

WORKERS' COMPENSATION
MANAGEMENT-LABOR ADVISORY COMMITTEE
Full Committee Meeting

Nov. 7, 2024
10 a.m.–noon

Committee members present:

Scott Strickland, Sheet Metal Workers Local #16
Patrick Priest, Citycounty Insurance Services
Lorne Bulling, IronWorkers Local 29
Sara Duckwall, Duckwall Fruit
Ryan Hearn, Roseburg Forest Products
Stacy Lewallen, Fortis Construction, Inc.
Sarah Merrick, City of Salem Fire Department
Kim Schlessinger, Samaritan Health Services
Margaret Weddell, Labor Representative
Andrew Stolfi, DCBS Director, *ex officio* (**Absent**)

Staff:

Teri Watson, MLAC Committee Administrator
Baaba Ampah, MLAC Assistant
Megan Parsons, MLAC Assistant

Agenda Item	Discussion
Opening (00:00:35)	Co-Chair Patrick Priest called the meeting to order, and Teri Watson called the roll of members. A quorum was present.
(00:02:40)	Public comment No public comment.
(00:03:05)	Review minutes from Oct. 10, 2024 The minutes from the Oct. 10, 2024, meeting were presented. Stacy Lewallen moved to approve the minutes, and Sara Duckwall seconded the motion. The motion passed.
	Department updates
(00:03:55)	Workers' Compensation Board (WCB) case law updates – Lauren Eldridge No updates from WCB.

(00:04:08) **Workers' Compensation Division (WCD) update – Teri Watson**
Teri Watson mentioned that there was a rulemaking meeting regarding Oregon Administrative Rules chapter 436, divisions 9, 10, and 15 on Nov. 5, 2024.

(00:04:35) Sean O'Day, Department of Consumer and Business Services (DCBS) deputy director, announced that the listening session for the WCD administrator recruitment has been completed. The position recruitment is expected to open in December and close mid-January, with interviews following immediately after. The recruitment is anticipated to be completed in early- to mid-February.

Legislative Concept (LC) Presentations:

(00:07:22) **SAIF Managed Care (MCO) LC Presentation – Bryan Null, Ivo Trummer, Elaine Schooler, and Chip Terhune, SAIF Corporation**
[SAIF LC Presentation](#)

Margaret Weddell asked why occupational health is disdained by medical professionals in Oregon. Chip Terhune highlighted the financial challenges faced by the healthcare system, also mentioning occupational health is more of an administrative burden. Overall regulatory obligations create layers of complexity. Chip Terhune clarified that this reluctance is not due to negative perceptions of injured workers, but rather the complexities within the workers' compensation system that deter providers from participating.

(00:49:24) Ryan Hearn asked if this legislative concept will allow other third party administrators (TPA) to start their own MCOs. SAIF clarified that currently it is only SAIF Corporation. SAIF has been reaching out to stakeholders and is open to engaging with TPAs.

Dustin Karstetter, City County Insurance Services, asked if there would be a potential for SAIF to partner up with existing MCOs to build the MCO industry. Elaine Schueller responded that in the drafted language, there is an opportunity for partnership. However, absent the proposed legislation, SAIF may lack statutory provisions to enter into such partnerships.

(00:52:12) Stephene Bennett, American Property Casualty Insurance Industry, mentioned that SAIF has plenty of advantages as it is a state-created entity, SAIF should be limited to only issuing workers' compensation insurance and should not be allowed to create subsidiaries nor run MCOs. Private insurance are statutorily prohibited from operating MCOs, and SAIF would have an advantage over private industries. He proposed finding a solution to the problem without SAIF creating its own subsidiary or getting competitive advantage.

Chip Terhune welcomed the opportunity to have a conversation with all stakeholders. He highlighted that all 348 workers' compensation insurer

competitors have the ability to spread risk across multiple lines of insurance and states, whereas SAIF is a mono-state entity.

- (00:58:01) Lon Holsten [testified](#) in opposition to the legislative concept. He suggested that SAIF work with stakeholders to improve health care access and make a collective effort to identify and implement solutions that benefit the system without the need for legislative changes or forming a subsidiary.
- (01:06:34) Lorne Bulling asked SAIF's reason to start a new MCO if existing MCOs are struggling, and if they have reached out to healthcare providers. Chip Terhune noted that the current draft provides many different pathways including creating a new MCO, investing in or acquiring an existing MCO, or developing a network hub by entering into contractual agreements with regional health systems and coordinated care organizations. The current draft is filled with options that need to be refined as stakeholders come forward.
- (01:10:38) **Permanent Partial Disability (PPD) Presentation – Mike Manley**
[Permanent Partial Disability \(PPD\)](#)
- (01:28:56) There is currently no drafted legislation, but Mike Manley will work with legislative counsel to accomplish that.
- (01:29:48) Theresa Van Winkle, DCBS, mentioned that the proposed concept is originally from House Bill 2337 (2017), sponsored by DCBS. Its goal was to increase both permanent partial and permanent total disability benefits. She continued that stakeholders had concerns after a National Council on Compensation Insurance's (NCCI) analysis predicted a 33 percent increase of PPD impairment benefit costs, an estimated 2.5 percent overall system cost increase, and a direct impact of about 7.9 percent on indemnity PPD claim cost. Theresa Van Winkle highlighted that there were also some concerns that workers would be overcompensated. As a result, MLAC directed the department to remove the PPD provision of the bill, and the rest of the bill was passed unanimously. Theresa Van Winkle offered to provide a more formal write-up to the committee.
- (01:33:05) Stacy Lewallen mentioned she would like more data to better understand the wage loss problem.
- (01:03:32) Ryan Hearn mentioned that the state average weekly wage is evaluated every year, and it has increased. Theresa Van Winkle confirmed that currently it has increased to \$1,331.

Workers Compensation Insurer Panel

Liberty Mutual cancelled and was not available to present.

(01:35:17) **SAIF Claims Manager - Dan Schmelling**

Dan Schmelling gave a presentation on SAIF's claims division. He highlighted that the division has over 500 employees, which includes specialized roles like claims adjusters, bilingual adjusters, nurse consultants, and return-to-work consultants. He explained how claims are managed from intake to resolution.

(01:51:19) **Sedgwick Assistant Claims Manager - Jon Propst**

Jon Propst gave a presentation on Sedgwick's claims process, highlighting their Portland office manages 3,600 claims from 580 clients with a team of 120 staff, including examiners and personnel support.

(01:57:26) Scott Strickland asked about internal checks and balances when it comes to diversity, equity, and inclusion (DEI) training. Dan Schmelling mentioned that SAIF has a robust DEI program that looks at DEI throughout the company. Ivo Trummer added that SAIF has had a DEI program for over 10-15 years.

Sedgwick mentioned that they do not have one, but they have a customer service care team that people can approach if they are having issues. A worker's biggest advocate is their employer. In terms of ongoing training, they have Oregon subject matter experts within their organization.

(02:01:38) Dan Schmelling will get back to MLAC about exit interview data within SAIF.

Upcoming meetings – Dec. 5, 2024, and Jan. 9, 2025, in-person meetings

Meeting Adjourned Patrick Priest adjourned the meeting at 12:02 p.m.

*These minutes include time stamps from the meeting video found here:
<https://www.youtube.com/watch?v=E2LLCfMelW0>

**Referenced documents can be found on the MLAC Meeting Information page here:
<https://www.oregon.gov/E/DCBS/mlac/Pages/2024-meetings.aspx>