

Experience Modification Factor Demystified

Prevent Workers' Comp Overcharges

Don't settle for anything less than the lowest legally allowed Experience Modification Factor for your business. This number should be etched in your brain like your blood pressure, cholesterol, and a spouse's birthday. Much like these numbers are to your physical health, your Experience Modification Factor holds the key to your business' financial health. The best news—YOU can CONTROL all of these numbers!

Think of it this way: If a MOD of 1.00 is a "C", anything over 1.00 is a "D" or "F". What does your report card say? Even if it is less than 1.00, which is good, is it as good as it can be?

While only 10-15% of MOD's have actual errors, nearly 100% are mismanaged.

Why is that?

- Rating bureaus use incorrectly reported payrolls.
- Costs for employee injuries are entered more than once.
- Money recovered from incidents where a negligent third party was at fault (think getting hit by someone running a stop light). Non-at-fault incidents are never reported to the rating bureaus to remove them when the Insurance Company gets money back.
- Other credits are not applied properly.
- Other incorrect data is entered, such as insurance company expenses that should not be charged against your record.

The formula to figure all this out penalizes employers for small claims. This penalty can result in you writing a check for as much as \$3 to the insurance company for every \$1 they pay on your behalf for injured employees.

What you most want to prevent is the insurance company writing their checks to replace your injured workers' lost wages.

What can you do?

- Prevent employee injuries. Workplace injuries occur mostly from unsafe acts, rather than unsafe conditions.
- Create alternative duties for injured workers to urge them to return to work immediately so the insurance company does not issue them checks for lost wages. There are only three valid reasons an injured employee should not be at work: they are hospitalized, they are contagious, or they are on medications that prevent them from working.
- When an injured worker is off work, make sure to keep in frequent contact so they know you care. This keeps daytime TV advertisements from swaying them to hire an attorney.
- Build strong clinic and medical relationships with providers who understand how the workers' compensation system works.
- Work with GIS Cornerstone, who has the experience and training to help you put all the puzzle pieces in the right place...and help you keep your money where it belongs...in YOUR pocket.



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