



# DIVISION OF WORKERS' COMPENSATION

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To: All Workers' Compensation Insurance Companies, Self-Insured Employers, Group Trusts, and Third Party Administrators

From: Anna S. Hui, Director   
Missouri Department of Labor and Industrial Relations

Pamela B. Lewis, Director   
Missouri Division of Workers' Compensation

Chlora Lindley-Meyers, Director   
Missouri Department of Commerce and Insurance

Date: October 16, 2023

Subject: Workers' Compensation Administrative Tax, Administrative Surcharge, Second Injury Fund Surcharge, and Second Injury Fund Supplemental Surcharge for the 2024 Calendar Year

The State of Missouri assesses a workers' compensation administrative tax and surcharge (on the deductible portion of the policy) to maintain the fiscal integrity of the Workers' Compensation Administrative Fund. The revenue from the administrative tax and the administrative surcharge is used to fund expenses associated with the administration of the Missouri Workers' Compensation law. The Division of Workers' Compensation has been appropriated funding for modernization of its current legacy system. The legacy system is a mix of in-house, custom developed applications that is outdated and limited in its ability to handle external advancements in technology, legislative mandates, and the changing needs of DWC stakeholders. In June of last year, the division awarded Objectstream, Inc. as the contract developer for the new system, WC Connect. WC Connect will have enhanced, real-time self-service options for injured workers, attorneys, healthcare providers, self-insured companies, employers, carriers and third party administrators. WC Connect will be implemented in three phases. Phase 1 includes increased efficiency in docket scheduling and notification of hearings for both the adjudication offices and Labor and Industrial Relations Commission. The division will also migrate to EDI 3.1 accepting both FROI and SROI reporting.

DWC has been working with Objectstream, Inc. for a little over one year. Currently, the teams are working on system design for Case Management and Adjudication. Design work has been completed for functional areas such as customer service and self-service options. The teams are also working actively on data migration from the legacy system which includes determining how existing data quality issues should be resolved to ensure clean data in WC Connect.

During Phase 1 of the system modernization, the division will continue to carefully review all processes and expenses required to uphold our mission to promote growth, safety and opportunity for workers and businesses while ensuring injured workers receive the benefits they are entitled under the law. While controlling costs, it is the intent of the division to control future administrative tax and surcharge increases by taking action on fines and penalties already afforded under the WC Act. These fines and penalties include failure to properly insure, providing false reports or statements, and failure to file first reports of injury in a timely manner.

State law requires the Director of the Division of Workers' Compensation to estimate the amount of revenue required to administer the workers' compensation program each year and to determine the rate of tax to be paid in the following

*Missouri Division of Workers' Compensation is an equal opportunity employer/program.*

*Auxiliary aids and services are available upon request to individuals with disabilities.*

*TDD/TTY: 800-735-2966 Relay Missouri: 711*

calendar year. If the estimated available balance of the fund on Dec. 31 of the year the tax rate determination is made falls below 110% of the previous year's expenses plus any additional revenue required due to new statutory requirements given the division by the general assembly, the director shall impose a tax not to exceed 2.0%. For calendar year 2024, the administrative tax and surcharge will be 1.5%.

Section 287.715, RSMo, authorizes the imposition of a Second Injury Fund (SIF) surcharge that shall not exceed 3.0%. Section 287.715.6, RSMo, (Supp. 2023), authorizes the imposition of a SIF supplemental surcharge not to exceed 1% for calendar years 2014 to 2026. The revenue generated by the SIF surcharge and the SIF supplemental surcharge is used to pay benefit and expense liabilities of the fund. For calendar year 2024, the SIF surcharge will be 3.0%, and the SIF supplemental surcharge will not be required and set at 0.0%.

The workers' compensation administrative tax/surcharge, SIF surcharge, and SIF supplemental will remain the same as last year.

<b>WC Rates:</b>	<b>2023</b>	<b>2024</b>
WC Admin Tax and Surcharge	1.5%	1.5%
SIF Surcharge	3%	3%
SIF Supplemental	0%	0%

For more information about the functions and services of the Division of Workers' Compensation and the Second Injury Fund, visit <http://labor.mo.gov/DWC/>.

The Department of Labor and Industrial Relations and the Department of Commerce and Insurance look forward to working with you in 2024. If you have questions or need additional information, contact the Division of Workers' Compensation at 800-775-2667 or the Department of Commerce and Insurance at 800-394-0964.