

BRIGHTADVISOR®

EMR Reduction Guide

Understanding and Lowering Your Workers Compensation Experience Modification Rate

What Is Your Experience Modification Rate?

Your Experience Modification Rate (EMR), also called the experience mod or e-mod, is a numeric representation of your company's claims history compared to other businesses of similar size and industry. It directly impacts your workers compensation insurance premiums and can significantly affect your bottom line and ability to win contracts.

An EMR of 1.0 means your claims experience is average for your industry. Below 1.0 means better than average (lower premiums). Above 1.0 means worse than average (higher premiums). Every 0.1 change in your EMR can mean thousands of dollars in premium difference.

How EMR Is Calculated

The National Council on Compensation Insurance (NCCI) or your state rating bureau calculates EMR using a formula that compares your actual losses to expected losses for your industry classification and payroll size.

| Factor | Description | Impact on EMR |
|-----------------------|--|--|
| Actual primary losses | First portion of each claim (typically first \$5,000-\$18,500) | High impact; each claim counts |
| Actual excess losses | Amount of each claim above the primary threshold | Lower impact; large claims partially capped |
| Expected losses | Predicted losses based on class code and payroll | Used as the comparison baseline |
| Payroll by class code | Higher payroll = higher expected losses | Larger employers absorb losses more easily |
| Experience period | Typically 3 policy years, excluding most recent year | Older claims phase out over time |
| Claim frequency | Number of claims matters more than severity | Many small claims hurt more than one large claim |

Claim frequency has a disproportionate impact on your EMR. Five \$2,000 claims will increase your EMR significantly more than a single \$10,000 claim. Focus on preventing all workplace injuries, not just the severe ones.

Loss Prevention Strategies

The most effective way to lower your EMR is to prevent injuries from happening. Implement these proven loss prevention strategies to reduce claim frequency and severity.

Workplace Safety Program

1. Conduct a comprehensive job hazard analysis for every position
2. Establish written safety policies and procedures for all high-risk tasks
3. Provide initial safety orientation for all new hires before they begin work
4. Conduct monthly safety meetings with documented attendance
5. Perform regular workplace inspections using standardized checklists
6. Implement a near-miss reporting program to identify hazards before injuries occur
7. Maintain equipment regularly with documented inspection schedules
8. Provide appropriate PPE and train employees on proper use

Pre-Employment and Hiring Practices

- Develop accurate physical job descriptions with essential functions
- Conduct post-offer, pre-placement physical examinations for safety-sensitive roles
- Implement drug and alcohol testing programs where legally permitted
- Verify prior experience and training for skilled positions
- Include safety awareness as a factor in performance evaluations

Claims Management Best Practices

When injuries do occur, effective claims management minimizes their impact on your EMR. Fast response, proper documentation, and aggressive return-to-work programs reduce claim costs and duration.

| Action | Timeline | Impact |
|---------------------------------|-----------------|--------|
| Report every injury immediately | Within 24 hours | |

| | | |
|---------------------------------------|-----------------|---|
| | | Delayed reporting increases claim costs by 30-50% |
| Investigate root cause | Within 48 hours | Prevents recurrence and demonstrates commitment |
| Maintain contact with injured worker | Weekly minimum | Engaged employees return to work sooner |
| Work with claims adjuster proactively | Ongoing | Provide medical records and return-to-work updates |
| Challenge questionable claims | Immediately | Fraudulent claims inflate EMR unnecessarily |
| Review claims reserves regularly | Quarterly | Inflated reserves increase your EMR even without payments |

Return-to-Work Programs

A formal return-to-work (RTW) program is one of the most effective tools for reducing workers comp costs and lowering your EMR. The longer an employee is out, the more expensive the claim and the harder the return.

RTW Program Components

| Component | Description | Benefit |
|--------------------------------|--|--|
| Transitional duty policy | Written policy offering modified work for recovering employees | Reduces lost-time claims by 50-70% |
| Job bank of light-duty tasks | Catalog of productive tasks within medical restrictions | Ensures meaningful work is available |
| Medical provider relationships | Preferred providers who understand your workplace | Faster, more accurate treatment and restrictions |
| Supervisor training | Managers trained on accommodation requirements and communication | Smooth transitions and legal compliance |
| Stay-at-work incentives | Modified schedules, ergonomic support, gradual return | Employee engagement and faster recovery |

12-Month EMR Improvement Plan

| Month | Action Item | Expected Outcome |
|-------|---|---|
| 1-2 | Audit current EMR worksheet for errors; review open claims reserves | Identify quick wins and potential corrections |
| 2-3 | Implement formal safety program with documented policies | Establish foundation for injury prevention |
| 3-4 | Launch return-to-work program with transitional duty options | Reduce future lost-time claim costs |
| 4-6 | Conduct job hazard analyses and safety training for all departments | Reduce claim frequency through awareness |
| 6-9 | Review claims management process; establish insurer communication cadence | Ensure claims are resolved efficiently |
| 9-12 | Analyze year-over-year claims data and adjust strategies | Measure progress and plan for continued improvement |

Many businesses have EMR errors on their experience modification worksheets. Request your worksheet from your insurer or NCCI and verify payroll figures, class codes, and claim amounts. Corrections to errors can provide immediate EMR relief.

BrightWealth® helps businesses lower their EMR through PEO master workers comp policies, loss prevention programs, and proactive claims management. Our clients frequently achieve EMRs below 1.0, reducing premiums and improving bid competitiveness. Contact us for a complimentary EMR review.