



BULLETIN

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The steady decline in the price of oil has pushed down gasoline prices and the cost of operating a vehicle, and as a result the IRS announced yesterday that the standard mileage rate for business miles will decrease from 57.5¢ per mile to 54¢ per mile as of January 1, 2016. Because the California workers' compensation medical mileage reimbursement rate is linked to the IRS rate, claims administrators will need to adjust the rate they pay injured workers for medical travel on or after January 1, 2016, regardless of the date of injury, but should continue to pay the 57.5¢ per mile rate to reimburse medical travel that took place in 2015.

The IRS bases its adjustments to the standard mileage rate on results of an annual study of fixed and variable costs of operating an automobile. Together, California Labor Code §4600(e)(2), Government Code 19820 and California Department of Personnel Administration (DPA) regulations require claims administrators to reimburse mileage at the rate adopted by the DPA Director for non-represented (excluded) state employees, which is tied to the IRS published mileage rate. Except for January 2012, the IRS has adjusted the mileage rate at the start of every year since 2008 – primarily due to changes in gasoline prices. Mid-year adjustments also were made in 2006, 2008 and 2011.

The IRS announced the 2016 mileage rate in a news release dated Thursday, December 17, which is posted at www.irs.gov/uac/Newsroom/2016-Standard-Mileage-Rates-for-Business-Medical-and-Moving-Announced. The release notes adjustments to several different mileage rates for 2016, but the rate that claims administrators should pay to injured workers is the **business mileage rate**, NOT the IRS rate for medical or moving purposes.

The DWC has issued a Newslines on the new rate (see www.dir.ca.gov/dwc/dwc_newsline.html). Because rates vary based on the date of travel, the Division has downloadable mileage-expense forms posted under Claim and Court Forms on the Forms page of its website, <http://www.dir.ca.gov/dwc/forms.html>, which show applicable rates by travel date. For January 1, 2015 – December 31, 2015 travel, claims administrators should continue to use the Medical Mileage Expense Form in English/Spanish for Travel on or after 1/1/15, which is available on the site. The new form with the 2016 rate has been posted as well, but should only be used for reimbursements of 2016 travel expenses, though claims organizations will need to alert their programmers and staff that the rate should be reduced to 54¢ per mile for travel on or after January 1, 2016.

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