting additional mortgage lending staff to conduct more examinations of licensed lenders and to implement a new licensing system for loan originators.

DCBS also has stepped up its scrutiny of insurance company finances in light of the economic downturn. The department is supporting legislation to limit the amount an insurer can invest in stocks, similar to limits in a number of other states, to ensure that insurance companies maintain the financial resources needed to meet obligations to policyholders during turbulent economic times.

- ***Help for homeowners:*** The downturn in the housing market has greatly affected Oregon homeowners. The foreclosure rate continues to rise, as does the number of Oregonians who are late in their mortgage payments. The department has partnered with Oregon Housing and Community Services to increase counseling options for consumers facing foreclosure. DCBS also provides tips and resources to help consumers avoid foreclosure, and staff members conduct presentations throughout the state. The department helped develop legislation passed in 2008 to provide those facing foreclosure with clearer notice

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and to protect Oregonians from so-called “mortgage rescue” scams. The department is proposing legislation to provide additional protections to mortgage borrowers in 2009.

- ***Protecting consumers faced with debt.*** In addition to owing money on their mortgages, many Oregonians are faced with large amounts of other types of debt, such as auto loans and credit card balances. These consumers are increasingly turning to consumer debt counseling and debt management services for assistance. Some of these entities provide legitimate and valuable help to consumers, but others provide little to no value. They may require up-front fees and give bad advice. DCBS is proposing legislation to better protect consumers who use these services by limiting upfront fees, giving debtors the right to cancel contracts, requiring additional companies to be registered with the department, and specifying improper advertising practices.
- ***Other consumer outreach:*** In addition to helping homeowners, the department has increased its outreach efforts in other areas in light of the economy. The crisis in the financial markets has caused many consumers to be concerned about the safety of their money. The department developed a Web page to help answer consumer questions about whether their financial accounts and insurance policies are safe. And the Insurance Division has been educating consumers about their health insurance options if they lose their jobs.

The recession also has had an impact on DCBS revenue. DCBS programs are funded by a variety of fees and assessments paid by those it regulates, and as the economy shrinks, many of those revenue sources shrink as well. The department is implementing a management action plan to balance its budget; the plan includes reducing expenditures and staff, increasing collections revenue, and withdrawing budget requests to add staff in Oregon OSHA and in information technology.

DCBS also is advancing many of its key regulatory streamlining projects to position Oregon well when the economy recovers. For example, the Building Codes Division’s e-permitting project will speed the construction permitting process, allow contractors to do business 24/7, make the process more predictable and consistent, and therefore enhance the state’s competitiveness.

## **Climate change**

Climate change could have serious implications for Oregon’s economy and environment. Annual emissions of carbon dioxide have increased by almost 80 percent between 1970 and 2004, and experts predict a faster rate of global warming in the next 100 years than experienced in the past 10,000 years. DCBS is responding to this challenge in several ways.

The Building Codes Division is involved in an array of green building issues, such as energy efficiency standards, water re-use systems, and installation of solar fixtures. A legislative proposal would direct DCBS to adopt new building codes with higher energy-efficiency standards, with the goal of “net zero” energy use by 2030. The Building Codes Division also is developing a “solar code” that will establish consistent construction standards for solar

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installations, has adopted new methods to promote the re-use of water in structures, and is educating the building community about sustainability.

The Insurance Division is working to bring green insurance policies to Oregon. For example, some policies ensure that when claims are made, structures are rebuilt in an environmentally friendly manner. Others allow policyholders to pay for insurance based on the number of miles they drive, encouraging alternative transportation.

The Office of Regulatory Streamlining works with state and federal natural resource and environmental protection agencies to identify and reduce regulatory barriers to sustainable business and building practices. Successful solutions have included online permit applications, elimination of duplicate application requirements, and administrative rule updates to encourage private investment in green and sustainable building technologies.

DCBS also has a sustainability plan, with goals for reducing the agency's carbon footprint by cutting vehicle miles and waste.

## Health Care Issues

The cost of health care continues to outpace the overall rate of inflation, and many Oregonians have no health insurance. Factors that drive increases in health premiums include medical inflation, increases in use of health care services, new technologies that cost more than current medical procedures, prescription drug costs, aging, and unhealthy lifestyles.

The Oregon Health Fund Board has proposed many fundamental changes to Oregon's health care system with the goals of containing costs, expanding coverage to Oregon's uninsured population, improving quality, and bettering the health of Oregonians. To supplement the larger reforms under way, several DCBS divisions are working to control both the increasing cost of health care and the number of uninsured Oregonians.

The Insurance Division has several initiatives related to improving the transparency of health care costs to help consumers make more informed decisions. The division has partnered with the Office of Health Policy and Research on a Web site that allows consumers to compare hospital costs, and it now publishes health insurance rate filings on its Web site. The division annually publishes a report on commercial health insurance that highlights recent law changes, details the current financial performance of health insurers, and describes DCBS' role in regulating the industry.

The Insurance Division also has several proposals that would change the way it reviews health rate filings by insurance companies, which may bring some savings to consumers and give them the opportunity to have input in the process. One proposal would strengthen the department's rate review standards to ensure it has the authority it needs to protect consumers from excessive rate increases. Another would carry out a recommendation of the Health Fund Board to require insurers to justify increases in administrative expenses above a specified rate. A third proposal would allow the public to comment on rate filings before decisions are made.

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The Workers' Compensation Division is working on a medical quality initiative aimed at improving injured worker access to quality medical care while finding ways to control costs.

The Oregon Medical Insurance Pool provides medical coverage for individuals whose employers have dropped coverage or who have health risks that preclude them from obtaining coverage in the individual market.

Oregon OSHA has provided grants to health care facilities across the state to prevent patient-lifting injuries among workers.

## **Aging of the Population**

The population of older wage earners (aged 45-64) has been growing and will continue to grow at a faster pace than Oregon's overall population as a result of the baby-boomer effect. The elderly population (65+) also is growing and is expected to increase at an annual rate of 3.7 percent through 2015.

As the baby-boomer generation ages, the demand for retirement funds will increase. This requires more investor education due to the increased vulnerability of senior citizens to investment and Medicare fraud. The department undertook an outreach campaign aimed at seniors during the 2007-2009 biennium. Staff members from several programs traveled around the state making presentations to seniors and their families about how to make good financial choices and avoid financial, insurance, and Medicare abuse. Another way the department will protect seniors from fraud is by limiting the use of designations, such as "senior specialists," that agents use when marketing to seniors. DCBS is developing rules to ensure agents who use these designations have specialized knowledge and expertise.

DCBS' Senior Health Insurance Benefits Assistance, or SHIBA, program provides Oregon Medicare beneficiaries and their families with accurate and objective information about Medicare and helps them understand their rights and options. The SHIBA program reaches thousands of Oregonians annually through a network of volunteers and education and outreach efforts.

As the population ages, the nature of occupational injuries and illness changes. Oregon OSHA enforcement and consultation programs take this change into account and focus on cumulative trauma injuries and ergonomics in the workplace.

## **Identity Theft**

Identity theft is the fraudulent use of an individual's name and personal identifying data by someone else to obtain credit, merchandise, or services. This is a growing problem internationally and in Oregon. DCBS helped develop the Oregon Consumer Identity Protection Act, passed in 2007, and the Division of Finance and Corporate Securities has been educating businesses and consumers about their rights and responsibilities under the new law.

DCBS, in the course of doing business, collects personal identifying information on licensees and injured workers. The agency has an obligation to protect this information and, when it no

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longer needs the information, to dispose of it appropriately. The department is taking steps to protect personal identifying information it collects.

## **Rapidly Changing Information Technologies**

The world of electronic information processing, transfer, and retrieval continues to evolve at an ever-increasing pace. This provides opportunity for industry and consumers to do business more quickly and efficiently, as well as an increased risk for fraud and abuse. DCBS must remain current with these changes to protect consumers, to interact effectively with industry and other department customers, and to remain efficient in its own operations. This evolution also gives the department the opportunity to take advantage of technological change to improve our efficiencies and enhance our service to workers, consumers, and businesses.

Much of the department's two-year plan involves using information and technology to regulate effectively and make processes less cumbersome, more timely, and more accessible for businesses and residents. Current projects include online insurance rate and forms filing; electronic licensing and renewal for regulated entities; electronic proof-of-coverage reporting for workers' compensation; e-mail request forms for Workers' Compensation Board reviews and hearings; and online training. In addition, the department uses data and technology systems to target enforcement and outreach efforts, so it can be more effective and better protect consumers.

DCBS also is leading several statewide technology projects that involve other government agencies, such as offering construction permits and local building department services online and growing the statewide license directory.

## **Changing Workplaces and Industries**

The department must be able to continue to respond to changes in regulated industries and activities. For example, the Workers' Compensation Division is addressing the growing number of nontraditional employer-employee relationships – such as worker leasing and temporary staffing – to ensure workers who are injured are covered by workers' compensation insurance and employers are paying fairly for that coverage.

## **Performance measures**

The performance measures for DCBS are described in the Executive Summary Appendix, Tab A.