

Changes in Experience Modifier – 2013

The National Council on Compensation Insurance (NCCI) is changing how the experience modifier will be calculated in 2013. The change on the experience modifier calculation is related to the Split Point. The following is an explanation of what will take place and how your company may be affected. There is additional information available on our website under the In-Home Care section at www.silverstonegroup.com.

Due to this change in the experience modifier calculation, promoting risk control and managing claims will become even more important. SilverStone Group and Travelers possess specialized knowledge in the In-Home Care industry and understand the exposures and types of claims which are likely to be encountered each day.

Travelers claim services uses a customized claims approach known as TravComp that has proven to be effective in managing the claim process. This approach includes:

- Contacting the employer, injured employee and medical provider within 24 hours of receiving a claim and maintaining regular follow-up contact throughout the disability.
- Providing early medical intervention on all lost time claims to determine whether the medical care is related, reasonable and necessary.
- Travelers offers a preferred medical network which reduces overall claim costs.
- Travelers has nurses working in conjunction with the workers' compensation adjusters who visit with doctors and work diligently to get injured workers back to their jobs as soon as possible

The Travelers website has a risk control page that has much to offer in the way of safety and training. The website is: www.travelers.com. Additionally, Travelers has a dedicated loss control representative to assist, if additional assistance is needed.

Workers' Compensation – Split Point Modifier Change on Experience Modifier Worksheet

- Beginning January 1, 2013, a split point change on the workers' compensation (WC) experience modifier will begin to take place with different effective dates varying by state. Sixteen states will implement the change on January 1, and the remaining states will implement the change throughout the year (a list is available).
- This change applies to 38 states that subscribe to and utilize the National Council on Compensation Insurance (NCCI). The NCCI assists states in determining appropriate rates and it calculates the experience modifiers.
- The split rating approach on the WC experience modifier is used to reflect both the frequency and severity of WC losses. The amount of each claim in the experience modifier is split into a primary loss category and an excess loss category.
- Currently, the first \$5,000 of any one claim is considered a primary loss (which reflects frequency). These losses are given full weight in the WC experience modifier formula.

Any amount exceeding the \$5,000 (the current split point) is known as the excess loss (which reflects severity) and is not weighted as heavily as the primary loss.

- The split point change will increase the primary loss to **\$10,000** (from \$5,000), so more of each claim will be given a heavier weight as a primary loss in the WC experience modifier formula. Any amount over \$10,000 will now be considered an excess loss.
- The D-Ratio (factor for determining expected primary losses) will also be adjusted to allow more expected losses in the primary loss category.
- This change was necessary because the \$5,000 split point has not changed for 20 years and, therefore, has not been adjusted for increased medical costs.
- In 2014, the split point will increase to \$13,500. In 2015, the split point will increase again to \$15,000, plus a two-year adjustment for inflation.
- As a result of this change, accounts with good loss histories will most likely see an improvement in their experience modifier. Accounts with poor loss histories will probably see further deterioration in their experience modifier.
- Also included is a change for the Maximum Debit Modifier, which will not allow the maximum modifier to be less than 1.10.

If you have any questions or concerns, or you would like more information about the upcoming changes, please contact your Account Executive at SilverStone Group.