

TOPIC: WORKER'S COMPENSATION
COST ALLOCATION
CHARGES TO DEPARTMENTS

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SECTION: WORKER'S COMPENSATION
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PURPOSE:

The purpose is to describe the method of determining the annual Workers' Compensation charges to departments.

POLICY:

The annual charge to each department is based 50% on five years experience and 50% on exposure (the number of employees in a department.)

PROCEDURE:

Risk Management uses two sets of data to determine each department's percentage of the total projected departmental charges for the Workers' Compensation Program.

Experience: Using information provided by the County's Workers' Compensation Claims Administrator (currently Claims Management, Inc., Sacramento, CA) the total amount paid out in Workers' Compensation benefits and expenditures for employees in each department for the preceding five fiscal years is determined.

Exposure: Each department's exposure rate is based upon the summary of allowed positions found in the most recent Final Budget book.

Next, each department's percentage of the total paid by all departments in the last five fiscal years and percentage of the number of employees in all departments are determined. The experience percentage is applied to 50% of the total projected WC charge for all departments for the upcoming fiscal year. Likewise, the exposure percentage is applied to 50% of the total projected WC charge for all departments for the upcoming fiscal year. The resulting two figures combined equal each department's WC charge.