

Worker's Compensation Insurance Letter

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Program	Claims Management
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State of Wisconsin
Department of Workforce Development

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To: Insurance Carriers, Self Insured Employers and Claims Handling Offices
From: Frances Huntley-Cooper, Division Administrator
Subject: Worker's Compensation Statutory Changes Effective April 1, 2008

Purpose: Inform insurers of compensation rate changes, interest credit rate change on advancements and other changes effective April 1, 2008.

Background: Changes to the Wisconsin Worker's Compensation Act, Chapter 102 will become effective April 1, 2008. As a result of these changes, certain rates and benefits were increased. Please reference Insurance Letter 471 for additional rate changes which took effect on January 1, 2008.

The maximum weekly indemnity rate for permanent partial disability is increased to \$272 for injuries occurring on or after April 1, 2008.

The interest credit rate allowed for advancements of permanent disability or death benefits is reduced from 7% to 5% for advancements authorized in accordance with s. 102.32(6m) Wis. Stat..

The maximum amount of attorney fees payable to attorneys representing employees in cases of admitted liability where there is no dispute as to the amount of compensation due and no hearing or appeal is necessary is increased from \$100 to \$250 for claims awarded on or after April 1, 2008 in accordance with s. 102.26(2), Wis. Stats.

As part of the "Agreed Upon Bill" process for this legislative cycle the Worker's Compensation Advisory Council (WCAC) agreed to change the manner in which attorney fees are calculated in cases where there is a Social Security offset. The WCAC adopted this change from a proposal recommended by the Attorney Fee Committee. This involves a change in the Worker's Compensation Division's (WCD) policy. No statutory amendment is necessary to implement this change in calculating attorney fees.

Action Requested: Please inform all claims handlers of these changes.

Please review the following explanation of the change in computing attorney fees when a social security offset is taken:

The current manner of calculating attorney fees in cases where a Social Security offset applies involves setting the attorney fee at 20% of the actual amount of compensation awarded to the employee. **Example;** the injured employee receives \$8 in compensation and the attorney fee is set at 20% of that amount or \$1.60. The entire payment is \$9.60.

Under the new method of calculating attorney fees the compensation awarded to injured employee is multiplied by .25. This calculation will produce attorney fees that are 20% of the entire payment. **Example;** the employee receives \$8 in compensation and the attorney fee is set at \$2. Attorney fees equal 20% of the entire payment of \$10.

Beginning April 1, 2008 the Worker's Compensation Division will begin using the new method for calculating attorney fees for worksheets issued on or after that date. The Division will not recalculate attorney fees that were computed prior to April 1, 2008.

Inquiries: A chart with detailed benefit payment information for 2008 is available on our website at: <https://dwd.wisconsin.gov/dwd/publications/wc/WKC-9572-P.pdf>. If you have any questions, please contact us at (608)266-1340.

Reference: Insurance Letter 471