
FISCAL TOPICS

Fiscal Services Division

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Des Moines, Iowa 50319

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State Workers' Compensation Program

The Department of Administrative Services (DAS) administers the State Workers' Compensation Program. The Program provides medical care and lost-time benefits to State employees who have received a work-related injury or illness. The State Treasurer maintains the State Employee Workers' Compensation Fund under the control of the DAS for the payment of claims and administrative costs.

Iowa does not purchase commercial insurance. Instead, the State is self-insured by setting aside assets for claim settlements in internal service funds or by paying claims from the State General Fund. The DAS has established a rating formula, and each State agency pays an allocation to DAS for the payment of workers' compensation. The DAS determines the total allocation that needs to be charged to make the required payments each year based on a variety of factors, including claims experience.

Eligibility

Employees of the State of Iowa where there is an established employer-employee relationship are eligible for workers' compensation. Both full-time and part-time employees are covered, and coverage begins immediately upon employment.

Reporting Requirements and Statute of Limitations

All new claims must be reported to the employer within 90 days of the employee's knowledge that an alleged work injury occurred. The employer will work with the employee to complete a First Report of Injury (FROI), and this information is what will be used to file the claim with the third-party administrator. The employer, the third-party administrator, and the insurer must report all indemnity or lost time claims to the Division of Workers' Compensation of the Iowa Department of Workforce Development.¹ If an employee is a Medicare beneficiary, all settled claims by the Iowa Department of Workforce Development, Division of Workers' Compensation, must be reported to the Centers for Medicare and Medicaid Services (CMS), under federal law.

Under an indemnity claim, the employer is obligated to provide compensation for a particular loss suffered by the employee. An injured party has up to two years from the date of the injury to claim medical costs and weekly benefits or within three years after the last weekly payment to file for additional benefits. Indemnity claims have a lifetime statute of limitations for medical benefits. Permanent total disability claims are essentially lifetime weekly benefits. If the claimant dies as a result of the work injury, the benefits continue until the marriage/death of the beneficiary.

Current Third-Party Administrator

Sedgwick is the current third-party administrator for the State. Sedgwick won the initial State of Iowa bid and began providing services in July 2001. Sedgwick has won subsequent contract bids in 2007, 2013, and most recently, July 2019. The DAS Human Resource Enterprise (HRE) monitors this program daily, and direct claim information is available to departments through its office. Sedgwick works closely with DAS/HRE and the Attorney General's Office on medical costs and indemnity claims to ensure efficient

¹ Iowa Workforce Development oversees workers' compensation coverage for all employers/employees, per Iowa Code chapter [85](#).

More Information

Department of Administrative Services: das.iowa.gov

Iowa General Assembly: legis.iowa.gov

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claims management processes are provided for all State of Iowa employee claims. Appeals for workers' compensation claims are handled by the Iowa Department of Workforce Development, Division of Workers' Compensation.

Workers' Compensation Insurance Fund

The DAS bills agencies for workers' compensation through the DAS utility service number 3859 (Workers' Compensation). The workers' compensation premium is used to fund all aspects of the program and varies by department. The allocation methodology is based on numerous variables including a five-year average of actual agency claims experience, a pro-rata share of administrative charges, and a pro-rata share of the Attorney General's Office expenses as related to workers' compensation.

The average annual receipts to the Workers' Compensation Fund for the most recent five-year period are approximately \$29.5 million, and the average annual carryforward balance is \$4.2 million (**Table 1**).

Table 1
Workers' Compensation Fund Revenue

Fiscal Year	Balance		
	Receipts	Carryforward	Total
2016	\$ 28,840,783	\$ 3,578,732	\$ 32,419,515
2017	28,469,420	4,761,957	33,231,377
2018	30,444,314	4,033,040	34,477,354
2019	30,036,067	5,335,112	35,371,180
2020	29,589,123	3,279,384	32,868,507
Average	\$ 29,475,941	\$ 4,197,645	\$ 33,673,586

Claims History

Table 2 provides the State Workers' Compensation Program claims history, including new incidents, new claims, closed or resolved claims, and total amounts paid for calendar years 2015 through 2019.

Table 2
State Workers' Compensation Program Claims History

Calendar Year	New Incidents	New Claims	Closed or Resolved Claims	Total Paid
2015	3,682	2,920	3,066	\$ 24,517,255
2016	3,488	2,954	3,191	26,471,720
2017	3,321	2,863	3,012	25,600,347
2018	3,467	2,826	3,018	30,106,355
2019	4,094	3,307	3,366	29,327,650
Average	3,610	2,974	3,131	\$ 27,204,665

Notes: New Incidents are all First Report of Injuries filed for the Calendar Year (CY). New Claims are those dates of loss during the CY that were converted to claims for handling. Closed Claims are those that were closed during that CY regardless of loss year. Total Paid is the amount paid on the program during that CY for claims regardless of loss year.