


Understanding Work Comp Experience Modifications and How Loss Control Efforts Can Assist

Marc Dunker, LMCIT Sr. Loss Control Consultant

Agenda and Learning Objectives

- Define what an E-mod is
- Understand the importance of managing your E-mod
- Develop a strategy for managing your E-Mod
- Ideas for implementing this strategy

Disclaimer

- We're using  **Poll Everywhere**
- Using this is optional
- Text messaging rates apply
- What's done with your number?
 - Poll Everywhere won't spam you

How To

- Via text: Text
Marcdunker159 to 22333
- Via web: go to
pollev.com/Marcdunker159
- Download app for Android
or Apple



Experience Mod Premise

- Mod Factor is your city's "Safety Score"
- A city's past loss experience may project future losses.
- Lower-than-average past loss experience will likely have lower-than-average future losses.
- Higher-than-average past loss experience will likely have higher-than-average future losses.

E-mod = Safety Score

- E-mod of 1.0 is “average”
 - City has had the expected number and cost of losses
- E-mod of 0.75 will result in a 25% credit
 - City has had lower than expected cost of loss
- E-mod of 1.40 will result in a 40% debit
 - City has had higher than expected cost of loss

Poll Everywhere Question

- Via text: Text Marcdunker159 to 22333
- Via web: go to pollev.com/Marcdunker159
- Download app for Android or Apple

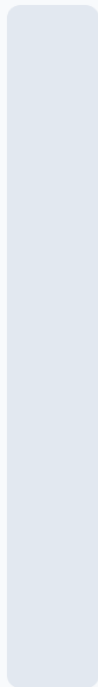


True or False?

An E-mod of 1.0 is considered a “good E-mod”?

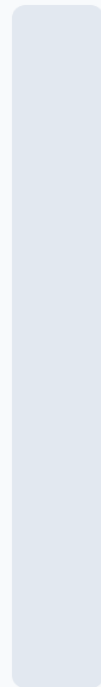
An E-Mod of 1.0 is Considered a "Good Mod"?

0%



True

0%



False

Poll Everywhere Question

True or False?

An E-mod of 1.0 is a good E-mod?"

False:

A Mod of 1.0 is equivalent to a letter grade "C"

Work Comp Rating Basics: Premium Formula

Manual premium = Starting point for premium calculations

Manual premium is based on payroll by job class. Each job class has a rate.

- An E-mod is applied to the manual premium to reach the standard premium.
- A couple additional potential credits are applied:
 - deductible credit
 - premium volume discount credit

Why Have Experiencing Ratings?

- City has influence over the final premium they pay.
- Incentivize employers to help control cost of loss
- Incentivize employers to develop a safety culture
- Rewards employers who encourage return to work.

Cities under \$3,000 premium do not have an E-mod

However, losses still count

There are credits & debits for losses in small cities

Experience Mod Rating Period

- Rating formula looks at losses for the past three years, excluding the most recent year.
 - 2025 E-mod is based on the losses from '21, '22, and '23.
- The E-mod formula is a snapshot of **incurred** losses (medical + indemnity)
- E-mods are issued about 120 days prior to renewal
- If claim costs change after this, E-mod is not adjusted.

RENEWAL

1. The "Member"
Dunkerville, City
PO Box 179
Dunkerville, MN 50999

Agreement No.: WC 100000-11
"Member" is: X City
Joint Powers Entity
Other (describe)
2. The Agreement Period is from 12:01 a.m. 01/01/2025 to 12:01 a.m. 01/01/2026 at the "Member's" address.
3. A. Workers' Compensation Coverage: Part One of the Agreement applies to the Workers' Compensation Law of the State of Minnesota.

B. Employers Liability Coverage: Part Two of the Agreement applies to work in each state listed in item 3.A. The limits of our liability under Part Two are: Bodily Injury-Each Occurrence \$1,500,000.
Bodily Injury by Disease-Agreement Limit \$1,500,000.

C. Part Three of the Agreement applies to Infectious Disease Diagnostic Testing.

D. Part Four of the Agreement applies to Peace Officers Posttraumatic Stress Syndrome Benefit.

E. This Agreement includes these amendments and schedules:
LM4660(01/24) LM4670(01/24) LM4680(01/24) LM4684(01/24)
4. Retro-rating option selected? Yes X No
5. Coverage for elected and appointed officials of the entity or entities listed in #1 above? Yes
6. The premium for this Agreement will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.

Premium Basis Estimated Total Annual Remuneration	Rates Per \$100 of Remuneration	Code No.	Class Code Description	Estimated Annual Premium
SEE ATTACHED SCHEDULE FOR DETAILS				
Agent: 12345 Local Agency 6900 Dupont Circle Dunkerville, MN 50999			Manual Premium	1,298,342
			Experience Modification	0.6500 -454,420
			Standard Premium	843,922
			Deductible Credit	0.0% 0
			Premium Discount	-99,271
			Balance to Minimum Premium	0
			Net Deposit Premium	\$744,651
			Adjustment for Commission*	-14,893
			Total Net Deposit Premium	\$729,758

*Workers compensation rates assume a 2% standard commission. The commission adjustment accounts for the commission difference, above or below 2%.



7. The "Member"
Dunkerville, City
PO Box 179
Dunkerville, MN 50999

Agreement No. WC 100000-11
Agreement Period From: 01/01/2025
To: 01/01/2026

CONTINUATION SCHEDULE FOR INFORMATION PAGE

REMUNERATION	RATE	CODE	DESCRIPTION	EST PREM
81,801	3.53	9015	BUILDINGS-OPER BY OWNER	2,888
247,571	4.12	8227	CITY SHOP & YARD	10,200
5,187,554	0.41	8810	CLERICAL OFFICE EMPLOYEES NOC	21,269
2,768,754	1.85	7539	ELECTRIC & STEAM PLANT	51,222
3,742,739	7.61	7706	FIREFIGHTERS (NOT VOLUNTEER) FULL-TIME PAID	284,822
4,741,070	0.76	9410	MUNICIPAL EMPLOYEES	36,032
2,148,165	5.50	9102	PARKS	118,149
6,736,027	7.72	7720	POLICE	520,021
1,516,802	2.28	7580	SEWAGE DISPOSAL PLANT	34,583
1,024,361	4.51	5506	STREET CONSTRUCTION	46,199
1,886,378	2.57	7520	WATERWORKS	48,480
1,122,422	1.91	9060	CLUB-COUNTRY/GOLF	21,438
219,919	1.43	9063	COMM. CENTERS-ALL EMPLOYEES & CLERICAL	3,145
1,428,597	5.99	9403	GARBAGE OR REFUSE COLLECTION	85,573
1,514,198	0.41	8810	PUBLIC UTILITIES CLERICAL	6,208
1,049,152	0.76	9410	PU MUNICIPAL EMPLOYEES	7,974
18,200	0.55	9411	ELECTED OR APPOINTED OFFICIALS	100
1,000	3.88	7722	POLICE RESERVES	39
Manual Premium				1,298,342

Agent:
12345
Local Agency
6900 Dupont Circle
Dunkerville, MN 50999



Effects of the E-Mod on Premium

- A mod of 1.00 standard premium is equal to manual premium.
- Manual premium of \$100,000
 - ✓ Mod of 1.00 = SP of \$100,000
 - ✓ Mod of .75 = SP of \$75,000
 - ✓ Mod of 1.25 = SP of \$125,000

Question: Think about your WC premium. Would you have to make changes if your premium went up 25%? What if it went down 25%?

What if you could count on it staying down or decreasing further?

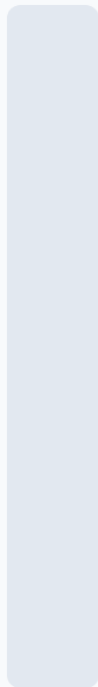
Poll Everywhere Question

True or False?

All first reports of injury submitted to the League impact my mod factor

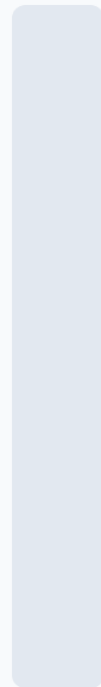
Any First Report of Injury form submitted to the League counts against your E-mod?

0%



True

0%



False

Poll Anywhere Question

True or False?

All first reports of injury submitted to the League impact my mod factor

False:

Only reports that generate medical charges or lost wages impact your mod factor

How Individual Losses Affect the E-Mod

- Depends on:
 - Size of the city
 - Size of the loss
 - Type of the loss
 - medical only or indemnity



How Individual Losses Affect the E-Mod

- Report only claims are not counted against you!
- Losses over \$18,000 are partially discounted.
- Loss amounts above a certain level are capped.
 - For 2025, the cap is \$119,500.

How Individual Losses Affect the E-Mod

- Medical-only claims are discounted by 70%.
 - A \$1,000 medical claim with no indemnity, only \$300 is used in the mod
- Any claim with indemnification loses discount.
 - Same loss \$1,000 of medical costs and \$1,000 of indemnity costs, \$2,000 used in the mod



Theories for Controlling Your E-Mod

- Create a safety culture. Reduce or eliminate frequency.
 - Be proud of your safety score!
- Identify trends and focus efforts on reduction.
 - Large losses are split and capped - small losses are not.
- Control costs of work comp claims when they do occur.
 - Maintain relationship with injured workers
 - Managed care
 - Return to work



The best way to quickly improve a safety score is to eliminate small repeat losses like

**Slip/fall
Strains
Claims caused
by lack of PPE**

Tools for Safety Culture Development

- Partner with your LMCIT Loss Control rep
- Join an RSG or contract with a safety vendor
- Use a safety & wellness team (regardless of employee count)
 - Implement comprehensive safety training
 - Regular safety audits and inspections
- Use tools available from LMC
 - Surveys
 - NeoGov
 - Streaming safety videos
 - Toolbox talks
- Develop a Return-to-Work program
- Safety incentives
 - Be careful with this don't let it impede reporting!



Safety and Wellness Teams

- Voluntary group of employees meeting regularly (4+ times per year)
 - To understand safety and wellness issues
 - Find ways to prevent injuries
 - Improve wellbeing
 - Conduct safety audits
 - Facilitate required safety training and messages
 - Promote safety and wellness in the workplace
 - A conduit between management and employees for safety and wellness messaging and training

Safety and Wellness Teams

A successful safety and wellness team provides:

- ❖ Peer-to-peer communication and training
- ❖ Real-life safety ideas on the job
- ❖ OSHA compliance

What Is a Return-to-Work Program?

Maybe We Should Call It a People-Saving-Program

- RTW/PSP aims to facilitate the reintegration of an injured employee back into the workplace as soon as medically possible by accommodating their physical restrictions as determined by a healthcare provider.
- RTW/PSP are the single most effective tool you have to control the cost of your work comp
- RTW/PSP are accomplished by providing modified or light duty work, supporting their recovery, and gradually transitioning them back to their pre-injury position.

The beauty of a RTW/PSP program is, while you may not need it today or tomorrow, when you do, it is a roadmap for success.

- Easy to follow program
- Template and forms are available from your Loss Control consultant

Why Do We Need a RTW Program?

- It's a People Saving Program (PSP)
- It's a cost saving measure
- Improves employee morale, retention, and satisfaction
- Should be used as another benefit for attracting new employees
- Maintains productivity for employees and employers
- Reduces litigation and associated costs
- Reduces workers compensation claim costs

Employee Financial and Emotional Costs

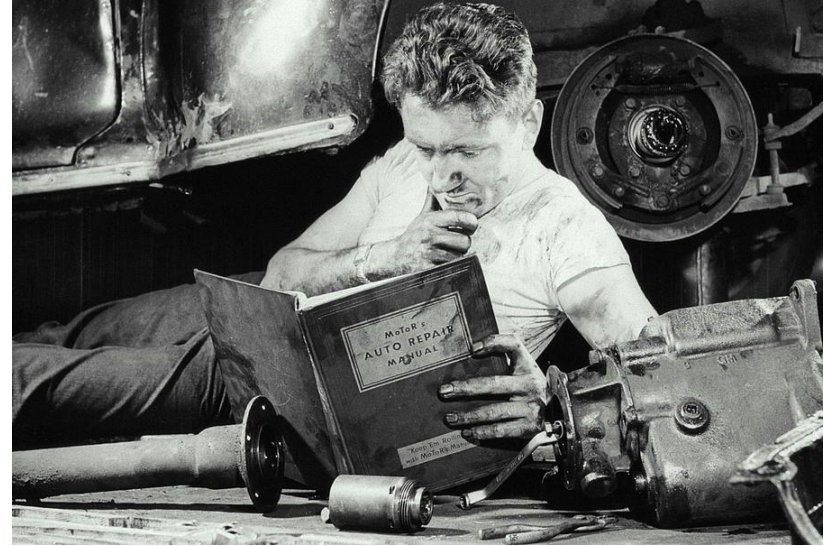
- Loses out on earning ability and career prospects, and could possibly lose the ability to work at all.
- Worker's compensation only pays two-thirds of pre-injury wage for a specific amount of time.
- Could experience fear about what the future holds, as well as depression or anxiety.
- Loss of identity from being separated from their job for an extended period of time.

Effects on Employee Retention

- The longer an injured employee is off work, the more difficult it is for them to return.
 - Absent from work for 20 days, they have a 70% chance of returning to work.
 - Absent for 45 days, their chances of returning to work drop to 50%.
 - Absent for more than 70 days, their chances of returning to work drop to 35%.

What Makes a RTW/PSP Program Effective?

- RTW policy is like a repair manual
 - Identifies the right tools to use and the right repair person(s)
 - Trains the repair person how to use the tools provided
 - Fixes the problem!



An Effective RTW/PSP Program...

- Has transitional work available
- Incorporates transitional work into individualized plans
- Improves mod factor = city safety score
- Enhances reputation of employer for prospective workers
- Shows financial stewardship by managing taxpayer money by maximizing credits.

Wrap Up

There are many benefits to understanding and managing your E-mod.

- Care and concern for employees
- Enhanced reputation as an employer
- Responsible use of resources
- Decreased costs
- Smooth operations - less chaos at time of loss

Key Take-Aways

- Safety matters – The Human Cost
- Honor your coworkers by managing safety
- Control your Mod ~ Control your costs
- RTW/PSP= Light Duty options
 - Need Ideas? LC and Claims staff have suggestions
- Curious about your mod? Ask your LC rep

A map of Minnesota divided into counties, each color-coded into five regions: North (orange), Central (yellow), South (green), West (light green), and East (light orange). The map includes the names of numerous counties and cities. Five staff members are featured with their portraits and names in boxes: Marc Dunker (North region), Garrett Johnson (Central region), Kate Connell (South region), Julie Jelen (West region), and Troy Walsh (East region). A sixth staff member, Olivia Bontems, is shown in a separate box on the right side of the map.

2/1/2024

MARC DUNKER

GARRETT JOHNSON

Kate Connell
LCBS CONTROL FIELD SERVICES MANAGER

JULIE JELEN

OLIVIA BONTEMS

TROY WALSH

THOMAS MARX

<https://www.lmc.org/insurance-trust/loss-control/loss-control-consultant-services/>



We thank you for being here today and for allowing us the opportunity to serve you!