February 21, 2011

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Workers Compensation Insurance
Group Claim Reporting Elimination

The North Carolina Rate Bureau has adopted and the North Carolina Commissioner of Insurance has approved the elimination of group claim reporting as an option for member companies reporting workers compensation unit statistical data directly to the North Carolina Rate Bureau or for member companies reporting data to the North Carolina Rate Bureau via the National Council on Compensation Insurance Inc. (NCCI). The approval is effective April 1, 2011 and applies to all new and subsequent unit statistical reports corresponding to an effective date on or after April 01, 2011. All claims will need to be reported individually by specific claim number.

The attached represents all changes to the North Carolina Rate Bureau's Stat Plan Manual that will result from the approval.

If you have any questions, contact the NCRB Information Center at 919-582-1056 or at wcinfo@ncrb.org.

Sincerely,

Sue Taylor

Director of Insurance Operations

ST:dms

C-11-2

Group Claims Reporting Option

(To be effective for new and renewal business effective April 1, 2011)

Purpose:

This filing removes the group claim reporting as an option for carriers reporting unit statistical data directly to the North Carolina Rate Bureau or for carriers reporting unit statistical data to the North Carolina Rate Bureau via NCCI.

Background:

When reporting claims to the Bureau, carriers currently have the option to group medical only claims with incurred loss amounts less than a specified threshold by classification, injury type and loss condition codes. This is an alternative reporting option to the standard of submitting each claim individually. The initial purpose of the grouped claims option was to ease the burden of reporting a large volume of small claims individually when all insurers were reporting USRs in a hard copy format. In the last few years, however, the benefit to insurers has become negligible due to electronic reporting.

While the grouped reporting alternative was widely used in the past, it is used only infrequently today. When the option is used, it often results in processing difficulties when claims previously eligible to be grouped exceed the dollar threshold on subsequent reports and must be "ungrouped" and listed individually. For the 2008 USR data collection year, the Bureau received a total of 24 unit statistical reports with grouped claims.

Across the country, a variety of constituencies are demanding more detailed data surrounding claims and benefit costs. They want to know what is driving system costs, which party or parties is/are responsible for those drivers and how to best change the course of escalating prices. The claim grouping option does not allow for this level of data analysis.

Proposal:

It is proposed that the North Carolina Statistical Plan Manual be revised to reflect the removal of the group claim reporting option. The group claim option would no longer be a method of reporting claims as of April 1, 2011.

GROUP CLAIM REPORTING

SECTION	CURRENT	PROPOSED	REASON FOR CHANGE
SECTION 5-PAGE 1.2.A	**Claim Number**. Report the alphanumeric code that uniquely identifies a specific claim and represents both the incurred indemnity and incurred medical benefits for one injured worker. Exclude blanks, punctuation marks and special characters. The complete claim number, including suffixes and prefixes, if used, must remain the same throughout the life of the claim. Claim number is not reported if the carrier chooses the claim grouping option explained below.	**Claim Number**. Report the alphanumeric code that uniquely identifies a specific claim and represents both the incurred indemnity and incurred medical benefits for one injured worker. Exclude blanks, punctuation marks and special characters. The complete claim number, including suffixes and prefixes, if used, must remain the same throughout the life of the claim.	This change reflects the elimination of the group claim reporting option.
SECTION 5-PAGE-1.2.B.1, 2.B.2, 2.B.3	**Claim Grouping Option**. (1) The following claims may not be grouped: (a) All claims that involve an indemnity incurred loss, regardless of amount (these claims must be listed individually with the appropriate claim number and accident date). (b) All claims partially covered by contract or capitated medical. (c) Medical-only claims that do not contain the same loss conditions, fraudulent status, lump-sum settlement status or managed care organization status. (d) Medical-only claims covered by a deductible plan. (e) Medical-only claims with a total loss greater than $2,000. (2) All other claims are eligible for grouping and if the carrier chooses the Claim Group Option, the following rules apply: (a) The number of claims must be reported instead of the claim number and accident date. (b) If any claim within the group is open, the entire group shall be considered as open and subsequent reports must be submitted in accordance with Section Six. (c) Eligible claims may be coded to the governing classification except where otherwise specified. (3) If any of the following events should occur to a claim within a group, the claim must be removed from the group at the next valuation and reported individually with full statistical detail according to the instructions in this section of the Plan:	**Claim Grouping Option** *(Eliminated effective 04/01/2011)*	This change reflects the elimination of the group claim reporting option.

GROUP CLAIM REPORTING

SECTION	CURRENT	PROPOSED	REASON FOR CHANGE
SECTION 5-PAGE 1.2.B.3.a, PAGE 1.2.B.3.b, and PAGE 2.2.B.3.c	a) The incurred medical for any claim in the group exceeds $2,000. (b) A grouped medical-only claim subsequently develops into an indemnity case. (c) A grouped medical-only claim coded to the governing classification, which subsequently develops into an indemnity case. Include the injured employee's payroll classification when reporting individually.	**Claim Grouping Option** *(Eliminated 04/01/2011)*	This change reflects the elimination of the group claim reporting option.
SECTION 5-PAGE 2.3	**Accident Date** For claims which are listed individually, enter the accident date by reporting the month, day and year on which the injury occurred. Accident date is **not** to be reported if the carrier has elected the claim grouping option.	**Accident Date** For claims which are listed individually, enter the accident date by reporting the month, day and year on which the injury occurred.	This change reflects the elimination of the group claim reporting option.
SECTION 5-PAGE 2.4	**Number of Claims** Where a number of claims are summarized by the grouping option, report the number of claims contained in the reported grouped claim. Cases to be counted as claims must be only those in connection with which a loss payment has been made or a loss reserve established. A case closed without loss payment shall **not** be counted as a claim. A claim on which more than one payment is made shall be counted only once. An accident resulting in two or more reported claims shall have each claim counted separately.	**Number of Claims** Cases to be counted as claims must be only those in connection with which a loss payment has been made or a loss reserve established. A case closed without loss payment shall **not** be counted as a claim. A claim on which more than one payment is made shall be counted only once. An accident resulting in two or more reported claims shall have each claim counted separately.	This change reflects the elimination of the group claim reporting option.
SECTION 5-PAGE 8.6	**Classification Code** Report the classification codes corresponding to the injured employee's classification determined in accordance with the rules of the *Basic Manual for Workers Compensation and Employers Liability Insurance.* No claim may be assigned to any classification unless premium has also been reported for that class. Report the class code under which the injured employee's premium is assigned, even if, at the time of injury, the employee may have been involved in an activity that would be classified differently. Medical only grouped claims may be coded to the governing classification.	Classification Code Report the classification codes corresponding to the injured employee's classification determined in accordance with the rules of the *Basic Manual for Workers Compensation and Employers Liability Insurance.* No claim may be assigned to any classification unless premium has also been reported for that class. Report the class code under which the injured employee's premium is assigned, even if, at the time of injury, the employee may have been involved in an activity that would be classified differently.	This change reflects the elimination of the group claim reporting option.

GROUP CLAIM REPORTING

SECTION	CURRENT	PROPOSED	REASON FOR CHANGE
SECTION 5 PAGE 16.26.A	**Loss Total Record** **Total Number of Claims***.* Report the arithmetic total number of claims reported for the state within the policy. In the case of corrections and subsequent reports, this must be the revised total. Individually listed claims count as 1, while grouped claims equal the number of claims being grouped. Contract medical claims are **not** to be included in this total.	**Loss Total Record** **Total Number of Claims***.* Report the arithmetic total number of claims reported for the state within the policy. In the case of corrections and subsequent reports, this must be the revised total. Individually listed claims count as 1.	This change reflects the elimination of the group claim reporting option.
SECTION 6 PAGE 2-B.4	**Loss Corrections***.* A correction of a loss report must also be filed when any of the following occur between valuation dates. *(1)* Loss values are found to have been included or excluded through a mistake other than error of judgment. *(2)* One or more claims, or any part thereof, are declared non-compensable as defined in the *Experience Rating Plan Manual.* *(3)* The carrier of the claimant has obtained a subrogation recovery in an action against a third party or has received reimbursement from the Second Injury Fund. Correction reports are required only for prior reports which reflect an amount higher than the net incurred cost. If the total recovery amount is less than 10% of the gross incurred cost of the claim, do not file a correction report. *(4)* A clerical error in either the classification assignment or the injury code assignment of a given claim, or group of claims, has been discovered.	**Loss Corrections***.* A correction of a loss report must also be filed when any of the following occur between valuation dates. *(1)* Loss values are found to have been included or excluded through a mistake other than error of judgment. *(2)* One or more claims, or any part thereof, are declared non-compensable as defined in the *Experience Rating Plan Manual.* *(3)* The carrier of the claimant has obtained a subrogation recovery in an action against a third party or has received reimbursement from the Second Injury Fund. Correction reports are required only for prior reports which reflect an amount higher than the net incurred cost. If the total recovery amount is less than 10% of the gross incurred cost of the claim, do not file a correction report. *(4)* A clerical error in either the classification assignment or the injury code assignment of a given claim, has been discovered.	This change reflects the elimination of the group claim reporting option.

GROUP CLAIM REPORTING

SECTION	CURRENT	PROPOSED	REASON FOR CHANGE
SECTION 6 PAGE 3.C	**Loss Information.** When there is a change in any of the data previously reported for a particular claim number or class code in the case of grouped claims, the corrected report shall include all of the data previously reported for the claim record (indicated by the Update Type "P"), all of the revised data, including the data which does not change, on a corrected basis (indicated by the Update Type "R").	**Loss Information.** When there is a change in any of the data previously reported for a particular claim number the corrected report shall include all of the data previously reported for the claim record (indicated by the Update Type "P"), all of the revised data, including the data which does not change, on a corrected basis (indicated by the Update Type "R").	This change reflects the elimination of the group claim reporting option.
APPENDIX C PAGE 8	**Claim Number** Alphanumeric code which uniquely identifies claim, excluding blanks, punctuation marks and special characters. Must be the same throughout the life of the claim. Check for duplicates within each report and through each report level, not reported if group claims.	**Claim Number** Alphanumeric code which uniquely identifies claim, excluding blanks, punctuation marks and special characters. Must be the same throughout the life of the claim. Check for duplicates within each report and through each report level.	This change reflects the elimination of the group claim reporting option.
APPENDIX C PAGE 8	**Accident Date** Must be within policy period. If grouped, this will be number of claims on HC. Leave blank if grouping claims.	**Accident Date** Must be within policy period.	This change reflects the elimination of the group claim reporting option
APPENDIX C PAGE 8	**Number of Claims** Number of claims contained in reported group. Must always be completed on EL.	**Number of Claims** Must always be completed on EL.	This change reflects the elimination of the group claim reporting option.
APPENDIX C PAGE 10	**Injury Description Code (Part, Nature, Cause)** Report the 2 digit codes. See Section Eight of North Carolina Statistical Plan Manual for list of codes. These field are not required for grouped claims.	**Injury Description Code (Part, Nature, Cause)** Report the 2 digit codes. See Section Eight of North Carolina Statistical Plan Manual for list of codes. .	This change reflects the elimination of the group claim reporting option.
INDEX PAGE 1	**Claim Grouping Option**	**(*Eliminated effective 04/01/2011)***	This change reflects the elimination of the group claim reporting option.
INDEX PAGE 3	**Group Claim Option**	**(*Eliminated effective 04/01/2011)***	This change reflects the elimination of the group claim reporting option.