



June 17, 2026

Proposed Changes to Workers' Compensation Rules

Caption: Implementing HB 2800 (2025)

The Workers' Compensation Division proposes to amend:

- OAR 436-180 Worker Leasing
- OAR 436-162 Electronic Data Interchange; Proof of Coverage
- OAR 436-050 Employer/Insurer Coverage Responsibility (minor, housekeeping change)
- OAR 436-060 Claims Administration (minor, housekeeping change)
- OAR 436-105 Employer-at-Injury Program (minor, housekeeping change)
- OAR 436-110 Preferred Worker Program (minor, housekeeping change)

When is the hearing? August 6, 2026, 11 a.m.

Where is the hearing? Virtual only by video or telephone via Microsoft Teams:

Join: <https://teams.microsoft.com/meet/271312159511386?p=KGUFehRZmAUxl3HNiw>

Meeting ID: 271 312 159 511 386

Passcode: Bk3NN6eZ

Dial in by phone

[+1 503-446-4951,883598884#](tel:+15034464951883598884) United States, Portland

Phone conference ID: 883 598 884#

How can I make a comment? Attend the hearing (virtually) and speak, send written comments, or do both. Send written comments by:
Email – WCD.Policy@dcbs.oregon.gov, Attention: rules coordinator

Or

Attn: Rules Coordinator
Workers' Compensation Division
350 Winter Street NE (for courier or in-person delivery)
PO Box 14480 (for mail delivery)
Salem, OR 97309-0405

Or

Fax – 503-947-7514

The closing date for written comments is August 14, 2026.

Note on OAR chapter 836

The Division of Financial Regulation (DFR) intends to make nonsubstantive conforming changes to OAR chapter 836 in conjunction with this rulemaking. These changes are not addressed in this document.

Questions?

Contact Barb Belcher, wcd.policy@dcbs.oregon.gov.

Proposed rules and public testimony are available on the Workers' Compensation Division's website: <http://wcd.oregon.gov/laws/Pages/proposed-rules.aspx>. Or, call 971-286-0316 to get paper copies.

Auxiliary aids for persons with disabilities are available upon advance request.

Summary of proposed changes to OAR 436-180:

In addition to the specific changes referenced below, multiple rules in OAR 436-180 are being amended to adopt new terminology introduced by HB 2800 (2025), such as “professional employer organization,” which replaces the older term “worker leasing company” throughout. Multiple plain-language and housekeeping changes have also been made.

- OAR 436-180-0003 is amended for consistency with other divisions of OAR chapter 436.
- OAR 436-180-0005 is amended to adopt and revise definitions of terms used in HB 2800 and delete definitions of terms no longer used in ORS 656.850.
- OAR 436-180-0100 is amended to align with new provisions on PEO coverage responsibilities introduced by HB 2800.
- OAR 436-180-0110 is amended to adopt rules for carrier-insured PEOs to provide notice of their coverage responsibilities to their insurers, including timeframes. Previously the rule did not distinguish between carrier-insured and self-insured PEOs.
- OAR 436-180-0115 is adopted to:
 - Provide clarity on when and how an insurer assumes liability for compensation due to a PEO’s client’s workers under existing law;
 - Require insurers that provide coverage to PEOs to do so on a multiple coordinated policy (MCP) basis; and
 - Require insurers to report proof of coverage for PEOs and their clients via electronic data interchange (EDI).
- OAR 436-180-0120 is amended to align with new provisions on temporary service providers introduced by HB 2800.
- OAR 436-180-0140 is amended to:
 - Change the process applicants for a PEO license must use to verify tax compliance for consistency with Oregon Department of Revenue and Internal Revenue Service rules;
 - Require first-time applicants, but not applicants for renewal, to provide organization charts showing all persons with whom they share majority common ownership;
 - Require PEOs to notify the division if they intend to cancel or nonrenew their licenses;
 - Allow PEOs with no clients to voluntarily suspend their licenses.
- OAR 436-180-0150 is amended to provide for the form and interval of the client lists PEOs must submit to the division under ORS 656.850 as amended by HB 2800.
- OAR 436-180-0155 is amended to adopt terminology introduced by HB 2800.
- OAR 436-180-0160 is amended to adopt terminology introduced by HB 2800.
- OAR 436-180-0170 is amended to adopt terminology introduced by HB 2800.
- OAR 436-180-0200 is amended to adopt terminology introduced by HB 2800.

Summary of proposed changes to OAR 436-162:

- OAR 436-162-0005 is amended to update the definition of “industry code.”
- OAR 436-162-0035 is amended to remove reference to worker leasing companies.
- OAR 436-162-0390 is adopted to require insurers to retain copies of termination notices filed by PEO policyholders.

Summary of proposed changes to OAR 436-050:

- OAR 436-050-0200 is amended to replace “worker leasing company” with “self-insured professional employer organization (PEO).”

Summary of proposed changes to OAR 436-060:

- OAR 436-060-0025 is amended to replace “worker leasing company” with “professional employer organization.”

Summary of proposed changes to OAR 436-105:

- OAR 436-105-0005 is amended to update the definition of “client” to align with OAR 436-180-0005.

Summary of proposed changes to OAR 436-110:

- OAR 436-110-0005 is amended to update the definition of “client” to align with OAR 436-180-0005.

The agency requests public comment on whether other options should be considered for achieving the rules’ substantive goals while reducing the negative economic impact of the rules on business.

Need for the rule(s): The rules are needed to implement changes to existing law made by HB 2800, to address gaps in current rule that create administrative burdens for stakeholders, and to allow coverage data to be reported via EDI.

New rule OAR 436-180-0115(2), which requires insurers to write PEO policies on a multiple coordinated policy (MCP) basis, is needed to provide a consistent underwriting standard, avoid the need for complex reporting rules, and ensure consistency with other states where PEOs operate.

PEO coverage in Oregon is currently provided on a “hybrid master” basis. Under the hybrid master model, a PEO and its clients are covered under a single policy in the name of the PEO, but insurers create “dummy policies” for each client. The purpose of these dummy policies is to allow payroll and loss data for clients to be separately reported, as required by ORS 737.270. The dummy policies do not actually afford coverage.

The hybrid master model has been used in Oregon for many years, and we acknowledge that PEO stakeholders are concerned that moving away from it will create market disruption and reduce PEOs’ access to coverage. However, our view is that Oregon’s current underwriting requirements are themselves a barrier to access.

In general, states where clients must be separately rated require PEO coverage to be written on an MCP basis. Conversely, in states that allow master policies, clients must use the PEO’s experience rating during the term of the PEO relationship. To the best of our knowledge, Oregon’s requirement that clients covered under a master policy be separately rated is unique, and therefore unfamiliar to most insurers. On the other hand, most insurers that write PEO coverage on a national basis are already

familiar with the MCP model, and the insurers who provided testimony at the advisory committee expressed a preference for using that model.

Based on this, we do not think requiring coverage to be provided on an MCP basis will create significant access issues. Conversely, we do anticipate the need for more complex and burdensome reporting rules if insurers are allowed to continue writing coverage on either a hybrid master or an MCP basis. Because these models are so different, we would need to put in place parallel rules, and develop parallel reporting systems, to allow them both at the same time. This would make it more difficult for insurers to report coverage and increase the likelihood of reporting issues.

Documents relied upon and where they are available: Rulemaking advisory committee records, HB 2800 (2025) information, and written advice. These documents are available for public inspection upon request to the Workers' Compensation Division, 350 Winter Street NE, Salem, Oregon 97301-3879. Please contact Barb Belcher, Operations Manager, WCD.Policy@dcbs.oregon.gov.

Fiscal and economic impact: The agency projects the proposed rule amendments, if adopted, will not affect the agency's cost to carry out its responsibilities under ORS chapter 656 and OAR chapter 436. Possible impacts on stakeholders are included under "Statement of Cost of Compliance" below."

Statement of cost of compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

- a. The agency estimates that proposed rule changes will not increase costs to state agencies for compliance with the rules, because the rules do not apply to other state agencies.
- b. The agency estimates that proposed rule changes will not increase costs to units of local government for compliance with the rules, because no local government currently operates a PEO.
- c. The agency estimates that proposed rule changes will decrease costs to the public for compliance with the rules in some cases but may increase them in others.

The changes are broadly intended to decrease administrative burdens on public stakeholders- most notably, by eliminating the requirement for PEO stakeholders to report coverage changes on paper forms. In a few cases new reporting requirements have been added, but in general stakeholders were already providing the required information to the division under the division's general authority to request information from regulated parties.

Stakeholders have indicated that the proposed requirement that insurers provide coverage to PEOs on an MCP basis may create additional costs for PEOs due to underwriting charges associated with writing multiple client policies vs. one master policy.

2. Cost of compliance effect on small business (ORS 183.336):

- a. **Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:** The rules primarily apply to insurers and PEOs. Insurers are generally not small businesses as defined by ORS 183.310.

We are unable to estimate the number of Oregon-licensed PEOs that are small businesses because we do not collect data on the number of workers PEOs directly employ. That said, the number is probably not greater than 200 based on the total number of licensees and the fact that some of these are national PEOs or members of “families” of PEOs.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services: The agency estimates that adoption of the proposed amendments will decrease costs to small businesses for reporting, recordkeeping, other administrative activities, or professional services required for compliance.

c. Equipment, supplies, labor and increased administration required for compliance: The agency estimates that adoption of the proposed amendments will decrease costs to small businesses for equipment, supplies, labor, or increased administration required for compliance.

How were small businesses involved in the development of this rule? The agency sent rule advisory committee invitations to more than 4,500 stakeholders, including representatives of small businesses.

Statement identifying how adoption of the rule will affect racial equity in this state: The Workers’ Compensation Division does not anticipate any specific effects on racial equity in Oregon, but invites public input.

Administrative Rule Advisory Committee consulted?: Yes. **If not, why?**



Matt West

June 17, 2026

Authorized Signer

Printed name

Date

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