

Retro Advisory Committee Quarterly Meeting

August 15, 2024

Jessica Nau,

Retro and Classification Services Manager

Presented by: Mike Williams and Rachelle Bohler



Washington State Department of
Labor & Industries

RAC 'Virtual Meeting' Guidelines & Expectations

- Upon logging into the meeting, list your full name and organization in the participant details.
- To minimize bandwidth issues, we recommend using **audio only** by turning off your camera once Zoom has started.
- Keep your **microphone muted** unless speaking.
- Please hold questions until the Q&A period for each topic/speaker (questions can also be submitted through the chat feature).
- Use the 'raise hand' feature when you have a question or comment, and **wait for a moderator** to recognize you before speaking.
- Unmute, lower your hand, state your name, and speak slowly. Using a headset produces the best audio quality.

We ask for your patience and understanding as we work through any technical issues that might occur. Thank you.

RAC Committee Members

- Lauren Gubbe, Associated General Contractors
- Victoria Montrose, Washington Hospitality Association
- Tim Lundin, Archbright
- Maria McClain, Association of Washington Business
- Rose Gundersen, Washington Retail Association
- Tom Walrath, Jr, T. E. Walrath Trucking, Inc.
- John Cichosz, DJ's Electrical
- Jessica Nau, Department of Labor & Industries (*Chair*)

Agenda

Time	Topic	Presenter(s)
9:30 – 9:45	Welcome <ul style="list-style-type: none">• Introductions• Safety Message• Insurance Services Staffing Updates	Mike Williams Rachelle Bohler Brenda Heilman
9:45 – 9:55	Legislative Updates	Brenda Heilman
9:55 – 10:20	Behavioral Health Interventions	Dr. Jennifer Jutte
10:20 – 10:30	Independent Medical Exam (IME) Updates	Nancy Adams
10:30 – 10:50	Aggravation of Pre-existing Conditions	Hans Burger
10:50 – 11:00	BREAK	
11:00 – 11:10	LDF Relativities	Bill Vasek
11:10 – 11:20	Occupational Injuries & Illnesses Classification System (OIICS)	Marnee Watson
11:20 – 11:35	Employer Services Updates <ul style="list-style-type: none">• Stay at Work Rulemaking• Business License Applications• Annual Rates Update	Michelle O'Brien
11:35 – 11:50	Retro Updates	Rachelle Bohler Mike Williams
11:50 – 12:00	Closing Comments & Adjourn	Mike Williams

Safety Message

Rachelle Bohler
Policy & Procedure Manager

Safety Training Materials on L&I Website

- L&I's website has a wealth of safety training information including:
 - A library of over 900 safety & health videos
 - Workshops & Events that your employers/employees can attend
 - Safety posters and publications
 - Training kits on various topics that meet all requirements under L&I safety and health rules
 - Ideas to use in your required safety meetings to train employees on various safety and health issues
- All of this information can be found at the following link:
<https://lni.wa.gov/safety-health/safety-training-materials/>

The screenshot displays the Washington State Department of Labor & Industries website. The top navigation bar includes the department's logo, a search bar, and links for 'Contact' and 'My L&I: Sign In'. Below this, a secondary navigation bar features 'Safety & Health' (highlighted), 'Claims', 'Patient Care', 'Insurance', 'Workers' Rights', and 'Licensing & Permits'. The breadcrumb trail reads: Home > Safety & Health > SAFETY TRAINING MATERIALS >.

The main heading is 'Safety Videos'. Below it, a sidebar on the left lists various resources: 'Safety Videos' (with a sub-link 'Search the Safety Video Catalog' and 'Watch Videos Online'), 'Online Safety Training', 'Workshops & Events', 'Safety Posters & Publications', 'Training Kits', and 'Toolbox Talks'. An arrow points from the 'Online Safety Training' link in the sidebar to the 'SAFETY TRAINING MATERIALS' section of the main content area.

The main content area, under the 'SAFETY TRAINING MATERIALS' heading, contains a sub-section for 'Safety Videos' with the same search and watch links. Below this, a horizontal menu lists: 'ABOUT THE VIDEO LIBRARY' (selected), 'VIDEO RESERVATION INFORMATION', 'VIDEO LIBRARY POLICIES', and 'VIDEO LIBRARY - FREQUENTLY-ASKED QUESTIONS (FAQ)'. The selected section, 'ABOUT THE VIDEO LIBRARY', contains the following text:

Learn about the L&I Safety & Health Video Library

Anyone in Washington state with a Borrower ID may borrow videos in DVD format. Some videos are viewable online.

Viewers with a Borrower account ID can also access L&I's subscription to a streaming video collection with **over 900 safety & health videos**. [Search the video catalog](#) to find videos in both collections.

Insurance Services Staffing Updates

Brenda Heilman
*Deputy Assistant Director,
Insurance Services*

Mike Williams
*Retro Operations Manager,
Consultations & Outreach*

Legislative Updates

Brenda Heilman
*Deputy Assistant Director
for Insurance Services*

Legislative Updates

Bill	Implementation/Status
HB 1197 (2023 session)	Adding psychologists as attending providers for mental health only claims and defining attending provider. Effective 7/1/2025
HB 1927	Reducing the number of days that a worker's temporary total disability must continue to receive industrial insurance compensation for the day of an injury and the three-day period following the injury. Effective 6/6/2024
SHB 2127	Concerning workers' compensation incentives to return to work. Effective 1/1/2025
SHB 2382	Death benefits for Transportation Network Company drivers; report due 7/1/2029
Proviso funding	\$200k to staff a new light duty job offer complaint process and provide a report to the legislature by June 30, 2025
Proviso funding	\$400k (608/609) to contract to assess PTSD workers' comp policies and claims in WA and other states, including best practices and recommendations; report due 6/30/25

Behavioral Health Interventions

Jennifer Jutte, PhD, MPH
*Associate Medical Director
for Psychology*

Outline

- Brief overview of Behavioral Health Interventions (BHI)
- Claims adjudicator and worker viewpoints
- A few challenges
- Positive aspects of BHI
- Interaction with vocational services
- Summary

Behavioral Health Intervention: L&I Lens

- Behavioral health intervention is a **brief course of care** with focus on improving a worker's ability to participate in recovery and return to work by addressing *psychosocial barriers* that *impede recovery* and strengthen *coping* strategies.

BHI Appropriateness

- Appropriate when the provider believes psychosocial factors may be affecting medical treatment or medical management of an injury
- This is an intervention for reactions to injury, recovery, and return to work transitions
- There is NO mental health diagnosis
- Psychosocial barriers are considered a typical reaction to an injury and are treated under the physical diagnosis

Different Injury Perspectives

Workers' Compensation Perspective of Injury



Worker's Perspective of Injury



Adapted with permission from Michael D. Harris, PhD

www.Lni.wa.gov/psychosocial

Common Psychosocial Barriers in WC

- Recovery expectations
- Fear of activity
- Catastrophic thinking
- Deactivation
- Perceived injustice
- Loss of vocational connection

BHI Criteria

- Recognition of psychosocial barriers

https://lni.wa.gov/patient-care/advisory-committees/_docs/2019%20PDIR%20Resource_Final.pdf

- We provide education to APs that includes:

- Identification of psychosocial barriers
- Relevant interventions and treatment options that are short-term and focused on functional outcomes including return to work

- Centers of Occupational Health and Education (COHE) use the Functional Recovery Questionnaire (FRQ) screening at 2-6 weeks to identify workers in need

<https://lni.wa.gov/forms-publications/f245-460-000.pdf>

BHI vs. Mental Health Interventions

- BH and MH treatment are two different services with different codes – they are mutually exclusive
 - BHI for psychosocial barriers – physical diagnosis
 - Mental health treatment for a diagnosed MH condition
- BHI is not allowable for accepted or denied MH conditions
- MH treatment is not allowable for psychosocial issues that fail to meet the American Psychiatric Association Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5) diagnostic criteria

Updated Payment Policy – BHI Jan. 2024

- Psychologists and Master's Level Therapists (MLTs) may provide service using BHI codes
 - **AP referral required**
 - Required to document the reason for the referral
 - Prior authorization isn't required for initial 16 visits
 - Option to authorize extensions for 8 visits through ONC
 - Or through the SIE / TPA for self-insurance
 - Group is limited to 16 visits (separate from the 16 for individual BHI)
 - No time limit, only visit limit (Frequency up to provider, may be episodic)
 - Individual and group therapy – use specific form [F245-461-000](#)

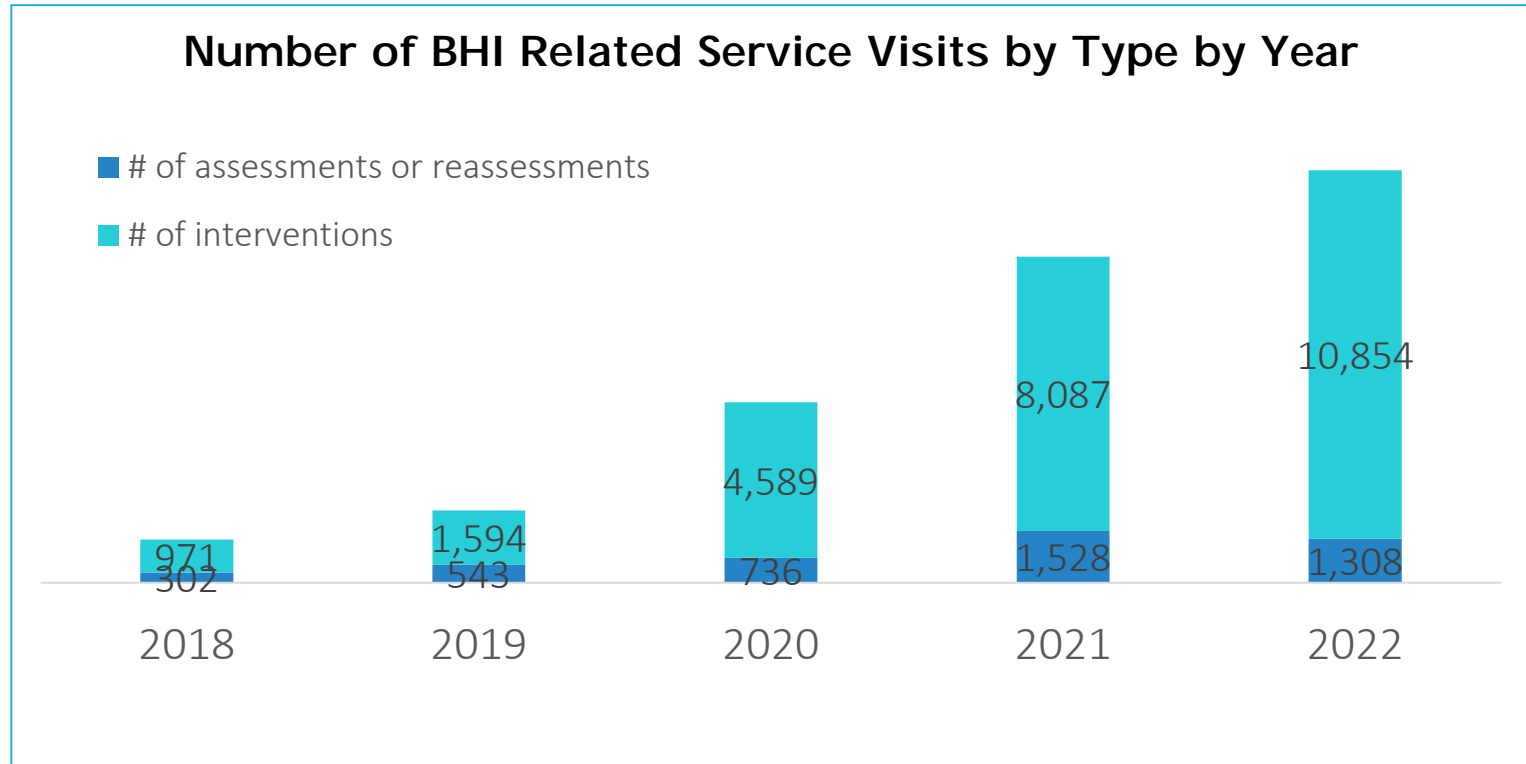
Claims Adjudicator Viewpoint

- BHI results in “fewer delays” and it “solves barriers”
 - These claims seem to move along just as a “normal” claim does
- BHI improves access to care
 - There are now 100+ more providers delivering care
 - There is now a way for workers to receive psychosocial support without a mental health diagnosis
- 88% reported no change in the number of MH diagnoses contended on their caseload
 - Regardless of provider type, there was not an increase in MH diagnosis contention

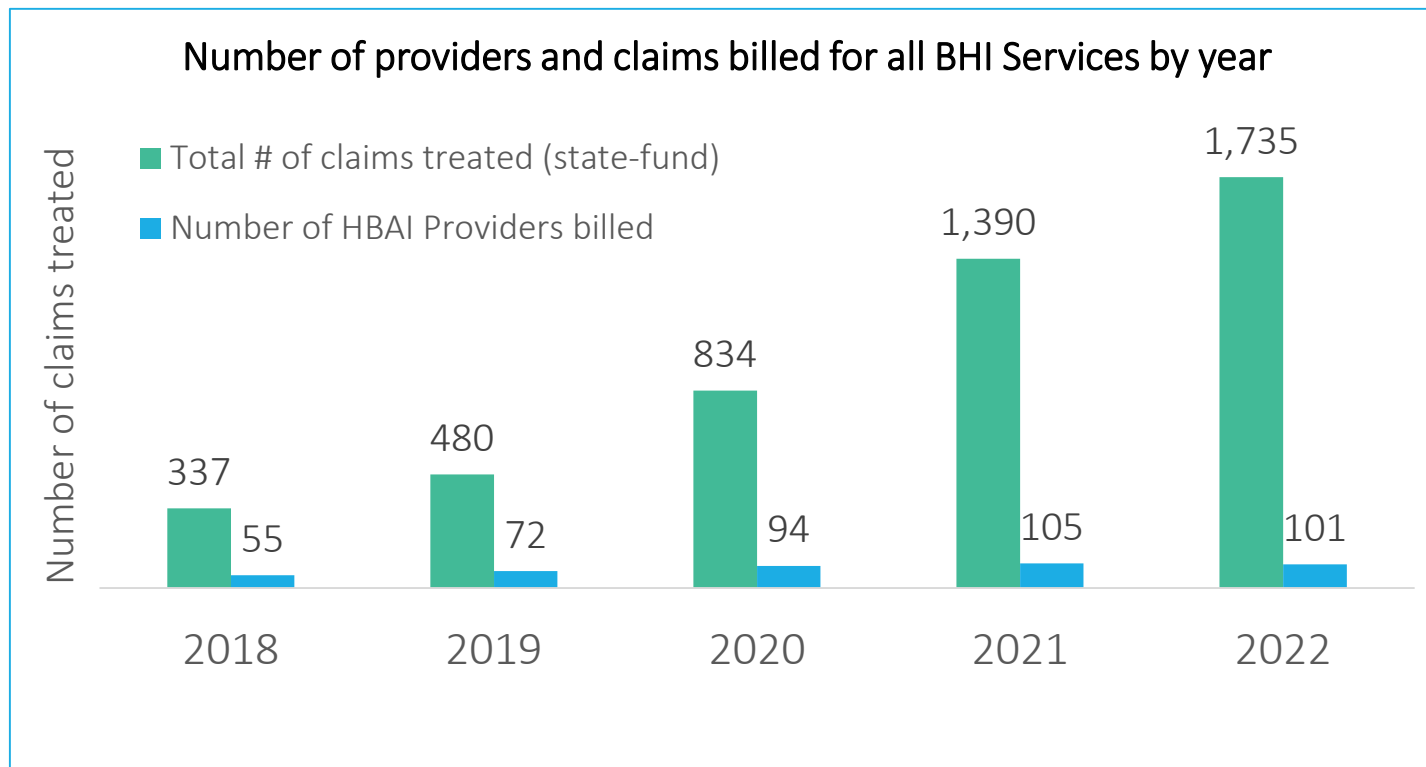
What are the challenges?

- High individual provider variance on RTW skills
- Provider awareness
 - Estimates are that only ~1/3 of APs know about the program
 - APs may not recognize the need for services
- Perception of “preventing mental health contention” as a goal
 - BHI is not designed to prevent a mental health condition
 - There will be some workers who actually have a MH diagnosis
 - The MH evaluation process should determine causation

BHI Services, 2018-2022



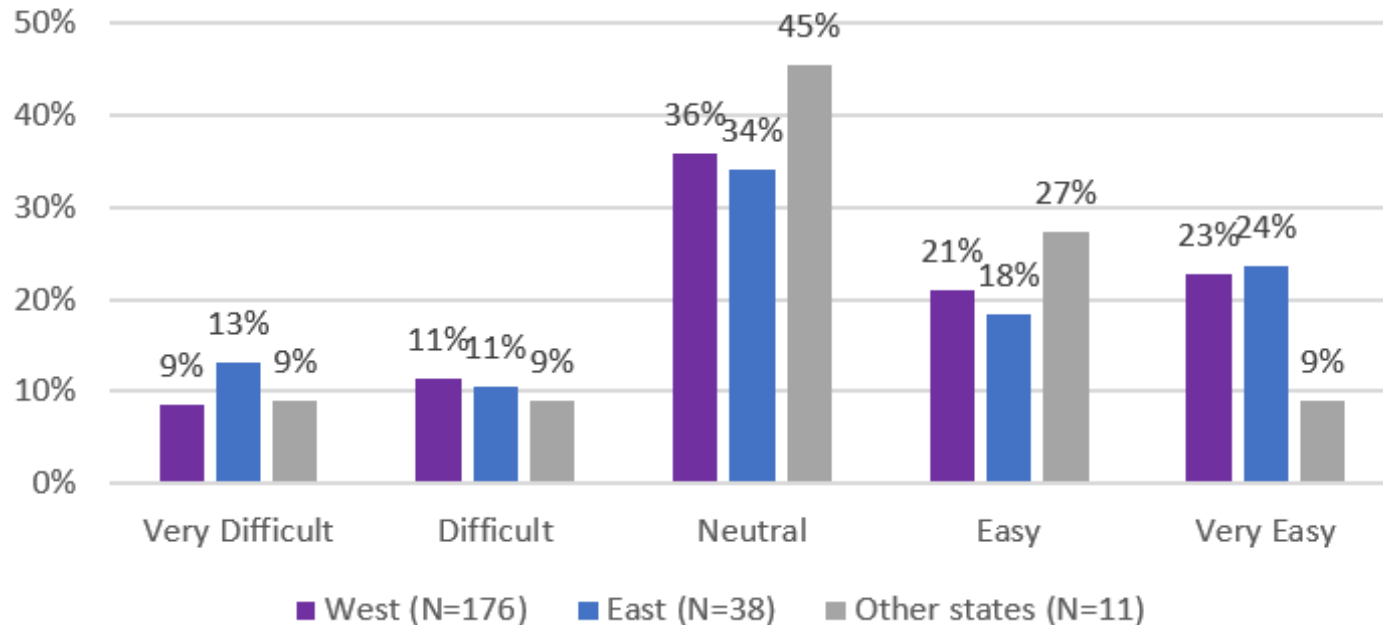
Providers and Billed Claims, 2018-2022



*HBAI = Health and Behavior Assessment and Intervention [BHI]

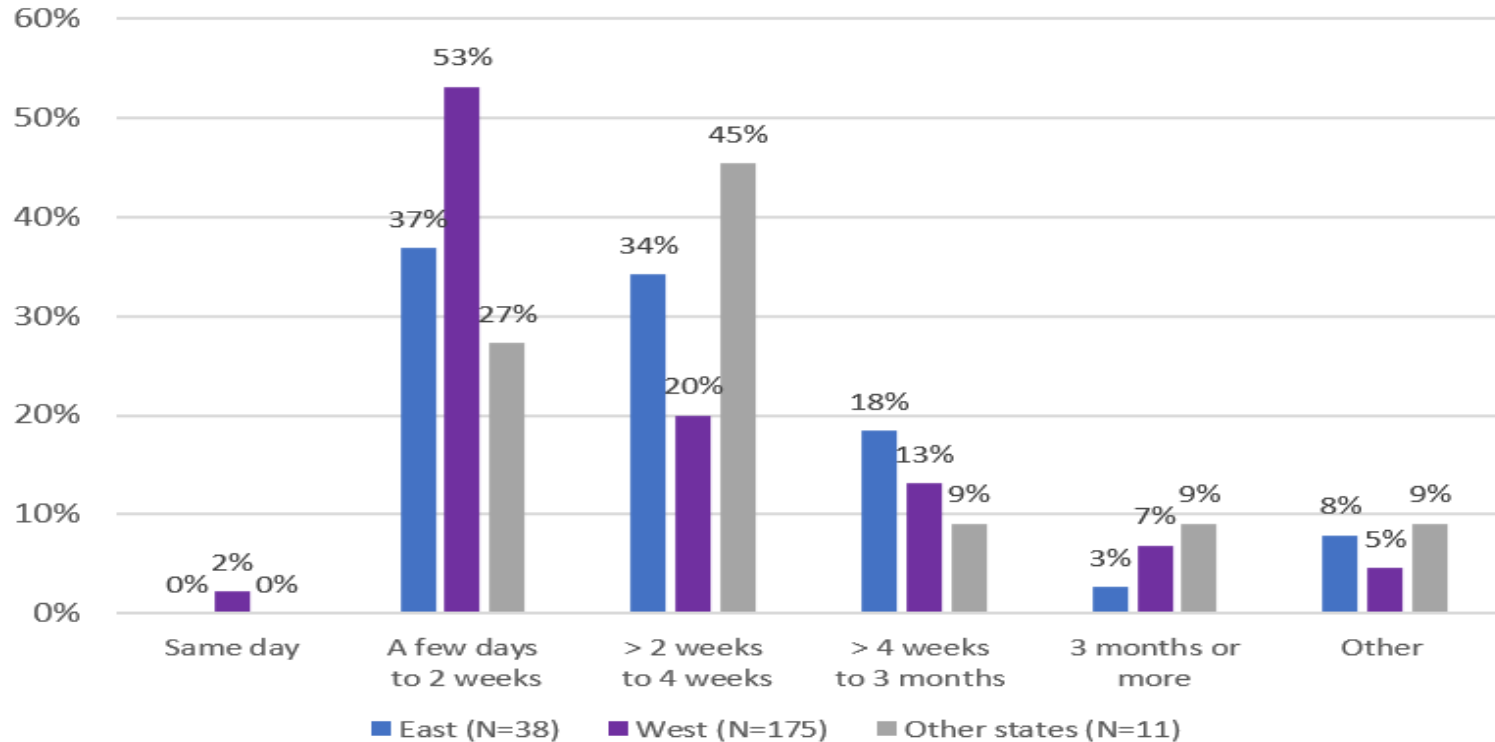
Access to BHI Services

It was difficult to find a therapist in my area
(languages combined) (Q2)



Time to Initiate BHI with a MLT

Time from AP's decision until MLT visit



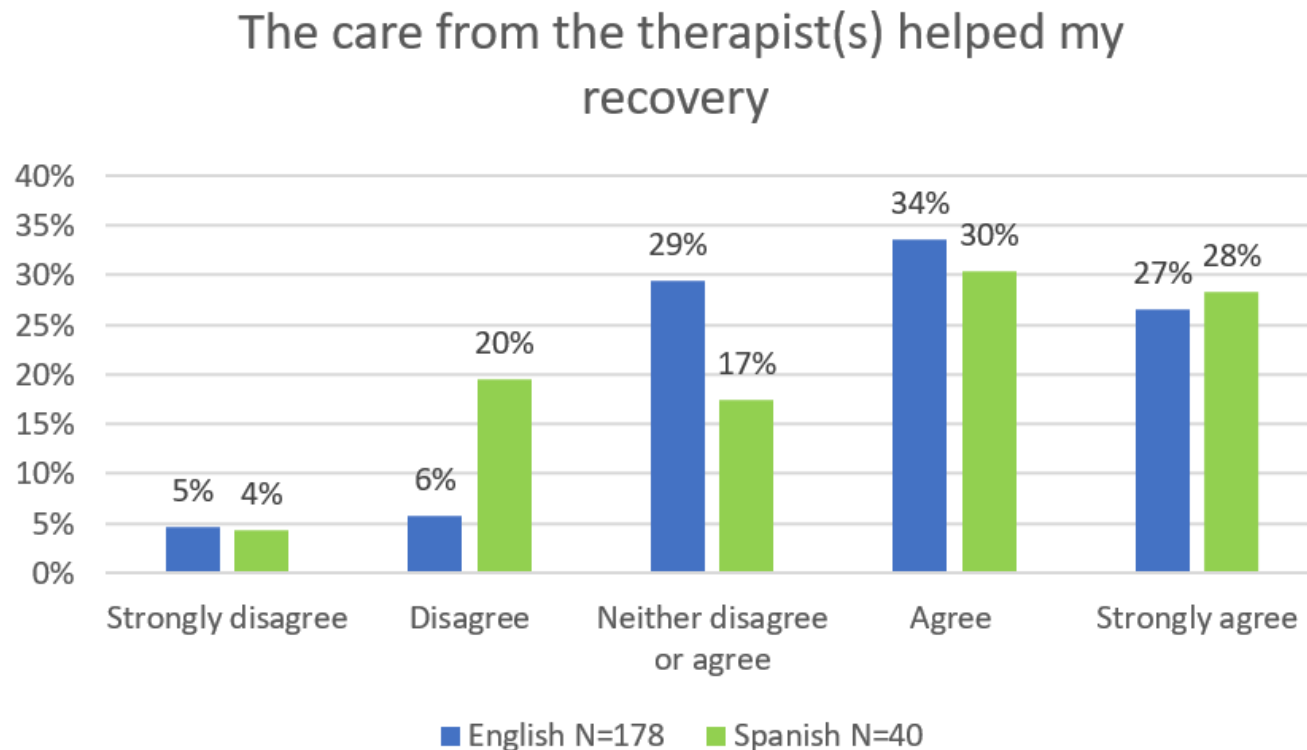
Timing of BHI Sessions*

	English Speaking N = 177	Spanish Speaking N = 46
During Work Hours	14%	11%
Outside Work Hours	8%	11%
Sometimes During Work	5%	13%
N/A (I was not working)	73%	65%

*L&I Policy: a worker needs to use sick leave, make appointments outside of work hours, or adjust for the appointment. The policy is based on RCW 51.32.090.

Worker Satisfaction

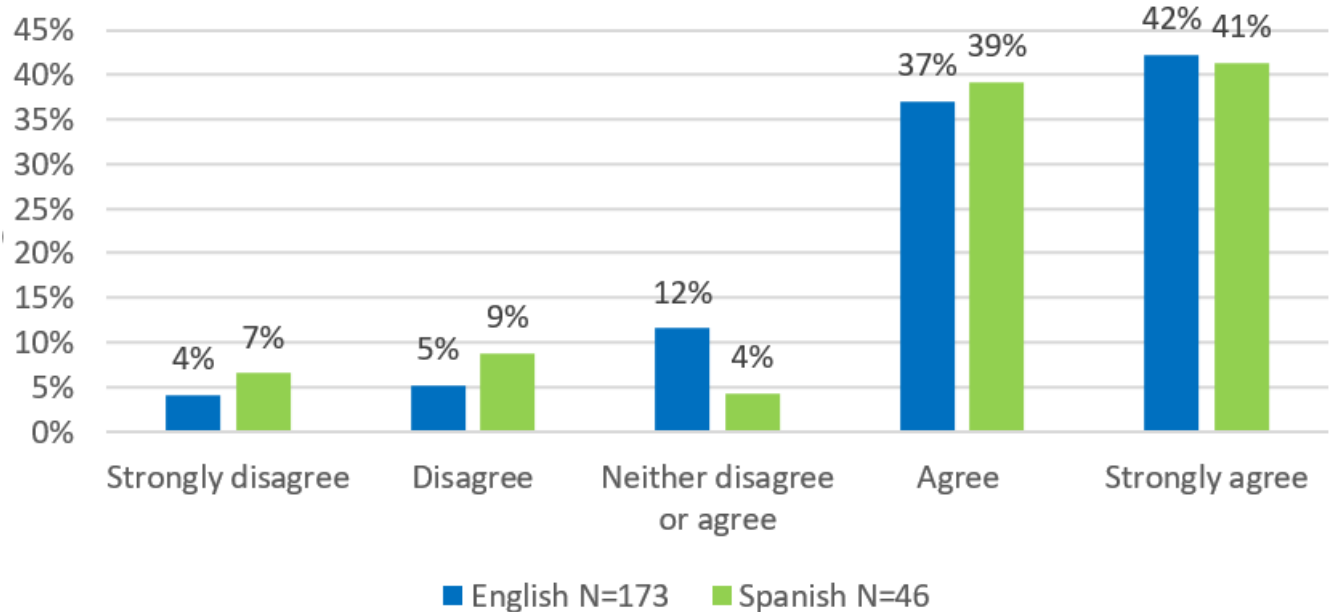
- 51% said it helped to have someone to talk to/listen/provide empathy
- 41% mentioned help with emotional recovery through coping skills and new insights



Worker Satisfaction

I was satisfied with the care I got from the therapist(s)

- Most workers were satisfied
- Those who were dissatisfied stated this was because they did not improve or there was not enough time or sessions



Percentage of Claims With or Without BHI?

- This is not something we have analyzed
- VRCs may or may not need additional support when working with someone who has significant psychosocial barriers
- Depending on the number and severity of the psychosocial barriers, some VRCs may decide that they lack the skills to help the worker with these barriers
 - If that is the case, the VRC should involve the worker's provider to facilitate an appropriate referral

Interaction with Vocational Services

- Vocational Rehabilitation Counselors (VRCs)
 - Build trust, provide reassurance, discuss next steps, and coach workers to attain their goals
- VRCs learn about the worker and determine if/when BHI may be beneficial
 - They recognize that not all workers will need BHI
- When the VRC identifies psychosocial barriers:
 - They are addressed and the VRC connects the worker with appropriate resources. This may include BHI or Activity Coaching (PGAP®)
 - The VRC facilitates the conversation between the worker and the AP for referral
 - The VRC ensures that the worker understands the BHI process

Interaction with Vocational Services

- VRCs collaborate with BHI providers to ensure that treatment progresses to prevent unnecessary duration and/or delays
- VRCs have recognized that **earlier referrals** to BHI are more effective than waiting until there are numerous barriers to recovery

Overall, How Is BHI Impacting Claims?

- Positively, as far as we can tell
 - Again, we are unable to compare outcomes – we cannot randomize people based on need
 - However, given claims adjudicator, worker, and VRC viewpoints we can presume that BHI is effective and well-received
- A survey of 50+ Claims Adjudicators
 - BHI is helpful for workers
 - BHI helps to resolve issues relatively quickly
- Workers have responded positively and the majority have been satisfied and found BHI to be helpful
- Providers are well-equipped to offer these time-limited services that are focused on functional outcomes

Thank you!

Jennifer Jutte, PhD, MPH
Associate Medical Director for Psychology
Jennifer.Jutte@Lni.wa.gov

Independent Medical Exam (IME) Updates

Nancy Adams
*Operations Manager,
Claims Administration*

Listening Sessions Update

- 3 sessions held in May 2024 with Business, Labor/Worker Attorneys, and IME providers/panels
- Common concerns/themes expressed:
 - Chain of custody
 - Who owns recording
 - Who is authorized to access or view the recordings, and when
 - What are the consequences if rules are not followed

New Letters/Orders for IMEs

- Under 6440 we created:
 - IW (IME not appropriate) order
 - IQ (IME appropriate) order
 - YL (Copy of IME to all parties)
 - IY (dispute received)
 - IZ (dispute decision)

- Under 1068 we created:
 - 2M (requests a copy of the recording)
 - 2R (sent after the 2M letter giving them instructions to upload the recording)

IME Co-recording: Refusal to be Co-recorded

There is not a specific order or letter to address this issue, CMs would use the orders already established IF this is found to be a non-cooperation issue

IME Travel (RCL)

When this comes up, if they are contending RCL is the issue for why they will not attend the IME, we consider this a protest to the IME and will address the protest after a review of the case specific facts

Forensic IMEs (FW)

- The FW was created in 2016, the CM's can consider an FW when:
- There are no other options to get an in-person IME
 - The CMs should be staffing these with a higher-level adjudicator and their ONC to see if the claim is one that would benefit from a forensic IME

BCAP Requests & Preferred Language

- In these cases, the CM can consider a currently practicing examiner if there is one available in the specialty needed, this is a “nice to have” but we train that this should not delay or stop an IME from occurring
- Preferred language is treated the same, we have very few provider who are able and willing to act as examiner and interpreter for the worker without another party involved
- Neither of these requests should cause delays or stop an exam

IME Protest Process

- Under 6440 we began a pilot on how to handle protests received specific to that legislation and the new rules
- The pilot team, comprised of claim leads who handled protests to IMEs. This offered a “second set of eyes” to help determine if the action was correct under the new law, and identified further training opportunities for staff
- The pilot ran from 6/1/22-6/1/23. It was then rolled out permanently to all claim leads in August 2023. This includes protests to an IME with a request to record
- Having our claim leads review these situations helps to ensure we have consistency in actions and decisions

Aggravation of Pre-existing Conditions

Hans Burger
*Supervisor,
Claims Training*

When Does This Process Apply?

- Aggravation of a pre-existing condition which is documented as having been symptomatic prior to claim
- If the condition was *asymptomatic*, the Miller case law still applies, and the condition is accepted

What is the Department's Main Resource?

- Attachment 4-9E, section 3
 - Begin by ensuring all prior medical is in the file
- If the worker doesn't assist in this process, the CM may initiate the non-cooperation/suspension process, per Task 3I

Attachment 4-9E part 3, continued

- Review the medical report to ensure that:
 - The provider reviewed prior records
 - A specific condition is diagnosed and present
 - The pre-existing condition was in fact previously symptomatic and is definitely now aggravated
 - The worsening is supported by OMFs
 - The provider has given a reasonable causal relationship to the injury, complications, or an indirect cause

...and a special step to emphasize having a clear record of the worker's pre-injury status

How to Accept the Aggravation

- For non-mental health conditions, send the 52 letter, option 1
- For mental health conditions, send the 9X letter, option 2
- The worker gets the 9W

An order isn't issued unless there is a disagreement, or the worker is MMI (we'll get to those shortly)

Updating the System

- The diagnosis should be loaded in the system in allowed status
- The CM should document:
 - The condition
 - Expected treatment
 - A reminder to determine if aggravation is temporary or permanent when the worker reaches MMI

What if There's a Protest

- If a written protest to the 52 or 9X is received, the CM sends the TV order
- The TV is accompanied by a second 52 letter, using option 2

If the Aggravation is Temporary...

- CM issues the TQ, option 1
- Send a letter of explanation (free text letter is included in the attachment)
- Add an end date to that diagnosis in the system

If the Aggravation is Permanent...

- CM issues the TQ, option 2
- Send a letter of explanation (free text letter is included in the attachment)
- No end date on the diagnosis

Questions?

- Your packet contains an FAQ, and I'm happy to take your questions now

BREAK

LDF Relativities

Bill Vasek, FCAS
Senior Actuary

Loss Development by Claim Type

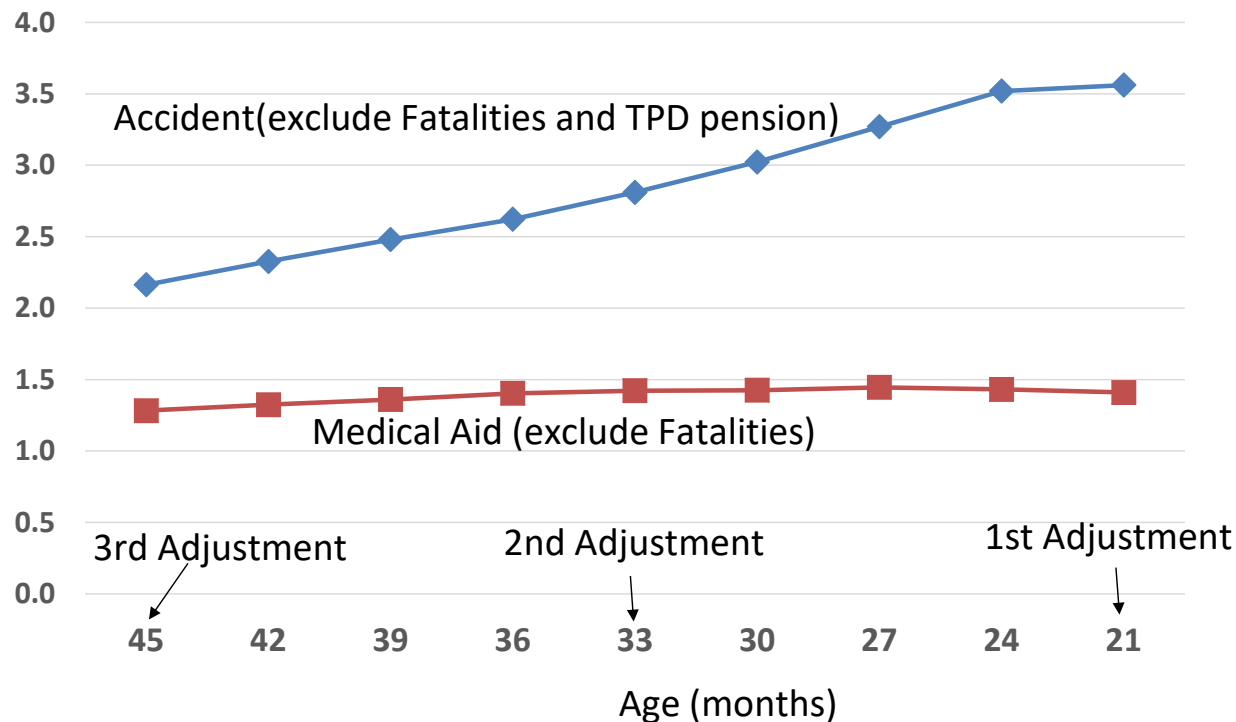
- Relativity approach developed in response to a 1998 JLARC audit recommendation
- Considers both the changes in cost as claims mature and the likelihood of claims switching types (e.g. a PPD claim becoming a pension)
- Implemented beginning in 2005 class rating, 2008 retro enrollments
- Updated annually with study performed in June, based on data as of March 31

Annual LDF Relativity Study

Actuarial study tracking how claims have developed over time:

- Case incurred costs through 7 years (paid + outstanding estimate)
- Change in type of claim
- Paid development beyond 7 years
- Reflect the time value of money
- Separately for Accident and Medical Aid funds

Overall Loss Development Factors



Example Application of New Relativities

Example 1: Med only, 3rd Adjustment, July 2020 enrollment, case incurred claim cost = \$2,000

$$\left(\begin{array}{c} \text{Case Incurred} \\ \text{Claim Cost} \end{array} \right) \times \left(\begin{array}{c} \text{Overall Average} \\ \text{Medical Aid LDF} \end{array} \right) \times \left(\begin{array}{c} \text{Medical Only} \\ \text{LDF Relativity} \end{array} \right) = \left(\begin{array}{c} \text{Developed} \\ \text{Claim Cost} \end{array} \right)$$



\$2,000

×



1.2819

×




0.8807

=



\$2,258







Relativity is less than 1.0 because
medical only claims develop less
than other claim types

Example Application of New Relativities

Example 2: PPD, 3rd Adjustment, July 2020 enrollment, Case incurred
Accident = \$20,000 Medical Aid = \$30,000

$$\left(\begin{array}{c} \text{Case Incurred} \\ \text{Claim Cost} \end{array} \right) \times \left(\begin{array}{c} \text{Overall Avg Accident} \\ \text{or Medical Aid LDF} \end{array} \right) \times \left(\begin{array}{c} \text{PPD LDF} \\ \text{Relativity} \end{array} \right) = \left(\begin{array}{c} \text{Developed} \\ \text{Claim Cost} \end{array} \right)$$

							
\$20,000	×	2.1634	×	0.9948	=	\$43,042	
\$30,000	×	1.2819	×	1.0388	=	\$39,948	
Total Developed Claim Cost						=	\$82,990

New LDF Relativities

	Retro Discounted LDF Relativities*								ABSOLUTE DEVELOPMENT		
	TPD	PPD		Timeloss		Misc. Accident		Med Only	Fatalities		TPD
Adjustment	MAF	AF	MAF	AF	MAF	AF	MAF	MAF	AF	MAF	AF
Third	1.2897	0.9948	1.0377	0.9655	0.9792	11.3785	1.0393	0.8843	1.0000	1.0000	0.9254
Second	1.1897	0.9779	1.0404	0.9833	1.0056	24.3857	1.0602	0.8830	1.0000	1.0000	0.9251
First	1.0183	0.9220	1.0103	1.0988	1.0520	39.5709	1.1687	0.9199	1.0000	1.0000	0.9235

Med Only has the least amount of claim development.

Misc. AF relativities are capped at 9.000.

TPD Accident LDF is close to 0.925 to mainly account for discounting to time of claim allowance

*AF factors are relative to the non-pension claims average LDFs.
MAF factors are relative to the non-fatality claims average LDFs.

		Prior Retro LDF Relativities*							ABSOLUTE LDFs		
	TPD	PPD		Timeloss		Misc. Accident		MedOnly	Fatalities		TPD
Adjustment	MAF	AF	MAF	AF	MAF	AF	MAF	MAF	AF	MAF	AF
Third	1.336	0.999	1.047	0.947	0.962	20.921	1.126	0.858	1.000	1.000	0.948
Second	1.236	0.978	1.049	0.969	0.994	33.058	1.168	0.855	1.000	1.000	0.948
First	1.134	0.930	1.021	1.087	1.037	49.495	1.301	0.901	1.000	1.000	0.947

	% Change from Prior LDF Relativities								Change in Absolute Devt.			
	TPD		PPD		Timeloss		Misc. Accident		Med Only	Fatalities		TPD
Adjustment	MAF	AF	MAF	AF	MAF	AF	MAF	MAF	AF	MAF	AF	
Third	-2.5%	-0.4%	-0.8%	1.9%	1.7%	NA	-8.0%	2.6%	0.0%	0.0%	-2.4%	
Second	-2.8%	0.0%	-0.7%	1.4%	1.1%	NA	-9.4%	2.9%	0.0%	0.0%	-2.4%	
First	-9.3%	-0.9%	-0.9%	1.1%	1.5%	NA	-10.3%	1.7%	0.0%	0.0%	-2.5%	

TPD and Misc. AF relativities have decreased.

Misc. Accident AF changes are N/A because they are capped.

Time-loss and Med Only relativities have increased.

*AF factors are relative to the non-pension claims average LDFs.
MAF factors are relative to the non-fatality claims average LDFs.

Questions?

Occupational Injury and Illness Classification System (OIICS)

Marnee Watson
*Senior Project Manager,
Claims Administration*

Coding Unit Update

- **Current backlog:**

- SF – 124,157
- SI – 24,153

- **Mitigation plan for the backlog:**

- Cross-trained ICD coders on OIICS (7)
- Hired 2 non-perm OIICS only coders
- Current focus on compensable claims in support of SB 5217, which uses the OIICS coding to identify work-related musculoskeletal disorder (WMSD) claims for legislative reporting – this focus is almost complete

Coding Unit Update – continued

- **Process for requesting specific claims for coding:**
 - Prioritize the claims you need coded (meetings coming up, Open/TL, specific accounts, etc.)
 - Send prioritized Excel document – claim number, worker name, injury date and Retro ID – to ICD10@lni.wa.gov
 - We will do our best to work to incorporate these requests and will send a confirmation when completed

Employer Services Updates

Michelle O'Brien
*Program Manager,
Employer Services*

Employer Services Updates

- Stay at Work Rulemaking

- How can the Retro community partner with Employer Services to give feedback and recommendations?
 - What is the process to do so?
- Effective date of January 1, 2025 – will this include existing claims or only new claims with date of injury on or after the effective date?

- Business License Applications (BLA) Processing Backlog

- Julie Black – julie.black@lni.wa.gov | Jessica Nau – jessica.nau@lni.wa.gov

- Annual Rates Update

Retro Updates

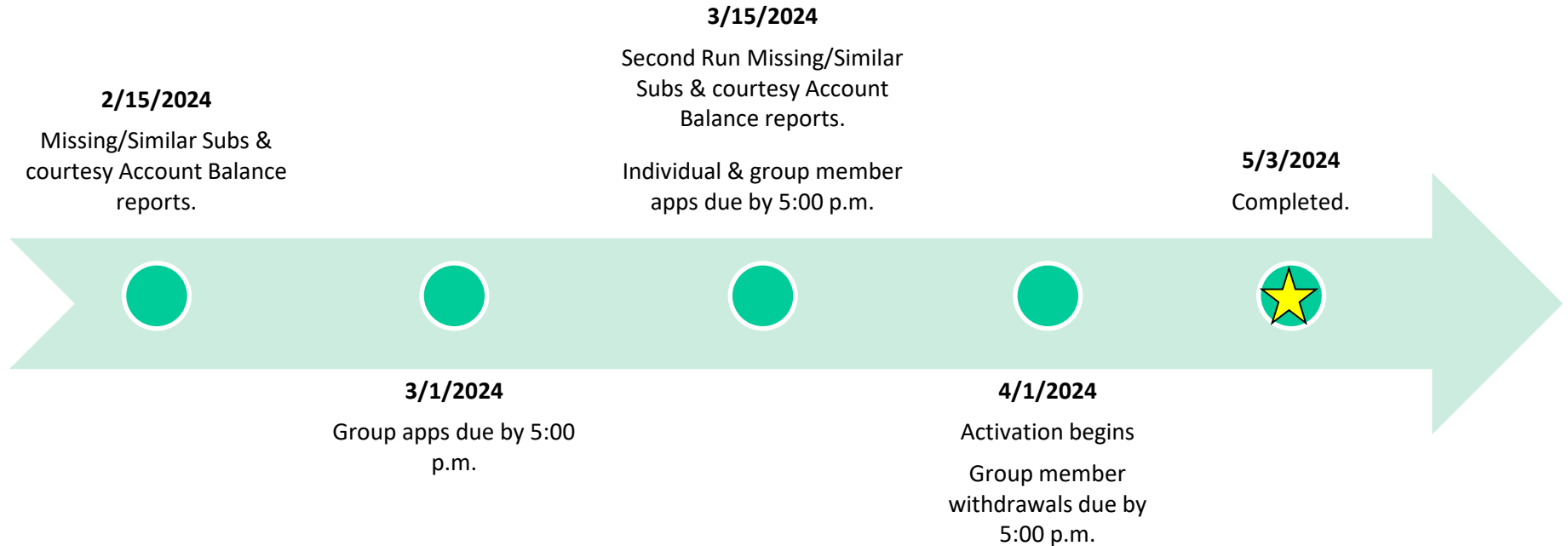
Rachelle Bohler

Policy and Procedure Manager

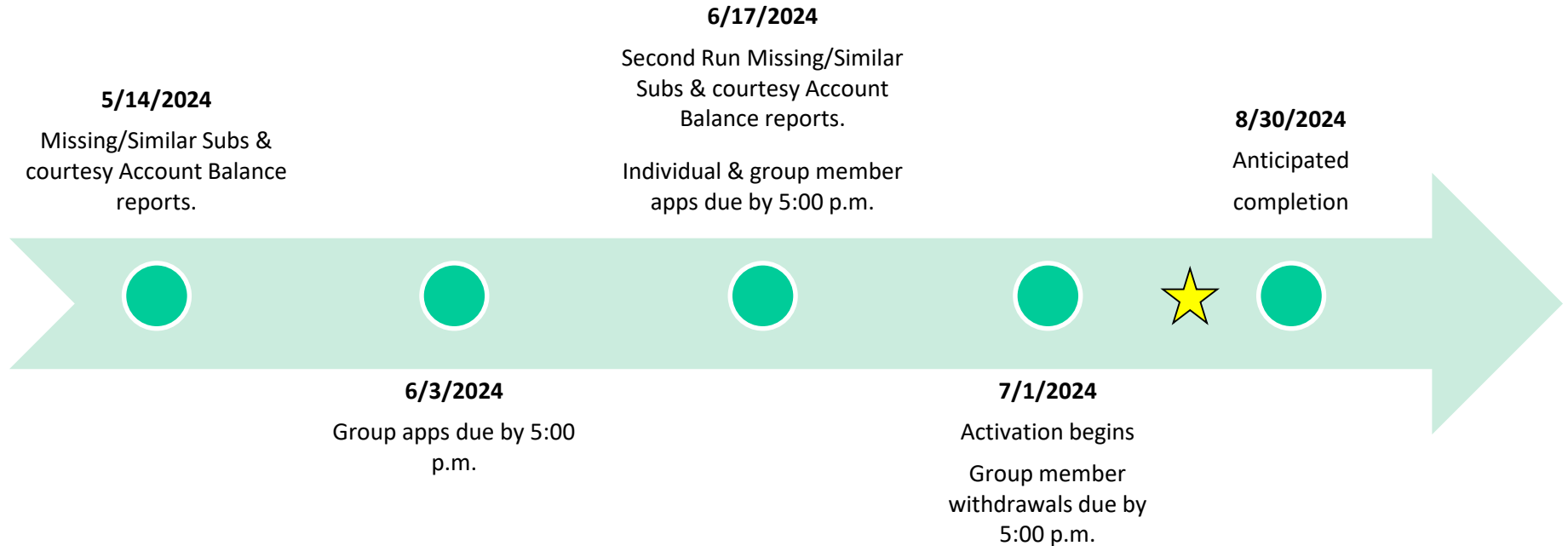
Mike Williams

*Retro Operations Manager,
Consultations & Outreach*

April 2024 Coverage Year Enrollment



July 2024 Coverage Year Enrollment



Enrollment Outside of Enrollment

As of 7/30/2024

	Applications Received	Completed Timely*	Avg. days to complete
Jun. 2024	10	10	12
May 2024	9	8	6
Apr. 2024	3	3	14
Mar. 2024	16	16	16
Feb. 2024	8	8	22
Jan. 2024	9	9	23

*Within 30 days.

Adjustment Protests: April Coverage Years

Completed on 4/24/2024

Adjustment orders ran	2/6/2024
Last day to submit protests	4/8/2024
Last day for timely dept. action	7/7/2024
Claims reviewed	1
Granted	1
Denied	0
Pended	0
Claims not yet reviewed	0
Total claims protested	1
Total refunded to-date	\$199,165

Adjustment Protests: July Coverage Years

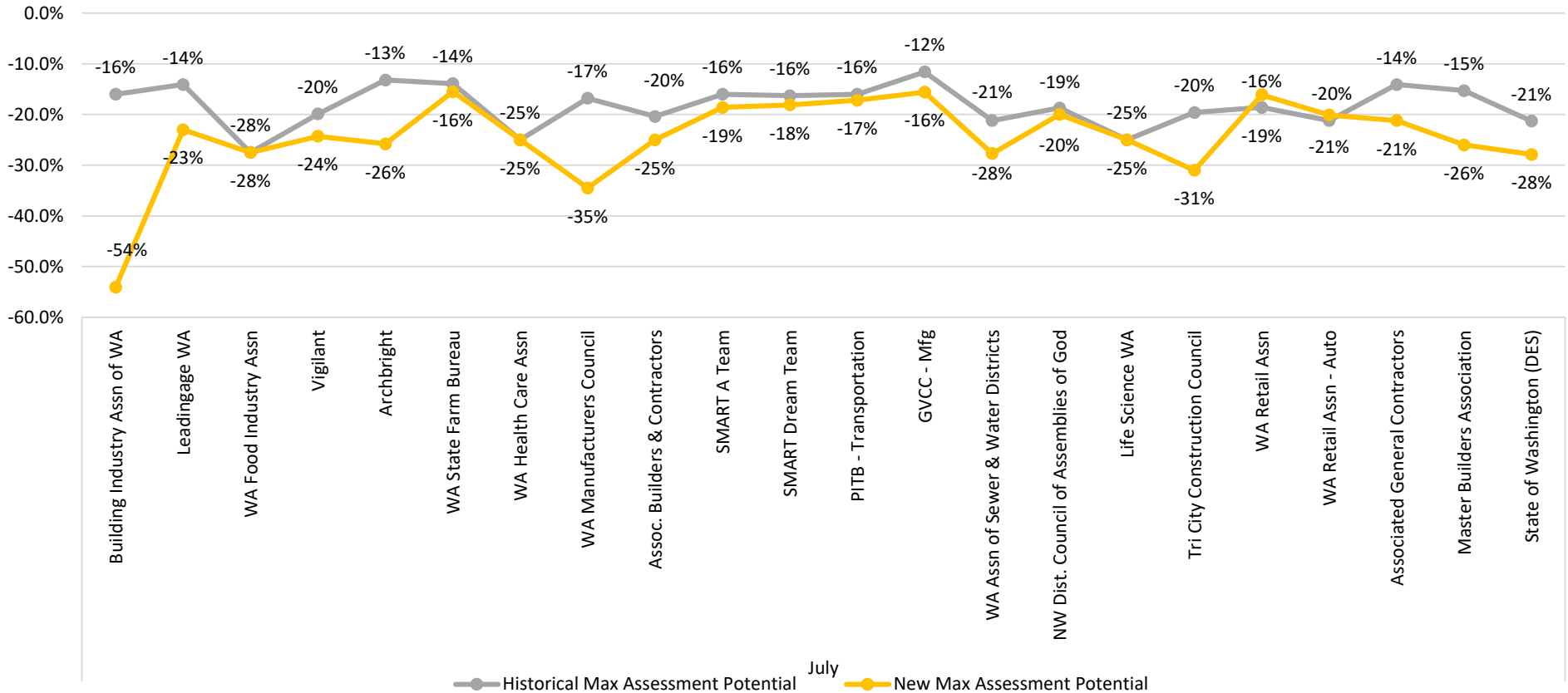
As of 7/31/2024

Adjustment orders ran	5/3/2024
Last day to submit protests	7/2/2024
Last day for timely dept. action	9/30/2024
Claims reviewed	146
Granted	28
Denied	77
Pended	41
Claims not yet reviewed	131
Total claims protested	277
Total refunded to-date	\$1,532,378

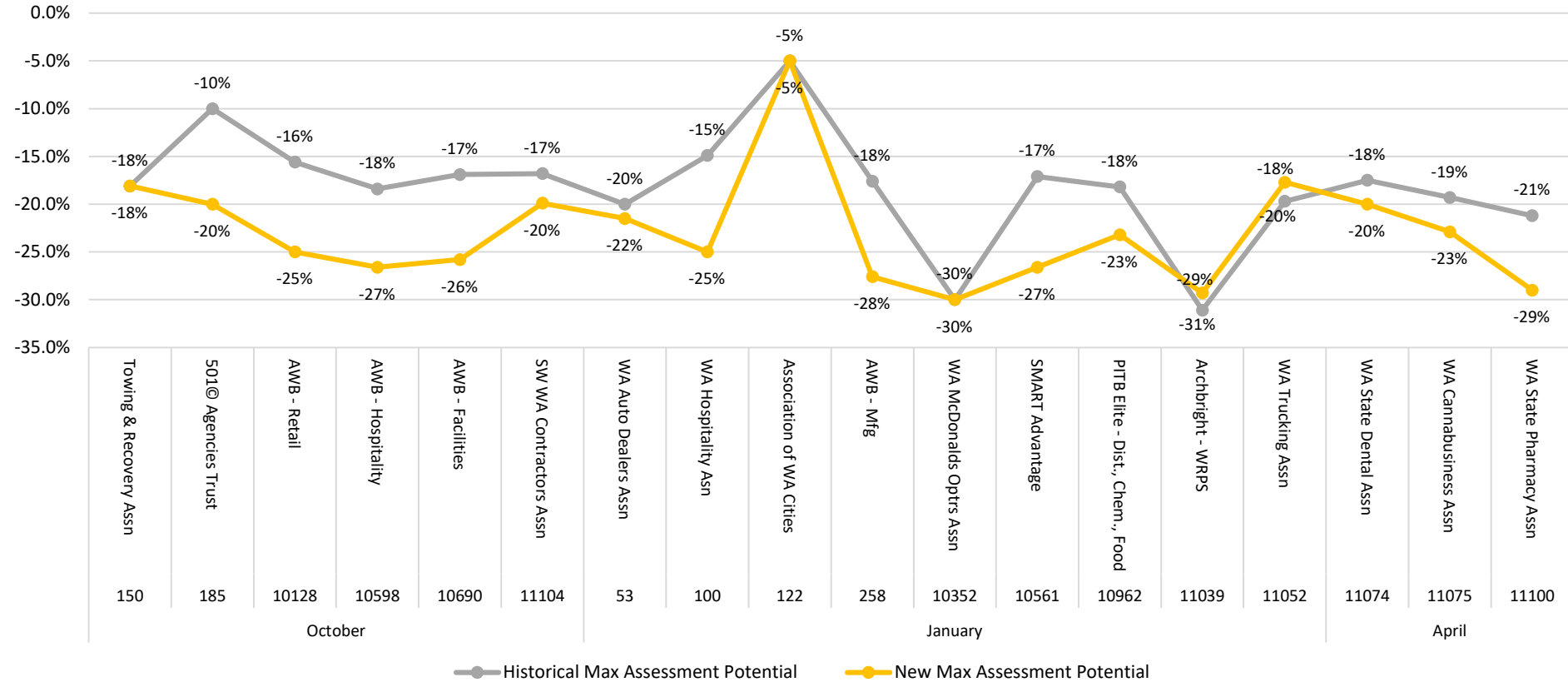
Max Assessment Potential

Historic and New Plan Choices

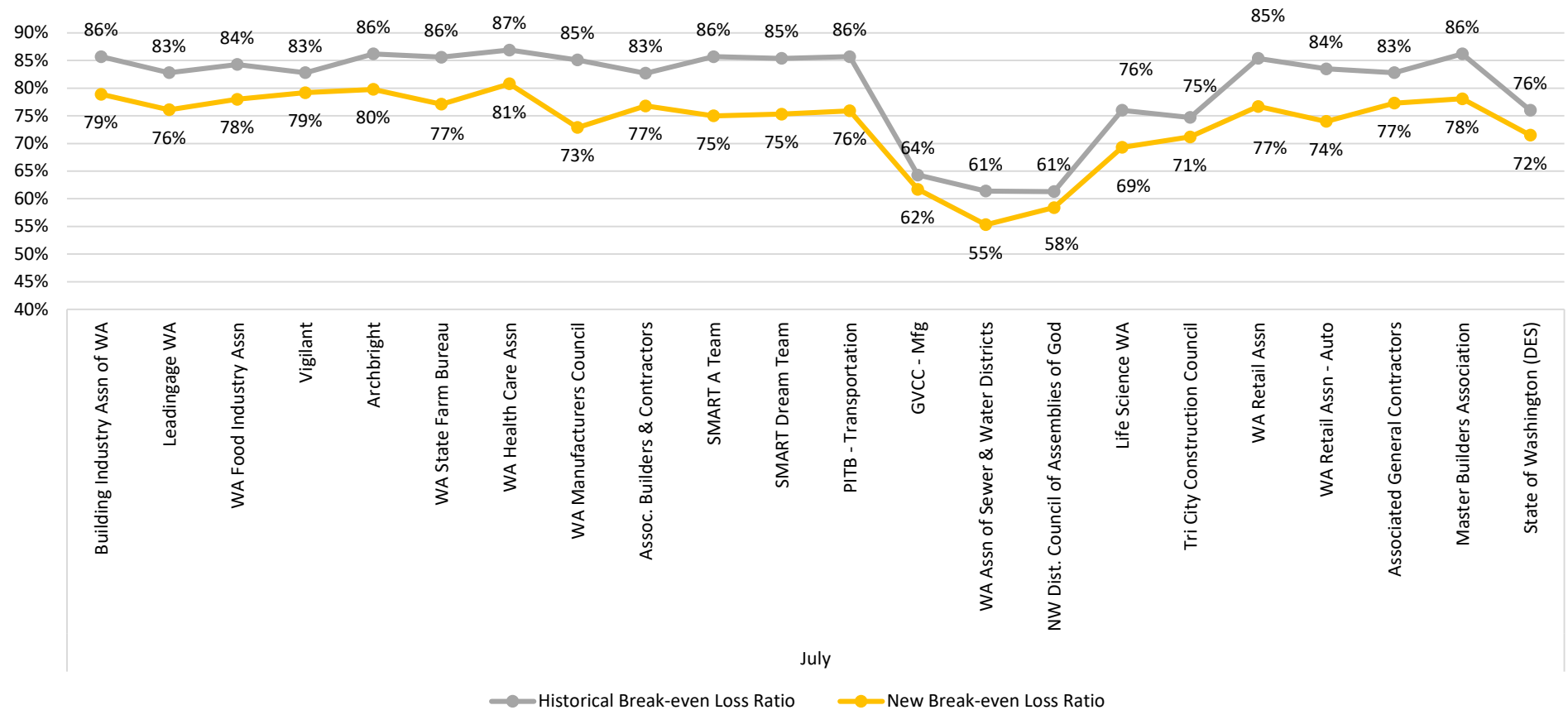
July Groups



Max Assessment Potential Historic and New Plan Choices Groups - October, January, April



Break-even Loss Ratio Historic and New Plan Choices July Groups



Break-even Loss Ratio Historic and New Plan Choices Groups - October, January, April



Questions?

Supplemental Slides

2024 RAC Dates

- Thursday, October 31, 2024 - *Virtual (Zoom)*

Retrospective Rating:

Performance Adjusted Refunds for
July Enrollments as of April 2024

Nichole Runnels
Actuarial Analyst

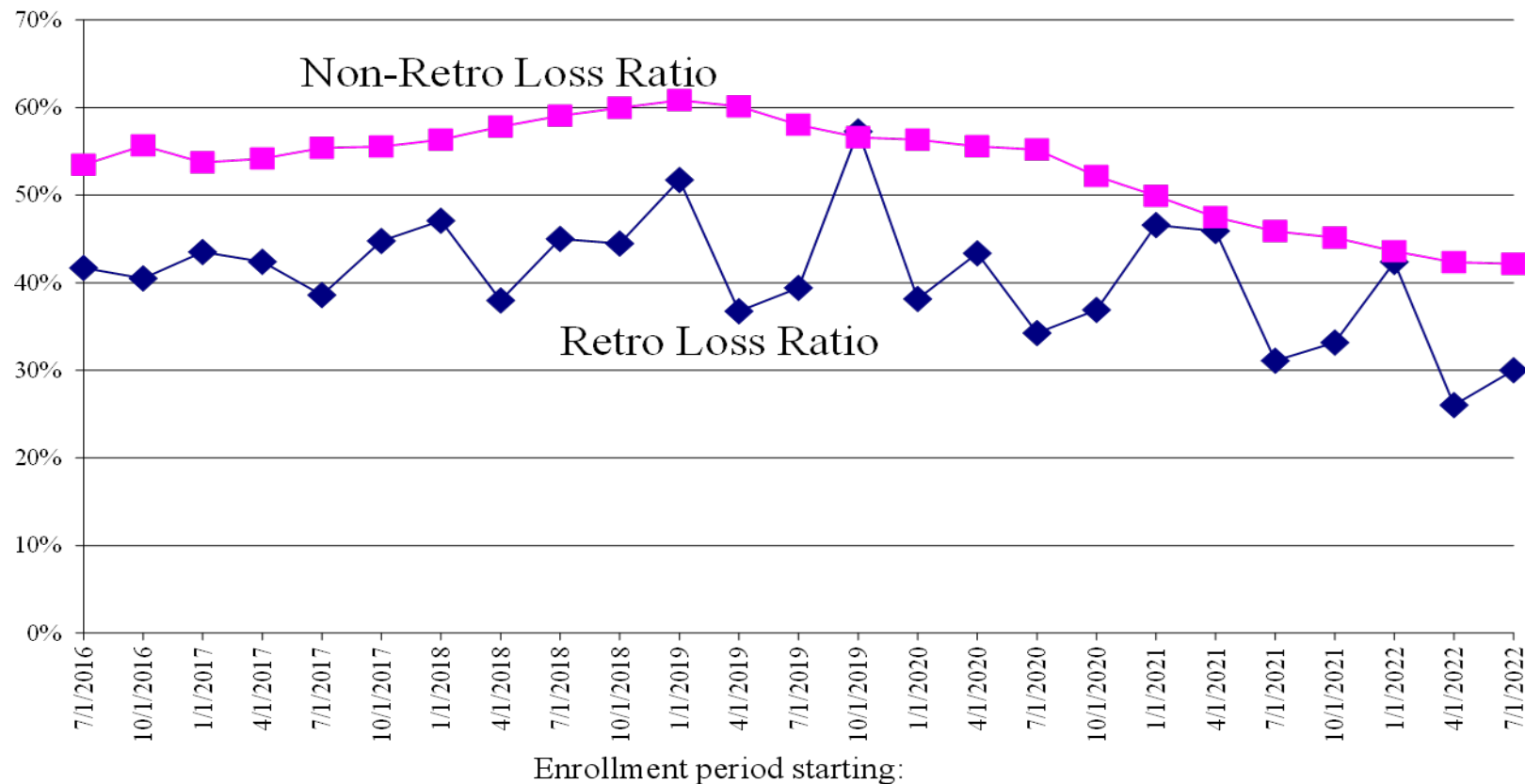
Retrospective Rating Goal and Performance Adjusted Refund

- GOAL: Retro and non-Retro firms pay proportional share of insurance costs.
 - Goal is met when Retro and non-Retro firms have equal overall ratio of losses to premiums (after refunds).
 - Performance Adjusted Refund (PAR) amounts are designed to meet this goal at the time of each annual adjustment.
 - PAR = Targeted sum of net retrospective refunds less additional assessments per enrollment period.
 - Occurs at each of the three annual adjustments

Performance Adjusted Refund Calculation

- Calculate percentage difference between Retro and Non-Retro loss ratios
 - Note: This equalizes loss ratios after net Retro refunds less additional premiums are subtracted from premiums paid by Retro firms
- We use 4 consecutive enrollment periods in this calculation
 - Beginning with the enrollment quarter at hand
 - Including the three prior enrollment quarters
 - This helps provide employers the choice to enroll at the beginning of any quarter by providing a larger and more stable insurance pool
- Additional interest is factored in because L&I retains premiums paid up-front 13.5 months until 1st Retro adjustment
- Apply this refund percentage to standard premiums

Equalizing the Loss Ratios



Calculate the % Loss Ratio Difference

for each of 4 consecutive enrollment quarters leading up to and including July enrollment.

Example:

Quarter 4: Enrollment beginning 7/1/22:		
	Retro	Non-retro
Losses Case Incurred	144,524,284	614,742,253
Standard Premium	481,756,332	1,458,075,701
Loss Ratio	30.00%	42.16%
Percentage Difference	28.85%	

$$=100\% - 30.00\% \div 42.16\%$$

	Retro Enrollment	Standard Premium	Loss Ratio Percentage Difference
Quarter 1	10/1/2021	45,448,280	26.54%
Quarter 2	1/1/2022	118,501,213	2.87%
Quarter 3	4/1/2022	11,411,202	38.50%
Quarter 4	7/1/2022	481,756,332	28.85%
Total		657,117,027	24.17%

4 Quarter Weighted Average

Performance Adjusted Refund

Targeted Refund % x 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	10/1/2021	45,448,268
Quarter 2	1/1/2022	118,385,702
Quarter 3	4/1/2022	11,411,205
Quarter 4	7/1/2022	481,162,656
Total		656,407,831
X		X
Target Refund %		25.33%
=		=
Target Refund		\$166,275,168

Calculating the July 2022 PAF

Hit the PAR target for July 2022 enrollment

				Difference from Target
Target Refund:				166,275,168
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$226,326,381	- \$60,051,213
This refund would be too large. We need to use a larger PAF.				
Quarter 4 PAF=	1.1659			
	Retro Enrollment	Current PAF	Current Refund	
Quarter 1	10/1/2021	1.1659	11,158,851	
Quarter 2	1/1/2022	1.1659	12,993,418	
Quarter 3	4/1/2022	1.1659	2,243,588	
Quarter 4	7/1/2022	1.1659	139,879,078	
Using this PAF we obtain			166,274,935	\$233
If We Tried Q4 PAF =	1.1660	Then the Refund Would Have Been	\$166,239,410	\$35,758
If We Tried Q4 PAF =	1.1658	Then the Refund Would Have Been	\$166,310,469	- \$35,301

Refunds are calculated per enrollment period using the PAF shown above for estimation purposes only.

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
7/1/2022
First Evaluation

Report Date: 4/24/2024

PAF: 1.1659

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 22 Firms with Refunds	4,816,679	1,114,062	23%							207,003	1,268,243	831,250	2,306,496	2,510,183	52%
Subtotal - 11 Firms with Assessments	3,355,912	6,946,245	207%							144,305	2,644,159	1,622,733	4,411,197	(1,055,285)	(31%)
Subtotal - 33 Individual Firms	8,172,591	8,060,307	99%							351,308	3,912,402	2,453,983	6,717,693	1,454,898	18%
Average Firm Size	247,654														
Archbright	30,899,142	21,964,689	71%	L	4	74 \$550K	0.9800	0.00	0.0190	1,328,663	23,941,511	455,248	25,725,422	5,173,720	17%
Associated Builders & Contractors of Western Washington	27,842,715	16,902,386	61%	L	8	73 \$550K	1.0040	0.00	0.0613	1,197,237	18,423,601	1,129,219	20,750,057	7,092,658	25%
Associated General Contractors	67,240,893	31,049,836	46%	L	8	74 \$550K	0.9500	0.00	0.0602	2,891,358	33,844,321	2,036,210	38,771,889	28,469,004	42%
Building Industry Association of Washington	69,454,159	31,837,560	46%	L	8	74 \$800K	1.0000	0.00	0.0248	2,986,529	34,702,940	860,633	38,550,102	30,904,057	44%
Greater Vancouver Chamber of Commerce - Manufacturing	2,121,130	838,589	40%	L	5	68 \$500K	0.7210	0.00	0.3658	91,209	914,062	334,392	1,339,663	781,467	37%
LeadingAge Washington	6,149,046	5,055,122	82%	L	2	72 \$500K	0.9500	0.00	0.0416	264,409	5,510,083	228,988	6,003,480	145,566	2%
Life Science Washington	2,845,406	691,205	24%	L	4	69 \$380K	0.9590	0.00	0.1549	122,352	753,413	116,708	992,473	1,852,933	65%
Master Builders Association - GRIP	50,469,857	26,137,873	52%	L	8	74 \$1 MILLION	1.0000	0.00	0.0184	2,170,204	28,490,282	525,190	31,185,676	19,284,181	38%
NW District Council of the Assemblies of God Inc.	883,596	640,136	72%	L	2	63 \$250K	0.7390	0.00	0.4089	37,995	697,748	285,276	1,021,019	(137,423)	(16%)
PITB - Transportation, Warehouse, Facilities	22,215,498	13,645,664	61%	L	7	73 \$800K	1.0000	0.00	0.0244	955,266	14,873,775	362,623	16,191,664	6,023,834	27%
SMART 'A' Team	36,753,366	19,775,850	54%	L	8	74 \$550K	1.0000	0.00	0.0569	1,580,395	21,555,677	1,225,634	24,361,706	12,391,660	34%
SMART Dream Team	26,357,318	8,990,391	34%	L	8	73 \$800K	1.0000	0.00	0.0330	1,133,365	9,799,526	322,904	11,255,795	15,101,523	57%
Southwest Washington Contractors Association	1,402,584	450,868	32%	L	8	66 \$275K	0.5840	0.00	0.7667	60,311	491,446	376,802	928,559	474,025	34%
State of Washington (DES)	2,110,585	1,049,899	50%	L	3	68 \$500K	0.9300	0.30	0.1545	90,755	1,144,390	176,863	1,412,008	698,577	33%
Tri City Construction Council	3,840,069	2,915,824	76%	L	7	70 \$550K	1.0000	0.00	0.1326	165,123	3,178,248	421,534	3,764,905	75,164	2%
Vigilant	29,768,430	18,989,503	64%	L	5	74 \$380K	1.0000	0.00	0.0609	1,280,042	20,698,558	1,260,439	23,239,039	6,529,391	22%
Washington Association of Sewer & Water Districts	959,128	984,563	103%	L	5	63 UNLIMITED	0.7500	0.00	0.4300	41,243	784,087	337,158	1,162,488	(203,360)	(21%)
Washington Food Industry Association	19,925,883	13,839,811	69%	L	3	73 \$380K	1.0850	0.00	0.0419	856,813	15,085,394	632,485	16,574,692	3,351,191	17%
Washington Health Care Association - WHCA	17,294,810	15,104,835	87%	L	2	73 \$500K	1.0960	0.00	0.0105	743,677	16,464,270	173,500	17,381,447	(86,637)	(1%)
Washington Manufacturers Council	11,662,110	6,262,186	54%	L	5	73 \$500K	1.0000	0.00	0.0318	501,471	6,825,783	216,917	7,544,171	4,117,939	35%
Washington Retail Association	10,167,529	11,625,895	114%	L	3	72 \$550K	1.0000	0.00	0.0305	437,204	11,082,607	338,053	11,857,864	(1,690,335)	(17%)
Washington Retail Association - Automotive	8,056,203	7,366,839	91%	L	6	72 \$380K	1.0000	0.00	0.0868	346,417	8,029,855	697,297	9,073,569	(1,017,366)	(13%)
Washington State Farm Bureau	24,570,608	21,838,965	89%	L	4	73 \$550K	0.9800	0.00	0.0258	1,056,536	23,804,472	614,370	25,475,378	(904,770)	(4%)
Subtotal - Associations	472,990,065	277,958,489	59%							20,338,574	301,096,049	13,128,443	334,563,066	138,426,999	29%
Total Enrollment	481,162,656	286,018,796	59%							20,689,882	305,008,451	15,582,426	341,280,759	139,881,897	29%

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
7/1/2021
Second Evaluation

Report Date: 4/24/2024

PAF: 1.1329

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 20 Firms with Refunds	4,797,683	907,670	19%							206,302	1,123,417	814,111	2,143,830	2,653,853	55%
Subtotal - 14 Firms with Assessments	3,756,550	5,375,029	143%							161,532	2,928,690	2,103,962	5,194,184	(1,437,634)	(38%)
Subtotal - 34 Individual Firms	8,554,233	6,282,699	73%							367,834	4,052,107	2,918,073	7,338,014	1,216,219	14%
Average Firm Size	251,595														
Archbright	33,441,819	19,420,620	58%	L	5	74 \$550K	0.9800	0.00	0.0234	1,437,998	21,168,476	494,792	23,101,266	10,340,553	31%
Associated Builders & Contractors of Western Washington	26,135,935	12,661,968	48%	L	8	73 \$550K	1.0040	0.00	0.0613	1,123,845	13,801,545	845,924	15,771,314	10,364,621	40%
Associated General Contractors	61,567,927	28,232,118	46%	L	8	74 \$550K	0.9500	0.00	0.0602	2,647,421	30,773,009	1,851,427	35,271,857	26,296,070	43%
Building Industry Association of Washington	67,986,048	29,795,925	44%	L	8	74 \$800K	1.0000	0.00	0.0248	2,923,400	32,477,558	805,443	36,206,401	31,779,647	47%
Greater Vancouver Chamber of Commerce - Manufacturing	2,297,746	1,586,643	69%	L	5	68 \$500K	0.7210	0.00	0.3658	98,803	1,729,442	632,683	2,460,928	(163,182)	(7%)
LeadingAge Washington	5,719,025	4,226,104	74%	L	2	71 \$500K	0.9500	0.00	0.0601	245,918	4,606,453	276,627	5,128,998	590,027	10%
Life Science Washington	3,274,493	1,019,332	31%	L	4	70 \$380K	0.9590	0.00	0.1401	140,803	1,111,072	155,712	1,407,587	1,866,906	57%
Master Builders Association - GRIP	47,683,807	26,344,573	55%	L	8	74 \$1 MILLION	1.0000	0.00	0.0184	2,050,404	28,715,585	529,343	31,295,332	16,388,475	34%
NW District Council of the Assemblies of God Inc.	796,551	439,337	55%	L	2	62 \$250K	0.7390	0.00	0.4250	34,252	478,878	203,514	716,644	79,907	10%
PITB - Transportation, Warehouse, Facilities	22,050,710	9,992,305	45%	L	7	73 \$800K	1.0000	0.00	0.0244	948,181	10,891,612	265,538	12,105,331	9,945,379	45%
SMART 'A' Team	34,130,296	19,677,601	58%	L	8	74 \$550K	1.0000	0.00	0.0569	1,467,603	21,448,585	1,219,545	24,135,733	9,994,563	29%
SMART Dream Team	25,055,059	9,219,411	37%	L	8	73 \$800K	1.0000	0.00	0.0330	1,077,368	10,049,158	331,130	11,457,656	13,597,403	54%
Southwest Washington Contractors Association	1,400,318	492,067	35%	L	8	66 \$275K	0.5840	0.00	0.7667	60,214	536,353	411,234	1,007,801	392,517	28%
State of Washington (DES)	2,364,225	2,134,640	90%	L	3	69 \$500K	0.9300	0.30	0.1402	101,662	2,326,758	326,149	2,754,569	(390,344)	(17%)
Tri City Construction Council	3,916,609	3,788,002	97%	L	7	70 \$550K	1.0000	0.00	0.1326	168,414	4,128,922	547,623	4,844,959	(928,350)	(24%)
Vigilant	27,090,684	16,865,153	62%	L	5	73 \$380K	1.0000	0.00	0.0625	1,164,899	18,383,017	1,148,442	20,696,358	6,394,326	24%
Washington Association of Sewer & Water Districts	1,007,284	403,008	40%	L	5	64 \$500K	0.7500	0.00	0.4106	43,313	439,279	180,384	662,976	344,308	34%
Washington Food Industry Association	19,526,624	12,938,177	66%	L	3	73 \$550K	1.1145	0.00	0.0142	839,645	14,102,613	199,622	15,141,880	4,384,744	22%
Washington Health Care Association - WHCA	17,725,155	13,332,854	75%	L	2	73 \$500K	1.0020	0.00	0.0136	762,182	14,532,811	197,922	15,492,915	2,232,240	13%
Washington Manufacturers Council	12,044,406	5,059,501	42%	L	5	73 \$500K	1.0000	0.00	0.0318	517,909	5,514,856	175,257	6,208,022	5,836,384	48%
Washington Retail Association	9,903,588	7,318,823	74%	L	3	72 \$550K	1.0000	0.00	0.0305	425,854	7,977,517	243,338	8,646,709	1,256,879	13%
Washington Retail Association - Automotive	6,220,510	4,653,424	75%	L	6	72 \$550K	1.0000	0.00	0.0478	267,482	5,072,232	242,346	5,582,060	638,450	10%
Washington State Farm Bureau	24,926,296	22,167,023	89%	L	4	73 \$550K	0.9800	0.00	0.0258	1,071,831	24,162,055	623,598	25,857,484	(931,188)	(4%)
Subtotal - Associations	456,265,115	251,768,609	55%							19,619,401	274,427,786	11,907,593	305,954,780	150,310,335	33%
Total Enrollment	464,819,348	258,051,308	56%							19,987,235	278,479,893	14,825,666	313,292,794	151,526,554	33%

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
7/1/2020
Third Evaluation

Report Date: 4/24/2024

PAF: 1.0829

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 32 Firms with Refunds	7,773,861	1,235,430	16%							334,278	1,790,202	1,151,771	3,276,251	4,497,610	58%
Subtotal - 7 Firms with Assessments	2,039,318	1,315,972	65%							87,691	1,299,771	1,307,775	2,695,237	(655,919)	(32%)
Subtotal - 39 Individual Firms	9,813,179	2,551,402	26%							421,969	3,089,973	2,459,546	5,971,488	3,841,691	39%
Average Firm Size	251,620														
Archbright	34,450,946	23,728,580	69%	L	5	74 \$550K	0.9800	0.00	0.0234	1,481,391	25,864,152	604,549	27,950,092	6,500,854	19%
Associated Builders & Contractors of Western Washington	26,043,455	12,690,365	49%	L	8	73 \$550K	1.0040	0.00	0.0613	1,119,869	13,832,498	847,821	15,800,188	10,243,267	39%
Associated General Contractors	63,939,132	28,867,904	45%	L	8	74 \$550K	0.9500	0.00	0.0602	2,749,383	31,466,015	1,893,121	36,108,519	27,830,613	44%
Building Industry Association of Washington	70,004,781	30,484,759	44%	L	8	74 \$800K	1.0000	0.00	0.0248	3,010,206	33,228,387	824,064	37,062,657	32,942,124	47%
Greater Vancouver Chamber of Commerce - Manufacturing	2,342,827	1,342,887	57%	L	5	68 \$500K	0.7210	0.00	0.3658	100,742	1,463,747	535,484	2,099,973	242,854	10%
LeadingAge Washington	6,148,013	2,359,586	38%	L	2	71 \$500K	0.9500	0.00	0.0601	264,365	2,571,949	154,451	2,990,765	3,157,248	51%
Life Science Washington	2,930,903	991,097	34%	L	4	69 \$380K	0.9590	0.00	0.1549	126,029	1,080,296	167,344	1,373,669	1,557,234	53%
Master Builders Association - GRIP	48,914,199	24,902,800	51%	L	8	74 \$1 MILLION	1.0000	0.00	0.0184	2,103,311	27,144,053	500,373	29,747,737	19,166,462	39%
NW District Council of the Assemblies of God Inc.	762,321	567,070	74%	L	2	61 \$250K	0.7750	0.00	0.4001	32,780	618,106	247,286	898,172	(135,851)	(18%)
PITB - Transportation, Warehouse, Facilities	21,165,558	10,821,454	51%	L	7	73 \$800K	1.0000	0.00	0.0244	910,119	11,795,385	287,571	12,993,075	8,172,483	39%
SMART 'A' Team	38,002,278	20,423,707	54%	L	8	74 \$550K	1.0000	0.00	0.0569	1,634,098	22,261,841	1,265,786	25,161,725	12,840,553	34%
SMART Dream Team	25,916,610	10,642,287	41%	L	8	73 \$1 MILLION	1.0000	0.00	0.0275	1,114,414	11,600,093	319,443	13,033,950	12,882,660	50%
Southwest Washington Contractors Association	1,609,476	653,710	41%	L	8	66 \$275K	0.5500	0.00	0.8448	69,207	712,544	601,991	1,383,742	225,734	14%
Tri City Construction Council	4,729,057	837,295	18%	L	8	71 \$550K	1.0000	0.00	0.0987	203,349	912,652	90,042	1,206,043	3,523,014	74%
Vigilant	25,172,829	14,602,674	58%	L	5	73 \$380K	1.0000	0.00	0.0625	1,082,432	15,916,915	994,377	17,993,724	7,179,105	29%
Washington Association of Sewer & Water Districts	1,080,505	86,041	8%	L	5	64 \$500K	0.7500	0.00	0.4106	46,462	93,785	38,511	178,758	901,747	83%
Washington Food Industry Association	18,234,125	10,726,472	59%	L	3	73 \$550K	1.1145	0.00	0.0142	784,067	11,691,854	165,498	12,641,419	5,592,706	31%
Washington Health Care Association - WHCA	20,206,909	12,173,845	60%	L	2	73 \$500K	1.0960	0.00	0.0105	868,897	13,269,491	139,834	14,278,222	5,928,687	29%
Washington Manufacturers Council	11,971,630	4,121,270	34%	L	5	73 \$500K	1.0000	0.00	0.0318	514,780	4,492,184	142,757	5,149,721	6,821,909	57%
Washington Retail Association	10,129,362	9,580,377	95%	L	3	72 \$550K	1.0400	0.00	0.0256	435,563	10,442,611	267,320	11,145,494	(1,016,132)	(10%)
Washington Retail Association - Automotive	6,220,100	3,070,789	49%	L	6	71 \$550K	1.0100	0.00	0.0650	267,464	3,347,160	217,669	3,832,293	2,387,807	38%
Washington State Farm Bureau	30,101,187	22,582,620	75%	L	4	74 \$550K	0.9800	0.00	0.0190	1,294,351	24,615,056	468,055	26,377,462	3,723,725	12%
Subtotal - Associations	470,076,203	246,257,589	52%							20,213,279	268,420,774	10,773,347	299,407,400	170,668,803	36%
Total Enrollment	479,889,382	248,808,991	52%							20,635,248	271,510,747	13,232,893	305,378,888	174,510,494	36%

Retrospective Rating:

Performance Adjusted Refunds for
October Enrollments as of July 2024

Nichole Runnels
Actuarial Analyst

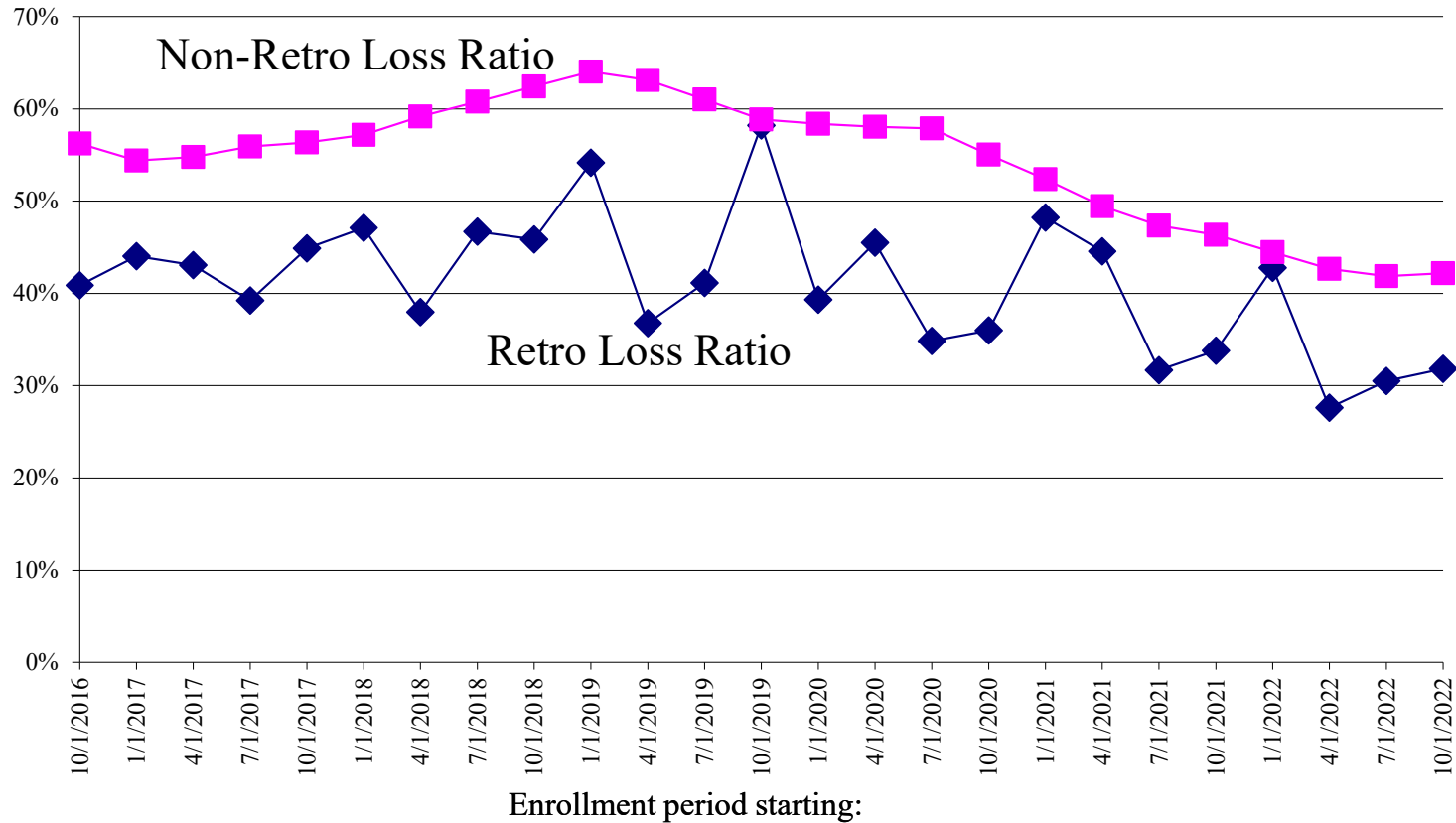
Retrospective Rating Goal and Performance Adjusted Refund

- GOAL: Retro and non-Retro firms pay proportional share of insurance costs.
 - Goal is met when Retro and non-Retro firms have equal overall ratio of losses to premiums (after refunds).
 - Performance Adjusted Refund (PAR) amounts are designed to meet this goal at the time of each annual adjustment.
 - PAR = Targeted sum of net retrospective refunds less additional assessments per enrollment period.
 - Occurs at each of the three annual adjustments

Performance Adjusted Refund Calculation

- Calculate percentage difference between Retro and Non-Retro loss ratios
 - Note: This equalizes loss ratios after net Retro refunds less additional premiums are subtracted from premiums paid by Retro firms
- We use 4 consecutive enrollment periods in this calculation
 - Beginning with the enrollment quarter at hand
 - Including the three prior enrollment quarters
 - This helps provide employers the choice to enroll at the beginning of any quarter by providing a larger and more stable insurance pool
- Additional interest is factored in because L&I retains premiums paid up-front 13.5 months until 1st Retro adjustment
- Apply this refund percentage to standard premiums

Equalizing the Loss Ratios



Calculate the % Loss Ratio Difference

for each of 4 consecutive enrollment quarters leading up to and including October enrollment. Example:

Quarter 4: Enrollment beginning 10/1/22:		
	Retro	Non-retro
Losses Case Incurred	15,714,874	619,468,769
Standard Premium	49,387,511	1,468,104,696
Loss Ratio	31.82%	42.20%
Percentage Difference	24.59%	

$$=100\% - 31.82\% \div 42.20\%$$

	Retro Enrollment	Standard Premium	Loss Ratio Percentage Difference
Quarter 1	1/1/2022	118,496,280	3.80%
Quarter 2	4/1/2022	11,412,086	35.24%
Quarter 3	7/1/2022	481,803,701	27.11%
Quarter 4	10/1/2022	49,387,511	24.59%
Total		661,099,578	22.88%

4 Quarter Weighted Average

Performance Adjusted Refund

Targeted Refund % x 4 Quarter Standard Premiums

	Retro Enrollment	Standard Premium
Quarter 1	1/1/2022	118,491,286
Quarter 2	4/1/2022	11,412,089
Quarter 3	7/1/2022	481,280,615
Quarter 4	10/1/2022	49,386,577
Total		660,570,567
X		X
Performance adjusted refund %		24.03%
=		=
Performance Adjusted Refund		\$158,752,261

Calculating the October 2022 PAF

Hit the PAR target for October 2022 enrollment

				Difference from Target
Target Refund:			158,752,261	
If We Tried Q4 PAF =	1.0000	Then the Refund Would Have Been	\$219,175,537	-\$60,423,276
This refund would be too large. We need to use a larger PAF.				
Quarter 4 PAF=	1.1654			
	Retro Enrollment	Current PAF	Current Refund	
Quarter 1	1/1/2022	1.1654	14,274,991	
Quarter 2	4/1/2022	1.1654	1,609,468	
Quarter 3	7/1/2022	1.1654	131,553,730	
Quarter 4	10/1/2022	1.1654	11,329,819	
Using this PAF we obtain			158,768,008	-\$15,747
If We Tried Q4 PAF =	1.1655	Then the Refund Would Have Been	\$158,731,820	\$20,441
If We Tried Q4 PAF =	1.1653	Then the Refund Would Have Been	\$158,804,197	-\$51,936

Refunds are calculated per enrollment period using the PAF shown above for estimation purposes only.

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
10/1/2022
First Evaluation

Report Date: 7/25/2024

PAF: 1.1654

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Hazard Plan	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 13 Firms with Refunds	4,684,456	1,257,656	27%							201,431	1,664,181	1,012,211	2,877,823	1,806,633	39%
Subtotal - 2 Firms with Assessments	431,244	201,979	47%							18,543	190,968	308,179	517,690	(86,446)	(20%)
Subtotal - 15 Individual Firms	5,115,700	1,459,635	29%							219,974	1,855,149	1,320,390	3,395,513	1,720,187	34%
Average Firm Size	341,047														
501(C) Agencies Trust	8,542,351	10,070,731	118%	L	3	72 \$550K	0.916	0.00	0.0584	367,321	8,529,025	498,496	9,394,842	(852,491)	(10%)
Association of WA Business - Facilities &	14,091,208	8,845,208	63%	L	6	73 \$550K	1.000	0.00	0.0327	605,922	9,641,277	315,636	10,562,835	3,528,373	25%
Association of WA Business - Hospitality	4,941,205	4,065,910	82%	L	3	71 \$550K	1.000	0.00	0.0469	212,472	4,431,843	207,858	4,852,173	89,032	2%
Association of WA Business - Retail, Wholesale, Services	14,722,987	6,992,304	47%	L	4	73 \$550K	1.000	0.00	0.0212	633,088	7,621,611	161,898	8,416,597	6,306,390	43%
Thurston County Chamber of Commerce	703,702	204,052	29%	L	4	61 UNLIMITED	0.929	0.60	0.1455	30,259	460,221	66,979	557,459	146,243	21%
Towing & Recovery Association of Washington	1,269,424	127,656	10%	P	7	65 \$500K	0.850	0.40	0.2122	54,585	553,469	269,308	877,362	392,062	31%
Subtotal - Associations	44,270,877	30,305,861	68%							1,903,647	31,237,446	1,520,175	34,661,268	9,609,609	22%
Total Enrollment	49,386,577	31,765,496	64%							2,123,621	33,092,595	2,840,565	38,056,781	11,329,796	23%

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
10/1/2021
Second Evaluation

Report Date: 7/25/2024

PAF: 1.1176

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Plan	Hazard Group	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Minimum	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 8 Firms with Refunds	2,876,638	1,049,889	36%									1,183,734	662,710	1,970,140	906,498	32%
Subtotal - 9 Firms with Assessments	2,267,008	2,959,067	131%									1,545,174	1,142,801	2,785,456	(518,448)	(23%)
Subtotal - 17 Individual Firms	5,143,646	4,008,956	78%									2,728,908	1,805,511	4,755,596	388,050	8%
Average Firm Size	302,567															
501(C) Agencies Trust	8,124,280	7,166,298	88%	L	3	72	\$550K	0.916	0.00	0.0584	0	7,811,265	456,545	8,617,154	(492,874)	(6%)
Association of WA Business - Facilities	11,618,096	3,929,563	34%	L	6	73	\$550K	1.000	0.00	0.0327	0	4,283,224	140,224	4,923,026	6,695,070	58%
Association of WA Business - Hospitality	4,631,423	3,572,768	77%	L	3	71	\$550K	1.000	0.00	0.0469	0	3,894,317	182,647	4,276,115	355,308	8%
Association of WA Business - Retail, Wholesale, Services	13,991,532	7,597,683	54%	L	4	73	\$550K	1.000	0.00	0.0212	0	8,281,474	175,915	9,059,025	4,932,507	35%
Thurston County Chamber of Commerce	807,279	567,478	70%	L	4	62	UNLIMITED	0.929	0.60	0.1415	484,367	618,551	87,548	740,812	66,467	8%
Towing & Recovery Association of Washington	1,132,933	1,299,057	115%	P	7	64	\$500K	0.850	0.40	0.2185	453,173	1,049,662	247,489	1,345,867	(212,934)	(19%)
Subtotal - Associations	40,305,543	24,132,847	60%									25,938,493	1,290,368	28,961,999	11,343,544	28%
Total Enrollment	45,449,189	28,141,803	62%									28,667,401	3,095,879	33,717,595	11,731,594	26%

Washington State Department of Labor And Industries
Retrospective Rating

Enrollment Period Beginning:
10/1/2020
Third Evaluation

Report Date: 7/25/2024

PAF: 1.0305

Association Name	Standard Premium	After ELRF & PAF Developed Losses	Standard Loss Ratio	Plan	Hazard Group	Size Group	Single Loss Limit	Max Loss Ratio	Min Loss Ratio	Net Insurance Charge%	Policy Admin Expense	Incurred Loss & Expense after PAF	Net Insurance Charge after PAF	Retrospective Premium Indicated	Cumulative Refund/ (Assessment)	Ratio Refunded (Assessed)
Subtotal - 11 Firms with Refunds	3,427,354	1,009,067	29%								147,375	1,218,258	764,766	2,130,399	1,296,955	38%
Subtotal - 6 Firms with Assessments	2,342,695	2,729,521	117%								100,735	1,880,553	846,156	2,827,444	(484,749)	(21%)
Subtotal - 17 Individual Firms	5,770,049	3,738,588	65%								248,110	3,098,811	1,610,922	4,957,843	812,206	14%
Average Firm Size	339,415															
501(C) Agencies Trust	8,487,201	4,111,510	48%	L	3	72	\$550K	0.916	0.00	0.0584	364,950	4,481,545	261,933	5,108,428	3,378,773	40%
Association of WA Business - Facilities & Property Management	12,559,042	6,463,276	51%	L	6	73	\$550K	1.000	0.00	0.0327	540,039	7,044,971	230,638	7,815,648	4,743,394	38%
Association of WA Business - Hospitality	3,921,332	2,580,397	66%	L	3	70	\$550K	1.000	0.60	0.0650	168,617	2,812,633	182,717	3,163,967	757,365	19%
Association of WA Business - Retail, Wholesale, Services	13,896,513	7,536,837	54%	L	4	73	\$550K	1.000	0.00	0.0212	597,550	8,215,152	174,506	8,987,208	4,909,305	35%
Thurston County Chamber of Commerce Towing & Recovery Association of Washington	814,258	648,968	80%	L	3	62	UNLIMITED	0.929	0.60	0.1375	35,013	707,375	97,272	839,660	(25,402)	(3%)
	1,004,998	159,989	16%	P	7	63	\$500K	0.850	0.40	0.2246	43,215	438,179	225,723	707,117	297,881	30%
Subtotal - Associations	40,683,344	21,500,977	53%								1,749,384	23,699,855	1,172,789	26,622,028	14,061,316	35%
Total Enrollment	46,453,393	25,239,565	54%								1,997,494	26,798,666	2,783,711	31,579,871	14,873,522	32%

Contents

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9X – Mental Health Allowed Tx Auth	14
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Aggravation of Symptomatic Preexisting Conditions - Frequently Asked Questions (FAQs)	18

Attachment 4-9E: Evaluating Causation of Newly Contended Conditions

*Note: The diagnosing provider **MUST** provide an opinion on whether the newly contended condition is causally related to the industrial injury or disease and a basis for his or her opinion. This information must be in file prior to the authorization of any treatment for the newly contended condition. If you have any questions, please email [LNI DL Mbx Perms Claims Training Mailbox](#).*

Required staffings with ONC (See When to Involve the ONCs: Updated Referral Criteria):

- *Newly contended conditions that weren't a part of the body originally allowed per the Report of Accident (ROA)*
- *Mental health evaluation reports **before** accepting or denying mental health conditions*

If the report says:

- [The worker's new condition was caused by the industrial injury or disease.](#)
- [The worker's condition is an asymptomatic, preexisting condition that was lit up \(directly or indirectly\) by the industrial injury or disease. \(Miller case law applies.\)](#)
- [The worker's condition is a symptomatic and/or disabling preexisting condition that was aggravated \(directly or indirectly\) by the industrial injury or disease.](#)
- [The worker's newly contended condition was NOT caused, aggravated, or lit up by the industrial injury or disease, but it creates a barrier to recovery from a condition for which the department has accepted liability.](#)
- [The worker's newly contended condition was NOT caused or aggravated by the industrial injury or disease, and it is NOT creating a barrier to recovery from a condition for which the department has accepted liability.](#)
- [The worker's newly contended condition does NOT present](#), see Task 4O Adjudicating When a Condition Does Not Present.

If the report says:

1. The worker's new condition was caused by the industrial injury or disease.

- a. Before adjudicating the newly contended condition:
 - Ensure the claim file includes prior medical records requested by the IL, IJ, MC, 9M, and/or MD letters.
 - Identify specific conditions or body parts/systems for which prior treatment records are required. (For example: right lower extremity for leg injuries; spine and back for back injuries, depression for prior mental health treatment, etc.)
 - If the claim file doesn't contain these records, send out the MC/MD/9M letters to obtain them. You may have to ask for an amended opinion when these records are received.
- b. Ask yourself if the evaluation report includes:
 - The review of any records related to preexisting condition(s) to the same body site.
 - Specific diagnosed condition(s). If not, see [The worker's newly contended condition does NOT present.](#)
 - Causal relationship of the condition to the original injury or disease.
 - Is the new condition due to original injury/disease, indirect causes, or due to treatment? See Diagnosis Clarifications and Newly Contended, Preexisting and Postinjury Conditions/Newly Contended Condition Due to Treatment OR Newly Contended Condition Indirectly Related to Injury.
 - Objective medical findings to support the diagnosis and the causal relationship opinion. Staff with your ONC if you're not sure.
 - Reasonable explanation of the relationship between the new condition and the original injury or disease.
- c. If appropriate, issue an order accepting the condition (MAIL NE - Accepting New Condition order)
- d. Send a letter of explanation:
 - For non-mental health conditions, 55 - New Condition Accepted letter or 56 - Trmt Auth—Newly Accept Cond letter.
 - For mental health conditions, 9X – Mental Health Allowed Tx Auth letter to mental health specialist - option 1 and 9W - Mental Health Tx Auth to Worker letter.
- e. Update AUTX, document Claim Details and send to RLOG.

If the report says:

2. The worker's condition is an asymptomatic, preexisting condition that was lit up (directly or indirectly) by the industrial injury or disease. (Miller case law applies.)

a. Before adjudicating the lit up preexisting condition:

- Ensure the claim file includes prior medical records requested by the IL, IJ, MC, 9M, and/or MD letters.
- See Newly Contended, Preexisting and Postinjury Conditions - Preexisting Conditions/Aggravation of Preexisting **Asymptomatic** Condition.
 - Identify specific conditions or body parts/systems for which prior treatment records are required. (For example: right lower extremity for leg injuries; spine and back for back injuries, depression for prior mental health treatment, etc.)
 - If the claim file doesn't contain these records, send out the MC/MD/9M letters to obtain them. You may have to ask for an amended opinion when these records are received.

b. Ask yourself if the evaluation report includes:

- The review of any records related to the preexisting condition(s) to the same body site.
- Specific diagnosed condition(s). If not, see [The worker's newly contended condition does NOT present.](#)
- Status of condition at DOI – Asymptomatic.
 - Did the injury/disease light-up the preexisting condition? See Determining Responsibility for Aggravation of Preexisting Conditions.
- Causal relationship of the condition to the original injury or disease.
- Is the new condition due to original injury/disease, indirect causes, or due to treatment? See Diagnosis Clarifications and Newly Contended, Preexisting and Postinjury Conditions/Newly Contended Condition Due to Treatment OR Newly Contended Condition Indirectly Related to Injury.
- Objective medical findings to support the diagnosis and the causal relationship opinion. Staff with your ONC if you're not sure.
- Reasonable explanation of the relationship between the new condition and the original injury or disease.

c. If appropriate, issue an order accepting the condition (MAIL NE - Accepting New Condition order.)

d. Send a letter of explanation:

- For non-mental health conditions, 55 - New Condition Accepted letter or 56 - Trmt Auth—Newly Accept Cond letter.

- For mental health conditions, 9X – Mental Health Allowed Tx Auth letter to mental health specialist - Option 1 and 9W - Mental Health Tx Auth to Worker letter.

e. Update AUTX, document Claim Details and send to RLOG.

If the report says:

3. The worker's condition is a symptomatic and/or disabling preexisting condition that was aggravated (directly or indirectly) by the industrial injury or disease. See also Aggravation of Symptomatic Preexisting Conditions - Frequently Asked Questions (FAQ). If you have any questions, please email [LNI DL Mbx Perms Claims Training Mailbox](#).

a. Before adjudicating the newly contended condition:

- Ensure the claim file includes prior medical records requested by the IL, IJ, MC, 9M, and/or MD letters.
 - Identify specific conditions or body parts/systems for which prior treatment records are required. (For example: right lower extremity for leg injuries; spine and back for back injuries, depression for prior mental health treatment, etc.)
 - If the claim file doesn't contain these records, send out the MC/MD/9M letters to obtain them. You may have to ask for an amended opinion when these records are received.

b. Ask yourself if the evaluation report includes:

- The review of any records related to preexisting condition(s) to the same body site.
- Specific diagnosed condition(s). If not, see [The worker's newly contended condition does NOT present](#).
- Status of condition at DOI – Symptomatic
 - Did the injury/disease worsen or accelerate the preexisting condition(s)? See Determining Responsibility for Aggravation of Preexisting Conditions.
- Causal relationship of the condition to the original injury or disease.
- Is the new condition due to original injury/disease, indirect causes, or due to treatment? See Diagnosis Clarifications and Newly Contended, Preexisting and Postinjury Conditions/Newly Contended Condition Due to Treatment OR Newly Contended Condition Indirectly Related to Injury.
- Objective medical findings to support the diagnosis and the causal relationship opinion. Staff with your ONC if you're not sure.

- Reasonable explanation of the relationship between the new condition and the original injury or disease.

c. Ensure the claim file shows a clear record of the worker's physical/mental status prior to the industrial injury or disease. See Newly Contended, Preexisting and Postinjury Conditions - Aggravation of **Symptomatic** Condition.

d. Send a letter of explanation:

- For non-mental health conditions, 52 –Initial Acceptance of Agg Of Pre-Existing Cond - Option 1.
- For mental health conditions, send the MAIL 9X – Mental Health Allowed Tx Auth – Option 2 to mental health specialist and 9W - Mental Health Tx Auth to Worker.

e. If appropriate, update AUTX to accept the preexisting condition(s). Work with your coder to add the appropriate diagnosis code of the preexisting condition(s).

f. Document Claim Details with:

- The preexisting condition
- The expected treatment for the aggravation of the preexisting condition
- A reminder to determine if the aggravation is temporary or permanent when the worker's condition is at maximum medical improvement (MMI).

g. Create a priority RLOG documenting the worker's preexisting condition and noted treatment.

h. If a written protest to the initial MAIL 52 or 9X letter is received, issue the TV – Initial Acc of Agg of Pre-Existing Cond order. Send the MAIL 52 letter and choose option 2. Update priority RLOG and Claim details.

IMPORTANT: When the medical documentation supports that a determination can be made whether the aggravation of the preexisting condition is temporary or permanent (usually when the worker is at maximum medical improvement and claim is ready for closure), take the following actions:

TEMPORARY AGGRAVATION (worker is at preinjury status)																																																																				
<ul style="list-style-type: none"> Issue the TQ – Temporary or Permanent Aggravation order with Option 1, Preexisting Condition Denied Send letter of explanation (see sample letter) Update AUTX to: <ul style="list-style-type: none"> End date the accepted preexisting condition(s) effective the day before the order is issued, and Deny the preexisting condition(s) effective the date of the order. 																																																																				
<table border="1"> <thead> <tr> <th colspan="2">AUTX</th> <th colspan="2">AUTXCRUD</th> <th colspan="8">UPDATE AUTHORIZATION SCREEN (ICD10)</th> </tr> <tr> <th>AUTH</th> <th>ST</th> <th>TYP</th> <th>CODE</th> <th>SB</th> <th>LVL</th> <th>ALPHA</th> <th colspan="3">DESCRIPTION OF CODE</th> <th>-- BEGIN</th> <th>DATE RANGE -- END</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>D</td> <td></td> <td>S86.811A</td> <td>R</td> <td>DIAG</td> <td colspan="3">STRAIN OTH MUSCLES TENDON LOW LEG RT</td> <td>10012015</td> <td>12312099</td> </tr> <tr> <td>A</td> <td>D</td> <td></td> <td>M17.5____</td> <td></td> <td>DIAG</td> <td colspan="3">OTHER UNILATERAL SECONDARY OSTEOARTH</td> <td>11012015</td> <td>03162020</td> </tr> <tr> <td>D</td> <td>D</td> <td></td> <td>M17.5____</td> <td></td> <td>DIAG</td> <td colspan="3">OTHER UNILATERAL SECONDARY OSTEOARTH</td> <td>03172020</td> <td>12312099</td> </tr> </tbody> </table>												AUTX		AUTXCRUD		UPDATE AUTHORIZATION SCREEN (ICD10)								AUTH	ST	TYP	CODE	SB	LVL	ALPHA	DESCRIPTION OF CODE			-- BEGIN	DATE RANGE -- END	A	D		S86.811A	R	DIAG	STRAIN OTH MUSCLES TENDON LOW LEG RT			10012015	12312099	A	D		M17.5____		DIAG	OTHER UNILATERAL SECONDARY OSTEOARTH			11012015	03162020	D	D		M17.5____		DIAG	OTHER UNILATERAL SECONDARY OSTEOARTH			03172020	12312099
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<ul style="list-style-type: none"> Issue the TQ order with Option 2, Preexisting Condition Accepted Send letter of explanation (see sample letter) 																																																																				
No Change to AUTX Screen																																																																				
DOCUMENT CLAIM DETAILS AND CREATE A PRIORITY RLOG																																																																				

If the report says:

4. The worker's newly contended condition was NOT caused, aggravated, or lit up by the industrial injury or disease, but it creates a barrier to recovery from a condition for which the department has accepted liability.

a. Before adjudicating the newly contended condition:

- Ensure the claim file includes prior medical records requested by the IL, IJ, MC, 9M, and/or MD letters. Identify specific

conditions or body parts/systems for which prior treatment records are required. (For example: right lower extremity for leg injuries; spine and back for back injuries, depression for prior mental health treatment, etc.)

- If the claim file doesn't contain these records, send out the MC/MD/9M letters to obtain them. You may have to ask for an amended opinion when these records are received.

b. Ask yourself if the evaluation report includes:

- The review of any records related to preexisting condition(s) to the same body site.
- Specific diagnosed condition(s). If not, see [The worker's newly contended condition does NOT present.](#)
- Opinion stating that the condition is not causally related to the original injury or disease.
 - Is the new condition causing a barrier to recovery?
 - Is there treatment recommended for the new condition?
- Objective medical findings to support the diagnosis and the causal relationship opinion. Staff with your ONC if you're not sure.

c. Determine if the documentation supports that the newly contended condition is NOT related to the industrial injury or disease.

d. If it isn't clear how the new condition is retarding recovery from the industrial injury or disease, staff with your ONC. The provider should explain how the new condition is retarding recovery from the industrial injury or disease. If documentation doesn't support that it's retarding recovery – go to [step 5.](#)

e. If it's clear how the new condition is retarding recovery, issue a segregation order, MAIL NW – Segregation Order, Condition Denied order with Option 2, denying responsibility for the new condition, but authorizing treatment on a temporary basis. The provider MUST submit reports on a monthly basis.

f. Send a letter of explanation:

- For non-mental health conditions, MAIL 57 – Temp Treatment letter.
- For mental health conditions, 9T – Mental Health Unrelated, Temp Tx letter to mental health specialist and 9W - Mental Health Tx Auth to Worker letter.

g. Update AUTX with a T for a 90-day period, document Claim Details and send to RLOG.

If the report says:

5. The worker's newly contended condition was NOT caused or aggravated by the industrial injury or disease, and it is NOT creating a barrier to recovery from a condition for which the department has accepted liability.

a. Before adjudicating the newly contended condition:

- Ensure the claim file includes prior medical records requested by the IL, IJ, MC, 9M, and/or MD letters.
 - Identify specific conditions or body parts/systems for which prior treatment records are required. (For example: right lower extremity for leg injuries; spine and back for back injuries, depression for prior mental health treatment, etc.)
 - If the claim file doesn't contain these records, send out the MC/MD/9M letters to obtain them. You may have to ask for an amended opinion when these records are received.
- b. Ask yourself if the evaluation report includes:
- The review of any records related to preexisting condition(s) to the same body site.
 - Specific diagnosed condition(s). If not, see [The worker's newly contended condition does NOT present.](#)
 - Opinion stating that the condition is not causally related to the original injury or disease.
 - Objective medical findings to support the diagnosis and the causal relationship opinion. Staff with your ONC if you're not sure.
- c. Determine whether the documentation supports the newly contended condition is unrelated to the industrial injury or disease.
- d. If appropriate, issue a segregation order, MAIL NW – Segregation Order, Condition Denied, denying responsibility for the newly contended condition.
- e. Send the MAIL 59 – Condition Denied letter.
- f. Update AUTX, document Claim Details and send to RLOG.

If the report says:

6. The worker's newly contended condition does NOT present, see Task 4O - Adjudicating When a Condition Does Not Present.

SAMPLE LETTER TO ACCOMPANY TQ ORDER
(Edit to fit the claim-specific scenario)

Option 1 - Preexisting Condition Denied, Temporary Aggravation

The department previously accepted responsibility and authorized treatment for an aggravation of the preexisting condition(s) diagnosed as _____.

Based on review of your claim, treatment has concluded and the aggravation caused by this industrial injury or occupational disease has resolved. The department denies further responsibility for the aggravation of the preexisting condition(s).

If you disagree with this decision, please follow the protest and appeal rights located at the bottom of the order.

Option 2 - Preexisting Condition Accepted, Permanent Aggravation

The department previously accepted responsibility and authorized treatment for an aggravation of the preexisting condition(s) diagnosed as _____.

Based on review of your claim, your treatment has concluded and the aggravation caused by this industrial injury or occupational disease hasn't resolved. The department accepts responsibility for the permanent aggravation of the preexisting condition(s).

If you disagree with this decision, please follow the protest and appeal rights located at the bottom of the order.

Published 10/04

Revised 03/07

Revised 1/16

Revised 6/18 - Added 9W letter.

Revised 12/18 - Added steps to take when condition does NOT present.

Revised 02/20 – For aggravation of preexisting conditions, added TV, TQ orders; added 52 letter and updated 9X letter.

Revised 07/20 - Due to updates of 52 and 9X letters, TV and TQ orders – new process when symptomatic and/or disabling preexisting condition is aggravated. Added prior medical record review to each section and sample letter to accompany TQ order.

Revised 12/20 - Updated step 3H to include mental health

TV – Initial Acceptance of Agg of Preexisting Cond

(Available for Spanish translation from Word Processing)

STATE OF WASHINGTON
DEPARTMENT OF LABOR AND INDUSTRIES
DIVISION OF INDUSTRIAL INSURANCE
PO BOX 44291
OLYMPIA, WA 98504-4291

MAILING DATE
CLAIM NUMBER
INJURY DATE
CLAIMANT

EMPLOYER
UBI NUMBER
ACCOUNT ID
RISK CLASS
SERVICE LOC

NAME
ADDRESS LINE ONE
ADDRESS LINE TWO
CITY, STATE ZIP CODE

NOTICE OF DECISION

{Optional Paragraph}

This order corrects and supersedes the order(s) of **{Enter Date(s)}**

{Main Text}

The Department of Labor and Industries is responsible for an aggravation of a preexisting condition(s) diagnosed as **{Enter preexisting diagnosis/diagnoses}**.

The department's responsibility under this claim is limited to the effects of the industrial injury/exposure of **{DOI/DOM}**. The treatment authorized is limited to returning the worker to preinjury status.

A decision on any permanent disability due to the aggravation of the preexisting condition will be made after medical evidence determines whether the condition was temporarily or permanently aggravated.

Supervisor of Industrial Insurance
AUTHOR'S NAME
AUTHOR'S TITLE
(360) 902-XXXX

MAILED TO: WKR/ATTY
EMPLOYER
PROVIDER
EMPL GRP

THIS ORDER BECOMES FINAL 60 DAYS FROM THE DATE IT IS
COMMUNICATED TO YOU UNLESS YOU DO ONE OF THE FOLLOWING: FILE
A WRITTEN REQUEST FOR RECONSIDERATION WITH THE DEPARTMENT OR
FILE A WRITTEN APPEAL WITH THE BOARD OF INDUSTRIAL INSURANCE
APPEALS. IF YOU FILE FOR RECONSIDERATION, YOU SHOULD INCLUDE THE
REASONS YOU BELIEVE THIS DECISION IS WRONG AND SEND IT TO:
DEPARTMENT OF LABOR AND INDUSTRIES, PO BOX 44291, OLYMPIA, WA
98504-4291. WE WILL REVIEW YOUR REQUEST AND ISSUE A NEW ORDER.
IF YOU FILE AN APPEAL, SEND IT TO: BOARD OF INDUSTRIAL INSURANCE
APPEALS, PO BOX 42401, OLYMPIA WA 98504-2401 OR SUBMIT IT ON AN
ELECTRONIC FORM FOUND AT [HTTP://WWW.BIIA.WA.GOV/](http://www.BIIA.WA.GOV/).

TQ – Temp or Perm Aggravation of Preexisting Condition

(Available for Spanish translation from Word Processing)

STATE OF WASHINGTON
DEPARTMENT OF LABOR AND INDUSTRIES
DIVISION OF INDUSTRIAL INSURANCE
PO BOX 44291
OLYMPIA, WA 98504-4291

MAILING DATE
CLAIM NUMBER
INJURY DATE
CLAIMANT

EMPLOYER
UBI NUMBER
ACCOUNT ID
RISK CLASS
SERVICE LOC

NAME
ADDRESS LINE ONE
ADDRESS LINE TWO
CITY, STATE ZIP CODE

NOTICE OF DECISION

{Optional paragraph}

This order corrects and supersedes the order(s) of **{Enter Date(s)}**

{Main Text}

The Department of Labor and Industries accepted responsibility and authorized treatment for an aggravation of a preexisting condition(s) diagnosed as **{Enter preexisting diagnosis/diagnoses}**.

{Optional paragraphs, Must Select One}

Option 1 – Preexisting Condition Denied

The department denies further responsibility for the preexisting condition diagnosed as **{Enter preexisting diagnosis/diagnoses}** as medical evidence indicates it was temporarily aggravated by the industrial injury/exposure for which this claim was filed and the worker is at preinjury status.

Option 2 – Preexisting Condition Accepted

The department accepts responsibility for the preexisting condition diagnosed as **{Enter preexisting diagnosis/diagnoses}** as medical evidence indicates the preexisting condition was permanently aggravated by the industrial injury/exposure for which this claim was filed and the worker is not at preinjury status.

{Optional Free Text}

Supervisor of Industrial Insurance
AUTHOR'S NAME
AUTHOR'S TITLE
(360) 902-XXXX

MAILED TO: WKR/ATTY
EMPLOYER
PROVIDER
EMPL GRP

THIS ORDER BECOMES FINAL 60 DAYS FROM THE DATE IT IS
COMMUNICATED TO YOU UNLESS YOU DO ONE OF THE FOLLOWING: FILE
A WRITTEN REQUEST FOR RECONSIDERATION WITH THE DEPARTMENT OR
FILE A WRITTEN APPEAL WITH THE BOARD OF INDUSTRIAL INSURANCE
APPEALS. IF YOU FILE FOR RECONSIDERATION, YOU SHOULD INCLUDE THE
REASONS YOU BELIEVE THIS DECISION IS WRONG AND SEND IT TO:
DEPARTMENT OF LABOR AND INDUSTRIES, PO BOX 44291, OLYMPIA, WA
98504-4291. WE WILL REVIEW YOUR REQUEST AND ISSUE A NEW ORDER.
IF YOU FILE AN APPEAL, SEND IT TO: BOARD OF INDUSTRIAL INSURANCE
APPEALS, PO BOX 42401, OLYMPIA WA 98504-2401 OR SUBMIT IT ON AN
ELECTRONIC FORM FOUND AT [HTTP://WWW.BIIA.WA.GOV/](http://www.BIIA.WA.GOV/).

9X – Mental Health Allowed Tx Auth

Must go to Text Editor

PO Box 44291, Olympia, Washington 98504-4291
Mailing Date:

Provider Name
Street Address
City, State Zip Code + Four

CLAIM NUMBER
INJURY DATE
DATE OF BIRTH
WORKER

Dear **{CM Inserts Name of Mental Health Provider}**:

Option 1:

Thank you for your report of **{CM inserts date}**. The accepted conditions under this claim are **{CM inserts accepted conditions including accepted mental health condition}**.

Option 2:

Thank you for your report of **{CM inserts date}**. The accepted conditions under this claim are **{CM inserts accepted conditions}**. The department is responsible for an aggravation of a preexisting condition diagnosed as **{CM inserts preexisting mental health condition}**. Please note the department's responsibility is limited to returning the worker's preexisting condition to preinjury status.

Main Text:

I'm authorizing your treatment plan through **{default 90 days or CM override}**.

In addition to sending legible chart notes after each visit, WAC 296-21-270 also requires 60-day narrative reports outlining a worker's progress.

Your reports must follow the Authorization and Reporting Requirements for Mental Health Specialists including:

- Diagnosis, explicitly using DSM-5 criteria and the appropriate specifier (e.g., severe vs. mild, partial remission vs. in remission),
- Relationship of the diagnosis, if any, to the industrial injury or occupational disease,
- Summary of subjective complaints,
- Objective findings,
- Time limited, intensive treatment plan focusing on functional improvement,
- Medications prescribed,
- Assessment of functional status using WHODAS 2.0,
- Assessment of targeted symptoms using standardized instruments to measure symptom severity, when indicated (e.g., PHQ-9 or BDI for depression , GAD-7 or BAI for anxiety),

- Worker's ability to work as it relates to the mental health condition, including specific targeted symptoms that are barriers to work. Include the treatment plan related to those barriers. Recommend work modifications when appropriate.

Send this information to me and the attending provider.

I'll consider authorizing more treatment if your reports document measurable improvement in targeted specific symptoms and functional status.

If you need more information or help in writing your report, visit our web page
www.Lni.wa.gov/patient-care/treating-patients/by-specialty/mental-health-services.

Sincerely,

Claim Manager, Unit XX
(360) 902-XXXX

ORIG: MENTAL HEALTH PROVIDER
cc: WORKER/ATTY
EMPLOYER
EMP GRP
PROVIDER

52 – Initial Acceptance of Agg of Preexisting Cond

PO Box 44291, Olympia, Washington 98504-4291

Mailing Date

Provider Name
Street Address
City, State Zip Code + Four

CLAIM NUMBER
INJURY DATE
DATE OF BIRTH
WORKER

Dear {System Inserts Name of Provider}:

Option 1: (initial acceptance)

Based on the {User inserts medical records/evaluation} of {User inserts date}, the department is responsible for an aggravation of a preexisting condition diagnosed as {User inserts preexisting condition}.

Treatment for the aggravation of the preexisting condition is limited to returning the worker to preinjury status.

If concurrent care is needed and/or {System Inserts Worker Name} needs to see another provider for treatment, please help {System Picks (him/her)} find the appropriate specialist. Treatment authorization will be considered as soon as I receive the name of the treating doctor.

Option 2: (to accompany TV order)

In response to your correspondence dated {User inserts date of “protest” to 1st 52 letter or 9X letter}, I have issued an order accepting an aggravation of a preexisting condition diagnosed as {User inserts preexisting condition}.

This decision was based, in part, on the report from {User inserts provider name and title} dated {User inserts report date} indicating that the {System selects industrial injury or occupational disease} of {System enters DOI/DOM} aggravated the preexisting condition. A decision on whether the condition was permanently or temporarily aggravated by the {User selects industrial injury or occupational disease} will be made prior to the closure of the claim.

If you still disagree with this decision, please review the protest and appeal rights at the bottom of the order.

Sincerely,

Author's Name
Author's Title
(360) 902-XXXX
Fax: (360) 902-6455

Orig: Provider
Cc: Worker
Employer

Aggravation of Symptomatic Preexisting Conditions - Frequently Asked Questions (FAQs)



Washington State Department of
Labor & Industries

Aggravations of Symptomatic Preexisting Conditions Frequently Asked Questions (FAQs)

July 31, 2020

Introduction

The questions below were gathered from the Aggravations of Symptomatic Preexisting Conditions training that was provided on February 13, 2020, as well as from questions received from some of our internal partners.

It's important to note that the changes only impact how we allow aggravations of symptomatic and/or disabling preexisting conditions in our system (with an initial letter, rather than an NE order). All of the requirements to allow the aggravation remain the same (there must be contention and causal relationship from a provider, you would issue an NW order if the condition wasn't aggravated, etc.). The process and requirements for adjudicating all other newly contended and unrelated conditions have not changed. Please see Attachment 4-9E for details.

For any asymptomatic preexisting condition that is "lit up" by the injury, *Miller v. Dept. of L&I* would apply. See **Attachment 4-9E**, Scenario 2 for details.

1. Why are we changing the way we address aggravations of symptomatic preexisting conditions?

In the past, the department didn't accept aggravations of symptomatic and/or disabling preexisting conditions on an NE order. Treatment was authorized with a letter, indicating the department's responsibility was to return the worker to preinjury status. Over time, this practice changed to accepting aggravations of preexisting conditions with an NE order, before we knew if the aggravation was temporary or permanent. This causes the department to have long-term liability for a condition when it may not be appropriate.

This view of aggravations is supported by the landmark case, *Miller v. Dept. of L&I*, which states, in part, "...if any injury, within the statutory meaning, lights up or makes active a latent or quiescent infirmity or weakened physical condition occasioned by disease, then the **resulting disability is to be attributed to the injury**, and not to the preexisting physical condition." (Emphasis added.) If there is no resulting disability (i.e. permanent restrictions or permanent partial disability) then the department should not accept responsibility for the symptomatic preexisting condition by order, even if treatment has been provided.

This change in our process for addressing aggravations of symptomatic and/or disabling symptomatic preexisting conditions has been approved by our advisors at the Attorney General's Office.

2. How will we determine if an aggravation of the symptomatic preexisting condition is temporary or permanent?

When the worker is at MMI, if the aggravation and treatment of the symptomatic preexisting condition results in permanent partial disability and/or permanent restrictions, then the aggravation is permanent and a **TQ** order, Option 2, should be issued accepting the condition.

If the aggravation and treatment of the symptomatic preexisting condition doesn't result in permanent partial disability or permanent restrictions, and has therefore returned to preinjury status, the aggravation was temporary and a **TQ** order, Option 1, should be issued denying further responsibility for the condition.

3. How do I document this in AUTX?

Upon receipt of causal relationship supported by medical documentation, you would authorize the symptomatic preexisting condition in AUTX as you would any other allowed condition. To get that code, you should work with your coder. For details on how to update the diagnoses in AUTX, please refer to Attachment 4-9E, #3.

4. If an aggravation of a symptomatic preexisting condition is allowed under the claim, can we authorize invasive treatment?

Yes. We are allowing the aggravation; we just aren't issuing an NE order. Therefore, any treatment that otherwise meets the criteria for authorization should be allowed. This is NOT the same as authorizing temporary treatment of an unrelated condition as an aid to recovery, where we typically wouldn't allow invasive treatment.

5. If we authorize treatment under a temporary aggravation, what if something goes wrong? Have we just "bought" the condition under the claim?

When we allow an aggravation of a symptomatic preexisting condition and authorize treatment, we are not stating up front that it's temporary or permanent. Any treatment that otherwise meets the criteria for authorization should be allowed. If the treatment provided results in permanent restrictions and/or permanent impairment, the Department is responsible for any resulting disability. Making a determination of whether the aggravation is temporary or permanent doesn't happen until the worker is MMI and the claim is ready to close.

6. If we authorize invasive treatment, such as an injection, for a temporary aggravation of a condition that we haven't formally adjudicated yet, haven't we just "bought" the condition under the claim?

If we authorize an injection for a symptomatic preexisting condition that hasn't been adjudicated yet, we would need to allow the aggravation by following the new process, starting by issuing a MAIL 52. When we allow any aggravation of a symptomatic and/or disabling preexisting condition we are not stating up front whether the aggravation is temporary or permanent. Any treatment that otherwise meets the criteria for authorization should be allowed, including invasive treatment such as injections. However, authorizing an injection doesn't necessarily mean the condition was permanently aggravated. If the injection (or other authorized treatment) returns the worker to preinjury status, and there is no permanent impairment or permanent restrictions resulting from the aggravation, then the aggravation was temporary.

7. How do you address a protest to allowing treatment of an aggravation of a symptomatic preexisting condition?

If a written protest to the initial MAIL 52 letter - Initial Acc - Agg of Preex Condition is received, issue the TV order - Initial Acc - Agg of Preex Condition. Send another MAIL 52 letter, selecting option 2. (See Attachment 4-9E, #3)

If a protest to the [TV](#) order is received, please follow the normal protest and appeal process.

8. How do we address billing questions/protests for treatment of an aggravation of a symptomatic preexisting condition?

As we have allowed the aggravation by letter or order, you should follow Task 4E: Protests to Remittance Advices.

9. Is there a timeframe for treatment authorization for aggravations of symptomatic and/or disabling preexisting conditions?

No. We are allowing the aggravation; we just aren't issuing an NE order. Therefore, any treatment that otherwise meets the criteria for authorization should be allowed until the aggravated condition has reached preinjury status or MMI. This is *not* the same as authorizing temporary treatment of an unrelated condition as an aid to recovery where time limits (usually 30-90 days) may be given.

10. When should I issue an order regarding whether there was a temporary or permanent aggravation of the symptomatic preexisting condition?

When the medical documentation supports that a determination can be made on whether the aggravation of the symptomatic preexisting condition is temporary or permanent (usually when the worker is at MMI and the claim is ready to close). See Attachment 4-9E, #3.

11. How does our adjudication of aggravation of symptomatic and/or disabling preexisting conditions affect vocational efforts?

We are allowing the aggravation, we just aren't issuing an NE order. Any restrictions and/or permanent impairment resulting from the aggravation should be considered during vocational services, just like any other accepted condition.

12. What about allowance of occupational disease claims?

If a new occupational disease claim is filed for an aggravation of a preexisting condition (symptomatic or asymptomatic), and the claim meets all of the criteria for allowance (see **Occupational Disease Claims Adjudication QRC**), then issue the **WO** order with the allowed condition(s). (Per *Dennis v. Dept. of L&I*) In these cases, a **TQ** order would **NOT** be issued at closure. You would close with the appropriate order or PPD as indicated by the medical documentation.

If a new condition is contended early on in the claim and it's a diagnosis clarification, see **Diagnosis Clarifications**.

If a new condition is contended later on in the claim, see **Attachment 4-9E**.

13. How does this affect pension referrals?

All accepted conditions are considered during the pension review process. When the CM is reviewing the claim for pension, and the aggravation of the symptomatic preexisting condition is determined to be either temporary or permanent, the CM should issue the **TQ** before referring to Pension. The order doesn't necessarily need to be final and binding before referring to Pension.

14. How does this affect reopenings?

The reopening training materials, Ask L&I articles, etc. will be updated at a later date to address specific scenarios relating to aggravations of symptomatic preexisting conditions. In the interim, if you receive a reopening request on a claim where an aggravation of a symptomatic preexisting condition was allowed utilizing the new process (52 letter, **TV** order, etc.), please send an email to [LNI DL Mbx Perms Claims Training Mailbox](#).