



July 1, 2016

CIRCULAR LETTER NO. 2289

To All Members and Subscribers of the WCRIBMA:

DATA QUALITY INCENTIVE PROGRAM FOR USR DATA REPORTING

Attached is the Unit Statistical Reporting Data Quality Incentive Program (USDQIP) which was recently approved by the Governing Committee of the WCRIBMA. The USDQIP will provide carriers with an incentive to report Unit Statistical data in a timely and accurate manner.

The program outlines that carriers will be notified at least 6 months in advance of any data quality edit becoming finable. All changes to finable data quality edits will be introduced either January 1 or July 1. Attached is the list of data quality edits that may be finable effective January 1, 2017.

The effective date for the USDQIP is January 1, 2017. Invoices for USDQIP fines will be distributed to carriers monthly; however, there will be an amnesty period for the first 6 months. The February 2017 invoice (for fines accrued in January 2017) through the July 2017 invoice (for fines accrued in June 2017) will be informational only and not subject to collection. Invoices produced August 2017 and forward will be subject to collection.

Additional information will be provided as the effective date approaches. Please contact the undersigned at asalido@wcribma.org if you have any questions.

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Unit Statistical Reporting Data Quality Incentive Program

Introduction

The Unit Statistical Reporting Data Quality Incentive Program (USDQIP) was developed to ensure that workers' compensation unit statistical data is reported timely and accurately. Reporting standards for the submission of unit statistical data are detailed in the WSTAT section of the WCIO Data Specifications Manual.

Accurate reporting of unit statistical data is important for several reasons, including the following:

- Experience Rating – WCRIBMA is the rating organization authorized and responsible for the calculation and distribution of the experience rating modifications for policies with Massachusetts exposure. Unit statistical data is the basis for the calculation of experience rating modifications, merit rating factors, and ARAP (All Risk Adjustment Plan) factors.
- Class Ratemaking – Unit statistical data is the basis for the Massachusetts indicated pure premiums by class which are used in the derivation of class rates.
- Other Elements of Rate Filings – Claim frequency and severity trends are based on unit statistical data. Premium writing patterns are derived from unit statistical data and used in the derivation of profit loads. Deductible credit percentages and retrospective rating excess loss factors are calculated using unit statistical data.

Effective Date

The USDQIP applies to the reporting of unit statistical data for WCSTAT files received on or after January 1, 2017.

Edit Types

The WCRIBMA classifies edits generally into one of three primary categories, data quality edits, reject edits, and timeliness edits. Data quality edits can be segmented further as either finable edits or non-finable edits. Timeliness edits may result in fines.

Data Quality Edits

All unit statistical data submissions are subject to a number of data quality edits designed to help the WCRIBMA to identify inaccurate data. Descriptions of the WCRIBMA's various data quality edits are available on the WCRIBMA's website and these descriptions will identify which data quality edits may result in data quality fines. A new data quality edit may be implemented at any time but will not result in any data quality fines for at least 1 year after its introduction. Carriers will be notified at least 6 months in advance of any data quality edit becoming finable. All changes to finable data quality edits will be introduced semiannually, every January 1 or July 1.

Data Quality Fines

Notification that data has failed edits and the reason for failure will be available on the WCRIBMA's website the day following the processing of the carrier's unit statistical data submission. Edit failures that may result in data quality fines will be labeled as such. Carriers have 30 calendar days from the latter of the due date of the Unit Statistical Report (USR) or the date of the edit notification to correct the data or submit an acceptable explanation for the data anomaly. If the carrier has yet to resolve a finable data quality edit failure within 30 calendar days, a data quality fine will be levied for each edit failure. Finable data quality edit failures which remain unresolved beyond 30, 60, 90, 120, 150, or 180 calendar days after the latter of the due date of the USR or the edit notification, will be subject to fines of \$100 for each edit failure. Finable data quality edit failures which remain unresolved beyond 210 calendar days after the latter of the due date of the USR or the edit notification will result in escalated fines of \$200 per edit failure every 30 calendar days until the data is corrected or an acceptable explanation is provided.

Example 1, given:

- Unit statistical data submitted January 1, 2018, the due date for the USR was November 30, 2017.
- Notification of two edit failures, posted to WCRIBMA's website January 2, 2018
- Both edits are resolved on May 1, 2018, 119 calendar days after notification.
- Data quality fine of \$600 based on the following,
 - \$200 (\$100 per edit failure) not resolved within 30 calendar days
 - \$200 (\$100 per edit failure) not resolved within 60 calendar days
 - \$200 (\$100 per edit failure) not resolved within 90 calendar days

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Note: Had both edits been resolved on May 3, 2018, instead of May 1, 2018, an additional \$200 (\$100 per edit failure) fine would have applied.

Reject Edits

All unit statistical data submissions are subject to a number of reject edits designed to help the WCRIBMA to maintain the integrity of its database. Reject edit failures prevent the acceptance of unit statistical data into our unit statistical database which may result in timeliness fines since, for purposes of determining timeliness, submission of data that is rejected is comparable to not submitting the data and in no way alters the deadlines associated with timeliness fines.

Special conditions apply to two types of reject edit failures, namely (1) rejection of a unit statistical report because no associated WCPOLS record exists and (2) rejection of correction reports.

Rejected – No Associated WCPOLS Records

Unit statistical reports that are rejected due to missing policy information are subject to USDQIP timeliness fines if the WCPOLS data is not successfully submitted and the unit statistical report is not accepted, or not otherwise resolved, before the unit statistical report's due date. Note that late submission of WCPOLS data may also result in a fine under the Policy Data Quality Incentive Program (PDQIP).

Rejected - Unit Statistical Report Corrections

Rejected unit statistical report corrections which remain unresolved for more than 90 days will be subject to timeliness fines under the USDQIP.

Descriptions of the WCRIBMA's various reject edits are available on the WCRIBMA's website. Carriers will be provided at least 1 year's notice before a new reject edit is implemented. All changes to reject edits will be introduced semiannually, every January 1 or July 1.

Timeliness Edits and Fines

Unit statistical data submissions are subject to timeliness fines. Timeliness is measured in relation to the policy effective date. The deadlines associated with the various unit statistical data report levels are described in detail in the Massachusetts Workers'

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Compensation Statistical Plan. Records not accepted into the WCRIBMA's system before the applicable deadline are considered late. Note that for purposes of determining timeliness, submission of unit statistical data that is rejected is comparable to not submitting the data and in no way alters the deadlines associated with timeliness fines.

Timeliness Fines

A WCPOLS data submission for a given policy indicates to the WCRIBMA that unit statistical data for that same policy is expected to be submitted to the WCRIBMA at a future date. Timeliness fines of \$100 per policy are incurred when the expected unit statistical data is not accepted into the WCRIBMA's system before the applicable deadline. Additional fines of \$100 per policy are incurred when the data is accepted into the WCRIBMA system beyond 30, 60, 90, 120, or 150 calendar days after the applicable deadline. Beyond 180 calendar days after the applicable deadline, escalated fines of \$200 per policy are incurred every 30 calendar days until the data is accepted into the WCRIBMA's system.

Example 2, given:

- Policy effective on January 1, 2018, first unit statistical report – valued as of 18 months from the policy effective date - is due before October 1, 2018
- First unit statistical report accepted into WCRIBMA's system on December 29, 2018, 90 calendar days after the due date
- Timeliness fine of \$300 based on the following,
 - \$100 since first unit statistical report was not accepted into the WCRIBMA's system by the October 1, 2018 deadline
 - \$100 since unit statistical report was not accepted within 30 calendar days after the deadline
 - \$100 since unit statistical report was not accepted within 60 calendar days after the deadline

Note: Had the first unit statistical report been accepted on December 30, 2018, which is 91 days after the first unit statistical report's due date, instead of December 29, 2018, an additional \$100 fine would have applied.

If a first unit statistical report is submitted and the WCRIBMA has no matching WCPOLS record, the unit statistical report will be rejected. As is the case with other reject edits that apply to unit statistical data, the unit statistical report will not be populated into the WCRIBMA's unit statistical data tables and could result in a timeliness fine.

Example 3, given:

- Policy effective on January 1, 2018, first unit statistical report – valued as of 18 months from the policy effective date - is due before October 1, 2018
- First unit statistical report submitted to the WCRIBMA on September 30, 2018 and it is rejected because no associated WCPOLS data exists
- Associated WCPOLS data is accepted into the WCRIBMA's database on October 30, 2018. The first unit statistical report is successfully accepted on October 30, 2018
- USDQIP timeliness fine of \$100 based on the following,
 - \$100 since first unit statistical report was not accepted into the WCRIBMA's system by the October 1, 2018 deadline

Note: Had the first unit statistical report been accepted into WCRIBMA system on October 31, 2018, which is 31 days after the first unit statistical report's due date, instead of October 30, 2018, an additional \$100 USDQIP fine would have applied. Also, the late reporting of the WCPOLS data associated with the unit statistical report may result in PDQIP timeliness fines.

If a unit statistical report correction is submitted but rejected by the WCRIBMA, the rejected unit statistical report correction must be resolved within 90 days or USDQIP timeliness fines will result.

Example 4, given:

- Unit statistical report correction is rejected on August 1, 2018
- Rejection is not resolved until April 29, 2019, 181 calendar days after the due date for resolving the rejection of the unit statistical report correction
- Timeliness fine of \$800 based on the following,
 - \$100 since rejection of the unit statistical report correction was not resolved by the October 30, 2018 deadline

- \$100 since rejection of the unit statistical report correction was not resolved within 30 calendar days after the deadline
- \$100 since rejection of the unit statistical report correction was not resolved within 60 calendar days after the deadline
- \$100 since rejection of the unit statistical report correction was not resolved within 90 calendar days after the deadline
- \$100 since rejection of the unit statistical report correction was not resolved within 120 calendar days after the deadline
- \$100 since rejection of the unit statistical report correction was not resolved within 150 calendar days after the deadline
- \$200 since rejection of the unit statistical report correction was not resolved within 180 calendar days after the deadline

Appeal of Penalties Levied under the Unit Statistical Reporting Data Quality Incentive Program

If the carrier or carrier group (carrier) is subject to a fine, which in the opinion of the carrier is inappropriate, the carrier is encouraged to work with staff of the Data Operations Department to address such issues within 10 business days of issuance of the invoice. Written appeals must be submitted to the Data Operations Department via email at DataOperations@wcribma.org. The written appeal must be submitted by an officer or senior manager of the carrier within 20 business days of the Invoice Date on the invoice for the particular fine(s) at issue. The appeal must include copies of the relevant invoice(s), all pertinent written communications and detailed statements that describe why the carrier thinks the fine(s) is inappropriate. The WCRIBMA will provide the carrier with its written decision on the carrier's appeal within 5 business days of its receipt of the appeal.

If the carrier is not satisfied with the WCRIBMA's decision, it may appeal to the WCRIBMA's Appeals Subcommittee within 20 business days of the carrier's receipt of the WCRIBMA's written decision. To initiate an appeal to the WCRIBMA's Appeals Subcommittee, the officer or senior manager of the carrier who submitted the written appeal to the Data Operations Department must send notice via email to DataOperations@wcribma.org. Indicate within the email if a representative for the carrier wishes to present its case in person to the WCRIBMA's Appeals Subcommittee. Carriers are not obligated to have a representative present their case in person.

Upon the WCRIBMA's receipt of timely notification by a carrier of its intent to appeal the WCRIBMA's decision, the WCRIBMA's Data Operation Department will forward an appeal package, containing the appeal materials previously submitted by the carrier along with the WCRIBMA's decision to the WCRIBMA's Appeals Subcommittee. The WCRIBMA's Appeals Committee will then review the appeal and render a decision within 60 business days from the receipt of the appeal package.

Edit ID	Rejection Message	Edit Description	Corrective Action	Severity	Edit Type	Edit Status	Data Quality Finable
000074	The accident date must be the same for every loss included in the catastrophe.	The accident date must be the same for every loss included in the catastrophe.	Submit a L (Loss) correction or replacement report with the appropriate accident date. Refer to the Massachusetts Statistical Plan - Part 1, Section VI.	3	Loss	Accepted with Errors	Y (effective 1/1/2017)
000162	Zero exposure card submitted incorrectly.	If the class code of 1111 is reported on a USR, then any other exposure records should have zero premium and zero exposure. The edit is executed on each split separately. Certain class codes are allowed to be reported with 1111, and can have premium but no exposure. For MA, the exceptions are: 0032, 0063, 0064, 0277, 0887, 0900, 0930, 0990, 9046, 9663, 9664, 9740, 9803, 9804, 9805, 9806, 9807, 9808, 9809, 9810, 9811, 9812, 9813, 9814, 9815, 9816, 9848, 9819, 9880, 9885, 9886, 9887.	Submit correction or replacement report removing any unacceptable class codes from the exposure record. Refer to the Massachusetts Statistical Plan - Part 1, Section IV.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000221	ARAP amount is too large.	The premium associated with class code 0277 must be less than 50% of standard prior to 9/1/07 and less than 26% as of 9/1/07.	Submit an (E) Exposure correction or replacement report with the appropriate amount of premium for ARAP (0277).	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000229	Assigned risk policies can not have retro provisions.	If the plan type is '02' or '05' there the retro indicator must be "N".	Submit a H (Header) correction or replacement report changing the retro indicator to "N".	3	Header	Accepted with Errors	Y (effective 1/1/2017)
000230	Assigned risk policies must be single state.	If the plan type is '02' or '05' then the multi state indicator must be "N".	Submit a H (Header) correction or replacement report changing the multi state indicator to "N".	3	Header	Accepted with Errors	Y (effective 1/1/2017)
000242	Type of settlement conflicts with the lump sum indicator.	If lump sum indicator is "Y" then the type of settlement must be '09'.	Submit a L (Loss) correction or replacement report either changing the type of settlement to '09' or change the lump sum indicator to "N".	3	Loss	Accepted with Errors	Y (effective 1/1/2017)

Edit ID	Rejection Message	Edit Description	Corrective Action	Severity	Edit Type	Edit Status	Data Quality Finable
000253	If the nature of injury is 60 - 89 then they type of loss should be 02 or 03. If the nature of injury is 01 - 59 type of loss should be 01. If the nature of injury is 69, 77, 90 or 91 then the type of loss can be 01, 02 or 03.	If the nature of injury is 60 - 91, then the type of loss should be 02 or 03. If the nature of injury is 01 - 59, 69, 77, 90 or 91, then the type of loss should be 01.	Submit a L (Loss) correction or replacement report with the appropriate nature of injury and loss type.	3	Loss	Accepted with Errors	Y (effective 1/1/2017)
000254	There is a conflict between the type of loss and the cause of accident.	If type of loss is 02 or 03, then cause of accident must be 01, 03, 06, 08, 09, 11, 14, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 70, 74, 82, 90, 94, 95, 96, 97, 98, or 99.	Submit a L (Loss) correction or replacement report with the appropriate cause of accident and loss type.	3	Loss	Accepted with Errors	Y (effective 1/1/2017)
000261	Overall premium must be at least 1.	The sum of the standard premium and the premium and credits associated with the non-standard premium is not at least 1. Exception to the edit if there are no exposure records or if the only exposure record has class code 1111.	Submit a correction report with the appropriate overall premium amount.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000265	The policy premium is too large to require a loss constant.	Class code 0032 and corresponding premium appear on the unit with standard premium greater than \$550	Submit a E (Exposure) correction or replacement report either removing the loss constant (0032) or with the appropriate standard premium amount. Refer to the Massachusetts Statistical Plan - Part 1, Section IV.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000484	Verify reported rate.	Reported manual rate must match approved manual rate for the reported rate revision effective date.	Submit an E (Exposure) correction or replacement report with the appropriate approved manual rate or appropriate rate revision effective date.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000538	The premium discount reported does not match the premium discount selection filed by the carrier.	If the premium discount reported (0063 or 0064) is not the same as the premium discount selection within the carrier file, then fail the edit. Premium discounts are represented by type A (0063) and type B (0064).	Either submit correction reporting changing the premium discount reported to the filed discount selection for the reporting carrier, or if selection has changed, file a premium discount selection form to the WCRIBMA.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)

Edit ID	Rejection Message	Edit Description	Corrective Action	Severity	Edit Type	Edit Status	Data Quality Finable
000542	Mod effective date cannot be prior to the policy effective date by a year or more.	Mod effective date cannot be prior to the policy effective date by a year or more.	Submit an E (Exposure) correction or replacement report with the appropriate mod effective date.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000543	Mod effective date cannot be greater than or equal to the policy expiration date.	Mod effective date cannot be greater than or equal to the policy expiration date.	Submit an E (Exposure) correction or replacement report with the appropriate mod effective date.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000544	Mod effective date cannot be greater than the policy effective date for split 0.	Mod effective date cannot be greater than the policy effective date for split 0.	Submit an (E) Loss correction or replacement report with the appropriate mod effective date.	3	Exposure	Accepted with Errors	Y (effective 1/1/2017)
000547	Catastrophe code not approved.	Catastrophe code is not an approved catastrophe code for Massachusetts.	Submit a L (Loss) correction or replacement report with the appropriate catastrophe code.	3	Loss	Accepted with Errors	Y (effective 1/1/2017)
000549	Small deductibles must be reported with 9664.	For USRs with a policy effective date 1/1/2008 or greater with a report 01 any correction, If deductible per claim is >0 but less than or equal to 5000, or the deductible aggregate is > 0 but less than 75,000 then the deductible class 9664 must appear on the USR.	Submit a H (Header) correction or replacement report with the correct classification code, 9664, reported for small deductibles.	3	Header	Accepted with Errors	Y (effective 1/1/2017)