

Division of Worker's Compensation
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Worker's Compensation Insurance Letter

Insurance Letter Number: 523
Date Sent: October 24, 2019
Program: Assessment
Type: Annual
Replaces: 519

To: Insurance Carriers and Self-Insured Employers
From: Steve Peters, Division Administrator
Subject: SFY2020 WORKER'S COMPENSATION GENERAL
ADMINISTRATIVE ASSESSMENT

Purpose: To communicate to insurance carriers and self-insured employers the new assessment rate and issue date information, and also to remind insurance carriers and self-insured employers that interest will accrue on all unpaid balances after 30 days. The Worker's Compensation Administrative Assessment is issued annually.

Background: Section 102.75, Wis. Stats., authorizes the department to assess and collect the administrative costs for the Wisconsin Worker's Compensation Act from worker's compensation insurance carriers and self-insured employers. Each company's indemnity amount is determined by summing the amounts paid for each claim "first closed" in the previous calendar year. Indemnity includes payments for temporary total and partial disability, permanent total and partial disability, compromises, death benefits and funeral expenses, paid holidays, supplemental benefits, disfigurement, and vocational rehabilitation.

The Worker's Compensation Administrative Assessment rate is calculated by dividing the current state fiscal year's operating costs by the total indemnity payments from carriers and self-insured employers for claims "first closed" in the previous calendar year. The total indemnity paid for 2018 "first closed" claims was \$272,027,127. The Worker's Compensation Division's (WCD) net operating revenue to be collected for State Fiscal Year (SFY) 2020 is \$13,939,116. Based on the calculation (\$13,939,116 divided by \$272,027,127), the general assessment rate is 5.125%. The resulting rate must be rounded up to avoid a budget shortfall.

Self-insured employers pay the 5.125% general assessment rate plus an additional 1.356% to cover administrative costs of operating the self-insured employers program for a total of 6.481%. The self-insured employer invoice also includes the \$200 self-insured renewal fee for the period of July 1, 2019 through June 30, 2020.

Each company's assessment amount is determined by multiplying its 2018 "first closed" claims total indemnity payments by the rate indicated. Each company's claim detail listing is available at https://dwd.wisconsin.gov/wc/insurance/assess_program.htm; click on Assessment Reports. You will need your DWD/WISCONSIN Logon Account ID and password.

The overall budget funds three major components:

- The Department of Workforce Development (DWD) - WC Operations
- The Department of Administration, Division of Hearings and Appeals, Office of Worker's Compensation Hearings (OWCH)
- The Labor & Industry Review Commission (LIRC)

OWCH and LIRC are reimbursed out of the overall budget for services provided to the Department. The breakdown of SFY19 expenditures are as follows:

WC Administrative Service Providers	SFY19 Expenses	% of Total
DWD-WC Operations	\$8,757,537	64.6%
DHA-OWCH Services	\$4,296,992	31.7%
LIRC Services	\$504,545	3.7%
SFY19 Total	\$13,559,074	100%

Action Requested: Payment of your SFY20 assessment invoice
Check payable to: DWD-Bureau of Finance (See invoice for remittance address)
Contact: Pati Brown at (608) 266-8764 or email: WCASSESSMENT@dwd.wisconsin.gov
Enclosure: Invoice
Reference: WC Division website for claim detail listing