

WORKERS COMPENSATION BOARD OF INDIANA

**2023 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 19, 2022

Please note only assessments greater than \$1,000 may be paid in two installments.

The due dates are:
January 31, 2023
June 15, 2023

SECOND INJURY FUND REPORT
AND ASSESSMENT FOR 2023

By Linda Peterson Hamilton, Chair

December 19, 2022

Happy Holidays to all. Currently, the Fund has a little less than \$2 million, which will see us through until assessment payments come in next year. This year, we are again applying a 5% reconciliation factor for 2023. This is an additional calculation we began using in 2019 to account for the routine shortfalls to collections caused by necessarily using outdated statistics. Monthly payouts often exceed \$600,000 between indemnities and prosthetics, so a shortfall could be devastating. Further, there is no longer a provision in law for an emergency assessment. Any excess collected remains in the Fund and will offset the assessment for 2024.

Direct written premiums were up and losses paid by carriers were down in 2021. On the self-insured side we see that losses paid in 2021 were also slightly lower than those in 2020. The share of the assessment that falls to these employers will be 17% for 2023.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the Indiana Compensation Rating Bureau as well as self-insured factors taken from new and renewal applications for 2023. Historical data can be found on the last page.

Indemnity payments from the Fund traditionally increase slightly each year as new injured workers are added to the rolls at wages greater than those of the recipients we lose throughout the year. With wages up following the pandemic, this will certainly be true this year and must be factored in. We have used 4% in recent years but this year will apply a 6% increase over indemnities paid in 2022.

Prosthetics are less easy to predict because recipients receive a new unit only as needed when their prosthetic device wears out. This year's expenditure was actually a bit lower than that of 2021. With the more expensive and advanced prosthetics that are on the market, we are getting more requests for repairs than replacements. However, these repairs are still expensive. We are also adding more and younger recipients each year. The more sophisticated devices, particularly hands, provide these young employees the opportunity to remain valuable in today's complex workplace. Our prudent reserve for prosthetics is a total of the three highest months in 2022. Recently, we have applied a 10% inflation factor but this year will use 12%. While the inflation factors applied for both indemnities and prosthetics are increasing by 2% for 2023, it is important to keep in mind that if the Board collects more than is necessary to cover expenses in 2023, the monies will remain in the Fund to offset the assessment for 2024.

The administrative expense will remain constant in 2023. Please note there is no assessment for SWCAP (Statewide Cost Allocation Plan) as the Board has been able to handle payments from the Fund in a way that avoids this additional cost.

Payments will be due on January 31st and June 15th in 2023. You may choose to use the installment option only if your assessed total is greater than \$1,000. This option is no longer available if your total assessment is less than \$1,000 and a penalty may be assessed if the whole amount is not received by the January due date. We rely on the funds received in January to carry us through to July. No reminder will be sent before the June due date.

This year it is mandatory that you use the State's electronic payment system, which can be accessed at <http://www.in.gov/wcb>. If you do not already have one, you may obtain a "unique identifier" to pay electronically by contacting the Board. This will allow a debit transaction directly from your company's bank account for a \$0.15 State user fee. The fee for using the credit card option will be higher. It is a minimum of \$0.40 or 1.96% because it is a percentage of your payment. Please always submit a Certification form with a payment so your company can be properly credited.

Please call Mary Taivalkoski or me if you have questions regarding the assessment, report, or the Fund. Wishing you good health, happiness, peace, and prosperity in 2023.

2ND INJURY FUND REPORT

December 19, 2022

| | |
|--|------------------|
| Revenue from 2022 Assessment | 7,029,772 |
| Expenditures 2022: | |
| Indemnity | 5,687,391 |
| Prosthetics | 1,755,704 |
| Administrative Fees | 326,031 |
| Total | 7,769,105 |
| Available Fund Balance 12/15/2022 | 1,999,774 |

2023 Assessment Factors

| | |
|-------------------------------------|-------------------|
| Indemnity (3 month expense) | 1,421,848 |
| Prosthetics (3 month expense) | 920,919 |
| Total Prudent Reserve | 2,342,767 |
| Estimated Expenditures: | |
| Indemnity | 6,028,634 |
| Prosthetics | 1,966,388 |
| Administrative Fees | 326,010 |
| Total Projected Expenditures | 8,321,033 |
| Estimated Need | 10,663,800 |
| Assessment Reconciliation 5% | +533,190 |
| 12/19/2022 Available Fund Balance | -1,999,774 |
| Final Assessment Amount | 9,197,216 |

Reported and Historical Data

Utilized in Assessment

(Reported in dollars)

Reported by ICRB for 2021:

Total Losses Paid 386,461,000

Total Premiums Written 775,316,000

Reported by ICRB for 2020:

Total Losses Paid 395,531,000

Total Premiums Written 756,064,000

Reported by ICRB for 2019:

Total Losses Paid 413,943,000

Total Premiums Written 799,356,000

Reported by ICRB for 2018:

Total Losses Paid 389,326,000

Total Premiums Written 801,834,000

Self-Insured Factors 2021:

Total Indemnity Paid 21,354,389

Total Medical Paid 55,855,027

Total Self-Insured Factors 77,209,416

Self-Insured Factors 2020:

Total Indemnity Paid 23,743,899

Total Medical Paid 54,092,222

Total Self Insured Factors 77,836,121

Self-Insured Factors 2019:

Total Indemnity Paid 19,240,802

Total Medical Paid 58,938,432

Total Self Insured Factors 78,179,234

Self-Insured Factors 2018:

Total Indemnity Paid 22,072,167

Total Medical Paid 58,021,388

Total Self Insured Factors 80,093,555

**Historical Second Injury Fund Data re.
Total Expenditures Reported By the WCB
(Reported in dollars)**

| | |
|-----------------------------|-----------|
| Jan/Dec 2021 | |
| Prosthetics (81 Recipients) | 1,914,744 |
| Indemnity (287 Recipients) | 5,206,410 |
| Jan/Dec 2020 | |
| Prosthetics (74 Recipients) | 1,563,686 |
| Indemnity (303 Recipients) | 5,545,334 |
| Jan/Dec 2019 | |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients) | 5,548,962 |
| Jan/Dec 2018 | |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients) | 5,548,962 |