



THE KROGER CO.

1014 VINE STREET

CINCINNATI, OH 45202-1100

March 23, 2021

SENATE COMMITTEE ON
LABOR AND BUSINESS
Oregon State Capitol
900 Court Street NE, Room 453, Salem, Oregon 97301

NO on 801 -1: Keep Self-Insurance Programs Operating

The Kroger Co. and its subsidiaries are self-insured for workers' compensation in some capacity in 25 states. Kroger first became self-insured for workers' compensation in Ohio in 1965. Most other states have been self-insured since 1999-2001 when Kroger merged with Fred Meyer. In Oregon Fred Meyer has been self-insured since February 1987.

The -1 amendment to SB 801 would eliminate the ability of self-insured employers to conduct their own claim processing.

Our program in Oregon is currently administered by Sedgwick CMS. Claims are handled by certified claims adjusters according to Oregon laws and regulations. Just as with other insurers, self-insureds are regulated by the Workers' Compensation Division. They are also overseen by our department which help ensured that Fred Meyer and QFC employees receive timely benefits.

Kroger, like many companies uses the self-insured system because it allows them to provide the best care at the best cost for their employees. Should they have to go with another company, they risk having to change the quality of care they are able to provide for their employees.

Workers enjoy the same protections through self-insurance programs as other insurance programs. The system has been working for decades with rules in place that ensure that workers receive all the benefits they are entitled to. This regulation ensures that the employees are receiving the care they deserve, while allowing employers to make the best business determination for their companies.

There are also legal considerations with making this drastic change. The dormant commerce clause of the US Constitutional does not allow for states to make laws that



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advantage in-state over out-of-state businesses, without meeting certain requirements. Given that SAIF Corporation is an entirely Oregon based, quasi state entity, it is questionable whether Oregon would be able to require out-of-state companies who choose to self-insure, to instead use the services of SAIF Corporation.

On behalf of Kroger Co. and Fred Meyer I am voicing my opposition to 801-1. I am happy to provide more information about our self-insurance program if it assists in your analysis of the proposed bill.

Best regards,

A handwritten signature in black ink that reads 'Nathan Fraley'.

Nathan Fraley
Corporate Claims Manager
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