



Oregon

Kate Brown, Governor

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AMENDED BULLETIN NO. 374 Nov. 1, 2016

TO: Self-insured employers

SUBJECT: Self-insured base rates and election of method used for determination of premium

Note: The division is publishing this amended bulletin to provide clarification about National Council on Compensation Insurance (NCCI) classification codes 9425 and 9410. Classification code 9425 was NOT reassigned to code 9410 as stated previously. See new information in italics under "IMPORTANT CHANGES."

This bulletin notifies self-insured employers of the new base rates to be used for premium assessment during the July 1, 2016 through June 30, 2017 fiscal year. In addition, this bulletin provides reporting instructions and new retrospective rating plan options. This amended bulletin replaces Bulletin 374 dated June 7, 2016.

IMPORTANT CHANGES:

- ◆ New retrospective rating plan tables (See Exhibit A)
- ◆ New base rates (See Exhibit B)
- ◆ The following class codes were eliminated:
 - ◆ 3066
 - ◆ 9064
 - ◆ 9425
- ◆ *Each employer must review all employees previously classified under code 9425 to determine the appropriate classification. For more information, see the 2016 NCCI code 9410 – Phraseology Municipal, Township, County, or State Employee NOC from the NCCI Scopes Manual, available at www.ncci.com. If you have questions about this change, please contact Angie Sousa, self-insurance specialist, at 503-947-7716.*

NOTE: The forms and rates in this bulletin were effective July 1, 2016. Do not use this information to complete your 2nd quarter (April, May, June) 2016 Workers' Compensation Payroll and Assessment Report.

Selecting a Plan (Normal or Retrospective Rating)

OAR 436-085-0030 allows self-insured employers two options to determine premium for assessment purposes: Normal Plan method or Retrospective Rating Plan method.

The method selected by a self-insured employer remains in effect for all fiscal years until the employer notifies the department in writing before July 1 of its intent to change the method. If a company becomes self-insured after July 1, or does not select an option, the company must use the normal plan method for that fiscal year.

Normal Plan

The normal plan calculates the premium for assessment purposes, modifying standard premium by experience rating and premium discount. Self-insured employers must use the base rates in **Exhibit B** if they elect to pay premium assessment using this method. These are the lowest rates filed by any insurance carrier effective April 1 that the director determined would provide the lowest overall rates. *Use Form 937, "Workers' Compensation Payroll and Assessment Quarterly Report – Normal Plan" (Rev. 5/16) to report and pay premium assessments.*

Retrospective Rating Plan

This plan calculates the premium for assessment purposes, using a one-year retrospective rating plan. Five options are available under this plan. The selected option applies to all payroll and losses incurred on or after July 1 of each year the plan is in effect. Self-insured employers must use the information in **Exhibit A** if they elect to pay premium assessment using this method. This information identifies the options available along with definitions, examples, and instructions. *Use Form 900, "Workers' Compensation Payroll and Assessment Quarterly Report – Retrospective Rating Plan" (Rev. 5/16) to report and pay premium assessments.*

Reporting and Paying the Quarterly Premium Assessment

Complete and submit the correct Workers' Compensation Payroll and Assessment Quarterly Report for the plan you have selected. Reports with zero values will not be accepted. Reports and payments are due no later than the last calendar day of the month that follows the end of the calendar quarter. A postmark dated on or before the due date is considered timely. If the due date falls on a Saturday, Sunday, or a legal holiday, the report and payment must be delivered or postmarked no later than the first work day following the due date. The director may assess a civil penalty for late reports or late payments. Additionally, a self-insured employer's self-insurance certification may be revoked for failure to pay the quarterly premium assessment.

The Workers' Compensation Division offers interactive forms (Microsoft Excel®) on its website: www.wcd.oregon.gov. These forms insert the correct base rate, calculate the premium, calculate the premium discount, and compute the total assessment due. To use these forms, select "Bulletins" from the menu options and scroll to Bulletin 374.

If you choose not to use the interactive forms, use a copy of the current reporting form (900 or 937). If you use a computer-generated form, please include the **current** base rates, assessment rate, premium discount rates, and updated legal entities. You must sign the certification portion.

Waiver of Reporting Liability

The Department of Consumer and Business Services may waive a self-insured employer's reporting liability if the employer has no Oregon payroll for four consecutive quarters. The department will notify the employer in writing when it grants a waiver. Upon the effective date of a waiver, a self-insurer is exempt from filing quarterly reports so long as it has no Oregon payroll.

Classification Codes

A self-insured employer must contact the Workers' Compensation Division's Self-Insurance, Registration, and Reimbursements Unit at 503-947-7057, if it wants to change an existing class code or add a new class code to its established classifications. The self-insured employer must submit justification for a class code change, along with a complete description of the work to be performed and the class code requested. Please notify the department if your existing classification is no longer listed in this bulletin.

Questions

If you have general questions about these reporting instructions, contact the Department of Consumer and Business Services, Central Services Division, Workers' Compensation Assessments Unit, assessments analyst, P.O. Box 14480, Salem OR 97309-0405, or call 503-947-7941.

If you have questions about the retrospective rating formula, contact the Workers' Compensation Division, Performance Section, Self-Insurance, Registration, and Reimbursements Unit, 503-947-7057.

Submit the premium assessment plan selection to the Department of Consumer and Business Services, Workers' Compensation Division, Self-Insurance, Registration, and Reimbursements Unit, P.O. Box 14480, Salem, OR 97309-0405.

OAR 436-085, "Premium assessment," is available on-line at <http://wcd.oregon.gov/laws/Pages/Rule.aspx?r=085>.

/s/ Louis Savage

Louis Savage, Administrator
Workers' Compensation Division

Distribution: WCD-LY, PD8903 (Self-insureds), PD8913 (TPAs), PD8902 (SIPA)

Attachments: Exhibit A - Retrospective Rating Methods
Exhibit B - Self-Insured Base Rates and Hazard Groups for Fiscal Year 7/1/16 – 6/30/17
Instructions for Payroll and Premium Assessment Quarterly Report
Workers' Compensation Payroll and Assessment Quarterly Report, Normal Plan, Form 937 (5/16)
Workers' Compensation Payroll and Assessment Quarterly Report, Retrospective Rating Plan, Form 900 (5/16)

Instructions

Workers' Compensation Payroll and Assessment Quarterly Report (Retrospective Rating Plan Form 900 and Normal Plan Form 937)

Gross payroll defined - Under ORS 656.005(22), OAR 436-085, and rules established by the National Council on Compensation Insurance (NCCI), calculate and report gross wages subject to premium assessment based on the following guidelines:

Inclusions

- ◆ Base pay for all time worked
- ◆ Commissions
- ◆ Holiday pay
- ◆ Sick pay
- ◆ Assumed wages**
- ◆ Bonus pay anticipated under the contract of employment and stock bonus plan
- ◆ Employee contributions to 401K, cafeteria plans, or health care plans
- ◆ Voluntary deduction in pay for self-insured health care coverage
- ◆ Corporate officer wages for all covered officers, subject to Oregon minimum (\$900/week) and maximum (\$3,700/week)
- ◆ Employer paid wage while on jury duty
- ◆ Draws against commissions
- ◆ Undocumented travel pay
- ◆ Rental value of an apartment or house provided to an employee based on comparable accommodations

Exclusions*

- ◆ Vacation pay
- ◆ Dismissal or severance pay
- ◆ Stock options – right given to buy a stock at a given price
- ◆ Discretionary bonuses, or bonuses to reward workers for safe working practices
- ◆ Tips and gratuities
- ◆ Excess overtime pay – that portion of the overtime rate which is in excess of the straight-time rate (e.g., if the straight-time is \$10.00/hr and the overtime rate is \$15.00/hr, exclude the extra \$5.00/hr)
- ◆ Payroll amounts picked up by employers under Public Employees' Retirement System (PERS), employee savings plans, and cafeteria plans
- ◆ Payroll for qualifying preferred workers while the employer is actively using premium exemption in accordance with OAR 436-110
- ◆ Third party-paid sick leave

***Note** Exclusions are only allowed *if* payroll records identify the exclusions **separately** by employee and in summary by NCCI class. For example, if leave pay is combined the pay does not qualify for exclusion. Prorating or assigning percentages to leave pay is not allowed.

****** Wage rate established by an insurer and employer, or a self-insured employer, to determine premium for otherwise non-subject workers such as volunteers. Usually equal to at least the federal minimum wage, it is often the assumed wage determined by NCCI for a given job classification but can be a higher rate for public safety workers.

For your convenience, interactive forms that calculate the premium discount, insert the correct base rates, insert the correct premium assessment rate, and total the payment due are available on-line at: www.wcd.oregon.gov. Select "Bulletins" from the menu options and scroll to Bulletin 374.

This bulletin is not effective until July 1, 2016. Do *not* use the information in this bulletin to complete your 2nd quarter (April, May and June) 2016 Payroll and Assessment Report.

Instructions for page 1:

1. Enter employer name, mailing address, 4-digit Workers' Compensation Division insurer number, Oregon Business Identification Number (BIN), and quarter. (If you have any questions regarding your insurer number or BIN, call 503-947-7941.)
2. For each class assigned to your self-insurance plan, enter the class number, payroll description, gross payroll, and base rate*. Multiply the gross payroll by the base rate* and divide the resulting number by 100 to calculate and enter the employer's premium for each class. Add the gross payroll column and enter the total. Add the employer's premium column, enter the total, and copy this total on the second line of page 2.

***Note: Base rates are changed each fiscal year by bulletin. Use only the rates listed in the bulletin in effect for the quarter you are reporting. (Example: Base rates in Bulletin 372 were effective 7/1/15 through 6/30/16.)**

Instructions for page 2:

1. Enter employer name.
2. Enter the most recent experience rating modification (ERM) given to you by the Workers' Compensation Division. Multiply the total employer's premium by the ERM to calculate and enter the standard premium.
5. Calculate assessment payable:
 - A. If completing **Form 937 (normal plan)**:
 1. If class 7421 (Flight Crew Members) has been assigned to your plan, calculate the aircraft passenger seat surcharge. Enter the number of passenger seats (not to exceed 10) for each aircraft operated by your employees. Multiply the number of seats by \$25.00 to calculate and enter the aircraft seat surcharge. If class 7421 is not assigned, insert -0- seats and -0- surcharge.
 2. Add standard premium and aircraft seat surcharge to calculate and enter subtotal premium.
 3. Use the premium discount percentage table on page 2 of the reporting form to calculate and enter the premium discount. (Example: the discount on premium of \$125,000 is \$12,797.50.) Subtract the premium discount from the subtotal premium to calculate and enter net premium.
 4. Enter the WCD assessment rate**, and multiply by the net premium to calculate and enter assessment payable.
 5. Proceed to Step 6.

-or-

B. If completing Form 900 (retrospective rating plan):

1. Enter the WCD assessment rate** and multiply the standard premium by 80% by the WCD assessment rate to calculate and enter subtotal assessment payable.
2. If class 7421 (Flight Crew Members) has been assigned to your plan, calculate the aircraft passenger seat surcharge. Enter the number of passenger seats (not to exceed 10) for each aircraft operated by your employees. Enter the WCD assessment rate**. Multiply the number of seats by \$25.00 by the WCD assessment rate to calculate and enter the aircraft seat surcharge. If class 7421 is not assigned, insert -0- seats and -0- surcharge.
3. Add the subtotal assessment payable to the aircraft seat surcharge to calculate and enter the total assessment payable.
4. Proceed to Step 6.

****Note: WCD assessment rates are published each year in Bulletin 367. Use only the rate listed in the bulletin in effect for the quarter you are reporting.**

6. Enter the sum of all adjustments the Department of Consumer and Business Services has advised you is due, including retrospective rating valuation adjustments, if applicable.
7. Enter the sum of all credits the Department of Consumer and Business Services has confirmed is available. Enter the amount of credit to be applied in the appropriate spaces in the credit balance calculation column and in the payment column. Subtract the credit to be applied from total credit balance to calculate new credit balance.
8. To the subtotaled assessment payable, add any adjustment due and subtract any credit to be applied to calculate and enter the total payment due.
9. In the box provided, list each legal entity and the entity's Business Identification Number (BIN) for which payroll is being reported. If additional space is required, list the entities and BINs on a separate sheet of paper and attach to the Payroll and Assessment Quarterly Report.
10. Complete the certification lines by dating, signing, and printing name, title, email address, phone number, and fax number.
11. Return this form with payment in full not later than the last calendar day of the month that follows the end of the calendar quarter:

Quarter Ending	Due Date
Sept. 30	Oct. 31
Dec. 31	Jan. 31
March 31	April 30
June 30	July 31

If the due date falls on a Saturday, Sunday, or a legal holiday, the report and payment must be delivered or postmarked no later than the first work day following the due date. The director may assess a civil penalty for late payment or reports. For assistance, please contact the assessments analyst, Workers' Compensation Assessments Unit, Central Services Division, 503-947-7941, fax 503-378-3134, or by email at WBFAssess.FABS@oregon.gov.

Please use the new interactive on-line form or forms attached to this bulletin to ensure the information is complete. To access the interactive forms, go to the division's website at www.wcd.oregon.gov, select "Bulletins" from the menu options, and scroll to Bulletin 374.