

State of West Virginia



State Agency Workers' Compensation Program Conference

September 10, 2014



WELCOME

- Please power down or silence cell phones
- Restroom location
- Lunch is provided. Lunch break around 12:00 pm
- Breaks will be around 10:00 am and 2:00 pm
- Continuing education credits are available – check with registration table on sign-in requirements for eligible credits
- Presentation material will be shared via email and posted on SAWC webpage after the conference



SAWC PROGRAM OVERVIEW

- Formation of Program
- Program Overview
- Program Structure
- Sample Invoice
- Invoice Components
- Policy Audit
- How to Control Premium
- OIC Claims Services
- Elements of a Claim
- Internal and Large Loss Staffings
- Best Claim Practice Reviews
- Workers' Compensation Claims Resources



ENABLING STATUTE

WV Code §33-2-21A

State agency workers' compensation programs.

- The intent of this section is to provide a means of managing workers' compensation coverage for persons directly employed by the State of West Virginia.
- Notwithstanding any provision of this code to the contrary, the commissioner has sole responsibility for managing the workers' compensation risks of all executive state entities and for supervising and controlling the workers' compensation programs...
- The commissioner may assess such fees or surcharges on participants in the program necessary to manage the workers' compensation risks of those participants. All premiums, fees and surcharges shall be established in accordance with generally acceptable actuarial standards applicable to workers compensation coverage as to each participant and as to all participants in the aggregate. The commissioner shall establish criteria for assessments of premiums, fees and surcharges designed to provide the most cost efficient coverage for all participants.
- The commissioner shall submit reports on the status and progress of the program established in this section to the joint committee on government and finance monthly and upon request, together with any other specific information on the program requested by the committee.



PROGRAM OVERVIEW

- The SAWC Program covers 108 agencies / boards
- There are 900 locations throughout the state
- Approximately 24,000 state employees
- Website created to provide program guidelines, forms, contacts and updates - www.wvinsurance.gov/SAWC
- Zurich Insurance Company
 - Insurance carrier – policy issuance, underwriting and performs policy audit
 - Claims administrators / adjusters
 - Provides safety services including assessments, education and training such as publishing a specialized Drivers Safety video for the Program



PROGRAM OVERVIEW

- Site codes are used in the claims reporting process.
- Each agency location is assigned a site code.
- You must notify the Insurance Commission of any changes to agency locations including adding a new location, moving locations, etc.
- Site codes are used in safety reports and data analysis to determine agency trends, identify risks in specific locations and assists with safety programs.
- Claims used in the agency emod are determined by site code.
- It is imperative to review claims coded to your site code to ensure you are not paying higher premiums due to inaccurate claims reporting by another agency.

Cabinet	Agency / Location	Site Code
Department of Revenue	SAWC Agency - Charleston	1111
Department of Revenue	SAWC Agency - Morgantown	1112
Department of Revenue	SAWC Agency - Huntington	1113
Department of Revenue	SAWC Agency - Beckley	1114
Department of Revenue	SAWC Agency - Martinsburg	1115



PROGRAM OVERVIEW

- The West Virginia Offices of the Insurance Commissioner is the SAWC Program plan administrator.
- The SAWC Program Manager is Tom Judy.
- Responsibilities include:
 - Provide assistance with accident prevention / investigation
 - Provide assistance with safety policies and procedures based on agency specific needs or risks
 - Provide education, claim support and training based on agency needs
 - Provide assistance to agencies to reduce risks for all state employees
 - Prepare quarterly agency specific loss reports for cabinet secretaries
 - Prepare annual Governor's Office report on SAWC Program
 - Ensuring timely reporting of all claims



PROGRAM STRUCTURE

- All agencies covered under one policy
- Agencies must comply with all terms as outlined in the Participation Agreement found on the SAWC webpage
- The program has a \$250,000 deductible limit per occurrence. The program must pay all claim costs up to \$250,000 for each claim incurred. The policy renews annually.
- The OIC remits policy payments to Zurich and invoices each agency for their portion of the policy costs.
- Invoices are sent bi-annually to agencies generating \$3,000 or greater premium. Annually to agencies with less than \$3,000 premium.
- Invoices are sent in June and November of each year.



SAMPLE INVOICE

PLEASE REMIT PREMIUM PAYMENT

on or before **JULY 31, 2014**

For IET - Internal Exchange Transaction on wvOASIS					
<u>Invoice Number</u>	<u>Fund</u>	<u>Fiscal Year</u>	<u>Dept</u>	<u>Unit</u>	<u>Revenue Code</u>
001	7173	2015	0704	7222	6662

Premium Summary for
SAMPLE AGENCY

Class	Estimated Payroll	Rate	Premium
8810	\$500,000.00	\$0.24	\$1,200.00
9410	\$500,000.00	\$2.62	\$13,100.00

Total Manual Premium:	\$14,300.00
Agency Emod: 1.05	\$715.00
Schedule Rating Credit: -25%	(\$3,754.00)
Total Standard Premium:	\$11,261.00
Terrorism:	\$100.00
Catastrophe:	\$100.00
WV Deficit Reduction Surcharge:	\$1,031.00
WV Regulatory Surcharge:	\$573.00
Total WC Premium:	\$13,065.00
Agency Audit Adjustment:	(\$100.00)
Deductible Adjustment:	(\$100.00)
Annual Premium Due:	\$13,279.00

First Installment Due: \$6,333.00

(Includes full audit and full deductible adjustment)

Please remit \$6,333.00 by **July 31, 2014** to the West Virginia Offices of the Insurance Commissioner.

Please direct all questions concerning this invoice to Tom Judy, SAWC Program Manager, at 304-558-6279 ext. 1127.



INVOICE COMPONENTS

Premium Summary for SAMPLE AGENCY

Class	Estimated Payroll	Rate	Premium
8810	\$500,000.00	\$0.24	\$1,200.00
9410	\$500,000.00	\$2.62	\$13,100.00
Total Manual Premium:			\$14,300.00

- Class – Describes the nature of the business. This is the basis for policy pricing and underwriting.
- Payroll – Estimated wages that are based on the previous audit results. At the end of the policy an audit is performed and actual wages are used in a calculation. The difference in estimated / actual premium is included on the next annual invoice.
- Rate – The cost of insurance based on specific class codes. The rate applies to each \$100 of payroll.
- Premium – The cost of insurance to cover the amount of risk assumed by an insurance carrier.



INVOICE COMPONENTS

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Agency Emod: 1.05			\$715.00

- Emod – A factor that adjusts overall premium based on historical loss experience by agency. If losses are lower than expected, the premium is reduced. Alternately, if losses exceed the expected loss amount, the premium is increased. The calculation is consistent among all agencies and performed by Pinnacle Actuarial Group.

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Agency Emod: 0.95			(\$715.00)



INVOICE COMPONENTS

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Agency Emod: 1.05 \$715.00
Schedule Rating Credit: -25% (\$3,754.00)

- Schedule Rating – An underwriting pricing tool used to adjust premium based on individual characteristics of the policy. This factor may be a credit or a debit. The SAWC Program is currently receiving a 25% CREDIT applicable to all agencies but relies on agency cooperation with carrier/plan administrator and a continued focus on safety in the workplace.



INVOICE COMPONENTS

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Agency Emod: 1.05 \$715.00

Schedule Rating Credit: -25% (\$3,754.00)

Total Standard Premium: \$11,261.00

Terrorism: \$100.00

Catastrophe: \$100.00

- Total Standard Premium – Cumulative premium before assessments and/or surcharges.
- Terrorism – Federally mandated coverage for a certified Act of Terrorism as outlined in the Terrorism Risk Insurance Act of 2002.
- Catastrophe – Federally mandated coverage for any single event, resulting from an earthquake, noncertified Act of Terrorism, or catastrophic industrial accident.



INVOICE COMPONENTS

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Catastrophe:	\$100.00
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- WV Surcharges – State mandated for deficit caused by old fund claims and the regulation of the workers' compensation market. The WV Deficit Reduction Surcharge is 9% and the WV Regulatory Surcharge is 5% of premium.



INVOICE COMPONENTS

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WV Regulatory Surcharge:	\$573.00
Total WC Premium:	\$13,065.00
Agency Audit Adjustment:	(\$100.00)

- Total WC Premium – Annual premium before policy adjustments.
- Audit Adjustment – Premium adjustment based on Zurich audit results from previous policy. May be a credit or debit. Full adjustment is considered in the 1st premium installment.



INVOICE COMPONENTS

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Deductible Adjustment:	(\$100.00)
Annual Premium Due:	\$13,279.00

- Deductible Adjustment - Premium adjustment based on the program's loss experience valuations for prior policies. Full adjustment is considered in the 1st premium installment.
- Annual Premium Due – Total cost of workers' compensation insurance coverage for one year.



INVOICE COMPONENTS

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First Installment Due: \$6,333.00

(Includes full audit and full deductible adjustment)

- First Installment Due – Policies generating greater than \$3,000 in annual premium may pay in 2 installments. 1st installment due = [Total WC Premium / 2] +/- Agency Audit Adjustment +/- Deductible Adjustment. Generally due within 30 days of invoice issuance.



SAWC POLICY AUDIT

- Audits are required by policy.
- Every policy is audited so the audit is performed annually.
- Zurich audits the policy to ensure proper classification and actual wages are used in premium calculation.
- Adjustments based on audit results will be included on your annual invoice.
- FY14 policy audits are currently in progress. The Zurich auditor is Bob Pavlik.



HOW TO CONTROL PREMIUM COSTS

- Focus on the safety of our employees
- Lower emod with effective return to work plans, employee training and utilizing the preferred provider directory as often as possible
- Ensure agency classifications are correct and payroll allocation is appropriate
- Verify all claims include the correct site code
- Use first aid when possible
- Use primary care vs. emergency care when possible
- Be an active participant in all your claims



AGENCY EMODS

- The highest calculated emods in the SAWC Program are 2.46 and 2.44.
- These emods increase the agencies annual premium by \$863,928 and \$200,123, respectively.
- Agencies with the lowest emods are WV Division of Forestry and the Department of Environmental Protection. The emods are 0.64 and 0.66 respectively.
- The lowest emods save the two agencies a combined total of \$197,124 in annual premium.
- With a safety and Return to Work focus, an agency can lower the calculated emod and save premium.



OIC – CLAIMS SERVICES

- **Monitors the claims activity within the SAWC program**
 - Primary Elements of a Claim
 - Quality Assurance Reviews & Internal Staffings
 - Large Loss Staffings
 - Best Claims Practice Reviews

“Primary Elements of a Claim”



There are 13 primary elements to effectively manage a workers' compensation claim; however, many may not be present in each claim



QA Reviews & Internal Staffings

- **Ongoing Quality Assurance Reviews**
 - Notice of all new claims, preliminary & subsequent reviews
 - Compliance & Due Process
 - Monitoring of Claimants with Multiple Claims
 - Due Process
- **Internal Staffing**
 - Round table discussions with various OIC Depts.



Large Loss Staffings

- **Agency Invitations**
 - Initial target - loss leaders

- **Criteria**
 - High Dollar Reserves and/or Complex Injuries
 - Dr. Robert Gerbo
 - Multiple Claims
 - Safety Concerns
 - Rehabilitation/RTW Programs
 - Litigation
 - Pullin, Fowler, Flanagan, Brown & Poe
 - Plan of Action/Resolution



Best Claims Practice Reviews

- **Areas of Audit:**
 - Contacts
 - Claim Filing/Investigation
 - Medical Management/IME
 - Reserves
 - Indemnity Benefits
 - Rehabilitation
 - Claim Evaluation & Resolution
 - Litigation Management
 - Supervision
 - Agency Compliance



WC Claim Resources

- **WV Code, Chapter 23**
- **Legislative Rules**
 - Title 85, Series 1: Claims Management & Administration
 - Title 85, Series 12: Compromise & Settlement of Workers' Compensation Issues
 - Title 85, Series 15: Vocational & Physical Rehabilitation
 - Title 85, Series 20: Medical Management of Claims
- **www.wvinsurance.gov** 
 - Forms, manuals, brochures, etc.
 - Preferred Provider Directory

WC WV Educational Conference
Presented by: OIC & IWCF

May 5 – 6, 2015



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September 2014

Global Corporate - Pittsburgh



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Claimant Search

Claim Number Search
(Use asterisk to search multiple claims)

Claimant Name Search

Last Name First Name



Welcome

Jerry Smith Logoff

Vandalay Industries ▼

[Edit User Preference](#)

Data current as of 07/28/2012

Loss State Activity By Claim Count

WC AUTO GL



Claim Count
 Paid Total
 Incurred Total

State	Overall	Selected
PA	435	76
Claim Count	\$128,055	\$19,434
Paid Total	\$833,725	\$25,508
Incurred Total	\$1,917	\$1,257

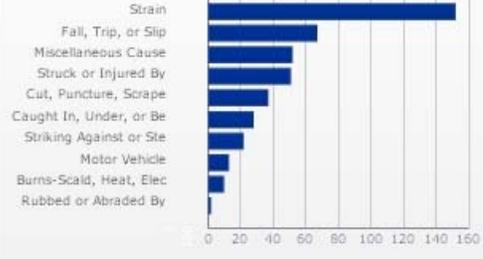
Percentage of Claim Count for WC

0-5%
6-10%
11-15%
No Claims

Workers Comp Top 10 Accident Groups by Claim Count - Last 45 Days

Claim Count Paid Incurred Incurred Avg

Grid



Accident Group	Claim Count
Strain	145
Fall, Trip, or Slip	75
Miscellaneous Cause	65
Struck or Injured By	60
Cut, Puncture, Scrape	55
Caught In, Under, or Be	45
Striking Against or Site	35
Motor Vehicle	25
Burns-Scald, Heat, Elec	15
Rubbed or Abraded By	10

User Diary

Search:

<input type="checkbox"/>	Subject	Due Date
<input type="checkbox"/>	Petersen RTW	01/10/2012
<input type="checkbox"/>	Contact Manag ed Care	07/20/2012
<input type="checkbox"/>	Sanders Retur n to Work Dat e	07/28/2012

First Previous 1 | Next Last

RiskACCESS®



- Provides a direct line into Zurich's claims
- Real-time, claims-level loss detail information
- Adjusters notes
- Direct email link to adjusters
- View payment information, accident details

RiskImage®

Documents



- Provides fast, easy access to scanned claim file documents
- Claim name and number search
- Doctor notes, medical bills, reports for claim files

RiskIntelligence® Contacts



Zurich Risk Intelligence Hotline 877-263-0583

Email: Ask.RiskIntelligence@zurichna.com

Your contact for training and support:

Karen.Harris@zurichna.com

847-605-6616

Zurich Customer Service Executive

Debra.McNavish@zurichna.com

412-937-5101

If you have questions about obtaining an ID, contact Thomas Judy, SAWC Program Manager



Thank you

Zurich RiskIntelligence
www.zurichna.com

WC Overview of Claims

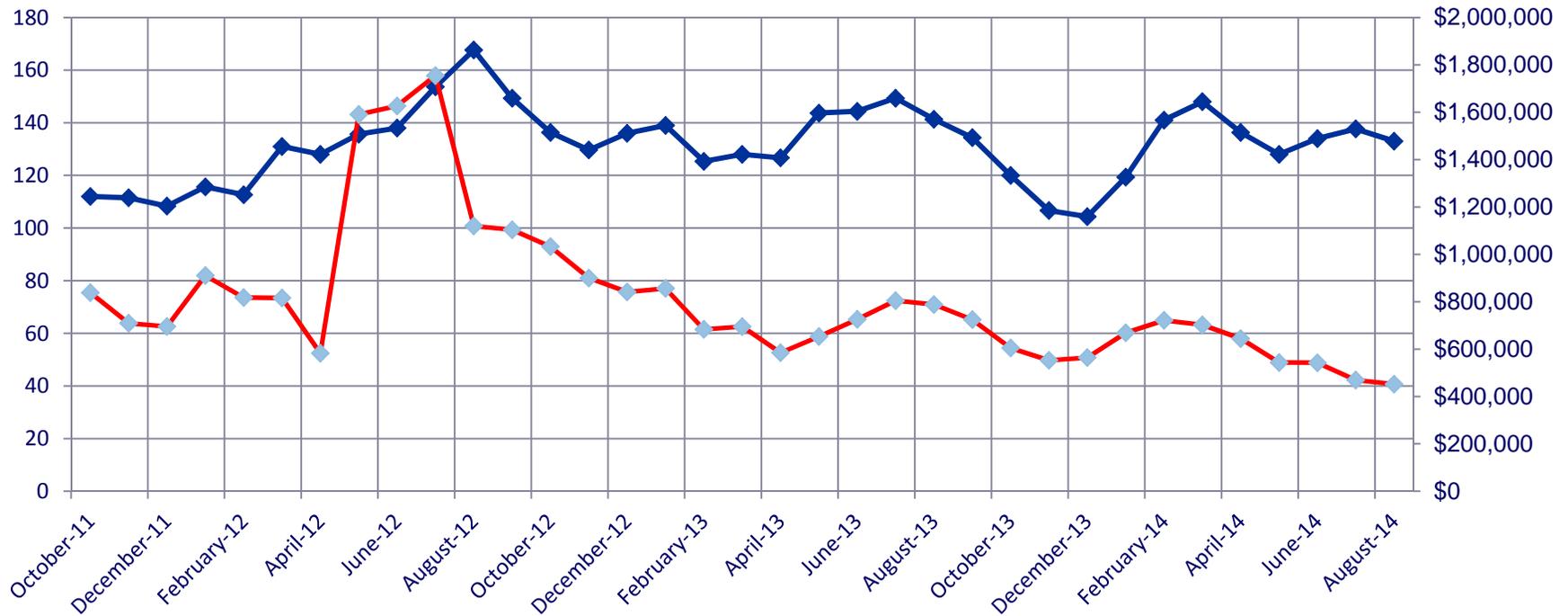
10-1-11 to 9-2-14

Analysis Item	Claim Frequency		Claim Severity		
Claim Level Coverage	{# Claims}	{% Claims}	{\$ Net Incurred}	{% Net Incurred}	{\$ Avg Claim}
Workers Comp Lost Time	1,731	37.5%	\$26,191,474	93.9%	\$15,131
Workers Comp Medical Only	2,886	62.5%	\$1,696,226	6.1%	\$588
Totals	4,617	100.0%	\$27,887,700	100.0%	\$6,040

WC Claim Frequency & Severity 10-1-11 to 9-2-14

Three Month Moving Average

◆ {# Claims} ◆ {\$ Net Incurred}



WC Top 10 Cause of Loss 10-1-11 to 9-2-14

Analysis Item	Claim Frequency		Claim Severity		
Accident Category	{# Claims}	{% Claims}	{\$ Net Incurred}	{% Net Incurred}	{\$ Avg Claim}
Strain Injury	1,273	27.6%	\$9,796,196	35.1%	\$7,695
Slip, Trip, Or Fall	1,117	24.2%	\$8,270,603	29.7%	\$7,404
Struck Or Injured By	781	16.9%	\$4,032,253	14.5%	\$5,163
Cut, Puncture, Or Scrape	322	7.0%	\$418,750	1.5%	\$1,300
Miscellaneous Work Comp.	221	4.8%	\$288,521	1.0%	\$1,306
Motor Vehicle Crash	197	4.3%	\$2,580,306	9.3%	\$13,098
Caught In, Under, Or Between	165	3.6%	\$1,465,334	5.3%	\$8,881
Striking Against Or Stepping On	148	3.2%	\$295,083	1.1%	\$1,994
Foreign Body In Eye	135	2.9%	\$49,355	.2%	\$366
Burns: Scalding/Heat/Electrical	70	1.5%	\$103,694	.4%	\$1,481

WC – Claim Lag Time Report

10-1-11 to 9-2-14

Analysis Item	Claim Frequency		Claim Severity		
	{# Claims}	{% Claims}	{\$ Net Incurred}	{% Net Incurred}	{\$ Avg Claim}
A: 0 Days	470	10.2%	\$3,452,280	12.4%	\$7,345
B: 1-3 Days	1,854	40.2%	\$11,861,064	42.5%	\$6,398
C: 4-7 Days	1,023	22.2%	\$4,506,833	16.2%	\$4,406
D: 8-15 Days	571	12.4%	\$2,740,108	9.8%	\$4,799
E: 16-30 Days	310	6.7%	\$1,522,467	5.5%	\$4,911
F: 31-60 Days	193	4.2%	\$949,082	3.4%	\$4,918
G: 61 + Days	196	4.2%	\$2,855,866	10.2%	\$14,571
Totals	4,617	100.0%	\$27,887,700	100.0%	\$6,040
		27.50%			

Med. to Ind. Ratio – Best Practice 0.50 to 1.50

Analysis Item			
Coverage	{\$ BI Med}	{\$ PD LT}	{\$BI/ \$PD}
Workers Compensation	\$14,922,330	\$12,965,370	1.15
Totals	\$14,922,330	\$12,965,370	1.15

Historic Med. to Ind. Ratio

Date	Ratio
4/21/2012	2.09
6/30/2012	1.91
10/1/2012	1.67
2/20/2013	1.97
7/1/2013	1.56
11/4/2013	1.23
3/3/2014	1.15
7/18/2014	1.14
9/2/2014	1.15

This represents a 44% drop in less than two years

QUESTIONS