

## Administrative Assessment for FYE 2021

The Department of Labor & Industries recovers the cost of our services to self-insured employers through an annual assessment.<sup>1</sup> (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 2021

- ▶ Employers certified BEFORE July 1, 2019 = 0.0648
- ▶ Employers certified AFTER July 1, 2019 = 0.0695

For employers certified before July 1, 2019, this year's rate reflects an increase from the previous assessment.<sup>2</sup> This is because we base the rate on estimates of services for the upcoming year. For FY 2020, the actual cost of services exceeded what was estimated and collected.<sup>3</sup>

### 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, 2019

##### Step 1 — Calculation of required funding

Base administrative costs for self-insurers for 2021	\$ 32,156,222
Add: Under collection for 2019 costs	\$ 2,316,150
<b>Adjusted administrative costs</b>	<b>\$ 34,472,372</b>

##### Step 2 — Calculation of rate for assessment

Adjusted administrative costs for 2021	\$ 32,156,222	
Divided by total claim payments projected for 2021	\$ 496,288,210	= 0.0648

#### For employers certified AFTER July 1, 2019 — Calculation of rate for assessment

Base administrative costs for self-insurers for 2021	\$ 34,472,372	
Divided by total claim payments projected for 2021	\$ 496,288,210	= 0.0695

### Questions about your administrative assessment?

Contact Brian Schmidtkofer, Operations Manager for L&I Self-Insurance Section, 360-902-6839 or email [CertificationSvcs@Lni.wa.gov](mailto:CertificationSvcs@Lni.wa.gov).

Signature: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_

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

<sup>2</sup> The FY 2020 rate was 0.0605 for base and 0.0592 for adjusted rate.

<sup>3</sup> Variation in estimates and amounts collected is anticipated. We address them through an annual adjustment for any over or under collection of funds from prior periods (WAC 296-15-223).

## What services are self-insured employers paying for?

Self-Insurance portion of costs by Program area	
<b>Self-Insurance Program</b>	<b>\$8,451,562</b>
<ul style="list-style-type: none"> <li>▪ <b>Administration:</b> Claims management and compliance activities 6,997,577</li> <li>▪ <b>Attorney General:</b> Legal services in support of self-insurance issues 948,611</li> <li>▪ <b>Ombuds Office:</b> Responding to inquiries from employees of self-insured employers; advocating with employers to ensure appropriate benefits 505,374</li> </ul>	
<b>Other Insurance Services</b>	<b>\$7,508,453</b>
<ul style="list-style-type: none"> <li>▪ <b>Claims management:</b> Support for chemically-related-illness claims; pensions; claims policy development; vocational determinations; and other claims-related services 2,325,957</li> <li>▪ <b>Health Services Analysis, and Office of the Medical Director:</b> Controlling medical and drug costs; managing health-care providers; developing clinical guidelines; and legal expenses for appeals involving medical issues 1,322,320</li> <li>▪ <b>Imaging:</b> Providing electronic access to information submitted to L&amp;I on paper 1,303,264</li> <li>▪ <b>Legal Services:</b> Managing appeals related to claims; recovering costs from third parties; and other expenses of administration for legal services 907,570</li> <li>▪ <b>Administration:</b> Self-insurers' share of administrative expenses related to claims and provider management, policy and billing. Includes share of expenses related to business transformation preparation. 1,558,351</li> <li>▪ <b>Actuarial Services:</b> Computation of insurance risks for injured workers' medical treatment, disability, and pension benefits 90,991</li> </ul>	
<b>General Administrative Expenses for L&amp;I</b>	<b>\$5,040,945</b>
<ul style="list-style-type: none"> <li>▪ <b>Information Services:</b> Developing and maintaining technology and maintaining data and voice systems, includes software licenses, fees to the state's Consolidated Technology Services, and maintenance of SIRAS 1,926,761</li> <li>▪ <b>Administrative Services:</b> Human Resources, budget, accounting, facilities maintenance 2,052,620</li> <li>▪ <b>Director's Office support for workers' compensation program:</b> Legislative services, policy development, Communications, provider hotlines, Lean office 789,927</li> <li>▪ <b>Field Services:</b> Costs of field offices statewide 271,637</li> </ul>	
<b>Programs administered by other agencies</b>	<b>\$6,384,505</b>
<ul style="list-style-type: none"> <li>▪ <b>Board of Industrial Insurance Appeals:</b> Independent board that hears appeals of L&amp;I decisions related to workers' compensation and safety citations 4,357,155</li> <li>▪ <b>U.W. Dept. of Environmental and Occupational Health Sciences:</b> Promoting safe workplaces and preventing injury and illness through teaching and research 2,027,350</li> </ul>	
<b>Occupational Safety and Health</b>	<b>\$4,770,757</b>
<ul style="list-style-type: none"> <li>▪ <b>Division of Occupational Safety and Health:</b> Compliance activities, education, safety standards, and related legal services 3,943,751</li> <li>▪ <b>SHARP:</b> A safety/research program, Safety and Health for Research and Prevention 827,006</li> </ul>	
<b>Base administrative costs for self-insurers for FY 2021 ► \$32,156,222</b>	