

Program Description

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Code Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of the Commissioner of Higher Education. The MUS Self-Funded Workers' Compensation Insurance Committee, comprised of nine voting members, one from each of the eight participating campuses of the MUS and one from the Office of the Commissioner of Higher Education, is responsible for policy and management decisions of the program.

Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Mus Workers Compensation Program							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Proprietary Total	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
06082 Mus Self-funded Workers Comp	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
Total All Funds	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
Percent - Total All Sources	0.0%	100.0%	0.0%				

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund. The report for the enterprise fund is available in the appendix.

Revenues and Expenses

Revenues

Employer-paid premiums and interest earnings on the invested program reserve funds are the primary revenue sources to this program. The agency is projecting a small premium revenue increase in FY 2014 and FY 2015 compared to FY 2012 attributable to employee growth and increased salaries and wages. Worker compensation premium rates in the MUS Self-Funded Workers Compensation Program are projected to remain unchanged, or nearly so, in the 2015 biennium.

Expenses

Expenditures include claims and administrative operating expenses. Administrative costs are projected to remain relatively stable in the 2015 biennium FY2015; however, each budget year includes an additional year of claims liability and an estimate for claims incurred but not reported, so overall expenditures are expected to increase moderately during that same time period.

Rate Explanation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by the MUS Self-Funded Workers' Compensation Insurance Committee and the administrator. Rate determination considers historical data of MUS claims experience and reserving practices as well as state and national trends in workers compensation and legal and economic environments. The rates and fees for the workers compensation program are defined as those premiums charged to the employer units of the Montana University System that are necessary to fund the operations and the claims payment obligations.