

## WCRA Self-Insurer Experience Rating Instructions

### Overview

The experience modification (Mod) factor is a ratio of each self-insurer member's workers' compensation loss experience to expected workers' compensation losses. This factor is used to modify the exposure base to reflect the member's previous loss experience. The Mod factor is calculated using a formula developed by the *National Council on Compensation Insurance* (NCCI). The *WCRA Experience Rating Loss Data Reporting Template* worksheet available on the WCRA portal has been formatted to collect and upload loss data to the portal necessary to accurately calculate the member's Mod factor.

The data being collected will be used to calculate your organizations 2026 Mod factor used in the calculation of your WCRA premium.

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## DATA REPORTING

### Payroll

Audited payroll or other exposure for each classification in the experience period is part of the Mod Factor calculation but collected during the annual *WCRA Exposure Adjustment Data Reporting Process*. Only loss information is collected during the *Annual Experience Rating Data Reporting Process*.

### Losses

Reported losses should only include those covered by your Minnesota WCRA policy. Do not report losses by state of injury or state of benefit. Do not report losses for claims with accident dates outside of the three years requested.

- **Reporting Period**  
Calendar years 2024, 2023, and 2022
- **Loss Valuation Date**  
The loss valuation date for reporting is June 30, 2025. The valuation date should be used to cutoff adjustments made to paid claims and reserve estimates reported.
- **Claim Number**  
Report the alphanumeric code that uniquely identifies the specific claim. The complete claim number (including suffixes and prefixes, if used) should remain the same throughout the life of the claim. If a claim number must be changed on subsequent data filings click *Submit Reporting Questions to the WCRA* for assistance.
- **Accident Date**  
Enter the accident date by reporting the month, day, and year on which the injury occurred. The accident date should not be changed on subsequent data filings. If a claim number must be changed on subsequent data filings click *Submit Reporting Questions to the WCRA* for assistance.

- **Paid Indemnity**

Report the whole dollar amount of paid indemnity costs as of the loss valuation date. The losses consist of all paid benefits, including compensation paid to the deceased prior to death, burial expenses, payments to the estate, and related expenses.

- **Paid Medical**

Paid medical costs must be allocated to medical costs paid in conjunction with an indemnity claim or a medical-only claim for which no indemnity payments have been made or are expected to be made as of the valuation date. For each claim, if indemnity payments have been made or are expected to be made, report the whole dollar amount of paid medical costs associated with each claim as of the loss valuation date in the Paid Medical column. If **NO** indemnity payments have been made and are not expected to be paid as of the loss valuation date, report the paid medical costs in the in the Paid Medical column and place an “X” in the Medical Only column.

Paid medical losses should include all payments to doctors and hospitals, as well as physical rehabilitation costs, but should NOT include any claim expense.

If a deductible program applies, losses are to be reported on a gross basis prior to the application of the deductible.

- **Incurred**

For WCRA reporting purposes, incurred is defined as the sum of the amounts paid added to the reserves per claim. For example, if you have a claim that has \$500 spent in indemnity and medical costs and there is \$14,000 in reserves, the incurred value of the claim would be \$14,500.

Losses are split into indemnity and medical losses. Workers’ compensation losses can be either for the replacement of lost wages (indemnity losses) or for medical care (medical losses). Lost wage (indemnity) benefits can either be for the period during which the worker is recovering from the injury or for the loss of earning capacity once maximum recovery has been achieved.

#### **Items to Include When Determining Incurred Losses**

Report total values paid for both open and closed claims, with accident dates occurring during the calendar years requested as “Paid.” Report remaining case reserves for open claims, by type, for claims with accident dates occurring during the calendar years requested as “Reserves.” In accordance with guidelines established by the Minnesota Workers’ Compensation Insurers Association (MWCIA) in their *MWCIA Statistical Plan Manual*, the following types of costs are to be included as paid or reserved loss amounts.

**Paid Indemnity** – All paid benefits due to lost wages or inability to work as of the loss valuation date. This also includes compensation paid to a deceased worker prior to death, burial expense, claimant’s attorney fees, vocational rehabilitation benefits, and any payments to the estate.

**Paid Medical** – All paid benefits for medical or hospital treatment as of the loss valuation date, paid in conjunction with an indemnity claim.

**Outstanding Reserve Indemnity** – Outstanding reserves for open indemnity claim as of the valuation date.

**Outstanding Reserve Medical** – Outstanding reserves for medical or hospital treatment as of the valuation date, which are expected to be paid in conjunction with an open indemnity claim.

**Loss Commutations or Loss Portfolio Transfers** - All claims still need to be reported for the three years for experience rating purposes regardless of loss commutations or loss portfolio transfers.

Claim values should not decrease in value from the prior reporting year due to claimants not cashing checks. This would apply to all claim values for checks that will be reissued. This would not apply to refunds or billing errors.

### Expenses

In general, expenses should not be included with incurred losses. However, the following expenses should be included when determining incurred losses.

**Medical or Legal Expenses Incurred for the Benefit of the Claimant.** Medical or legal court expenses incurred for the benefit of the claimant, or that the member is required to produce for the benefit of the claimant, shall be reported as either an indemnity or medical loss depending upon the nature of the expense.

**Awards.** When an award to a claimant includes the cost of witness fees, attorney fees, and other court costs or expert medical witness fees, the amount so awarded shall be considered as part of the cost of benefits and shall be included with the incurred indemnity reported. With respect to claims brought by persons against whom a claimant has brought a third-party common law action, such special costs shall be reported as an incurred indemnity loss whether or not a recovery is made against the third party by the claimant.

**Vocational Rehabilitation Evaluation/Testing Expense.** Vocational Rehabilitation is the prospect of returning an injured worker to gainful employment. It includes all activities performed when acquiring reemployment of a claimant, such as evaluation, testing, training, job placement, schooling, job modification, and part-time employment.

Vocational rehabilitation costs, including evaluation and testing, incurred due to the purchase of vocational rehabilitation services from outside vendors, must be reported as part of incurred indemnity losses. Evaluation expenses are defined as costs incurred in testing and evaluating the claimant's ability, aptitude, or attitude in determining suitability for vocational rehabilitation or placement. The cost of the schooling is a vocational rehabilitation cost and is reported as part of the incurred indemnity loss and paid indemnity loss as appropriate.

Evaluation expenses incurred by carrier personnel may be reported as incurred loss if such expenses are related to the activities of individuals (other than claims supervisors or claims adjusters engaged in efforts to return an injured worker to gainful employment) that, at a minimum, satisfy the qualifications established by the state having jurisdiction over the claim.

**Physical Rehabilitation.** Physical rehabilitation costs incurred due to the purchase of physical rehabilitation services from outside vendors shall be reported as part of incurred medical losses. For the purposes of this rule, physical rehabilitation concerns all medical activities performed, and/or services rendered, in the treatment of an industrial injury or disease to achieve maximum

recovery, relief, and/or cure. The following physical rehabilitation activities by medically trained persons, including registered nurses, performed by outside vendors shall be reported as incurred medical losses:

- Various necessary evaluations and therapies including physical, occupational, speech, and hearing.
- Coordination of services such as necessary medical equipment or special nursing care in a facility or the home.
- Necessary consultation(s) with physician(s).
- Monitoring the treatment and progress of a claimant's medical condition.
- Coordination of family, agency, and community services to provide optimal recovery.

Additionally, expenses associated with the above activities performed by self-insured personnel (other than claims supervisors' or claims adjusters' efforts to return an injured worker to gainful employment) may also be reported as part of medical losses if the self-insured personnel are medically trained as one of the following:

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|------------------------------------|---|
| 1. physicians                      | 2. occupational therapists                |
| 3. licensed registered nurses      | 4. chiropractors                          |
| 5. licensed speech therapists      | 6. podiatrists                            |
| 7. registered physical therapists  | 8. licensed physician assistants          |
| 9. dentists and dental technicians | 10. licensed cardio-pulmonary technicians |

**Penalties for Delays in Making Compensation Payments.** Penalties for which the self-insured is liable for reasons beyond its control and that accrue as benefits to the injured worker or their qualified dependents, such as for interest on awards or for penalties imposed upon the employer for improper controversion of awards, shall be chargeable to indemnity losses and so reported; other penalties shall be chargeable to unallocated loss adjustment expense. Whenever the reason for a penalty is within the self-insured's control, it should be charged to unallocated loss adjustment expense and **NOT** be reported as loss on the WCRA portal.

**Subrogation and Third-Party Cases.** In all cases where there has been recovery of loss due to subrogation, or where the claimant has recovered from a third party, the amount of loss reported shall be the net incurred loss.

**Lump-Sum Claims.** When the claim involves a lump sum representing the discounted or commuted value of a specific award or benefit, report the actual loss payment.

**Other.** Expenses and any other general allowance for contingencies shall be excluded.

- **Indemnity Reserves**

Report the outstanding reserves for open indemnity claims in "Remaining Indemnity Reserve" column as of the loss valuation date.

- **Medical Reserves**

Outstanding reserve medical costs must be allocated to reserves for medical costs to be paid in conjunction with an open indemnity claim or a medical-only claim for which no associated indemnity payments exist or are expected. Report the expected whole dollar

amount of expected medical costs associated with each claim in the “Remaining Medical Reserve” column as of the loss valuation date.

Medical-only claims should be so indicated by placing an “X” in the Medical-Only Claim column.

- **Multi-Claimant Claim**

When a claim involves multiple claimants, please place “X” in the “Multiple Claimant” column. The field will automatically default to blank.

- **Medical-Only Claim**

When a claim only has medical or hospital treatment paid or with reserves as of the valuation date, for which no indemnity payment has been made or are expected to be paid, please place “X” in the “Medical Only” column. The field will automatically default to blank.

- **Subrogation and Recovery**

When a recovery of loss due to a subrogation or where the claimant has recovered from a third party has occurred, please place “X” in the field “Recovery & Subro” column. The field will automatically default to blank.

- **COVID-19 Claim**

Please place “X” in the field if the claim occurred due to diagnosis of COVID-19, which will exclude the claim from experience rating calculations. **Accident dates for such claims occur no earlier than December 1, 2019, and no later than June 30, 2023.** Additional information about reporting of COVID-19 claims can be found on the following MWCIA informational circulars at:

<https://www.mwcia.org/Media/Default/PDF/NewsFeed/Circulars/20-1768.pdf> and  
<https://www.mwcia.org/Media/Default/PDF/NewsFeed/Circulars/23-1820.pdf>

- **Late Claim Reporting**

Please place “X” in the “Late Claim Reporting” column if the claim was not reported to the member at the time of injury. For example, the claim occurred in 2022 but was not reported to the member until 2024.