



**THE WORKERS' COMPENSATION  
RATING AND INSPECTION BUREAU OF MASSACHUSETTS**  
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October 25, 1996

**CIRCULAR LETTER NO. 1766**

To All Members and Subscribers of the Bureau:

**REVISIONS TO EXPLANATORY INFORMATION  
CLASSIFICATION CODE 8829 CONVALESCENT OR NURSING HOME -  
ALL EMPLOYEES/NURSING OR CONVALESCENT HOME - ALL EMPLOYEES**

**INTRODUCTION OF CROSS-REFERENCE CLASSIFICATION PHRASEOLOGY  
REST HOMES: PROFESSIONAL EMPLOYEES CODE 8833/  
ALL OTHER EMPLOYEES CODE 9040**

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The Division of Insurance has approved a filing to correct a situation which has resulted in a number of inequities. The correction is accomplished by eliminating "licensing" as the basis for classifying Nursing Homes, Convalescent Homes or Rest Homes. The present criteria for classifying these institutions based on how they are licensed by the Commonwealth is no longer reflective of the level of care that they provide and the hazards and potential losses that are present. As the result of this filing, these institutions will be assigned the basic classifications which best describe the business, utilizing the categorization of these institutions by the Commonwealth of Massachusetts Department of Public Health as a guideline. This is consistent with Rule IV-Classifications D.1. Object of Classification Procedure, as contained in the Basic Manual.

It became apparent over time that the language shown in the explanatory information under the classification phraseology for classification Code 8829 in the Massachusetts Special Classifications section of the Basic Manual, "Institutions licensed by the Commonwealth of Massachusetts as Convalescent Homes or Nursing Homes shall be rated as 8829" and "Institutions licensed by the Commonwealth of Massachusetts as Rest Homes or Homes for the Aged shall be rated as professional employees-8833 and all other employees- 9040" [underlines added] is no longer appropriate since the licenses were not, in many cases, as indicated in a study conducted by the Bureau, consistent with the operations being performed by these institutions.

Accordingly, this explanatory information is being replaced with "Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Convalescent or Nursing Homes shall be rated as Code 8829" and Institutions categorized by the Commonwealth of Massachusetts as Rest Homes or Homes for the Aged shall be rated as professional employees Code 8833 and all other employees Code 9040." [underlines added] The same explanatory information will appear in the manual under newly introduced cross-reference classification phraseology for Rest Homes.

The Bureau has identified several risks with the above classifications that will be changed as the result of this filing which shall be applied according to the following Rule of Application:

- 1] This filing shall apply to new and renewal policies effective on and after 12:01 A.M., October 1, 1996 on which the classification code is being changed from Code 8829 to Codes 8833 or 9040. The revised codes shall also apply to policies outstanding on October 1, 1996 retroactive to the effective dates of such policies.

After the Bureau has confirmed by on-site inspection, information contained in Bureau records or information received from the Department of Public Health that the Department of Public Health has categorized affected risks of this type as rest homes [previously rated as nursing homes], the Bureau will send a letter advising the risk of the change in classification and attach a copy of the Bureau's ruling, being sent concurrently to the risk's carrier, instructing the carrier to make the change on the risk's current and renewal policies. These risks may receive a decrease in their current and renewal policy premiums.

- 2] This filing shall also apply to new and renewal policies effective on and after 12:01 A.M., January 1, 1997 on which the classification code is being changed from Codes 8833 or 9040 to Code 8829.

After the Bureau has confirmed by on-site inspection, information contained in Bureau records or information received from the Department of Public Health that the Department of Public Health has categorized affected risks of this type as convalescent or nursing homes [previously rated as rest homes], the Bureau will send a letter advising the risk of the change in classification and attach a copy of the Bureau's ruling, being sent concurrently to the risk's carrier, instructing the carrier to make the change on the risk's current and renewal policies. These risks may receive an increase in their renewal policy premium.

IMPORTANT

ANY CARRIER HAVING KNOWLEDGE OF A RISK THAT MAY BE AFFECTED BY THIS FILING SHOULD ADVISE BUREAU CLASSIFICATION/AUDIT SUPERVISOR AIMÉ ARSENAULT AS SOON AS POSSIBLE SO THAT THE BUREAU MAY TAKE APPROPRIATE ACTION.

Attached Exhibit 1 illustrates the revisions being made in the Massachusetts Special Classifications Section of the Basic Manual. Revised manual pages will be distributed in due course.

NORMAN R. FONTAINE  
Vice President of Industry Affairs

NRF/sf  
Attachment

## BASIC MANUAL

## MASSACHUSETTS SPECIAL CLASSIFICATIONS

Current Phraseology**CONVALESCENT or Nursing HOME -- ALL****EMPLOYEES ..... 8829**

Applies to any institution, however named, whether conducted for charity or profit, which is advertised, announced or maintained for the express or implied purpose of caring for persons admitted thereto for the purpose of nursing or convalescent care.

Institutions licensed by the Commonwealth of Massachusetts as Convalescent Homes or Nursing Homes shall be rated as 8829.

Institutions licensed by the Commonwealth of Massachusetts as Rest Homes or Homes for the Aged shall be rated as professional employees -- 8833 and all other employees 9040.

**NURSING or Convalescent HOME -- ALL****EMPLOYEES ..... 8829**

Applies to any institution, however named, whether conducted for charity or profit, which is advertised, announced or maintained for the express or implied purpose of caring for persons admitted thereto for the purpose of nursing or convalescent care.

Institutions licensed by the Commonwealth of Massachusetts as Convalescent Homes or Nursing Homes shall be rated as 8829.

Institutions licensed by the Commonwealth of Massachusetts as Rest Homes or Homes for the Aged shall be rated as professional employees -- 8833 and all other employees 9040.

None.

New Phraseology**CONVALESCENT or Nursing HOME -- ALL****EMPLOYEES ..... 8829**

Applies to any institution, however named, whether conducted for charity or profit, which is advertised, announced or maintained for the express or implied purpose of caring for persons admitted thereto for the purpose of nursing or convalescent care.

†† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Convalescent or Nursing Homes shall be rated as Code 8829.

† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Rest Homes shall be rated as professional employees Code 8833 and all other employees 9040.

**NURSING or Convalescent HOME --****ALL EMPLOYEES ..... 8829**

Applies to any institution, however named, whether conducted for charity or profit, which is advertised, announced or maintained for the express or implied purpose of caring for persons admitted thereto for the purpose of nursing or convalescent care.

†† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Nursing or Convalescent Homes shall be rated as Code 8829.

† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Rest Homes shall be rated as professional employees -- Code 8833 and all other employees -- Code 9040.

**† REST HOMES:****PROFESSIONAL EMPLOYEES ..... 8833****ALL OTHER EMPLOYEES ..... 9040**

Applies to any institution, however named, whether conducted for charity or profit, which is advertised, announced or maintained for the express or implied purpose of caring for persons admitted thereto for the purpose of rest home care.

† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Rest Homes shall be rated as professional employees Code 8833 and all other employees Code 9040.

†† Institutions categorized by the Commonwealth of Massachusetts Department of Public Health as Convalescent or Nursing Homes shall be rated as Code 8829.

† Effective October 1, 1996 on new, renewal and outstanding policies.

†† Effective January 1, 1997 on new and renewal policies.