

# DRAFT

## SUMMARY

Digest: The Act would let SAIF form or acquire subsidiaries. The Act would let SAIF or a subsidiary provide managed care to injured workers. The Act would require the Department of Consumer and Business Services to make an annual audit of the managed care that they provide. (Flesch Readability Score: 60.6).

Authorizes the State Accident Insurance Fund Corporation to form or acquire subsidiaries to perform any function the corporation may delegate under law. Authorizes the corporation or a subsidiary to provide managed care services to injured workers. Sets forth the membership and duties of the board of directors that governs a subsidiary. Requires an annual audit of the managed care services provided by the corporation or a subsidiary.

Takes effect on the 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to medical services for injured workers; creating new provisions;  
3 amending ORS 656.260 and 656.752; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 656.752 is amended to read:

6 656.752. (1) The State Accident Insurance Fund Corporation is created for  
7 the purpose of transacting workers' compensation insurance and reinsurance  
8 business. The State Accident Insurance Fund Corporation also may insure  
9 an Oregon employer against any liability such employer may have on ac-  
10 count of bodily injury to a worker of the employer arising out of and in the  
11 course of employment as fully as any private insurance carrier.

12 (2) The functions of the State Accident Insurance Fund Corporation shall  
13 be:

14 (a) To confer with and solicit employers and to determine, handle, audit

1 and enforce collection of premiums, assessments and fees of insured employ-  
2 ers insured with the State Accident Insurance Fund Corporation;

3 (b) To make insurance available to as many Oregon employers as  
4 inexpensively as may be consistent with the overall integrity of the Indus-  
5 trial Accident Fund, in accordance with ORS 656.634 and sound principles  
6 of insurance;

7 (c) To receive and handle and process the claims of workers and benefi-  
8 ciaries of workers injured in the employ of insured employers insured with  
9 the State Accident Insurance Fund Corporation; and

10 (d) To perform all other functions which the laws of this state specifically  
11 authorize or which are necessary or appropriate to carry out the functions  
12 expressly authorized.

13 (3) The State Accident Insurance Fund Corporation in its name may sue  
14 and be sued.

15 **(4) The State Accident Insurance Fund Corporation may form or**  
16 **acquire a subsidiary corporation to perform any function of the State**  
17 **Accident Insurance Fund Corporation that may be delegated to the**  
18 **subsidiary under any provision of this chapter.**

19 [(4)] **(5)** The State Accident Insurance Fund Corporation [*may authorize*  
20 *self-insured employers or other insurers to use any physical rehabilitation*  
21 *center operated by the State Accident Insurance Fund Corporation on such*  
22 *terms as the State Accident Insurance Fund Corporation deems reasonable.*]

23 **or a subsidiary may:**

24 **(a) Provide managed care services to injured workers under ORS**  
25 **656.260;**

26 **(b) Authorize self-insured employers or other insurers to use such**  
27 **managed care services on such terms as the State Accident Insurance**  
28 **Fund Corporation deems reasonable; and**

29 **(c) Solicit and coordinate with medical service providers to provide**  
30 **medical services to injured workers.**

31 [(5)] **(6)** The State Accident Insurance Fund Corporation **or a subsidiary,**

1 in its own name, may:

2 (a) Acquire, lease, rent, own and manage real property[.];

3 (b) [*It may*] Construct, equip and furnish buildings or other structures  
4 as are necessary to accommodate its needs[.];

5 (c) [*It may*] Purchase, rent, lease or otherwise acquire for its use all  
6 supplies, materials, equipment and services necessary to carry out its  
7 functions[.]; **and**

8 (d) [*It may*] Sell or otherwise dispose of any property acquired under this  
9 subsection.

10 [(6)] (7) Any real property acquired and owned by the State Accident In-  
11 surance Fund Corporation **or a subsidiary** under this section shall be sub-  
12 ject to ad valorem taxation.

13 [(7)] (8) The State Accident Insurance Fund Corporation may furnish ad-  
14 vice, services and excess workers' compensation and employer liability in-  
15 surance to any employer qualified as a self-insured employer under the  
16 provisions of ORS 656.407, on such terms and conditions as the State Acci-  
17 dent Insurance Fund Corporation deems reasonable.

18 [(8)] (9) With the approval of the Director of the Department of Consumer  
19 and Business Services, the State Accident Insurance Fund Corporation may  
20 provide reinsurance coverage to Oregon employers on such terms and condi-  
21 tions as the State Accident Insurance Fund Corporation deems reasonable.

22 [(9)] (10) The State Accident Insurance Fund Corporation may contract  
23 with the Oregon Department of Administrative Services to provide claim  
24 management services for claims filed under ORS 655.505 to 655.555 by adults  
25 in custody of institutions of the Department of Corrections.

26 **SECTION 2. (1)(a) A subsidiary corporation formed or acquired by**  
27 **the State Accident Insurance Fund Corporation shall be governed by**  
28 **a board of five directors appointed by the Governor as follows:**

29 (A) **One member with expertise or an interest in labor.**

30 (B) **One member with expertise or an interest in management.**

31 (C) **Three members representing the State Accident Insurance Fund**

1 **Corporation appointed from among individuals recommended by the**  
2 **board of the State Accident Insurance Fund Corporation.**

3 **(b) Members of the board of directors are subject to confirmation**  
4 **by the Senate pursuant to section 4, Article III of the Oregon Consti-**  
5 **tution.**

6 **(2) No member of the board of directors of a subsidiary shall have**  
7 **any pecuniary interest, other than an incidental interest which is dis-**  
8 **closed and made a matter of public record at the time of appointment**  
9 **to the board, in any corporation or other business entity doing busi-**  
10 **ness in the workers' compensation insurance industry.**

11 **(3)(a) The term of office of a member is four years, but a member**  
12 **serves at the pleasure of the Governor.**

13 **(b) Notwithstanding the term of office specified under paragraph (a)**  
14 **of this subsection, of the members first appointed to a board after the**  
15 **formation or acquisition of a subsidiary, at the choice of the Governor:**

16 **(A) One shall serve for a term of two years.**

17 **(B) Two shall serve for a term of three years.**

18 **(C) Two shall serve for a term of four years.**

19 **(c) Before the expiration of the term of a member, the Governor**  
20 **shall appoint a successor.**

21 **(d) A member is eligible for reappointment.**

22 **(e) If there is a vacancy for any cause, the Governor shall make an**  
23 **appointment to become immediately effective for the unexpired term.**

24 **(4) A member of the board of directors is entitled to compensation**  
25 **and expenses as provided in ORS 292.495.**

26 **(5) The board of directors shall select one of its members as chair-**  
27 **person and another as vice chairperson, for such terms and with such**  
28 **duties and powers as the board of directors considers necessary for**  
29 **performance of the functions of those offices.**

30 **(6) A majority of the members of the board of directors constitutes**  
31 **a quorum for the transaction of business.**

1       **(7) The board of directors shall meet at least once every three**  
2 **months at a time and place determined by the board. In addition, the**  
3 **board of directors shall meet at such other times and places specified**  
4 **by the call of the chairperson or of a majority of the members of the**  
5 **board.**

6       **(8) It is the function of the board of directors to establish the poli-**  
7 **cies for the operation of the subsidiary that it governs in accordance**  
8 **with all applicable provisions of law.**

9       **(9) Not later than April 15 of each year, the board of directors shall**  
10 **file with the State Accident Insurance Fund Corporation a report**  
11 **covering the activities and operations of the subsidiary for the pre-**  
12 **ceding year.**

13       **SECTION 3.** ORS 656.260, as amended by section 112, chapter 73, Oregon  
14 Laws 2024, is amended to read:

15       656.260. (1)(a) **The State Accident Insurance Fund Corporation and**  
16 **any health care provider or group of medical service providers may make**  
17 **written application to the Director of the Department of Consumer and**  
18 **Business Services to become certified to provide managed care to injured**  
19 **workers for injuries and diseases compensable under this chapter.**

20       **(b) [However] Notwithstanding paragraph (a) of this subsection,**  
21 **nothing in this section authorizes an organization that is formed, owned or**  
22 **operated by an insurer or employer other than a health care provider or the**  
23 **State Accident Insurance Fund Corporation to become certified to pro-**  
24 **vide managed care.**

25       **(c) As used in this section:**

26       **(A) “Contract review” means the methods and processes whereby**  
27 **the managed care organization monitors and enforces its contracts**  
28 **with participating providers for matters other than matters enumer-**  
29 **ated in subparagraphs (D), (F) and (G) of this paragraph.**

30       **(B) “Dispute resolution” includes the resolution of disputes arising**  
31 **under peer review, service utilization review and quality assurance**

1 **activities between insurers, self-insured employers, workers and med-**  
2 **ical and health care service providers, as required under the certified**  
3 **plan.**

4 (C) **“Managed care applicant” means the State Accident Insurance**  
5 **Fund Corporation, a health care provider or group of medical service**  
6 **providers that apply for certification under this section.**

7 (D) **“Peer review” means evaluation or review of the performance**  
8 **of colleagues by a panel with similar types and degrees of expertise.**  
9 **Peer review requires participation of at least three physicians prior to**  
10 **final determination.**

11 (E) **“Primary care physician” means a physician who is qualified to**  
12 **be an attending physician referred to in ORS 656.005 (12)(b)(A) and who**  
13 **is a family practitioner, a general practitioner or an internal medicine**  
14 **practitioner.**

15 (F) **“Quality assurance” means activities to safeguard or improve**  
16 **the quality of medical care by assessing the quality of care or service**  
17 **and taking action to improve it.**

18 (G) **“Service utilization review” means evaluation and determi-**  
19 **nation of the reasonableness, necessity and appropriateness of a**  
20 **worker’s use of medical care resources and the provision of any needed**  
21 **assistance to clinician or member, or both, to ensure appropriate use**  
22 **of resources. “Service utilization review” includes prior authorization,**  
23 **concurrent review, retrospective review, discharge planning and case**  
24 **management activities.**

25 (d) **As used in this section and ORS 656.245, 656.248 and 656.327,**  
26 **“medical service provider” means a person duly licensed to practice**  
27 **one or more of the healing arts in any country or in any state or ter-**  
28 **ritory or possession of the United States.**

29 (2) Each application for certification shall be accompanied by a reason-  
30 able fee prescribed by the director. A certificate is valid for such period as  
31 the director may prescribe unless sooner revoked or suspended.

1 (3) Application for certification shall be made in such form and manner  
2 and shall set forth such information regarding the proposed plan for provid-  
3 ing services as the director may prescribe. The information shall include, but  
4 not be limited to:

5 (a) A list of the names of all individuals who will provide services under  
6 the managed care plan, together with appropriate evidence of compliance  
7 with any licensing or certification requirements for that individual to prac-  
8 tice in this state.

9 (b) A description of the times, places and manner of providing services  
10 under the plan.

11 (c) A description of the times, places and manner of providing other re-  
12 lated optional services the applicants wish to provide.

13 (d) Satisfactory evidence of ability to comply with any financial require-  
14 ments to [*insure*] **ensure** delivery of service in accordance with the plan  
15 which the director may prescribe.

16 (4) The director shall certify a [*health care provider or group of medical*  
17 *service providers*] **managed care applicant** to provide managed care under  
18 a plan if the director finds that the plan:

19 (a) Proposes to provide medical and health care services required by this  
20 chapter in a manner that:

21 (A) Meets quality, continuity and other treatment standards adopted by  
22 the [*health care provider or group of medical service providers*] **managed care**  
23 **applicant** in accordance with processes approved by the director; and

24 (B) Is timely, effective and convenient for the worker.

25 (b) Subject to any other provision of law, does not discriminate against  
26 or exclude from participation in the plan any category of medical service  
27 providers and includes an adequate number of each category of medical ser-  
28 vice providers to give workers adequate flexibility to choose medical service  
29 providers from among those individuals who provide services under the plan.  
30 However, nothing in the requirements of this paragraph shall affect the  
31 provisions of ORS 441.055 relating to the granting of medical staff privileges.

1 (c) Provides appropriate financial incentives to reduce service costs and  
2 utilization without sacrificing the quality of service.

3 (d) Provides adequate methods of peer review, service utilization review,  
4 quality assurance, contract review and dispute resolution to ensure appro-  
5 priate treatment or to prevent inappropriate or excessive treatment, to ex-  
6 clude from participation in the plan those individuals who violate these  
7 treatment standards and to provide for the resolution of such medical dis-  
8 putes as the director considers appropriate. A majority of the members of  
9 each peer review, quality assurance, service utilization and contract review  
10 committee shall be physicians licensed to practice medicine by the Oregon  
11 Medical Board. *[As used in this paragraph:]*

12 *[(A) "Peer review" means evaluation or review of the performance of col-*  
13 *leagues by a panel with similar types and degrees of expertise. Peer review*  
14 *requires participation of at least three physicians prior to final*  
15 *determination.]*

16 *[(B) "Service utilization review" means evaluation and determination of the*  
17 *reasonableness, necessity and appropriateness of a worker's use of medical care*  
18 *resources and the provision of any needed assistance to clinician or member,*  
19 *or both, to ensure appropriate use of resources. "Service utilization review"*  
20 *includes prior authorization, concurrent review, retrospective review, discharge*  
21 *planning and case management activities.]*

22 *[(C) "Quality assurance" means activities to safeguard or improve the*  
23 *quality of medical care by assessing the quality of care or service and taking*  
24 *action to improve it.]*

25 *[(D) "Dispute resolution" includes the resolution of disputes arising under*  
26 *peer review, service utilization review and quality assurance activities between*  
27 *insurers, self-insured employers, workers and medical and health care service*  
28 *providers, as required under the certified plan.]*

29 *[(E) "Contract review" means the methods and processes whereby the man-*  
30 *aged care organization monitors and enforces its contracts with participating*  
31 *providers for matters other than matters enumerated in subparagraphs (A), (B)*



1 *and (C) of this paragraph.]*

2 (e) Provides a program involving cooperative efforts by the workers, the  
3 employer and the managed care organizations to promote workplace health  
4 and safety consultative and other services and early return to work for in-  
5 jured workers.

6 (f) Provides a timely and accurate method of reporting to the director  
7 necessary information regarding medical and health care service cost and  
8 utilization to enable the director to determine the effectiveness of the plan.

9 (g)(A) Authorizes workers to receive compensable medical treatment from  
10 a primary care physician or chiropractic physician who is not a member of  
11 the managed care organization, but who maintains the worker's medical re-  
12 cords and is a physician with whom the worker has a documented history  
13 of treatment, if:

14 (i) The primary care physician or chiropractic physician agrees to refer  
15 the worker to the managed care organization for any specialized treatment,  
16 including physical therapy, to be furnished by another provider that the  
17 worker may require;

18 (ii) The primary care physician or chiropractic physician agrees to comply  
19 with all the rules, terms and conditions regarding services performed by the  
20 managed care organization; and

21 (iii) The treatment is determined to be medically appropriate according  
22 to the service utilization review process of the managed care organization.

23 (B) Nothing in this paragraph is intended to limit the worker's right to  
24 change primary care physicians or chiropractic physicians prior to the filing  
25 of a workers' compensation claim.

26 (C) A chiropractic physician authorized to provide compensable medical  
27 treatment under this paragraph may provide services and authorize tempo-  
28 rary disability compensation as provided in ORS 656.005 (12)(b)(B) and  
29 656.245 (2)(b). However, the managed care organization may authorize  
30 chiropractic physicians to provide medical services and authorize temporary  
31 disability payments beyond the periods established in ORS 656.005 (12)(b)(B)

1 and 656.245 (2)(b).

2 *[(D) As used in this paragraph, “primary care physician” means a physi-*  
3 *cian who is qualified to be an attending physician referred to in ORS 656.005*  
4 *(12)(b)(A) and who is a family practitioner, a general practitioner or an*  
5 *internal medicine practitioner.]*

6 (h) Provides a written explanation for denial of participation in the  
7 managed care organization plan to any licensed health care provider that  
8 has been denied participation in the managed care organization plan.

9 (i) Does not prohibit the injured worker’s attending physician from ad-  
10 vocating for medical services and temporary disability benefits for the in-  
11 jured worker that are supported by the medical record.

12 (j) Complies with any other requirement the director determines is nec-  
13 essary to provide quality medical services and health care to injured work-  
14 ers.

15 (5)(a) Notwithstanding ORS 656.245 (5) and subsection (4)(g) of this sec-  
16 tion, a managed care organization may deny or terminate the authorization  
17 of a primary care physician or chiropractic physician to serve as an attend-  
18 ing physician under subsection (4)(g) of this section or of a nurse practi-  
19 tioner or physician associate to provide medical services as provided in ORS  
20 656.245 (5) if the physician, nurse practitioner or physician associate, within  
21 two years prior to the worker’s enrollment in the plan:

22 (A) Has been terminated from serving as an attending physician, nurse  
23 practitioner or physician associate for a worker enrolled in the plan for  
24 failure to meet the requirements of subsection (4)(g) of this section or of ORS  
25 656.245 (5); or

26 (B) Has failed to satisfy the credentialing standards for participating in  
27 the managed care organization.

28 (b) The director shall adopt by rule reporting standards for managed care  
29 organizations to report denials and terminations of the authorization of pri-  
30 mary care physicians, chiropractic physicians, nurse practitioners and phy-  
31 sician associates who are not members of the managed care organization to

1 provide compensable medical treatment under ORS 656.245 (5) and subsection  
2 (4)(g) of this section. The director shall annually report to the Workers'  
3 Compensation Management-Labor Advisory Committee the information re-  
4 ported to the director by managed care organizations under this paragraph.

5 (6) The director shall refuse to certify or may revoke or suspend the cer-  
6 tification of **the State Accident Insurance Fund Corporation**, any health  
7 care provider or group of medical service providers to provide managed care  
8 if the director finds that:

9 (a) The plan for providing medical or health care services fails to meet  
10 the requirements of this section.

11 (b) Service under the plan is not being provided in accordance with the  
12 terms of a certified plan.

13 (7) Any issue concerning the provision of medical services to injured  
14 workers subject to a managed care contract and service utilization review,  
15 quality assurance, dispute resolution, contract review and peer review ac-  
16 tivities as well as authorization of medical services to be provided by other  
17 than an attending physician pursuant to ORS 656.245 (2)(b) shall be subject  
18 to review by the director or the director's designated representatives. The  
19 decision of the director is subject to review under ORS 656.704. Data gener-  
20 ated by or received in connection with these activities, including written  
21 reports, notes or records of any such activities, or of any review thereof,  
22 shall be confidential, and shall not be disclosed except as considered neces-  
23 sary by the director in the administration of this chapter. The director may  
24 report professional misconduct to an appropriate licensing board.

25 (8) No data generated by service utilization review, quality assurance,  
26 dispute resolution or peer review activities and no physician profiles or data  
27 used to create physician profiles pursuant to this section or a review thereof  
28 shall be used in any action, suit or proceeding except to the extent consid-  
29 ered necessary by the director in the administration of this chapter. The  
30 confidentiality provisions of this section shall not apply in any action, suit  
31 or proceeding arising out of or related to a contract between a managed care

1 organization and a health care provider whose confidentiality is protected  
2 by this section.

3 (9) A person participating in service utilization review, quality assurance,  
4 dispute resolution or peer review activities pursuant to this section shall not  
5 be examined as to any communication made in the course of such activities  
6 or the findings thereof, nor shall any person be subject to an action for civil  
7 damages for affirmative actions taken or statements made in good faith.

8 (10) No person who participates in forming consortiums, collectively ne-  
9 gotiating fees or otherwise solicits or enters into contracts in a good faith  
10 effort to provide medical or health care services according to the provisions  
11 of this section shall be examined or subject to administrative or civil liabil-  
12 ity regarding any such participation except pursuant to the director's active  
13 supervision of such activities and the managed care organization. Before  
14 engaging in such activities, the person shall provide notice of intent to the  
15 director in a form prescribed by the director.

16 (11) The provisions of this section shall not affect the confidentiality or  
17 admission in evidence of a claimant's medical treatment records.

18 (12) In consultation with the committees referred to in ORS 656.790 and  
19 656.794, the director shall adopt such rules as may be necessary to carry out  
20 the provisions of this section.

21 [(13) *As used in this section, ORS 656.245, 656.248 and 656.327, "medical*  
22 *service provider" means a person duly licensed to practice one or more of the*  
23 *healing arts in any country or in any state or territory or possession of the*  
24 *United States.*]

25 [(14)] (13) Notwithstanding ORS 656.005 (12) or subsection (4)(b) of this  
26 section, a managed care organization contract may designate any medical  
27 service provider or category of providers as attending physicians.

28 [(15)] (14) If a worker, insurer, self-insured employer, the attending phy-  
29 sician or an authorized health care provider is dissatisfied with an action  
30 of the managed care organization regarding the provision of medical services  
31 pursuant to this chapter, peer review, service utilization review or quality

1 assurance activities, that person or entity must first apply to the director for  
2 administrative review of the matter before requesting a hearing. Such appli-  
3 cation must be made not later than the 60th day after the date the managed  
4 care organization has completed and issued its final decision.

5 [(16)] (15) Upon a request for administrative review, the director shall  
6 create a documentary record sufficient for judicial review. The director shall  
7 complete administrative review and issue a proposed order within a reason-  
8 able time. The proposed order of the director issued pursuant to this section  
9 shall become final and not subject to further review unless a written request  
10 for a hearing is filed with the director within 30 days of the mailing of the  
11 order to all parties.

12 [(17)] (16) At the contested case hearing, the order may be modified only  
13 if it is not supported by substantial evidence in the record or reflects an  
14 error of law. No new medical evidence or issues shall be admitted. The dis-  
15 pute may also be remanded to the managed care organization for further  
16 evidence taking, correction or other necessary action if the Administrative  
17 Law Judge or director determines the record has been improperly, incom-  
18 pletely or otherwise insufficiently developed. Decisions by the director re-  
19 garding medical disputes are subject to review under ORS 656.704.

20 [(18)] (17) Any person who is dissatisfied with an action of a managed  
21 care organization other than regarding the provision of medical services  
22 pursuant to this chapter, peer review, service utilization review or quality  
23 assurance activities may request review under ORS 656.704.

24 [(19)] (18) Notwithstanding any other provision of law, original jurisdic-  
25 tion over contract review disputes is with the director. The director may  
26 resolve the matter by issuing an order subject to review under ORS 656.704,  
27 or the director may determine that the matter in dispute would be best ad-  
28 dressed in another forum and so inform the parties.

29 [(20)] (19) The director shall conduct such investigations, audits and other  
30 administrative oversight in regard to managed care as the director deems  
31 necessary to carry out the purposes of this chapter.

1       [(21)(a)] **(20)(a)** Except as otherwise provided in this chapter, only a  
2 managed care organization certified by the director may:

3       (A) Restrict the choice of a health care provider or medical service pro-  
4 vider by a worker;

5       (B) Restrict the access of a worker to any category of medical service  
6 providers;

7       (C) Restrict the ability of a medical service provider to refer a worker to  
8 another provider;

9       (D) Require preauthorization or precertification to determine the neces-  
10 sity of medical services or treatment; or

11       (E) Restrict treatment provided to a worker by a medical service provider  
12 to specific treatment guidelines, protocols or standards.

13       (b) The provisions of paragraph (a) of this subsection do not apply to:

14       (A) A medical service provider who refers a worker to another medical  
15 service provider;

16       (B) Use of an on-site medical service facility by the employer to assess  
17 the nature or extent of a worker's injury; or

18       (C) Treatment provided by a medical service provider or transportation  
19 of a worker in an emergency or trauma situation.

20       (c) Except as provided in paragraph (b) of this subsection, if the director  
21 finds that a person has violated a provision of paragraph (a) of this sub-  
22 section, the director may impose a sanction that may include a civil penalty  
23 not to exceed \$2,000 for each violation.

24       (d) If violation of paragraph (a) of this subsection is repeated or willful,  
25 the director may order the person committing the violation to cease and  
26 desist from making any future communications with injured workers or  
27 medical service providers or from taking any other actions that directly or  
28 indirectly affect the delivery of medical services provided under this chapter.

29       (e)(A) Penalties imposed under this subsection are subject to ORS 656.735  
30 (4) to (6) and 656.740.

31       (B) Cease and desist orders issued under this subsection are subject to

1 ORS 656.740.

2 **SECTION 4. (1) Individuals employed by the State Accident Insur-**  
3 **ance Fund Corporation or a subsidiary who receive and process claims**  
4 **may not provide managed care services to injured workers.**

5 **(2) The Director of the Department of Consumer and Business Ser-**  
6 **VICES shall conduct an annual audit of the State Accident Insurance**  
7 **Fund Corporation or a subsidiary that provides managed care services**  
8 **to injured workers under ORS 656.260 to ensure that the corporation**  
9 **or subsidiary has sufficient separation between claims processing op-**  
10 **erations and the provision of managed care services to injured work-**  
11 **ers.**

12 **(3) The director shall issue an annual report to the Governor, the**  
13 **President of the Senate and the Speaker of the House of Represen-**  
14 **tatives on the results of the audit and review.**

15 **(4) The cost of the audit required under subsection (2) of this sec-**  
16 **tion shall be paid by the State Accident Insurance Fund Corporation.**

17 **(5) The director may adopt any rules the director considers neces-**  
18 **sary or appropriate for the implementation of this section.**

19 **SECTION 5. Sections 2 and 4 of this 2025 Act are added to and made**  
20 **a part of ORS chapter 656.**

21 **SECTION 6. This 2025 Act takes effect on the 91st day after the date**  
22 **on which the 2025 regular session of the Eighty-third Legislative As-**  
23 **sembly adjourns sine die.**

24

---