Frequently Asked Questions
Using a service company/third-party administrator (TPA) in Oregon

Q: We are a nationwide/multi-state company that uses the same master agreement with a third-party administrator (TPA) for all the states we are in. How do we address Oregon-specific requirements without changing the agreement in other states?
A: Any Oregon requirements that you do not want to be binding in other states can be added as an addendum that specifies that such clauses are effective only in Oregon. Alternately, you can write a separate agreement for Oregon. Some TPAs have short, streamlined agreements addressing all Oregon requirements.

Q: What sorts of services are not allowed to be mentioned in the agreement, and what do we do if our master service agreement does mention them, even if we are not using those services in Oregon?
A: The primary services that get mentioned in TPA service agreements that are not allowed in Oregon are certain kinds of managed care, particularly preferred provider (PPO), pharmaceutical networks, and utilization review. Many times, such services are part of the agreement's standard language or part of the fee schedule. The references to these services must be removed. This can be done by amendment, either specifically stating which wording is being removed or by including a clause stating that any services not allowed in Oregon will not be used and are not part of the agreement.

Q: What counts as a *processing location* and why can't we have more than a certain number of them?
A: Any location where claims are being processed or stored counts against the limit of eight locations (three for self-insureds). This includes the insurer's own locations, as well as any TPAs or storage facilities. All claims, even denied and closed claims, matter in this count. These limits are defined by statute – ORS 731.475(4)(b) for insurers and ORS 656.455(3) for self-insureds – and may not be waived by the Workers' Compensation Division (WCD). The insurer must give WCD notice whenever any claims are moved, even closed claims, so that our records can be kept up to date. See OAR 436-050-0110(5) and OAR 436-050-0210(5).

Q: Are there any exceptions to the rule that all claims must be processed instate?
A: Yes, there is one exception. If a self-insured employer that self-administers its own claims wants to process them outside of Oregon, the self-insured can ask WCD for permission. ORS 656.455(2) explains this and OAR 436-050-0230 outlines the process and requirements for getting that permission. If WCD grants permission, the self-insured must pay all expenses for WCD to examine and audit the claims records kept outside of Oregon. Also, the permission may be revoked if the self-insured does not comply with the rules.

Q: We have an approved TPA agreement with Company A. They have subcontracted with Company B to process some of our claims for them. Why are you asking for an agreement between us and Company B?
A: In order for an insurer or self-insured employer to use a TPA to process claims, OAR 436-050-0110(3)(a) [and, by extension, OAR 436-050-0210(3)] requires that the service agreement "be between the underwriting insurer and a service company that is incorporated in or authorized to do business in Oregon, and must not be between any other third parties." Oregon law does not address separate, subcontracting agreements in claims processing. Every TPA that is processing claims for an insurer must have a service agreement between itself and the insurer directly.

Q: Our company is a self-insured employer, not an insurer. Doesn't the power of attorney requirement only relate to insurers?
A: A self-insured employer is effectively both an insurer and an employer, unless it explicitly states otherwise. So, self-insured employers are also bound by the rules and statutes related to insurers.