

- ARP News — Page 2
- From Commerce — Page 2
- From the Actuary - Page 3
- MCPAP 2003 — Page 2
- Member Alerts — Page 2
- 2002 Golf Outing — SEE PHOTO INSERT

MWCIA News



www.mwcia.org

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a publication of the Minnesota Workers' Compensation Insurers Association



PRESIDENT'S CORNER

The "Spirit" of Cooperation is Alive and Well!

It has been a while since I've commented on results of the collaborative efforts of various data collection organizations countrywide. These individual organizations each have a specific statutorily defined mission in their own jurisdiction; however, the organizations have been working together to enhance more global efficiencies and to create tools to take costs out of the system by facilitating the flow of data from carriers to each organization. The result of these efforts has been WCIO, ACCCT and Spectrum Partners each addressing a different part of the data collection and reporting system.

Here's a quick summary of each organization's role:

WCIO - The Workers' Compensation Insurance Organization provides a forum for the exchange of information on how and why data is collected. It uses that information to develop more uniform formats and data filing standards that can be applied nationwide by carriers.

ACCCT - The American Cooperative Council on Compensation Technology was organized to jointly develop software and other tools that data collection organizations, carriers and others can use in the collection, editing and filing of data.

Spectrum Partners - Spectrum Partners has developed a state-of-the-art software system to support the internal operations of data collection organizations. The Spectrum system is currently in use in Massachusetts, Minnesota, North Carolina and Wisconsin, and will be operational in New York in 2003.

Each of these organizations is actively discussing, developing and implementing numerous products and services that provide tangible value to the workers'

compensation industry, countrywide. The benefits of this collaboration can be seen in what the organizations have accomplished to date.

Setting the standards. WCIO grew out of recognition that data collection organizations in various states collect data similar to what is filed in other states, but often using varying formats. Adjusting to the data filing variances between states was a carrier cost that needed to be addressed. Some variability is driven by state law or regulation and cannot be avoided. But in other areas where greater uniformity was possible, WCIO took action. The result to date has been the *Workers' Compensation Data Specifications Manual*, a compilation of electronic and hard copy data filing specifications, and the *Workers' Compensation Data Reporting Handbook*, a comprehensive guideline and reference for industry professionals.

Providing the right tools. Standardization is valuable, but sometimes the cost of implementing even standardized filing formats can be challenging. ACCCT was formed to develop products that aid in that task. Its first product was BEEP, a unit statistical reporting tool for small to medium sized companies. BEEP has become a major data-reporting tool for a majority of insurance companies because of the error checking capabilities built into this software.

Creating a platform for sharing. As good as the idea of standardization and usable tools might be, none of these achievements is possible if the organization receiving the data is incapable of efficiently accepting that data. Data collection organizations face a daunting task in this area. They must meet the needs of carriers, regulators, employers, assigned risk pools, and in some cases, self-insurers. They must also meet the demands of an ever-changing electronic world and do all of this in an economical way.

Spectrum Partners was formed by a group of data collection organizations that realized they could build and maintain a robust and efficient data

collection and processing system more efficiently and economically as a group than as individual organizations. The Spectrum system is proof that this goal is achievable.

The Spectrum software system supports a vast majority of internal operations for each of its current members. Of equal importance is Spectrum's continued mission to provide an available and economical platform for similar organizations facing the inevitable challenge of upgrading their current systems in this fast moving electronic age.

Looking to the future. From a countrywide perspective, these organizations foster a higher level of consistency and efficiency in the reporting and collection of workers' compensation data. The "industry tools" they have developed to date are impressive. While good headway has been made, there is still much opportunity for improvement. Over the coming months, ACCCT and Spectrum Partners will announce additional valuable products and services. Watch for details!

Impact to MWCIA members. As a founding member of each of these organizations, MWCIA has been instrumental in shaping their vision. The collaborative efforts of these organizations have provided MWCIA with the systems and databases that make it possible to provide expanded information, products and services to its members. This expansion has not only been in the scope and types of products and services available, but also in the efficiency those products and services deliver. Equally important, MWCIA is now electronically accessible to our members and subscribers on their time table, not ours.

MWCIA will continue to take advantage of collaborative efforts among these organizations that pay dividends to our members through greater efficiencies in the data collection and filing process. ☺

ASSIGNED RISK PLAN NEWS

Effective July 1, 2002 the Minnesota legislature changed the law that dictates the method for calculating Special Compensation Fund assessments. Under the new law, SCF assessments are no longer included as part of the rate development and must be separately identified on the policy as an individual surcharge. As a result, all carriers including the Assigned Risk Plan must refile their rate schedules effective January 1, 2003. For more information, refer to the related article on page 3 or send an email to info@mwcia.org.

2002 Assigned Risk Plan 3rd Quarter Totals

Total Employer Count:
35,971

Total Premium Volume:
\$ 63,875,971

A message from the DEPARTMENT OF COMMERCE

On June 27th, MWCIA released Circular Letter No. 02-1387 advising member carriers of the Department of Commerce's requirement that all carriers file a specimen copy of their Minnesota Policy Information Page with Commerce before September 1, 2002. Due to the large number of carriers who had not filed by this deadline, however, the Department of Commerce extended this deadline to October 15th.

Please refer to the Member Alert article on this page for more information about these requirements. If you have questions regarding Bulletin 2002-7, please contact Tammy Lohmann, Chief Workers' Comp Analyst for the Department of Commerce, by emailing her at tammy.lohmann@state.mn.us or by calling her at 651.296.2327.

MCPAP UPDATE

The 2003 MCPAP credit factors have been calculated and are in the mail to eligible employers and their carrier of record. The results represent about a 5.5% increase in the number of eligible applicants with a dramatic decrease in the number of late filing penalties assessed.

Here is a summary of Minnesota's 2003 MCPAP credit factors:

| <u>Credit Factor</u> | <u>Employers</u> |
|----------------------|------------------|
| .75 - .79 | 192 |
| .80 - .89 | 1,116 |
| .90 - .99 | 1,300 |
| 1.00 | 42 |

Remember, the enrollment period for the 2004 MCPAP credits starts in January and runs until April 1, 2003.

MEMBER ALERT Policy Issuance Personnel; State Filing Departments

Policy Information Page

At the request of the Department of Commerce, we sent a second request dated September 19, 2002 to member carriers who had not yet filed a copy of their specimen Policy Information Page with the Commerce Department. Members have until October 15th to bring themselves under compliance with the state. MWCIA continues to receive inquiries from members regarding Commerce's request. To assist our membership, therefore, we are including responses to some of the frequently asked questions we are receiving regarding this filing.

Q: Doesn't MWCIA file all standard non-premium endorsements on the carrier's behalf?

A: Yes. The Department of Commerce, however, is requesting specimen copies of each carrier's Minnesota Policy Information Page so they will have a complete set of each carrier's policy for their records.

Q: Do we need to file a specimen copy of our policy information page annually?

A: As a one time event, Commerce has requested each carrier to file a specimen copy of their current Policy Information Page with Commerce's office so they will have a complete set of all carrier policy information page forms for Minnesota.

Q: Do we need to file if we are not actively writing workers' compensation coverage in Minnesota?

A: Commerce's Filing Bulletin 2002-7 instructs licensed carriers to file a copy of their Policy Info Page. If you are inactive in Minnesota, however, please file a notice advising the Commerce Department that you are inactive.

Q: What if we are a reinsurance carrier only?

A: According to the state's records you are licensed to write Workers' Compensation insurance in Minnesota. If you do not currently write Workers' compensation policies, you will need to file a notice with Commerce advising them that you are inactive.

Q: Why did we receive a notification? We aren't active in Minnesota?

A: You should also file a notice with Commerce advising them that you do not write Workers' compensation insurance in Minnesota.

Q: Do we need to submit the \$75 filing fee if we aren't filing a Policy Info Page?

A: A filing fee is not necessary to submit notification of your inactive status in Minnesota with the Commerce Department.

If you have further questions about this requirement, please contact one of our underwriters by sending an email to info@mwcia.org.

SCF Assessment Change

MWCIA Circular Letter No. 02-1392 announced the legislature changed the way that Special Comp Fund assessments are to be charged for Workers' compensation policies starting January 1, 2003.

To comply with the new requirement, all carriers must refile their rate schedules with the Minnesota Commerce Department effective January 1, 2003. The new rate schedules need to exclude the effect of the Special Comp Fund assessment from their rate structure. The methodology for creating the surcharge, however, need not be shown in the filing.

Additionally, carriers will need to identify the SCF assessment as a surcharge on each policy. Please note that Statistical Code 0174 has been established for reporting purposes. When filing unit statistical data, remember the Special Comp Fund assessment surcharge is no longer subject to experience rating and should be reported on Lines D, E, or F.

If you have further questions regarding the use of the Special Compensation Fund assessment Minnesota, please contact our Actuary Department or email us at info@mwcia.org.

**Minnesota's
Filing Procedures Manual
2003 Edition**

MWCIA's Circular Letter No. 02-1393 announced the release of the 2003 edition of Minnesota's *Filing Procedures Manual* on September 25, 2002.

Minnesota's "Filing Manual" was created as a companion document to the Department of Commerce's Bulletin 2002-7 that outlines all of the changes necessary to successfully complete a workers' compensation rate filing in the state of Minnesota for policies effective on or after January 1, 2003.

Please note there are various articles throughout this issue of *MWCIA News* that highlight some of the major filing changes included in this year's edition of Minnesota's *Filing Procedures Manual*. Should you have any questions regarding the content of Minnesota's "Filing Manual", please email our staff at info@mwcia.org.

**FILING REFRESHER:
Cancellations/Non-Renewals**

Minnesota's Cancellation and Non-Renewal rules state that cancellation/termination/expiration filings will not become effective until:

- 30 days after receipt by MWCIA of WC 89 06 09 B for cancellations for non-payment
- 60 days after receipt by MWCIA of WC 89 06 09 B for all non-renewals

Remember, this rule applies whether a carrier files electronically or on hard copy.

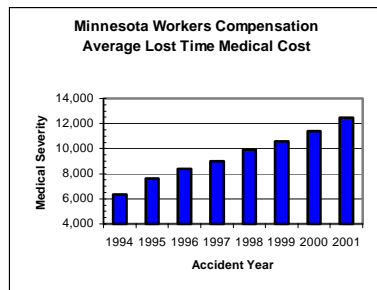
From the ACTUARY . . .

One of the major ongoing cost drivers in workers' compensation nationwide is medical costs. Medical benefits continue to increase at levels that outstrip inflation, mostly due to significant increases in pharmaceutical and hospital costs. In Minnesota, this is no exception. In recent years, the growth in Minnesota workers' compensation medical severities has significantly outpaced the growth in the countrywide medical Consumer Price Index. Early reports of injury suggests that between 1994 and 1999, while the nationwide medical CPI was increasing by about 3.4% per year, Minnesota workers' compensation medical severities were increasing at double that rate - - 6.8% annually.

Workers compensation average medical costs have increased steadily

over the long term as well. The statewide average weekly wage has grown by about 80% over the past 15 years. During that same time frame, the average work comp medical severity has increased almost 150%.

Looking at the last eight accident years, 1994-2001, and using standard approaches to project future costs, it's reasonable to conclude that the average work comp lost-time medical benefit will have doubled during this time period.



This analysis suggests that the average annual change in lost-time medical severity over the past 3-5 years is running around 8%. Because of this phenomenon, for the first time in Minnesota workers compensation history, MWCIA estimates that the medical portion of the benefit dollar now exceeds its indemnity counterpart. Should trends continue, it's fairly clear that this work comp cost component will be a major catalyst toward increasing premiums.

**BEEP 2.5
NOW AVAILABLE!**

BEEP (Bureau Entry & Edit Package) allows for data entry and edit of unit stat reports for electronic submission to MWCIA as well as data collection organizations in other states.

If you would like more information about BEEP 2.5, please refer to MWCIA's Circular Letter No. 02-1386 on our website or contact our office by sending an email to linda.hanson@mwcia.org.

MWCIA's
NEXT BIG EVENT!
April - Annual Luncheon

DLI Highlights. . .

The Department of Labor & Industry (DLI) has created a journal of Minnesota workers' compensation and safety research data called the *Research Reporter*.

This free publication will be released 3 times a year by DLI's Research & Statistics Unit. The *Research Reporter* is also available on Labor & Industry's website at www.doli.state.mn.us/reporter.

DLI's *Research Reporter* provides timely info about workers' compensation and safety issues for Minnesota carriers, safety officers, and policymakers.

To receive online notification of new issue releases, send an email to Majordomo@state.mn.us and list the subject line as "subscribe researchreporter". Please direct any questions about the Department of Labor & Industry's *Research Reporter* to DLI by emailing them at dli.research@state.mn.us or call Kristin at 651.284.5025.

**FILING REFRESHER:
PROOF OF COVERAGE**

MN Rule 5222 requires all policy information to be filed on a timely basis with MWCIA as the official repository of Minnesota's Proof of Coverage. All Proof of Coverage notifications must be filed in the approved format:

- Within 10 days of the policy effective date, or
- Within 20 days of binding coverage

Remember, this rule applies whether Proof of Coverage data is filed electronically or on hard copy.

A Reminder to our WEB Users

It's Renewal Time

January and February are popular renewal months for MWCIA's Web User Accounts. Reminder notices will be sent four weeks prior to an account's expiration date via email to account users at the following levels:

**Member Primary
Member Secondary
Subscriber Platinum**

Each of the above account levels provides users with unlimited access to Minnesota employer's experience modification rating data for one year from their renewal date. The renewal fee this year is \$1,000. Please submit this fee promptly to assure your company continuous service.

If you need assistance with MWCIA's website or account system, please call 952.897.1737 or email your questions to info@mwcia.org.

RECENT CIRCULARS, ETC.

As a quick reference tool, the following list indicates all MWCIA Circulars published since the release of our last newsletter:

Circular Letter No. 02-1388

07/30/02 – Minnesota Department of Commerce Notification

Circular Letter No. 02-1389

08/06/02 – MN Filing Procedure Changes & Clarifications

Circular Letter No. 02-1390

08/14/02 – Large Risk Alternative Rating Option (LRARO)

Circular Letter No. 02-1391

08/28/02 – MWCIA's 2003 Ratemaking Report Released

Circular Letter No. 02-1392

08/28/02 – Minnesota Special Compensation Fund Assessment

Circular Letter No. 02-1393

09/25/02 – Minnesota Filing Procedures Manual – 2003 Edition

Note: MWCIA's Circular Letters are available online at www.mwcia.org. 

NON-APPROVED NCCI ITEMS

As the data service organization, MWCIA is the only company authorized to file workers' comp manual rules, standard forms & endorsements, and classification & statistical codes on behalf of member carriers in the state of Minnesota.

The following NCCI Items are **not** approved for use in Minnesota:

E-1357 – Experience Rating for Self-Insureds – ERM 6 Forms

B-1351 – Workers' Compensation Premium Algorithm


U-1358 – WC Statistical Plan Claim Grouping Option

U-1368 – URE Workers' Compensation Stat. Plan Manual Revisions

B-1366 – Revisions to Admiralty & Federal Employers' Liability Act Classifications

U-1372 – Issuing Agency/Producer Office Address Endorsement WC 89 06 25

B-1373 – Basic Manual Rules Enhancements

If you have any questions regarding these items, please contact our staff by emailing us at info@mwcia.org. 

MWCIA News is a periodic publication of the Minnesota Workers' Compensation Insurers Association as a service to its members and the workers' compensation industry. Please direct any questions, comments or suggestions you may have concerning this publication to Marie Johnson, editor of *MWCIA News*, c/o MWCIA: 7701 France Avenue South, Suite 450; Minneapolis, MN 55435. You may also contact her by phone (952.897.6410), fax (952.897.6495), or by emailing her at marie.johnson@mwcia.org.

MWCIA PURPOSE

As the preferred provider of quality Minnesota Workers' Compensation information, we are committed to developing products, services and markets that meet our customers' evolving needs, and to providing a work environment rich in opportunities for personal and professional growth.



MWCIA'S GOLF OUTING/BBQ 2002

The thrill of the ride . . . the wind in your hair (or not!). What's more invigorating than a day on the golf course?! And what better way to spend it than networking with fellow insurance folk plus MWCIA and state staff at MWCIA's Golf Outing 2002!!

HERE ARE A FEW HIGHLIGHTS FROM OUR DAY:

Ready to go! --
Sally Maddiex &
George Buchok
(St. Paul Cos.)



MWCIA Pres. Bruce Tollefson
& Asst. Jan Olson welcome
guests to this year's event!



Advance Agency on the 9th
Hole: Dave Hoschette,
Richard McKenney, Dennis
Youngquist, Michael Dam



Hmmm . . . Maybe I can just
chip it in from here!

Checking out
the green
(above): Tom
Harms –
MWCIA & Bruce
Kaufenberg –
St Paul Co's
with Profes-
sional Risk's
Daryl Wilson &
Carl Lidstrom



Linda Hanson (MWCIA) with Larry Koll
(Self Insurers Assoc) & Brian Rotty (Mayo)

A Perfect Day . . . A Beautiful Course!

The morning didn't look promising and some holes resembled giant water hazards but the sun finally appeared and dried everything up leaving attendees with an excellent afternoon of golf topped off with social time "under the tent" and a BBQ.

TIME FOR THE BBQ/SOCIAL & 'AWARDS'!

Many of our non-golfing associates joined us for the 'awards' presentation which included handing off MWCIA's infamous pink 'Master's Jacket'! Take a look at some of the fun. If you missed us this year, please mark your calendars and plan to join us in 2003!

And now for the Awards!

Coveted by most but possessed by few . . .
(right) Brandon Miller of the Hays Companies struts his stuff after being awarded our Golf Outings top honor -- a pink bath robe with golf motif commonly known by attendees as the 'MWCIA Master's Jacket'!



Judy Bowron (*above*)
accepting the 'Most
Colorful' Award

Time to hit the CHOW LINE!



Awards were also given for Hottest Putter, Safest Driver, and Most Connected Player (via a cell phone that is)! It was all in good fun and we'd like to thank our award winners for being such good sports. By keeping our program light and entertaining we hope many attendees were able to use this social time for networking and sharing industry stories with staff and fellow attendees. MWCIA is happy to host this annual event as a benefit to our membership.



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