To: Workers’ Compensation Coordinators Agency Accounting Coordinators

Subject: Administrative Fees for FY 2020

Background:
The Worker’s Compensation Program’s administrative fee is $3,499,608 for FY 2020. The administrative fee is apportioned to agencies based on the following factors:

- Average number of employees for the period 7/01/18 through 3/31/19
- Number of open claims on 3/31/19
- Number of payment transactions for the period 7/01/18 through 3/31/19

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 will be increasing from $2.72 to $2.80 for FY20. The rate is increasing following a Request for Proposal process that added additional services, with the primary additional service being a 24/7 nurse triage service as a point of first contact for employees who are injured on the job. The hourly rate for the program’s in-house legal will be $130 per hour for attorney time and $75 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 2020 premium amount.

The attached spreadsheet details each agency’s administrative fees for FY 2020. The spreadsheet contains the following information:

- Employee average for the period 7/01/18 through 3/31/19
- Percentage of the total number of employees
- Number of open claims on 3/31/19
- Percentage of the total number of open claims
Number of transactions processed for the period 07/01/18 through 3/31/19
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 2020 administrative fee is the agency’s average percentage multiplied by $3,499,608.
Monthly managed care administrative fee is $2.80 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:

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Sincerely,

Gary Westman, Director  
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