

Program Letter

United States
Railroad Retirement Board
Office of Programs



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Letter No. 2018-03

Date: April 5, 2018

TO: **Unemployment and Sickness Contact Officials**

SUBJECT: Employer Remittances for RUIA Sections 2(f) and 12(o) Debts, Pay.gov, and Experience Rating

This program letter provides information about reporting responsibilities for sections 2(f) and 12(o) of the Railroad Unemployment Insurance Act (RUIA) and the affect payments have on experience rating. **Please share this with appropriate members of your staff who reimburse the Railroad Retirement Board (RRB) under Section 2(f) or 12(o) of the RUIA.**

General

Railroad Retirement Board (RRB) covered employers are required under certain circumstances to reimburse the RRB for unemployment and sickness benefits paid to their employees. Such reimbursements are required under Sections 2(f) and 12(o) of the RUIA.

- Reimbursements under section 2(f) generally result from the award of pay for time lost or the payment of guaranteed wages.
- Under section 12(o), the RRB is entitled to reimbursement of benefits paid for days of sickness resulting from any injury or infirmity for which the employee is paid a personal injury settlement or damages by his or her employer.

RRB Notices under Sections 2(f) and 12(o)

Each business day the RRB sends Form ID-4E, Notice of RUIA Claim Determination, to employers via the Employer Reporting System (ERSNet) or by mail. This constitutes a sufficient and timely notice of benefit payments subject to reimbursement under section 2(f) of the RUIA from any salary, wages, pay for time lost, or other remuneration that may become payable for days for which benefits are paid.

Form ID-30B, Notice of Lien, is released to employers via ERSNet or by mail when an applicant for sickness benefits indicates that he or she has filed or expects to file a claim against the employer for personal injury. Form ID-30B is the notice of the RRB's right to reimbursement of sickness benefits from any sum or damages payable on account of liability for the employee's injury or illness.

Note - Access to Form ID-30B as well as Form ID-4E is available on the ERSNet system and can be requested on [Form BA-12](#), Application for Employer Reporting Internet Access.

Amount of Reimbursement

Prior to the payment of either a pay for time lost in the form of wages or guarantee pay or the payment of a personal injury settlement, railroad employers should contact the RRB's Sickness and Unemployment Benefits Section to obtain information about the amount of benefits to be deducted from the award for reimbursement under section 2(f) or section 12(o).

- *Section 2(f)* - In general, the amount of reimbursement due under section 2(f) from the award of pay for time lost or other remuneration is the amount of benefits paid for days in the period for which the payment is to be made, or the amount of the payment for the period, whichever is less.
- *Section 12(o)* - Under the RRB's regulations ([20 CFR 341.5](#)), the amount of reimbursement due the RRB under section 12(o) is the amount of the sickness benefits paid to the employee for the infirmity for which he or she is paid any sum or damages, or the net amount of the settlement, whichever is less. The net settlement is considered to be the amount of the damages paid with respect to the employee's injury or infirmity, minus the amounts of the medical, hospital and legal expenses incurred by the employee in connection with the injury.

Note - Some expenses are deductible even if covered by an employee's insurance policy. However, pursuant to RRB Legal Opinion [L-2011-06](#), the RRB cannot consider medical expenses that are paid on an employee's behalf under an insurance policy in connection with the Health and Welfare Agreement entered into by rail management and rail labor on October 22, 1975. The "insurance policy" noted in section 341.5(b)(1) of the RRB's regulations refers to a fringe benefit provided as part of an employee's compensation paid by an employer with a premium contribution paid by the employee and not to insurance purchased by a railroad employer to indemnify itself against liability under the Federal Employers' Liability Act (FELA).

Employer Requests for Information

Employer requests for information about amounts due under sections 2(f) and 12(o) may be made on Forms ID-3S, Request for Lien Information - Report of Settlement, and ID-3U, Request for Section 2(f) Information, via ERSNet or facsimile. Under normal circumstances, you will receive a reply to your request on the first business day following the RRB's receipt of your

request. Employer's use of Forms ID-3S and ID-3U helps to ensure that all the information we need to respond to your request is provided.

Forms ID-3S or Form ID-3U may also be used for inquiries about RUIA benefit amounts paid to employees prior to any settlement or guarantee payments. Please clearly mark such forms "For Informational Purposes Only".

Note - Access to these forms on ERSNet can be requested through [Form BA-12, Application for Employer Reporting Internet Access](#). Printable versions of Forms ID-3S and ID-3U along with detailed instructions for their completion are available at www.rrb.gov.

Remuneration Response Times and Requirements

Section 2(f) - Under the RRB's regulations ([20 CFR 340.16](#)), an employer paying remuneration for time lost, including guarantee pay, must remit the amount of reimbursement due under section 2(f) within 30 days of the date of the payment of the remuneration. The following information is always needed in order to determine the amounts due under section 2(f):

- the employee's name and social security number,
- the amount of the payment,
- the time period covered by a guarantee payment, and
- the exact days paid in a pay for time lost claim.

Section 12(o) - When an employer makes a settlement or must satisfy a final judgment based on an injury for which the employee received benefits, the RRB's regulations ([20 CFR 341.6](#)) provide that the employer must notify the RRB in writing of the settlement or judgment. The notice must be made within 5 days of the date of the settlement or judgment, and include:

- the employee's name and social security number,
- the amount of the settlement or judgment,
- the date of settlement or final judgment, and
- the amount withheld from the settlement or judgment to satisfy the RRB's lien.

Remittances and Employer's Contribution Rates

An employer's experience rated contribution rate is based on benefit charges, expenses and credits. In determining the contribution rate, employers are charged for each claim paid to their employees. We notify the employer of every claim paid via Form ID-4E. Likewise, we credit the employer if we recover the benefits for any reason. We calculate the net benefits paid to the employees and the amount of RUIA contributions paid by the employer and these elements are main components used to determine the employer's RUIA contribution rate.

It is, therefore, extremely important for employers to respond to RRB notices so as to prevent erroneous payments from being released and to receive credit for reimbursement of benefits that have been recovered.

In order to ensure remittances are properly credited, be sure to include the following information on the check or on the remittance document:

- Your payor code,
- The billing document ID number, and
- Whether the remittance is for reimbursement of unemployment (UI) or sickness (SI) benefits.

Your payor code and the billing document ID number will be shown on the RRB's response to your Form ID-3S or Form ID-3U if you indicated on the form that the employee's claim has been settled. Payor codes and billing document ID numbers are also shown on your billing statements issued by the RRB. NOTE: Requests made through ERSNet will receive a response via ERSNet.

If you do not know your payor code or the billing document ID number, then show on your remittance the employee's name, the employee's social security number, and the date of the injury or the period of time for which reimbursement is being made.

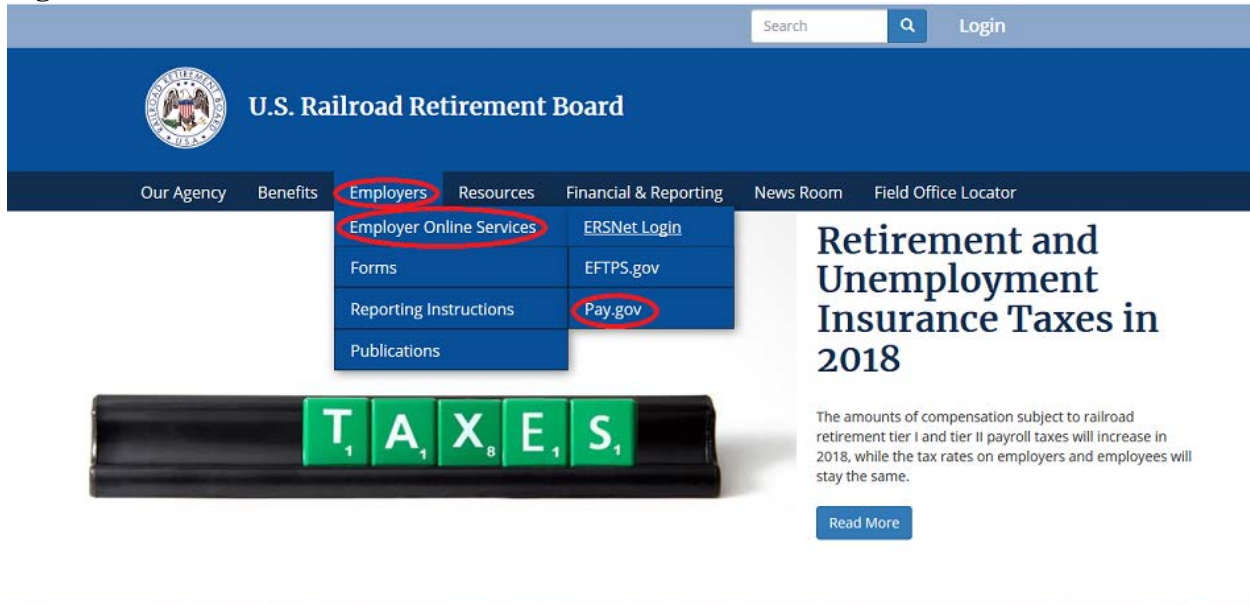
Employers sending remittances before a debt is established may cause discrepancies and cause the employer's contribution rate, most notably the benefit charge, to increase because of the delay in matching the payment to the beneficiary. To avoid not receiving timely credit to the RUIA account because of unapplied remittances:

1. Request debt information from the RRB through either Form ID-3S, Request for Lien Information - Report of Settlement, or Form ID-3U, Request for Section 2(f) Information. While the preferred method of submission is via ERSNet, forms may be faxed to the RRB's Sickness and Unemployment Benefits Section (SUBS) at (312) 751-7185.
2. Wait for the designated contact official of your company to receive an email notification from Pay.gov when bill(s) are available to view and pay. The email will have an embedded link that will take you directly to the Pay.gov Application Login screen.

Remittances to the RRB for recoverable RUIA debts should be made through [Pay.gov](https://www.pay.gov). Pay.gov was launched by the U.S. Department of the Treasury's Bureau of the Fiscal Service in October 2000, to allow individuals, states and businesses to make non-tax related payments to federal government agencies using the internet. Pay.gov satisfies agency and agency customer demands for a secure electronic payment alternative as well as the ability to make and monitor payments and collections online 24 hours-a-day. Payments entered on Pay.gov can be made using a U.S.-held bank account (through ACH Debit), a debit card, or with a digital wallet, such as PayPal or Amazon Pay.

You may access Pay.gov through www.RRB.gov (see Figure 1 on the next page).

Figure 1



Employers not currently registered to make online payments for 2(f) & 12(o) debts or RUIA contributions on Pay.gov should send your request to the RRB's Bureau of Fiscal Operations - Financial Systems Section at Dist.BFO-FINSYS@rrb.gov to acquire a user name and password for the system. Bills will be active on Pay.gov for 120 days from the issue date. Bills unpaid after 120 days from the issue date are deactivated. Once bills have been deactivated, employers should contact the RRB's Debt Recovery Section at (312) 751-4848 to obtain the current balance of their bill as charges may have assessed on your original debt. All payments must be a single payment for a single individual. Payments may not be made for multiple individuals on one payment.

Although every effort is made to credit remittances for 2(f) and 12(o) debts to the correct account, if a remittance cannot be properly matched with the RRB's accounts receivable, a second billing notice may be issued on the debt via Pay.gov. If you receive notice of a debt after submitting a reimbursement, please show the date and the amount of your remittance on the second notice and return a copy of the notice to the RRB.

Interest Charges

The RRB charges interest and assesses penalties on delinquent debts. The regulations of the RRB ([20 CFR 340.16 \(b\)](#)) require that employers and other parties paying any sum or damages for personal injury reimburse the RRB for amounts due under section 12(o) of the RUIA within 30 days of the date of settlement. The RRB's notice of the lien amount is the initial notice of the amount due upon settlement. Billing statements are issued when the RRB is notified of a settlement. Amounts due under section 12(o) are due within 30 days of the settlement date.

Interest begins to accrue on the outstanding principal amount of a debt on the day of the final settlement or judgment and is charged to the delinquent account 30 days later. Thereafter,

interest is charged every 30 days until the debt is paid in full. Interest is calculated according to the following formula:

$$[(\text{Interest Rate times Interest Days times Principle}) \text{ divided by Days in the Year (365)}].$$

Accounts receivable under section 12(o) of the Railroad Unemployment Insurance Act are subject to interest at an annual rate determined by the U.S. Treasury Department. Accounts receivable under section 2(f) of the Railroad Unemployment Insurance Act are subject to interest in the same manner as unpaid employer contributions under section 8(g) of the RUIA. Section 8(g) provides for the assessment of interest at the rate of 1 percent per month, or fraction thereof, from the due date until paid. The annual interest rate applied to debts incurred under section 2(f) is 12 percent. The rate is shown on all section 2(f) billing statements.

Penalty Charges

Debts remaining unpaid by the collection due date (30 days after the date of the billing statement) are considered delinquent. Debts which are delinquent for 90 days incur a penalty calculated at a rate of 6 percent per year assessed on the principal balance of the debt. Penalty charges continue to be assessed every 30 days until the debt is paid in full. Penalties are calculated using the following formula:

$$[(\text{Penalty Rate times Penalty Days times Principle}) \text{ divided by Days in the Year (365)}].$$

Cancelling Billing Statements and Refund Procedures

Occasionally, the RRB receives premature information that a settlement has been made and a billing statement is prepared on the basis of that information. If you receive a billing statement on a case that has not yet been settled, contact our Sickness and Unemployment Benefits Section immediately by telephone or fax. The telephone number is (312) 751-4820. The billing document will be cancelled and your account will be adjusted accordingly.

Under certain circumstances, railroads are entitled to refunds of amounts remitted to the RRB. Refunds of amounts that were improperly paid or are no longer due the RRB can be obtained by writing to U.S. Railroad Retirement Board, Bureau of Fiscal Operations - Debt Recovery Section, 844 N. Rush Street, Chicago, Illinois 60611-1275. Give the name and social security number of the individual for whom an incorrect remittance was made, the amount to be refunded and the reason for the refund request.

Employers cannot take credit for overpaid amounts on remittances that are due on other employee accounts. Refunds of amounts incorrectly paid can only be obtained by writing to the Bureau of Fiscal Operations - Debt Recovery Section.

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