



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**
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**Administrator
Massachusetts Assigned Risk Pool**

May 4, 1995

**MASSACHUSETTS WORKERS' COMPENSATION
ASSIGNED RISK POOL**

HOME OFFICE ONLY

SPECIAL BULLETIN NO. 8-95

**CHANGES TO APPENDIX TO THE MASSACHUSETTS WORKERS'
COMPENSATION ASSIGNED RISK POOL PLAN OF OPERATION-
PERFORMANCE STANDARDS FOR SERVICING CARRIERS**

EFFECTIVE JULY 1, 1995

The Commissioner of Insurance has approved changes to the Appendix to the Massachusetts Workers' Compensation Assigned Risk Pool Plan of Operation-Performance Standards For Servicing Carriers.

The changes are indicated on the attached pages by lining out certain words and replacing them with revised words, or by adding words, which are shown in bold and underlined. In a few cases existing text has been re-lettered or re-numbered.

The changes clarify or enhance the present Performance Standards.

We are also attaching a "clean" copy of Pages 24, 30, 33, 38, and 39 of the Performance Standards For Servicing Carriers of the Appendix section without the "line-outs", underlined, and bold words. These pages replace the current pages in your copy of the Appendix to the Pool Plan of Operation.

NORMAN R. FONTAINE
Vice President of Industry Affairs

NRF/dc 1782
Enclosures

c. Renewals/Non-Renewals

At least 45 days, but not more than 100 days prior to the expiration of the policy, the carrier shall send a renewal proposal as appropriate to the employer and the producer of record.

The policy will be issued within thirty (30) calendar days after the receipt of the required deposit premium.

If the policy is to be non-renewed, the servicing carrier shall give at least 10 calendar days written notice to the employer and the Workers Compensation Rating and Inspection Bureau of Massachusetts of its intention not to renew.

d. Reapplication

When an employer, upon application to the Pool, is found to have had prior assigned risk coverage within the preceding 12 months, that employer shall be assigned back to the carrier which had provided that prior coverage, except where in conflict with the other provisions of the Plan of Operation. A carrier so assigned will receive a notice of prior coverage effective date and policy number, if available. This carrier shall verify the eligibility of the risk and initiate cancellation if the risk is found to be ineligible.

2. PAYROLL AND CLASSIFICATION VERIFICATION

- a. The carrier shall verify through interim audit or comparable means when there is reason to doubt the accuracy of the annual exposure base or whether the insured has been properly classified.

If the servicing carrier has reason to believe that the risk is improperly classified, the carrier shall provide the Pool Administrator with sufficient information to make a determination.

- b. The carrier shall consider the effects of inflation, economic trends in the insured's industry, employment level changes in the insured's operation, and utilize the latest available audit information to develop current policy premium and deposit premium.

3. ENDORSEMENTS

- a. When requested by the insured, endorsement will be issued within 30 calendar days after receipt of request.
- b. When it is determined, based on prior and current audit information, that an endorsement is necessary, the carrier must issue such endorsement

audit must be completed on all risks which are not receiving a physical audit.

- (iii) All premium ranges: A final physical audit must be completed on all risks engaged in leasing employees to others.
- f. Mail or telephone audit reports by the insured are permitted only where a physical audit is not required. Adequate documentation must be maintained in file.
- g. The servicing carrier shall initiate a diligent effort to obtain the most recent IRS 940 form or its equivalent from the insured on all mail and telephone audits to assess payroll. Adequate documentation shall be maintained in file.

B. CLAIMS

1. REGISTERING/RECORDING:

- a. All First Reports of Injury will be screened upon receipt and separated by lost-time and medical-only claims. All First Reports of Injury should be stamped with the date received.
- b. All claims for medical or indemnity benefits reported by telephone, facsimile, mail or any other means should be established with a claim number and assigned to a file handler within ~~24 hours~~ one working day of the date received, with the assignment date documented.

2. INVESTIGATION:

- a. All lost-time accidents should be investigated at least to the extent of contacting the claimant, the person to whom the claimant or survivor reported the injury or the person held responsible by the employer for confirming the facts of the injury, and the treating physician. The treating physician may be contacted by the servicing carrier's utilization review vendor representative. Investigations should be conducted based on the severity of injury, potential extent of disability, questions of compensability, jurisdiction, medical causal relationship issues, including but not limited to, fatal injuries and employer liability actions. Investigations should include signed or recorded statements from the employer, employee, and witnesses, if available and where appropriate.

Specific examples of when detailed statements should be taken are as follows:

- Fatalities
- Spinal Cord Injuries
- Paralysis Cases
- Head Injury/Brain Damage Cases

is received first, and in accordance with statutory requirements.

- b. If denial of compensability is in order, ensure that prompt and legally sufficient denial is made with clear, factual basis and grounds for denial to the proper parties, followed up with timely administrative filings, where required, consistent with vigorous defense for non-meritorious claims.

4. RESERVING:

- a. Establish initial medical and indemnity loss reserves within ~~five~~ **fourteen** calendar ~~working~~ days of assignment to the file handler commensurate with all known factors. Adequate reserves represent the file handler's judgment of the potential costs involved in achieving maximum medical improvement and a return to work on full duty based upon known information and claims judgment.
- b. Revise loss reserves whenever developments occur that change the ultimate claim exposure. Document with reserve worksheets, or other appropriate means, the basis for reserve changes.
- c. In reporting estimates on fatal and permanent total cases, utilize authorized tables.
- d. Reserve estimates should be reviewed by a supervisor to examine for reserve propriety at 90 day intervals, including if there are no new developments or changing claim conditions.

5. DISABILITY MANAGEMENT:

- a. Arrange for the best medical care necessary to treat and cure the injury or illness.
- b. Dependent upon the case circumstances, the nature of the injury, and the extent of the disability, all consistent with sound claims practice and law, initiate, determine, and/or implement the following:
 - 1) Promote a team approach to limiting disability through continuing follow-up contact with injured worker, employer, and physician at intervals consistent with the injury and estimated length of disability and establishment of return-to-work target dates.

Make a good faith attempt to provide the treating physician with a complete job description to facilitate an objective evaluation of the injured worker's ability to return to the job. When necessary, provide a videotape of the job.

Massachusetts Assigned Risk Pool Plan of Operation

- a. Review of the past accident experience to determine causes and trends and presentation of this analysis to policyholder management, highlighting areas requiring attention;
- b. On-site review, documentation and presentation to the policyholder of potential exposures;
- c. Review and documentation of policyholder loss control program and activities including, employee training programs, safety representation (organization), safety policy, procedures, goals and funding, etc.;
- d. Written recommendations for policyholder control of actual or potential exposures and, where applicable, program activities or management principles;
- e. Safety training seminars designed to familiarize management and supervisory personnel with applicable loss control techniques;
- f. Description of operations and loss potentials for classification and underwriting purposes; and
- g. The status, in writing, of recommendations submitted on all prior surveys.

5. RECOMMENDATIONS:

In the event the on-site survey of the policyholder's operation reveals the need for loss control measures to correct observed safety exposures, written recommendations will be sent to the policyholder's safety contact and producer within 30 calendar days of completion of the survey. All observed imminent danger hazards will be addressed immediately by the loss control representative. These hazards will be discussed with policyholder management during the survey exit interview. Written confirmation of their existence and recommended corrective action will be sent to the policyholder within 14 calendar days.

6. LOSS RECORDS:

Loss records will be maintained and made available by the carrier to allow for analysis of accident causes and to assist the policyholder to identify accident trends.

7. ABILITY TO PROVIDE LOSS CONTROL SERVICES:

- ~~8. b. Demonstrate that the carrier has~~ Carriers must demonstrate that they have allocated financial resources, qualified personnel and time in amounts sufficient to provide comprehensive loss control services to ~~its~~ their policyholders.

D. ~~7.~~ CUSTOMER SERVICE:

The carrier shall establish written customer service standards that include, but are not limited to, prompt response to producer or policyholder inquiries and complaints, and written internal procedures and management accountabilities for monitoring compliance with those standards.

In the event of such an inquiry or complaint, the servicing carrier shall notify the policyholder that pursuant to the Pool's Plan of Operation, the insured may appeal to the Residual Market Committee, if the insured is dissatisfied with the results of the servicing carrier's application of its customer service standards.

E. ~~8.~~ ACCOUNTING/STATISTICAL AND RESULTS REPORTING:

Carriers must:

- a. Collect and store data required to carry out all necessary accounting, Statistical Plan and results reporting requirements.
- ~~b.~~ ~~e.~~ Prepare and file accurate reports within the time constraints required by the Pool.
- ~~c.~~ ~~d.~~ File all data in the format and detail specified by the Pool.

c. Renewals/Non-Renewals

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