



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

July 24, 2013

CIRCULAR LETTER NO. 2220

To All Members and Subscribers of the WCRIBMA:

POLICY DATA QUALITY INCENTIVE PROGRAM

Attached is the Policy Data Quality Incentive Program (PDQIP) which was recently approved by the Governing Committee of the WCRIBMA. The PDQIP will provide carriers with an incentive to submit policy data in a timely and accurate manner.

The effective date for the PDQIP is July 1, 2014. Additional information will be provided as the effective date approaches. Please contact the undersigned at asalido@wcribma.org if you have any questions.

Anthony Salido

Data Operations Director / Actuary



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Policy Data Quality Incentive Program

Introduction

The Policy Data Quality Incentive Program (PDQIP) was developed to ensure that workers' compensation policy data is reported promptly and accurately. Reporting standards for the submission of policy data are detailed in the WCPOLS section of the WCIO Data Specifications Manual.

Prompt and accurate reporting of policy data is important for several reasons, including the following:

- Coverage Verification – WCRIBMA makes a subset of the policy data available to the Massachusetts Department of Industrial Accidents (DIA) to meet carriers' statutory proof of coverage obligations to the state. Moreover, the DIA receives a list of policies that were cancelled or non renewed during the previous month. The list shows policies that were not reinstated and where no other policies were received to show continuation of coverage as of the cancellation or nonrenewal effective date.
- 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. Policy data is necessary to determine the correct insured to whom the experience rating modification applies; the effective date for the experience modification; and the appropriate carrier to receive the rating.
- Unit Statistical Reporting – WCRIBMA is the Massachusetts Division of Insurance's designated statistical agent and licensed rating organization for Massachusetts workers' compensation. Policy data is necessary to determine what unit statistical data is expected and when it is due. Timely and complete unit statistical reporting is necessary for both the ratemaking process and promulgation of the experience rating modifications.

Effective Date

The PDQIP applies to the reporting of policy data for policies effective on or after January 1, 2014.

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-finally edits. Timeliness edits may result in fines.

Data Quality Edits

All policy 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 either 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 policy data submission. Edit failures that may result in data quality fines will be labeled as such. Carriers have 30 calendar days from the date of 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 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 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:

- Policy data submitted January 1, 2015
- Notification of two edit failures, posted to WCRIBMA's website January 2, 2015

- Both edits are resolved on May 1, 2015, 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

Note: Had both edits been resolved on May 3, 2015, instead of May 1, 2015, an additional \$200 (\$100 per edit failure) fine would have applied.

Reject Edits

All policy data submissions are subject to a number of reject edits designed to help the WCRIBMA to maintain the integrity of its database. Policy data flagged by a reject edit is not written to the WCRIBMA's policy data database. Descriptions of the WCRIBMA's various reject edits are available on the WCRIBMA's website.

Reject edit failures prevent the acceptance of policy data into our system which may result in timeliness fines since submission of data that is rejected is comparable to not submitting the data. Submission of data that is rejected in no way alters the deadlines associated with timeliness fines.

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 either January 1 or July 1.

Timeliness Edits

For residual market policies, policy data records with transaction type codes of 02 or 05 are subject to timeliness fines. For voluntary policies, policy data records with transaction type codes of 01, 02, or 05 are subject to timeliness fines.

For transaction type code 01 (New Policy) and 02 (Renewal Policy), timeliness is measured in relation to the policy effective date. Records not accepted into the WCRIBMA's system within 30 calendar days of the policy effective date are considered late.

For transaction type code 05 (Cancellation/Reinstatement), timeliness is measured in relation to the transaction issue date of the cancellation or reinstatement. Records not accepted into the WCRIBMA's system within 30 calendar days of the transaction issue date are considered late.

Timeliness Fines

For transaction type code 01 (New Policy) and 02 (Renewal Policy), timeliness fines of \$100 per policy are incurred when the data is accepted into the WCRIBMA's system beyond 30 calendar days of the policy effective date. Additional fines of \$100 per policy are incurred when the data is accepted into the WCRIBMA system beyond 60, 90, 120, 150, or 180 calendar days after the policy effective date. Beyond 210 calendar days after the policy effective date, 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:

- New policy effective on January 1, 2015
- Policy data accepted into WCRIBMA's system on June 30, 2015, 180 calendar days after the policy effective date
- Timeliness fine of \$500 based on the following,
 - \$100 since data not accepted into WCRIBMA system within 30 calendar days
 - \$100 since data not accepted into WCRIBMA system within 60 calendar days
 - \$100 since data not accepted into WCRIBMA system within 90 calendar days
 - \$100 since data not accepted into WCRIBMA system within 120 calendar days
 - \$100 since data not accepted into WCRIBMA system within 150 calendar days

Note: Had the policy data been accepted on July 1, 2015, instead of June 30, 2015, an additional \$100 fine would have applied.

Example 3, given:

- Renewal policy effective on January 1, 2015
- Policy data accepted into WCRIBMA's system on August 31, 2015, 242 calendar days after the policy effective date
- Timeliness fine of \$1,000 based on the following,
 - \$100 since data not accepted into WCRIBMA system within 30 calendar days

- \$100 since data not accepted into WCRIBMA system within 60 calendar days
- \$100 since data not accepted into WCRIBMA system within 90 calendar days
- \$100 since data not accepted into WCRIBMA system within 120 calendar days
- \$100 since data not accepted into WCRIBMA system within 150 calendar days
- \$100 since data not accepted into WCRIBMA system within 180 calendar days
- \$200 since data not accepted into WCRIBMA system within 210 calendar days
- \$200 since data not accepted into WCRIBMA system within 240 calendar days

For transaction type code 05 (Cancellation/Reinstatement), timeliness fines of \$100 per policy are incurred when the data is accepted into the WCRIBMA's system beyond 30 days of the transaction issue date of the cancellation or reinstatement. Additional fines of \$100 per policy are incurred when the data is accepted into the WCRIBMA system beyond 60, 90, 120, 150, or 180 days after the transaction issue date. Beyond 210 days after the transaction issue date, escalated fines of \$200 per policy are incurred every 30 days until the data is accepted into the WCRIBMA's system.

Example 4, given:

- Policy cancellation with transaction issue date of July 1, 2015
- Policy data associated with the policy cancellation is accepted into WCRIBMA's system on August 31, 2015, 61 calendar days after the transaction issue date
- Timeliness fine of \$200 based on the following,
 - \$100 since data not accepted into WCRIBMA system within 30 calendar days
 - \$100 since data not accepted into WCRIBMA system within 60 calendar days

Appeal of Penalties Levied under the Policy 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.