



Public Comment on Proposed Rulemaking (OAR 436-180, 436-162, 836-043)

May 8, 2026

Re: Support of MCP Alternative 1

Dear Workers' Compensation Division,

Thank you for the opportunity to provide comments on the proposed rulemaking to implement HB 2800. I appreciate the Division's thoughtful engagement with stakeholders on April 28, 2026 and the follow-up memorandum.

I support the Division's overall goals of **modernization, improved reporting, and clarity in the PEO regulatory framework**. However, I write to express significant concern regarding the potential **mandatory or accelerated shift to a Multiple Coordinated Policy (MCP) model**, and to recommend a more balanced, nationally aligned approach.

The April 28 meeting demonstrated a clear divergence in stakeholder views:

- **Carriers** expressed a preference for MCP-only.
- **PEO stakeholders and NAPEO** strongly supported maintaining flexibility.
- Local PEOs noted Oregon's current structure limits carrier participation.

The record shows Oregon's current system is already:

- **Unique and more complex than other states**, and
- Designed to comply with ORS 737.270 client-level experience rating requirements.

The Division's follow-up memo further confirms Oregon's uniqueness: **No other high-premium states require client-level experience rating during the PEO relationship** in the same way Oregon does.

Mandating MCP would not "modernize" Oregon. It would layer a major structural change on top of an already unique statutory requirement, creating unnecessary risks:

- **Reduced carrier participation** (especially for smaller PEOs)
- **Higher costs for small and mid-sized employers**
- **Operational disruption** during transition
- **Increased system complexity**, due to Oregon's statutory requirements

These outcomes are not required to achieve statutory objectives.

As noted during the meeting, even under MCP:

- Oregon will still require **client-level segregation and reporting**
- The hybrid **complexity does not disappear**

Oregon's complexity arises from statute: ORS 737.270 requires **separate client experience during the relationship**. This requirement drives the need for hybrid reporting.

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Adopting an MCP-only model **will not eliminate the need for client-level segregation**, reporting, and experience tracking. Instead, it introduces a second structural change layered on top of the existing framework. As confirmed in the Division's May 6, 2026 memo, this requirement is **unusual** among major workers' compensation jurisdictions, and applies during the term of the PEO relationship, not only upon termination.

The solution is to **streamline the hybrid framework**, not eliminate it. By standardizing EDI processes, clarifying reporting triggers, and providing examples or practical clarity for stakeholders, the Division is addressing actual pain points without restructuring coverage.

Existing Frameworks

Allowing both master and MCP models remains fully consistent with ORS 656.850 authority and ORS 737.270 requirements, aligns with NCCI's model framework, and preserves carrier choice, market participation, and operational adaptability.

In contrast, an MCP-only mandate would eliminate an otherwise compliant coverage model, provide no offsetting statutory or policy benefit, and introduce unnecessary transition risk during implementation of HB 2800.

Policy Recommendation: Adopt Alternative 1: Allow insurers to provide coverage using either model. This approach:

- Aligns with **NCCI national practice** (multiple permitted models)
- Preserves **market flexibility**
- Avoids unintended market contraction

The Division has an opportunity to modernize Oregon's PEO framework in a way that:

- Improves data accuracy
- Reduces administrative burden
- Maintains a competitive and accessible insurance market

To achieve these goals, the rules should:

- Allow both master and MCP models (do not mandate MCP)
- Focus on fixing Oregon-specific reporting inefficiencies
- Preserve flexibility consistent with national practice

Thank you for your consideration.

Respectfully submitted,
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