

BRIGHTADVISOR®

EMR Reduction Guide

Understanding and Lowering Your Workers Compensation Experience Modification Rate

What Is Your Experience Modification Rate?

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

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

How EMR Is Calculated

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

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

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

Loss Prevention Strategies

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

Workplace Safety Program

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

Pre-Employment and Hiring Practices

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

Claims Management Best Practices

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

Action	Timeline	Impact
Report every injury immediately	Within 24 hours	

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

Return-to-Work Programs

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

RTW Program Components

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

12-Month EMR Improvement Plan

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

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

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