



Top 10 Ways to Control Your X-Mod

Before we jump into the strategies for controlling your x-mod, let's briefly discuss what it is and the factors that impact the experience modification.

Experience rating is an objective method of establishing fairness in workers' compensation premiums for employers within the same industry. It uses actual loss results to establish experience modifications (often referred to as X-Mods, e-mods or ERM) for individual employers. An employer with a 100% experience modification reflects that the employer's loss results are "average" for its industry. An experience modification less than 100% reflects that the employer's experience is better than the industry average and an experience modification over 100% reflects below average results. The x-mod is a "multiplier" in the WC premium calculation, so employers with higher x-mods normally pay higher WC rates.

The experience rating process provides an incentive for employers to implement safe work practices, and it should be noted that the frequency of claims is given greater weight in the calculation than the severity of a claim. Thus, three \$10,000 claims will result in a higher x-mod than one \$30,000 claim.

So you can probably surmise that the key strategies in controlling an x-mod involve the reduction or elimination of claims through an effective safety program. Cost containment efforts for injuries that arise are also important, but the sure-fire means of controlling the x-mod is through safety.

1. **Develop a safety culture** within your organization emphasizing that everyone feels responsible for safety. No job should be undertaken unless it can be done safely. This requires top management "buy-in," a system of accountability, setting goals and ongoing measurement of those goals. For details on how to create a safety culture, check out the OSHA website:
https://www.osha.gov/SLTC/etools/safetyhealth/mod4_factsheets_culture.html.
2. Review and update your **Injury and Illness Prevention Program (IIPP)** to make sure it is current and fully implemented. The IIPP is your blueprint for your safety efforts. If it is sitting on a shelf collecting dust, it's not doing you any good. Make sure it includes jobsite inspections and accident investigations.
3. **Hire the best available employees** – in all positions. Oftentimes, the "marginal" employees in your organization are more likely to ignore safety procedures and injure

themselves or a co-worker. They are also more likely to take advantage of the WC system to maximize the value of their claim rather than trying to return to work. We frequently see spikes in x-mods from employers who grew rapidly and made poor hiring decisions because they needed bodies.

4. **Training / orientation.** This is an especially important item for new hires, who statistically are more likely than your experienced employees to sustain an injury. Make sure that every employee is trained on the proper use of every piece of equipment that they will use. Regularly scheduled and documented tailgate meetings are essential.
5. Establish an effective **Fleet & Driving Safety** program that incorporates driver selection; driver training; vehicle use policy; vehicle inspection/maintenance; and accident investigation. Motor vehicle accidents are a leading cause of serious injury/deaths in the landscape industry. Plus, most landscape vehicles have multiple employees in them, so one accident can cause multiple employee claims. Double whammy of frequency and severity on your x-mod!
6. Accidents do happen. In the event of an accident, arrange for prompt medical care through your insurance company's **Medical Provider Network (MPN)**. Medical costs of WC claims represent more than 50% of the total claim cost. Using the MPN network allows you and the insurance company to better control the cost of the claim. Be prepared and know which MPN medical provider will be utilized when an accident occurs.
7. **Report claims immediately.** The faster you can report a claim the better. State guidelines require you to report a claim within 5 days, but that's really too slow. With telephone reporting processes available, 24-48 hours should be the norm. You want the claim being handled by the adjuster immediately. **Statistics prove that late-reported claims cost significantly more than claims reported timely.**
8. **First aid claims.** California law allows for employers to pay for the cost of first aid (even if provided by a physician) and this keeps the first aid claims out of the x-mod calculation. First aid is defined as "any one-time treatment, and any follow-up visit for the purpose of observation of minor scratches, burns, splinters, or other minor industrial injury, which do not ordinarily require medical care...." First aid claims cannot involve any missed time from work beyond the shift on the date of injury. **Work with your medical clinic to determine if an accident meets the test for first aid, and if it does, arrange to pay the medical clinic on your own.**
9. **Monitor / manage the claim – get involved.** Be an employee advocate; maintain continuous contact with the injured employee; maintain a relationship with the claims examiner to stay informed; attend depositions and hearings when claims become litigated. Monitor the reserves of the claim (LCIS Claims Consultants will assist you) to

make sure that any open claims are properly reserved before the data is reported to calculate your X-mod.

10. **Provide modified or alternative work** to injured workers when the doctor allows. Getting employees back to work quickly, on a light duty or a part-time assignment, has proven to be an effective method of reducing not only temporary disability costs, but also medical and permanent disability costs.
11. **Okay – so I can't count.** Did I mention establishing an effective safety program and preventing injuries? **The best claim is the one that never happens!**