

# compUpdate

**Q What is a classification rate and how is it determined?**

**A** The National Council on Compensation Insurance (NCCI) is a third-party rating authority that gathers statistics from all workers compensation insurers on all policies written in Idaho. NCCI breaks the statistics down by business classification, comparing the gross payroll versus the dollar value of claims paid for each classification. Thus, the losses within your industry set the rates. NCCI submits those rates to the Department of Insurance for approval and use in Idaho.

**Q How is my premium determined?**

**A** What we call standard premium is determined by multiplying your classification rate times your gross payroll. However, that premium can be modified based upon your own individual claims experience, if you average \$3,000 or more in premium per year.

**Q How do my claims modify premiums?**

**A** If you have been assigned an experience modification rating by NCCI, then your claims experience has a direct effect on your total premium. If your claims experience is lower than expected for your size (payroll) and type of work (classification), your premium decreases. If your experience is higher, your premium increases. For more information on factors that can change your bottom line premium, go to our web site at [www2.state.id.us/isif/read\\_about/policy\\_info.html](http://www2.state.id.us/isif/read_about/policy_info.html).

**Q Do I have to call you when I hire or fire an employee?**

**A** No, however, you should keep your claims examiner informed about the employment status of any employee who is receiving workers comp benefits.

**Q If I report an employee in the wrong class code and the employee gets hurt on the job, is the injured worker covered by workers compensation?**

**A** Yes. Complete the First Report of Injury, and if you know the correct class code, provide it. If you don't know the code, submit the claim form without the code and we will apply the appropriate code. To correct the reported payroll, contact the Audit Department at 208-332-2150 and Fund personnel will assist you. After the correction is made, a revised statement will be sent to you.



*The State Insurance Fund has more than 34,000 policyholders and handles about 20,000 claims a year. As you might suspect, that means we answer a lot of questions from business owners and injured workers. This issue focuses on answering some of the most frequently asked questions. If you have a specific question not addressed, do not hesitate to ask your underwriter or claims examiner.*

**Q What is a FROI?**

**A** A FROI is a First Report of Injury or Illness form, which is used to report a workplace-related injury or occupational disease. (Earlier versions were labeled Notice of Injury and Claim for Benefits. If you have copies of this obsolete form, please destroy them.) A FROI must be filed as soon as practicable but not later than 10 days after the occurrence of an injury or occupational disease. A First Report of Injury must be filed if the injured worker:

- Requires medical treatment by a physician.
- Is absent from work for one day or more.
- Requests that a FROI be filed on his or her behalf.

The filing of a First Report of Injury is not an admission of liability. If an employer has concerns regarding the injury, a letter should be attached to the First Report of Injury outlining any concerns. The FROI should be completed by the employer, not the employee or medical provider.

**Q How do I obtain a First Report of Injury?**

**A** A printed version is provided to each new policyholder and additional copies can be obtained from your underwriter or insurance agent. The Fund also has an electronic version available at our website ([www2.state.id.us/isif](http://www2.state.id.us/isif)). Go to our home page and click on the "File a claim" link. You will find instructions on how to complete and submit the form to the Fund. The electronic form is a Microsoft Word file, and you will need MS Word 97 or a more recent version.

**Q Where do I e-mail my First Report of Injury?**

**A** Send it to [reportclaim@isif.state.id.us](mailto:reportclaim@isif.state.id.us) as an attached file, not embedded in the e-mail message. If you have questions or need assistance with the form, send an e-mail to [forms@isif.state.id.us](mailto:forms@isif.state.id.us).

**Q Who is responsible for requesting pre-authorization for medical procedures requiring pre-authorization?**

**A** The medical provider requesting the service, or performing the service, should contact the Fund to request pre-authorization.

**Q Do I have to pay my injured employee for the five-day waiting period?**

**A** It is up to the individual employer as to whether they

pay the employee for the five-day waiting period. If the injured worker is hospitalized or the time loss extends beyond 14 days, compensation will begin on the first day of disability.

**Q How is the weekly benefit amount determined for compensation benefits?**

**A** The income benefit level paid depends on the injured worker's average weekly wage. Most injured workers will be paid 67% of their gross wage, subject to maximum and minimum values determined by the Average State Weekly Wage (ASWW). The Average State Weekly Wage is an amount determined each year by the Industrial Commission based on data provided by the state Department of Commerce and Labor.

The ASWW used for workers compensation benefits purposes is a byproduct of Idaho's Unemployment Insurance (UI) program. Commerce and Labor research staff calculate the ASWW each year using monthly employment and wage information reported by Idaho employers each quarter in order to collect unemployment taxes. It includes the wages of all employees covered under the state's unemployment program, including local and state government workers.

The ASWW for Benefit Rate Year 2004 is \$534. The ASWW for 2005 has already been determined — \$543. It was based on the calendar year 2003's average annual wage of \$28,244 per year divided by 52, then rounded to the

nearest dollar amount. It is necessary to use the calendar year 2003 wages for the 2005 ASWW because there is a five-month lag after the end of the year before employers submit their reports and Idaho Commerce and Labor staff can collect and compile the data.

**Q If I have elected to be covered as a sole proprietor, the law requires me to pay premium based upon \$13,000 in salary each year. If I get hurt, will you pay me based on that amount?**

**A** Benefits would be based on your average weekly wage as determined by law, Idaho Code 72-419.

**Q Is severance pay included as payroll?**

**A** No, severance pay is excluded from reportable payroll. Tips also are excluded as gross payroll.





State Insurance Fund  
1215 West State Street  
P.O. Box 83720  
Boise, ID 83720-0044  
(208) 332-2100  
(800) 334-2370

### E-mail addresses:

*Underwriting:* Underwriting@isif.state.id.us  
*Audit:* Audit@isif.state.id.us  
*Claims:* Claims@isif.state.id.us  
*Risk Management:* RiskManage@isif.state.id.us  
*Client Relations:* Client@isif.state.id.us  
*Manager's Office:* Administration@isif.state.id.us

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[www2.state.id.us/isif/](http://www2.state.id.us/isif/) ANTI-FRAUD HOTLINE 1-800-448-ISIF (4743)

## What is a qualifying drug-free workplace program?

Idaho Code section 72-1716 allows insurance companies to grant premium credit to employers who have a qualifying alcohol- and drug-free program. The premium credit is applied at the year-end audit. The Fund grants a 5 percent discount to qualified programs.

If you have an alcohol and drug-free workplace program, you can provide a written statement, on your company letterhead, to the State Insurance Fund indicating that your program complies with Idaho Code sections 72-1701 through 72-1715.

You should have your legal counsel review your program or consult with a drug testing service to ensure your program complies with the law.

Since the purpose of the credit is to reduce the effects

of drugs and alcohol in the workplace, the State Insurance Fund also requires that your program:

- Be proactive as opposed to reactive. Some examples of proactive program methods are pre-employment testing, random testing, and testing prompted by reasonable suspicion identified by a trained supervisor. An example of a reactive program is one that limits testing to post-accident situations.
- Include 100 percent of your employees covered by the workers compensation policy in the testing program.
- Have written documentation of how the testing is accomplished. This documentation must be provided to the State Insurance Fund.



**Please, no  
'sticky' notes**

The State Insurance Fund uses a document management system that optically scans the various forms and documents we receive. Using a Post-it or other "sticky" note can cause problems with the scanning process. The notes can obscure information or fall off during scanning and the information on the notes can be lost.