



PROMPT FIRST ACTION REPORT ON WORKERS' COMPENSATION CLAIMS

IN THE WORKERS' COMPENSATION SYSTEM

CALENDAR-YEAR 2021

Minnesota Department of Labor and Industry
Workers' Compensation Division
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As requested by Minnesota Statutes § 176.223: This report cost approximately \$3,000 to prepare, including stafftime, printing and mailing expenses.

*Upon request, this material will be made available in an alternative format such as audio, Braille or large print.
Printed on recycled paper.*

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Introduction

In 1995, the Minnesota Legislature passed Minnesota Statutes § 176.223, which stated in part that the Minnesota Department of Labor and Industry (DLI) “... shall publish an annual report providing data on the promptness of all insurers and self-insurers in making first payments on a claim for injury.”

In 2020 and 2021, the Legislature amended Minn. Stat. § 176.223, renaming the “prompt payment report” to the more appropriately termed “prompt first action report.” Minnesota Statutes § 176.223 (a)(2) now states, “*prompt first action* means that an insurer commenced payment of wage loss benefits, or filed a denial of liability for an injury or for wage loss benefits, within the time frames required by section 176.221, subdivision 1 ...”

The current language in Minn. Stat. § 176.223 (b) states, “No later than March 15 of each year, beginning on March 15, 2022, the department shall publish a report providing data for each insurer on the total number of the insurer’s claims, and the number and percentage of the insurer’s claims with prompt first action. The report must be based on data that the insurer reported to the commissioner in the previous calendar year, except that the commissioner may exclude incomplete or unreliable data. The five most recent reports must be published on the department’s website.”

Minnesota Statutes § 176.223 (c) adds, “On or before January 15, 2022, and on or before each January 15 thereafter, the department must provide each insurer listed in the report with notice of the data on that insurer that the department plans to include in the report. By February 15, 2022, and by each February 15 thereafter, the insurer must electronically file corrected data with the commissioner in CAMPUS in order for it to be reflected in the March 15 report.”

Minnesota Statutes § 176.231, subdivision 1, paragraph (a), states in part, “Where ... injury occurs which wholly or partly incapacitates the employee from performing labor or service for more than three calendar days, the employer shall report the injury to the insurer on a form prescribed by the commissioner within ten days from its occurrence.” Paragraph (b) adds, “An insurer and self-insured employer shall report the injury to the commissioner no later than 14 days from its occurrence.”

If an injury has not previously been required to be reported, the insurer or self-insured employer must report the injury to the commissioner, in the manner and format prescribed by the commissioner, no later than 14 days after the date that:

- (1) any document initiating a dispute is filed under this chapter;
- (2) a rehabilitation consultation report or a rehabilitation plan is filed under this chapter; or
- (3) permanent partial disability is ascertainable under Minn. Stat. § 176.101, subd. 2a.

Minnesota Statutes § 176.221, subd. 1, states in part, “Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence.” This statute also gives insurers the same 14-day deadline to deny the claim and to

communicate this decision to the injured worker and the department. Minnesota Rules part 5220.2540, subpart 1, further applies this 14-day deadline to the first payment or denial of temporary partial benefits.

Department actions upon receipt of the data

DLI evaluates electronic data interchange (EDI) data submitted on the maintenance type codes (MTCs) beginning with the FROI 00 (original First Report of Injury) and continuing with the subsequent reports, including the IP (initial payment), EP (employer paid), PD (partial denial) and 04 (denial) to determine whether the first payment or denial of benefits is timely. The FROI 00 is used to report claimed work-related injuries and illnesses to the department, while the IP, EP, PD and 04 MTCs are used to report the acceptance or denial of the claim and to communicate information about the payment of benefits. The subsequent first action MTCs are also used to clarify or change information previously submitted with the FROI 00.

If the accepted data is inconclusive, a communication is sent asking for the missing or incomplete data (see Appendix C). A tab containing first action data is available in Work Comp Campus for each reporting entity per calendar year.

The department uses this information to publish a report showing the current calendar-year data and the performance in comparison to all insurance companies, self-insured employers and the system as a whole. For those insurers with a significant number of claims that have a performance level substantially above or below the average, the notices provide additional information.

2021 report changes

The *Prompt First Action Report on Workers' Compensation Claims* was previously based on the state of Minnesota's fiscal year. With the 2020 and 2021 legislative changes, the report is now based on calendar-year reporting.

In accordance with Minn. Stat. § 176.223 (b), which allows DLI to withhold incomplete and unreliable data, the 2021 *Prompt First Action Report on Workers' Compensation Claims* does not include claim-specific data or information. DLI is working to improve the Campus prompt-action functionality to make the 2022 report feasible.

Additionally, DLI will no longer send prompt action quarterly reports. After Campus improvements are made, DLI recommends entities reporting claims regularly review the first action Campus dashboard for timeliness designations and correct each claim with the appropriate EDI filing or contact DLI as needed. Each writing company with claims is ultimately responsible for its timeliness ratings. On or before Jan. 15 of each year, DLI will provide each insurer listed in the report with notice of the data about that insurer that DLI plans to include in the report.

2021 report conclusions

DLI is not providing a full report and associated claim-specific reporting chart about the timeliness of all entities for calendar-year 2021. However, there are important and helpful prompt first action guidelines provided in the appendices below to facilitate 2022 prompt first action reporting.

Appendix A: First action reportable

“Prompt first action reportable” includes only claims that have reported lost time beyond the three-calendar-day waiting period. Claims with time beyond the waiting period are eligible for inclusion in this annual report.

While Minn. Stat. § 176.231 was amended to expand more instances when a claim is required to be filed, this report will only include claims that meet the reportable criteria that require payment or denial.

Additionally, since the claim reporting changes to Minn. Stat. § 176.231 have complicated the instances of early claims reporting, such as claim petitions, medical disputes and rehabilitation plans, it is best practice for reporting entities to file a first action MTC in most instances, to provide claim reporting clarity.

Appendix B: Minnesota explanation of terms and scenarios

Lost time or disability status

Lost time or disability status is any claimed lost time or lost wages due to a work-related injury. If an employee misses any time during a work day – even if they are paid for that time by the employer – this is considered lost time or disability.

Waiting period

The waiting period starts on the first date of disability, which includes the first day where any fraction of time missed from work occurs, plus the next two consecutive calendar days. Any claimed disability beyond those days makes the claim reportable and falls within the first action requirements.

Claim-specific first action scenarios

1. If an employee is injured and the employer continues to pay the employee’s wages during the lost time, then submit an EP (employer paid transaction) with the employer paid temporary total benefit calculation rather than an IP (initial payment transaction). The scenario is also known as the *full wage continuation* claim that may later change to become a regular indemnity claim.
2. When an employee is injured but does not lose any time from work and is receiving only medical care, the claim is reported using the M (medical-only) claim type code. If the employee has any claimed lost time related to the injury, including any time to seek medical treatment, then the claim is reported with claim type codes I (indemnity for lost time) or W (lost time with no paid indemnity).

3. When an employee is injured and only loses time during the waiting period, the claim should be reported with claim type code W (lost time with no paid indemnity). The code applies to claims that are accepted or denied.
4. When an employee is injured and has no claimed lost time, or only lost time within the waiting period, but then is paid indemnity, the claim type code reporting is P (indemnity for no lost time beyond waiting period).
5. Campus does not require the initial date of disability to report claims. If the date is populated without an initial return-to-work date within the waiting period and no initial action MTC is received by Campus, DLI will seek clarification. If an external claim system requires the initial date of disability to report a claim that shows claimed lost time beyond the waiting period, speak with your internal EDI or IT team to ensure this is fixed.
6. If an insurer or third-party administrator acquires a claim, take the following steps.
 - a. If the claim was previously reported, an AQ (acquired claim) MTC should be submitted. If match data or other information is missing, then questions can be directed to dli.edi@state.mn.us. If the AQ is rejected, the AU transaction applies (see below). Any questions surrounding acquired claims should be directed to the EDI team to ensure duplicate claims are not created.
 - b. If the claim was not previously reported, an AU (acquired/unallocated) MTC should be submitted.
7. Duplicate claims in Campus are created when a FROI 00 or AU are submitted instead of the FROI UR or AQ on claims that were previously reported.
8. When a claim is required for instances other than claimed lost time or wages beyond the waiting period, such as claim petitions, medical disputes and rehabilitation plans, it is a Campus best-practice to report a first action MTC.
9. The first action MTCs:
 - a. IP – initial payment;
 - b. EP – employer paid;
 - c. 04 – denial; and
 - d. PD – partial denial.
10. The date of the first payment in the payment segment on an IP (initial payment) transaction will determine the IP first action timeliness. The date received for MTC 04 and PD will determine the other claim timeliness. Employer-paid claims are always considered timely.

Appendix C: Example first action claim-specific letter

During the calendar year, claim reporters may receive correspondence from DLI requesting first action claim-specific clarifications as represented in the example letters below.



Date: {{ todays date }}

{{ Claim Admin }}

JCN number: CL - {{ Claim Number JCN }}

{{ Insurer }}

Employee: {{ EE }}

Date of Injury: {{ DOI }}

IR claim #: {{ Claim Nmbr }}

Transaction ID:

THE WORKERS' COMPENSATION DIVISION REQUESTS THE FOLLOWING INFORMATION

On {{ FROI received date }} we received a First Report of Injury (FROI 00) on the above claim showing the first date of lost time as {{ Initial date of disability }}, and no return to work date within the three-day waiting period.

Please submit the appropriate EDI transaction to indicate the initial action on the claim. This could be one of the following:

IP (Initial Payment)
EP (Employer Paid)
PD (Partial Denial)
04 (Denial)

Or, if the lost time dates submitted on the above FROI are in error, please send an amended EDI transaction to update the information.

**All responses and documents must be filed through Campus.
Failure to respond to this request within 30 days may result in penalties under M.S. § 176.194.**

Requested by:
Lynne Knowles, Management Analyst - EDI
Phone: 651.284.5390

Date: {{ todays date }}

{{ Claim Admin }}

JCN number: CL - {{ Claim Number JCN }}

{{ Insurer }}

Employee: {{ EE }}

Date of Injury: {{ DOI }}

IR claim #: {{ Claim Nmbr }}

Transaction ID:

THE WORKERS' COMPENSATION DIVISION REQUESTS THE FOLLOWING INFORMATION

On {{ FROI Received date }}, we received a First Report of Injury, (FROI 00), on the above claim showing the first date of lost time as {{ Initial date of disability }} and the return to work date as {{ Initial RTW date beyond WP }}, which is beyond the three-day waiting period.

Please submit the appropriate EDI transaction to indicate the initial action on the claim. This could be one of the following:

IP (Initial Payment)
EP (Employer Paid)
PD (Partial Denial)
04 (Denial)

If the report of lost time was sent in error, please submit a PD to update the dates and provide an explanation.

**All responses and documents must be filed through Campus.
Failure to respond to this request within 30 days may result in penalties under M.S. §
176.194.**

Requested by:
Lynne Knowles, Management Analyst - EDI
Phone: 651.284.5390