

May 25, 2011

Dear Campus Community,

After considerable research and evaluation of various approaches to the administration of the Workers' Compensation Insurance program, I am announcing a new Workers' Compensation cost allocation methodology for fiscal year 2011-12. The change will become effective on July 1, 2011.

Currently, all campus units are assessed a uniform workers' compensation rate per \$100 of payroll (FY 2010/11 rate is \$0.73/\$100 of payroll). The new program will take a two-pronged approach. The first prong will, again, apply a rate per \$100 of payroll uniformly to all fund sources (FY 2011/12 rate will be \$0.56/\$100 of payroll). This lower uniform rate will be reevaluated on an annual basis and adjusted, if required. The second prong will assess a fee of \$5,000 per qualifying incident/claim submitted by a unit. The incident/claim fee will be charged directly to the fund source on which the injured employee was paid at the time of the incident.

The program will also provide incentives of up to \$1,500 per incident/claim to acknowledge best practices in safety, loss prevention, and risk management. Incentives will be granted for timely reporting of injuries, utilizing preferred medical providers, and providing a Transitional Return to Work (TRTW) in the reporting unit for those employees who can return to work with temporary work restrictions. Incentives will be provided as a credit against the \$5,000 incident/claim fee.

When taken together, the components of the aforementioned program will more equitably allocate expenses, ensuring that those units with the highest rates of incidents/claims bear more of the Workers' Compensation Insurance program costs. This new cost allocation methodology will require campus units to exercise greater financial responsibility. Campus units, in assessing the operational risks that result in workers' compensation incidents/claims costs, will be prompted to focus greater attention on loss prevention and risk reduction.

Under the new program, filing a Workers' Compensation incident/claim for mishaps requiring first aid (*i.e.* minor burns, scratches, or cuts that do not require medical attention or result in lost work days) will not be required. However, these minor incidents should be reported to and filed with the employee's unit.

More information, including reporting guidelines, will be forthcoming in the near future. In the meantime, if you have questions about the Workers' Compensation Insurance program please contact Marsha Marion, Manager, Workplace Health & Wellness at extension 2-4785.

Sincerely,



Gretchen S. Bolar

Vice Chancellor-Finance and Business Operations  
University of California, Riverside