



BULLETIN

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The IRS announced this morning that the standard mileage rate for business miles will decrease from 58.0 cents per mile to 57.5 cents per mile as of January 1, 2020.

The California workers' compensation medical mileage reimbursement rate is linked to the IRS rate, so workers' compensation claims administrators will need to reduce the rate they pay injured workers for travel related to medical treatment or evaluation of injuries on or after January 1, 2020, regardless of the date of injury. They should, however, continue to pay the 58.0¢ per mile rate to reimburse medical travel that took place in 2019.

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, which include gasoline and depreciation. 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. The IRS also made mid-year adjustments to the mileage rate in 2008 and 2011 when the cost of gasoline spiked.

The IRS announced the 2020 mileage rate in a December 31, 2019 Newswire, which can be downloaded by clicking the following link: <https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2020>. The release notes adjustments to several different mileage rates for 2020, but the rate that claims administrators should pay to injured workers is the **business mileage rate**, and 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 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, so new forms for reimbursement of 2020 travel will be posted at <http://www.dir.ca.gov/dwc/forms-Mileage.html>. However, given this week's holiday schedules and the lack of lead time afforded by the IRS's end-of-the-year announcement, claims organizations should alert their programmers and staff as soon as possible that the rate should be decreased to 57.5 cents per mile for travel on or after January 1, 2020.

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