



**THE WORKERS' COMPENSATION
RATING AND INSPECTION BUREAU**

June 15, 2004

CIRCULAR LETTER NO. 1956

**To All Bureau Members and Subscribers:
Attention Statistical Data Reporters**

**REVISION TO PART I OF THE MASSACHUSETTS WORKERS' COMPENSATION
STATISTICAL PLAN**

The Massachusetts Commissioner of Insurance recently approved revisions to the Data Quality Incentive (DQI) Program pertaining to unit statistical reports (USR). The changes both simplify and strengthen the program.

- The common country wide terms of "delinquent" and "pre delinquent" are adopted in place of the MA terms "overdue" and "expected".
- The fine notifications are combined into one report that can be either hardcopy or a website posting.
- USRs submitted with edit failures will be rejected, which will result in a fine for overdue data submission. This change combines the two fining processes into one mechanism.
- Elimination of the Bureau's obligation to provide reports in hardcopy to accommodate the newly introduced web application. Unit Statistical Tracking System (USTS) means daily refreshes of information are available to the data providers. The daily communication via the web enables us to communicate and implement fines on the first day of each month. There will no longer be delays due to time needed to distribute and mail reports.
- The fines for USR data that remains unacceptable or unreported for more than a year are doubled.
- Fines for USR data that cannot be accepted because corresponding policy data has not been reported have been added.

The Workers' Compensation Rating and Inspection Bureau of Massachusetts

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These revisions to the program are effective with USR data due to be reported in March 2005.

Attached for your review are:

- The commissioner's approval letter
- The filing memorandum
- [Part 1, Section 11 of the Massachusetts Statistical Plan](#)

The revised pages for Part 1, Section 11 will be posted on the web site with the distribution of this circular. If copies of the current DQI program which continues to be in effect until March 2005 are needed, please contact Sandra Alexander at salexander@wcribma.org.

Please contact the undersigned at sannis@wcribma.org or Bill Wager at bwager@wcribma.org with any questions.

SHEILA ANNIS
VP, DATA OPERATIONS



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COMMISSIONER OF INSURANCE

June 10, 2004

Sheila Annis, Vice President
Workers' Compensation Rating and
Inspection Bureau of Massachusetts
101 Arch Street, 5th Floor
Boston, MA 02110


RE: Revisions to the Massachusetts Workers' Compensation Statistical Plan – Pt. I

Dear Ms. Annis:

I am writing to inform you of my approval of your revised filing, dated June 2, 2004, to amend the Data Quality Incentive portion of Part I of the Massachusetts Workers' Compensation Statistical Plan. This simplification and strengthening of the financial incentives and its conversion into a web-based system can be expected to produce a continuation of the improvements to data quality begun by the initial implementation of financial incentives back in September of 2001. The changes shall be effective for all data due at the Bureau on or after March 1, 2005.

Thank you for your work on this filing.

Sincerely,


Julianne M. Bowler
Commissioner of Insurance

**Proposed Revisions to the Workers Compensation Statistical Plan
Data Quality Incentive Program (DQI)
Revised 06/02/04**

Proposal

Simplify and improve the Data Quality Incentive Program with the following changes to the program:

- Remove the “turn around” features.
- Adopt common country wide terms of “delinquent” and “pre delinquent” instead of the MA terms “overdue” and “expected”.
- Roll the first and subsequent fine reports into one fine report.
- Replace individual fines for edit failures with overdue fines. USRs submitted with edit failures will be rejected, which will result in a fine for overdue data submission.
- Replace reporting requirements with web based access to the USRs that are subject to the DQI.

Strengthen Data Quality Incentive Program by increasing fines for rated risks that remain unresolved for more than a year.

Strengthen Data Quality Incentive Program by adding fines when unit statistical data must be rejected due to missing corresponding policy information.

Background

The Data Quality Incentive Program was implemented for policies effective on and after January 1, 2000 and data reported to the Bureau beginning in September of 2001. The program included several features that are no longer effective aspects of the program.

The “turn around” features allowed the data providers to correct errors with the unit statistical reports (USRs) without also addressing any related shortcomings with policy data reporting. At implementation of the DQI program, this was an effective and necessary tool as it allowed both data providers and the Bureau an option to suspend fines while problems were researched and corrected. At this time, coverage reporting is improved and the data providers are better versed in both reporting requirements and effective correction. In addition, Bureau staff has resolved the system and edit problems that required the suspension of many fines. By removing the “turn around” features, the DQI program will meet the higher standard of requiring data providers to keep unit statistical and policy data consistent.

In the very near future, hard copy unit reporting will be eliminated. The WCRIB recently introduced web based applications that give data providers an application to submit electronically both USR and coverage transactions and one which posts unit tracking information to allow the carriers to confirm unit reporting and acceptance on line. The elimination of the hard copy tracking reports improves the delivery of missing unit reports information and provides direct current information. It also eliminates the possibility of turn around notation since the application will not be interactive.

The WCRIB is actively participating in industry groups to share the development of technology. It is our intent to offer like products, including common terms, so data reporting can be as consistent as possible. The WCRIB should adopt the same terms and titles as our technology partners. The most common term for unit statistical reports, identified by policy information, which will be reported at some point in the future is “pre-delinquent” The most common term for unit statistical data that is past due is “delinquent”.

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Another proposal seeks to remove unnecessary report descriptions from the program, while retaining prior notification requirements for imposition of any fines. Because prior notification to data providers of impending fines is important, the DQI program was implemented with several separate and distinct reports that were designed to provide separate notification every 30 days until an issue was resolved. However, those separate reports have been found to be cumbersome without adding clarity to the process. Our planned web based application will allow carriers to obtain the USR status information in the most effective time frame and format for their own internal processes. The application will be frequently updated, and offer several query options. Since the new web based application will let the data providers know what data is due, provide prompt notification of overdue data, and provide notification of data that continues to accrue monthly fines, the issuance of the separate reports is no longer necessary.

The WCRIB's mainframe system accepted all USR data and then relied upon edit failures to identify data that required correction. Spectrum can suspend USRs until corrections are received eliminating later follow up to ensure the data was corrected. This proposal seeks to replace the fines per error occurrence with a process where the most serious errors will not be accepted into the database and those rejected USRs will then be subject to overdue fines. This simplifies the program since there is only one type of fining mechanism. This manner of fining serious errors will be flexible so that the program can be annually adjusted to continually improve the quality of the data.

The original program contemplated extending the incentive program to policy reporting. The Bureau continues to receive many unit statistical reports where the policy data has not been previously reported. While policy data is now being reported due to the rejected USR data, the program should provide financial incentive for data providers to be proactive in ensuring policy reporting is complete before the information is needed for experience rating and processing unit statistical data.

Implementation

The revisions to the DQI program will be implemented for data due at the Bureau during March 2005.

Statistical Plan Pages

All pages in section XI of part 1