



BULLETIN

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The cost of operating a vehicle edged up slightly last year, and as a result the IRS announced today that the standard mileage rate for business miles will increase from 53.5 cents per mile to 54.5 cents per mile as of January 1, 2018. 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, 2018, regardless of the date of injury, but should continue to pay the 53.5 cent per mile rate to reimburse medical travel that took place in 2017.

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 2012, the IRS has adjusted the mileage rate at the start of every year over the past decade –primarily due to fluctuations in gasoline prices. Mid-year adjustments also were made in 2008 and 2011.

The IRS announced the 2018 mileage rate in a newswire dated Thursday, December 14, which is posted in its newsroom, <https://www.irs.gov/newsroom>. 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 is expected to issue a Newline on the new rate shortly, which will be posted at (www.dir.ca.gov/dwc/dwc_newsline.html). Because the mileage rates vary based on the date of travel, the DWC also prepares and posts downloadable mileage-expense forms in English and Spanish on its website that injured workers may use to claim both their medical mileage as well as other reasonable expenses related to their medical travel, such as parking fees and bridge tolls. The new forms for reimbursement of 2018 travel will be posted at <http://www.dir.ca.gov/dwc/forms-Mileage.html>. In the meantime, claims organizations will need to alert their programmers and staff that the rate should be increased to 54.5 cents per mile for travel on or after January 1, 2018.

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