

March 27, 2019
Testimony of David Barenberg, Government Relations Director
House Business and Labor Committee
HB 3003

Chair Barker Members of the Business and Labor Committee,

Thank you for the opportunity to explain and urge your HB 3003, which proposes changes to how self-insured employers or groups can re-enter the private insurance market.

Currently, if a self-insured entity wants to re-enter the competitive market, they are required to keep funds as a security deposit with DCBS to cover the costs of injuries that have previously occurred. The goal is to ensure they aren't shifting the costs to other parts of the system, while also making sure that injured employees continue to get their benefits. We agree with both goals. However, as a result, it is often cost-prohibitive for a self-insured entity to re-enter the market, because they would have to have money for this deposit to the Workers' Comp Division, as well as the premiums for workers' comp insurance from the competitive market.

This bill would provide an additional option for businesses—at the discretion of the DCBS director. It would allow a self-insured entity to buy insurance coverage from a workers' comp insurance carrier to cover both future injuries as well as the continued costs from when they were self-insured, while releasing their deposited funds. This is more cost effective for the entity and ensures greater certainty of coverage for the injured workers.

Purchasing an insurance policy creates certainty for employers, workers, and the state of Oregon that self-insurance does not provide. For employers, cost is more certain. For workers benefits are administered by an insurer rather than the employer. For the state, the transfer of risk from the self-insured employer eliminates the risk that they are unable to pay for claims due to financial troubles including bankruptcy; when a self-insured employer transfers all its risk to an insurer, the state no longer bears the burden that the deposit it holds may be insufficient.

The legislation protects the stakeholders from a self-insured employer selecting tail coverage from an insurer without sufficient financial background. The security deposit can only be released when the DCBS Director approves of the paid-up insurance.

The -3 Amendment - perfects the bills language.

MLAC Support -The bill received the unanimous support of MLAC.

Thank you for your consideration, and SAIF urges your support of the -3 amendments and of the bill.

I'm happy to answer any questions.