



# DCBS:

## OREGON'S LARGEST BUSINESS REGULATORY **AND CONSUMER PROTECTION AGENCY**

Ways and Means Subcommittee on Transportation and  
Economic Development – Subcommittee Presentation  
March 31, 2015 through April 2, 2015

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# Agency Presentation Schedule

## Tuesday, March 31, 2015

### Agency Overview

Patrick Allen, Director

### Workers' Safety System

- Workers' Compensation Division
- Oregon OSHA
- Workers' Compensation Board

John Shilts, Administrator  
Michael Wood, Administrator  
Holly Somers, Chairperson

## Wednesday, April 1, 2015

### Consumer Protection and Safety

- Insurance Division
- Division of Finance and Corporate Securities
- Building Codes Division

Laura Cali, Commissioner  
David Tatman, Administrator  
Mark Long, Administrator

## Thursday, April 2, 2015

- Health Insurance Marketplace
- Department of Administrative Services Presentation
- Public Testimony

Patrick Allen, Director

# Mission

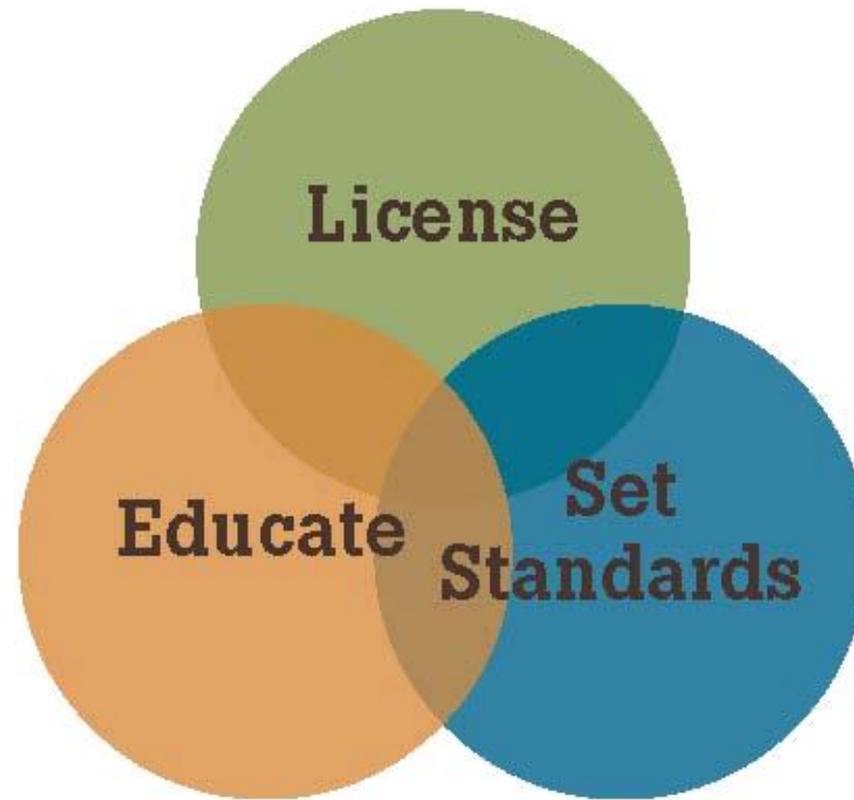
To protect and serve Oregon's consumers and workers while supporting a positive business climate in the state.

# What We Value

- A commitment to serve and protect the public
- Integrity, expertise, and personal responsibility
- Collaborative, creative efforts to find solutions
- Effectiveness and accountability in our people and our programs
- Excellent customer service
- Effective communication
- Respect for the diverse community of DCBS and Oregon
- A positive business climate



**What We Do**



# License/Charter/Examine

- Securities broker dealers, investment advisors, and insurance companies
- Banks, trusts, credit unions, mortgage bankers, brokers, and loan originators
- Payday lenders, consumer finance companies, pawnbrokers, check cashing businesses
- Building trades workers and building code inspectors
- Worker leasing companies



# Set/Enforce Standards

- Securities, mortgage lending, other consumer finance law
- Workplace deaths/injuries, prevention, and insurance benefits
- Worksites for safety/health
- Insurance companies/agents for insurance law
- Building construction standards

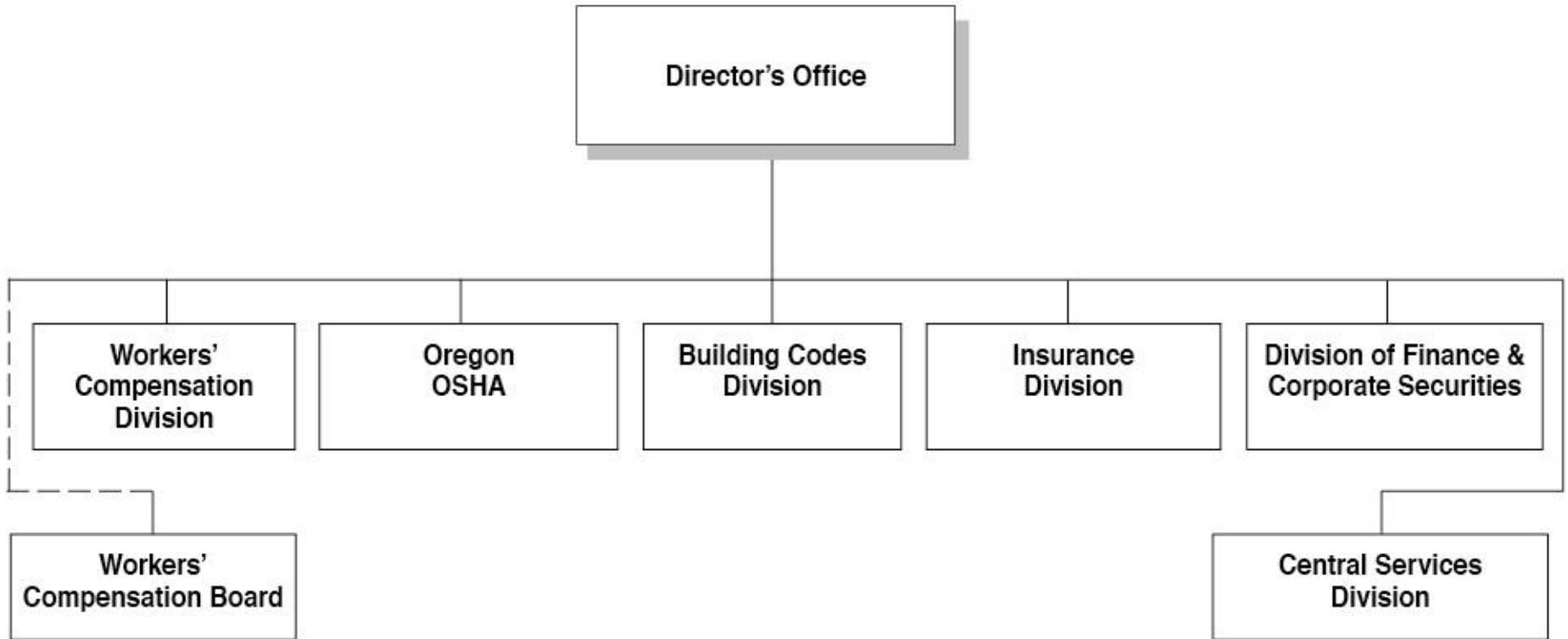


# Educate/Advocate

- Workplace safety workshops
- Outreach for investors and homebuyers seeking mortgages
- Financial scam alerts
- Medicare counseling
- Insurance hotline, help with appeals of claim denials and delays
- Small business workers' compensation and injured workers advocacy



# DCBS Organizational Chart



# DCBS Organizational Chart

Director's Office

Workers' Safety

Workers' Compensation Division

Oregon OSHA

Building Codes Division

Insurance Division

Division of Finance & Corporate Securities

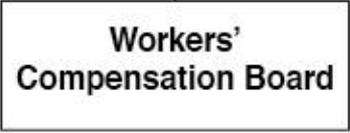
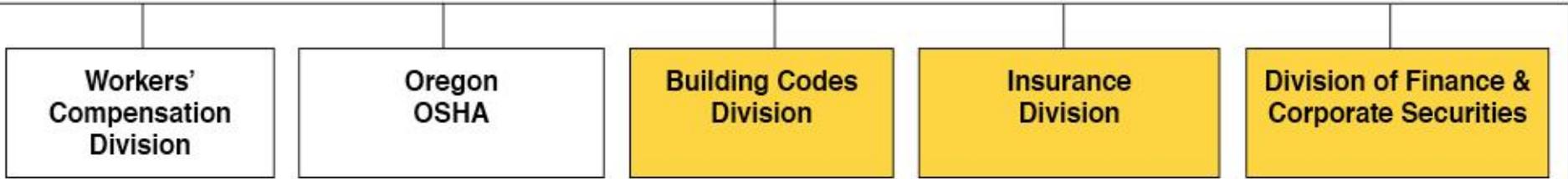
Workers' Compensation Board

Central Services Division

# DCBS Organizational Chart



## Consumer Protection



# DCBS Organizational Chart

Director's Office

Financial Safety  
and Soundness

Workers'  
Compensation  
Division

Oregon  
OSHA

Building Codes  
Division

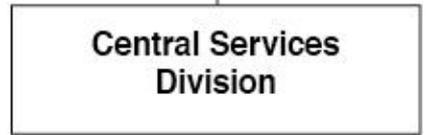
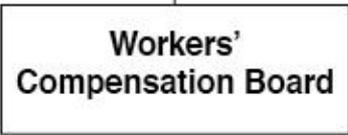
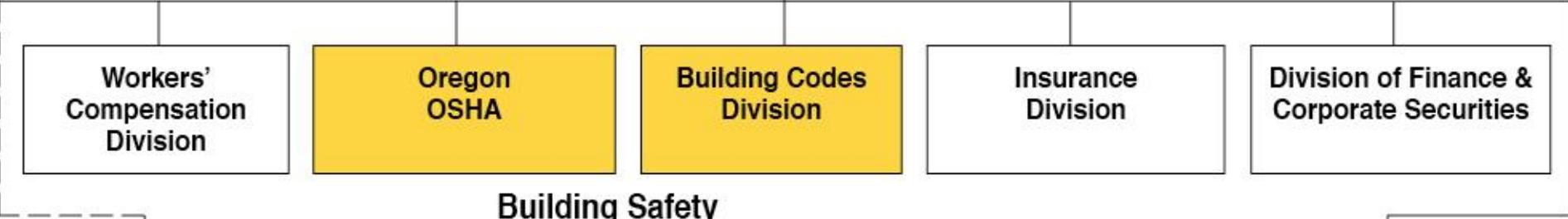
Insurance  
Division

Division of Finance &  
Corporate Securities

Workers'  
Compensation  
Board

Central Services  
Division

# DCBS Organizational Chart



# 2015 Department-Sponsored Bills

## Consumer Protection

- **Senate Bill 274 – Debt Collection Regulation**
- **Senate Bill 275 – Loan Servicers**
- **Senate Bill 276 – Buy Here/Pay Here Auto Dealers**
- **Senate Bill 278 – Unlicensed Consumer Lenders**
- **House Bill 2467 – Life Insurance Surrender Charges**

## Financial Safety and Soundness

- **House Bill 2469 – Own Risk and Solvency**

# 2015 Department-Sponsored Bills

## Health Care

- House Bill 2466 – Affordable Care Act Alignment
- House Bill 2468 – Health Insurance Network Adequacy

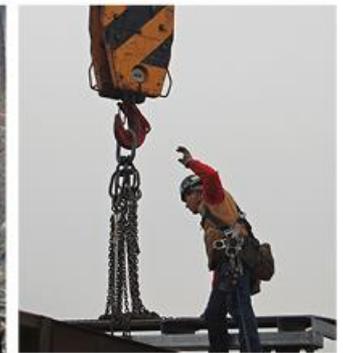
## Regulatory Streamlining

- Senate Bill 277 – National Licensing System

# What Drives Our Business?

## Worker Safety:

- Injury prevention
- Consultation and outreach
- Risk-focused enforcement
- Returning to work safely



# What Drives Our Business?

## Consumer Protection:

- Cross-division focus
- People, not programs
- Risk-focused
- Education and outreach



# What Drives Our Business?

## Administrative Efficiencies:

- Process improvement:
  - Procurement
  - Travel
  - Payroll
- Shared administrative services
- Performance management

# Ratio of Non-Supervisors to Supervisors





# Financial Overview

# Service Priorities

## Principles:

- Health and safety of Oregonians
- Financial safety
- Impact on Oregonians
- Emerging issues
- Revenue constraints and reductions
- Ease of compliance and public access

# Budget Drivers, Environmental Factors

- The economy
  - Revenues directly tied to changes in economy
  - Growth in construction industry
  - OSHA presence in workplaces
- Building Codes county issues
- Federal health care changes
- Oregon's health transformation

# Funding

- Funded by those we regulate and their customers
- More than:
  - ✓ 30 dedicated funds and
  - ✓ 500 dedicated fees, assessments, and charges
- Federal funds
- Collect approximately \$144 million for General Fund

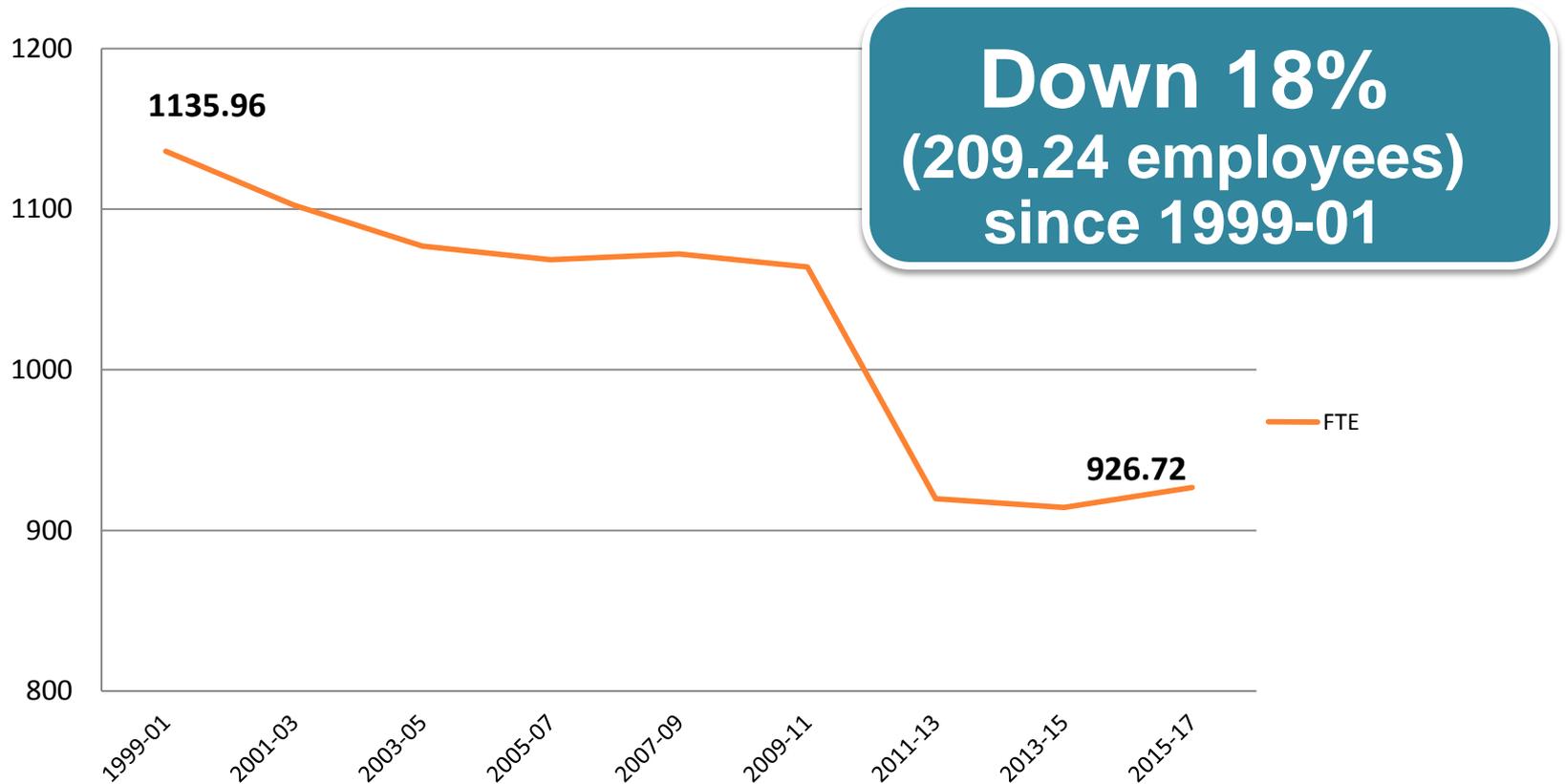
# 2015-17 Governor's Budget

## 2015-17 Expenditure Summary

Expenditures	2013-2015 Legislatively Approved Budget	2015-17 Governor's Budget	Percentage Change
Base, Limited (Operating)	215,666,166	220,866,749	2%
Base, Non-Limited	199,271,089	199,633,687	0%
<b>Subtotal: Base Budget</b>	<b>414,937,255</b>	<b>420,500,436</b>	<b>1%</b>
Essential Packages, Limited (Operating)	1,890,675	2,093,218	11%
Essential Packages, Non-Limited	340,187	14,568	-96%
<b>Subtotal: Essential Packages</b>	<b>2,230,862</b>	<b>2,107,786</b>	<b>-6%</b>
Base + Essential Packages, Limited (Operating)	217,556,841	222,959,967	2%
Base + Essential Packages, Non-Limited	199,611,276	199,648,255	0%
<b>Subtotal: Base + Essential Packages Current Service Level (CSL)</b>	<b>417,168,117</b>	<b>422,608,222</b>	<b>1%</b>
Policy Packages, Limited (Operating)	(6,222,448)	5,471,287	n/m
Policy Packages, Non-Limited	(46,091)	(2,021,748)	n/m
<b>Subtotal: Policy Packages</b>	<b>(6,268,539)</b>	<b>3,449,539</b>	<b>n/m</b>
2014 Special Session, Limited (Operating)	9,988,652	-	n/m
2014 Special Session, Non-Limited	-	-	n/m
<b>Total 2014 Special Session</b>	<b>9,988,652</b>	<b>-</b>	<b>n/m</b>
2014 September E-Board, Limited (Operating)	702,411		n/m
<b>Total 2014 September E-Board</b>	<b>702,411</b>		<b>n/m</b>
Total Budget, Limited (Operating)	222,025,456	228,431,254	3%
Total Budget, Non-Limited	199,565,185	197,626,507	-1%
<b>Total Budget</b>	<b>\$ 421,590,641</b>	<b>\$ 426,057,761</b>	<b>1%</b>
FTE	914.18	926.72	1%
Positions	923	934	1%

n/m = not meaningful

# Position History



# Policy Option Packages

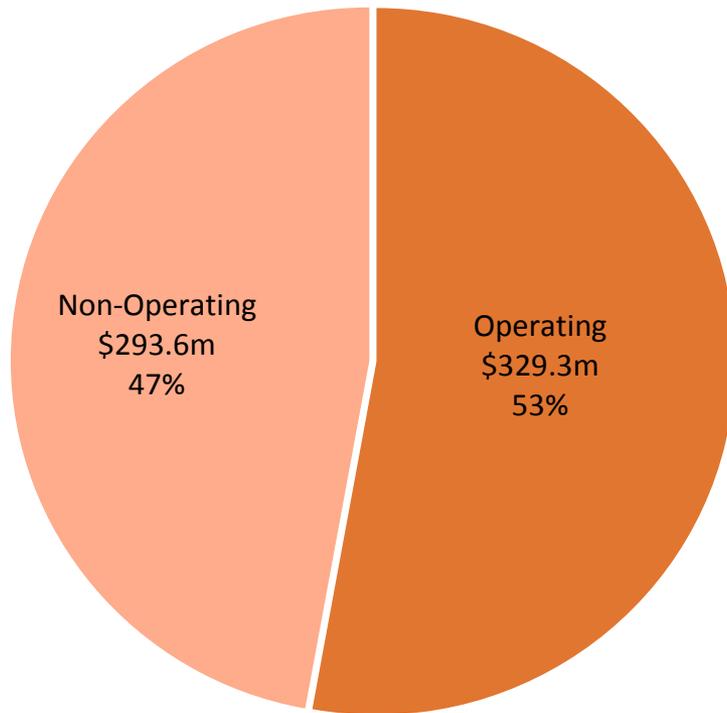
## Workers' Safety System

- Increase in Workers' Compensation Disability Disputes – .88 FTE, POP 101
- Workplace Safety and Health – 3.52 FTE, POP 102

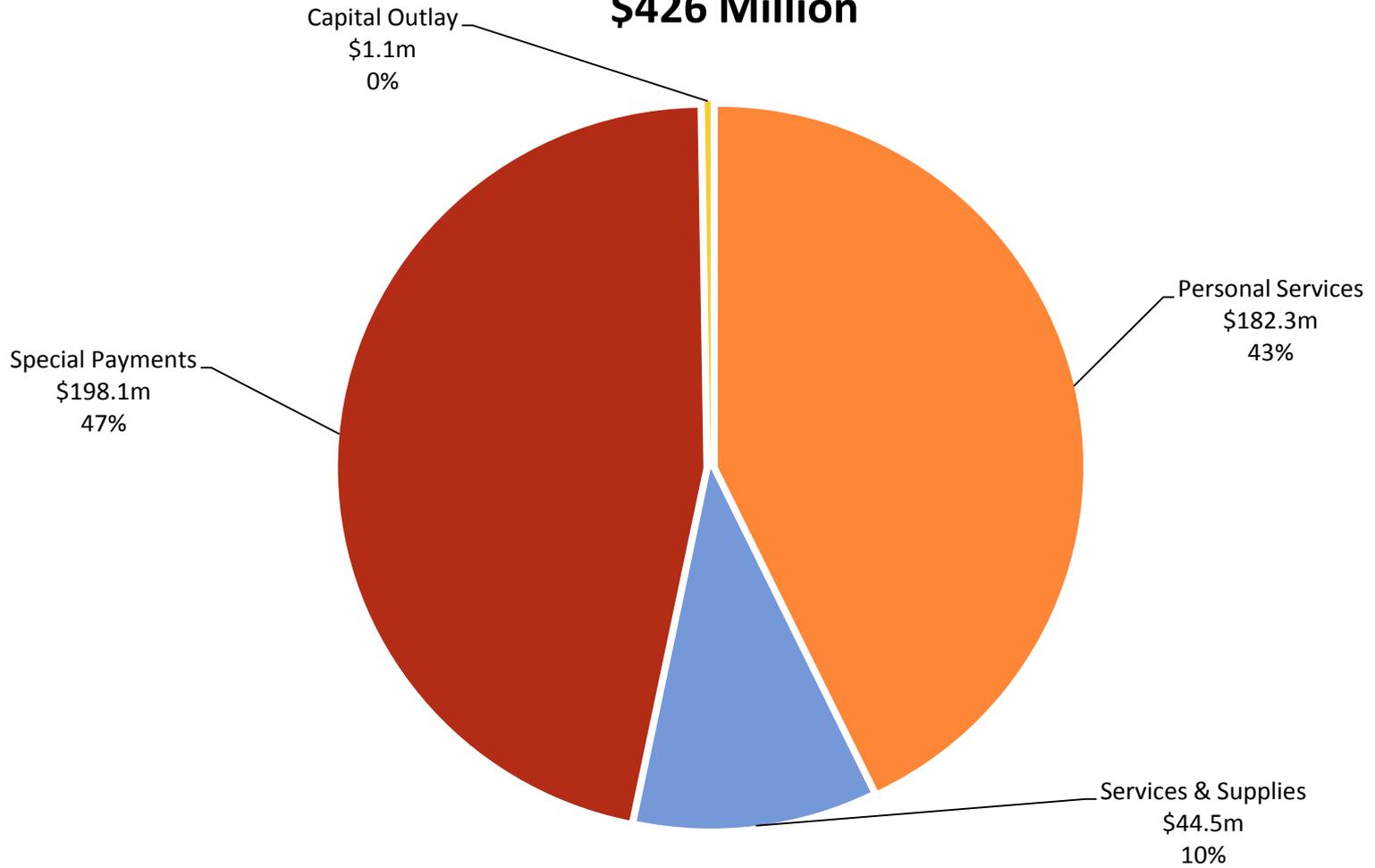
## Consumer Protection

- Insurance Market Regulation – 1.0 FTE, POP 103
- Insurance Product Regulation – 1.75 FTE, POP 104
- Regulation of Loan Servicers – .88 FTE, POP 105, SB 275
- Collection Agency Program – .88 FTE, POP 106, SB 274
- Buy Here/Pay Here Auto Dealers – .88 FTE, POP 107, SB 276
- Building Codes, Workload Increase – 4.00 FTE, POP 108

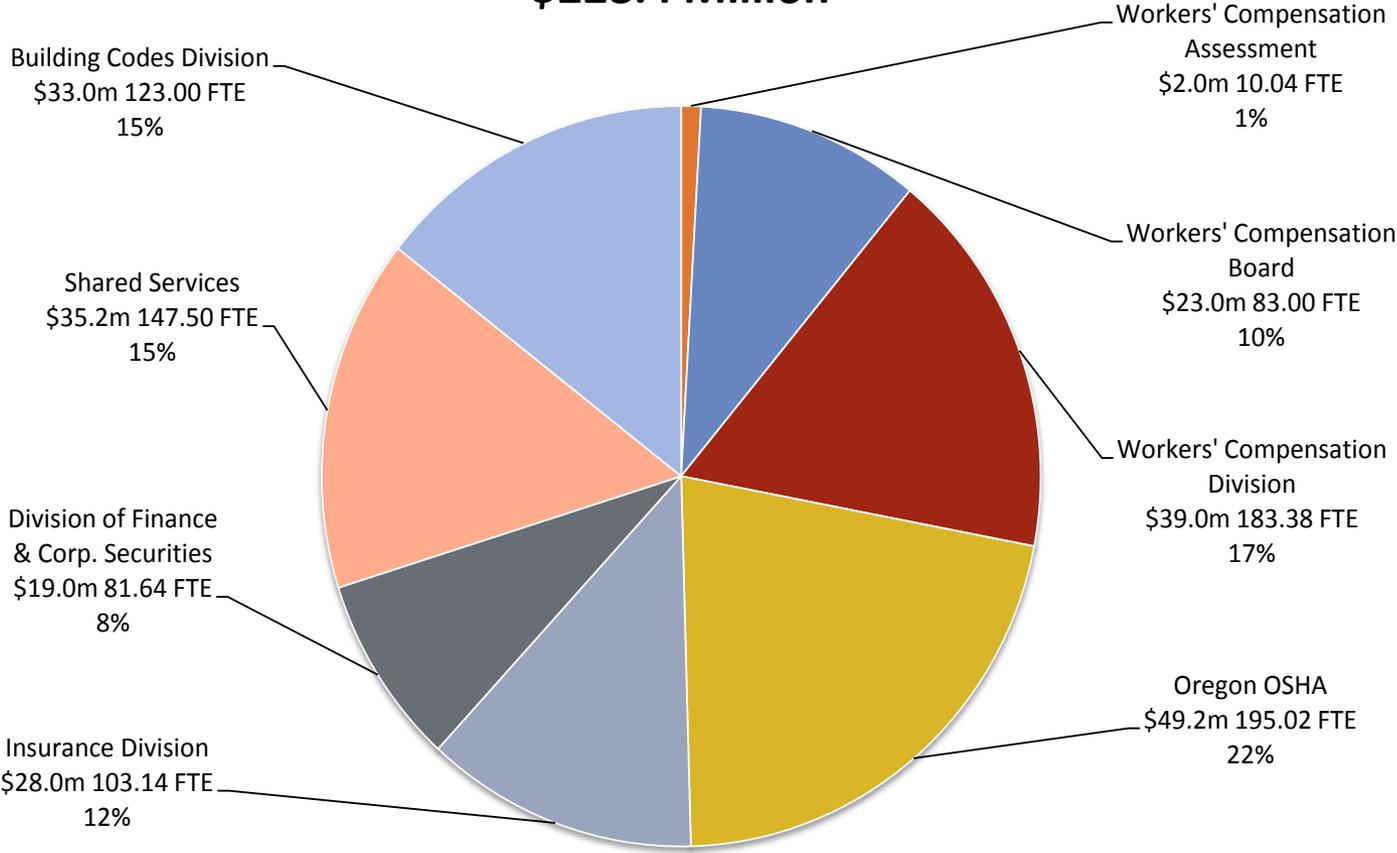
**2015-17 Governor's Budget  
Projected Available Revenue  
\$622.9 Million**



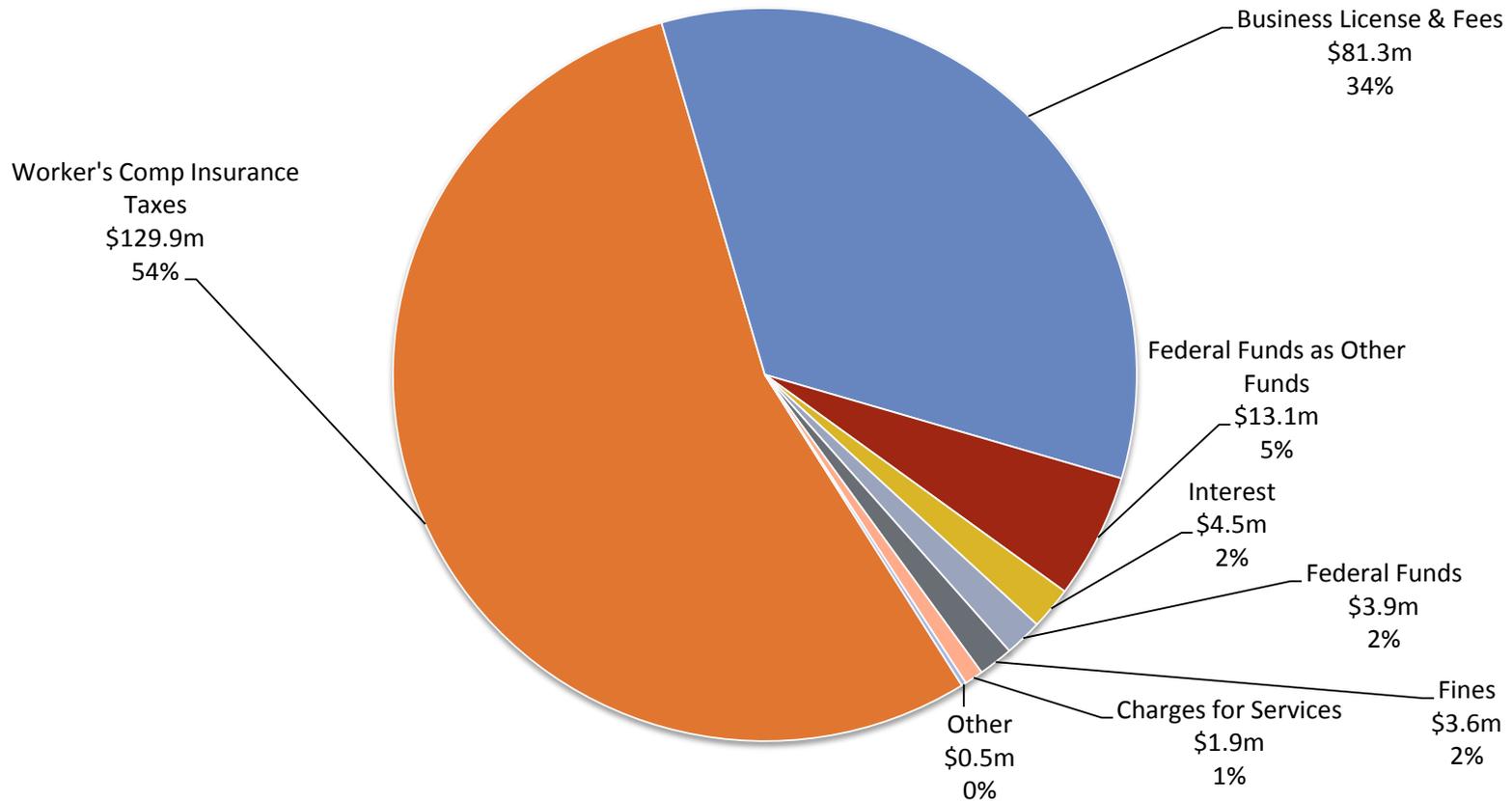
# 2015-17 Governor's Budget Budget by Category \$426 Million



# 2015-17 Governor's Budget Total Operating Budget \$228.4 Million



# 2015-17 Governor's Budget Projected Operating Revenue by Source \$238.7 Million

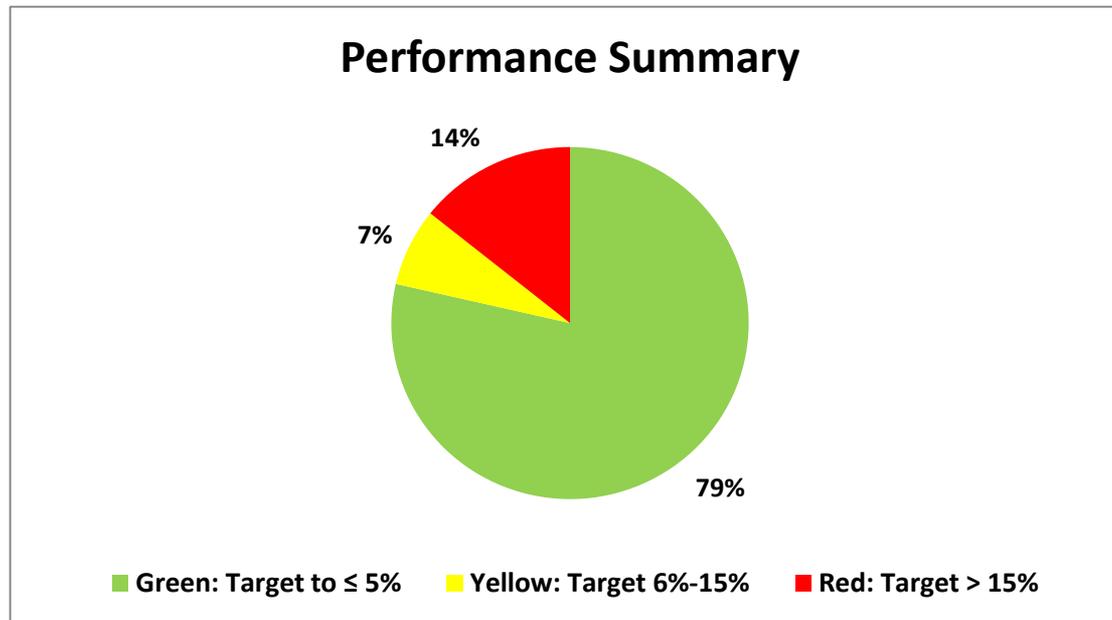


\*Excludes: Beginning Balance, Fire Marshall, Transfer-In, and Transfer-Out



# Key Performance Measures and Outcomes

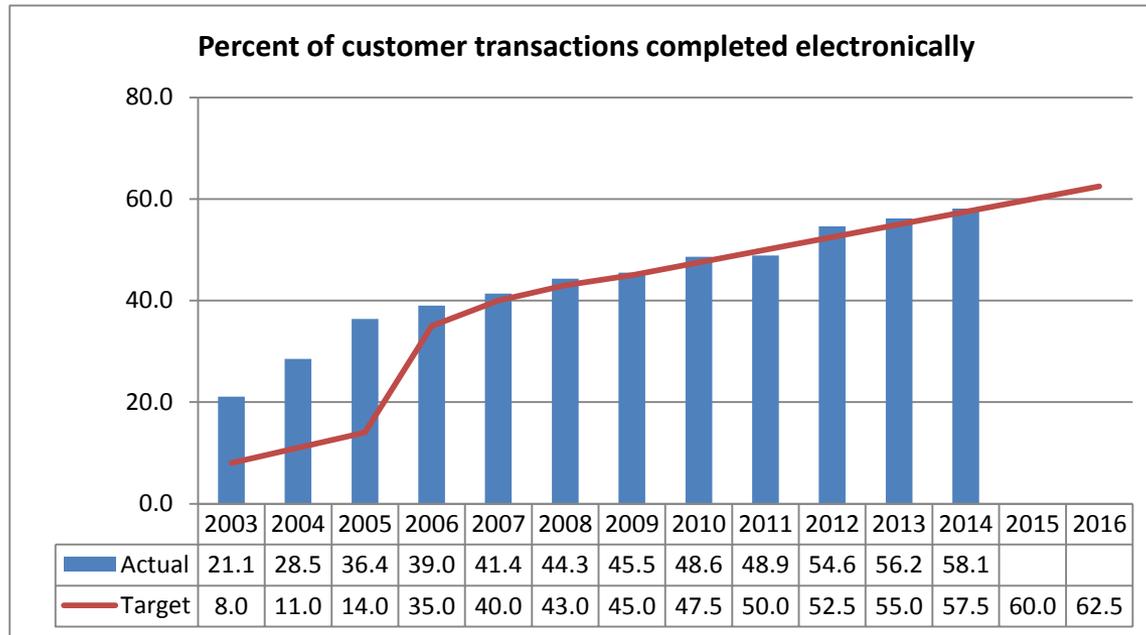
# Key Performance Measures





# KPM #13 – E-Transactions for Customers

## Electronic Transactions





# 2015-17 Proposed Technology Projects

- Workers' Compensation Division Electronic Data Exchange
- Workers' Compensation Board Web Portal
- .Net Conversion



**WORKERS'  
SAFETY  
SYSTEM**



**Workers'  
Compensation  
Division**

# Workers' Compensation Division

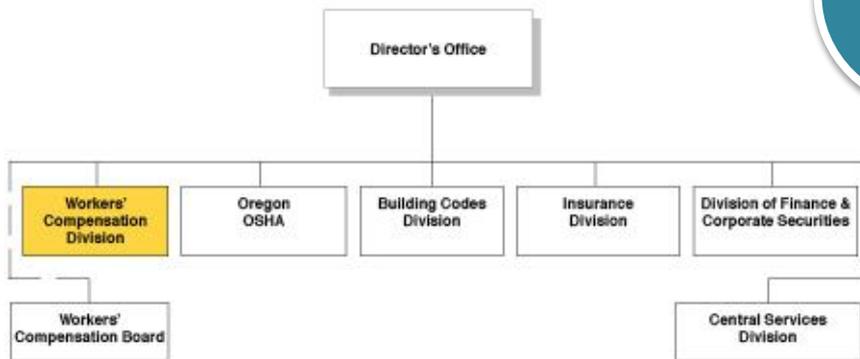
(Protect injured worker benefits and rights)

Improving Oregon's workers' compensation system for employers and workers

*9<sup>th</sup> lowest workers' comp rate in nation*

System is designed to provide:

- Prompt and complete medical treatment
- Adequate and reasonable income benefits
- A fair and just administrative system
- Workers are restored to self-sufficiency
- A sole and exclusive remedy



# Big Four Reform Successes

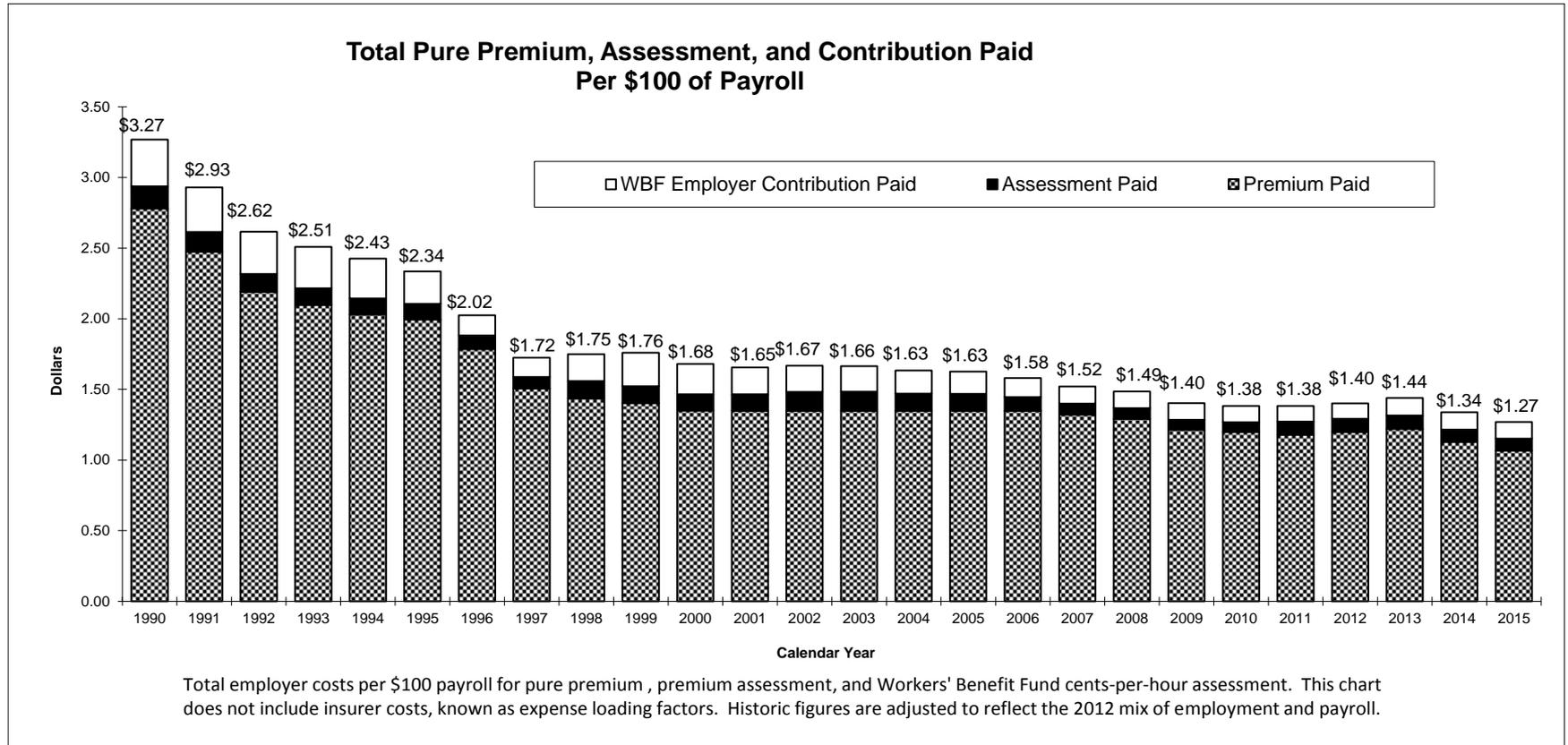
- ✓ Fewer injuries
- ✓ Better claims and medical practices
- ✓ Affordable for employers
- ✓ Good benefits and outcomes for workers

# Workers' Compensation Division

*Accomplishing the mission in 2015-2017*

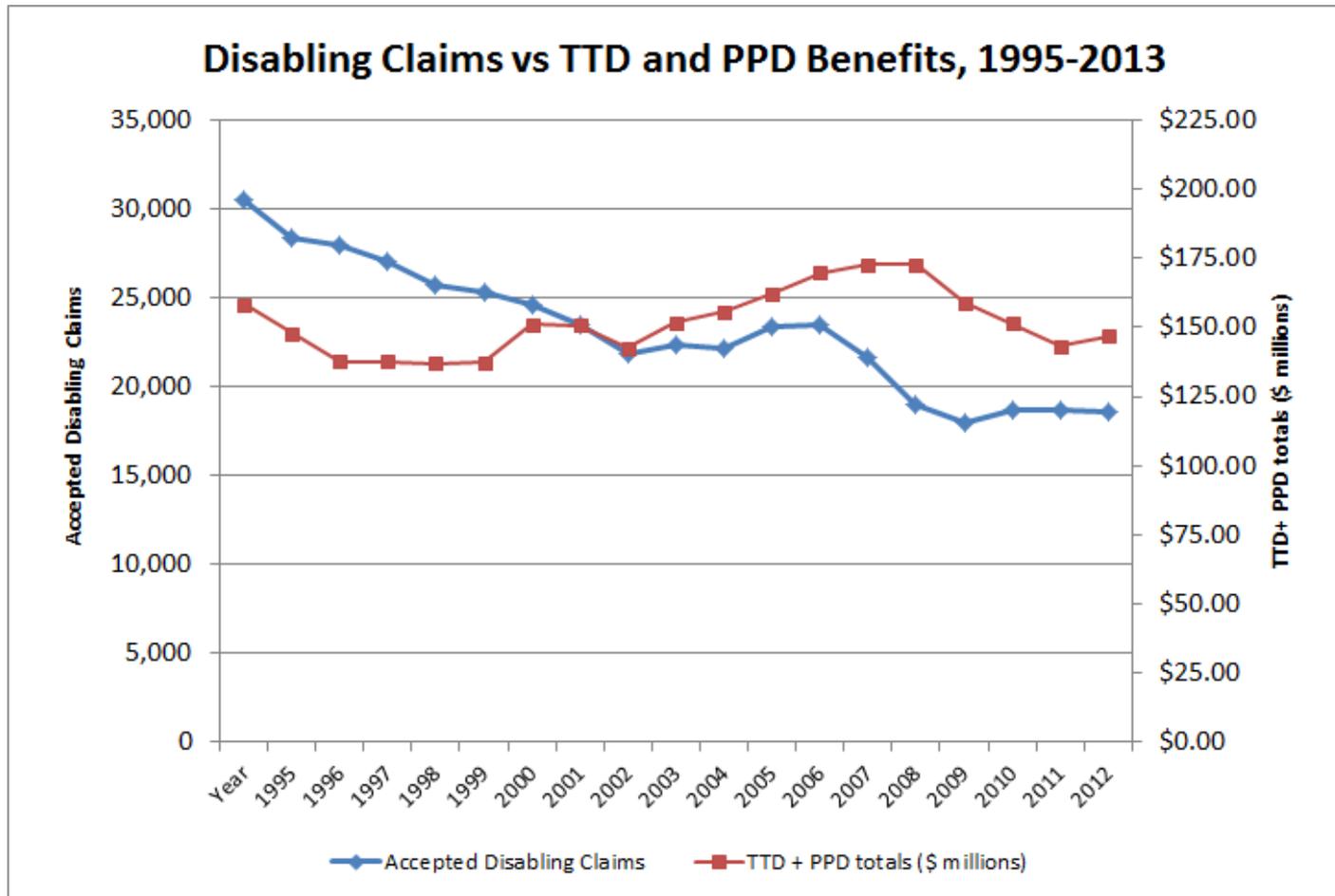
- Expand options for secure electronic transactions. Example: Accepting required reports through an Internet-based portal.
- Continue to perform risk-based auditing of workers' compensation insurers to focus on poor performers.
- Collaborate with other agencies. Example: Connecting employers with preferred workers.
- Continue to participate in the Interagency Compliance Network to reduce payroll classification errors.

# Workers' Compensation System Employer Costs



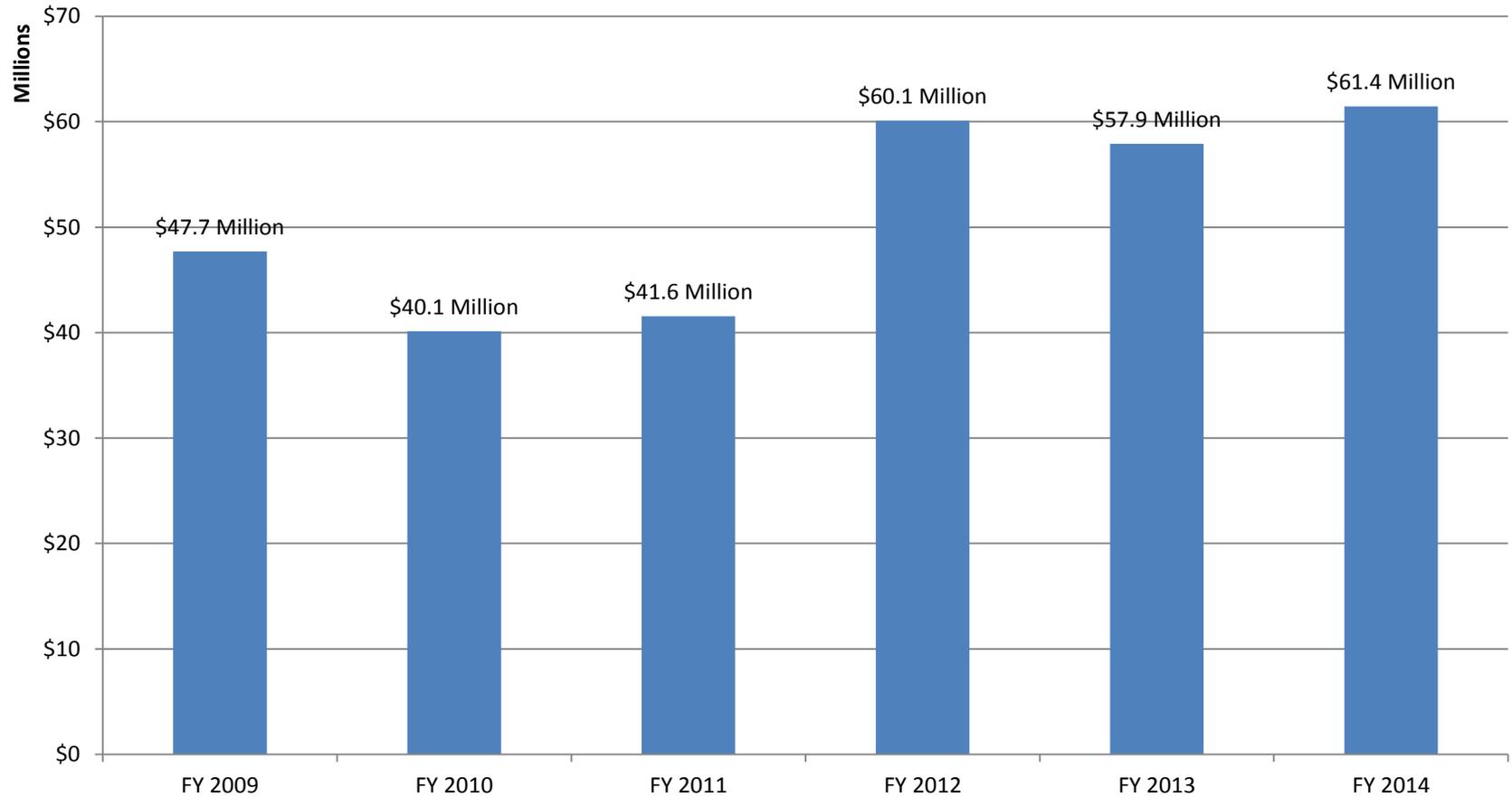
# Workers' Compensation System

## Worker Benefits and Claims



# Workers' Compensation System

## Premium Assessment Revenue



# Workers' Compensation Division



**Key Performance  
Measures and  
Outcomes**















# Oregon Occupational Safety and Health Division

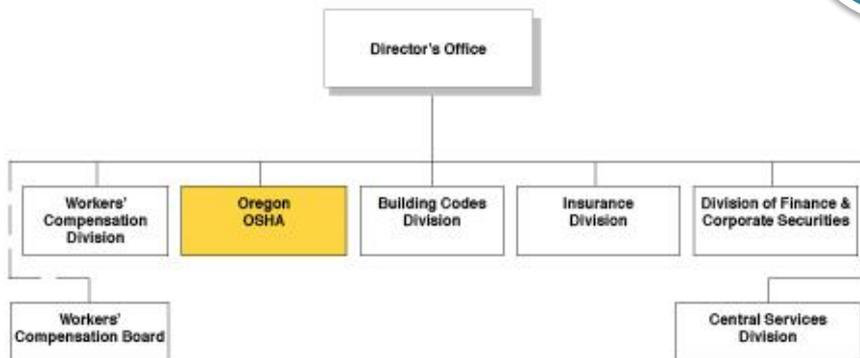
# Oregon OSHA

(Improve workplace safety and health)

**Improving workplace safety and health for all Oregon workers**

*Worker fatality rate dropped by about half over past 15 years*

- Inspect workplaces
- Help employers avoid hazards
- Investigate workplace fatalities/injuries
- Resolve most appealed cases through dispute resolution



# Oregon OSHA

*Accomplishing the mission in 2015-2017*

- Maintain strong presence in the workplace
- Enforcement/education focus: high-hazard industries and occupations, and small employers
- Outreach focus: Vulnerable and hard-to-reach workers
- Ensure enforcement is used more effectively as a tool to promote worker safety, both before and after a particular workplace has been inspected

# Oregon OSHA

*Accomplishing the mission in 2015-2017*

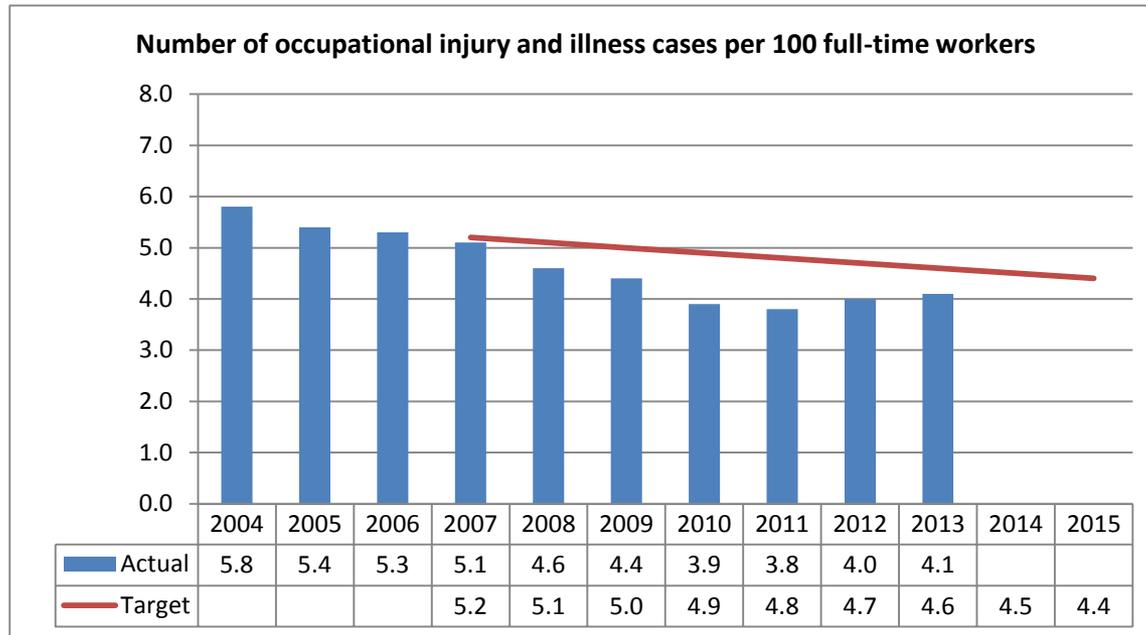
- Use technology to increase employer and employee safety and health training
- Make safety and health standards easier to understand by writing rules more clearly and using common industry terms
- Maintain partnerships to help “spread the word” about workplace safety and health

# Oregon OSHA



**Key Performance  
Measures and  
Outcomes**

# KPM #3 – Occupational Injury and Illness Incidence Rates





# Workers' Compensation Board

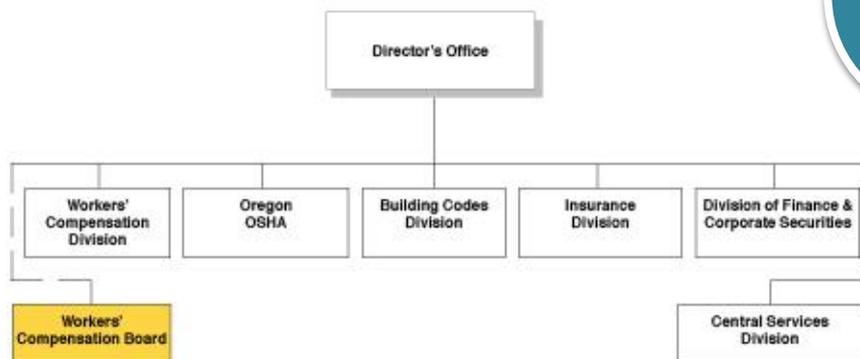
# Workers' Compensation Board

(Resolve disputes of workers' compensation laws and safety laws)

Producing sound legal decisions for Oregon's workers' compensation system

*97% of ALJ orders timely issued  
91% of mediations settle*

- Administrative Law Judges (ALJs):
  - Hold due process hearings of workers' compensation and Oregon OSHA disputes
  - Provide mediation services
- Board Members:
  - Provide appellate review of ALJ decisions
  - Approve claim disposition agreements
  - Exercise own motion jurisdiction



# Workers' Compensation Board

*Accomplishing the mission in 2015-2017*

- Continue to provide timely and impartial dispute resolution of cases arising under workers' compensation and safety laws
- Maintain high affirmation rate of board orders at the Court of Appeals
- Offer stakeholders an alternative to litigation in the form of successful mediation services
- Continue to expand the online portal so that stakeholders can electronically transact additional business with the board
- Enhance electronic docket to provide quicker and more efficient service to stakeholders

# Workers' Compensation Board



**Key Performance  
Measures and  
Outcomes**





**Ombudsmen**

# Ombudsmen

(Help for injured workers and small employers)

Helping consumers and small business owners through the workers' compensation system

- 2,527 total SBO contacts
- 8,179 total OIW inquiries

## Small Business Ombudsman (SBO)

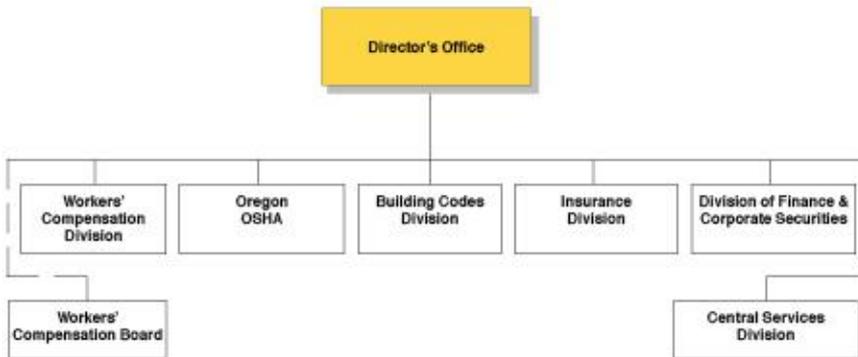
Answers questions about:

- Shopping for workers' compensation insurance
- Premiums/audits

## Ombudsman for Injured Workers (OIW)

Answers questions about:

- Worker rights and responsibilities
- Benefits
- Returning to work



# Ombudsman Offices

*Accomplishing the mission in 2015-2017*

## Ombudsman for Injured Workers

- Conduct outreach to injured workers and stakeholders to increase awareness of the services the ombudsman's office provides
- Ensure that workers who need help have access to the ombudsman's services, regardless of language, disability, or other potential barriers

# Ombudsman Offices

*Accomplishing the mission in 2015-2017*

## **Small Business Ombudsman**

- Continue to build awareness of services by working with small business development centers, trade groups, small-business fairs, and other agencies and employer groups
- Maintain a 24-hour response time on all inquiries
- Collaborate with the Insurance Division on how to maintain the health of the Oregon voluntary workers' compensation market and the Oregon Assigned Risk Plan



**CONSUMER  
PROTECTION AND  
SAFETY**



**Insurance Division**

# Insurance

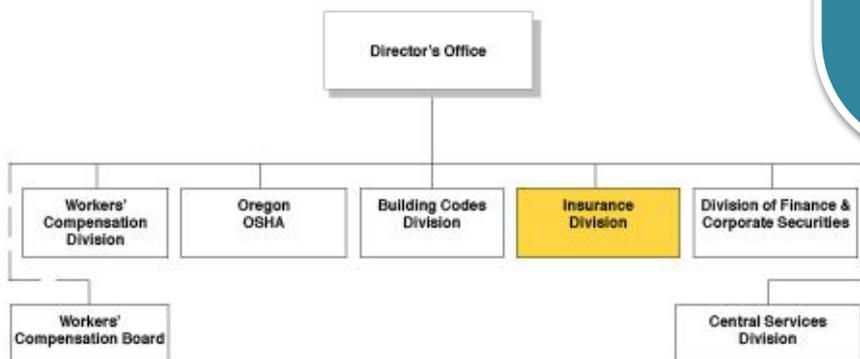
(Enforce Insurance Code; educate public on insurance issues)

Empower and protect consumers through fair and efficient regulation while encouraging a financially stable, innovative, and competitive insurance marketplace.

*More than 17,900 phone calls and emails from consumers in 2014*

As the insurance regulator for the state, we ensure that:

- Insurance companies are financially sound so they can pay claims.
- Oregonians are treated fairly as policyholders and beneficiaries.
- Rates are reasonable in relation to the benefits provided by an insurance policy.



# Insurance Division

*Protecting Oregonians before, during, and after insurance transactions*

- Insurance regulation focuses on financial solvency, product compliance, market conduct and enforcement, and consumer education
  - Analysis and examination of insurance company finances
  - Licensing of insurance companies and agents
  - Review of insurance policies and rates before they are sold in Oregon
  - Investigation of consumer complaints and conduct in the market
  - Consumer outreach and assistance with insurance issues
- Authority over all major lines of business:
  - Property & casualty
  - Life & annuities
  - Health

# Insurance Division

*Protecting Oregonians before, during, and after insurance transactions*

- Providing assistance to consumers in 2014
  - More than 17,900 calls and inquiries
  - More than 3,500 complaints received
  - \$2.3 million in recovered benefits
  - More than 200 volunteers connected with 25,000 Oregonians to assist with Medicare issues

**THEY SAID MY CAR'S  
TOTALLED. I DISAGREE.**

Get free help at [Insurance.Oregon.gov](http://Insurance.Oregon.gov)



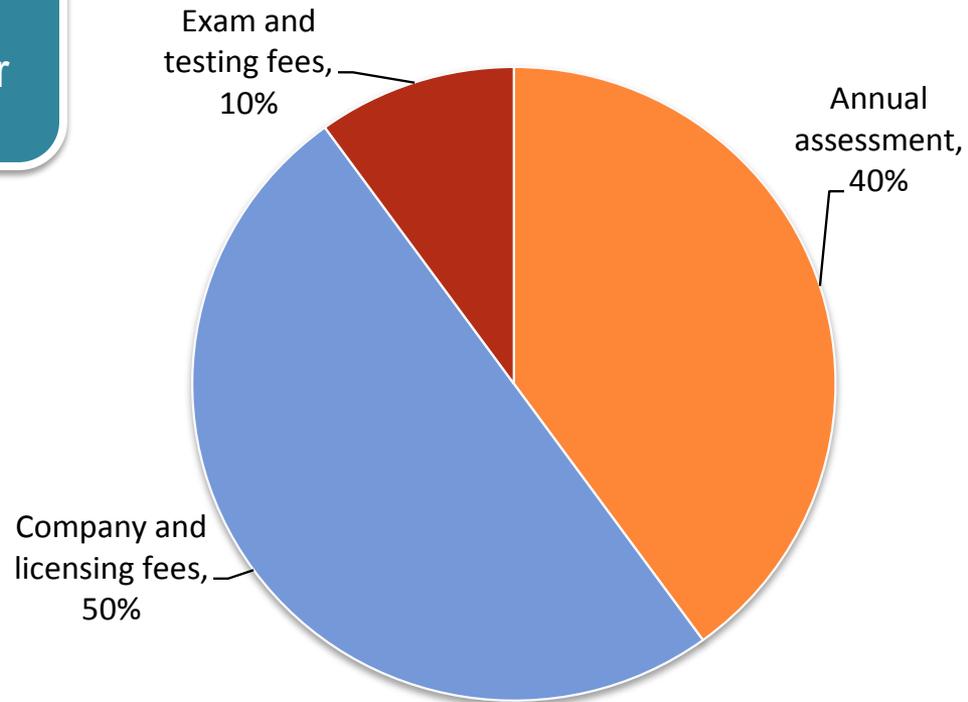
# Insurance Division

*Accomplishing the mission in 2015-2017*

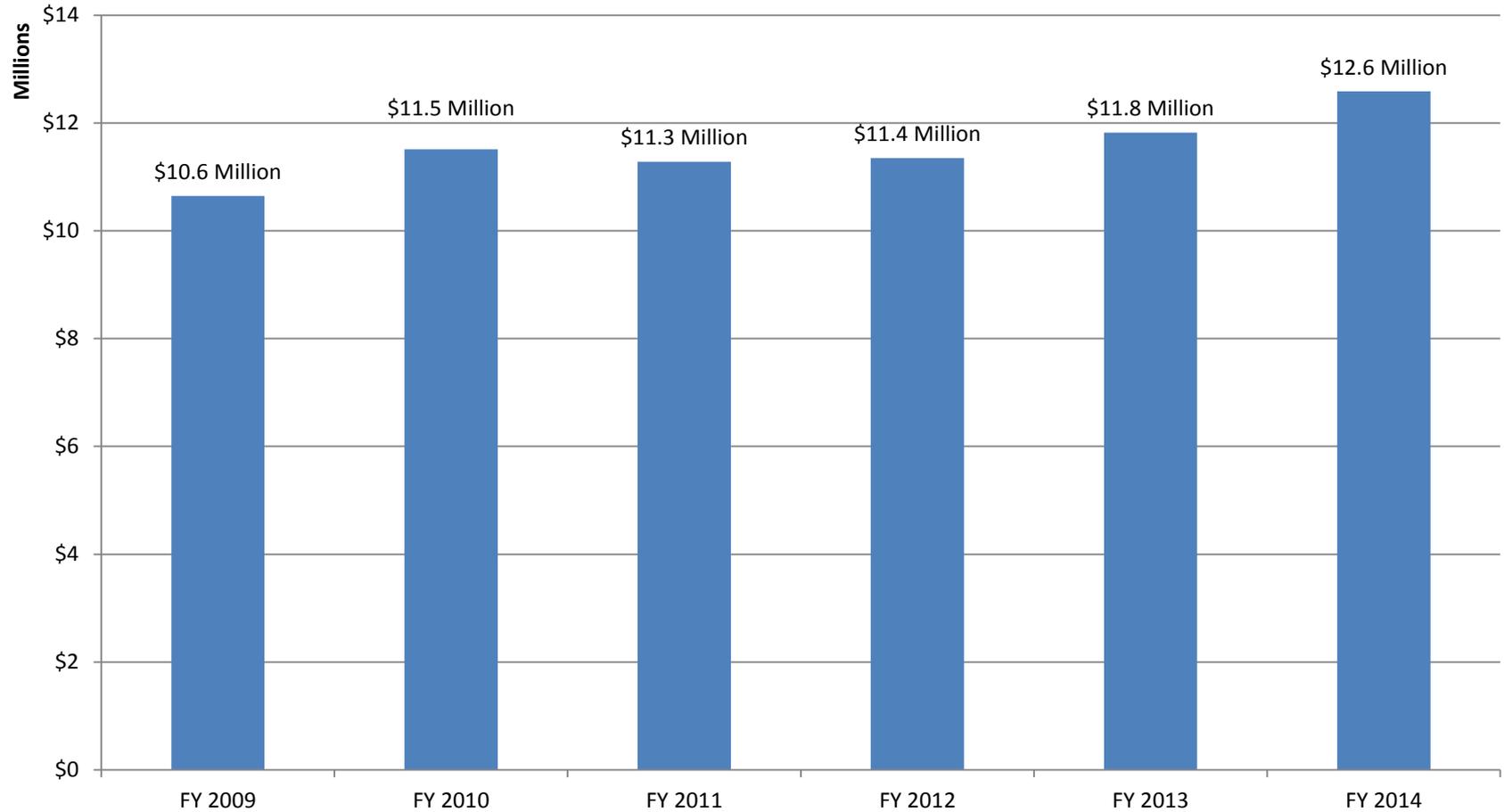
- Enhance the market regulation program to have a stronger market intelligence focus and facilitate swifter action to protect consumers
- Strengthen consumer protection in health insurance and annuities through proposed legislation
- Continue to implement the federal Affordable Care Act
- Provide information and assistance to Oregonians about insurance issues

# Insurance Division Revenue

Less than \$0.005 – half a cent – of every premium dollar pays for our services



# Insurance Division Revenue



# Insurance Division



**Key Performance  
Measures and  
Outcomes**





# Division of Finance and Corporate Securities

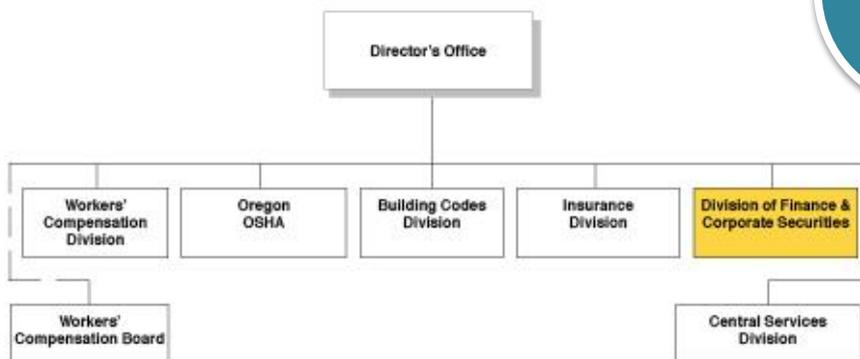
# Finance and Corporate Securities

(Administer multiple programs involving financial products/services)

Ensuring sound financial services and products and protecting consumers from fraud

*Investigated 854 complaints in 2014*

- Regulate banks, trusts, and credit unions
- Regulate financial services to ensure consumers receive products in compliance with required fee and cap limits
- Ensure sound mortgage lending practices
- License people who sell investment securities; investigate investment fraud
- Consumer education on how to avoid financial fraud/foreclosure safeguards



# Division of Finance and Corporate Securities

*Accomplishing the mission in 2015-2017*

- Monitor banks and credit unions as institutions grow in size through mergers and new charters are added
- Identify new methods to ensure that Internet providers of financial services meet consumer protection standards
- Continue to steer Oregonians who seek financial help toward licensed entities that comply with Oregon requirements and standards
- Help Oregonians make educated choices about investments, mortgage lending, and foreclosures

# Division of Finance and Corporate Securities

## *Accomplishing the mission in 2015-2017*

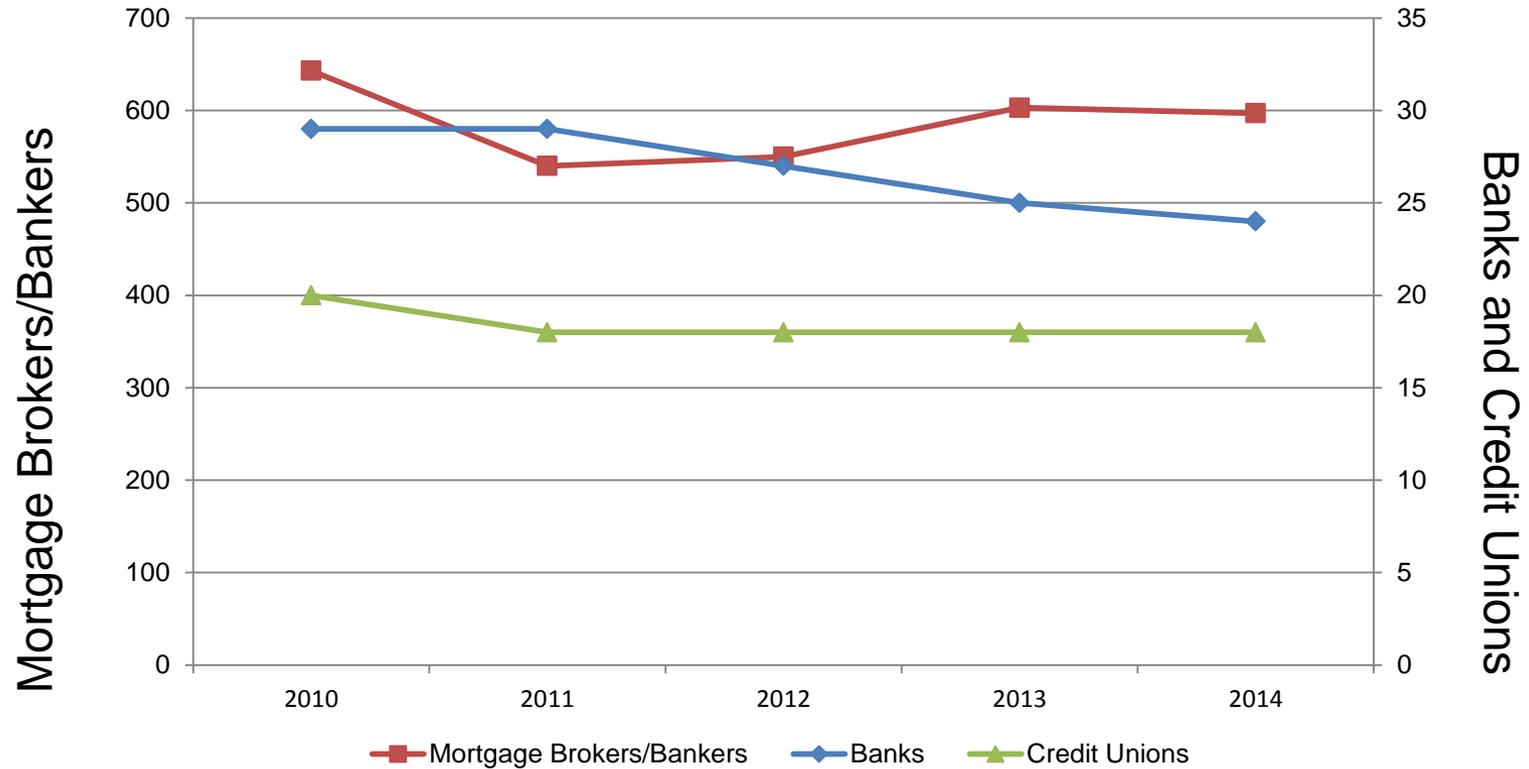
- Conduct outreach to seniors and others to help them avoid financial fraud and make good financial decisions
- Continue to enhance mortgage lending office examinations
- Continue to deter financial abuse toward Oregonians through strong enforcement efforts
- Expand use of the Nationwide Mortgage Licensing System (NMLS) to other division programs to streamline the licensing process and provide greater public access to licensing information

# **Division of Finance and Corporate Securities**

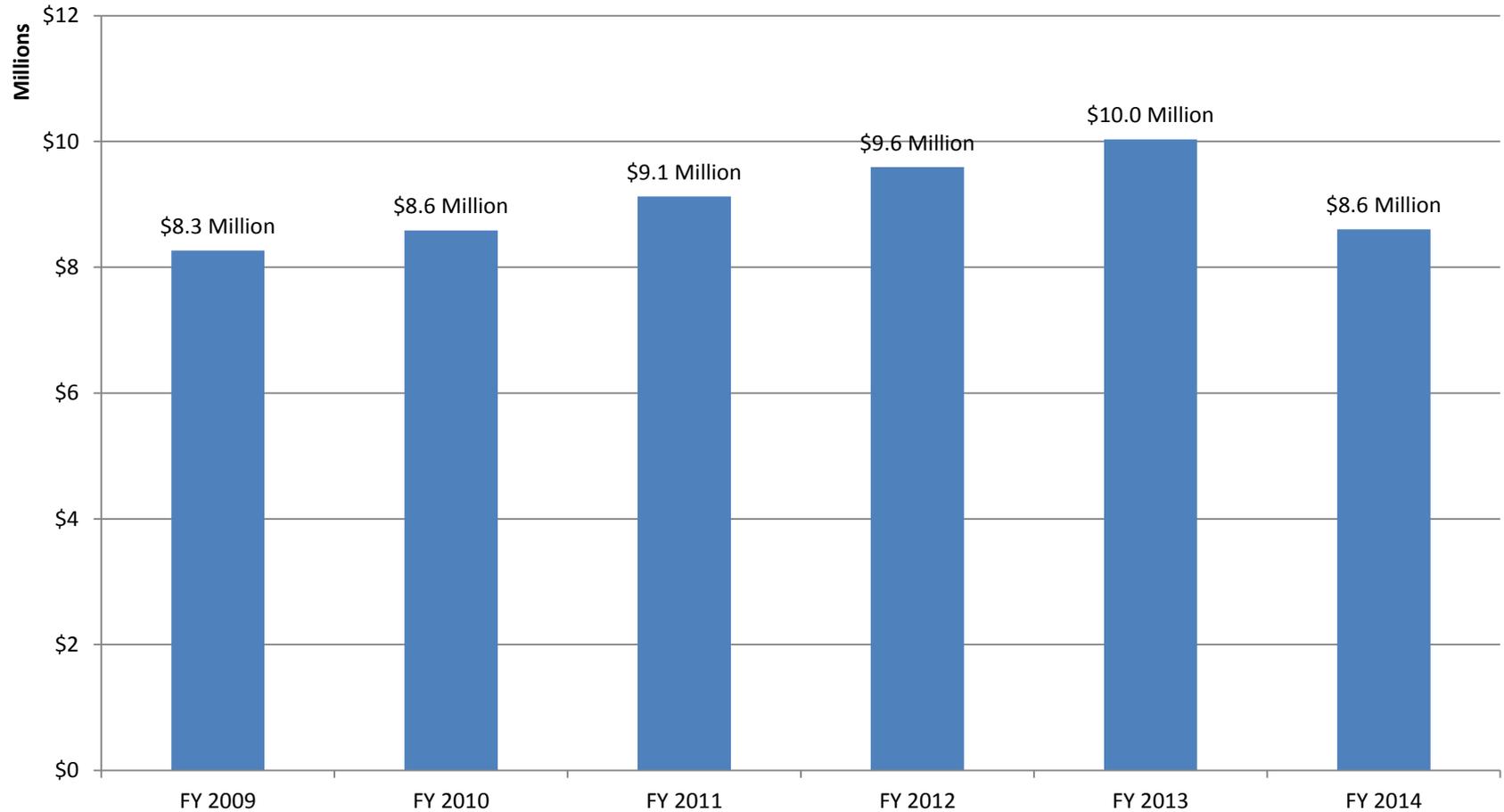
*Accomplishing the mission in 2015-2017*

- Connect the unbanked and underbanked with safe and affordable financial products
- Work with the Department of Justice to develop and strengthen consumer protection around collection agencies, loan servicers, and “buy here/pay here” auto dealers
- Help connect Oregonians with safe, affordable financial products through Bank On Oregon

# Division of Finance and Corporate Securities Licensees and Charters



# Division of Finance and Corporate Securities Revenue



# Division of Finance and Corporate Securities



**Key Performance  
Measures and  
Outcomes**





# Building Codes Division

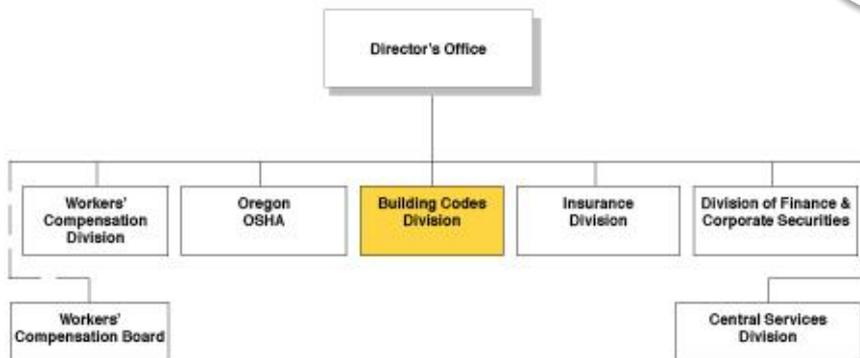
# Building Codes Division

(Safe building construction)

## Set Uniform Standards

*Oversee 130 city and county building departments*

- Adopt and enforce uniform building code for Oregon
- Resolve code disputes
- Local government assistance
- Certify inspectors and license trades workers
- Conduct inspections where local entities do not



# Building Codes Division

*Accomplishing the mission in 2015-2017*

- Support economic growth by using technology to aid local governments and business
- Focus regulation and inspection services on needs of rural areas
- Continue implementing a comprehensive electronic permitting program

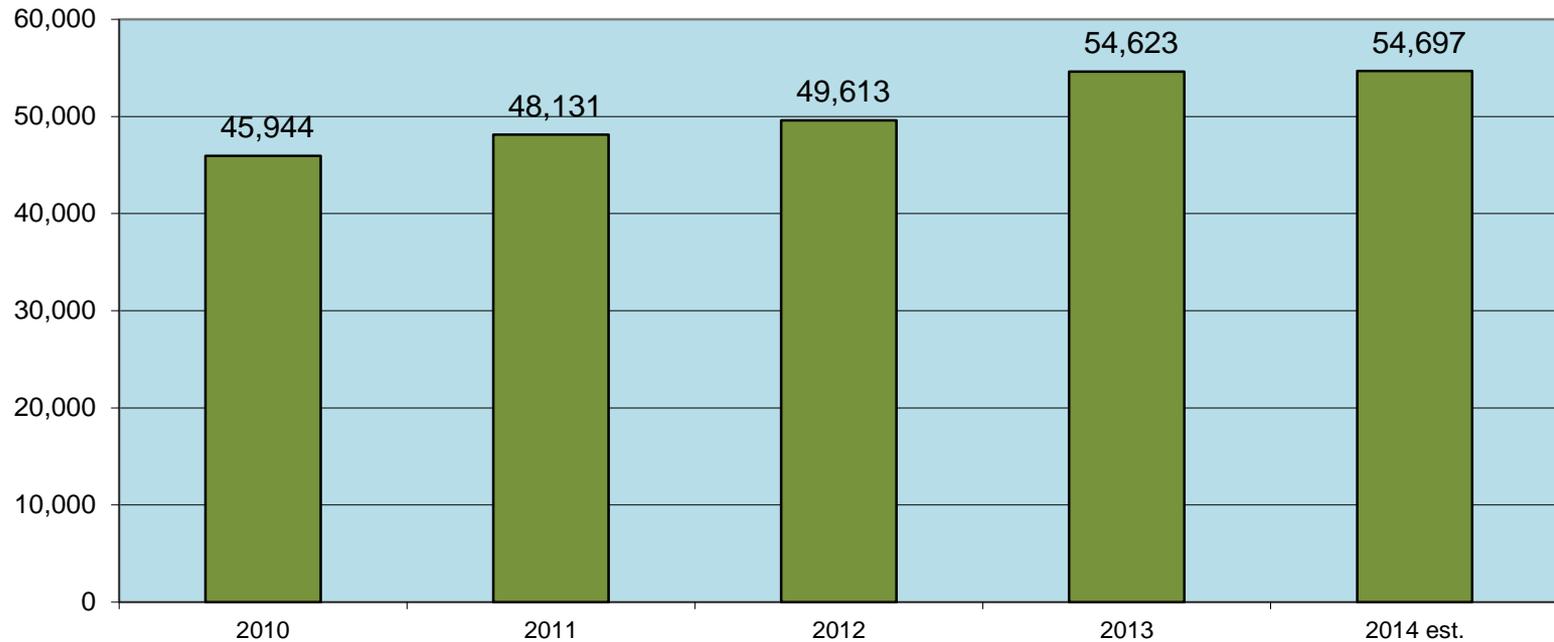
# Building Codes Division

*Accomplishing the mission in 2015-2017*

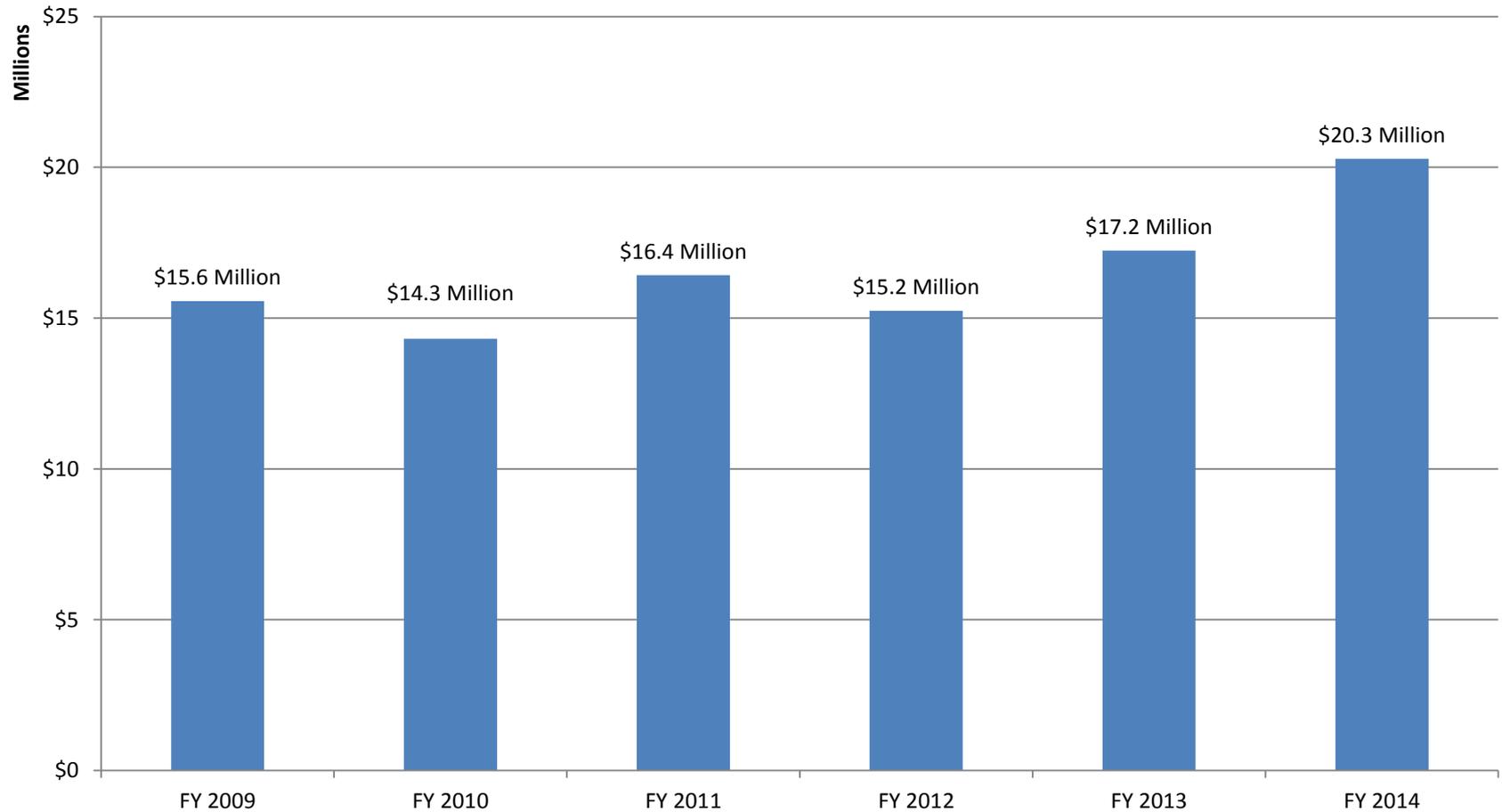
- Help develop a highly trained and efficient workforce by realigning inspector certification requirements and delivering inspector training in innovative ways
- Develop options for contractors and businesses to use new technology
- Continue regulatory streamlining efforts

# Building Codes Division

## Permits Issued (Building Codes Division has Statewide Responsibility)



# Building Codes Division Revenue



# Building Codes Division

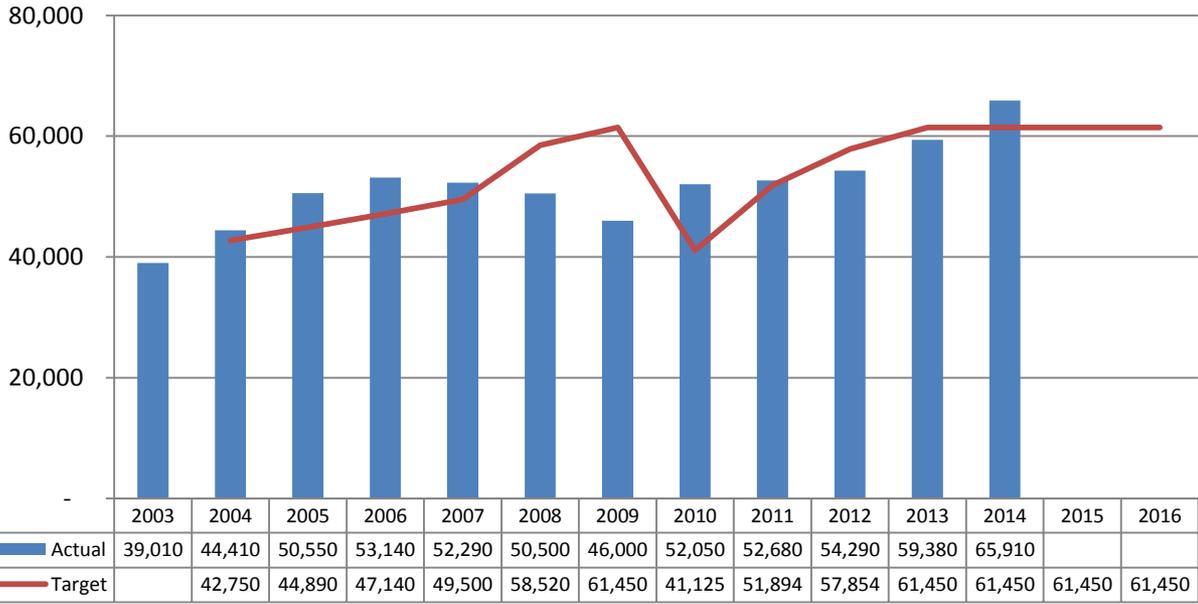


**Key Performance  
Measures and  
Outcomes**

# KPM #11 – Permits for Minor Construction Work

## Streamlined processes for contractors

Number of building permits sold that can be used by contractors in multiple jurisdictions for minor construction work





# Health Insurance Marketplace

# Health Insurance Marketplace

## Senate Bill 1 Overview

- Transfers functions and responsibilities for Oregon's health insurance marketplace from Cover Oregon to DCBS, including:
  - Providing information through a call center and website
  - Establishing community partner program
  - Certifying and contracting with carriers
- Creates an advisory committee
- June 30, 2015 effective date

# Health Insurance Marketplace

## Transition goals:

- Continue to provide high-quality service to marketplace customers
- Engage stakeholders throughout the process
- Maximize the effectiveness and sustainability of Oregon's supported state-based marketplace
- Work with Cover Oregon to complete current work by June 30

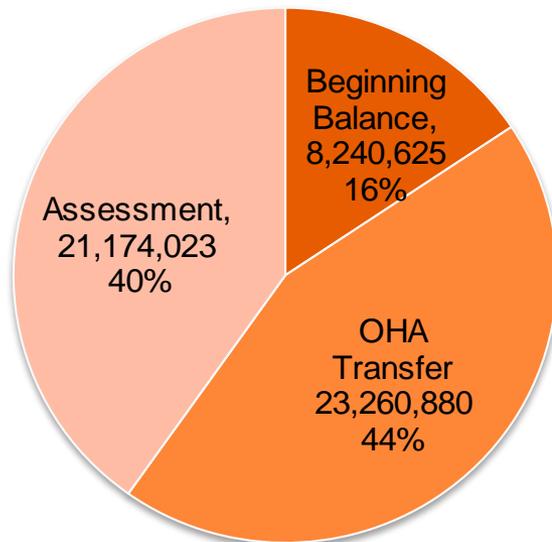
# Health Insurance Marketplace

## Next steps:

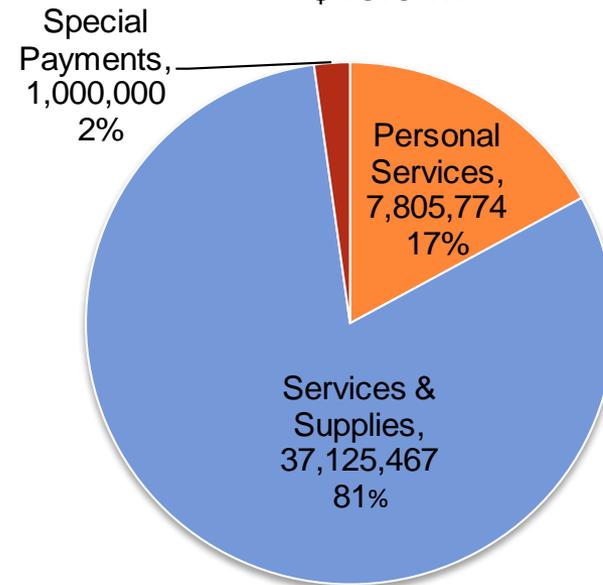
- Establish an advisory committee
- Develop a plan for small business marketplace (SHOP)
- Prepare for 2016 open enrollment, which begins fall/winter 2015
- Develop a communications plan:
  - Target the 5 percent of Oregonians who are uninsured
  - Help Oregon families learn how to use their insurance benefits

# Health Insurance Marketplace 2015-17

Revenue  
\$52.7 m



Expenditures  
\$45.9 m



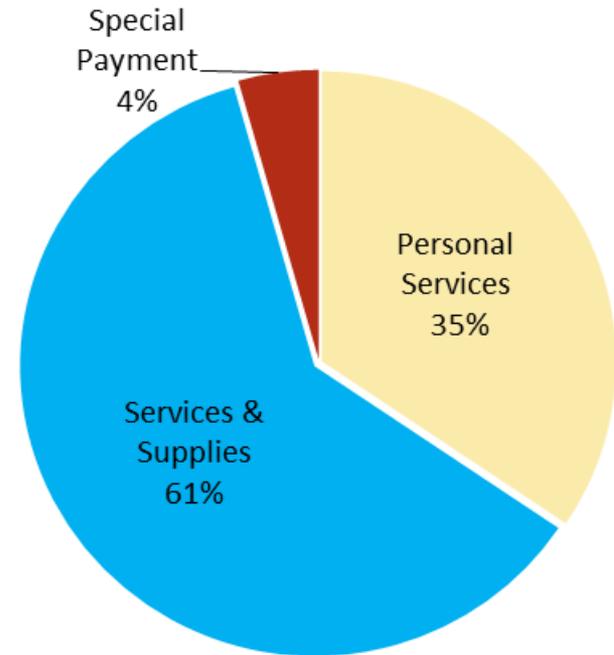
FTE	Permanent	Limited Duration
Marketplace	15.00	3.00
Call Center	0.0	13.00

# Health Insurance Marketplace

## Health Insurance Marketplace, less Oregon Health Authority's Expenditures

<b>Revenue</b>	<b>2015-2017</b>
Beginning Balance	8,240,625
Assessment Revenue	21,174,023
<b>Total Revenue:</b>	<b>29,414,648</b>

<b>Expenditures</b>	<b>2015-2017</b>
Personal Services	7,805,774
Services & Supplies	13,864,587
Special Payments	1,000,000
<b>Total Expenditures</b>	<b>22,670,361</b>



# Health Insurance Marketplace

## Risks

- Tight timelines to complete/transfer work on 2014 and 2015 plan years and begin work on 2016 open enrollment
- Scope creep
- Need for cross-organizational collaboration
- Differing priorities among organizations involved
- Loss of knowledge and resources



**CONCLUSION**