

FAX COVER SHEET

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DATE: 10/25/2021

TO: Fred Bruyns

FAX: 503_947-7514

FROM: Susan Potter, MS, Vocational Consultant

**RE: EAIP PROGRAM REIMBURSEMENT PROCEDURES –
ADDITIONAL WRITTEN TESTIMONY**

CC:

Number of Pages including cover sheet:

MESSAGE: Dear Fred,

**I am submitting this letter to be included in the Proposed
Changes to Workers Compensation Rule OAR 436-105-0540,
“Employer-At-Injury Program Reimbursement Procedures”**

Thank you!

Susan Potter

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October 25, 2021

Mr. Fred Bruyns
Department of Consumer and Business Services
Workers' Compensation Division
Fax: (503) 947-7514

RE: Proposed changes to OAR 436-105-0540, "Employer-At-Injury Program Reimbursement Procedures"

Dear Fred:

I wanted to provide additional written testimony regarding this proposed amendment, which increases the administrative fee from \$120 to \$180. While this increase is overdue and necessary, I would like to continue to advocate that the fee be increased to \$200. I am providing a copy of the letter that our firm sent to WCD in November 2019, at which time a great deal of detail was provided for the support and rationale of a fee increase, and further at that time recommending an increase to \$200.

The admin fee for EAIP has not been increased since 2007, so by the time a fee increase takes effect, it will have been 15 years.

Based on the data and projected increased costs to the fund, and percentage that administrative fees are as a total of fund reserves, it is our opinion that increasing the fee to \$200, rather than \$180, does not substantially impact the fund reserve requirements. The Fiscal and Economic Impact figures provided by WCD stated the following, based on EAIP expenditures from 07/01/2020 – 06/30/2021:

- A \$60 increase to the administrative fee would increase EAIP expenditures from the Worker's Benefit Fund by approximately \$457,723 per year
- Payments for administration would rise from 4.12 percent to 6.19 percent of total EAIP costs, or from 0.61 percent to 0.92 percent of the total reserves in the WBF.
- The ending balance in the WBF for FY 2021 was \$149,617,795. ORS rules state that the WBF should have a minimum fund balance of no less than 12 months of projected expenditures. For FY 2022, this is estimated to be approximately 86.9 million. At the end of FY 2021, the WBF contained reserves sufficient for approximately seven quarters of annual expenditures. NOTE: 7 QUARTERS OF RESERVES = 21 months of sufficient reserves. This is far below the statutorily required 12-month balance.

Administering the EAIP program, for insurers and self-insured employers, has increasingly taken more time, and certainly over the past 15 years, costs of doing business have increased greatly. As the attached letter documented two years ago, a great deal of

time is spent reviewing claim documents online, communicating with all parties to gather and obtain sufficient and relevant data to document the eligibility of the EAIP as well as the necessary payroll documentation, provided for the correct payroll periods.

In addition, the Department also made the change recently to eliminate Social Security numbers from 801 and 827 forms, but the Employer-At-Injury Program still requires that a Social Security number be provided on the reimbursement form. This has added additional staff time, frequently requiring multiple emails and phone calls, to obtain this information directly rather than being able to pull the number from claim documents. This addition alone has increased the time sufficiently, in my opinion, to support the additional fee increase to \$200.

The administrative costs for EAIP are a very small percentage of total EAIP costs, and also total WBF reserves.

- Even with the \$60 increase in EAIP administrative fees, the percentage of the total cost of the Worker Benefit fund is less than 1% (.92%).
- Even with the \$60 increase in EAIP administrative fees, these costs are only 6.19 percent of total EAIP costs.

It remains our contention that adding an additional \$20 to the proposed admin fee, from \$180 to \$200, is reasonable, necessary and fair. It does not cause an undue burden on the Worker Benefit Fund reserves, based on the information provided the Department, and merely reflects what is a reasonable fee for services which has not been increased for 15 years.

I hope this information will be considered as the rules are being drafted. If you wish to speak to me or any of my staff further, we would be happy to explain and provide more detail on the time, care, cost and resources it takes to review claims and administer this program for Oregon employers.

Thank you for your consideration!

Sincerely,



Susan Potter, MS
Owner/Vocational Rehabilitation Counselor
spotter@mpfassociates.com



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November 13, 2019

Ms. Katie Bruns, Return to Work Policy Analyst
Department of Consumer and Business Services
Workers' Compensation Division
Fax: (503) 947-7514

RE: Administrative Fee for EAIP Reimbursements
OAR 436-120-0540 (2)

Dear Katie:

McCauley Potter Fain Associates has, over the years, processed many EAIP reimbursements for Oregon employers, insurers, and third-party administrators. It is a program highly regarded by all, and a benefit that most employers are eager to access.

We recently became aware of the fact that the \$120 administrative fee, which is provided to the insurer for administering this program, has remained the same for 12 years, since 2007. It is our opinion that given this length of time, the costs associated with doing business and processing EAIPs has risen significantly since 2007, and an increase in the rate of the administrative fee is warranted.

We would like to submit this letter to you in advance of the November 21, 2019 hearing on EAIP and propose an increase of the administrative fee to \$200. We believe this is reasonable, since this fee has not been increased for almost 13 years, and the amount of administrative time required to complete EAIP reviews and increased costs associated with doing business.

The average amount of time it takes to complete one EAIP reimbursement has been calculated by my staff to be 2 hours; some reviews may take less time, and many reviews can take 3+ hours to review and gather necessary information to complete the EAIP reimbursement (especially very complicated claims).

Siobhan Harris, an MPF EAIP Coordinator, comprised the following outline of the process we undertake to provide EAIP reviews:

- MPF receives closed claims list from insurer/TPA, which is usually in Excel format and needs to be formatted for our use. Some employers send them to us individually and so we must create and maintain spreadsheets for tracking. Some accounts require MPF EAIP consultants to travel to various office locations in the Portland metro area to review claims in person.
- MPF reviews individual claims to determine if they qualify for EAIP. There can be a large list of closed claims for any given month and many of them may not

qualify but must be reviewed. Most of the claims are reviewed on various online claims management systems; each insurer/employer uses a different system and some systems are extremely slow and can take a while to load all the documents. Any one claim in the system can have 6 or 7 pages of documents to look through and then each document can be multiple pages as well. The more pages involved, the longer it takes to load. We have to print supporting documentation and look through all the files, which can be 200 + in some of the longer claims, and then we put together our supporting packet once we figure out the claim is eligible for EAIP reimbursement. A lot of times there is missing information in the file that we then have to hunt down either from the claim's examiner, employer or sometimes even have to contact the doctor's office for missing medical release information. We also spend a good amount of time with tech support when one of the online systems isn't working properly or our passwords won't work.

- Payroll is requested from employers for qualifying EAIP claims. Some accounts have multiple employers and we must find the correct contact for each employer and follow up with each of them individually. Some employers are quick to respond and get back to us but many times we are having to follow up two, three, four, five, etc., times to get payroll. Employer payroll data may not be in the correct format, dates can be wrong, timecards missing, or it's just completely illegible and we need to follow up to get the correct information or to clarify. It is also very time consuming to print out the payroll that we receive. Many times, it's in Excel and time is spent reformatting the reports to print properly, or it's in multiple PDFs and word documents that we have to print one by one. This is very time-consuming. Some employers send payroll for multiple claims, over a 2-3-month period of time, in no particular order, and it must be sorted. This step alone can take up to one hour.
- EAIP forms are completed and payroll calculations made to properly calculate the reimbursement and provide supporting documentation. Attention to detail and double-checking work is extremely important; every insurer and employer is different, and we have to ensure all the information is correct. When there is a change to the form, such as when the concurrent claim box was added, it took a while to update all our employer templates with the correct information. We will have to do this again when the rate increases from 45% to 50% and then again if the administrative fee is increased. It would be nice to do these at the same time so that we didn't have to recreate all the forms a second time. It also will be very time-consuming double-checking dates starting in January to see which claims get the 45% and which get the 50%. This will slow down our process considerably.
- The added concurrent claim section has proved to be very time consuming for us as well since we don't have a database that lists all the individuals to easily check to see if they do have concurrent claims. Sometimes we don't receive them in chronological order, and we have to backtrack and dig up the files so

that we can double check dates. We keep a copy of the current year claims in our filing cabinets, but the rest are in storage requiring additional time to locate.

- MPF updates all the EAIP spreadsheets per employer, noting claim, claimant, EAIP reimbursement amount, date completed, once the EAIP reviews are finished. Insurers and employers request data tracking. Maintaining databases for EAIP claims is an administrative function that also requires staff time.
- The EAIP form is submitted to the state and an EAIP packet prepared and sent to the insurer/claims examiner to ensure all documentation is available in the claim file for future audits. Many employers also request a copy of the EAIP reimbursement form. There is a great deal of administrative time spent to prepare, copy or scan, and send documents where needed.
- MPF follows up with the employer and sends completed spreadsheets; some accounts have additional special requests or processes that are followed to track EAIP reimbursements.
- MPF provides EAIP follow up services. Employers contact us about the status of reimbursements; we reach out to the State to obtain information for the employer. We also have insurers that require us to send them a quarterly list of qualifying claims so that can take some time to compile.
- MPF responds to EAIPs that have been sent back by WCD. Sometimes requests that are sent back to us for missing or incorrect information so then we must redo them and resubmit. There are instances where there is a disabling claim that we received but the State hasn't received the proper documents and so we have to go back to the file and make a copy of the NOC, 801 and 1502 to send back in. Time is required to locate the file, get the necessary information, make the correction, or to find the missing documents.
- Processing EAIP reimbursements involves a great deal of communication, i.e. emails and telephone calls with employers and insurers trying to get all the necessary information needed to complete EAIP reimbursements accurately and timely. Follow up is necessary to keep things moving efficiently as possible and keep the EAIP program running smoothly.

I hope this gives you a better idea of what is involved in administering the EAIP program for Oregon employers and insurers. It would seem reasonable and fair to increase the administrative fee at this time, and we appreciate your consideration of this matter.

If you have any questions about this, or would like to speak to me further, please do not hesitate to contact me at (503) 350-7074. Thank you, Katie!

Sincerely,



Susan Potter, MS

Owner/Vocational Rehabilitation Counselor

spotter@mpfassociates.com