

## Report on the Health and Human Services Industry Study

Excerpt from the WCIRB Classification and Rating Committee Minutes  
May 10, 2016 and June 2, 2016

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## Classification Study — Health and Human Services Industry

- 8829(1), *Nursing Homes – all employees*
- 8829(2), *Convalescent Homes or Convalescent Hospitals – all employees*
- 8829(4), *Rest Homes – all employees*
- 8829(5), *Sanitariums – all employees*
- 9070(1), *Residential Care Facilities for the Elderly – N.O.C.*
- 9070(3), *Residential Care Facilities for Adults – N.O.C.*
- 8851, *Congregate Living Facilities for the Elderly – no care or supervision*

### Executive Summary

#### Objective

The objective of this study is to broadly review a subset of the *Health and Human Services* Industry Group classifications that apply to residential facilities<sup>1</sup> to ensure the classifications clearly describe classification procedures applicable to the current operations performed within this industry. Specifically, the WCIRB reviewed the following:

1. Whether any of the subject classifications should be eliminated, consolidated and/or revised to more precisely describe the constituents of the industry, to ensure clear differentiation between suffixed alternate wordings and to ensure each phraseology is up to date and reflective of current industry usage.
2. Whether the provision of care for seniors with cognitive impairment including Alzheimer's, dementia, memory impairment and mild cognitive impairment (MCI) constitutes a separate and distinct industry within the *Health and Human Services* Industry Group, and if the subject classifications need to be amended to address these operations.
3. Whether any of the subject classifications should be amended to include Standard Exceptions.
4. If not all Standard Exceptions are to be included, whether any of the subject classifications should be amended to include specific employees, such as administrators, supervisors, receptionists and employees that provide tours, including but not limited to tours for marketing, admissions and inspection purposes.
5. The classification procedure for facilities that offer progressively increasing levels of care and services for residents at the same location, including but not limited to progressive care facilities that operate independent living facilities assignable to Classification 8851, *Congregate Living Facilities for the Elderly*, that also offer services for residents in need of supported living care as contemplated by Classifications 9070(1), *Residential Care Facilities for the Elderly*, or 9070(3), *Residential Care Facilities for Adults*, and skilled nursing care as contemplated by Classification 8829.<sup>2</sup> The review evaluated whether the current rules regarding such facilities are functioning as intended and provide clear instruction for employees providing general support functions such as food service, laundry, maintenance, security, supervision, reception and similar duties at progressive care facilities where the *governing classification*, often Classification 8829, may not accurately reflect the exposure of these support employees.

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<sup>1</sup> Additional classifications that apply to residential care facilities within this industry group do not present the same challenges as the subject classifications and are therefore outside the scope of this study, specifically Classifications 8823, *Residential Care Facilities for Children*, 9085, *Residential Care Facilities for the Developmentally Disabled*, 8804(2), *Social Rehabilitation Facilities for Adults*, and 8804(1), *Substance Use Disorder Recovery Homes*.

<sup>2</sup> Classification 8829 currently has four alternate wordings: 8829(1), *Nursing Homes*, 8829(2), *Convalescent Homes or Convalescent Hospitals*, 8829(4), *Rest Homes*, and 8829(5), *Sanitariums*.

## Findings and Recommendations

Based upon a review of classification procedures applicable to firms assigned to Classifications 8829(1), 8829(2), 8829(4), 8829(5), 9070(1), 9070(3) and 8851, the WCIRB finds the following:

1. The alternate wordings for Classification 8829 should be updated to reflect current industry usage. The phraseology for Classification 8829(2), *Convalescent Homes or Convalescent Hospitals*, is not sufficiently distinguishable from other alternate wordings. The phraseologies for Classifications 8829(4), *Rest Homes*, and 8829(5), *Sanitariums*, are outdated, no longer used within the industry, and do not align with state licensing.

The WCIRB recommends amending Classification 8829(1), *Nursing Homes*, to Skilled Nursing Facilities, amending Classification 8829(2), *Convalescent Homes or Convalescent Hospitals – all employees*, to Convalescent Nursing Facilities, and amending the classification descriptions for clarity. The WCIRB also recommends eliminating the alternate wordings for Classifications 8829(4), *Rest Homes*, and 8829(5), *Sanitariums*, and combining these classifications with 8829(1), *Skilled Nursing Facilities*.

2. Varying levels of care for persons with cognitive impairment including Alzheimer's, dementia, memory impairment and mild cognitive impairment (MCI) are currently provided within Classifications 9070 and 8829. Classifications 9070(1), *Residential Care Facilities for the Elderly*, and 9070(3), *Residential Care Facilities for Adults*, accurately describe the operations conducted within Memory Care Units, while skilled nursing facilities typically do not separate cognitively impaired residents from other residents.

The WCIRB does not recommend establishing a separate classification specifically applicable to cognitive impairment facilities, but recommends that Classifications 9070(1), 9070(3) and 8829(1) be amended to specifically reference the provision of care for persons with cognitive impairment.

3. The experience for the Standard Exceptions classifications associated with facilities assignable to the subject classifications was not significantly different than that of the Classification Relativities that were filed as part of the January 1, 2016 Regulatory Filing for Classification 8810(1), *Clerical Office Employees*, and Classification 8742(1), *Salespersons – Outside*. Additionally, the ratio of Standard Exception employees to industry employees varies significantly across facilities in the industry largely based on employer size. As a result, the WCIRB does not recommend including Standard Exception employees in these classifications.
4. There are certain integral employees in this industry for whom the appropriate classification assignment is often disputed and whose duties are commonly misclassified under the Standard Exceptions classifications. The California Department of Social Services and the California Department of Public Health require that the subject facilities employ specific supervisory positions depending on the license of the facility. These positions include but are not limited to Administrators, Directors of Nursing, Residential Care Facility Administrators and similar positions involving direct supervision and/or oversight of residential care and/or nursing operations. With respect to Classification 8851, which applies to operations not licensed by the California Department of Social Services, these operations often have administrators with supervisory duties whose work is necessary, incidental or appurtenant to the operations of the business other than the clerical office. As these employees' roles are supervisory in nature, the WCIRB finds that they do not meet the definition of clerical office employees<sup>3</sup> and should be classified as General Inclusions.<sup>4</sup>

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<sup>3</sup> Section III, Rule 4, *Standard Exceptions*, Subrule a in the USRP defines Clerical Office Employees, which specifically includes the restriction that "...[s]upervisors and clerks, such as time, stock, or tally clerks, whose work is necessary, incidental, or appurtenant to any operations of the business other than clerical office, shall not be considered clerical office employees."

<sup>4</sup> Section III, Rule 5 directs that supervisors are a General Inclusion. Rule 5, *General Inclusions*, states, in relevant part: The operations listed below are included in all classifications other than Standard Exception classifications. Except as provided in Section VII, *Standard Classifications*, general inclusions shall not be separately classified, all other provisions contained herein notwithstanding. Any operation described by a general inclusion shall nevertheless be subject to division

Receptionists' duties at each of the subject facilities also constitute an integral function that exceeds the scope of Classification 8810(1), *Clerical Office Employees*. Additionally, employees who provide tours at each of the subject facilities, including but not limited to tours for marketing, admissions and inspection purposes, have duties and/or exposures that are not compatible with either Classification 8810(1) or 8742(1), *Salespersons – Outside*.

The WCIRB recommends amending the phraseology for the subject classifications to include supervisors and receptionists and adding a footnote directing that the classifications include employees who provide tours.

5. The current procedure of assigning the governing classification to employees engaged in activities such as food service, laundry, maintenance, security, supervision, reception and similar duties that support multiple operations at facilities that are subject to multiple classifications is not functioning as intended and may be distorting the pure premium ratemaking data.

The WCIRB recommends amending the classification procedure to provide specific direction for classifying employees at employers that offer continuing care, including independent living, assisted living and/or skilled nursing care at the same facility, to provide that employees that support all operations, including but not limited to food service, laundry, maintenance, security, receptionists, supervisors and miscellaneous employees, are assigned to the classification describing the level of care or services based on the classification describing the level of care designated for the largest number of beds per the facility license.

### Introduction and Background

Due to the frequency of questions received by customers regarding the *Health and Human Services Industry* and WCIRB staff analysis, it was recommended that the phraseologies and procedures for the following classifications be reviewed: 8851, *Congregate Living Facilities for the Elderly*, 8829(1), *Nursing Homes*; 8829(2), *Convalescent Homes or Convalescent Hospitals*, 8829(4), *Rest Homes*, 8829(5), *Sanitariums*, 9070(1), *Residential Care Facilities for the Elderly*, and 9070(3), *Residential Care Facilities for Adults*.

- Appendix I is a timeline of significant changes to the scope and application of the subject classifications.
- Appendix II is a summary of information as to how these operations are classified in other jurisdictions.
- Appendix III is a summary of the results of WCIRB inspections of several large employers currently reporting exposure in Classifications 9070, and/or 8829, and/or 8851, *Congregate Living Facilities*.
- Appendix IV is a summary of the statistical analyses underlying the study.

### Analysis and Findings

Each of the major issues reviewed as part of this analysis are summarized in Sections A through E below:

#### A. Review of Current Classification Phraseologies

The WCIRB reviewed whether the subject classifications should be clarified to better define their intended scope and better differentiate constituents of the industry. The WCIRB staff has received feedback indicating that some of the classification phraseologies are outdated.

To determine the prevalence of each of the above referenced facility types, staff reviewed the WCIRB inspection reports library for this subset of the *Health and Human Services Industry Group*. The following

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of payroll if conducted as a separate and distinct enterprise and having no relation to the operations described by any other classification.

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j. Supervisors whose work is necessary, incidental or appurtenant to any operations of the business.

table shows the number of available inspection reports for each classification when it stands alone and is not combined with any other operation:

Inspection Reports that Describe Individual Operations		
Classification	Description	Reports
8829(1)	Nursing Homes	114
8829(2)	Convalescent Homes or Convalescent Hospitals	41
8829(4)	Rest Homes	1
8829(5)	Sanitariums	7
9070(1)	Residential Care Facilities for the Elderly	404
9070(3)	Residential Care Facilities for Adults	45
8851	Congregate Living Facilities for the Elderly	13
		625

As shown in the table, with regard to alternate wordings for Classification 8829, the vast majority of inspection reports are assigned to Classification 8829(1), *Nursing Homes*. The WCIRB believes this is partially due to the phraseologies and descriptions for Classification 8829(1), *Nursing Homes*, and Classification 8829(2), *Convalescent Homes or Convalescent Hospitals*, being insufficiently differentiated. Additionally, the WCIRB surveyed various associations, employers and employer groups and gathered feedback from employers during on-site inspections as to the current terminology used in the industry, and reviewed current facility license descriptions. It was clear from the input received that the terms “Rest Home” and “Sanitarium” are no longer commonly used within the industry. In addition, the term “Rest Home” is not consistent with any state licensing, and is commonly used as a synonym for a skilled nursing facility. While sanitariums in the early 1900s provided long-term care in a sanitary environment for patients recovering from communicable diseases (especially tuberculosis) and patients with nervous disorders, over time, the term *sanitarium* became more commonly associated with asylums and psychiatric care facilities for patients with mental illnesses.

Classification 8829 represents the highest level of care, which is nursing care provided outside of a hospital, primarily for seniors that can no longer care for themselves. There are four alternate wordings for Classification 8829 that describe facilities engaged in the provision of skilled nursing care.

In reviewing the phraseologies for Classification 8829 and the input received from industry representatives, the WCIRB finds the following:

- Classification 8829(1), *Nursing Homes*: Staff noted that this phraseology, which was established in 1964, is antiquated. “Skilled Nursing Facilities” is a more modern term that is clearly understood within the industry and consistent with current licensing descriptions.
- Classification 8829(2), *Convalescent Homes or Convalescent Hospitals*: The phraseology for Classification 8829(2), which was established in 1964, is difficult to differentiate from Classification 8829(1), *Nursing Homes*. Classification 8829(2) is intended to apply to skilled nursing facilities specializing in short-term, rehabilitative care provided to patients after surgery, accidental injuries or illness.
- Classification 8829(4), *Rest Homes*: This phraseology, which was established in 1964, is antiquated and often used interchangeably in the industry with “Nursing Homes” and “Skilled Nursing Facilities.” Additionally, there are very few inspection reports assigning this phraseology due to the lack of differentiation between it and the other alternate wordings. As result, this alternate wording should be combined with updated phraseology for Classification 8829(1) and Classification 8829(4) should be eliminated and its constituents reassigned to Classification 8829(1).

- Classification 8829(5), Sanitariums: This phraseology, which was established in 1964, is antiquated and should be eliminated, and its constituents reassigned to Classification 8829(1), *Nursing Homes*. Long-term skilled nursing treatment for mentally ill individuals is not significantly different from that of other skilled nursing facilities. There are very few employers assigned to this classification due to the lack of differentiation between it and the other alternate wordings. Additionally, Psychiatric Health Facilities that provide acute, short-term, inpatient treatment of mentally ill individuals are assignable to Classification 9043, *Hospitals*.

Classification 9070 includes intermediate care facilities providing housing and supportive services, including but not limited to assistance with daily living, bathing, grooming, eating, administering medications and similar activities. In reviewing the phraseologies for Classification 9070, and input received from industry representatives, the WCIRB finds the following:

- Classification 9070(1), Residential Care Facilities for the Elderly: The phraseology for Classification 9070(1), which was established in 1977, reflects current industry and licensing usage and does not need to be amended.
- Classification 9070(3), Residential Care Facilities for Adults: The phraseology for Classification 9070(3), which was established in 1977, reflects current industry and licensing usage and does not need to be amended.

Classification 8851 applies to congregate living facilities that provide independent living services to active seniors. These facilities typically provide an apartment, meal plan, maid services, laundry, transportation and similar amenities for a monthly fee.

- Classification 8851, Congregate Living Facilities: In reviewing the phraseology for Classification 8851 and input received from industry representatives, the WCIRB finds the phraseology for Classification 8851, established in 1993, reflects current industry and licensing usage. It should be amended, however, to clarify that *no care or supervision* is in reference to the residents of the facility.

In summary, the WCIRB recommends (a) amending the phraseologies for Classifications 8829(1), *Nursing Homes*, and 8829(2), *Convalescent Homes or Convalescent Hospitals*, (b) amending the classification descriptions of 8829(1) and 8829(2) for clarity, (c) eliminating the alternate wordings for 8829(4), *Rest Homes*, and 8829(5), *Sanitariums*, and its constituents reassigned to Classification 8829(1), and (d) amending Classification 8851 to specify that *no care or supervision* is in reference to the residents.

#### B. Review of Memory Care Units

The WCIRB reviewed whether a new classification should be created for facilities that provide care for persons with cognitive impairment such as Alzheimer's disease and dementia. Facilities that offer these specialized services are increasingly in demand and are not currently addressed in the subject classifications. Care for these seniors in a residential care facility is commonly referred to in the industry as a "Memory Care Unit." These units are generally on a separate, secured floor or wing of the facility, often equipped with delayed egress exit systems to minimize wandering. Additionally, these separate units are not typically found in skilled nursing facilities because of the compounding medical needs of these patients. Because Alzheimer's disease is a degenerative condition, as these patients age and the disease progresses, skilled nursing care often becomes their primary need because either their cognitive abilities become more severe or they develop other health issues unrelated to their cognitive state. Memory care units in residential care facilities focus on engaging, stimulating and prompting their residents; whereas at a skilled nursing facility, these patients may not be mobile and their primary need is skilled nursing care, consistent with other skilled nursing care patients.

*Memory care units* for residents with dementia, Alzheimer's and other age-related mental impairments operated within assisted living facilities do not provide skilled nursing care, only personal care. An assisted living facility may or may not segregate their memory care residents from other residents. However, the care provided to memory care residents within assisted living facilities is consistent with Classification 9070. When memory care residents require skilled nursing care, skilled nursing facilities generally do not segregate their memory care residents from other residents because at that level, the care provided is not significantly different from that provided to other skilled nursing patients and is consistent with Classification 8829.

After reviewing the phraseologies and the input received from industry representatives, the WCIRB recommends the following:

1. Amend the footnote for Classification 8829(1), *Nursing Homes*, to include skilled nursing care for persons with cognitive impairment including Alzheimer's, dementia, memory impairment and mild cognitive impairment.
2. Amend the footnote for Classification 9070(1), *Residential Care Facilities for the Elderly*, to include assistance with daily living activities for seniors with cognitive impairment including Alzheimer's, dementia, memory impairment and mild cognitive impairment.
3. Amend the footnote for Classification 9070(3), *Residential Care Facilities for Adults*, to include assistance with daily living activities for adults with cognitive impairment including Alzheimer's, dementia, memory impairment and mild cognitive impairment.

#### C. Review of Inclusion of Standard Exceptions

The WCIRB reviewed the subject classifications to determine whether it would be practical or advisable to amend the phraseology for the subject classifications to include all clerical office employees and outside salespersons. Based on customer feedback and staff analysis, it is apparent that there is a need for increased clarity regarding the assignment of Standard Exceptions classifications in this industry group. Common examples include supervisory employees misclassified as clerical office employees, and employees that provide outside visitors with tours of the facility misclassified as outside salespersons. There is also a lack of consistent understanding as to whether front desk or reception employees qualify as clerical office employees.

The WCIRB analyzed the loss to payroll ratios<sup>5</sup> for the Standard Exceptions when associated with Classifications 8829, 9070 and 8851 based on data found in the WCIRB inspection report library. This data was compared to the Classification Relativities that were filed as part of the January 1, 2016 Regulatory Filing for Classifications 8810(1), *Clerical Office Employees*, and 8742(1), *Salespersons – Outside*. The Standard Exceptions experience associated with 8829, 9070 and 8851 was not consistently different from that of the January 1, 2016 Regulatory Filing data for the Standard Exceptions. Most significantly, based on field work and a review of published WCIRB inspection reports, it is clear that there is a large variance in the ratio of Standard Exceptions employees to industry employees at the subject residential facilities largely depending on the size of the employer. For example, smaller employers may or may not have any clerical office employees or outside salespersons, while larger employers often employ a significant number of clerical office staff and may also employ some outside salespersons.

As a result, the WCIRB does not recommend amending the subject classifications to include all Standard Exceptions employees.

#### D. Classification of Employees that Do Not Qualify as Standard Exceptions

WCIRB staff has been made aware of widespread difficulty in administering Standard Exceptions requirements for certain employees that are consistently found at most residential care facilities, based on whether they have job duties that permit assignment to a Standard Exceptions classification or if they perform integral functions and must be included in the applicable facility classification. As a result, the

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<sup>5</sup> See Appendix IV for additional information.

WCIRB reviewed whether the subject classifications should be amended to include certain integral employees such as facility administrators, supervisors, front desk receptionists and employees that provide tours, including but not limited to tours for marketing, admissions and inspection purposes.

Staff conducted on-site inspections<sup>6</sup> and found that the duties of front desk receptionists generally include greeting and signing in visitors, making sure only authorized persons enter the facility, answering phone calls and, in some cases, general clerical duties. In controlling and monitoring visitors' access to the facility, and ensuring that residents do not leave the facility unless permitted, these receptionists perform operations that are integral to the overall business of the employer.

Similar confusion has been noted regarding employees in supervisory roles and facility administrators whose duties include significant clerical work, but are not exclusively clerical in nature. Facilities licensed as Skilled Nursing Facilities are required to have a certified Nursing Home Administrator on staff who is legally responsible for all aspects of the facility and directly oversees all operations. A facility may also have an Administrator-In-Training who is not yet certified, but is still responsible for the day to day operations of the facility while being trained by an authorized Nursing Home Administrator Preceptor.

Residential Care Facilities for the Elderly are required by regulation to have a qualified and currently certified administrator on the premises for a certain number of hours to oversee all operations of the facility. If the administrator cannot fulfill this requirement, a qualified substitute may fill in. Similarly, facilities licensed as Adult Residential Facilities are required to have an Adult Residential Facility Administrator. Additionally, although Classification 9085 is not subject to the study, facilities licensed as an Intermediate Care Facility/Developmentally Disabled are required to have a certified Nursing Home Administrator or Qualified Intellectual Disabilities Professional on staff to oversee all operations.

Facilities licensed as Congregate Living Health Facilities are required by regulation to maintain an administrator who oversees all day-to-day operations, however, there is no specific certification for this type of facility. The administrator may be a licensed Registered Nurse, certified Nursing Home Administrator or the licensee.

As the aforementioned administrators are legally responsible for the various subject facilities according to licensing and supervisors are considered *General Inclusions*, the WCIRB recommends clarifying existing classification procedures to specifically reference the inclusion of certified administrators in those classifications where they are required, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. The WCIRB also recommends amending Classification 8851 to specify that it includes administrators with supervisory duties when their work is necessary, incidental or appurtenant to any of the operations of the business other than clerical office. Employees that conduct outside sales and/or clerical duties but also conduct tours of the facility are commonly misclassified as outside salespersons or clerical office employees. Based on information gathered during classification inspections, it was determined that employees such as admissions coordinators and marketing staff may, in some cases, be assignable to Classification 8742(1), *Salespersons – Outside*; however, these employees often have duties that include providing facility tours to prospective residents and families. As these tours expose the employee to a non-clerical work environment at their employer's location, tours are inconsistent with assignment to Classification 8742(1). In addition, these facilities are subject to inspection by various agencies and employees frequently accompany such inspectors when touring the facilities.

The issue of including specific employees has been addressed in classifications applicable to other industries, including but not limited to health clubs, veterinary hospitals, day care facilities and hair salons. The phraseologies for the applicable classifications have been amended to include *receptionists* because their duties often include assisting guests/customers and controlling or monitoring access to the facility. In response to a 1994 appeal disputing the assignment of 9053(2), *Exercise or Health Institutes*, for the front desk receptionists at an insured's health club, a California Department of Insurance (CDI) Precedential Decision was issued directing that exercise or health club receptionists who perform duties including but

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<sup>6</sup> See Appendix III for a summary of the inspections.

not limited to greeting members, validating membership cards, handing out towels and similar duties are not clerical office employees but are assignable to Classification 9053(2). It was noted in the Decision that the principal responsibilities of checking in guests to ensure that only valid members utilize the facility represents a basic, necessary and integral operation that normally prevails in a health facility. Therefore, these are not strictly clerical office duties and are not assignable to Classification 8810(1), *Clerical Office Employees*. Receptionists at congregate living facilities, residential care facilities and skilled nursing facilities perform some similar duties to ensure only authorized persons enter and leave the facility.

With the exception of facilities licensed as Congregate Living Health Facilities, facilities assigned to the subject classifications are required by state organizations to employ supervisory employees depending on the license of the facility, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators, and Qualified Intellectual Disabilities Professionals similar positions to directly oversee employees engaged in residential care and/or nursing operations. These employees are required to complete a certain amount of training and/or experience, and must pass a certification test in order to conduct these duties. While there is no specific certification for administrators of Congregate Living Health Facilities, this type of facility is required by regulation to maintain an administrator who oversees all day-to-day operations. These employees have defined supervisory responsibilities for operations that are not limited to clerical functions and the direct supervision that is required of these employees exceeds the scope of Classification 8810(1). Similarly, employees that provide tours, including but not limited to tours for marketing, admissions and inspection purposes, exceed the scope of Classification 8742(1), *Salespersons – Outside*.

Based on this review, the WCIRB recommends specifying the inclusion of supervisors, certified administrators and receptionists in each of the subject classifications and Classification 9085, *Residential Care Facilities for the Developmentally Disabled*. Additionally, the WCIRB recommends a footnote be added to each classification specifying that employees whose job duties include providing tours of the facility be included.

#### E. Support Employees at Multi-Level Care Facilities

Staff reviewed whether the administration of the Standard Classification System for the subject classifications should be clarified by developing a procedure that provides specific direction for classifying support employees at facilities that are subject to multiple classifications as they offer multiple levels of care. For example, many employers operate facilities that offer congregate living, assisted living and skilled nursing, commonly referred to as a Continuing Care Retirement Community (CCRC) or Life Plan Communities (LPC).<sup>7</sup> The current classification procedures applied to these facilities specify that employees common to all operations, including but not limited to food services, laundry, maintenance, security, receptionists<sup>8</sup> and supervisory employees, be assigned to the *Governing Classification*.<sup>9</sup> While there are provisions in the USRP directing that miscellaneous employees<sup>10</sup> are assigned to the Governing Classification in connection with Multiple Enterprises classification assignments, direct labor employees are assigned to the highest-rated classification to which they have exposure. The facilities that offer congregate living, assisted living and skilled nursing care are not being classified using the provisions of the Multiple Enterprises rule, and many of the subject employees in fact are direct labor employees. The current procedure may not be working as intended and, as a result, assigning such employees to the

<sup>7</sup> The California Department of Social Services (CDSS) is responsible for the oversight of continuing care providers. The CDSS' Community Care Licensing Division has two branches that participate in the regulation. The *Senior Care Program* monitors continuing care providers for compliance with the Community Care licensing laws and regulations regarding buildings and grounds, accommodations, care and supervision of residents, and quality of service. The *Continuing Care Contracts Branch* is responsible for reviewing and approving applications to operate a CCRC and monitors the ongoing financial condition of all CCRC providers and their ability to fulfill the long-term contractual obligations to residents. (<http://www.calccrc.ca.gov/>)

<sup>8</sup> Based on recommendations made in Section D, Receptionists are to be included in the subject classification. At multi-level care facilities there can be separate receptionists for each level of care that do not necessarily support all operations.

<sup>9</sup> Governing Classification is defined as "[t]hat classification, or combination of related companion classifications, other than the Standard Exception classification(s), to which the largest amount of payroll, exclusive of the payroll of miscellaneous employees, is assigned...." (See Part 3, *Standard Classification System*, Section II, *Classification Terminology*, Rule 8.)

<sup>10</sup> "Miscellaneous Employees do not engage in operations that are integral to each classifiable operations, but perform operations in general support of more than one classifiable operation. Examples of Miscellaneous Employees include but are not limited to supervisors, maintenance or power plant employees, laboratory researchers, security guards, shipping and receiving clerks, and yard employees. (Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 3d).

Governing Classification may not accurately represent the exposure of these employees, as demonstrated in the following sample payroll table. In many cases, the current procedure results in the assignment of Classification 8829 to operations that are direct labor operations pertaining to Classifications 9070 and/or 8851.

The WCIRB identified a number of cases in which the congregate living residents outnumber the patients that require assisted living or nursing care, but all payroll is assigned to Classifications 8829 or 9070 and no payroll is assigned to Classification 8851. The following table is a payroll table from a WCIRB inspection report that demonstrates how, using the current rules, employees that support all operations at facilities that offer multiple levels of care are assigned to the *Governing Classification*.

**Sample Inspection Report Payroll Table**

Departments/Operations	Employees	Est. Payroll	Classifications
<b>SKILLED NURSING FACILITY</b>			
Skilled Nursing Facility Nursing Staff (including RNs, LVNs, certified nursing assistants and directors of nursing)	21	880,000	8829(1) Nursing Homes
Social Activity Director & Staff	2	44,000	8829(1)
Housekeepers	3	85,000	8829(1)
<b>RESIDENTIAL CARE FACILITY– ELDERLY</b>			
Personal Care Attendants	17	600,000	9070(1) Residential Care Facility – Elderly
Social Activity Director & Staff	3	112,000	9070(1)
Housekeepers	4-6	160,000	9070(1)
<b>CONGREGATE LIVING FACILITY</b>			
Housekeepers	4-6	160,000	8851 Congregate Living Facilities – elderly
<b>MISCELLANEOUS EMPLOYEES<sup>11</sup></b>			
Kitchen, Maintenance & Transport	51	1,460,000	8829(1)
Front Desk Receptionists	2	47,000	8829(1)
Executive Director	1	174,000	8829(1)
Administrator	1	120,000	8829(1)
Marketing	2	155,000	8829(1)
Clerical Office Staff	2	106,500	8810(1) Clerical Office Employees

Additionally, the following table demonstrates the number of residents/patients in each level of care. In this representative sample, the independent living facility has the vast majority of residents.

Level of Care – Class Code	Licensed # of Residents/Patients	Current Occupancy
Skilled Nursing – 8829	35	18
Assisted Living – 9070	36	25
Independent (Congregate) Living – 8851	151	135

<sup>11</sup> While this report uses a heading of “Miscellaneous Employees” to categorize employees that are assigned to the Governing Classification, some of the employees listed are in fact direct labor employees.

The WCIRB reviewed the inspection report library for employers that provide more than one level of care. The following table shows the number of available inspection reports reviewed for various multi-class combinations.

Multi-Class Operations	Reports
Nursing Home & Residential Care Facility for the Elderly	40
Nursing Home, Residential Care Facility for the Elderly & Congregate Living Facility for the Elderly	16
Residential Care Facilities for the Elderly & Congregate Living Facilities for the Elderly	22
	78

The assignment of Classification 8829 to common support operations that are otherwise direct labor operations pertaining to Classifications 9070 and/or 8851 was found to be a common scenario.<sup>12</sup> The common support operations that are specified as *miscellaneous* or otherwise directed to the Governing Classification in the current procedures are in fact the operations that otherwise comprise Classification 8851, and do not necessarily pertain to the provision of skilled nursing care. This rule for facilities that offer multiple levels of care was added as a footnote to specific classifications in 2014<sup>13</sup> in conformance with existing classification procedures. Based upon the above, the WCIRB reviewed whether the loss to payroll ratio for Classification 8829 when assigned as the sole classification other than Standard Exception classifications (*8829 stand-alone employers*) is significantly different than when Classification 8829 is reported in combination with Classifications 9070 and/or 8851.

The WCIRB compared the experience of Classification 8829 in its entirety to the experience of employers that have Classification 8829 assigned with Classification 9070 and/or Classification 8851 to assess whether the current procedure for assigning *Miscellaneous Employees* to Classification 8829 as the *Governing Classification* accurately represents the exposure of employees performing support functions for Continuing Care Retirement Communities, or if unintended exposure is being included in Classification 8829. The 2016 Classification Relativities data for Classification 8829 is reflected in Table 1:

**Table 1: Classification 8829 Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	3,003,667,224	84,169,023	2.802
2009	3,210,850,226	93,629,680	2.916
2010	3,122,825,853	98,361,150	3.150
2011	3,119,695,850	99,683,828	3.195
2012	3,431,040,246	117,362,051	3.421
<b>Total</b>	<b>6,550,736,096</b>	<b>217,045,879</b>	<b>3.313</b> (2 years credible)

<sup>12</sup> See Appendix III for additional examples of inspected facilities where the governing payroll is disproportionate to the number of residents receiving each level of care provided at the facility.

<sup>13</sup> See Appendix I for additional information and complete classification history.

Table 2 summarizes the experience of the group of Classification 8829 employers excluding the Classification 8829 employers that report only Classification 8829 and no Classification 9070 or Classification 8851 payroll. The loss to payroll ratio increases modestly (approximately 3%) when data for the Classification 8829 stand-alone employers is removed.

**Table 2: Classification 8829 Excluding Classification 8829 Stand-alone Employers  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	2,238,263,119	64,215,972	2.869
2009	2,348,859,593	73,479,729	3.128
2010	2,269,345,547	72,818,242	3.209
2011	2,306,398,449	76,525,329	3.318
2012	2,456,920,577	86,770,910	3.532
<b>Total</b>	<b>4,763,319,026</b>	<b>163,296,239</b>	<b>3.428 (2 years credible)</b>

As demonstrated above, the 2016 classification relativities data for Classification 8829 in Table 1 is about 3% lower than the loss to payroll ratios shown in Table 2, which represents that loss to payroll ratio when data for Classification 8829 stand-alone employers is removed from the classification relativities data.<sup>14</sup> This suggests that payroll for common support direct labor employees that are being assigned to the governing classification at multi-class facilities, and that might belong in Classifications 9070 and 8851, is potentially degrading the experience for Classification 8829 as a result of the current rules.

Additionally, while conducting on-site classification inspections, staff encountered an emerging industry model referred to as *aging in place*. This type of facility allows residents that start out living independently and do not need care to stay in the same apartment instead of moving the resident to a separate floor or separate facility even if their health declines and they require intermediate care including assistance with daily living. As such, residents may not be segregated by floor or by wing at this facility based on the care needed and application of the current footnote that specifies a separate classification for a *separate unit* operated at the same location for the provision of assisted care services becomes unclear. The WCIRB believes that classifying operations by the level of care provided by employees, rather than attempting to identify a *separate unit*, would be more practical and representative of exposure.

In summary, the WCIRB believes that the current procedures for classifying certain direct labor employees at facilities that offer multiple levels of care to the *Governing Classification* are assigning employees to a classification that does not accurately reflect their exposure. Employees conducting such functions in support of operations that are otherwise assignable to Classification 8851, *Congregate Living Facilities for the Elderly*, are often assigned to Classifications 8829 or 9070 because of the higher direct care payroll generated in residential care or nursing care. Even though the subject employees do not provide direct care services to residents, in many cases, these employees are performing direct labor that comprises the operation of a congregate living facility assignable to Classification 8851.

<sup>14</sup> See Table 8b located in Appendix IV for the Loss to Payroll Ratio for Classification 8829 stand-alone employers based on a list of identified employers from the WCIRB Inspection Report Library

The WCIRB recommends clarifying the scope and application of classifications applicable to the health and human services industry for residential facilities by developing a more standardized approach to the classification phraseologies and footnotes. Specifically, the WCIRB recommends providing (1) specific direction for classifying employees at facilities that offer continuing care including independent living, assisted living and/or skilled nursing care at the same facility so that support employees, including but not limited to food service, laundry, maintenance, security and miscellaneous employees are assigned based on the classification describing the level of care or services designated for the greatest number of beds per the facility license, (2) amending the subject classifications' footnotes to remove the restriction that multiple levels of care at the same location need to be provided at a separate identifiable unit and (3) amend the phraseology for Classification 8829(1), *Nursing Homes*, to remove "all employees" to minimize confusion when using this classification in conjunction with other classifications assigned to multi-level care facilities.

## Recommendation

Amend Part 3, *Standard Classification System*, Section III, *General Classifications Procedures*, Rule 4, *Standard Exceptions*, Subrule a, *Clerical Office Employees*, for consistency.

## PROPOSED

### 4. Standard Exceptions

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a. **Clerical Office Employees** are defined as those employees whose duties are confined to keeping the books, records, or cash of the employer; conducting correspondence; dispatching; recording weights; or who are engaged wholly in general office work or office drafting, having no regular duty of any other nature in the service of the employer. The entire payroll of any employee who is engaged in operations performed by clerical office employees and also is exposed (1) to any operative hazard of the business or (2) to any outside selling or collecting work, shall be assigned to the highest rated classification of work to which the employee is so exposed. Supervisors and clerks, such as time, stock, or tally clerks, whose work is necessary, incidental, or appurtenant to any operations of the business other than clerical office, shall not be considered clerical office employees. The clerical office employee classification shall be applied only to the payroll of persons herein described who work exclusively in areas that are separated from all other work places of the employer by buildings, floors, partitions, railings, or counters and within which no work is performed other than clerical office or drafting duties as defined in this section.

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(2) When an employer's clerical office employees are engaged in operations incidental to other operations performed by the employer and such other operations are assigned to two or more classifications, one or more of which includes clerical office employees and one or more of which does not include clerical office employees, the payroll of the clerical office employees shall be assigned in accordance with the following:

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#### **Example**

At location 1, an employer operates a pediatric medical office – assigned to Classification 8834, *Physicians' Practices and Outpatient Clinics – all employees – including Clerical Office Employees*. At location 2, the same employer operates a convalescent ~~home~~nursing facility – assigned to Classification 8829(2), *Convalescent Homes or Convalescent Hospitals – all employees*Nursing Facilities – including supervisors, facility administrators and receptionists. At a third location, the employer maintains a clerical and administrative office to conduct payroll and billing activities in support of the pediatric medical office and the convalescent ~~home~~nursing facility. Under scenario A (below), the convalescent ~~home~~nursing facility (which does not contemplate the inclusion of clerical employees) generates more payroll than the medical office and, therefore, the clerical employees working in support of both operations are assignable to Classification 8810(1). Under scenario B, since the medical office generates more payroll than the convalescent ~~home~~nursing facility, the clerical employees working in support of both operations are assignable to Classification 8834.

Scenario	Location 1: Pediatric Medical Office Payroll	Location 2: Convalescent Home Nursing Facility Payroll	Assigned Classification for Clerical Employees Working in Support of Both the Medical Office and the Convalescent Home Nursing Facility
A	\$200,000	\$655,000	8810(1), Clerical Office Employees
B	\$750,000	\$655,000	8834, Physicians' Practices and Outpatient Clinics – all employees – including Clerical Office Employees

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**Recommendation**

Amend the cross-reference for *Convalescent Homes* or *Convalescent Hospitals*, for consistency.

PROPOSED

**CONVALESCENT HOMES OR CONVALESCENT HOSPITALS NURSING FACILITIES**

See Health and Human Services.

\* \* \* \* \*

**Recommendation**

Amend Classification 8851, *Congregate Living Facilities for the Elderly*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations shall be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**CONGREGATE LIVING FACILITIES FOR THE ELDERLY – including supervisors and receptionists – no care or supervision of residents 8851**

~~This classification shall apply to those firms providing retirement~~ Congregate living facilities for the elderly are facilities that, for a single monthly fee, provide a service package that typically includes a living unit, one to three meals a day, in-unit housekeeping, and personal laundry service. This classification shall not be assigned to operations that are licensed by the Department of Social Services includes administrators with supervisory duties whose work is necessary, inci-

dental or appurtenant to any of the operations of the business other than clerical office, and employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification shall not be assigned to operations that are licensed by the Department of Social Services.

Age restricted apartment or condominium complexes that do not provide the above services shall be classified as 9007, *Apartment or Condominium Complex Operation for Seniors*.

~~A separate unit operated~~ Employees at the same location ~~for the provision of~~ who provide assisted care services to residents who do not require skilled nursing care but require assistance with daily living, including, but not limited to, assisting residents with dressing, eating, personal hygiene and taking medications shall be separately classified as 9070(1), *Residential Care Facilities for the Elderly*, or 9070(3), *Residential Care Facilities for Adults*.

~~Skilled nursing care provided~~ Employees at the same location ~~as an identifiable unit~~ who provide care to residents who require skilled nursing care shall be separately classified as 8829(1), *Skilled Nursing Homes* ~~Facilities~~, or 8829(2), *Convalescent Nursing Facilities*.

When the congregate living facility ~~operates one or more separate units~~ also has employees at the same location ~~that is~~ who are classified as 8829(1), *Skilled Nursing Homes* ~~Facilities~~, 8829(2), *Convalescent Nursing Facilities*, ~~and/or~~ 9070(1), *Residential Care Facilities for the Elderly*, and/or 9070(3), *Residential Care Facilities for Adults*, employees common to all operations, including, but not limited to, food services, laundry, maintenance, security, and ~~supervisory~~ miscellaneous employees shall be assigned to the ~~governing~~ classification describing the level of care designated for the largest number of beds per the facility license. (See Section II, *Classification Terminology*, for the definition of "Governing Classification".)

\* \* \* \* \*

**Recommendation**

Amend Classification 8829(2), *Convalescent Homes or Convalescent Hospitals*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations shall be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**CONVALESCENT HOMES OR CONVALESCENT HOSPITALS NURSING FACILITIES – all employees including supervisors and receptionists 8829(2)**

Convalescent ~~homes~~ nursing facilities engage in the provision of skilled nursing care and supportive care to patients whose primary need is the availability of skilled nursing care on an ~~extended~~ short-term, rehabilitative basis. These facilities provide 24-hour inpatient care including medical, nursing, dietary, and pharmaceutical services.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees that provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

Employees at the same location that provide assisted care services to residents that do not require skilled nursing but require assistance with daily living, including but not limited to assisting residents with dressing, eating, personal hygiene and taking medications shall be separately classified as 9070(1), Residential Care Facilities for the Elderly, or 9070(3), Residential Care Facilities for Adults.

Employees at the same location that do not provide any assisted care services but provide congregate living services to residents that do not require care and supervision shall be separately classified as 8851, Congregate Living Facilities for the Elderly.

When the convalescent nursing facility also has employees at the same location that are classified as 8851, Congregate Living Facilities for the Elderly, 9070(1), Residential Care Facilities for the Elderly, and/or 9070(3), Residential Care Facilities for Adults, employees common to all operations, including but not limited to food services, laundry, maintenance, security, and miscellaneous employees shall be assigned to the classification describing the level of care designated for the largest number of beds per the facility license.

\* \* \* \* \*

**Recommendation**

Amend Classification 9043, *Hospitals*, which is part of the *Health and Human Services* Industry Group, for consistency.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**HOSPITALS – all employees – including Clerical Office Employees and Outside Salespersons 9043**

The payroll for student nurses and interns shall be included at an average wage of at least \$100 per week.

This classification applies to facilities that are licensed by the California Department of Public Health as a General Acute Care Hospital, Acute Psychiatric Hospital or Special Hospital. Hospitals retain medical staff with the capability to provide 24-hour inpatient care. This classification includes skilled nursing facilities operated by the acute care hospital when both facilities operate under a single license as an acute care hospital.

Skilled nursing facilities operated under a separate license shall be classified as 8829(1), Skilled Nursing Homes~~Facilities~~.

A medical clinic that operates at a location separate from the hospital shall be classified as 8834, *Physicians, Practices and Outpatient Clinics*, provided the clinic does not provide 24-hour inpatient care.

Hospitals operated by municipal, state or other public agencies shall be classified as 8830, *Institutional Employees*.

Hospitals operated in connection with jails or prisons shall be classified as 7720, *Police, Sheriffs, Marshals, Animal Control Officers, Fish and Wildlife Officers and Correctional Officers – including deputies – not volunteers*.

\* \* \* \* \*

**Recommendation**

Amend Classification 8829(1), *Nursing Homes*, which is part of the *Health and Human Services* Industry Group, to consolidate outdated references, clarify its intended application and provide direction as to how related operations shall be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**SKILLED NURSING HOMES/FACILITIES – all employees including supervisors and receptionists** **8829(1)**

Skilled Nursing homes/facilities engage in the provision of skilled nursing care and supportive care to patients whose primary need is the availability of skilled nursing care on an extended basis. These facilities provide 24-hour inpatient care including medical, nursing, dietary and pharmaceutical services. This classification also applies to facilities providing skilled nursing care to residents with Alzheimer’s disease, dementia, mild cognitive impairment and similar disorders.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees that provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to facilities engaged in the provision of skilled nursing care for mentally ill individuals whose primary need is the availability of skilled nursing care on an extended basis.

Psychiatric Health Facilities providing acute, short-term, inpatient treatment to mentally ill individuals shall be classified as 9043, *Hospitals*.

Employees at the same location that provide assisted care services to residents that do not require skilled nursing care but require assistance with daily living, including but not limited to assisting residents with dressing, eating, personal hygiene and taking medications shall be separately classified as 9070(1), *Residential Care Facilities for the Elderly*, or 9070(3), *Residential Care Facilities for Adults*.

Employees at the same location that do not provide any assisted care services but provide congregate living services to residents that do not require care and supervision shall be separately classified as 8851, *Congregate Living Facilities for the Elderly*.

When the skilled nursing facility also has employees at the same location that are classified as 8851, *Congregate Living Facilities for the Elderly*, 9070(1), *Residential Care Facilities for the Elderly*, and/or 9070(3), *Residential Care Facilities for Adults*, employees common to all operations, including but not limited to food services, laundry, maintenance, security and miscellaneous employees shall be assigned to the classification describing the level of care designated for the largest number of beds per the facility license.

\* \* \* \* \*

**Recommendation**

Amend Classification 9070(3), *Residential Care Facilities for Adults*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations shall be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**RESIDENTIAL CARE FACILITIES FOR ADULTS – including supervisors and receptionists – 9070(3)  
N.O.C.**

**Classification 9070(3) shall not be used for division of payroll in connection with Classifications 8804(1), *Substance Use Disorder Recovery Homes*, or 8804(2), *Social Rehabilitation Facilities for Adults*, unless the operation described by Classification 9070(3) constitutes a separate and distinct enterprise having no connection with the operations covered by Classifications 8804(1) or 8804(2).**

~~This classification shall apply to those firms providing community Residential care facilities for residents who are ambulatory and where the facilities are nonmedically oriented adults provide assisted care and supervision to their residents. Such firms provide nonmedical care services including, include but are not limited to, assisting residents with dressing, eating, personal hygiene and taking medications. This classification also applies to the provision of assisted care and supervision to residents with Alzheimer's disease, dementia, mild cognitive impairment and similar disorders provided such residents do not receive or require skilled nursing care.~~

~~This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees that provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.~~

~~A separate unit operated Employees at the same location for the provision of that do not provide any assisted care services but provide congregate living services only (not to residents that do not require care and supervision) shall be separately classified as 8851, *Congregate Living Facilities for the Elderly*.~~

~~Skilled nursing Employees at the same location that provide assisted care provided at the same location as an identifiable unit services to residents that require skilled nursing, which may include residents with Alzheimer's disease, dementia, mild cognitive impairment and similar disorders, shall be separately classified as 8829(1), *Skilled Nursing Homes Facilities*, or 8829(2), *Convalescent Nursing Facilities*.~~

~~When the residential care facility operates separate units also has employees at the same location that are classified as 8851, *Congregate Living Facilities for the Elderly*, and/or 8829(1), *Skilled Nursing Homes Facilities*, and/or 8829(2), *Convalescent Nursing Facilities*, employees common to all operations, including, but not limited to, food services, laundry, maintenance, security, and supervisory miscellaneous employees shall be assigned to the governing classification describing the level of care designated for the largest number of beds per the facility license. (See Section II, *Classification Terminology*, for the definition of "Governing Classification".)~~

\* \* \* \* \*

**Recommendation**

Amend Classification 9085, *Residential Care Facilities for the Developmentally Disabled*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and for consistency.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists 9085**

This classification applies to the operation of residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees that provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), Skilled Nursing Homes Facilities.

The operation of schools and independent living skills instructional programs that are administered through state-contracted regional centers shall be separately classified as 8868, *Colleges or Schools*.

The operation of residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children*.

The operation of residential facilities that provide ~~nonmedical~~assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults*.

The operation of residential facilities that provide ~~nonmedical~~assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly*.

\* \* \* \* \*

**Recommendation**

Amend Classification 9070(1), *Residential Care Facilities for the Elderly*, which is part of the *Health and Human Services* Industry Group, to clarify its intended application and provide direction as to how related operations shall be classified.

PROPOSED

**HEALTH AND HUMAN SERVICES**

**RESIDENTIAL CARE FACILITIES FOR THE ELDERLY – including supervisors and receptionists – N.O.C. 9070(1)**

**Classification 9070(1) shall not be used for division of payroll in connection with Classifications 8804(1), *Substance Use Disorder Recovery Homes*, or 8804(2), *Social Rehabilitation Facilities for Adults*, unless the operation described by Classification 9070(1) constitutes a separate and distinct enterprise having no connection with the operations covered by Classifications 8804(1) or 8804(2).**

~~This classification applies to those firms that provide non-medical assisted care and supervision to their residents. Such services include, but are not limited to, assisting residents with dressing, eating, personal hygiene and taking medications. This classification also applies to the provision of assisted care and supervision to residents with Alzheimer’s disease, dementia, mild cognitive impairment and similar disorders, provided such residents do not receive or require skilled nursing care.~~

~~This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees that provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.~~

~~A separate unit operated Employees at the same location for the provision of that do not provide any assisted care services but provide congregate living services only (not to residents that do not require care and supervision) shall be separately classified as 8851, *Congregate Living Facilities*.~~

~~Skilled nursing Employees at the same location that provide assisted care provided at the same location as an identifiable unit services to residents who require skilled nursing care, which may include residents with Alzheimer’s disease, dementia, mild cognitive impairment and similar disorders who receive or require skilled nursing care, shall be separately classified as 8829(1), *Skilled Nursing Homes Facilities*, or 8829(2), *Convalescent Nursing Facilities*.~~

~~When the residential care facility operates separate units also has employees at the same location that are classified as 8851, *Congregate Living Facilities for the Elderly*, and/or 8829(1), *Skilled Nursing Homes Facilities*, and/or 8829(2), *Convalescent Nursing Facilities*, employees common to all operations, including but not limited to meal preparation food services, laundry, maintenance, security, and supervisory miscellaneous employees shall be assigned to the governing classification describing the level of care designated for the largest number of beds per the facility license. (See Section II, *Classification Terminology*, for the definition of “Governing Classification”.)~~

\* \* \* \* \*

**Recommendation**

Eliminate Classification 8829(4), *Rest Homes*, which is part of the *Health and Human Services Industry Group*, as the operations described by this classification are assignable to Classification 8829(1), *Skilled Nursing Facilities*.

PROPOSED

~~HEALTH AND HUMAN SERVICES~~

~~REST HOMES – all employees~~

~~8829(4)~~

~~Rest homes engage in the provision of skilled nursing care and supportive care to patients whose primary need is the availability of skilled nursing care on an extended basis. These facilities provide 24-hour inpatient care including medical, nursing, dietary and pharmaceutical services.~~

\* \* \* \* \*

**Recommendation**

Eliminate Classification 8829(5), *Sanitariums*, which is part of the *Health and Human Services Industry Group*, as the operations described by this classification are assignable to Classification 8829(1), *Skilled Nursing Facilities*.

PROPOSED

~~HEALTH AND HUMAN SERVICES~~

~~SANITARIUMS – all employees~~

~~8829(5)~~

~~Sanitariums engage in the provision of skilled nursing care and supportive care to mentally ill individuals whose primary need is the availability of skilled nursing care on an extended basis. These facilities provide 24-hour inpatient care including medical, nursing, dietary and pharmaceutical services.~~

\* \* \* \* \*

**Recommendation**

Amend the cross-reference for *Nursing Homes* for consistency.

PROPOSED

SKILLED NURSING HOMES/FACILITIES

See Health and Human Services.

\* \* \* \* \*

**Recommendation**

Amend Section VIII, *Abbreviated Classifications – Numeric Listing*, for consistency.

PROPOSED

**Section VIII – Abbreviated Classifications – Numeric Listing**

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- 8829(1) Skilled Nursing Homes~~Facilities~~
- 8829(2) Convalescent Homes/Hospitals~~Nursing Facilities~~
- ~~8829(4)~~ Rest Homes
- ~~8829(5)~~ Sanitariums
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## Appendix I – Classification History

The following is a timeline of the significant changes to the scope and application of the relevant classifications:

- 1964:** The Classification and Rating (C & R) Committee received a request from an association of nursing homes, sanitariums, rest homes and homes for the aged to consider the establishment of a separate classification, or classifications, for the operation of such facilities. The Committee was informed that such facilities were classified as 9043, *Hospitals*, which resulted in employers encountering difficulty in finding an insurance company willing to accept the risk because of the perception that the exposure in nursing homes and related facilities was considerably greater than that of hospitals. Following a study, the Committee voted unanimously to approve the establishment of Classification 8829, *Convalescent Homes or Convalescent Hospitals, Homes for Aged, Nursing Homes, Rest Homes, and Sanitariums*. The Committee also voted that the new classification should initially have the same rate and experience rating factors as Classification 9050, *Hotels*.
- 1977:** Classification 9070, *Homes for the Aged*, was established to apply to all nonmedical retirement and independent living facilities. Prior to 1977, all medical and nonmedical residential care facilities were assigned to Classification 8829(A), *Nursing Homes*, 8829(B), *Convalescent Homes*, 8829(D), *Rest Homes*, or 8829(E), *Sanitariums*.
- 1978:** Classifications 8829, *Nursing Homes*, and 9070, *Homes for the Aged*, were amended to permit clerical office employees to be separately classified.
- 1986:** The classification procedure applicable to adult residential facilities was again revised with the establishment of Classification 9085, *Residential Care Facilities for the Developmentally Disabled*. This revision was made inasmuch as homes for developmentally disabled adults, previously assignable to Classification 8823, *Residential Care Facilities for Children*, had been frequently misclassified under Classification 9070.
- 1992:** The C & R Committee reviewed the results of a study that WCIRB staff conducted to determine the overall nature of operations currently assigned to Classification 9070 as well as the feasibility of establishing a new classification for firms engaged in the operation of congregate living facilities. The study found that congregate living facilities represent a unique and identifiable, as well as a statistically credible industry, and the Committee voted to establish Classification 8851, *Congregate Living Facilities for the Elderly*.
- 1994:** In response to an appeal, the C & R Committee sustained the WCIRB's assignment of Classification 8829(2), *Convalescent Homes or Convalescent Hospitals*, to administrators and directors of nursing services of the appellant's skilled nursing facilities. The Committee also sustained the assignment of Classification 9070(1), *Residential Care Facilities for the Elderly*, to administrators of the appellant's residential care facilities. The Committee acknowledged that many of the activities performed by administrators and directors of nursing services are clerical in nature; however, it was noted that the overall responsibility of the administrators is to organize, manage, operate and control the skilled nursing facilities and residential care facilities as required by Title 22 of the California Code of Regulations.
- 2014:** Classifications 8851, *Congregate Living Facilities for the Elderly*, and 9070, *Homes for the Aged*, were amended to direct that, when the facility operates one or more separate units at the same location that is classified as 8851, 8829(1), *Nursing Homes*, and/or 9070(1), *Residential Care Facilities for the Elderly*, employees common to all operations, including but not limited to food services, laundry, maintenance, security and supervisory employees, shall be assigned to the Governing Classification.

## Appendix II – Classification Procedures in Other Jurisdictions

The National Council on Compensation Insurance (NCCI) jurisdictions assign all health care employees of retirement living centers to Classification 8824. This includes nurses, personal care attendants, therapists and similar staff. Support employees such as kitchen staff, dining room busboys, musicians and entertainers are assigned to Classification 8824. All other employees such as maintenance, security guards and any other employees are assigned to Classification 8826. Neither NCCI, nor any other jurisdiction, make a distinction between retirement centers for independent seniors versus those that offer assistance with daily living. Conversely, California assigns congregate living centers to Classification 8851 and retirement communities that offer assisted living to Classification 9070(1).

NCCI, Massachusetts, New York and Texas jurisdictions, like California, assign nursing homes and convalescent homes that provide skilled nursing to Classification 8829 and include all employees. The NCCI manual also uses alternate wording such as “Home for the Aged,” “Rest Home,” and “Nursing Home.” New Jersey uses Classification 8829 and includes Clerical and Driver. North Carolina assigns all employees at convalescent or nursing homes to Classification 8849. Florida and Rhode Island assign convalescent homes to Classification 8829 and nursing homes to Classification 8841. Michigan assigns nursing or convalescent homes to Classification 8829, food service at such facilities to Classification 9058 and janitorial and custodial operations to Classification 9015.

NCCI provides that retirement living centers that also provide skilled nursing at the same location with common support staff are assigned to Classifications 8824, 8825 and 8826.

While California assigns 24-hour skilled nursing facilities for mentally ill individuals to Classification 8829(5), *Sanitariums*, NCCI and New York use Classifications 8833, *Asylum: Professional Employees*, and 9040, *Asylum: All Other Employees*.

### Appendix III – Summary of Selected Inspection Reports

WCIRB staff conducted outreach to industry associations, surveyed approximately 300 employers and inspected three employers in connection with this study. When WCIRB staff discussed the current issues and the reasons for this study with employers, they agreed that there is opportunity for improvement with the current classification phraseologies and the procedures for this industry. Described below are three representative examples of the employers contacted.

Employer 1 provides skilled nursing, assisted living and independent living apartments. Historically no exposure was reported in Classification 8851, *Congregate Living Facilities for the Elderly*, because the direct labor employees that are being assigned to the Governing Classification were assigned to the *governing payroll* in Classification 8829. Despite the fact that the congregate living facility represents that largest portion of residents, the exposure for the employees providing higher levels of care established the governing payroll. Staff explained to the employer the operations that are otherwise assignable to Classification 8851 and the employer agreed that the services they provide to the majority of their residents fit the description for this classification. The employer provided valuable feedback regarding which departments support all operations versus which departments specifically support certain levels of care and are easily segregated administratively. When staff discussed the possibility of classifying employees that support all operations such as food services, laundry, maintenance, security and supervisory employees to the classification that describes the level of care or services provided to the largest portion of residents, rather than to Classification 8829 as the Governing Classification, they agreed that their facility census numbers for each level of care fluctuate minimally, and as such would be a stable and reliable way to determine where the subject employees should be assigned. In reviewing the employees potentially assignable to Standard Exceptions, the duties of the marketing staff were discussed. These employees meet prospective residents and family members at the facility to provide tours and promote the insureds services and amenities. A separate room was available where sample swatches of carpeting, cabinetry and similar interior customizations of the living unit were available for prospective residents to view and select. Additionally, the duties of the receptionist at this facility were reviewed. The facility had a single locked entrance where guests were required to be buzzed in by the receptionist and were subsequently signed in to receive a “guest” badge. The receptionist would then notify the resident of their guest’s arrival or assist in directing them to the right place. These duties were conducted in support of all operations.

Employer 2 provides skilled nursing and assisted living with a separate memory care unit. The majority of the residents reside in assisted living and the memory care unit assignable to Classification 9070, however, the direct labor employees that are being assigned to the Governing Classification fall into Classification 8829 as it generates the *governing payroll*. The levels of care at this facility were clearly segregated on different floors and the resultant direct care payroll was easily identified. The direct labor employees including food services, laundry, maintenance and security, however, are currently assigned to Classification 8829 but support Classification 9070 residents primarily. This facility also had a marketing staff; however, these employees’ duties were targeted towards outreach and marketing staff would often travel outside of the facility. The facility also maintained separate admissions coordinators who provided tours to prospective residents and their families. This facility also had a single locked entrance with a receptionist that had similar duties to Employer 1 described above.

Employer 3 operates a senior living facility that provides independent living apartments with assisted living and a separate memory care unit. No skilled nursing is provided at this facility. At this facility, the majority of residents only receive congregate living services as contemplated by Classification 8851, however, the subject direct labor employees are assigned Classification 9070 as the intermediate care employees generate the *governing payroll*. This facility operates based on an emerging industry model called *aging in place*. This allows congregate living residents to stay in the same apartment even if their health declines and they require intermediate care assistance with daily living, instead of moving the resident to a separate floor or separate facility. As such, most of the residents are not segregated by floor or by wing at this facility based on the care needed, and application of the current footnote that specifies separate classification for a *separate unit* operated at the same location for the provision of assisted care services becomes unclear. The operations are separate in that Classification 9070 employees only care

for certain residents within their apartment unit, however there is no separate unit in the form of a separate facility or floor. At Employer 3, the only level of care that is kept separate is the memory care unit for residents with dementia, Alzheimer's disease and mild cognitive impairment. This *aging in place* model indicates that it might be more practical to assign classifications to employees by the operations and level of care provided, rather than by separate units that may or may not exist within a continuing care facility. This employer had a marketing staff that provided facility tours, however, all outside sales operations were handled by the corporate office located out of state. This facility did not have a locked front door, however, there were multiple receptionists signing guests in and answering residents' questions upon entry of the building. There was also a receptionist that worked exclusively in support of the memory care unit, performing similar duties as the other receptionists.

## Appendix IV – Summary of Statistical Analysis

To determine whether Standard Exceptions should be included in the *Health and Human Services* industry classifications, the WCIRB compared the loss to payroll ratios for Standard Exceptions for employers assigned only to the subject classifications to the experience of the Standard Exceptions for all employers based on the Classification Relativities.<sup>1</sup>

**Table 1a: Classification 8810(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	136,579,979,875	356,046,676	.261
2009	132,013,824,955	348,383,361	.264
2010	138,541,528,792	368,248,000	.266
2011	140,155,426,327	361,206,490	.258
2012	143,461,927,277	388,478,902	.271
Total	283,617,353,604	749,685,392	.264 (2 years credible)

**Table 1b: Classification 8810(1) with Stand-alone<sup>2</sup> Classification 9070  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	124	25,045,359	63,877	.255
2009	136	21,778,812	47,953	.220
2010	139	22,880,939	37,845	.165
2011	149	25,680,258	38,745	.151
2012	165	25,345,428	48,244	.190
Total	713	120,730,796	236,664	.196 (partially credible in 5 years)

As demonstrated above, the loss to payroll ratio for Classification 8810(1) when associated with stand-alone Classification 9070 (Table 1b), is significantly lower than the loss to payroll ratio for Classification 8810(1) based on the Classification Relativities though the data is not sufficiently credible (Table 2a).

<sup>1</sup> The Classification Relativities used in this study are from statewide ratemaking data from the January 1, 2016 Regulatory Filing.

<sup>2</sup> Stand-alone 9070 means that these employers report payroll in Classification 9070, and may report payroll in Standard Exceptions, but do not report data in any other classifications. Employers with these characteristics were identified in the WCIRB's inspection report library in order to isolate the data.

**Table 2a: Classification 8742(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	35,713,753,208	104,089,905	.291
2009	34,290,476,566	96,979,498	.283
2010	35,824,599,323	106,712,264	.298
2011	37,514,052,578	114,681,639	.306
2012	39,069,628,398	119,585,125	.306
Total	76,583,680,976	234,266,764	.306 (2 years credible)

**Table 2b: Classification 8742(1) with Stand-alone Classification 9070  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	35	4,276,160	4,543	.106
2009	34	4,683,108	0	.000
2010	39	5,114,313	5,433	.106
2011	29	5,870,366	1,441	.025
2012	43	7,397,879	12,655	.171
Total	180	27,341,826	24,072	.088 (partially credible)

As shown above, the loss to payroll ratio for Classification 8742(1) when associated with stand-alone 9070 (Table 2b), appears significantly lower than the loss to payroll ratio for Classification 8742(1) based on the Classification Relativities though the data is not sufficiently credible. (Table 2a).

**Table 3a: Classification 8810(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	136,579,979,875	356,046,676	.261
2009	132,013,824,955	348,383,361	.264
2010	138,541,528,792	368,248,000	.266
2011	140,155,426,327	361,206,490	.258
2012	143,461,927,277	388,478,902	.271
Total	283,617,353,604	749,685,392	.264 (2 years credible)

**Table 3b: Classification 8810(1) with Stand-alone Classification 8829  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	120	101,502,267	748,137	.737
2009	118	127,831,934	601,445	.470
2010	122	108,595,886	361,583	.333
2011	118	99,898,394	172,076	.172
2012	137	101,205,564	376,297	.372
Total	615	539,034,045	2,259,537	.419 (partially credible)

As demonstrated above, the loss to payroll ratio for Classification 8810(1) when associated with stand-alone Classification 8829 (Table 3b), is higher than the loss to payroll ratio for Classification 8810(1) based on the Classification Relativities (Table 3a). However, this data is only partially credible and the losses vary significantly from year-to-year. Although there is a notable difference between this data, there is a great variability in the ratio of Standard Exception employees to industry employees at these facilities depending on the size of the employer.

**Table 4a: Classification 8742(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	35,713,753,208	104,089,905	.291
2009	34,290,476,566	96,979,498	.283
2010	35,824,599,323	106,712,264	.298
2011	37,514,052,578	114,681,639	.306
2012	39,069,628,398	119,585,125	.306
Total	76,583,680,976	234,266,764	.306 (2 years credible)

**Table 4b: Classification 8742(1) with Stand-alone Classification 8829  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	14	1,975,836	4,358	.221
2009	18	1,737,888	0	.000
2010	19	1,566,567	0	.000
2011	19	2,459,242	0	.000
2012	25	5,720,306	18,040	.315
Total	95	13,459,839	22,398	.166 (partially credible)

As demonstrated above, the loss to payroll ratio for Classification 8742(1) when associated with stand-alone Classification 8829 (Table 4b) is lower than the loss to payroll ratio for Classification 8742(1) based on the Classification Relativities (Table 4a). However, this data is only partially credible and the losses vary significantly from year-to-year.

**Table 5a: Classification 8810(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	136,579,979,875	356,046,676	.261
2009	132,013,824,955	348,383,361	.264
2010	138,541,528,792	368,248,000	.266
2011	140,155,426,327	361,206,490	.258
2012	143,461,927,277	388,478,902	.271
Total	283,617,353,604	749,685,392	.264 (2 years credible)

**Table 5b: Classification 8810(1) with Stand-alone Classification 8851  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	17	2,089,308	0	0.000
2009	17	1,869,467	39,951	2.137
2010	18	1,753,236	0	0.000
2011	18	2,066,428	4,167	0.202
2012	18	2,793,606	1,099	0.039
Total	88	10,572,045	45,217	.428 (partially credible)

As demonstrated above, the loss to payroll ratio for Classification 8810(1) when associated with stand-alone Classification 8851 (Table 5b) is higher than the loss to payroll ratio for Classification 8810(1) based on the Class Relativities (Table 5a). However, this data is only partially credible and the losses vary significantly from year-to-year.

**Table 6a: Classification 8742(1)  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	35,713,753,208	104,089,905	.291
2009	34,290,476,566	96,979,498	.283
2010	35,824,599,323	106,712,264	.298
2011	37,514,052,578	114,681,639	.306
2012	39,069,628,398	119,585,125	.306
Total	76,583,680,976	234,266,764	.306 (2 years credible)

**Table 6b: Classification 8742(1) with Stand-alone Classification 8851  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	0	0	0	N/A
2009	0	0	0	N/A
2010	0	0	0	N/A
2011	0	0	0	N/A
2012	0	0	0	N/A
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>

As demonstrated above, there was no data in Classification 8742(1) associated with Classification 8851 according to the employers identified with stand-alone Classification 8851.

The Standard Exception data for the *Health and Human Services* Industry Group classifications were not consistently higher or lower than the loss data filed as part of the regulatory filing for Classifications 8810(1) and 8742(1). Given these results and the wide variation in the proportion of Standard Exception employees among employers in the affected classifications, the WCIRB is not recommending that Standard Exception employees be included in these classifications.

To determine whether Classifications 9070, 8829 and 8851 are affected when assigned in connection with other classifications, the WCIRB compared the loss to payroll ratios for the subject classifications based on the Class Relativities and compared it to the loss to payroll ratios for each of these classifications based on the employers identified with stand-alone operations with no other classifications assigned other than Classifications 8810(1) and 8742(1).

**Table 7a: Classification 9070  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	945,685,591	54,640,595	5.778
2009	929,757,890	50,176,792	5.397
2010	1,035,536,668	50,993,037	4.924
2011	998,181,155	54,042,956	5.414
2012	1,114,387,153	65,070,990	5.839
<b>Total</b>	<b>2,112,568,308</b>	<b>119,113,947</b>	<b>5.638 (2 years credible)</b>

**Table 7b: Stand-alone Classification 9070  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	315	132,987,682	5,602,823	4.213
2009	349	161,343,984	9,696,498	6.010
2010	345	167,489,558	6,560,202	3.917
2011	357	172,736,047	7,288,604	4.220
2012	402	211,867,185	12,901,717	6.090
Total	1,104	552,092,790	26,750,523	4.845 (3 years credible)

**Table 8a: Classification 8829  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	3,003,667,224	84,169,023	2.802
2009	3,210,850,226	93,629,680	2.916
2010	3,122,825,853	98,361,150	3.150
2011	3,119,695,850	99,683,828	3.195
2012	3,431,040,246	117,362,051	3.421
Total	6,550,736,096	217,045,879	3.313 (2 years credible)

**Table 8b: Stand-alone Classification 8829  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	127	771,687,682	19,700,101	2.553
2009	128	902,006,568	20,070,987	2.225
2010	130	896,104,762	27,601,014	3.080
2011	130	848,295,338	24,047,845	2.835
2012	155	1,003,873,867	31,398,104	3.128
Total	285	1,852,169,205	55,445,949	2.994 (2 years credible)

**Table 9a: Classification 8851  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2008	125,209,737	5,323,939	4.252
2009	127,914,096	6,549,064	5.120
2010	143,143,164	5,323,039	3.719
2011	150,677,956	5,646,751	3.748
2012	148,889,705	4,241,745	2.849
<b>Total</b>	<b>695,834,658</b>	<b>27,084,538</b>	<b>3.892 (5 years credible)</b>

**Table 9b: Stand-alone Classification 8851  
Payroll and Loss Experience at Policy Year 2015 Level**

Year	Number of Reports	Payroll	Losses	Loss to Payroll Ratio
2008	26	18,332,113	52,182	.285
2009	24	17,390,002	359,757	2.069
2010	26	19,411,439	269,980	1.391
2011	25	19,034,202	1,031,443	5.419
2012	22	18,147,573	855,069	4.712
<b>Total</b>	<b>123</b>	<b>92,315,329</b>	<b>2,568,432</b>	<b>2.782 (Partially Credible)</b>

In summary, as demonstrated in the tables above, the loss to payroll ratios for stand-alone Classifications 9070 (Table 7b), 8829 (Table 8b) and 8851 (Table 9b) operations are lower than the Classification Relativities data indicating that the subject classifications are negatively affected when assigned in combination with other classifiable operations.



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