Workers Compensation Rates

From Actuarial Study:
1. Forecasted claims costs over 5-year period
2. Forecasted required reserves over 5-year period

Workers compensation excess policy costs and State Workers Compensation Fund assessment projected over 5 years
(Technically, allocated at the end of the process to each AU in the same proportion as each AU's % of the total WC self-insurance charge.)

Workers Compensation Fund's administrative costs projected over 5 years

Estimated offsetting resources: Beginning fund balance, interest earnings on fund balance, and refunds from the State Workers' Benefit Fund projected over 5 years

5-Year Projection to Achieve Rate Smoothing

1. Start with estimated Workers Compensation costs and required reserves and offset the costs with the projected fund balance and the estimated interest earnings and external revenues.
2. Apply the rate-smoothing model, which spreads each year's projected net costs and required reserves over 5 years. The model is designed so that by the end of 5 years the total required self-insurance charge is collected. This is the amount that must be collected to keep the Fund actuarially sound.

Allocation of the Self-Insurance Charge

The self-insurance charge for the next FY is allocated to each AU using a combination of two measures:

1. Each AU's prior 4-year average incurred claims cost (experience factor) in relation to every other AU's average incurred claims cost.
2. Each AU's prior FY's total payroll, less paid absences, (exposure factor) in relation to that of every other AU.

Occupational Health & Infectious Disease Assessment
The costs for this program are assigned to the six AU's who use this service in proportion to their previous FY's use of the program.

Workers Compensation Self-Insurance Charge

Employees' Flu Vaccinations
The cost of this program is allotted to each AU according to each AU's total number of employees the previous January compared to that of all other AU's

Workers Compensation IA