

## **Insurance Bulletin 223**

### *Workers' Compensation Premium Calculation; Premium Pay Grants*

**February 24, 2023**

The purpose of this Bulletin is to clarify the interplay between workers' compensation premiums and the Premium Pay for Workforce Recruitment and Retention Grant Program (the "Program") per Act 83 of 2022. It is effective for the duration of the Program.

The Department directs the National Council on Compensation Insurance (NCCI) to create a "state special" rule to exclude from payroll any premium payments paid to eligible employees as a result of the employer receiving a lump sum grant award 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.

The Department is aware that Program benefits may 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 Program aims to mitigate the significant negative impacts health care and human services employers have sustained throughout the COVID-19 public health emergency by providing Premium Pay to essential employees. The Program allows Eligible Employers to apply to receive \$2,000 per full-time equivalent employee (FTE) to distribute Premium Pay to Eligible Employees who commit to continuing employment with the Eligible Employer for at least one calendar quarter following receipt of the payment. A program designed to recognize health care and human services 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) because of additional workers' compensation premium costs.

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

  
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Kevin Gaffney, Commissioner

02/24/2023  
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Date

