

WCRA SELF-INSURER HYBRID GUIDELINES

Due to their unique structure, certain WCRA self-insurer members (trusts, groups, associations, and political subdivisions) with 50 or more policyholders or entities in their reporting group are unable to report to the WCRA using standard self-insurer reporting guidelines. These members have been designated by the WCRA as self-insurer “hybrids.” In recognition of the difficulty and expense that reporting as a standard self-insurer would impose on both the hybrid member and the WCRA, an alternative reporting method has been created for this segment of the Association’s membership.

The alternative reporting impacts hybrid members in three specific areas, described below. Except for these special provisions, hybrids are required to follow all other requirements established for self-insurers.

1. Annual Adjustment

- a. Report estimated calendar year payroll on an aggregate payroll basis for one year prior by class code and audited calendar year payroll by class code for the year two years prior. Significant payroll variances between the audited and estimated reporting years must be accompanied by an explanation.
- b. Provide a listing of all policyholders and their respective gross payroll in Minnesota for the audited calendar year being reported.

2. Experience Modification Factor

- a. Agree to have their experience modification factor calculated using estimated payroll data, due to the delayed reporting, and have the final modification factor trued-up during the annual adjustment process.
- b. Report self-insurer experience loss information annually to be used in the calculation of the hybrid’s experience rating modification factor consistent with all self-insurers.

3. Audits

- a. Agree to allow the WCRA to perform an annual sampling audit of policyholder data.
- b. Agree to allow the WCRA the right to audit hybrid policyholders, at the hybrid’s expense, if concerns regarding reporting practices are identified by the WCRA.

To apply for self-insurer hybrid authorization, members must submit a request in writing to Cindy Smith at WCRA, 400 Robert Street North, Suite 1700, Saint Paul, MN 55101. The request must identify the number of policyholders or entities from whom data is annually collected, as of December 31 of the preceding calendar year, and a detailed explanation of the reasons the member is unable to follow standard self-insurer reporting guidelines.

Upon approval by the WCRA, the member will be asked to complete the ***WCRA Self-Insurer Hybrid Agreement*** provided below to document the member’s hybrid reporting selection.

After approved by the WCRA as a hybrid, a member may elect to return to standard reporting methods. However, the member then loses the option to switch back to hybrid reporting.

WCRA SELF-INSURER HYBRID AGREEMENT

Member Name: _____

Policy Number: _____ Effective: _____

The above named member has formally requested and been approved as a WCRA self-insurer hybrid and agrees to the following.

4. Annual Adjustment

- a. Report estimated calendar year payroll on an aggregate payroll basis for one year prior by class code and audited calendar year payroll by class code for the year two years prior. Significant payroll variances between the audited and estimated reporting years must be accompanied by an explanation.
- b. Provide a listing of all policyholders and their respective gross payroll in Minnesota for the audited calendar year being reported.

5. Experience Modification Factor

- a. Agree to have their experience modification factor calculated using estimated payroll data, due to the delayed reporting, and have the final modification factor trued-up during the annual adjustment process.
- b. Report self-insurer experience loss information annually to be used in the calculation of the hybrid's experience rating modification factor consistent with all self-insurers.

6. Audits

- a. Agree to allow the WCRA to perform an annual sampling audit of policyholder data.
- b. Agree to allow the WCRA the right to audit hybrid policyholders, at the hybrid's expense, if concerns regarding reporting practices are identified by the WCRA.

The signature below confirms that our organization agrees to be designated as a self-insurer hybrid as defined above. We agree to follow the hybrid reporting guidelines and audit practices. We understand that we may make a one-time election to give up the option to be designated as a WCRA hybrid, and instead, report the same as other WCRA self-insurers.

Authorized Officer's Name (Please Print)

Phone Number

Authorized Officer's Signature

Date

Approved by WCRA

Date