

How Can I Control My EMR?

By Tim Neubauer

This article has been modified by the author to remove outdated information and is not in the original format it was published.



I am frequently asked this question by executives and the answer is somewhat confusing and complicated. Let me start by explaining that "EMR" stands

for Experience Modification Rate sometimes referred to simply as the "MOD." This is not to be confused with your Total Incident Rate (TIR), although they can correlate they are independent on each other. The EMR only applies to workers compensation claims.

The second point I need to explain is that the EMR is a lagging indicator. That means that it counts events that have already occurred, and may not accurately reflect what you are currently doing in your company's safety and health program. To compound this lag the EMR is calculated using a three year average not including the current year or the interval year.

What is an interval year? Good question. The interval year is the year previous to the current year. It is not included in the calculation because typically final premium amounts and ultimate claim cost are not known at the time of the EMR calculation. Many employers don't realize that simply changing the effective date of their workers compensation policy can affect the anniversary rating date for the EMR and thus, may cause a shift in time frame being used in the calculations.

So how do they get these numbers? I wish I could tell you! The actual formula is a proprietary system and although I can tell you some of the factors, I can't tell you all of them. The EMR is calculated by the National Council on Compensation Insurance (NCCI) or another independent agency in some states. You can contact your insurance agent or visit NCCI's website: www.ncci.com for more information on the actual formula. Your rate is based several factors; your annual payroll, the

number of claims (frequency), the severity or amount of the loss and other factors. Those figures are then averaged against companies who have the same North American Industry Classification System (NAICS) code as your company. Simplistically speaking, NCCI compare actual losses to expected losses based on the employer's industry.

One thing to consider is that you're compared against your competition in some cases. Therefore, if your competition has no injuries and neither do you, your EMR can still increase based on payroll and length of time between claims. In short, you need to be focused on continuous improvement in your safety management system over a substantial amount of time.

Obviously the reduction or elimination of injuries is the easiest way to reduce your EMR, however managing injuries can affect the total loss significantly. In a 2008 article published in NC Magazine, Kati Knowland discusses the complexities of managing an injured employee's claim, and how mismanagement of a claim can drive the cost of care up and the return to work date farther out for an injured employee. Knowland states that in the last 20 years the trends are toward higher dollar claims, permanent disability claims and litigation of claims. To adjust for the cost of inflation, NCCI adopted changes to the Experience Modification Rating Formula, effective January 1, 2013. These changes were phased in over a three year period (2013, 2014 and 2015).

Preventing the injury should be the highest priority both financially and ethically for an employer. However, when



an injury occurs the employer should take immediate steps to help limit the claim. These steps include but are not limited to, getting the employee the necessary care, reporting the claim as required by your state laws, and notifying your insurance company of the injury. By providing the injured employee with appropriate care and managing the recovery the employee will feel that the employer cares and is more likely to return to work sooner.

I recently spoke to a worker's compensation attorney in North Carolina who told me that if employers would appropriately respond to their injured employees medical and emotional concerns after an injury, he would probably be out of business. Responding to an injury shouldn't be thought of as purely a reactionary event. Prior planning for first aid, urgent medical care, therapy and restricted duty assignments should all be considered well in advance of an injury. Something as easy as a well written job description with assigned duties can mean the difference between a "return to duty" or "restricted duty" from the care provider.

In some cases the employer takes an aggressive stance because they think the claim is fraudulent. If you suspect fraud don't withhold care or take a reserved position. As the employer, provide the same level of response and care for all injuries. If it turns out your stance on the injury was incorrect, then the employee is well cared for. If you are correct in your assumption, it makes the company look favorably in any subsequent litigation. Additionally, not reporting the alleged claim timely can hinder the insurance carriers ability to investigate the claim and not trigger the statute of limitations to start.

I was lamenting once to a fellow safety professional that the thought of dealing with a workers compensation claim was confusing to me and she said "If you ever need help handling a compensation claim, let me know, I'm really good at it." My response was, "If you want help preventing the claim, let me know, I'm really good at it."

To reduce your EMR, you should have a well-rounded Safety Management System to reduce the potential for injuries, institute a care management plan for when injuries do occur and investigate each claim to ascertain ways to avoid similar incidents from occurring in the future.

Tim Neubauer is a former Senior Consultant for the National Safety Council. A Safety Professional with over 15 years of field experience. Having

worked in Industry and construction starting out as a laborer, he has a unique view of hazards and solutions to overcome them. Tim has an Associate's of Applied Science from Columbia Southern University and is a Construction Health and Safety Technician® (CHST), Manager of Environmental Safety and Health (MESH) and CMESH, and is also an Advance Safety Certificate (ASC) graduate and member of the ASSE.

Craft Training PROGRAM FOR Ironworkers

For information on how your employees can become a part of the NCCER National Registry, please contact the SEAA office at (336) 294-8880 or Tim Eldridge at t_eldridge@bellsouth.net

If you have any questions or wish to speak with a fellow SEAA member who has gone through this program, please let us know.

SEAA
401 E. 4th St.
Suite 204
Winston-Salem
NC 27101
336-294-8880
www.seaa.net