Find the Money in Safety! Brainstorming ideas to improve your EMR

Chesapeake Region Safety Council Conference & Expo

9/25/25

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POWER *through Partnership*

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OBJECTIVES

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1. **Understand an Experience Modification Rating (EMR)**
2. **Demonstrate the impact of various claims on the EMR**
3. **Identify possible solutions to reduce the impact of claims on the EMR**

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WHAT IS AN EMR?

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1. The Experience Modification Rating (EMR, also known as a Mod) is a worker's compensation insurance rating factor intended to compare the experience of an employer with an average employer in the same business.
2. Managed by the National Council on Compensation Insurance (NCCI) in 39 states.
3. Uses an employers past experience to predict how they may perform in the future.
4. Some states don't participate in the NCCI plan and develop their own "EMR" such as DE and PA, as well as WA and OH.

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WHAT IS AN EMR?

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1. Not all employers are eligible for an EMR. Must have a minimum premium threshold level. Generally, these increase yearly.
2. Produced annually, generally 60 to 90 days prior to the rating effective date.
3. NCCI collects historical data (payroll and losses) which is submitted by insurance carriers.
4. Typically, there are 3 years of data used in the experience rating.

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WHAT IS AN EMR?

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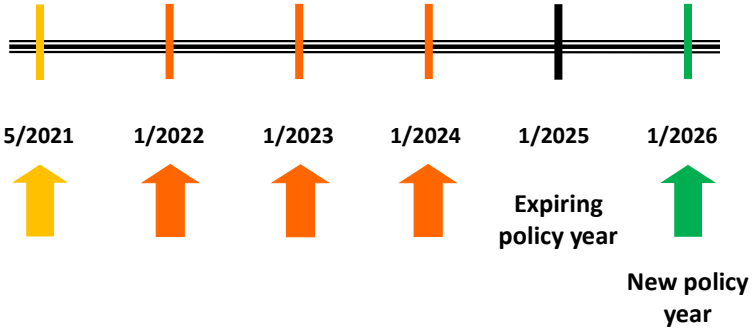
Three Years of Payroll and Losses not including expiring year



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WHAT IS AN EMR?

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1. **The historical payroll is used to develop expected losses for the employer**
2. **The EMR formula compares actual losses to expected losses**

$$\frac{\text{Actual Losses}}{\text{Expected Losses}} = \text{Experience Mod}$$

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WHAT IS AN EMR?

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1. Individual losses are divided between primary and excess losses
    1. Reflects frequency vs severity
2. Medical only losses are reduced by 70%
3. Loss values are limited
    1. DC $170,500
    2. MD $143,000
    3. VA $206,500
4. These limits have dropped significantly in the few years
5. There also is an EMR cap
6. Let's walk through a worksheet

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EXAMPLE OF REVISIONS OF EMR

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1. Revisions are limited. We will discuss examples associated with claims.
2. Subrogation – savings of 6 points on EMR
    a. Note that subrogation usually takes time
3. Corrected jurisdiction for claim – savings of 7 points on EMR
4. Both were successful because:
    a. Client and AssuredPartners review EMR regularly
    b. Client and AssuredPartners understand the impact of certain claims on the EMR

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WHAT IS WORKER'S COMPENSATION?

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1. Provides benefits (wages and lost time) to employees who suffer a job-related injury
2. In most jurisdictions, Work Comp is the exclusive remedy

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SOME PERTINENT WC TERMS

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1. Waiting Period
2. AWW
3. Restricted or Transitional Duty

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CLAIM MANAGEMENT

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Insurance Carriers

1. The adjusters are employees of the carrier
2. Traditionally there is more oversight
3. They have "skin in the game"
4. More proactive regarding keeping costs and value of claims lower
5. Express Units

Third Party Administrator (TPA)

1. A company who has been retained by the carrier to manage the claims
2. Receives compensation
3. Traditionally they are compensated regardless of the outcome
4. High claim volume
5. High turn over rate for adjusters
6. Often used in OCIP and CCIP

Wrap ups – OCIP and CCIP

1. Need to be even more proactive

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COMMUNICATION IS KEY

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Employees

1. Maintain contact
2. Follow up after doctor appointments for work and treatment status
3. Continue to show empathy

Carriers

1. Keep the adjuster in the loop
2. Update work status
3. Any developments

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INJURY TRIAGE

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1. Medical providers providing telephonic and virtual treatment to injured employees
2. 40% to 45% of calls result in self treat or first aid only
3. More carriers are engaging 3rd party vendors or developing their own model
4. Can reduce the cost of a claim
5. Can potentially reduce recordables
6. Can result in integration more frequently with employer or carrier preferred network

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RETURN-TO-WORK

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1. 30% of losses involve days away from work
2. Research suggests that employees out of work for more than 6 months return to work less than 50% of the time
3. As result it is good to have a return-to-work strategy for transitional duty
4. Insurance carriers often require a strategy
5. Many contracts, like OCIPS and CCIPS require a strategy
6. Partner with a medical provider, preferably one with occupational experience

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RETURN-TO-WORK

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1. When employers do not have transitional duty jobs available, think about a non-profit option
2. Some carriers (Travelers, Accident Fund, Westfields are examples) partner with a national vendor
3. The employer pays the employee's wages for the hours worked at the non-profit
4. If the hours worked are less than the employee would ordinarily work, the carrier will cover the balance
5. The vendor coordinates with the non-profit

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SUMMARY

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1. Obtain a copy of your experience rating worksheet
   a. Employers can obtain directly from NCCI (800-622-4123)
   b. Verify the data is yours and is accurate
2. OCIP and CCIP data is included
3. Check claim reserves with your carrier/agent at least 6 months prior to the rating effective date
4. Work with someone who can help you forecast future EMRs
5. Review opportunity for EMR revision after subrogation
6. Proactively manage your claims
7. Be open to solutions to reduce cost of claims

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QUESTIONS?

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Loss Detail by Claimant Name

This report enables you to identify, at both aggregate and specific levels, how the indicated claimants are impacting your mod. Claimant names with the highest total impact on the mod are shown first. For each claimant name, if multiple losses occurred, losses appear in descending order according to the impact each has on the mod.

State	Injury Date	Claim Number	Incurred Loss	Limited/Adjusted Loss	Impact on Mod	Premium Cost
Claimant Name:		**[none]**				
DC	5/31/2021	CCIP Claim B	$400,000	$170,500	0.2453	1 year: $104,253 **#** 3 year: $312,758
VA	1/1/2022	AAAA	$35,426	$35,426	0.1432	1 year: $60,860 3 year: $182,580
MD	1/1/2022	HHHH	$25,000	$25,000	0.0980	1 year: $41,650 3 year: $124,950
VA	1/1/2023	FFFF	$35,426	$10,628	0.0430	1 year: $18,275 ***** 3 year: $54,825
MD	1/1/2023	TTTT	$5,000	$5,000	0.0256	1 year: $10,880 3 year: $32,640
MD	2/1/2023	RRRR	$5,000	$5,000	0.0256	1 year: $10,880 3 year: $32,640
MD	3/1/2023	MMMM	$5,000	$5,000	0.0256	1 year: $10,880 3 year: $32,640
MD	4/1/2023	NNNN	$5,000	$5,000	0.0256	1 year: $10,880 3 year: $32,640
MD	5/1/2023	DDDD	$5,000	$5,000	0.0256	1 year: $10,880 3 year: $32,640
Subtotals **Number of losses: 9**			**$520,852**	**$266,554**	**0.6575**	**1 year: $279,438** **3 year: $838,313**
Grand Totals **Number of losses: 9**			**$520,852**	**$266,554**	**0.66**	**1 year: $279,438** **3 year: $838,313**

* Medical-only Reduction
\# Limited Loss
s Subrogation or other loss override

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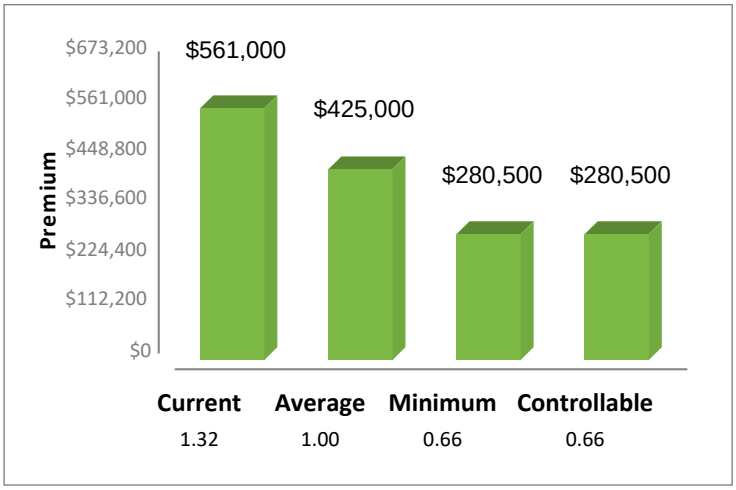
Mod Snapshot

Effective date: 1/1/2026

The Key Numbers

Total expected losses	$144,706
Total expected primary losses	$50,545
Total expected excess losses	$94,161
Total unlimited losses	$520,852
Total limited/adjusted losses	$266,554
Total actual primary losses	$101,950
Total actual excess losses	$164,604
Computed ballast value	50,399
Computed weighting value	0.16
Modification factor	**1.32**
ARAP factor	1.18

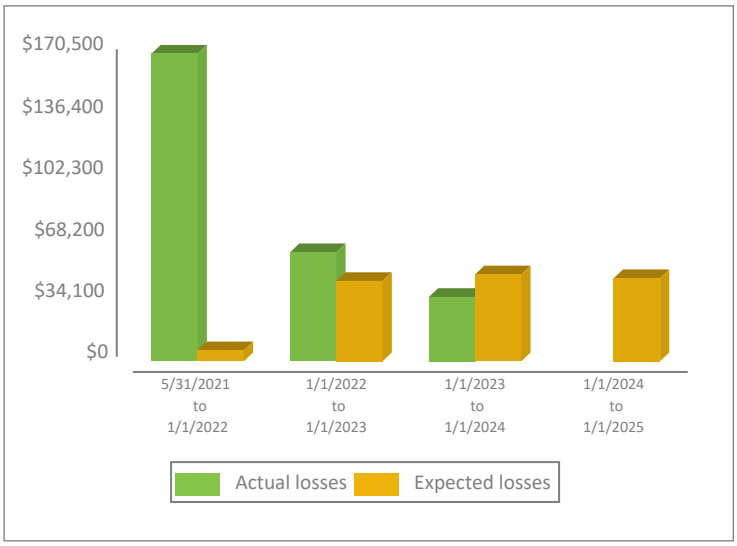
Mod Breakdown



Impact of Top Itemized Losses

State	Injury Date	Incurred Loss	Impact on Mod	Mod w/o Loss
DC	5/31/2021	$400,000	0.2453	1.0759
VA	1/1/2022	$35,426	0.1432	1.1780
VA	1/1/2023	$35,426	0.0430	1.2782
MD	1/1/2022	$25,000	0.0980	1.2232
MD	1/1/2023	$5,000	0.0256	1.2956
MD	2/1/2023	$5,000	0.0256	1.2956
MD	3/1/2023	$5,000	0.0256	1.2956
MD	4/1/2023	$5,000	0.0256	1.2956
MD	5/1/2023	$5,000	0.0256	1.2956

Actual vs. Expected Losses by Policy Period



The Mod Formula

$$\frac{\text{Actual primary losses} + \text{Ballast value} + \text{Weighting value} \times \text{Actual excess losses} + (1 - \text{Weighting value}) \times \text{Expected excess losses}}{\text{Expected primary losses} + \text{Ballast value} + \text{Weighting value} \times \text{Expected excess losses} + (1 - \text{Weighting value}) \times \text{Expected excess losses}} = \textbf{Current mod}$$

$$\frac{\$101{,}950 + 50{,}399 + 0.16 \times \$164{,}604 + (1 - 0.16) \times \$94{,}161}{\$50{,}545 + 50{,}399 + 0.16 \times \$94{,}161 + (1 - 0.16) \times \$94{,}161} = \textbf{1.32}$$

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Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2026
Risk ID: 21057
State: INTERSTATE

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA # ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
*****District of Columbia										
Policy Period: 5/31/2021 to 1/1/2022					Policy #: CCIP AAA					
5183	0.73	0.33	548,974	4,008	1,322	CCIP Claim B	9	F #	400,000	24,500
5537	0.87	0.39	224,897	1,957	763					
5606	0.18	0.32	45,789	82	26					
Policy Period Totals			819,660	6,047	2,112				400,000	24,500
Policy Period: 1/1/2022 to 1/1/2023					Policy #: mmmmmm					
5183	0.73	0.33	1,562,895	11,409	3,765					
5537	0.87	0.39	854,152	7,431	2,898					
5606	0.18	0.32	110,456	199	64					
8742	0.04	0.39	654,859	262	102					
8810	0.02	0.44	2,345,684	469	206					
Policy Period Totals			5,528,046	19,770	7,035					
Policy Period: 1/1/2023 to 1/1/2024					Policy #: xxxxx					
5183	0.73	0.33	1,598,367	11,668	3,850					
5537	0.87	0.39	542,869	4,723	1,842					
5606	0.18	0.32	59,562	107	34					
8742	0.04	0.39	854,598	342	133					
8810	0.02	0.44	2,357,784	472	207					
Policy Period Totals			5,413,180	17,312	6,068					
Policy Period: 1/1/2024 to 1/1/2025					Policy #: ffffffff					
5183	0.73	0.33	1,785,961	13,038	4,302					
5537	0.87	0.39	75,489	657	256					
5606	0.18	0.32	74,598	134	43					
8742	0.04	0.39	625,897	250	98					
8810	0.02	0.44	2,548,951	510	224					
Policy Period Totals			5,110,896	14,589	4,923					

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Risk ID: 21057
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1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA # ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
*****Maryland										
Policy Period: 1/1/2022 to 1/1/2023					Policy #: mmmmmm					
5183	0.97	0.33	645,787	6,264	2,067	HHHH	5	F	25,000	18,000
5537	1.05	0.37	1,548,598	16,260	6,016					
8810	0.04	0.42	475,000	190	80					
Policy Period Totals			2,669,385	22,714	8,163				25,000	18,000
Policy Period: 1/1/2023 to 1/1/2024					Policy #: xxxxx					
5183	0.97	0.33	1,844,879	17,895	5,905	TTTT	5	F	5,000	5,000
5537	1.05	0.37	1,044,895	10,971	4,059	RRRR	5	F	5,000	5,000
8810	0.04	0.42	357,895	143	60	MMMM	5	F	5,000	5,000
						NNNN	5	F	5,000	5,000
						DDDD	5	F	5,000	5,000
Policy Period Totals			3,247,669	29,010	10,025				25,000	25,000
Policy Period: 1/1/2024 to 1/1/2025					Policy #: fffffff					
5183	0.97	0.33	1,945,857	18,875	6,229					
5537	1.05	0.37	987,584	10,370	3,837					
8810	0.04	0.42	426,789	171	72					
Policy Period Totals			3,360,230	29,415	10,137					
*****Virginia										
Policy Period: 1/1/2022 to 1/1/2023					Policy #: mmmmmm					
5183	0.87	0.35	154,879	1,347	472	AAAA	5	F	35,426	26,500
5537	0.98	0.37	65,897	646	239					
Policy Period Totals			220,776	1,993	711				35,426	26,500
Policy Period: 1/1/2023 to 1/1/2024					Policy #: xxxxx					
5183	0.87	0.35	145,895	1,269	444	FFFF	6	F *	35,426	26,500
5537	0.98	0.37	55,478	544	201					
Policy Period Totals			201,373	1,813	645				35,426	26,500

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Workers' Compensation Experience Rating Worksheet

Effective Date: 1/1/2026
Risk ID: 21057
State: INTERSTATE

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D - RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIMDATA # ID	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
Policy Period: 1/1/2024 to 1/1/2025						Policy #: fffffff				
5183	0.87	0.35	165,478	1,440	504					
5537	0.98	0.37	61,579	603	223					
Policy Period Totals			227,057	2,043	727					

		(D) - (E)			*(H) - (I)*			
0.16		94,161	144,706	50,545	164,604	50,399	266,554	101,950
"W" VALUE		EXPECTED EXCESS	TOTAL EXPECTED	TOTAL EXP. PRIM.	ACTUAL EXCESS	"B" VALUE	TOTAL ACTUAL	TOTAL ACT. PRIM.
A	B	C	D	E	F	G	H	I

\# Limited loss.
s Subrogation or other special loss.

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ARAP
1.18
if applicable

Experience Modification Calculation	11 PRIMARY LOSSES	12 STABILIZING VALUE	13 RATABLE EXCESS	14 ADJUSTED TOTALS
ACTUAL	*(I)*	*(C) X (1 - A) + (G)*	*(A) X (F)*	
	101,950	129,494	26,337	257,781
EXPECTED	*(E)*	*(C) X (1 - A) + (G)*	*(A) X (C)*	
	50,545	129,494	15,066	195,105

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EXP MOD
(J) / (K)
1.32

* Rating reflects a decrease of 70 percent medical-only primary and excess loss dollars where ERA is applied, reflected only in totals (F), (H), and (I).

The ARAP surcharge shown is for those states in the rating that have approved the ARAP program. It was calculated based on the general interstate formula and maximum, however, the maximum surcharge may vary by state.

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