

# Proposed Legislative Concept

Improving the Equity of  
Permanent Partial Disability  
Benefits

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From the MLAC website video:

- *"While businesses pay some of the lowest rates in the country, injured workers get **some of the most robust benefits...**"*

What's the evidence for this statement?

# How do we measure costs and benefits across states?

Category	National Comparison	Data Source & Findings
<b>Employer Costs</b> (Premium rates)	Yes	OR DCBS Rate Ranking Study 2022 <b>(OR rates are 27% below national median)</b>
<b>Benefits</b>		
TTD maximum	Yes	WCRI/IAIABC statutory tables <b>(OR weekly maximum is 6th highest)</b>
PPD max (Work Disability + Impairment)	Yes, but...	ProPublica 2015 <b>(OR is 14th highest, 38% above national average for loss of arm)</b>
PPD max (Impairment only)		

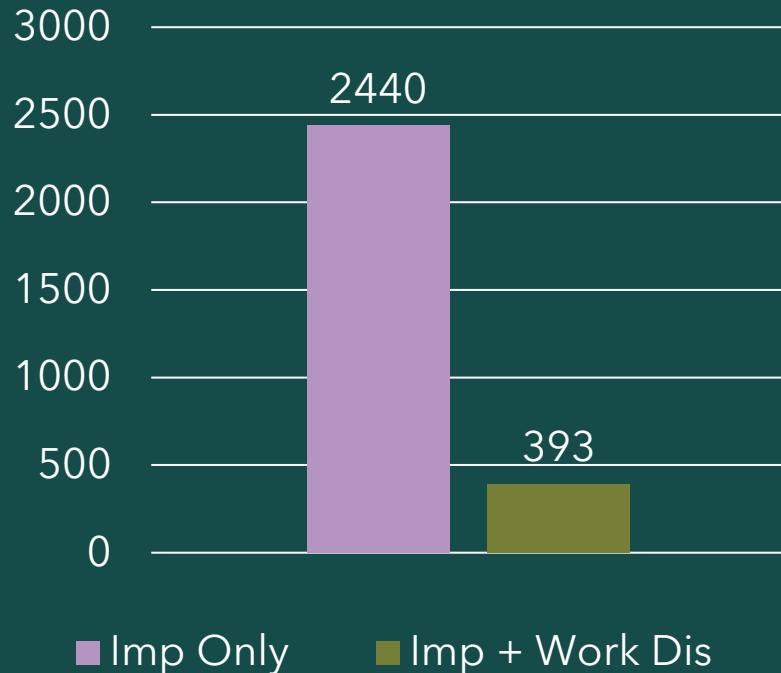
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PPD max (Impairment only)	<b>No</b>	<b>No interstate measures</b>

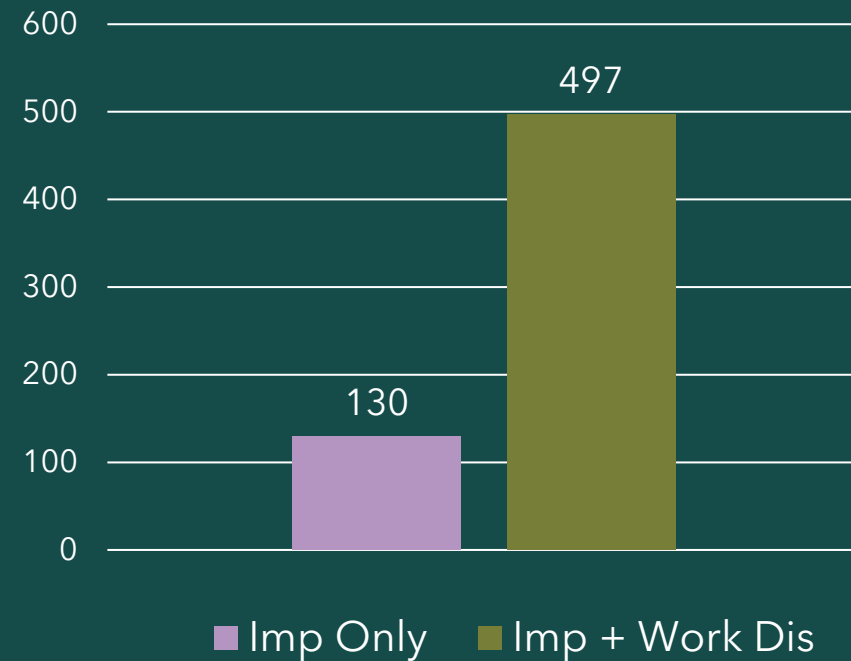
Impairment-Only cases are about 6 out of every 7 PPD awards

Work Disability category maximum is nearly 4x Impairment-Only

Cases (2022)



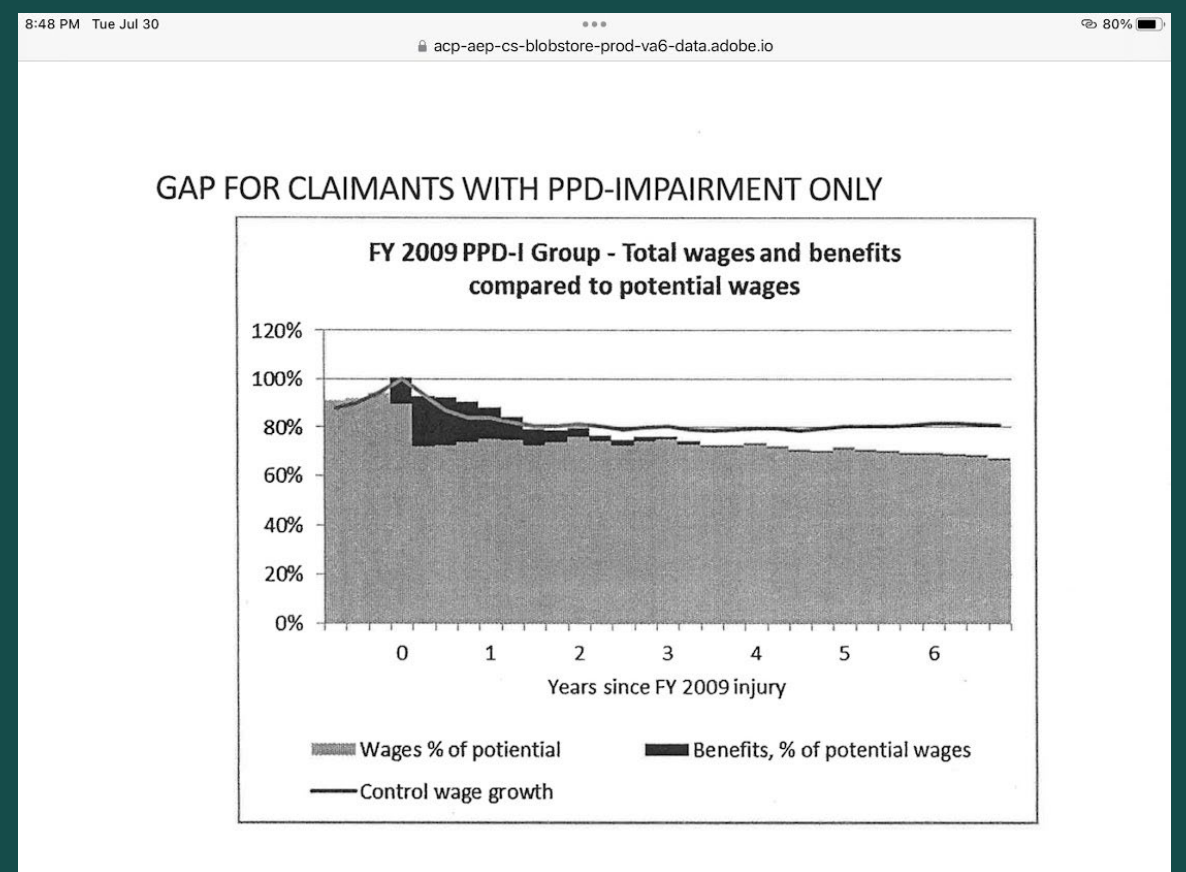
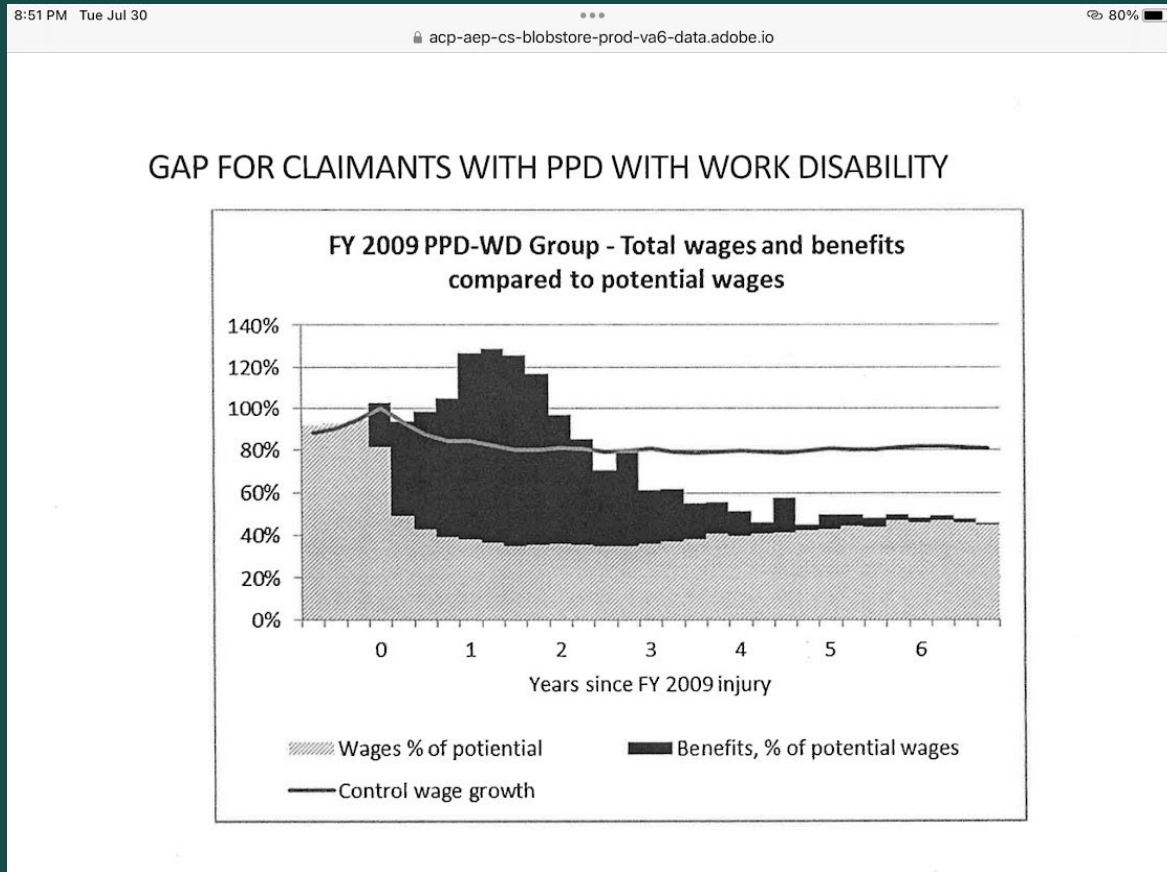
Maximum Benefit  
(\$ thousands, FY24)



While it's not feasible to do interstate comparison for Impairment-only PPD benefits, we can still compare their adequacy within Oregon-- *in relation to Work Disability PPD.*

- When DCBS analysts looked at this in 2016/2017, they found that Work Disability PPD did a better job of replacing lost wages than Impairment PPD.
- In other words, **Impairment-only benefits were less adequate than those that included Work Disability.**

# Wage Replacement is better for WD-PPD; worse for Impairment-only



# Proposal: change the Impairment portion of PPD benefits from 100% of SAWW, to 133% of SAWW.

- The only change to statute would raise 656.214 (2)(a) from 100 to 133, going forward by date of injury.
- 133% of SAWW is the same as the maximum for TTD.
- The proposal increases PPD awards in both categories, but there is a **much larger proportional increase for Impairment-Only** PPD awards (+33% vs. +9.7%)
- The proposal does not affect claim processing, so there would be **no change to administrative costs.**
- No new rules would be needed to implement.
- Because the change is simple and straightforward, there is **very low risk of unintended consequences.**



# Impact on the system (2022 DCBS data)

- 2,440 Impairment-only PPD claims would have a 33% increase in their PPD award.
- 393 Work Disability +Impairment claims would have an average 9.7% increase in their PPD award.
- Oregon's statutory benefit ranking relative to other states would improve.
- Some of the 1,472 pre-closure CDA claims might negotiate larger CDAs.
- System claim costs would rise by 1 to 2 %. At the upper bound, Oregon would still be among the lowest-cost states for employers, at 25% below the median state rate.
- For each of the last 12 years , Oregon has had a pure premium rate decrease exceeding 2%. If that trend persists, there would still be a rate decrease (magnitude unknown).

# How this change would affect benefits and costs

- Benefit maximums for overall PPD would rise by 8.6%, making Oregon benefits in this category more robust relative to other states. In the ProPublica comparison, for example, Oregon would go from 14th highest to 13th highest.
- Wage replacement would be more similar (and more adequate) across both PPD categories.
- Using the 2022 DCBS Premium Rate Ranking Study findings, Oregon rates would be about 25% below the national median (currently 27% below median).

## To sum up:

- Oregon PPD benefits aren't broken, but they could be better and more equitable. This proposal moves things in the right direction.
- Affordability is subjective, but the change would still leave Oregon's rates among the least costly in the country (about 25% below the median state).
- Simple and predictable impact, with no change to claim processing.



Questions?