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Insurance Bulletin No. 218

Workers' Compensation Premium Calculation; Hazard Pay Grants

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The purpose of this Bulletin is to clarify the interplay between workers' compensation premiums and the Front-Line Employees Hazard Pay Grant Program created by Act 136 of 2020 and amended by Acts 154 and 168 of 2020 (collectively, the "Program").

The Program is designed to recognize front-line workers who were engaged in activities substantially dedicated to mitigating or responding to the COVID-19 public health emergency or were providing essential services to Vermonters. The Program depends on employers' voluntary participation. A program designed to recognize front-line workers with government assistance should not create a financial disincentive for employers to participate in the program or cause employers to make undesirable financial decisions (including reducing staffing) as a result of additional workers' compensation premium costs.

The Department is aware that Program benefits will be included in benefits calculations for employees whose calculation includes a period when they received Program benefits. However, the limited and transient nature of this program should not create a material financial burden for insurers who are not be able to include those payments in premium determinations.

The Department has therefore directed the National Council on Compensation Insurance (NCCI) to create a "state special" rule to exclude from payroll any lump sum grant awards paid to eligible employees under the Program. This is an exception to the general rule that government benefits are included in payroll. Employers will need to track Program payments separately from normal payroll in order to exempt such payments from inclusion in their workers' compensation premium determination.

Inquiries about this Bulletin should be directed to Rosemary Raszka, Assistant Director of Rates & Forms for Property & Casualty (rosemary.raszka@vermont.gov).

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Date

