

**High X-Mod Missed Opportunity
Case Study**



EMPLOYER CHALLENGES

- **Total annual payroll: \$300,000**
- **2009 X-Mod: 87%**
- **2010 X-Mod: 129%**

- **1 claim for \$8,000 = 42 points**
- **Cal/OSHA Target Inspection Program (TIP) fine = \$100 (for X-mods over 125% and based on payroll)**
- **Potential site visit from Cal/OSHA**



EMPLOYER CHALLENGES

- **ABC Workers' Comp X-Mod experience:**
 - 1 claim for \$8,000 = 42 points
 - Cal/OSHA Target Inspection Program (TIP) fine = \$100 (for X-mods over 125% and based on payroll)
 - Potential site visit from Cal/OSHA



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



MISSED OPPORTUNITY

<u>Missed Opportunity</u>	<u>Mod Savings</u>	<u>Claim Savings</u>
<p>If the employer provided job accommodation with modified duties during the 3 weeks of recovery when Temporary Disability (TD) was paid, this would have resulted in the following savings.</p>	8 points	\$1,500
<p>If the employer had selected a medical provider and had trained all supervisors and managers where to send the injured worker in the event of an injury, rather than using a hospital emergency room for this non-emergency back strain, this would have resulted in the following savings.</p>	12 points	\$2,500



MISSED RESULTS

- X-Mod could have been = 109%
- Lower Workers' Compensation insurance premium
- No Cal/OSHA TIP fine or potential Cal/OSHA visit

Total Missed Savings 20 points \$4,000



SUMMARY

- **While the majority of policy holders will see minimal changes, it is predicted that nearly 6% of policy holders will see an increase of 11 to 20 points, and 2.4 % will see an increase of 20 points or more in their 2010 X-mod.**
- **Roughly 7,680 CA employers will see an increase of more than 11 points on their Mods.**



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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