

## Highlights

- MWCIA Financial Reporting Software (ACCEDE) Released – See [From The Actuary Article!](#)
- MCPAP Application Process Started January 14<sup>th</sup>!
- Electric Reporting Requirements Starting April 1<sup>st</sup>!
- ACCCT Update – Spectrum Database Goes Live!
- Assigned Risk Rate Order Issued December 17<sup>th</sup>!

# MWCIA News

*Minnesota Workers'  
Compensation Insurers  
Association*

*January 2000*



## PRESIDENT'S CORNER

**Bruce A. Tollefson**

### Data Privacy versus Public Access – What is the Minnesota story?

In the December 1999 issue of the Insurance Federation of Minnesota's IFM UPDATE, the lead article was entitled: "Privacy Might See Action in 2000". The article noted that because of the ability to access and manipulate data in this "information age", a number of state government officials have questioned whether the privacy protections in the federal Financial Services Modernization Act (FSMA) are strong enough to protect the citizens of Minnesota.

A similar theme is in an article entitled "NCCI announces position on work comp data dissemination" in the November 1999 issue of Workers' Compensation Monitor. The article provides background information on the collection and dissemination of state workers' compensation information by private companies for marketing purposes. It goes on to state that two recent decisions have supported this practice under state freedom of information statutes. The article cites an Arizona Superior Court ruling that the state's public records law requires the release of employer specific information by the Arizona Industrial Commission. The article further states that in Minnesota, a similar ruling required the Department of Labor and Industry (DOLI) to make its work comp coverage records public information. The Minnesota Department of Administration, which acts as the state's arbiter on data privacy issues, made this decision.

**Where is the line between individual citizens right to privacy and the public's right to know?**

The NCCI article contains an incomplete statement of the current situation in Minnesota. Let me set the record straight.

The Department of Labor and Industry has long been the responsible regulatory body in Minnesota for workers' compensation "proof of coverage". Since the days when insurers were first required to file copies of their policy declaration pages, this agency has tracked this information. Like other states, the workers' compensation declarations page contains such information as employer's name, legal form of ownership, mailing address, policy number, effective dates and carrier name.

With computerization, the paper forms for reporting proof of coverage are no longer necessary and this information is now filed electronically with MWCIA who reports it to DOLI. The Minnesota procedure recognizes that much of this data was already being filed with MWCIA as part of its role in collecting and capturing extensive policy information as a data service organization. Using the MWCIA's computer capabilities to capture and report proof of coverage data makes good economic sense and is good public policy. DOLI contracts with MWCIA to receive the electronic "proof of coverage" reports. In turn, MWCIA provides this necessary information to DOLI through an insurance coverage database system. Without this system, DOLI would be required to collect this information from each insurance company and maintain a computer system to store and retrieve the information, thus adding unnecessary costs and expense to state government, the insurance industry, and Minnesota employers.

The purpose behind collecting this data has never been to provide the public with a perceived right to know who insures individual Minnesota employers and their employees. The purpose has always been to allow DOLI to protect employees by confirming that they are

covered by a workers' compensation policy.

The ruling in Minnesota by the Department of Administration attempted to draw the line between this important policy and another state law that broadly classifies that non-exempt data "held" by a state agency becomes "public information". The specific question which the Department of Administration was asked to address was whether specific proof of coverage data collected by the MWCIA on behalf of DOLI was being "held" by the MWCIA for that agency and was thus public. According to that ruling, it did.

The important distinction between Minnesota and the Arizona decisions was that the Minnesota case did not really address the scope of "public" vs. "private" data. It questioned more when data left private hands and became the property of a public agency and thus "public data".

### What is ahead for Minnesota?

The Minnesota case did awaken regulators and interested employers to a new policy question that will need to be considered and dealt with by the Legislature. Never before had DOLI and the Industry been asked to "dump" its proof of coverage data into a private business for commercial purposes. With this request and because of the ease of using this data in this "information age", the question of what should be classified "public data" must now be addressed. Understandably, there will be a lot of different views on this issue and it will most likely take up a large portion of the legislative session.

The MWCIA is working with DOLI and others to address this issue and to insure that regardless of how this policy debate is resolved, the collection and use of data by MWCIA will be handled through cost effective and efficient technological means.

## FROM THE ACTUARY . . .

Automated Carrier Call Entry & Data Edit (ACCEDE<sup>®</sup>) is MWCIA's latest software development. ACCEDE<sup>®</sup> enables carriers to submit financial data electronically for the five required financial calls, either individually, or on a group basis. ACCEDE<sup>®</sup> also includes a powerful application for data edit prior to submission, increasing statistical integrity. A copy of the ACCEDE<sup>®</sup> software is being provided to each member carrier group in the annual call package being mailed this January. As in the past, carrier submissions will continue to be due in our office on various dates in March and April. Financial data is the primary component used to support the MWCIA's review of workers' compensation pure premium levels. This review concludes with the production of the annual "Minnesota Ratemaking Report," expected to be released in mid to late August 2000. Please direct any questions regarding this product to the MWCIA Actuarial Services Department at 612.897.1737, or via email to [actuarial@mwcia.org](mailto:actuarial@mwcia.org).

## ASSIGNED RISK RATE ORDER ISSUED DECEMBER 17<sup>TH</sup>

Commerce Commissioner Minn issued a rate order on December 17, 1999 approving a 6.2% decrease in the overall level of the Assigned Risk rates effective April 1, 2000. Following are excerpts from the Commissioner's order:

- That the Minnesota Workers' Compensation Assigned Risk Plan will adopt effective April 1, 2000, the relativities of the pure premium base rates of the 2000 Minnesota Ratemaking Report of the Minnesota Workers' Compensation Insurers Association
- That the Minnesota Workers' Compensation Assigned Risk Plan will decrease its overall rate level by 6.2% effective April 1, 2000.
- That the new schedule of Plan rates will be produced by applying a uniform multiplier of 2.50 to the pure premium base rates of the 2000 Minnesota Ratemaking Report of the Minnesota Workers' Compensation Insurers Association.

The rates have also been adjusted by the application of the Minnesota Contractors Premium Adjustment Program.

## SPECTRUM OPERATIONAL SYSTEM GOES LIVE

ACCCT (American Cooperative Council on Compensation Technology) a joint venture consisting of the independent rating and/or data service organizations of Minnesota, North Carolina and Wisconsin completed the updating of their internal databases. The database (called SPECTRUM) handles all the internal computer operations of a bureau and may be used in more than one state. Minnesota and Wisconsin went live during the 4<sup>th</sup> quarter of 1999 with North Carolina planning production during January 2000. This operational system represents a joint effort that brought together varied expertise to produce an efficient, quality database for future bureau operations. The effort resulted in significant time and dollar savings through the joint development rather than single state development. Two other ratings bureaus have expressed an interest in the product and are considering its value in their states.

ACCCT was also the developer of the unit statistical software product named BEEP, which is scheduled, for its 3<sup>rd</sup> release early in 2000. To learn more about ACCCT please check their website at [www.accct.org](http://www.accct.org).

## WESTERN NATIONAL SETTLEMENT

Checks totaling nearly \$2.4 million were mailed on December 16, 1999 to the 15 member carrier/groups that had submitted claims in the Western National suit. This disbursement represents almost 98% of the ultimate claims. The slight reduction in the total amount was due to outstanding collections from four member carriers. It is anticipated that the remaining dollars will be collected within the next month, and final disbursements and any possible write-offs of uncollectible amounts will be effected soon after.

If you have questions or need additional information, please contact Craig Anderson at 612.897.6431 or [craig.anderson@mwcia.org](mailto:craig.anderson@mwcia.org).

## ELECTRONIC REPORTING REQUIREMENTS

Effective April 1, 2000 MWCIA will begin charging paper-handling fees for policies and unit statistical reports submitted in paper form.

Circular Letters No. 99-1315 and 99-1316, released April 14, 1999, outline the electronic

reporting requirements. These circulars are available on MWCIA's website at [www.mwcia.org](http://www.mwcia.org).

All new and renewal policies received in paper format after April 1, 2000 will be charged a handling fee of \$12.00 per policy. All unit statistical reports received in paper format after April 1, 2000 will be charged an \$8.00 handling fee. These charges are intended to encourage electronic reporting which eliminates manual handling while improving timeliness and quality.

If you have questions or need additional information, please contact Linda Hanson, Vice President, at 612.897.6427 or email [linda.hanson@mwcia.org](mailto:linda.hanson@mwcia.org).

## DEPARTMENT OF LABOR & INDUSTRY HIGHLIGHTS

The Department of Labor and Industry recently issued the following press release entitled "State workers' compensation costs continue to drop":

"The Minnesota Department of Labor and Industry (DLI) announced today that the 1998 estimated total cost of Minnesota's workers' compensation system has dropped to its 1989 level of \$1 billion. This is down \$360 million from the 1994 peak of \$1.36 billion. The estimate is based primarily on insurance premiums paid by employers.

"Workers' compensation costs continue to drop as the state's workforce continues to grow. This is good news for all Minnesotans," said Governor Jesse Ventura. "It is a positive sign that more and more worksites are addressing workplace safety issues to reduce injuries and keep workers healthy."

A better reflection of the trend in system costs is the employer's average premium cost per \$100 of covered payroll. In 1998, the cost per \$100 of covered payroll dropped to \$1.46, the lowest ever since the Minnesota Department of Labor and Industry began collecting workers' compensation data in 1980. In 1994, covered payroll costs were at an all time high of \$2.50 per \$100 of payroll and have dropped 41 percent since then.

In the late 1980s and much of the 1990s, high and rising workers' compensation costs were a major concern in Minnesota and other states. In recent years, costs have fallen nationwide through cost-control measures by employers and insurers, a strong economy and law changes in most states. In Minnesota, those same measures and major law changes in 1992

and 1995 have resulted in major cost reductions.

In 1992 and 1995, comprehensive legislation was passed which was designed to reduce escalating costs in the workers' compensation system. These reforms cut medical and rehabilitation costs, reduced litigation, required more oversight of insurance rates, provided safety incentives, controlled costs and increased compliance provisions for insurers and employers.

"The system has been stable for the past several years so our agency now has an opportunity to study how the major law changes have affected the system," said Gretchen Maglich, DLI Commissioner. "The benefit of such studies would be finding ways to improve the system that would balance the safety, health and benefit needs of the Minnesota worker with the financial burden of the employer."

Direct any questions you have concerning "state workers' compensation costs" to James Honerman of the Minnesota Department of Labor & Industry at 651.297.3313.

## MCPAP APPLICATIONS

### Are Your Contractor Customers Affected?

It's hard to believe it's that time of year again! On January 14<sup>th</sup>, MWCIA sent out approximately 14,000 postcards announcing the start of the **2001 Minnesota Contractors Premium Adjustment Program (MCPAP)** enrollment period to your applicable customers. Each year MCPAP provides up to a 25% premium credit for each eligible employer's workers' compensation policy based on specific criteria.

In the past, MWCIA mailed thousands of application packets to contracting employers operating in the State of Minnesota. In response to each year's mailing, we typically receive 2500 returned applications. Midway through the enrollment period we also would send postcards reminding contractors of the program's impending deadline. Many, many employers called in response to this postcard to request application packets even though we had already provided them with one. MWCIA decided, therefore, that a postcard mailing would be a more successful and economical approach to notifying contractors of the new enrollment period. MWCIA discontinued the mass mailing of application packets in favor of a single postcard announcement inviting eligible employers to apply for their 2001 MCPAP credit factor. In addition to improving

the application process, the new postcards substantially reduce the overall expense of the program to our membership. The postcards also contain red highlighting to further enhance their visibility. Application packets will be mailed to each employer who sends back the "application requested" postcard attached to the mailing. Applications are also available on our website, or by faxing or calling our office.

Please note that the hourly wage eligibility for participation in the 2001 program has been increased to \$16.00 and that applications must be postmarked prior to the **April 1, 2000** deadline to avoid incurring a two-point (.02) late processing penalty factor. Help your contracting customers take advantage of this special program and avoid a late penalty by helping MWCIA's staff to get the word out! MWCIA's staff is happy to assist agents and underwriters with questions they may have on behalf of their customers concerning the Minnesota Contractors Premium Adjustment Program. You can reach us by calling 612.897.1737 or by sending your email messages to [underwriting@mwcia.org](mailto:underwriting@mwcia.org).

## Department Spotlight



MWCIA's Information Services Department provides and maintains external and internal customers with a variety of technological systems. It is because of their dedication, hard work and ingenuity that the MWCIA is now able to provide many of our products and services over our newly enhanced MWCIA website. This powerful system is supported by many internal systems that "feed" the information to our website. The base system is our newly implemented "data base system" that provides MWCIA with a powerful new operational system. (See Spectrum Database Goes Live article for information.) Another software to note is ACCEDE, which is our recently released financial data reporting software. Our Actuarial and Information Systems departments jointly developed this software. (See [From The Actuary](#) article)

Our MIS Department also supports our internal imaging system, ratemaking system, desktop systems and a number of other key systems that enable our staff to successfully conduct the business of a data service organization.

A solid, innovative and progressive information services staff is going to be very critical to the success of any organization in the twenty-first century.

## MWCIA ANNUAL MEETING

Help MWCIA ring in the new millennium at its 77<sup>th</sup> Annual Meeting and Luncheon scheduled for **April 18, 2000**.

Please mark your calendars *now* and plan to attend the Minnesota Workers' Compensation Insurers Association's Annual Meeting and Luncheon to hear all about the Association's plans for serving its membership in the future. The luncheon following our meeting is a great way to network with others in the industry and meet with MWCIA's staff and some of the representatives from state agencies that we work so closely with throughout the year. Hope to see you there!

## MINNESOTA APPROVES NEW STATISTICAL CODES

Circular Letter 99-1332, issued 12/9/99, announced the creation of three new statistical codes for use in reporting specific premium credits in Minnesota.

The Drug Free Workplace, Return to Work, and Collective Bargaining Programs exist statutorily in Minnesota. The purpose for creating three new statistical codes is to assist carriers in reporting premium credits that they may have filed in connection with these programs. For further information concerning the three programs referred to in Circular Letter No. 99-1332, please refer to the appropriate Minnesota statute below:

Drug Free Workplace – M.S. 180.950 - 957

Collective Bargaining – M.S. 176.1812

Return to Work – M.S. 176.1351

MWCIA reminds members that credit programs created in connection with the above statutes are optional. All rules (including the amount of a credit) and endorsements a company may wish to utilize to accommodate a credit must be filed with the Minnesota Department of Commerce for approval prior to use. For specific help regarding Minnesota's filing procedures, please contact Tammy Lohmann, Senior Analyst, at Minnesota Department of Commerce at 612.296.2327.

## RECENT MWCIA CIRCULARS

Following is a list of the most recent MWCIA Circulars published since the last MWCIA Newsletter. This checklist is published to help all MWCIA members and subscribers stay current with MWCIA Circulars.

**Circular Letter No. 99-1332**

12/09/99 – New Minnesota Statistical Codes

**Circular Letter No. 99-1333**

12/09/99 – Item B-1359 – Elimination or Enhancement of Selected Basic Manual Classifications & Basic Manual Classification Advisory Notes

**Circular Letter No. 99-1334**

12/09/99 – Item B-1361 – Basic Manual Updates of Selected Rules & References

**Circular Letter No. 00-1335**

1/04/00 – Assigned Risk Rates Effective April 1, 2000

**Circular Letter No. 00-1336**

1/06/00 – Minnesota Contractors Premium Adjustment Program (MCPAP)

**Circular Letter No. 00-1337**

1/20/00 – Non-Filed National Items Update

MWCIA's Circulars are available on our website at [www.mwcia.org](http://www.mwcia.org) or by calling our front desk services specialists at 612.897.1737.

**UPCOMING EVENTS**

April 18 <sup>th</sup>	Annual Meeting
July 27 <sup>th</sup>	Summer Golf Outing

This newsletter is published periodically by the Minnesota Workers' Compensation Insurers Association as a service to the workers compensation industry. If you have questions, comments or suggestions, please contact the MWCIA at 7701 France Avenue South, Suite 450, Minneapolis, MN 55435 or call 612.897.1737 / fax 612.897.6495.

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## MWCIA PURPOSE

**As the preferred provider of quality Minnesota Workers' Compensation information, we are committed to developing products, services and markets that meet our customers' evolving needs, and to providing a work environment rich in opportunities for personal and professional growth.**

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# MWCIA News

## SPECIAL UPDATE

### JUST ASK US!

In the October 1999 issue, MWCIA started a new feature entitled "Just Ask Us!" where we respond to frequently asked questions of our readers. You're invited to submit questions you would like addressed in future newsletters to our staff via email at [underwriting@mwcia.org](mailto:underwriting@mwcia.org) or mail us in care of "MWCIA Frequently Asked Questions". Here are responses to some of the recently asked questions:

#### **Which special rating factors does MWCIA calculate and how can I find out what they are for a particular employer?**

MWCIA calculates all intrastate experience modifications and MCPAP factors for the State of Minnesota as well as all merit ratings for the Minnesota Assigned Risk Plan. There are many other credit and/or debit programs available in Minnesota that are calculated by the individual insurance companies who write workers' compensation insurance in the state. Agents will need to contact each carrier to obtain information on their specific rating programs. Subscribers and members with subscriber privileges may logon to MWCIA's new website to determine an employer's intrastate modification or mcpap factor. Agents and member representatives with subscriber privileges who do not have Internet access may order this information through our front desk services specialists.

#### **What is a MCPAP factor and how does an employer qualify?**

The Minnesota Contractors' Premium Adjustment Program (MCPAP) factor is a special credit factor created for qualifying employers in the construction industry. The MCPAP is a credit only program and eligible employers can receive credits of up to a 25% maximum to be applied after the experience modification factor when calculating their annual premium. The MCPAP is a voluntary program and each January Minnesota employers with contracting codes on their prior year policies are invited to participate in the following year's program. Applications must be postmarked by the April 1<sup>st</sup> deadline, to avoid a two-point (.02) late processing penalty factor.

#### **Do minimum premiums include an expense constant in the Assigned Risk Plan?**

Yes, minimum premiums in the Assigned Risk Plan include an expense constant (currently \$110) but it is important to actually calculate the employer's premium to determine if the minimum premium applies. Many higher rated classification codes in the Pool create total premiums in excess of the minimum premium with only a nominal amount of payroll. Our Association staff recommends, therefore, that agents submitting Assigned Risk applications always calculate to determine if the employer's actual premium exceeds the minimum premium so that they will know if the expense constant needs to be added. Agents are also encouraged to contact MWCIA's office to obtain assistance in determining the proper premium for an employer before submitting an employer's application to the Assigned Risk Plan.

#### **What payroll needs to be included when calculating an employer's premium?**

All payroll must be included for regular employees of a business except the premium portion of an employee's overtime pay. Owners and family members who either elect to be covered or are automatically covered according to state statute are subject to specific payroll limitations and maximums.

#### **Who can exclude themselves from workers' compensation coverage in Minnesota?**

Sole proprietors, partners of a partnership, and executive officers who hold 25% ownership in a closely held corporation with less than 22, 880 total payroll hours in the preceding calendar year as well as the parent, spouse, and children of all of the excluded parties described above. Agents and member representatives are encouraged to familiarize themselves with the election rules under MN Chapter 176.041. Access to current state statutes is available on MWCIA's website through our links to the Minnesota Department of Labor & Industry and Department of Commerce websites.

#### **Frequently Asked Phone Numbers:**

- Department of Labor & Industry - 651.297.4377
- Department of Commerce - 651.296.4026
- Assigned Risk Servicing Contractors:
  - Berkley Administrators - 612.544.0311
  - Employers of Wausau ARP - 612.830.1700 or 800.862.6079

# MWCIA News

## SPECIAL UPDATE

### WEBSITE UPDATE

In our last issue we also responded to frequently asked questions' about our new website and subscriber services. Here's an update:

#### **What if I don't remember my new account number, login name, or password?**

For security purposes, our staff is unable to provide login name, password, or account number information over the phone. If you have misplaced your login name or password, please email us at [info@mwcia.org](mailto:info@mwcia.org). If you have misplaced your MWCIA Individual User Account number, please email our office at [karen.ose@mwcia.org](mailto:karen.ose@mwcia.org).

#### **Why isn't my login name and password sufficient when I try to order products over the phone or by fax? Why do I need an account number?**

Each new subscriber is assigned an MWCIA Individual User Account number. This links your account profile (ie. login name, password, billing information) to our invoicing system. When you logon to MWCIA's website, the system automatically identifies you and charges your account for any products you order. Whenever you purchase products by phone, mail, or fax, however, you will need to provide our staff with your MWCIA Individual User Account number before they can process your order.

#### **When will experience modification worksheets become available through MWCIA's website?**

Our last update predicted this enhancement would be available by January 2000. Our MIS team now anticipates this enhancement will require an additional 60 – 90 days before it is ready. Once implemented, member representatives and subscribers who have applied for a new MWCIA Individual User Account will be able to logon to our website using their individual login name and password to order employers' experience modification worksheets online. Users will be notified of the chargeable fee associated with their order prior to viewing or printing each employer's worksheet.

#### **I know the employer has a Minnesota experience modification. Why can't I find it?**

Originally, users could only look up employers on the website under their primary names. As a result of user feedback, we are pleased to announce MWCIA's website has been enhanced to include all names associated with the employers currently rated in our system.

#### **What if I already know the employer's file number?**

MWCIA's website now includes the ability to request employer's modification history information by entering the file number. Recently we converted all former Association File Numbers to accommodate our new operating system. To convert an Association File Number to the new Combo ID Number you will need to add leading zeros to the left of the old file number to create a new nine-digit file number.

#### **I've noticed a lot of changes since I first logged onto MWCIA's website. What other changes will you be making?**

MWCIA continues to look for ways to improve our website and to identify new products for the future. Several users have provided us with suggestions for improving our website. Association staff is reviewing all suggestions and our MIS staff is working diligently to enhance currently available products & services based on your feedback. As additional products & services become available, our staff will work to implement them as quickly as possible.

#### **I shared my login name and password with someone in my office and now they've left our company. What should I do now?**

Because sharing login names/passwords erodes the security of a subscriber's MWCIA Individual User Account, MWCIA strongly discourages the practice of sharing Internet login names and passwords. Individuals who choose to share this information should be aware that they will be held fully responsible for any charges made using their login name/password even if they did not personally order the product/service. To secure your account, we recommend that you email our office requesting a change of your login name & password.

#### **Who should I contact if I have more questions?**

If you would like more information about the various products & services available through MWCIA, please contact our front desk services specialists or one of our underwriters at 612.897.1737, or email us at [underwriting@mwcia.org](mailto:underwriting@mwcia.org). If you have comments or suggestions about MWCIA's website that you would like to share with us, please email them to [marie.johnson@mwcia.org](mailto:marie.johnson@mwcia.org).