



Public Risk Innovation, Solutions, and Management

APPLICATION FOR REVIEW OF PROPOSED CARVE OUT PROGRAM

PRISM supports member efforts to reduce costs and improve satisfaction with the overall workers' compensation system. PRISM recognizes that carve outs may be an effective means for achieving these goals. In an effort to support member interest in improving their workers' compensation programs, while maintaining the integrity of PRISM programs, policies and procedures already in place, the Claims Review Committee (CRC) will review proposed carve out programs in advance of implementation. The CRC will specifically be looking to ensure that a proposed carve out:

- Maintains compliance with all PRISM program documents
- Is cost neutral to the PRISM pool
- States the purpose, the structure and the specific qualitative and quantitative goals of the program
- Contains means for measuring results
- Does not extend benefits beyond those required in the Labor Code
- Contains a termination clause if results are detrimental to the PRISM pool

Please submit a copy of the proposed carve out agreement along with a statement outlining:

- Specific issues your entity is trying to resolve with the proposed carve out
- Expected results of the carve out, financial and non-financial
- The manner in which the results will be measured
- The means for compliance with PRISM program documents and requirements
- The process by which your entity will validate that results are cost neutral to the PRISM pool

Once a carve-out program is implemented, the CRC will review results on an annual basis. Submission of this application acknowledges that implementation of a carve-out program shall require annual reports to PRISM documenting program progress and results. Annual Results shall consist of but not limited to the following, and provided to PRISM by December 31 for the prior fiscal year:

The following data elements shall be provided, broken down by year over year, beginning with one year prior to implementation, and every year thereafter:

- Claim Frequency
 - Total number of claims that have occurred
- Claim Severity
 - Total incurred and total paid



- Claim Severity by Claim and Reserve Type
 - Total incurred and total paid, broken down by claim type (IND, FM, MO), separated into categories of TD, Medical, PD, and Expense.
- Loss Time Days
 - Total number of lost time paid days
 - Average number of lost time paid days
- Litigation Rate
 - Total number of newly litigated claims
 - Percentage of claims litigated compared to the open inventory
- Claim Duration
 - Average number of days a claim is open, calculated from claim open date to claim closing date.
- Claim Resolution
 - Average number of days the claim is open until the claim is resolved, calculated from the claim open date to the date of settlement.
- Analysis of Administrative Costs
 - Breakdown of the costs to administer the Carve Out/ADR program
 - These may include, but not limited to Ombudsman, Claims Care Advocate, Mediation, etc.

Results of the carve-out program implementation with the above data elements must include a year over year comparison.

Name

Date

Title

e-mail

Name and address of entity

Phone