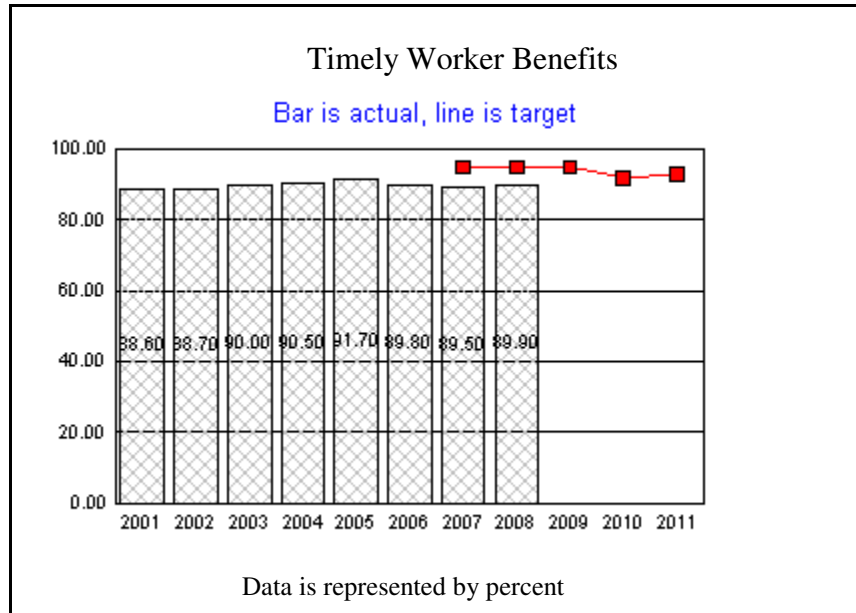


KPM #14	TIMELY WORKER BENEFITS – Percent of injured workers who receive timely benefits from insurers.	2007
Goal	DCBS Goal #1: Protect consumers and workers in Oregon.	
Oregon Context	DCBS Mission: To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.	
Data Source	WCD insurer audit data	
Owner	Sally Coen, Manager, Field Audit Unit, Workers' Compensation Division (503) 947-7687	



1. OUR STRATEGY

Ensure insurers and self-insured employers process claims and deliver benefits to injured workers in a timely manner by using education, enforcement, targeted auditing, and streamlining.

2. ABOUT THE TARGETS

This data tracks the timeliness of benefit payments by insurers to injured workers. Various types of benefit payments from insurers are audited for timeliness, including: time loss, permanent disability, death, and reimbursement of worker expenses. This measure provides a gauge for the efficiency of claim processing and benefit delivery. At 95 percent, the current, aggressive target reflects our desire to improve an already high level of performance. In 2009, we are changing our audit methodology to include a more risk-based approach. We will focus on under-performing insurers instead of regularly auditing all insurers. This will lead to greater long-term protection for workers, though in the short term insurers may appear to have decreased performance results. To reflect the change in our audit methodology, we recommend the legislature lower our 2010 target to 92 percent and 2011 target to 93 percent.

3. HOW WE ARE DOING

Although we are performing below our target of 95 percent, the number has been at or close to 90 percent for the past several years, which is an extremely high level of performance.

4. HOW WE COMPARE

Direct comparisons to other jurisdictions are difficult as many states do not track and publish comparable data. However, the Workers' Compensation Research Institute (WCRI) has stated that Oregon continues to have one of the highest rates of timeliness in the nation. A 2008 study of 14 states by the WCRI showed that in 2003 only 41 percent of workers received their first benefit payment within 21 days of injury. Oregon's injured workers received their first benefit payment within 14 days of injury 90 percent of the time in 2003, and that performance has stayed strong.

5. FACTORS AFFECTING RESULTS

In the past couple years, the Workers' Compensation Division has made increased efforts to educate insurers about what constitutes a timely payment. For example, many payments that one particular insurer previously categorized as timely are now reported as not timely, which resulted in a drop in the percent of benefits paid timely for this insurer. Looking forward, we expect performance to improve because of several of our efforts. For example, in 2006, we increased the performance thresholds for insurers from 80 percent to 90 percent in categories that directly relate to workers receiving timely benefits. This threshold increase caused a greater number of companies to be penalized in 2007 and 2008; however, over time we anticipate these new thresholds will encourage insurers to improve their timeliness. Further, in 2007 the department levied a \$5 million penalty against one of the larger groups of workers' compensation insurers in Oregon for a number of compliance violations. As part of the penalty agreement, the department has been working with the insurer to improve its timeliness performance – the insurer group has bettered its timeliness of first payment of benefits for injured workers from 66 percent at the end of 2007 to 85 percent in the first quarter of 2008 and has seen significant

improvement in its overall workers' compensation claims performance.

6. WHAT NEEDS TO BE DONE

WCD is sponsoring a regulatory streamlining initiative to improve the division's claims systems and processes in order to ensure injured workers receive the benefits to which they are entitled, make processes easier for insurers and employers, and improve performance by regulated parties. As part of this project, WCD will be using data to better target its education and enforcement efforts to improve insurer compliance. WCD is also considering a significant change to its audit process that will include using a more risk-based approach. We believe a more risk-based approach will ultimately lead to more timely benefit payments and greater protection for injured workers because the audits will target under-performing insurers.

7. ABOUT THE DATA

Data is collected quarterly and reported for the Oregon fiscal year (July 1 – June 30). Data includes benefits payments for time loss, permanent disability, death, and reimbursement of worker expenses. Data comes from insurer self-reports that are verified by WCD and captured in the WCD Quarterly Claims Processing Performance audit report as well as the Compliance Field Audit of insurers and self-insured employers, which is an on-site field audit of insurer claims records. To calculate the overall value, the total number of benefits payments found to be timely are divided by the total number of benefits payments audited for timeliness. Note, DCBS reports final values to 1 decimal place. The automated annual report system shows a 0 as the second decimal place, which is a placeholder for measures that may require a second decimal place.