

What is an EMR?

An “EMR”, also known as Experience Modification Rate, is a factor that is calculated by NCCI, and is used to benchmark an employer’s workers’ compensation claims-loss experience in relation to their peer group.

The calculation and resulting EMR factor is derived from three years of data. There are many components to the calculation, but what mainly “moves the needle” in its calculation are an employer’s payroll size, and the number and size/makeup of their claims. What really increases and EMR modification factor are “lost time claims”, in which claimants are reimbursed for earnings while out of work. The best way to explain what three-year window of time is used in the calculation is by reviewing a specific example. For an EMR that is to renew in 2019, NCCI uses 2015, 2016, and 2017 data in its calculation. The 2018 year is not used, as NCCI gives any losses in that year time to mature. For the year 2020, the three-year window of data rolls forward by one year. To confirm, losses from the 2016, 2017, and 2018 are used to calculate the 2020 EMR mod factor (and the losses in 2019 are not used in the calculation).

NCCI expects that employers would have claims. Based on other internal factors used in the calculation, if an employer's claims history, over that three-year period, is equivalent to what NCCI would expect an employer to have, their EMR factor would be 1.0. If an employer's claims history is better than expected over that three-year window, an EMR mod could be something less than 1.0 (example: .78), called a “credit” EMR. Conversely, an employer who has losses higher-than-expected, their EMR factor would be higher than 1.0, called a “debit” EMR. These EMR factors are multiplied times employer's workers’ comp premium and will create an increase or decrease in premium depending on whether they have a debit or credit EMR factor.

An employer can obtain a copy of their own “experience rating worksheet” which contains their EMR factor for free. They can apply for current and prior year EMR factors as well. On a yearly basis, NCCI mails a letter to an employer with a PIN number and their unique “Risk ID number” with instructions on how to go online and obtain a copy of the current worksheet. NCCI’s mailing address: NCCI Holdings, Inc., 901 Peninsula Corporate Cir., Boca Raton, FL 33487 – 1362. Phone: 561-893-1000 (toll-free number: 800-622-4123). Fax: 561-893-1191.

<https://youtu.be/Q-nB5U8Xd0Y> (YouTube video - bonus information on EMR’s)