10/24/16

EXHIBIT
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Greetings,

We are EERTW, Employers Empowering Return to Work, a group who meets to discuss and share ideas, concepts and promote return to work and the utilization of EAIP and PWP.

Today, our proposal is to return the reimbursement amount of EAIP percentage of wages to 50%.

The rules effective 7-1-2013 reduced the percentage of the wage subsidy from 50 percent to 45 percent in order to resolve a deficit in the WBF reserves. Here are the reasons:

- At the rules advisory committee meeting on 7-19-16, the Department indicated the deficit in the WBF reserves was resolved and the advisory committee participants requested the percentage of the wage subsidy reimbursement be restored to 50 percent.
- The EAIP is a significant incentive to help offset the costs associated with providing transitional duty to injured workers.
- Historically the EAIP wage reimbursement has been 50 percent. The reduction in 2013 was understood to be a temporary measure.
- A 50 percent wage reimbursement is consistent with the percentage of the wage reimbursement under the Preferred Worker Program.

Attached is an email from John Shilts and an excerpt below supporting one of the points for returning to the 50% level of reimbursement. Other reasons are also noted below.

"These changes come about in order to meet the legal requirement to maintain a WBF balance of approximately 12 months of expenditures. We are currently at that level and without making changes like these, we would violate that law. If the revenue to the WBF returns sufficiently to allow us to return to or make progress toward our traditional benefit and assessment levels, that is what we will do."

Examples of the significance to employers can be demonstrated by the following numbers:

Tri-Met total reimbursements 2013-2015 =$510,895, a 5% increase would have provided an additional $25,545.

Multnomah County total reimbursements 2013-2015 =$313,891, a 5% increase would provide $15,695.

As demonstrated by these figures, even 5% can make a dramatic difference to an employer.

Again we request that the reimbursement of wages be re-adjusted to the 50% level.

Thank you for your consideration.
EERTW
Members include-
Amber McMurry- Multnomah County
Kristen Weiler- Portland Public Schools
Melissa Schnell- City or Portland
Eden Davis- Davis and Associates
Moira Przybylowski- CIS
SDAO
City of Salem

From: Shilts John L [mailto:john.l.shilts@state.or.us]
Sent: Friday, September 14, 2012 4:25 PM
To: Bruyns Fred H; Schnell, Melissa; 'Howe Rae'
Cc: 'Amber McMURRY'; 'Aubrey Sakaguchi'; 'Candy Snell'; Eden Davis; Straight Jean M; Willingham Kevin; Allen Patrick; Bledsoe Teri L; Garcia Victor A
Subject: RE: EAIP days reduced

Ms. Schnell: Thanks for your question. I received a similar question from Ms. Susan Cline and sent her the same response as below.

The reason we are planning to make changes to the length of wage subsidies under the Employer-at-Injury-Program (EAIP) have to do with the financial condition of the Workers' Benefit Fund (WBF). This is one of a few changes we are planning and I'll provide you some more information below. Please note, this announcement was made yesterday along with a series of workers' compensation rates we annually announce at about this time. Here is a link to the department's press release regarding all the rate issues:
http://www.oregon.gov/DCBS/docs/news_releases/2012/nr_wc_rates_9_13_2012.pdf

At the current rate of revenue and expenditure for the WBF, the WBF would be out of all funds sometime in 2017. This isn't caused by increased expenditures (costs), as the program costs covered by the WBF have remained rather flat over the last several years. The recession is resulting in less people working and less overall hours worked, causing a steep decline in the revenue collected that finances the WBF. Thus, like any other fund administrator which is paying out more money than is being collected to finance the fund, we are left with the difficult choices of raising the assessment rate in order to raise revenues or cut benefits to reduce expenditures.

After a significant amount of vetting of options with business and labor groups, we made the following decisions:
1) Raise the assessment from 2.8 cents per hour worked (paid half by the employer and half by the employee) to 3.3 cents for every hour worked. This increase will go into effect on April 1, 2013.
2) Reduce administrative expense for operation of the fund by $500,000 per fiscal year. This amounts to about a 10% reduction in the expense of administering this fund by the department. This takes effect during this current fiscal year. These expenditure cuts are internal to DCBS and will not effect the fee provided for administration of EAIP by employers, for example.
3) Reduce the allowable days upon which wage subsidy can be paid in the EAIP from 66 days to 56 days. This amounts to a reduction of approximately 3 months to a little over two and a half moths of available wage subsidy for modified or light duty employment. This change will require an administrative rule change and we expect to implement this change on July 1, 2013. However, we plan to start the administrative rule process, including external advisory committees and the administrative hearing that Fred will chair, shortly.

These changes come about in order to meet the legal requirement to maintain a WBF balance of approximately 12 months of expenditures. We are currently at that level and without making changes like these, we would violate that law. If the revenue to the WBF returns sufficiently to allow us to return to or maké progress toward our traditional benefit and assessment levels, that is what we will do.

I hope this provides an answer to your question. If you want further information or have suggestions for us, please don't hesitate to contact me. Thank you for your question.

John Shilts, Administrator
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