



BULLETIN: WORKERS COMPENSATION INSURANCE PROGRAM UPDATE

Effective April 1, 2012, assisted living operators will receive their own classification codes for workers compensation premium calculation in Massachusetts.

After many years of having your workers compensation classification codes assigned to those of the Hotel industry, beginning April 1, 2012, the Assisted Living Facilities will receive their own “class codes” for workers compensation insurance in Massachusetts. Up until now, the MA Workers Compensation Rating Bureau, which promulgates premium rates and experience modification factors, has used “**9052 Hotel – All Other Employees, Salespersons and Drivers**” and “**9058 Hotel Restaurant Employees**”, as the class codes for the Assisted Living Industry.

The object of the classification procedure is to assign the one basic classification that best describes the business of the employer within the state. Assigning the classifications of the Assisted Living Industry into the Hotel industry class codes resulted from the MA Workers Comp Rating Bureau’s inspections of these facilities in the early 1990’s. The amenities offered were likened to the services provided by hotels. Although there were more services offered than those provided by hotels, the classification by analogy was made because there was no classification available that fully contemplated the exposure of Assisted Living Facilities and there were not enough facilities at that time to warrant a distinct classification.

The personal care assistance provided by ALFs far exceed the amenities provided by hotels and are not contemplated by the current hotel class codes of **9052** and **9058**. In addition, since 1994, when Massachusetts enacted legislation to regulate ALFs, the number of ALFs has increased from fewer than 50 to more than 200 residences. ALFs now have the sufficient numbers to establish their own distinct class codes; the hotel codes are no longer appropriate.

Beginning April 1, 2012, the MA Workers Compensation Rating Bureau will expect all new (and renewal) workers comp policies for ALF operators to use the new payroll classifications as follows:

Code 8824 Assisted Living Residences - Personal Care Employees will apply to operations related to personal care assistance with Activities of Daily Living.

Code 8826 Assisted Living Residences – All Other Employees, Salespersons & Drivers: will apply to the operations related to meals, laundry, housekeeping, and transportation.

(If there is an interchange of labor whereby an employee provides assistance with ADLs along with other tasks (i.e. housekeeping and laundry), such employee's entire payroll would normally be allocated to the highest rated classification representing any part of that employee's work.)

These new class codes will be added to the rules concerning the classification of nursing homes or continuing care retirement communities (CCRC).

The proposed rates and rating values for classification codes **8824** and **8826** will be the same as those applied to codes **9058** and **9052** which have the same rate and have always been combined for rate making purposes. Accordingly, there will be no premium impact for ALFs that were previously assigned to Codes **9058** or **9052**. This change in classifications is merely the beginning of the process for the Rating Bureau to separate MA Assisted Living Facilities individual payroll and loss experience data from that of Hotels and to develop rates that reflect the unique ALR exposures.

In summary, for those policies that renew on or after April 1, 2012, your workers compensation policy should include these two new class codes described here if you are an Assisted Living operator. Sallop Insurance Agency wants to alert you to these changes and we would be pleased to answer any questions you might have. We can be reached at 617-488-6600.