

August 15, 2012 - Actuarial Committee Update

Industry Information » NCCI Actuarial Committee

The Actuarial Committee met on Wednesday, August 15, 2012. The major topics covered at this meeting included:

- **Impact of Changes to Physician Fee Schedules (ACT-12-06)**
NCCI has developed price, utilization, and severity indexes of medical services provided by physicians in the context of workers compensation. For a number of states, staff has examined the response of the price, utilization, and severity indexes to changes in physician fee schedules, as well as the response of price departure.
- **NCCI Experience Rating Plan Methodology and Performance (ACT-12-07)**
Staff presented an update of the average countrywide off-balance and an analysis of expected impacts from Item E-1402, which updates the primary/excess split point and the maximum mod cap.
- **NCCI-Filed Expense Provisions – Methodology and Results (ACT-12-08)**
Staff provided the methodology and results of its annual analysis of the expense constant, production and general expense, and loss adjustment expense provisions in states where NCCI files manual rates. Staff also discussed the next steps related to the study pertaining to expense constant and expense gradations and provided examples of rate and premium impacts for two hypothetical sets of premium discounts and expense constants.
- **Refinements to Medical Fee Schedule Pricing Methodology (ACT-12-09)**
Staff presented the following refinements to its methodology for pricing the impact of medical fee schedule changes - the percent realized assumption, the percentage impact calculation, and the medical cost distribution. Note that the percent realized assumption is based on the findings from the NCCI research study "Impact of Changes to Physician Fee Schedules" (see ACT-12-06)
- **Treatment of Large Losses in Aggregate Ratemaking (ACT-12-10)**
NCCI has utilized an aggregate ratemaking large loss procedure in the majority of states since the 2004-05 rate filing season. Large losses are limited and an expected excess provision is included in the determination of the overall aggregate indication. At the meeting, staff presented a study of the effect of the procedure on the overall aggregate indication.

Please refer to the minutes of the meeting for any pertinent discussion on each topic. The presentation for each of the listed topics is contained in either the agenda or the minutes for the meeting as indicated below.

Content Requires Authentication

[August 15, 2012 Agenda \(PDF\)](#)

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- NCCI Experience Rating Plan Methodology and Performance (ACT-12-07)
- NCCI-Filed Expense Provisions – Methodology and Results (ACT-12-08)

[August 15, 2012 Minutes \(PDF\)](#)

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