

**State:** Missouri **Filing Company:** NCCI  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
**Project Name/Number:** /

## Filing at a Glance

**Company:** NCCI  
**Product Name:** 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
**State:** Missouri  
**TOI:** 16.0 Workers Compensation  
**Sub-TOI:** 16.0004 Standard WC  
**Filing Type:** Form/Rule  
**Date Submitted:** 07/19/2016  
**SERFF Tr Num:** NCCI-130657532  
**SERFF Status:** Closed-APPROVED  
**State Tr Num:** 24  
**State Status:** APPROVED  
**Co Tr Num:** 01-MO-2016  
  
**Effective Date:** 08/28/2016  
**Requested (New):**  
**Effective Date:** 08/28/2016  
**Requested (Renewal):**  
**Author(s):** Lesley O'Brien, Alison Herwig, Frank Gnolfo, Robert Dalton, Michelle Baker, Miguel Joubert  
**Reviewer(s):** Patrick Lennon (primary)  
**Disposition Date:** 08/09/2016  
**Disposition Status:** APPROVED  
**Effective Date (New):** 08/28/2016  
**Effective Date (Renewal):** 08/28/2016  
  
**State Filing Description:**

**State:** Missouri **Filing Company:** NCCI  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
**Project Name/Number:** /

## General Information

Project Name: Status of Filing in Domicile:  
 Project Number: Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 08/09/2016  
 State Status Changed: 08/09/2016 Deemer Date:  
 Created By: Frank Gnolfo Submitted By: Frank Gnolfo  
 Corresponding Filing Tracking Number:  
 State TOI: 16.0 Workers Compensation State Sub-TOI: 16.0004 Standard WC

### Filing Description:

This item proposes to:

1. Remove the employer-paid medical-only claims provision currently included in the Missouri Deductible Insurance miscellaneous rule in NCCI's Basic Manual because this type of information is not related to deductible insurance. Additional changes to the Missouri Deductible Insurance miscellaneous rule are necessary to revise the terminology that describes the percentage used to determine the policy premium credit. Premium reduction percentages are no longer produced by NCCI; instead, loss elimination ratios (LERs) are used as the key variable in determining the premium credit for deductible insurance.
2. Establish a new Missouri Employer-Paid Medical Program miscellaneous rule for the employer-paid medical-only claims provision in NCCI's Basic Manual. This rule will include the new dollar amount requirement (20% of the current primary and excess loss split point amount) provided in the employer-paid medical-only claims provision and other provisions of the rule.
3. Revise the Missouri CCPAP rule in NCCI's Basic Manual to specify that the employer may report payroll information from any calendar quarter of the year prior to the current workers compensation and employers liability insurance policy provided the employer clearly indicates which calendar quarter is being submitted.

## Company and Contact

### Filing Contact Information

Carla Townsend, State Relations Executive carla\_townsend@ncci.com  
 11430 Gravois Road 314-843-4001 [Phone]  
 Suite 310 314-842-3188 [FAX]  
 St. Louis, MT 63126

### Filing Company Information

NCCI CoCode: State of Domicile: Florida  
 901 Peninsula Corporate Circle Group Code: Company Type:  
 Boca Raton, FL 33487 Group Name: State ID Number: 9999-85000  
 (561) 893-3186 ext. [Phone] FEIN Number: 65-0439698

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: Rule/Form filing  
 Per Company: Yes

**State:** Missouri **Filing Company:** NCCI  
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| Company | Amount  | Date Processed | Transaction # |
|---------|---------|----------------|---------------|
| NCCI    | \$50.00 | 07/19/2016     | 111467392     |

### State Specific

NAIC Number: NA

Have you reviewed the General Instructions document? (yes/no)(General Instructions updated 11/14/14): Yes

If this is a rate filing, was rate data added on the rate/rule schedule? (yes/no): No

Are you paying the \$50 per company per submission filing fee electronically using EFT or would you like to be billed in arrears? All companies and filing entities are strongly encouraged to take advantage of the EFT payment option. The utilization of SERFF and EFT for the payment of filing fees in other states has resulted in a more efficient filing review process and has provided a significant administrative cost savings for the industry.: Yes

State: Missouri Filing Company: NCCI  
TOI/Sub-TOI: 16.0 Workers Compensation/16.0004 Standard WC  
Product Name: 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
Project Name/Number: /

## Correspondence Summary

### Dispositions

| Status   | Created By     | Created On | Date Submitted |
|----------|----------------|------------|----------------|
| APPROVED | Patrick Lennon | 08/09/2016 | 08/09/2016     |

**State:** Missouri  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
**Project Name/Number:** /

**Filing Company:** NCCI

## Disposition

Disposition Date: 08/09/2016

Effective Date (New): 08/28/2016

Effective Date (Renewal): 08/28/2016

Status: APPROVED

Comment: Please understand this filing has a very firm effective date of 08/28/2016, and cannot be used any sooner than that date per recent legislation.

Rate data does NOT apply to filing.

| Schedule            | Schedule Item  | Schedule Item Status | Public Access |
|---------------------|--|----------------------|---------------|
| Supporting Document | Filing Memorandum  | APPROVED             | Yes           |
| Supporting Document | Exhibits (Forms)   | APPROVED             | Yes           |
| Form                | MISSOURI CONTRACTING CLASSIFICATION<br>PREMIUM ADJUSTMENT PROGRAM WORKERS<br>COMPENSATION PREMIUM CREDIT APPLICATION | APPROVED             | Yes           |
| Form                | MISSOURI EMPLOYER-PAID MEDICAL<br>ENDORSEMENT  | APPROVED             | Yes           |
| Rate                | Exhibit 1  | APPROVED             | Yes           |
| Rate                | Exhibit 2  | APPROVED             | Yes           |
| Rate                | Exhibit 3  | APPROVED             | Yes           |
| Rate                | Exhibit 4  | APPROVED             | Yes           |

**State:** Missouri  
**TOI/Sub-TOI:** 16.0 Workers Compensation/16.0004 Standard WC  
**Product Name:** 01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program  
**Project Name/Number:** /

**Filing Company:** NCCI

## Form Schedule

| Item No. | Schedule Item Status   | Form Name  | Form Number   | Edition Date | Form Type | Form Action | Action Specific Data    |                       | Readability Score | Attachments    |
|----------|------------------------|--|---------------|--------------|-----------|-------------|-------------------------|-----------------------|-------------------|----------------|
|          |                        |  |               |              |           |             | Previous Filing Number: | Replaced Form Number: |                   |                |
| 1        | APPROVED<br>08/09/2016 | MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS COMPENSATION PREMIUM CREDIT APPLICATION | Form 24-1 B   | 2014         | END       | Replaced    | Previous Filing Number: | 03-MO-2013            |                   | Form 24-1B.pdf |
|          |                        |  |               |              |           |             | Replaced Form Number:   | Form 24-1 A           |                   |                |
| 2        | APPROVED<br>08/09/2016 | MISSOURI EMPLOYER-PAID MEDICAL ENDORSEMENT   | WC 24 04 06 D | 2005         | END       | Replaced    | Previous Filing Number: | 01-MO-2005            |                   | WC240406D.pdf  |
|          |                        |  |               |              |           |             | Replaced Form Number:   | WC 24 06 06 C         |                   |                |

### Form Type Legend:

|            |  |            |                                  |
|------------|--|------------|----------------------------------|
| <b>ABE</b> | Application/Binder/Enrollment                | <b>ADV</b> | Advertising                      |
| <b>BND</b> | Bond   | <b>CER</b> | Certificate                      |
| <b>CNR</b> | Canc/NonRen Notice                           | <b>DEC</b> | Declarations/Schedule            |
| <b>DSC</b> | Disclosure/Notice                            | <b>END</b> | Endorsement/Amendment/Conditions |
| <b>ERS</b> | Election/Rejection/Supplemental Applications | <b>OTH</b> | Other                            |

Effective August 28, 2016

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(Name of Insured)

(Address)

(City, State, Zip Code)

**MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS COMPENSATION  
PREMIUM CREDIT APPLICATION**

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations. A premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. To determine a possible credit, please return the completed premium credit application, as set out on the reverse side of this letter, to:

NCCI, Customer Service Center  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487-1362

NCCI will advise us of any premium credit applicable.

**If NCCI does not receive this application within 180 days after policy effective date, your premium calculation will not reflect any possible premium credit.**

For each applicable classification (both contracting and noncontracting) covering your company's operations in the state of Missouri, report the total payroll (excluding overtime pay), and the corresponding total number of hours worked for any calendar quarter (first, second, third, or fourth) of the year preceding the policy effective date as reported to taxing authorities.

Note #1: You must clearly indicate the calendar quarter that is being submitted.

Note #2: If you are a new business with no prior operations or there was no complete quarter of operations prior to the policy effective date, submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.

Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

Please preserve your payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

Effective August 28, 2016

CONTRACTING CLASSIFICATION—PREMIUM CREDIT APPLICATION

Insured: \_\_\_\_\_

POLICY NUMBER: \_\_\_\_\_ POLICY EFFECTIVE DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

NOTE: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier for assistance.

| CLASSIFICATION                  | CODE | TOTAL WAGES PAID | TOTAL HOURS WORKED |
|---------------------------------|------|------------------|--------------------|
| Example: Electrical Wiring      | 5190 | \$8,000          | 520                |
|                                 |      |                  |                    |
|                                 |      |                  |                    |
|                                 |      |                  |                    |
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|                                 |      |                  |                    |
|                                 |      |                  |                    |
|                                 |      |                  |                    |
| Noncontracting Classifications: |      |                  |                    |
|                                 |      |                  |                    |
|                                 |      |                  |                    |
|                                 |      |                  |                    |

The foregoing is based on actual wages (excluding overtime pay) and hours worked as reflected in our payroll records for the complete calendar quarter.

Complete Calendar Quarter (please circle one):

|                |                  |
|----------------|------------------|
| 1st (1/1–3/31) | 2nd (4/1–6/30)   |
| 3rd (7/1–9/30) | 4th (10/1–12/31) |

Calendar Year: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ POSITION: \_\_\_\_\_ DATE: \_\_\_\_\_



Effective August 28, 2016

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### MISSOURI EMPLOYER-PAID MEDICAL ENDORSEMENT

This endorsement applies because Missouri is shown in Item 3.A. of the Information Page.

As a Missouri employer, you have the right, as provided by Section 287.957 of the Revised Statutes of Missouri, to have medical-only claims that do not exceed 20% of the current primary and excess loss split point amount, as shown in the Schedule below, excluded from your experience rating modification calculation. This will only be allowed when you pay all of the employee's medical costs; there is no lost time from the employment, other than the first three days or less of disability; and no claim is filed. The current primary and excess loss split point amount is provided in the rating values of NCCI's *Experience Rating Plan Manual*. **You still must report all injuries, regardless of the dollar amount, to the Division of Workers' Compensation and to us.**

However, it should be noted that if, at any time, the medical expenses that are paid out of pocket due to a particular injury ever exceed 20% of the current primary and excess loss split point amount and/or the employee misses more than three days from work due to the injury, then this injury must be reported to us as a claim. We will pay the full amount of the claim, which includes any reimbursements due to you for past medical expenses incurred by you for this particular claim. As a result, the total amount of losses incurred by us due to this claim will be included in your experience rating modification calculation.

#### Schedule

20% of the Current Primary and Excess Loss Split Point Amount \_\_\_\_\_

**Note:**

This endorsement must be used to notify employers of their right to pay medical-only claims not exceeding 20% of the current primary and excess loss split point amount without these claims being included in their experience rating modification. The current primary and excess loss split point amount is provided in the rating values of NCCI's *Experience Rating Plan Manual*.

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program

Project Name/Number:

/

## Rate/Rule Schedule

| Item No. | Schedule Item Status   | Exhibit Name | Rule # or Page #  | Rate Action | Previous State Filing Number | Attachments          |
|----------|------------------------|--------------|-------------------|-------------|------------------------------|----------------------|
| 1        | APPROVED<br>08/09/2016 | Exhibit 1    | Misc Rule         | Replacement | 01-MO-2005                   | 01-MO-2016 Exh 1.pdf |
| 2        | APPROVED<br>08/09/2016 | Exhibit 2    | Misc Rule         | New         |                              | 01-MO-2016 Exh 2.pdf |
| 3        | APPROVED<br>08/09/2016 | Exhibit 3    | Misc Rule         | Replacement | 03-MO-2013                   | 01-MO-2016 Exh 3.pdf |
| 4        | APPROVED<br>08/09/2016 | Exhibit 4    | Stat Plan 4-A-3-b | Replacement | U-1398                       | 01-MO-2016 Exh 4.pdf |

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 1  
BASIC MANUAL—2001 EDITION  
MISSOURI MISCELLANEOUS RULES****DEDUCTIBLE INSURANCE**

Each ~~insurer carrier~~ transacting or offering to transact workers compensation insurance in Missouri may offer deductibles to employers. Deductible coverage is effected by attaching the Missouri Benefits Deductible Endorsement (~~WG 24 06 03~~) to the policy.

Deductibles may be available for medical and indemnity benefits in amounts of \$100, \$200, \$300, \$400, \$500, \$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$10,000, \$15,000, and \$20,000. The deductible ~~shall apply~~ applies, in the case of accidents, to all bodily injury by accident and, in the case of disease, to each employee for bodily injury by disease. Deductibles above \$20,000 are at the discretion of the individual carrier and should be filed by any carrier wishing to utilize them with the Missouri Department of Insurance.

The claim ~~shall~~ will be paid by the ~~insurer carrier~~, which ~~shall~~ will then be reimbursed by the employer for any deductible amounts paid by the ~~insurer carrier~~. The employer ~~shall be~~ is liable for reimbursement up to the limit of the deductible chosen. The payment or nonpayment of deductible amounts by the insured employer to the ~~insurer shall carrier~~ will be treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums.

An ~~insurer carrier~~ is ~~shall not be~~ required to offer a deductible to an employer if, as a result of a credit investigation, the ~~insurer carrier~~ determines that the employer is not sufficiently financially stable to be responsible for the payment of the deductible amounts.

The policy premium credit reduction for deductible coverage is calculated using the published loss elimination ratio (LER) in the Missouri Miscellaneous Values pages in combination with the appropriate carrier expenses. The applicable LER represents the percentage of losses removed when an employer is responsible for losses up to the deductible amount. LERs vary by deductible amount and hazard group. The LER is a key variable used in determining the policy premium credit.

The applicable premium reduction percentage is that percentage determined by the insurer for the deductible amount selected by the employer. Insurers are expected to determine their own percentage of premium reduction for the deductible amount, and to provide actuarial justification for these reductions in their filings with the Missouri Department of Insurance.

Missouri statute 287.957, as revised in 2005, states that the **Experience Rating Plan** shall prohibit an adjustment to the experience modification of an employer if the total medical cost does not exceed one thousand [-] dollars and the employer pays all of the total medical costs and there is no lost time from the employment, other than the first three days or less of disability and no claim is filed.

The applicable hazard group is determined from the Table of Classifications by Hazard Group. *Refer to Appendix E for the Table of Classifications by Hazard Group.* The hazard group assignments are based on the classification, subject to any deductible amount, that produces the largest amount of estimated workers compensation standard premium for Missouri.

The carrier will determine the policy premium credit for the deductible coverage and will apply that credit to the Missouri manual premium. The total Missouri manual premium is ~~shall be~~ determined before the application of any experience rating or schedule modification, premium discounts, or retrospective rating adjustments. Taxes and Second Injury Fund assessments are ~~shall be~~ calculated on a gross basis as if the deductible plan were not being used.

Refer to NCCI's **Statistical Plan** for reporting the applicable policy premium credit and corresponding statistical code.

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND  
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 2  
BASIC MANUAL—2001 EDITION  
MISSOURI MISCELLANEOUS RULES**

**MISSOURI EMPLOYER-PAID MEDICAL PROGRAM**

Missouri statutes provide that the Experience Rating Plan must prohibit an adjustment to the employer's experience rating modification if all four of the following conditions are met:

1. Total medical cost of a claim does not exceed 20% of the current primary and excess loss split point amount
2. The employer pays all of the total medical costs of a claim
3. There is no lost time from the employment, other than the first three days or less of disability
4. No claim is filed

The current primary and excess loss split point amount is the value in effect as of the policy's effective date; this value is provided in the rating values of NCCI's *Experience Rating Plan Manual*.

If the medical expenses for a particular claim that is paid by the employer exceed 20% of the current primary and excess loss split point amount and/or the employee misses more than the first three days from work due to the injury, then the total amount of the incurred loss will be included in the employer's experience rating modification.

This Missouri Employer-Paid Medical Program is implemented by attaching the Missouri Employer-Paid Medical Endorsement to the policy.

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 3  
BASIC MANUAL—2001 EDITION  
MISSOURI MISCELLANEOUS RULES**

**CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

The Missouri Contracting Classification Premium Adjustment Program (CCPAP) provides for a premium credit for each year a policy qualifies for the program. To qualify, a policy must contain one or more contracting classifications.

As explained in the instructions that follow, the basis for determining the credit is the employer's total payroll (excluding overtime pay) for each contracting and noncontracting classification and total hours worked (including overtime hours) for each contracting classification during ~~any the third~~ calendar quarter (first, second, third, or fourth) of the year preceding the policy effective date as reported to taxing authorities. The employer must clearly indicate the calendar quarter that is being submitted. If the insured did not engage in operations for the complete quarter, then the last complete quarter prior to the policy effective date will be used, or, if there was no complete quarter of operations prior to the policy effective date, then the first complete quarter after the policy effective date will be used.

The credit is determined as follows:

- a. Determine the Contracting Average Wage (CAW) for each contracting classification by dividing the total payroll *excluding* overtime pay (for example, if an employee makes \$16/hour and is paid time and one-half for overtime, only report the payroll based on the \$16/hour rate) for each contracting classification by the total number of hours worked (*including* overtime hours). In the absence of specific records for salaried employees, it will be assumed that each individual worked ~~forty (40)~~ hours a week.
- b. Determine the State Average Hourly Wage (SAHW) by dividing the State Average Weekly Wage (SAWW) by 40 (hours). On January 1 of each year, NCCI updates the SAWW as provided by the Missouri Division of Workers Compensation.
- c. Determine the premium credit (in dollars) for each separate contracting class by applying the following formula:  

$$[1 - (\text{SAHW} / \text{CAW})] \times .70 \times \text{contracting class code premium (using the applicable rate/ loss cost for the corresponding policy effective date)}$$
- d. If the quantity in subsection c. above is negative, the credit for that classification in question is ~~zero (0)~~. Where the quantity is positive, determine the percentage (%) credit that is to be applied to the qualifying current policy premium (contracting *and* noncontracting) by summing the premium credits (in dollars) for each contracting class (from the ~~submitted prior third~~ quarter) and dividing this sum by the total contracting and noncontracting premium on the policy (from the ~~submitted prior third~~ quarter). When calculating the total policy credit, the percentage is rounded to the nearest tenth.
- e. The policy credit factor to be applied to the qualifying current policy premium equals one minus the policy percentage credit (from subsection d. above). This factor is to be applied in a multiplicative manner directly after the application of any experience rating modification and prior to any premium discounts.

The employer must complete the required information and mail it to NCCI, 901 Peninsula Corporate Circle, Boca Raton, FL ~~Florida~~, 33487-1362 not later than 180 days after the policy's effective date for calculation of any possible credit. If NCCI does not receive this application within 180 days after policy effective date, the premium calculation will not reflect any possible premium credit, absent any extraordinary circumstances (as determined by the Missouri Department of Insurance or NCCI). At audit, the carrier must verify the information that was submitted by the ~~insured employer~~ and used in the calculation of the credit. If the carrier discovers an error in the original request for policy credit, the revised information must be submitted to NCCI for recalculation. If the ~~insured employer~~ does not furnish records to verify the payrolls and hours worked originally submitted and used in the calculation of the credit, there will be no credit applied to the policy.

The credit determined by NCCI will appear on Item 4. of the policy. If the credit is not available at the time of policy issuance, the carrier will endorse the policy to provide this credit information.

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND  
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 3 (CONT'D)  
BASIC MANUAL—2001 EDITION  
MISSOURI MISCELLANEOUS RULES**

Carriers are required to use the approved form to notify all of their insured employers that have one or more contracting classifications on their policy that they may be eligible for a premium adjustment credit.

“Contracting classifications” are those classifications subject to the following code numbers:

|      |      |      |      |      |      |       |      |
|------|------|------|------|------|------|-------|------|
| 0042 | 5040 | 5213 | 5462 | 5535 | 6204 | 6251  | 8227 |
| 0050 | 5057 | 5215 | 5472 | 5537 | 6206 | 6252  | 9534 |
| 1322 | 5059 | 5221 | 5473 | 5551 | 6213 | 6260  | 9554 |
| 2799 | 5067 | 5222 | 5474 | 5606 | 6214 | 6306  |      |
| 3365 | 5069 | 5223 | 5478 | 5610 | 6216 | 6319  |      |
| 3719 | 5102 | 5348 | 5479 | 5645 | 6217 | 6325  |      |
| 3724 | 5146 | 5402 | 5480 | 5703 | 6229 | 6400  |      |
| 3726 | 5160 | 5403 | 5491 | 5705 | 6233 | 7380* |      |
| 5020 | 5183 | 5437 | 5505 | 6003 | 6235 | 7538  |      |
| 5022 | 5188 | 5443 | 5506 | 6005 | 6236 | 7605  |      |
| 5037 | 5190 | 5445 | 5515 | 6045 | 6237 | 7855  |      |

\* **Note:** Code 7380 may be used only on policies where more than 50% of the total premium is produced by one or more of the contracting classifications listed.

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 4**  
**STATISTICAL PLAN—2008 EDITION**  
**MISSOURI STATE EXCEPTIONS**  
**PART 4—LOSS AND EXPENSE INFORMATION**  
**A. GENERAL INCURRED LOSS INFORMATION**  
**3. Deductible Reimbursement Amount**

**B. NET DEDUCTIBLE PROGRAMS**

Change Part 4, Item A-3-b as follows:

- (1) Missouri allows both “gross” plans and “net” plans. MO St Section 287.310 RSMo presumes that a “net” plan will be used unless the employer exercises the option to choose a “gross” plan for both large and small deductible programs. An insurer's files should, therefore, document that it was the employer that exercised the option to choose a “gross” plan whenever such a plan is issued.
- (2) The Missouri Employer-Paid Medical Program option is available, which allows employers to pay for medical claims up to defined limits based on the Policy Effective Date. Refer to NCCI's **Basic Manual for Workers Compensation and Employers Liability Insurance** for specific program application details.
  - For policies effective prior to August 28, 2005, the Missouri Employer-Paid Medical Program option allows employers to pay for medical-only claims up to \$500
  - For policies effective August 28, 2005 – August 27, 2016 ~~and after~~, the Missouri Employer-Paid Medical Program option allows employers to pay for medical claims up to \$1,000 when the time lost from work (indemnity) is limited to the first three days or less of disability
  - For policies effective August 28, 2016 and after, the Missouri Employer-Paid Medical Program option allows employers to pay for medical claims up to 20% of the current primary and excess loss split point amount.

Report the employer-paid medical amount in the Deductible Reimbursement Amount field for these Missouri Paid Medical Program claims. This applies with an upper limit of \$500 per claim (for policies effective prior to August 28, 2005), ~~or~~ \$1,000 per claim (for policies effective ~~on~~ ~~and after~~ August 28, 2005 – August 27, 2016) or medical claims up to 20% of the current primary and excess loss split point amount (for policies effective on and after August 28, 2016).

For the Missouri Employer-Paid Medical Program, if a claim reported under this program later exceeds the defined program limits, then correction report(s) are required for all applicable unit report levels. Refer to Missouri exception rule in Part 5, Item A-1.

SERFF Tracking #:

NCCI-130657532

State Tracking #:

24

Company Tracking #:

01-MO-2016

State:

Missouri

Filing Company:

NCCI

TOI/Sub-TOI:

16.0 Workers Compensation/16.0004 Standard WC

Product Name:

01-MO-2016 Revisions to Missouri Deductible Insurance and Contracting Classification Premium Adjustment Program

Project Name/Number:

/

## Supporting Document Schedules

|                          |                           |
|--------------------------|---------------------------|
| <b>Satisfied - Item:</b> | Filing Memorandum         |
| <b>Comments:</b>         |                           |
| <b>Attachment(s):</b>    | 01-MO-2016 Memorandum.pdf |
| <b>Item Status:</b>      | APPROVED                  |
| <b>Status Date:</b>      | 08/09/2016                |

|                          |  |
|--------------------------|--|
| <b>Satisfied - Item:</b> | Exhibits (Forms)                             |
| <b>Comments:</b>         |  |
| <b>Attachment(s):</b>    | 01-MO-2016 Exh 5.pdf<br>01-MO-2016 Exh 6.pdf |
| <b>Item Status:</b>      | APPROVED                                     |
| <b>Status Date:</b>      | 08/09/2016                                   |



## FILING MEMORANDUM

### **ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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#### **PURPOSE**

This item revises and establishes rules, endorsements, and forms for employer-paid medical-only claims and the Contracting Classification Premium Adjustment Program (CCPAP) in Missouri. The following NCCI manuals are impacted:

- ***Basic Manual for Workers Compensation and Employers Liability Insurance (Basic Manual)***
- ***Statistical Plan for Workers Compensation and Employers Liability Insurance (Statistical Plan)***
- ***Forms Manual of Workers Compensation and Employers Liability Insurance (Forms Manual)***

#### **BACKGROUND**

Missouri Senate Bill 613 and Senate Bill 700 (SB 613 and SB 700—2016 Session) revise the Revised Statutes of Missouri to:

- Revise the dollar amount requirement provided in the employer-paid medical-only claims provision
- Allow the submission of payroll information from any calendar quarter of the year preceding the current workers compensation and employers liability insurance policy for the CCPAP

#### **Missouri Employer-Paid Medical Program/Missouri Employer Paid Medical Endorsement**

Currently, Section 287.957 of the Revised Statutes of Missouri specifies that the experience rating plan prohibits an adjustment to the experience rating modification for claims of an employer when all four of the following conditions are met:

- The total medical cost does not exceed \$1,000
- The employer pays all of the total medical costs
- There is no lost time from the employment, other than the first three days or less of disability
- No claim is filed

SB 613 and SB 700 are effective on August 28, 2016. These senate bills revise the statute's dollar amount requirement from \$1,000 to 20% of the current primary and excess loss split point amount. The current primary and excess loss split point amount is provided in the rating values of NCCI's ***Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance (Experience Rating Plan Manual)***. For purposes of NCCI manual rules, the current primary and excess loss split point amount is the value in effect as of the policy's effective date.

As a result of the recent revision to the statute, the dollar amount provided in the employer-paid medical-only claims provision included in the Missouri Deductible Insurance miscellaneous rule and the Missouri Employer Paid Medical Endorsement (WC 24 04 06 C) must be revised.

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## FILING MEMORANDUM

### ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

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#### **CCPAP/Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application**

CCPAP is a credit program applicable to qualifying employers engaged in contracting operations. To determine a possible credit, an employer submits payroll information to NCCI on the Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application (Form 24-1 A).

Currently, Section 287.975 of the Revised Statutes of Missouri is silent as to which calendar quarter of payroll information an employer must submit on the Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application. The Missouri **Basic Manual** CCPAP rule and corresponding application (Form 24-1 A) specify that the employer must submit payroll information for the third calendar quarter of the year preceding the policy effective date, unless the employer did not engage in operations for the complete quarter.

SB 613 and SB 700 revise the statute to specify that an employer may submit payroll information for the first, second, third, or fourth calendar quarter of the year prior to the workers compensation policy's beginning or renewal date provided that the employer clearly indicates for which calendar quarter the payroll information is being submitted.

As a result of recent revisions to the statute, the Missouri **Basic Manual** CCPAP rule and corresponding application (Form 24-1 A) must be revised.

#### **PROPOSAL**

This item proposes to:

1. Remove the employer-paid medical-only claims provision currently included in the Missouri Deductible Insurance miscellaneous rule in NCCI's **Basic Manual** because this type of information is not related to deductible insurance.

Additional changes to the Missouri Deductible Insurance miscellaneous rule are necessary to revise the terminology that describes the percentage used to determine the policy premium credit. Premium reduction percentages are no longer produced by NCCI; instead, loss elimination ratios (LERs) are used as the key variable in determining the premium credit for deductible insurance.

2. Establish a new Missouri Employer-Paid Medical Program miscellaneous rule for the employer-paid medical-only claims provision in NCCI's **Basic Manual**. This rule will include the new dollar amount requirement (20% of the current primary and excess loss split point amount) provided in the employer-paid medical-only claims provision and other provisions of the rule.
3. Revise the Missouri CCPAP rule in NCCI's **Basic Manual** to specify that the employer may report payroll information from any calendar quarter of the year prior to the current workers compensation and employers liability insurance policy provided the employer clearly indicates which calendar quarter is being submitted.

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**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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4. Revise Missouri’s exception to Part 4-A-3-b in NCCI’s *Statistical Plan* to reflect the updated Missouri Employer-Paid Medical Program.
5. Revise the Missouri Employer Paid Medical Endorsement (WC 24 04 06 C) in NCCI’s *Forms Manual* to specify the new dollar amount requirement provided in the employer-paid medical-only claims provision.
6. Revise the Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application (Form 24-1 A) in NCCI’s *Forms Manual* to specify that the employer may report payroll information for any calendar quarter of the year prior to the current workers compensation and employers liability insurance policy provided the employer clearly indicates which calendar quarter is being submitted.
7. Make minor grammatical and formatting revisions to most of the items listed above.

**IMPACT**

**Missouri Employer-Paid Medical Program/Missouri Employer Paid Medical Endorsement**

The impact to statewide premium is expected to be negligible as a result of this change. The impact to individual employers will vary only to the extent that their experience rating modification is adjusted in accordance with the Revised Statutes of Missouri, Section 287.957, as amended by Missouri SB 613 and SB 700, whereas such an adjustment to the employer’s experience rating modification might currently be prohibited.

**CCPAP/Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application**

The impact to statewide premium is expected to be negligible as a result of this change. The impact to individual employers will vary to the extent that total credits as a percent of standard premium vary due to the change in quarter selection under the rule change.

**EXHIBIT COMMENTS AND IMPLEMENTATION SUMMARY**

| Exhibit | Exhibit Comments   | Implementation Summary   |
|---------|--|--|
| 1       | Details the revisions to the Missouri Deductible Insurance miscellaneous rule in NCCI’s <i>Basic Manual</i> .              | To become effective for new and renewal policies effective on and after 12:01 a.m. on August 28, 2016. |
| 2       | Details the establishment of the Missouri Employer-Paid Medical Program miscellaneous rule in NCCI’s <i>Basic Manual</i> . |  |
| 3       | Details the revisions to the Missouri CCPAP miscellaneous rule in NCCI’s <i>Basic Manual</i> .                             |  |
| 4       | Details the revision to Missouri’s exception to Part 4-A-3-b in NCCI’s <i>Statistical Plan</i> .                           |  |

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**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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| Exhibit | Exhibit Comments  | Implementation Summary   |
|---------|---|--|
| 5       | Details the revisions to the Missouri Employer Paid Medical Endorsement (WC 24 04 06 C) in NCCI's <i>Forms Manual</i> .   | To become effective for new and renewal policies effective on and after 12:01 a.m. on August 28, 2016. |
| 6       | Details the revisions to the Missouri Contracting Classification Premium Adjustment Program Workers Compensation Premium Credit Application (Form 24-1 A) in NCCI's <i>Forms Manual</i> . |  |

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**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 5**

**FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MISSOURI EMPLOYER PAID MEDICAL ENDORSEMENT (WC 24 04 06 D)**

**MISSOURI EMPLOYER-PAID MEDICAL ENDORSEMENT (WC 24 04 06 G D)**

This endorsement applies ~~only to the insurance provided by the policy~~ because Missouri is shown in Item 3.A. of the Information Page.

As a Missouri employer, you have the right, as provided by Section 287.957 of the Revised Statutes of Missouri, to have medical-only claims that do not exceed 20% of the current primary and excess loss split point amount, as shown in the Schedule below, \$1,000 excluded from your experience rating modification calculation. This will only be allowed when you pay all of the employee's medical costs; there is no lost time from the employment, other than the first three days or less of disability; and no claim is filed. The current primary and excess loss split point amount is provided in the rating values of NCCI's ***Experience Rating Plan Manual***. **You still must report all injuries, regardless of the dollar amount, to the Division of Workers' Compensation and to us.**

However, it should be noted that if, at any time, the medical expenses that are paid "~~out of pocket~~" out of pocket due to a particular injury ~~should~~ ever exceed 20% of the current primary and excess loss split point amount \$1,000 in the aggregate, and/or the employee misses more than three days from work due to the injury, then this injury must be reported to us as a claim. We will pay the full amount of the claim, which includes any reimbursements due to you for past medical expenses incurred by you for this particular claim. As a result, the total amount of losses incurred by us due to this claim will be included in your experience rating modification calculation.

Schedule

**20% of the Current Primary and Excess Loss Split Point Amount** \_\_\_\_\_

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND  
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 6  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM  
WORKERS COMPENSATION PREMIUM CREDIT APPLICATION (FORM 24-1 B)**

(Name of Insured)

(Address)

(City, State, Zip Code)

**MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM WORKERS  
COMPENSATION PREMIUM CREDIT APPLICATION (FORM 24-1 A B)**

The Contracting Classification Premium Adjustment Program is applicable to qualifying employers engaged in contracting operations. A premium calculation, which may result in a premium credit for you, will be based on average hourly pay rates for each classification of contracting operations. To determine a possible credit, please return the completed premium credit application, as set out on the reverse side of this letter, to:

NCCI, Customer Service Center  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487-1362

NCCI will advise us of any premium credit applicable.

**If NCCI does not receive this application within 180 days after policy effective date, your premium calculation will not reflect any possible premium credit.**

For each applicable classification (both contracting and noncontracting) covering your company's operations in the state of Missouri, report the total payroll (excluding overtime pay), and the corresponding total number of hours worked for any the third calendar quarter (first, second, third, or fourth) (July, August, September) of the year preceding the policy effective date as reported to taxing authorities.

Note #1: You must clearly indicate the calendar quarter that is being submitted. If you did not engage in contracting operations for the complete quarter, then the last complete calendar quarter prior to the effective date of your workers compensation policy should be used.

Note #2: If you are a new business with (no prior operations) or there was no complete quarter of operations prior to the policy effective date, submit the requested information for the first complete calendar quarter following the effective date of your workers compensation policy when available.

Note #3: In the absence of specific records for salaried employees, you should assume that each individual worked forty (40) hours per week.

Please preserve your payroll records that formed the basis for this declaration, because we will be required to verify the reported information in order for any premium credit to be applied.

Thank you for your cooperation.

Sincerely,

ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM

EXHIBIT 6 (CONT'D)
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE
MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM
WORKERS COMPENSATION PREMIUM CREDIT APPLICATION (FORM 24-1 B)

CONTRACTING CLASSIFICATION—PREMIUM CREDIT APPLICATION

Insured: \_\_\_\_\_

POLICY NUMBER: \_\_\_\_\_ POLICY EFFECTIVE DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

NOTE: Unless code(s), total wages paid, total hours worked, and calendar quarter reported are indicated and application is signed, it cannot be processed. Contact your agent or carrier for assistance.

Table with 4 columns: CLASSIFICATION, CODE, TOTAL WAGES PAID, TOTAL HOURS WORKED. Includes an example row for 'Electrical Wiring' and a section for 'Noncontracting Classifications'.

The foregoing is based on actual wages (excluding overtime pay) and hours worked as reflected in our payroll records for the complete calendar quarter.

**ITEM 01-MO-2016—REVISIONS TO MISSOURI DEDUCTIBLE INSURANCE AND  
CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM**

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**EXHIBIT 6 (CONT'D)  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MISSOURI CONTRACTING CLASSIFICATION PREMIUM ADJUSTMENT PROGRAM  
WORKERS COMPENSATION PREMIUM CREDIT APPLICATION (FORM 24-1 B)**

Complete Calendar Quarter (please circle one):

|                |                  |
|----------------|------------------|
| 1st (1/1–3/31) | 2nd (4/1–6/30)   |
| 3rd (7/1–9/30) | 4th (10/1–12/31) |

Calendar Year: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ POSITION: \_\_\_\_\_ DATE: \_\_\_\_\_