

Agenda

Rulemaking Advisory Committee

Workers' Compensation Division Rules,

- OAR 436-015, Managed Care Organizations (MCOs)

Type of meeting:	Rulemaking advisory committee (specifically regarding MCOs) <i>Please note that no rule changes will occur directly after this meeting. The division will open OAR 436-015 (Managed Care Organizations), along with OAR 436-009 (Oregon Medical Fee and Payment), and OAR 436-010 (Medical Services) in Fall 2026.</i>
Date, time, & place:	June 9, 2026 from 1-3 p.m. Labor & Industries Building: 350 Winter St NE, Salem – Room F or via Microsoft Teams: https://teams.microsoft.com/meet/24139021950581?p=u5YGKmggh0v3OIYz4YQ Meeting ID: 241 390 219 505 81 Passcode: TV74HG6t +1 503-446-4951,470883971# Phone conference ID: 470 883 971#
Facilitators:	Marie Rogers, Juerg Kunz, Workers' Compensation Division
1:00 to 1:10	Welcome and introductions; meeting objectives
1:10 to 2:50	Discussion of issue – see attachment.
2:50 to 3:00	Summing up – next steps – thank you!

Attached: Issue Document: MCO Stakeholder Advisory Committee Meeting

Oregon Administrative Rule Revision
Chapter 436, Divisions 009, 010, and 015
MCO Stakeholder Advisory Committee Meeting
June 9, 2026 from 1-3 p.m.

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Rule: New rule in OAR 436-015

Issue: A stakeholder opines that “[d]espite the stated purpose of MCOs to ‘deliver medical services’ within the workers’ compensation system, insurers continue to involve MCOs in other aspects of claim processing and use the MCO’s relationship with providers to limit non-medical benefits. This includes involvement in temporary disability, claim closure, permanent disability, and vocational services. This is *** beyond the scope of the authority of MCOs.”

Background:

The director received feedback regarding this issue in Fall 2025. Due to timing, the issue was not addressed during the rulemaking process. As a result, the division committed to holding a separate meeting to discuss the feedback. The purpose of this meeting is to gather information that will help inform rulemaking in Fall 2026.

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- A managed care organization (MCO) is a health care provider, or group of medical service providers, certified by the director to contract with insurers or self-insured employers to provide managed health care services to enrolled workers. Health care services are provided through participating panel providers. Currently, there are three active, certified MCOs: Kaiser On-the-Job MCO, Majoris Health Systems Oregon, Inc. MCO, and Providence MCO.
- Other stakeholders joined this stakeholder asking the director to “implement rules to ensure that MCOs remain a neutral entity charged with ensuring efficient and effective medical care for injured worker.” The stakeholders allege/opine that:
 - At times, “MCOs act as insurers to influence doctors on medical [sic] stationary status and work restrictions.”
 - I would like the committee to discuss “MCO involvement in non-medical benefits, such as temporary disability, claim closure, permanent disability, and vocational services. MCO involvement in these non-medical benefits is not authorized by statute.”
 - “I have concerns about MCO involvement in non-medical benefits and suspect that my clients have been adversely affected by such conduct. Such conduct wades into claims processing which insurers and claims administrators are statutorily responsible for, not the MCO. *** I believe it is appropriate for WCD to consider a proposed rule *** to address MCO interference with injured workers’ non-medical benefits.”
- ORS 656.260(21)(a) provides that only a certified MCO may restrict a worker’s choice of health care provider or medical service provider; restrict worker access to any category of

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medical service provider; restrict provider to provider referrals; require preauthorization or precertification to determine necessity of medical services or treatment; or restrict treatment provided to specific treatment guidelines, protocols or standards.

- OAR 436-055-0005(6) provides: “‘Process claims’ means the determination of compensability and management of workers’ compensation claims.”
- It is generally understood that insurers are tasked with claims processing and MCOs with managing health care. However, whereas ORS 656.260(21)(a) outlines specific activities that are in the purview of MCO only, the statute does not define what claims processing entails, nor does the statute specifically outline which activities are solely in the purview of insurers.

Options:

- The stakeholder proposes creating a new rule in OAR 436-015 as follows:

OAR 436-015-XXXX: Prohibited Conduct

(1) An MCO or someone acting on behalf of an MCO may communicate with medical treatment providers only regarding the provision of medical services. An MCO may not communicate with medical providers regarding non benefits [sic], including, but not limited to:

- (a) Medically stationary status under ORS 656.005(17) and ORS 656.268(1);**
- (b) Sufficient information to close a claim under ORS 656.268 or Division 030 under these rules;**
- (c) Restrictions on the workers’ ability to perform or return to regular or modified work;**
- (d) The necessity or duration of temporary disability authorization;**
- (e) Closing examinations or information used to rate permanent impairment partial disability under ORS 656.214 and Division 035 of these rules;**
- (f) Permanent total disability under ORS 656.206; or**
- (g) Information used to determine eligibility for vocational services under ORS 656.340 or Division 120 of these rules.**

(2) Violation of this section will result in a civil penalty assessed in accordance with ORS 656.745(2)(a) and OAR 436-015-0120. Each prohibited communication shall be considered a separate violation for the purpose of assessing a civil penalty.

- Other?
- Make no change

Fiscal Impacts, including cost of compliance for small business:

No fiscal impacts are anticipated.

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How will adoption of this rule affect racial equity in Oregon?

No racial equity impacts are anticipated.

Recommendations: