



Oregon

Theodore R. Kulongoski, Governor

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To: Oregon workers' compensation insurance underwriters

Subject: Insurer notice to employers regarding non-disabling claims reimbursement

Industry Notice

The Workers' Compensation Division recently investigated an insurer for its failure to notify employer policyholders about the option to reimburse the insurer for medical service costs on non-disabling claims. This notification is required in Oregon Administrative Rule (OAR) 436-060-0055(2). We want to remind all Oregon insurers of their responsibilities under this rule.

The non-disabling claims reimbursement option offers Oregon employers an opportunity to pay medical service costs up to \$1,600 on accepted, non-disabling claims. Those costs cannot in any way be used to affect the employer's experience rating modification or otherwise be charged against the employer, thereby potentially reducing the employer's premium expenses. Insurers must notify their policyholders of this option at the inception of the policy and before each policy year.

The reimbursement is optional for employers, but insurers are *required* to notify employers of the option and to participate in the program if the employer chooses to participate. Failure to do so may result in civil penalties against the insurer. The rules describing the requirements for insurers and employers to participate are in OAR 436-060-0055 and can be found on the Web at <http://www.cbs.state.or.us/wcd/policy/rules/rules.html>.

The Workers' Compensation Division will include notification requirements in our future focused audits to ensure that employers are properly advised of potential benefits.

For more information regarding the non-disabling claims reimbursement option, please contact the assistant ombudsman in the office of the Oregon Small Business Ombudsman at 503-378-4209.

For information regarding insurer notice responsibilities, contact Bob Hamre, Investigations and Sanctions Unit manager, at robert.hamre@state.or.us, or call 503-947-7654.

John Shilts, Administrator
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