WORKERS' COMPENSATION CLAIMS, LEGALLY UNINSURED AGENCIES

GENERAL **8780**
(Revised 12/13)

The State Compensation Insurance Fund (State Fund) will pay all claims for medical expenses and compensation benefits in the first instance. Legally uninsured departments (all departments not covered with policies of workers' compensation insurance) will be billed for the benefits paid plus a charge for administrative services of State Fund. The latter charges are allowed under a master agreement for all legally uninsured departments negotiated by the Department of Human Resources (CalHR) and State Fund. These bills are payable by legally uninsured departments from the fund or funds from which the injured or deceased employee's salary or wages were payable at the time of injury or death. In case of departments operating under plans of financial adjustment, "fund or funds" above means the fund or funds from which the employee's salary or wages were ultimately payable, as adjusted through the plan of financial adjustment.

The master agreement mentioned above also provides that each legally uninsured department place a deposit with State Fund. The Service fees for departments will be billed in twelve (12) equal monthly installments for its percentage of the total service fee. A deposit into the working capital account for departments except the Department of Corrections and Rehabilitation (CDCR) will be a contribution amount equal to 9.6 percent of the annual benefit cost during the preceding July through June 30th. The contribution for CDCR will be equal to 16.7 percent. Deposits, of a department's estimated annual cost, will be used by State Fund to pay claims as they arise. It is important these deposits, as well as the normal semi-monthly billings, be paid immediately, as explained in SAM section 8780.1.

If a department’s contribution to the working capital account is not enough to cover the actual monthly benefit billing charges in June, State Fund will provide the State Controller’s Office (SCO) the file to debit each department’s appropriation for the additional expenditures and to credit State Fund’s Operating Revenue. If the department’s contribution is in excess of the actual charges for June, the remaining balance will be used to offset any other benefit billing charges incurred during the same fiscal year. If the department’s contribution is in excess of the actual charges during the same fiscal year, the SCO will debit State Fund’s Prepayment from other Funds and credit the department’s Prepayment from Other Funds to return the excess contribution.