

SELF-INSURED ASSESSMENTS: CAJPA AND DIR INDICATE INCREASES EXPECTED FOR 2015–2016 FISCAL YEAR

Self-Insured Assessments decreased slightly for the 2014-2015 fiscal year but employers, both self-insured and fully insured, may want to prepare their budgets for an increase in 2015-2016. Self-insured employers receive an invoice each December. Insured employers pay this assessment, in addition to their California Insurance Guarantee Association (CIGA) assessments, as an add-on to their workers' compensation premium.

Public entities can have a challenging time adequately budgeting for self-insured funded assessments as rates and invoices are issued in the middle of the fiscal year, well after budgets are set. Thanks to the California Association of Joint Powers Authority (CAJPA) maintaining an open dialogue with the Department of Industrial Relations (DIR), indications are shared with employers to assist public agencies in forecasting assessments as budgets for the next fiscal year are established.

The DIR has indicated, for budgeting purposes, self-insured employers can expect an increase of not more than 6-8% in assessments for 2015-2016. Historically, self-insured assessment rates are made public in November or December. Invoices are typically mailed in December and are due in January, 30 days from the date of the invoice.

Assessments paid to the DIR cover the costs to administer the workers' compensation, health and safety and labor standards enforcement programs. SB 863, which went into effect January 1, 2013, created a return-to-work program to be administered by the DIR. To fund this program, the DIR has established a return-to-work supplement program which is also funded through these assessments. Regulations governing the return-to-work program are in final comment phase and have not yet been implemented.

Each year, the DIR calculates fund balances and then assesses self-insured and fully insured employers the difference between the assessments required and the fund balance. The DIR budget for 2015-2016 fiscal year is not final and the 6-8% anticipated increase in assessments is subject to change.

We will continue to keep our clients updated as new information is made available. We want to express our gratitude to CAJPA and the DIR for maintaining an open dialogue and sharing this information with the self-insured community.

If you have any questions regarding the information contained in this *Briefing*, please feel free to contact your Account Executive, Claims Analyst or Christine Gerbasi at cgerbasi@keenan.com or 310-212-0363, Ext 3760.

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