

High X-Mod Strategic Management Case Study



EMPLOYER CHALLENGES

- **Employers X-Mod was increasing annually**
 - 2011 Mod: 153%
 - 2010 Mod: 122%
 - 2009 Mod: 104%



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EMPLOYER CHALLENGES

“I have no control - No one is advocating for me.”

Mod Drivers:

- **Back Strain/Sprain injuries**
- **Medical:**
 - Clinic treatment plans
 - 2008 claim: \$83K ongoing treatment – no plan for closure
 - EE at work fulltime working within restrictions
 - 2010 claim: \$18K (10 month treatment) – no plan for closure
 - EE at work fulltime working within restrictions
- **Safety:**
 - Noncompliant IIPP
 - Cal/OSHA TICF program
 - Fine
 - Inspection
- **Claims:**
 - No Written RTW plan (include link to RTW webinar series)



X-MOD DEFINITION

- **The California experience rating system is a merit rating system that provides employers an opportunity to reduce their premiums by preventing injuries and managing claims.**
- **As of 2010, the method of calculating X-mods has changed.**
- **There is greater weight given to individual claims resulting in higher X-mods. Additionally, changes to the “B” & “W” values or credibility factors have a greater impact on small employers.**

- **Results of increased X-mods can be:**
 - Increased Workers' Compensation premiums
 - Cal/OSHA Target Inspection Program (TIP) fine
 - Cal/OSHA site visit
 - Blocked from bidding on contracts



ESM SOLUTIONS

- **By implementing safety initiatives targeting specific organizational exposures, the ESM Loss Control strategy can assist with reducing and/or eliminating hazards as well as implement best practice strategies for ongoing Cal/OSHA compliance and injury reduction.**



MEDICAL

- **Clinic Audit and Analysis:**
 - The current clinic has proven to be inadequate from a treatment center facility and employer advocate. Had the treatment been more proactive and supportive of the employer, the two severity claims would be significantly less having a more favorable effect on their Experience Modifier (X-Mod).
 - By providing proactive oversight on back strain/sprain injuries alone, the severity of these types of claims can be significantly reduced.



SAFETY

- **IIPP audit and revision.**

- Due to the insured's Mod rate (153%) they are now part of Cal/OSHA's TICF program (www.dir.ca.gov/dosh/ticffaq.html) (applicable to all Mods over 125%). They will be imposed with a fine based on payroll as well as be subject to a Cal/OSHA inspection. Prior to Cal/OSHA's visit, an audit of the client's safety programs (including IIPP) will be conducted and brought into compliance.

- **Safety Inspection:**

- Based on the Cal/OSHA TICF program, a mock Cal/OSHA inspection should be conducted. This, along with the safety program audit, will help prepare the employer for the Cal/OSHA visit as well as identify safety inefficiencies that can be brought into compliance and best practice management.



CLAIMS

- **Return-To-Work Program:**
 - Develop a formal written RTW plan. This plan will help reduce loss time and reduce the overall severity of a claim should it occur. Additionally it will provide specific job descriptions that will be discussed with the clinic to ensure the Doctors can provide correlating modified duty activities.



CLAIMS HISTORY

YEAR	CARRIER	STATUS	INJ DATE	PAID	RESERVE	TOTAL	INJURY
2010	1	Closed	6/25/2010	\$ 1,200	\$ -	\$ 1,200	Strain Arm
2010		Open	6/28/2010	\$ 5,884	\$ 13,096	\$ 18,981	Sprain Back
2010		Open	7/26/2010	\$ 2,144	\$ 1,450	\$ 3,594	Strain Back
2010		Open	12/16/2010	\$ -	\$ 17,750	\$ 17,450	Crush Fingers
Totals				\$ 9,228	\$ 32,296	\$ 41,225	
2009	2	Open	3/11/2009	\$ 68,077	\$ 8,600	\$ 76,677	
2009		Closed	2/23/2009	\$ 1,415	\$ -	\$ 1,415	
2009		Closed	3/10/2009	\$ 715	\$ -	\$ 715	
Totals				\$ 70,207	\$ 8,600	\$ 78,807	
2008	3	Closed	8/18/2008	\$ 224	\$ -	\$ 224	Strain Back
2008		Closed	5/9/2008	\$ 216	\$ -	\$ 216	Strain Misc
2008		Open	9/22/2008	\$ 40,737	\$ 47,582	\$ 83,319	Strain Back
2008		Closed	7/3/2008	\$ 14,671	\$ -	\$ 14,671	Crush Fingers
2008		Closed	10/17/2008	\$ 3,908	\$ -	\$ 3,908	Scraped Arm
2008		Closed	1/20/2009	\$ 319	\$ -	\$ 318	Foreign Body in eyes
Totals				\$ 60,075	\$ 47,582	\$102,656	
2007	4	Open		\$ 15,637	\$ 22,442	\$ 38,079	CT Back
2007		Closed		\$ 1,835	\$ -	\$ 1,835	Strain Back
2007		Closed	10/5/2007	\$ 362	\$ -	\$ 362	Contusion Fall
2007		Closed	10/5/2007	\$ -	\$ -	\$ -	Duplicate
2007		Closed	2/21/2007	\$ 441	\$ -	\$ 441	Contusion Foot
2007		Closed	10/4/2007	\$ 94,045	\$ -	\$ 94,045	Strain Back
2007		Closed	12/17/2007	\$ 186	\$ -	\$ 186	Contusion Multiple
2007		Closed	1/10/2007	\$ 237	\$ -	\$ 237	Cut Hand
2007		Closed	8/30/2007	\$ 553	\$ -	\$ 553	Contusion Head
2007		Closed	9/14/2007	\$ -	\$ -	\$ -	Cut Fingers
2007		Closed	3/29/2007	\$ 737	\$ -	\$ 737	Strain Wrist
2007		Closed	2/26/2007	\$ 53	\$ -	\$ 53	Fracture Wrist
2007		Closed	7/31/2007	\$ 430	\$ -	\$ 430	Crush Hand
2007		Closed	7/3/2007	\$ 2,999	\$ -	\$ 2,999	Hit Toes
2007		Closed	8/16/2007	\$ 36,031	\$ -	\$ 36,031	Strain Back
2007		Closed	7/30/2007	\$ 245	\$ -	\$ 245	Strain Groin
Totals				\$153,791	\$ 22,442	\$176,233	
Grand Totals				\$293,301	\$ 110,920	\$398,921	



CONTACT

Need an X-Mod forecast completed next renewal?

- ESM can help!
- **Information needed:**
 - 4 years of loss runs dated on or after 4/1/2010
 - Current WCIRB worksheet
 - Prior year Final Audit

For more information call or email:

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