



# Circular

MAY 31, 2011

ANNOUNCEMENT

CIF-2011-07

## Countrywide—Announcement of Item P-1409—Withdrawal of Ex-Medical Coverage Endorsements WC 00 03 06 and WC 00 03 07

### ACTION NEEDED

Please review the changes outlined in the attachments to this circular for impact on your company's systems and procedures. Also review the *Status of Item Filings* circular for state approval of this item.

**Notes:** Arkansas law does not permit NCCI to file rules and rates on its members' behalf. Therefore, insurance carriers must make an independent filing with the Arkansas Insurance Department electing to adopt, or not adopt, an item filing filed by NCCI and subsequently approved by the Department. When such a filing is made with the Department, make sure that the NCCI item filing number (not the NCCI circular number) is referenced. Additionally, this item has been submitted to the independent bureaus of Indiana and North Carolina for their consideration.

**Caution:** At the time of distribution of this circular, this item has been filed with the regulator **but is not yet approved**. This information is provided for your convenience and analysis. Please do not use the information until the regulator has approved the filing.

### BACKGROUND

In states where a policy is permitted to be written on an ex-medical coverage basis, the carrier does not provide medical payment coverage, and a reduced manual rate applies to the policy. An employer written on an ex-medical coverage basis assumes the liability for medical payments for its injured employees and holds the carrier harmless via an endorsement to the policy. Ex-medical coverage policies are usually written for hospitals or other medical facilities equipped to treat employees in case of disease or injury.

Currently, ex-medical loss costs and rates for hospital classifications are provided on the footnotes page of the loss cost and rate pages of the *Basic Manual for Workers Compensation and Employers Liability Insurance*.

A review of NCCI's data identified only one current Indiana policy with the applicable ex-medical coverage code. No other policies have been reported to NCCI with that code for the current and past four years. Based on this research, NCCI is proposing to eliminate all ex-medical coverage rules from our manuals and discontinue ex-medical rating value calculations.

This item proposes to withdraw the following endorsements due to the elimination of ex-medical coverage rules:

- WC 00 03 06—Medical Benefits Exclusion Endorsement
- WC 00 03 07—Medical Benefits Reimbursement Endorsement

This item is being filed in conjunction with Item B-1423—Elimination of Ex-Medical Coverage. Item B-1423 proposes to eliminate all ex-medical coverage rules from the *Basic Manual*, *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*, and *Statistical Plan for Workers Compensation and Employers Liability Insurance*.

This item is applicable to new and renewal voluntary and assigned risk policies. It will become effective concurrently with each state's approved rate/loss cost filing effective on or after January 1, 2012. Refer to the attached version of Item P-1409 for state-specific effective dates and for complete details of this item.

<b>IMPACT</b>	There will be no statewide premium impact as a result of the elimination of ex-medical coverage endorsements.	
<b>NCCI ACTION</b>	NCCI's <i>Status of Item Filings</i> circular will provide you with the latest information on the approval of Item B-1423 in addition to all NCCI item filings. The <i>Status of Item Filings</i> circular is updated weekly at <b>ncci.com</b> .	
<b>PERSON TO CONTACT</b>	<p>If you have any questions, please contact:</p> <p>Customer Service Center NCCI, Inc. 901 Peninsula Corporate Circle Boca Raton, FL 33487-1362 800-NCCI-123 (800-622-4123)</p>	<p>Technical Contact:</p> <p>Miriam Jereda Regulatory Services Manager NCCI, Inc. 901 Peninsula Corporate Circle Boca Raton, FL 33487-1362 Phone: 561-893-3192 Fax: 561-893-5358 E-mail: <a href="mailto:miriam_jereda@ncci.com">miriam_jereda@ncci.com</a></p>

## FILING MEMORANDUM

### ITEM P-1409—WITHDRAWAL OF EX-MEDICAL COVERAGE ENDORSEMENTS WC 00 03 06 & WC 00 03 07

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#### PURPOSE

This item withdraws from use WC 00 03 06—Medical Benefits Exclusion Endorsement and WC 00 03 07—Medical Benefits Reimbursement Endorsement from NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance*.

#### BACKGROUND

In states where a policy is permitted to be written on an ex-medical coverage basis, the carrier does not provide medical payment coverage, and a reduced manual rate applies to the policy. An employer written on an ex-medical coverage basis assumes the liability for medical payments for its injured employees and holds the carrier harmless via an endorsement to the policy. Ex-medical coverage policies are usually written for hospitals or other medical facilities equipped to treat employees in case of disease or injury.

Currently, ex-medical loss costs and rates for hospital classifications are provided on the footnotes page of the loss costs and rates pages of the *Basic Manual for Workers Compensation and Employers Liability Insurance*.

A review of NCCI's data identified only one current Indiana policy with the applicable ex-medical coverage code. No other policies have been reported to NCCI with that code for the current and past four years. Based on this research, NCCI is proposing to eliminate all ex-medical coverage rules from our manuals and discontinue ex-medical rating value calculations.

#### PROPOSAL

This item proposes to withdraw the following endorsements due to the elimination of ex-medical coverage rules:

- WC 00 03 06—Medical Benefits Exclusion Endorsement
- WC 00 03 07—Medical Benefits Reimbursement Endorsement

This item is being filed in conjunction with Item B-1423—Elimination of Ex-Medical Coverage. Item B-1423 proposes to eliminate all ex-medical coverage rules from the *Basic Manual*, *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance* and *Statistical Plan for Workers Compensation and Employers Liability Insurance*. Items B-1423 and P-1409 should be adopted concurrently.

#### IMPACT

There will be no statewide premium impact as a result of the elimination of ex-medical coverage endorsements.

#### IMPLEMENTATION

The attached exhibits illustrate the endorsements proposed to be withdrawn from NCCI's *Forms Manual*:

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FILING MEMORANDUM

**ITEM P-1409—WITHDRAWAL OF EX-MEDICAL COVERAGE ENDORSEMENTS WC 00 03 06  
& WC 00 03 07**

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- **Exhibit 1** withdraws form WC 00 03 06
- **Exhibit 2** withdraws form WC 00 03 07

This item is applicable to new and renewal, voluntary and assigned risk, policies. It will become effective concurrently with each state's approved rate/loss cost filing for the 2012<sup>1</sup> filing cycle. For example, this item will be effective January 1, 2012 for approved rate/loss cost filings that have a January 1, 2012 effective date. Similarly, this item will be effective July 1, 2012 for approved rate/loss cost filings that have a July 1, 2012 effective date. If there is no rate/loss cost filing for a state in a given year, this item will take effect on that state's "normal" rate effective date. (The "normal" rate effective date is the anniversary date of the state's previous years rate effective date.)

The following chart shows the proposed effective dates for each state:

State	Proposed* Effective Date
Alabama	March 1, 2012
Arkansas	July 1, 2012
Colorado	January 1, 2012
Connecticut	January 1, 2012
District of Columbia	November 1, 2012
Florida	January 1, 2012
Hawaii	This item will be implemented in Hawaii's loss cost filing proposed to be effective January 1, 2012. The effective date will be determined upon regulatory approval of the individual carrier's election to adopt this change.
Idaho	January 1, 2012
Illinois	January 1, 2012
Indiana	January 1, 2012
Iowa	January 1, 2012
Kentucky	October 1, 2012
Louisiana	May 1, 2012
Maine	January 1, 2012
Maryland	January 1, 2012

<sup>1</sup> Unless otherwise noted.

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FILING MEMORANDUM

ITEM P-1409—WITHDRAWAL OF EX-MEDICAL COVERAGE ENDORSEMENTS WC 00 03 06  
& WC 00 03 07

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State	Proposed* Effective Date
Mississippi	March 1, 2012
Missouri	All rate changes related to this filing are proposed to be effective January 1, 2012 for the voluntary and assigned risk market.
Montana	July 1, 2012
Nevada	March 1, 2012
New Hampshire	January 1, 2012
New Mexico	January 1, 2012
North Carolina	April 1, 2012
Oklahoma	January 1, 2012
Rhode Island	June 1, 2012
South Carolina	July 1, 2012
South Dakota	July 1, 2012
Tennessee	March 1, 2012
Vermont	April 1, 2012
Virginia	April 1, 2012

\* Subject to change

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EXHIBIT 1

FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MEDICAL BENEFITS EXCLUSION ENDORSEMENT

(WC 00 03 06)

(Applies in: AL, AR, CO, CT, DC, FL, HI, IA, ID, IL, IN, KY, LA, MD, ME, MO, MS, MT, NV, NC,  
NH, NM, OK, RI, SC, SD, TN, VT, VA)

~~MEDICAL BENEFITS EXCLUSION ENDORSEMENT (WC 00 03 06)~~

~~Part One (Workers Compensation Insurance) does not cover any medical benefits required by the workers compensation law of a state named in the Schedule. You will provide medical benefits to the full extent required by that workers compensation law and to our satisfaction.~~

~~Schedule~~

~~State~~

EXHIBIT 2  
FORMS MANUAL OF WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE  
MEDICAL BENEFITS REIMBURSEMENT ENDORSEMENT

(WC 00 03 07)

(Applies in: AL, AR, CO, CT, DC, FL, HI, IA, ID, IL, IN, KY, LA, MD, ME, MO, MS, MT, NV, NH,  
NM, OK, RI, SC, SD, TN, VT, VA)

~~MEDICAL BENEFITS REIMBURSEMENT ENDORSEMENT (WC 00 03 07)~~

~~You will provide all medical benefits to the full extent required by the workers compensation law of each state named in the Schedule and to our satisfaction.~~

~~This agreement is between you and us. It does not change the rights of others under the policy. You will reimburse us for any of those medical benefits that we may be legally required to pay.~~

~~Schedule~~

~~State~~