

The HB 2408 mandated study
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SECTION 7. { + (1) The Department of Consumer and Business Services shall collect data and report to the Seventy-fourth Legislative Assembly by January 30, 2007, on the impact to permanent partial disability awards in workers' compensation claims by:

(a) The amendments to ORS 656.214 by section 1, chapter 657, Oregon Laws 2003, and section 3 of this 2005 Act; and

(b) The amendments to ORS 656.726 by section 3, chapter 657, Oregon Laws 2003, and section 1 of this 2005 Act.

(2) The report required by subsection (1) of this section shall be made in the manner provided by ORS 192.245.

(3) The Director of the Department of Consumer and Business Services shall adopt rules requiring that workers' compensation insurers and self-insured employers assist the department in gathering the data necessary to complete the report as required by subsection (1) of this section. + }'

Study goal: Report to the Legislature on the impact of law changes to PPD rating and compensation.

Study design: Based on system-wide PPD award data in the WCD Claims Information System, a statistically valid random sample will be chosen of approximately 350-400 PPD claims, representing PPD awards made in 2005. The sample will be chosen by the DCBS Information Management Division (IMD) to produce estimates accurate to within + or – 5%, with 95% confidence. Claims will be selected for the study with last awards made at either initial or appeal levels—Notice of Closure, Reconsideration, and Hearings. We anticipate that most of the claims that are selected will have dates of injury prior to 2005, due to the inherent time lags for claims to be processed from injury to closure (and possible post-closure appeals).

Using the data collected, compare three different sets of laws and associated administrative rules:

- PPD benefits and rules for dates of injury immediately prior to 1/1/2005
- PPD benefits and rules for dates of injury in 2005 (SB757)
- PPD benefits and rules for dates of injury in 2006 (HB 2408)

This method was chosen because claims with dates of injury under the more recent laws will not be sufficiently mature to provide an accurate reflection of the law within the time frame of the study. An examination of the long-term impact of the law, including behavioral changes by the parties involved, would require many years of actual claims experience. By looking at the same set of claims across three different law regimes, we can factor out differences due to case characteristics, wage changes, insurer market share, outliers, rule changes, etc., and focus on the differences due to law changes.

The study necessarily excludes claims for which there has never been a closure and rating of PPD. The most significant group of these is claims in which there is a Claim Disposition Agreement (CDA) prior to closure which terminates indemnity benefits. There is no accurate

way to determine how much of the proceeds of the agreement would have been paid as PPD if the claim had been processed through to closure.

Data collection: PPD rating data will be collected by specialists in WCD's Appellate Review Unit (ARU). The detailed data on rating factors will be collected from insurer-reported PPD rating information in WCD claim files. Additional relevant data such as workers' wages will also be collected. In cases where PPD has been rated on appeal, information will be collected from the decision of the appellate body. In cases where file information is inadequate, WCD will have the option to obtain supplemental information from insurers.

Pilot study: WCD has recently completed a pilot study of approximately 40 PPD claims to establish the feasibility of collecting the necessary data from claim files. Based on the pilot, WCD estimates that file review for a typical case will take about 15 to 30 minutes (provided that sufficient information is available in the claim file). WCD will then enter the detailed rating data into a spreadsheet for analysis.

Study time frame: Our current estimate is that the data collection phase by WCD staff will take until about the end of May 2006. IMD will prepare analyses of this detailed data set on PPD ratings. The initial data analysis will take several weeks, so the initial results should be available to the subcommittee by late June. We anticipate further discussions with the subcommittee on possible analyses in this phase of the project. The most fundamental analysis, of course, will be the comparison of the benefits resulting from the three law regimes. Finally, the report to the Legislature must be ready no later than January, 2007, although it will likely be available in draft several months prior to that time, probably by September.