

Administrative Assessment for FY 2017

The Department of Labor & Industries recovers the cost of our services to self-insured employers through an annual assessment.¹ (See page 2 for a list summarizing L&I services to self-insured employers.) When you prepare your quarterly reports, use the appropriate rate, below, to calculate your share of the assessment.

Administrative assessment rates for Fiscal Year 2017

- ▶ Employers certified BEFORE July 1, 2015 = 0.0585
- ▶ Employers certified AFTER July 1, 2015 = 0.0538

For employers certified before July 1, 2015, this year's rate reflects a small increase from the previous assessment.² This is because we base the rate on estimates of services for the upcoming year; for FY 2015, the actual cost of services exceeded what we had estimated and collected.³

How L&I calculates the administrative assessment

To calculate the rate, L&I staff divide the administrative contribution needed from self-insurers by the projected costs of claims. The rate apportions a share of the administrative expenses to individual employers.

For employers certified BEFORE July 1, 2015

Step 1 — Calculation of required funding

Base administrative costs for self-insurers for 2017	\$28,430,745
Add the undercollection from 2015	<u>2,447,972</u>
Adjusted administrative costs	30,878,717

Step 2 — Calculation of rate for assessment

Adjusted administrative costs for 2017	<u>\$30,878,717</u>	
Divided by total claim payments projected for 2017	\$ 528,000,000	= 0.0585

For employers certified AFTER July 1, 2015 — Calculation of rate for assessment

Base administrative costs for self-insurers for 2017	<u>\$28,430,745</u>	
Divided by total claim payments projected for 2017	\$528,000,000	= 0.0538

Questions about your administrative assessment?

Contact Jim Nylander, Program Manager for L&I Self-Insurance Section, 360-902-6907 or Jim.Nylander@Lni.wa.gov

¹ L&I calculates and collects the administrative assessment on a fiscal year basis (RCW 51.44.150).

² The FY 2016 rate was 0.0550, whether your company was certified before July 1, 2014, or after.

³ Variation in estimates and amounts collected are anticipated and addressed through an annual adjustment for any over- or under-collections from prior periods (WAC 296-15-223).

What services are self-insured employers paying for?

Program area	Self-Insurance portion of costs
Self-Insurance Program	\$7,940,930
<ul style="list-style-type: none"> ▪ Administration: Claims management and compliance activities 	5,929,930
<ul style="list-style-type: none"> ▪ Attorney General: Legal services in support of self-insurance issues 	830,851
<ul style="list-style-type: none"> ▪ Self-Insurance Risk Analysis System (SIRAS): Development of new electronic data interchange for reporting medical data. Includes customer service/complaint system 	810,624
<ul style="list-style-type: none"> ▪ Ombuds Office: Responding to inquiries from employees of self-insured employers; advocating with employers to ensure appropriate benefits 	369,525
Other Insurance Services	\$5,635,623
<ul style="list-style-type: none"> ▪ Claims management: Support for chemically-related-illness claims; pensions; claims policy development; vocational determinations; and other claims-related services 	1,906,620
<ul style="list-style-type: none"> ▪ Health Services Analysis, and Office of the Medical Director: Controlling medical and drug costs; managing health-care providers; developing clinical guidelines; and legal expenses for appeals involving medical issues 	1,344,126
<ul style="list-style-type: none"> ▪ Imaging: Providing electronic access to information submitted to L&I on paper 	1,084,570
<ul style="list-style-type: none"> ▪ Legal Services: Managing appeals related to claims; recovering costs from third parties; and other expenses of administration for legal services 	918,690
<ul style="list-style-type: none"> ▪ Administration: Self-insurers' share of administrative expenses related to claims and provider management, policy and billing 	361,069
<ul style="list-style-type: none"> ▪ Actuarial Services: Computation of insurance risks for injured workers' medical treatment, disability, and pension benefits 	20,548
General Administrative Expenses for L&I	\$5,232,977
<ul style="list-style-type: none"> ▪ Information Services: Developing and maintaining technology and maintaining data and voice systems, includes software licenses and fees to the state's Consolidated Technology Services 	2,949,370
<ul style="list-style-type: none"> ▪ Administrative Services: Human Resources, budget, accounting, facilities maintenance 	1,410,693
<ul style="list-style-type: none"> ▪ Director's Office support for workers' compensation program: Legislative services, policy development, Communications, provider hotlines, Lean office 	765,276
<ul style="list-style-type: none"> ▪ Field Services: Costs of field offices statewide 	107,638
Programs administered by other agencies	\$5,630,550
<ul style="list-style-type: none"> ▪ Board of Industrial Insurance Appeals: Independent board that hears appeals of L&I decisions related to workers' compensation and safety citations 	3,691,800
<ul style="list-style-type: none"> ▪ U.W. Dept. of Environmental and Occupational Health Sciences: Promoting safe workplaces and preventing injury and illness through teaching and research 	1,938,750
Occupational Safety and Health	\$3,990,665
<ul style="list-style-type: none"> ▪ Division of Occupational Safety and Health: Compliance activities, education, safety standards, and related legal services 	3,389,056
<ul style="list-style-type: none"> ▪ SHARP: A safety/research program, Safety and Health for Research and Prevention 	601,609
Base administrative costs for self-insurers for FY 2017 ► \$28,430,745	