



Circular

MAY 27, 2011

ANNOUNCEMENT

CIF-2011-06

Countrywide—Announcement of Item B-1423—Elimination of Ex-Medical Coverage

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*.

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.

The revisions proposed in this item include:

- Elimination of ex-medical coverage in NCCI's *Basic Manual for Workers Compensation and Employers Liability Insurance*, *Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance*, and *Statistical Plan for Workers Compensation and Employers Liability Insurance*
- Discontinuation of ex-medical values from the footnotes pages of the loss cost and rate pages of the *Basic Manual*
- Discontinuation of promulgation of ex-medical experience rating modifications and ex-medical ratios

This item is being filed in conjunction with Item P-1409—Withdrawal of Ex-Medical Coverage Endorsements WC 00 03 06—Medical Benefits Exclusion Endorsement and WC 00 03 07—Medical Benefits Reimbursement Endorsement. Item P-1409 proposes that the ex-medical endorsements located in NCCI's *Forms Manual of Workers Compensation and Employers Liability Insurance* be withdrawn from use.

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 B-1423 for state-specific effective dates and for complete details of this item.

IMPACT

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

NCCI ACTION

NCCI's *Status of Item Filings* circular will provide you with the latest information on the approval of Item B-1423 in addition to all NCCI item filings. The *Status of Item Filings* circular is updated weekly at **ncci.com**.

NCCI will release updated pages of the *Basic Manual*, *Experience Rating Manual*, and *Statistical Plan* prior to the effective date. If you would like to subscribe to any of our manuals, please call our Customer Service Center at 800-NCCI-123 (800-622-4123).

**PERSON TO
CONTACT**

If you have any questions, please contact:

Customer Service Center
NCCI, Inc.
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
800-NCCI-123 (800-622-4123)

Technical Contact:

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: miriam_jereda@ncci.com

FILING MEMORANDUM

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

PURPOSE

This item eliminates the ex-medical coverage rules in the following NCCI manuals:

- ***Basic Manual for Workers Compensation and Employers Liability Insurance***
- ***Experience Rating Plan Manual for Workers Compensation and Employers Liability Insurance***
- ***Statistical Plan for 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***.

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

The revisions proposed in this item include:

- Elimination of ex-medical coverage in NCCI's ***Basic Manual***, ***Experience Rating Plan Manual***, and ***Statistical Plan***
- Discontinuation of ex-medical values from the footnotes pages of the loss cost and rate pages of the ***Basic Manual***
- Discontinuation of promulgation of ex-medical experience rating modifications and ex-medical ratios

This item is being filed in conjunction with Item P-1409—Withdrawal of Ex-Medical Coverage Endorsements WC 00 03 06 and WC 00 03 07. Item P-1409 proposes that the ex-medical endorsements located in NCCI's ***Forms Manual of Workers Compensation and Employers Liability Insurance*** be withdrawn from use. Item B-1423 and P-1409 should be adopted concurrently.

State-Specific Proposal for Florida:

It is proposed that the references to ex-medical coverage in Part One-I.A.12 and Part Four-H, Table of Loss Limitations for Ex-Medical Policies in the ***Retrospective Rating Plan for Workers Compensation and Employers Liability Insurance—1984 Edition***, be eliminated.

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FILING MEMORANDUM

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

State-Specific Proposal for Indiana:

In Indiana, ex-medical coverage is currently being utilized. As a result, any Indiana workers compensation ex-medical policy with an effective date prior to the effective date of this item filing will continue to be included in the calculation of a risk's experience rating modification(s), where applicable, subject to the **Experience Rating Plan Manual** Indiana state exception to Rule 2-D being filed as part of this item. This rule will remain in effect until there are no longer any Indiana ex-medical coverage policies eligible for inclusion in an experience rating modification. After that date, the **Experience Rating Plan Manual** Indiana state exception to Rule 2-D will be removed from the manual.

IMPACT

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

IMPLEMENTATION

The following is a summary of exhibits included in this item:

- **Exhibit 1** displays elimination of ex-medical coverage in NCCI's **Basic Manual** Rule 3-A-10
- **Exhibit 2** displays elimination of ex-medical coverage in NCCI's **Experience Rating Plan Manual** Rule 5-B
- **Exhibit 3** displays changes to NCCI's **Statistical Plan** Part 6-G
- **Exhibit 4** displays state-specific exception changes that are needed to eliminate ex-medical coverage
- **Exhibit 5** displays state rule exception for Indiana in NCCI's **Experience Rating Plan Manual** as Rule 2-D-4

In applicable NCCI Plan Administered states, references to Ex-Medical Coverage are being discontinued with Item RM-W-8038 – Establishment of Basic Manual Rule 4-G – Available Coverages.

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 2012¹ 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 year's rate effective date.)

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

¹ Unless otherwise noted.

FILING MEMORANDUM

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

State	Proposed* Effective Date
Alabama	March 1, 2012
Alaska	January 1, 2012
Arizona	January 1, 2012
Arkansas	July 1, 2012
Colorado	January 1, 2012
Connecticut	January 1, 2012
District of Columbia	November 1, 2012
Florida	January 1, 2012
Georgia	March 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
Kansas	January 1, 2012
Kentucky	October 1, 2012
Louisiana	May 1, 2012
Maine	January 1, 2012
Maryland	January 1, 2012
Massachusetts	Effective with this state's rate 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
Nebraska	February 1, 2012

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FILING MEMORANDUM

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

State	Proposed* Effective Date
Nevada	March 1, 2012
New Hampshire	January 1, 2012
New Mexico	January 1, 2012
North Carolina	April 1, 2012
Oklahoma	January 1, 2012
Oregon	January 1, 2012
Rhode Island	June 1, 2012
South Carolina	July 1, 2012
South Dakota	July 1, 2012
Tennessee	March 1, 2012
Utah	December 1, 2012
Vermont	April 1, 2012
Virginia	April 1, 2012
West Virginia	November 1, 2012

* Subject to change

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ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

EXHIBIT 1

BASIC MANUAL—2001 EDITION

RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS

A. EXPLANATION AND APPLICATION

(Applies in: AL, CO, CT, FL, HI, IA, ID, IL, IN, KY, LA, MD, MO, MT, NV, NM, NC, RI, SC, SD, VT)

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~ (RESERVED FOR FUTURE USE)

~~Ex medical rating is the rating of workers compensation policies that excludes medical coverage. In states where ex medical coverage is permitted, the carrier does not provide medical payment coverage, and a reduced manual rate applies.~~

- ~~• For any location insured on an ex medical basis, use the ex medical rates to calculate premium for the applicable classifications.~~
- ~~• Ex medical loss costs and rates are printed on the state pages of this manual for hospital classifications.~~
- ~~• Ex medical rates for hospital and other classifications may be obtained from the carrier in competitive rating jurisdictions. Otherwise, such rates may be obtained from NCCL or other licensed rating organization.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 2
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
RULE 5—SPECIAL RATING CONDITIONS**

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

B. ~~EX-MEDICAL EXPERIENCE~~(RESERVED FOR FUTURE USE)

~~If coverage is provided on an ex-medical basis as permitted by the **Basic Manual** rules, the experience-rating modification is calculated using the formula described in Rule 2-D of this Plan, with the following exception:~~

~~Apply the ex-med multiplier to convert the total expected losses for each classification to an ex-medical basis. The ex-med multiplier is determined by the following formula:~~

~~$1.00 - (1.30 \times \text{Classification Ex Medical Ratio})$~~

~~Refer to the rating organization for state ex-medical ratios.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

EXHIBIT 3
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES

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

G. EXPOSURE ACT/EXPOSURE COVERAGE CODE

This is a two-digit code that identifies the type of exposure coverage.

Code	Type of Exposure Coverage
00	For Use With Statistical Codes Only
01	State Act or Federal Act Excluding USL&HW and Federal Coal Mine Health and Safety Act: Coverage for benefits paid to employees injured as the result of a workplace accident under the state workers compensation law or federal compensation laws, excluding coverage under the United States Longshore and Harbor Workers' Compensation Act and the Federal Coal Mine Health and Safety Act.
02	USL&HW F-Classes or USL&HW Coverage on Non-F-Classes: <ul style="list-style-type: none"> • Coverage for benefits paid to employees injured as the result of a workplace accident under the USL&HW Act. • Extension of the USL&HW Act to non-F-class operations, which involve some employees subject to the USL&HW Act for an additional premium charge.
03	Coverage Under the Federal Coal Mine Health and Safety Act Only: <ul style="list-style-type: none"> • Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal Coal Mine Health and Safety Act excluding the state act for coal mine class codes. Disease is covered under the Federal Coal Mine Health and Safety Act only. • Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal Coal Mine Health and Safety Act for non-coal mine class codes.
04	Coverage Under the Federal Coal Mine Health and Safety Act and the State Act: <ul style="list-style-type: none"> • Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal Coal Mine Health and Safety Act in addition to the state act for coal mine class codes. Coverage for disease is provided under both the state act and the Federal Coal Mine Health and Safety Act. • Coverage by endorsement for benefits paid to employees injured as the result of a workplace accident under the Federal Coal Mine Health and Safety Act in addition to the state act for non-coal mine class codes.
06	Coverage Under State Act Excluding Medical Coverage: Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except that the insured pays for all medical and hospital services as required by workers compensation law. <u>In accordance with the state's rate effective date and approval of Item B-1423, Code 06 is discontinued. Refer to Item B-1423 to determine the date when the state(s) discontinued Code 06.</u>
07	Excess Benefits Coverage: Applies in Maryland and West Virginia only, as follows: Maryland Exception: Code 07 for Excess Benefits Coverage applies in Maryland. Coverage described under the Standard Workers Compensation Including Employers Liability Policy, except

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 3 (CONT'D)
STATISTICAL PLAN—2008 EDITION
PART 6—CODING VALUES**

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

Code Type of Exposure Coverage

coverage that was endorsed by the Excess Special Endorsement. When excess benefits coverage is provided in Maryland, the following rules govern the reporting of loss data:

- Each loss must be valued separately under the Maryland Workers Compensation Law.
- The valuation on the basis of the Maryland law must be reported according to the rules of this Plan.
- The valuation under the excess benefits (e.g., Maryland law subcontracted from the valuation under the District of Columbia law) must be reported.

West Virginia Exception: Code 07 applies in West Virginia in connection with Deliberate Intent (Mandolidis) Coverage only, when endorsed on a workers compensation/employers liability policy or when provided as an excess policy.

08 Reserved for Future Use**09 Endorsed Maritime Coverage:** Coverage described under the Standard Workers Compensation Including Employers Liability Policy, which is endorsed to provide coverage for bodily injury to a master or member of the crew of any vessel.

Louisiana Exception: Code 09 for Endorsed Maritime Coverage applies in Louisiana only.

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
ALASKA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Alaska.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
ARKANSAS STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Arkansas. However, with respect to hospitals, agreement may be made to issue policies at ex medical rates providing that the hospital will furnish the necessary treatments called for under the Compensation Act. Such agreement will in no event be construed to relieve the insurance company of its liability under the Compensation Act.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
ARIZONA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Arizona to the voluntary or assigned risk market.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
COLORADO STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Add the following to Rule 3 A 10:~~

~~A risk must first secure an ex medical permit from the Division of Workers Compensation before
ex medical coverage may be written.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
DISTRICT OF COLUMBIA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Change Rule 3 A 10 as follows:~~

~~Ex medical coverage is not permitted in the District of Columbia, with the exception of hospitals. Hospitals may agree to policies at ex medical rates if the hospital furnishes the necessary treatments required under the Compensation Act. However, this type of policy does not relieve the insurance company of its liability under the Compensation Act.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
RETROSPECTIVE RATING PLAN MANUAL
1984 EDITION
PART ONE DESCRIPTION OF THE PLAN
I. INTRODUCTION
A. GENERAL EXPLANATIONS
(Applies in FL)**

12. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

- a. ~~A policy on an ex medical basis requires prior approval by the National Council or other licensed rating organization. Approval is not required if the insured is a hospital. Refer to Rule IX of the **Basic Manual for Workers Compensation and Employers Liability Insurance.**~~
- b. ~~If an approved ex medical policy is subject to this Plan, the Notice of Election to apply retrospective rating shall indicate the ex medical status, loss limitations and other factors which have been selected. Refer to Table of Loss Limitations for Ex Medical Policies in Part Four of this Plan.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

EXHIBIT 4
RETROSPECTIVE RATING PLAN MANUAL
1984 EDITION
PART FOUR—H
TABLE OF LOSS LIMITATIONS
(Applies in FL)

**~~TABLE OF LOSS LIMITATIONS
FOR EX-MEDICAL POLICIES~~**

Eligibility Total Estimated Standard Premiums	Accident Limitation	
	Full Coverage	Ex Medical Coverage
\$100,000	\$25,000	\$20,000
over 100,000	30,000	24,000
over 100,000	35,000	28,000
over 100,000	40,000	32,000
over 100,000	50,000	40,000
150,000	75,000	60,000
200,000	100,000	80,000
250,000	125,000	100,000
300,000	150,000	120,000
350,000	175,000	140,000
400,000	200,000	160,000
500,000	250,000	200,000
600,000	300,000	240,000
1,000,000	500,000	400,000
2,000,000	1,000,000	800,000

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
GEORGIA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Georgia.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 5
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
INDIANA STATE RULE EXCEPTIONS
RULE 2—EXPERIENCE RATING ELEMENTS AND FORMULA
D. EXPERIENCE RATING FORMULA**

Add the following to 2-D:

4. Ex-Medical Experience

If any policy during the experience period was provided on an ex-medical basis, the experience rating modification is calculated using the formula described in Rule 2-D-1 of this Plan, with the following exception:

Apply the ex-medical multiplier to convert the total expected losses for each classification to an ex-medical basis. The ex-med multiplier is determined by the following formula:

$1.00 - (1.30 \times \text{Classification Ex-Medical Ratio})$

Refer to the rating organization for state ex-medical ratios.

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
IOWA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Add the following to Rule 3 A 10:~~

~~Ex medical coverage may be provided if the insured forwards an application to the Iowa Insurance Department and receives approval for permission to relieve the carrier from insuring statutory medical aid.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
KANSAS STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Kansas.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

EXHIBIT 4
BASIC MANUAL—2001 EDITION
KANSAS MISCELLANEOUS RULES—APPLICABLE TO ASSIGNED RISK POLICIES ONLY
KANSAS ASSIGNED RISK RETROSPECTIVE RATING PLAN

5. WCIP Policy Premium Elements /Programs

- a. Any applicable WCIP premium pricing program approved by the state, and included in the calculation of standard premium, is included when determining an employer's eligibility for the Kansas Assigned Risk Retrospective Rating Plan. See the *Basic Manual User's Guide* for a listing of states' WCIP pricing programs.
- b. Below is a list of premium elements/programs in the order they appear on the states' WCIP premium algorithm and how they relate to the Kansas Assigned Risk Retrospective Rating Plan policy. *Refer to the Kansas state Assigned Risk Workers Compensation Premium Algorithm for information on the application of additional premium elements.*

Premium Elements/ Programs	Application
Increased Limits	If the policy includes increased limits for employers liability, such premium and incurred losses are subject to the Kansas Assigned Risk Retrospective Rating Plan.
Aircraft Classification	If the policy includes any of the aircraft classifications, the premium and losses for such classifications, including passenger seat surcharge, under Code 7421, must be excluded in the determination of the Kansas Assigned Risk Retrospective Rating Plan.
Deductible Program	If available, deductible credits may be applied to the Kansas Assigned Risk Retrospective Rating Plan policy. However, the applicable credit, if applied, is excluded when determining Kansas Assigned Risk Retrospective Rating Plan eligibility.
Premium Discount	In those states with a premium discount program, the premium discount will not be applied to the Kansas Assigned Risk Retrospective Rating Plan policy.
Exclusion of Statutory Medical Benefits (Ex Medical Coverage)	Policies written on an ex medical basis are subject to the Kansas Assigned Risk Retrospective Rating Plan.
Wrap-Up Construction Projects	Wrap-up construction projects are subject to the Kansas Assigned Risk Retrospective Rating Plan.
Terrorism	The application of terrorism premium is mandatory for all WCIP policies. It is excluded when determining an employer's eligibility for the Kansas Assigned Risk Retrospective Rating Plan. Additionally, any related losses are not included in any of the Kansas Assigned Risk Retrospective Rating Plan valuations.
Catastrophe (other than Certified Acts of Terrorism)	The application of Catastrophe (other than Certified Acts of Terrorism) premium is mandatory for all WCIP policies. The Catastrophe (other than Certified Acts of Terrorism) premium is excluded when determining an employer's eligibility for the Kansas Assigned Risk Retrospective Rating Plan. Additionally, any related losses are not included in any of the Kansas Assigned Risk Retrospective Rating Plan valuations.

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
EXPERIENCE RATING PLAN MANUAL—2003 EDITION
MASSACHUSETTS STATE RULE EXCEPTIONS
RULE 5—SPECIAL RATING CONDITIONS**

B. ~~EX-MEDICAL EXPERIENCE~~

~~Rule 5-B does not apply in Massachusetts.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
MAINE STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Maine.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
MISSOURI STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Add the following to Rule 3 A 10:~~

~~No policy may be written eliminating statutory medical aid unless the Missouri Workmen's Compensation Commission, acting under the authority conferred upon it by Section 287.280 of the Missouri Workmen's Compensation Law, has authorized the employer to do so. Evidence of this authorization must be furnished to the Bureau.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
MISSISSIPPI STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATIONS OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Mississippi.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
NEBRASKA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Nebraska.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
NEW HAMPSHIRE STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in New Hampshire.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
OKLAHOMA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Oklahoma. However, with respect to hospitals, agreements may be made to issue policies at ex-medical rates providing that the hospital will furnish the necessary treatments called for under the Compensation Act. Such agreement may in no event be construed to relieve the insurance company of its liability under the Compensation Act.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
OREGON STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Oregon.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
TENNESSEE STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Tennessee.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
UTAH STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule does not apply in Utah.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
VIRGINIA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Rule 3 A 10 does not apply in Virginia.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
VIRGINIA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION
APPLICABLE TO ASSIGNED RISK POLICIES ONLY**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~Change Rule 3 A 10 as follows:~~

~~All references to exclusion of statutory medical benefits in this rule or other rules of this manual do not apply to Virginia assigned risk policies.~~

ITEM B-1423—ELIMINATION OF EX-MEDICAL COVERAGE

**EXHIBIT 4
BASIC MANUAL—2001 EDITION
WEST VIRGINIA STATE RULE EXCEPTIONS
RULE 3—RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS
A. EXPLANATION AND APPLICATION**

10. ~~Exclusion of Statutory Medical Benefits—Ex Medical Coverage~~

~~This rule is not applicable in West Virginia.~~