Bulletin

WORKERS' COMPENSATION BULLETIN 18-1
Date: August 2017

To: Workers' Compensation Coordinators Agency Accounting Coordinators

Subject: Administrative Fees for FY 2018

Background:

The Worker's Compensation Program's administrative fee is $3,347,305 for FY 2018. The administrative fee is apportioned to agencies based on the following factors:

- Average number of employees for the period 7/01/16 through 3/31/17
- Number of open claims on 3/31/17
- Number of payment transactions for the period 7/01/16 through 3/31/17

Please note that the number of transactions do not include payments processed by the managed care vendor. It only includes benefit payments processed by the program.

The managed care administrative fee for CorVel's services continues at $2.28 per employee per month effective 7/1/17. This rate will continue through 6/30/18. The hourly rate for the program's in-house legal will be $129 per hour for attorney time and $71 per hour for para-legal time. Please note that service provided by the program's legal staff is recorded as a cost to the individual claim and will be invoiced separately on line 17 of the SWIFT A/R invoice.

If your agency is participating in the alternative cost allocation account, the administrative fees are factored into your agency's FY 2018 premium amount.

The attached spreadsheet details each agency's administrative fees for FY 2018. The spreadsheet contains the following information:

- Employee average for the period 7/01/16 through 3/31/17
- Percentage of the total number of employees
- Number of open claims on 3/31/17
- Percentage of the total number of open claims
- Number of transactions processed for the period 07/01/16 through 3/31/17
- Percentage of the total number of transactions
- Agency average percentage (Note: this percentage was derived by adding the three percentages above, and then dividing the result by 3)

- Agency's FY 2018 administrative fee is the agency's average percentage multiplied by $3,347,305.
- Monthly managed care administrative fee is $2.28 multiplied by the average number of employees.

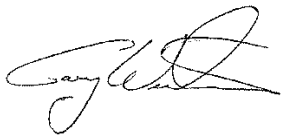
The administrative fees will be invoiced monthly through the state's accounts receivable system to those agencies who are not participating in the alternative cost allocation account. Because we operate from a revolving fund, it is vital that you pay your invoice promptly.

Requested Action

Please share this information with relevant staff in your agency. If you have any questions about this bulletin, please contact:

Gay Scharpen
Workers' Compensation Program
(651) 201-2587
Email: gay.scharpen@state.mn.us

Sincerely,



Gary Westman, Manager
Workers' Compensation Program
Risk Management Program