



# Oregon

Theodore R. Kulongoski, Governor

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To: Insurers, self-insured employers, third-party administrators, employers, and attorneys

Subject: Expenditure reductions at the Workers' Compensation Division

## Industry Notice

The economic downturn continues to have a significant impact on Oregon's workers' compensation system, including the Workers' Compensation Division. Revenue from the workers' compensation premium assessment, which funds our division and other workers' compensation programs at DCBS, has declined sharply because of the high unemployment in Oregon. As you may recall, we took several steps in 2009 to offset that revenue shortfall, including cutting spending, not filling vacant positions, and laying off 14 division staff.

We had hoped these steps would be enough, but since last year our revenue projections have worsened. You can find details about our revenue projections on the Management-Labor Advisory Committee website:  
[http://www.oregon.gov/DCBS/MLAC/wc\\_budget.shtml](http://www.oregon.gov/DCBS/MLAC/wc_budget.shtml).

To address this situation, we must make additional expenditure reductions. In late April, I notified 13 Workers' Compensation Division employees that they will be laid off. The layoffs are primarily in areas where workload has decreased or where we have identified opportunities for streamlining including investigations and sanctions, operations and records, and compliance.

We also are evaluating the feasibility of further reductions that will have an impact on customers in the workers' compensation system. These include:

- Outsourcing to the private sector the scheduling of compelled medical examinations, such as medical arbiter examinations, for injured workers.
- Eliminating the department's facilitation of 90-day conferences when a worker is not yet in a vocational assistance plan.

In addition to staff reductions, we are delaying some resource-heavy technology projects such as electronic reporting of claims.

These were difficult decisions, and they were governed by our need to continue to serve our primary customers – workers and employers. Oregon's workers' compensation system is extremely successful and often looked at as a model by other states. Although this economy is presenting challenges, we are committed to maintaining critical programs that Oregon's workers and employers depend on.

We will keep you updated as we continue to monitor the effects of the economy on our programs.

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John Shilts, Administrator  
Workers' Compensation Division