NAPEO National Association of Professional Employer Organizations
707 North St. Asaph Street
Alexandria, Virginia 22314
T 703 836.0466
F 703 836.0976
www.napeo.org

Exhibit
"2"

August 14, 2026

Submitted via email to marie.a.rogers@dcbs.oregon.gov

Marie Rogers
Workers' Compensation Division
Department of Consumer and Business Services
350 Winter Street NE
Salem, Oregon 97301

Re: Comments on Proposed Rules Implementing House Bill 2800 (OAR Chapter 436, Division 180)

Dear Ms. Rogers:

On behalf of the National Association of Professional Employer Organizations (NAPEO), thank you for the opportunity to comment on the Workers' Compensation Division's proposed rules implementing House Bill 2800.

NAPEO is the national trade association representing the professional employer organization (PEO) industry. PEOs provide payroll, human resources, employee benefits, regulatory compliance and workers' compensation administration to more than 200,000 small and mid-sized businesses, employing 4.5 million people. More than 3,640 Oregon businesses and approximately 87,360 employees rely on PEOs for payroll, employee benefits, HR services, tax administration and regulatory compliance.

At the outset, NAPEO appreciates the Division's collaborative approach throughout this rulemaking process. The proposed rules reflect substantial progress toward modernizing Oregon's PEO framework, and the Division has incorporated many of the industry's recommendations. NAPEO's comments are therefore focused on two principal implementation areas that would further the Division's stated objective of adopting rules that are practical, consistent and administratively workable.

I. OAR 436-180-0110 - Notice of Client Coverage

NAPEO respectfully requests that the Division revise the proposed seven-day notification requirements in OAR 436-180-0110(1)(a) and (e) to require notice within 30 days.
NAPEO fully supports timely communication between PEOs and workers' compensation insurers. This recommendation is not intended to delay notification. Rather, it is intended to establish a reporting period that promotes complete and accurate reporting while remaining fully consistent with the Division's regulatory objectives. Complete and accurate notifications directly serve the interests of covered workers by ensuring that their coverage status, classifications, and benefit entitlements are correctly reflected in the insurer's records from the outset.

a. Operational realities support a 30-day period.

Onboarding a new PEO client is not a single administrative event. Each implementation differs depending on the size and complexity of the client, the number of employees, whether the client is changing carriers and whether the client is transitioning from another PEO.

Before a complete notice can be transmitted to the workers' compensation insurer, a PEO must coordinate across multiple departments and technology systems to verify employee and payroll information, workers' compensation classifications, coverage details, tax information and other client-specific data. These steps are quality-control measures designed to ensure that the information provided to the insurer is complete and accurate.

A seven-day deadline creates significant pressure during that process, particularly for larger or more complex implementations. It increases the risk of employee misclassification, incorrect premium calculations, gaps in coverage records and an administrative burden of subsequent corrections that consumes Division and insurer resources. Those downstream corrections are more burdensome for the Division and insurers than allowing additional time for accurate reporting upfront. A 30-day period would allow PEOs to complete the necessary review responsibly while still providing insurers with timely information.

b. The PEO and insurer reporting requirements should be coordinated.

NAPEO recognizes that proposed OAR 436-180-0115(3) would require an insurer to file proof of coverage within 30 days after coverage becomes effective. We also understand the Division's concern that the insurer's reporting period begins when coverage becomes effective rather than when the insurer receives the PEO's notice.

That concern can be addressed without requiring a complete formal notice within seven days. NAPEO recommends that the Division retain a 30-day deadline for the complete notice required under OAR 436-180-0110 and use Bulletin 273 to identify limited preliminary information (such as the client name, effective date of coverage, estimated employee count and primary workers' compensation classification code) that an insurer must receive earlier to satisfy its proof-of-coverage obligation. Distinguishing an initial operational communication from the complete regulatory notice would give insurers the information necessary to begin their reporting process while allowing PEOs sufficient time to validate the full client record.

This approach would better align the two rules, preserve timely proof-of-coverage reporting and reduce the likelihood that rushed or incomplete data will later require correction by the PEO, the insurer or the Division.

c. A uniform 30-day period would improve consistency within the rule.

The proposed rule already provides a 30-day reporting period for changes, corrections and terminations. It also retains a 30-day period for self-insured PEOs to report new client coverage and reinstatements. Only new client notices and reinstatements for carrier-insured PEOs would be subject to a seven-day deadline. Appendix A illustrates how the requested revisions would

create a uniform reporting framework while leaving the existing 30-day deadlines unchanged for all other reporting events.
Applying a uniform 30-day period to the complete regulatory notices required by OAR 436-180-0110 would create a clearer compliance framework, reduce unnecessary administrative complexity and make the rule easier for regulated entities, insurers and the Division to administer.

d. A 30-day period is consistent with Oregon practice and comparable state requirements.

Oregon has historically operated under a 30-day notification period for notice of client coverage[1]. Retaining that timeframe would preserve an established process that has functioned successfully while minimizing disruption during implementation of HB 2800.

A 30-day period is also the most common specific deadline among states with comparable workers' compensation notification requirements. Alabama[2], Florida[3] and North Carolina[4] each provide 30 days for notice to the workers' compensation carrier and state, while many other states do not impose a specific deadline. Appendix B provides a summary of comparable state notification requirements, including Arizona[5], which requires notice but does not prescribe a specific deadline. A 30-day standard would therefore align Oregon with established regulatory practice rather than create an outlier requirement.

e. Proposed revisions to OAR 436-180-0110.

For the reasons discussed above, NAPEO respectfully requests that the following language be amended:

OAR 436-180-0110(1)(a): Replace "within 7 days" with "within 30 days."

OAR 436-180-0110(1)(e): Replace "within 7 days" with "within 30 days."

Bulletin 273: Identify any limited preliminary information that a carrier-insured PEO should provide before the complete 30-day notice when necessary to enable the insurer to satisfy OAR 436-180-0115(3).

II. OAR 436-180-0115 - Multiple Coordinated Policy Framework

NAPEO encourages the Division to implement Oregon's Multiple Coordinated Policy (MCP) framework in close alignment with established MCP states and to avoid unnecessary Oregon-specific policy structures or administrative requirements.

---

[1] OAR 436-180-0110(1)(a)
[2] Ala. Code § 25-14-9(f)(6)c.
[3] Fla. Stat. § 468.529(3)
[4] N.C. Gen. Stat. § 58-89A-110(g)
[5] Ariz. Rev. Stat. § 23-901.08(D)

During the stakeholder process, NAPEO informed the Division that the industry had decided to discontinue advocating for a hybrid workers' compensation approach and instead focus on ensuring that Oregon's MCP framework is implemented successfully. NAPEO is not asking the Division to revisit the policy decision reflected in HB 2800. Our objective is to help ensure that Oregon's MCP system is practical, competitive and consistent with structures already operating in other jurisdictions.

NAPEO appreciates the Division's statement that it does not intend to reinvent the wheel and instead plans to build upon established MCP systems. That approach will allow insurers to rely on policy structures, administrative systems and operational processes that have already been developed and tested.

a. Specific areas where alignment is important.

As the Division, NCCI and industry stakeholders finalize implementation details, NAPEO respectfully requests that Oregon use established NCCI forms, endorsements, proof-of-coverage conventions and statistical reporting practices to the greatest extent possible. In particular, Oregon should seek consistency in:

- policy naming and numbering conventions for the PEO policy and coordinated client policies;
- effective-date coordination among the PEO policy, client policies and proof-of-coverage reporting;
- endorsement language identifying the MCP relationship and the applicable PEO;
- electronic proof-of-coverage and data-reporting formats;
- treatment of multi-state risks so carriers are not required to establish an unnecessary Oregon-only policy structure;
- application of premium discount schedules, minimum premiums and expense constants; and
- statistical reporting and experience-rating processes.

These are not merely technical details. Consistency in these areas will allow carriers to administer Oregon risks through familiar systems, combine multi-state risks where appropriate, avoid unnecessary separate policies, preserve available premium efficiencies and reduce duplicative administrative costs.

Conversely, unique Oregon-specific mechanics would require carriers and PEOs to build, program, monitor and administer separate processes solely for Oregon. That additional complexity could increase costs, create more opportunities for error and cause carriers to choose not to write PEO business in Oregon, reducing market competition and ultimately harming Oregon employers and workers through fewer coverage options and higher premiums.

b. Policy naming conventions should preserve multi-state combinability.

Multiple coordinated policies and related naming conventions vary among NCCI and independent rating-bureau states. NAPEO understands from its carrier members that certain state-specific naming conventions, including conventions used in Massachusetts, can prevent exposures from being combined with exposures in other states.

NAPEO respectfully requests that Oregon avoid adopting a non-combinable, Oregon-specific naming convention for client-specific MCPs. Such a convention would be administratively cumbersome for PEOs, carriers, regulators and brokers, would add unnecessary policy expense constants and could prevent carriers from aggregating premiums when applying available premium discounts. Carrier members have identified California and Colorado as useful models for preserving policy combinability where appropriate.

c. Cancellation rights should reflect the PEO's unique role as a named insured.

Because an MCP is client-specific while also naming the PEO as an insured, Oregon's cancellation provisions should be evaluated against current PEO practices and the continuing business relationship between the PEO and its client. The final rules or accompanying guidance should expressly provide a process through which a PEO may notify the insurer that the underlying PEO-client relationship has terminated and request cancellation or appropriate modification of the coordinated client policy, subject to applicable notice requirements and protections for covered workers. The process should address circumstances including a client's default on its financial obligations to the PEO or the termination of the parties' service relationship. Clear guidance will help ensure that a PEO is not required to remain associated with a policy after the underlying coemployment relationship no longer exists.

d. The rules should distinguish bona fide PEO arrangements from sole-employer models.

Staffing companies, employers of record and PEOs may provide overlapping administrative services, but their employment relationships and legal structures differ materially. Unlike a bona fide PEO arrangement, which is based on a statutorily recognized coemployment relationship, some staffing or employer-of-record arrangements may operate through a sole-employer model.

In other states, NAPEO has observed models presented as PEO arrangements that instead rely on a sole-employer structure to obtain coverage resembling a master policy and avoid issuing client-specific MCPs. That result can undermine the separate tracking of client statistical information needed to produce an accurate client experience-rating modification. Without clear criteria, sole-employer arrangements could undermine the experience-rating integrity that HB 2800 was designed to protect, resulting in inaccurate loss data and cross-subsidization of risk among employers. NAPEO encourages the Division to establish and apply clear criteria for identifying coemployment relationships and determining which entities are subject to the new MCP requirements.

e. Requested implementation approach.

NAPEO respectfully requests that the Division continue coordinating with NCCI and industry stakeholders before finalizing forms, bulletins, EDI requirements and rating-related implementation details. Where an Oregon-specific requirement is being considered, we encourage the Division to identify the regulatory need for that departure and evaluate whether the same objective can be achieved through an established MCP convention. NAPEO also encourages the Division to issue implementation guidance sufficiently in advance of the operative date to allow PEOs, carriers, brokers and affected clients to update systems, policy documentation and compliance procedures.

A stable and competitive workers' compensation market benefits Oregon employers by preserving carrier choice and continued access to coverage. Close alignment with established MCP jurisdictions will reduce implementation risk and support the long-term success of HB 2800.

III. Conclusion

NAPEO appreciates the Division's willingness to engage stakeholders throughout this process. We believe the proposed rules provide a strong framework for implementing House Bill 2800, and the revisions discussed above would further advance the Division's objective of creating a practical, consistent and administratively workable regulatory framework. The requested revisions would substantially improve the workability and accuracy of the rules for all stakeholders, including covered workers.

NAPEO respectfully requests that the Division adopt a 30-day deadline for complete notices under OAR 436-180-0110, use Bulletin 273 to address any necessary preliminary carrier communication and continue implementing Oregon's MCP framework in close alignment with established MCP states and NCCI conventions. That implementation should preserve multi-state policy combinability, clarify cancellation rights when the PEO-client relationship ends and ensure the rules apply to bona fide coemployment arrangements without allowing sole-employer models to circumvent client-specific reporting requirements.

Thank you for your consideration. NAPEO looks forward to continuing to work with the Division as implementation of House Bill 2800 moves forward. Should you have any questions with respect to the issues discussed herein, please contact me at (512) 470-5128 or hwalker@napeo.org.

Sincerely,

Hannah E. Walker, Esq.
Vice President, State Government Affairs
NAPEO

Appendix A - Oregon Deadline Comparison

Reporting Event	Proposed Deadline	Requested Deadline
Carrier-insured PEO - new client coverage	7 days	30 days
Carrier-insured PEO - reinstatement	7 days	30 days
Carrier-insured PEO - changes or corrections	30 days	No change
Carrier-insured PEO - termination by operation of law	30 days	No change
Self-insured PEO - new client coverage	30 days	No change
Self-insured PEO - reinstatement	30 days	No change

Appendix B - Comparable State Notification Deadlines

The following provisions were identified in NAPEO's review of state requirements governing notice of new client coverage or comparable workers' compensation reporting.

State	Deadline	Requirement	Citation
Alabama	30 days	PEO must notify the state and workers' compensation carrier within 30 days after initiating or terminating a client relationship for which the PEO provides services to covered employees.	Ala. Code § 25-14-9(f)(6)c.
Florida	30 days	PEO must notify its workers' compensation carrier and designated state agencies within 30 days after initiating or terminating a relationship with a client company.	Fla. Stat. § 468.529(3)
North Carolina	30 days	PEO must notify its workers' compensation carrier and the North Carolina Industrial Commission within 30 days after initiating or terminating a relationship with a client company.	N.C. Gen. Stat. § 58-89A-110(g)
Oregon (existing rule)	30 days	Worker leasing company must file written notice with the state and insurer after the effective date of the worker leasing contract when it provides coverage.	OAR 436-180-0110(1)(a)
Arizona	No specific deadline	PEO must notify its workers' compensation carrier and the Industrial Commission when it enters into a PEO agreement with an Arizona client; no specific initiation deadline is stated.	Ariz. Rev. Stat. § 23-901.08(D)

Many states do not establish a specific deadline for PEO notice to a workers' compensation carrier.