Wyoming Workers' Compensation

Experience Modification Rate (EMR)

Joint Transportation Committee

May 4, 2026

Overview

Employers Pay Premiums

Employers pay premiums to the Workers' Compensation Fund to provide coverage for lost wages and medical bills when an on-the-job injury occurs.

All "extrahazardous" industries shall have coverage; non-extrahazardous may elect coverage (or purchase through the private market). This is based on NAICS codes.

Workers' Compensation Fund

(Article 10, Section 4(c) of the Wyoming Constitution)

Wyoming, Ohio, North Dakota, and Washington are all exclusive state fund workers' compensation systems.

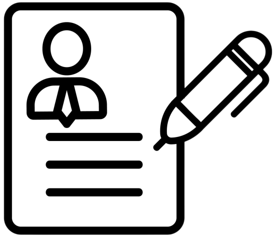
Reduced Medical Costs and Receive Protection

(Wyo. Stat. Ann. § 27-14-104)

Employers receive reduced medical costs and are protected against lawsuits from their injured employees, "Exclusive Remedy."

Overview

Workers' Compensation is outlined in Wyo. Stat. Ann. §§ 27-14-101 through 27-15-103. This is referred to as "The Act."



Employers Register with the State

(Wyo. Stat. Ann. § 27-14-207(a))

Employers doing business in Wyoming need to register with Workers' Compensation.

NAICS Code Identified

(Wyo. Stat. Ann. § 27-14-108)

From the registration, it is then determined what NAICS code the employment falls under and whether it is required or optional coverage.

Workers' Compensation Employer Premium Calculation

Total Employer Payroll / 100 x EMR x Base Rate

Once a business is assigned to a specific risk classification(s), the final workers' compensation premium is calculated using the above formula that factors in the employer's total payroll, an experience modification rating (EMR or "e-mod"), and the base rate for its industry.

Employers may have multiple NAICS codes depending on the jobs.

Base Rates for NAICS Codes

Actuary Conducts Analysis

Wyo. Stat. Ann. § 27-14-201(c) requires an **annual** ratemaking process and analysis by a qualified actuary.

144 NAICS classes, (a.k.a. "codes") receive a base rate calculation.

Public Hearing

Annual public hearing held for the base rate adjustments.

Governor's Approval

Base rate adjustments require the Governor's approval prior to implementation.

Used for premium payment calculations.

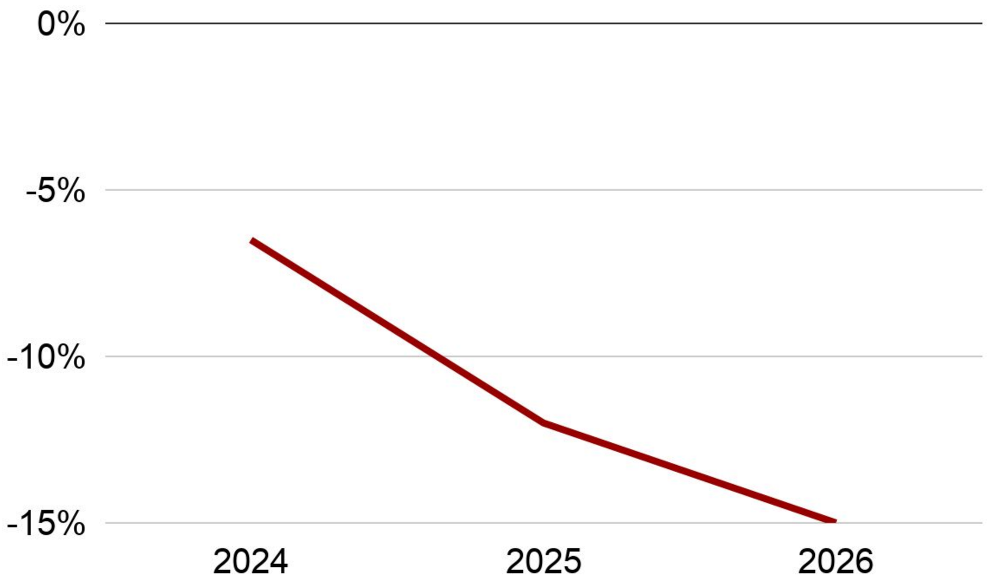
(Base Rates can be further reduced depending on safety programs employers qualify for.)

Base Rate Trends

Base Rates have continued a **downward trend** over the last decade.

Most recent overall rate reductions:

- 2024, -6.5%
- 2025, -12%
- 2026, -15%



Experience Modification Rating

("E-Mod" or EMR)

At its most basic level, "E-Mod" is a ratio of *actual*-to-*expected* losses.

*Employer with a lower than 1.0, pays **less premium** (lowers the industry base rate).*

(Example: 0.65)

Less than

1.0

Greater than

*Employer with higher than 1.0 pays a **higher premium** (above the industry base rate).*

(Example: 1.567)

(Typically, employers with a 1.0 EMR are newer employers that have not yet built the claims experience history required for rating.)

Experience Modification Rating

(“E-Mod” or EMR)

- *EMR adjusts the industry base rate up or down depending on the* ***three-year*** *experience history of an employer.*
- *Takes into account the unique claims history of an employer.*
- *Produces a premium cost that is the best indicator of an employer’s future* <u>*monetary*</u> *risk for accidents.*
- *The EMR* ***is not*** *an indicator of a company’s safety practices.*

What affects an employers' EMR?

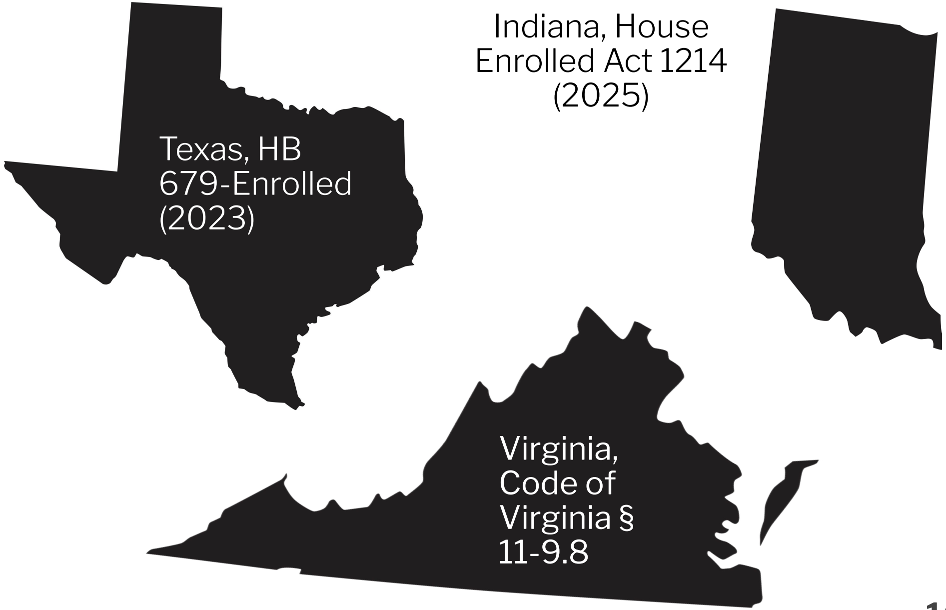
- Three-year claim history.
- The overall company size (number of employees & payroll).
- The type of business (the NAICS classification).
- Total aggregate losses vs. expected losses.
- Each individual loss amount vs. expected losses.
- If an injury/event is chargeable or non-chargeable, i.e., third-party recovery.

EMR & The Bidding Process

General contractors often require a bidding subcontractor's EMR rating to (incorrectly) gauge safety practices.

EMRs above a 1.0 are often **excluded** from bidding.

Three states have passed legislation limiting the use of EMRs in letting contracts or as a basis for considering bids: Texas, Virginia, and Indiana.



Why is an employer's EMR not an accurate safety metric?

- EMR is an insurance metric used to recoup claim expenses.
- The EMR is considered a lagging indicator and not a reliable metric to predict future safety practices on its own.
- EMR measures accident costs, not necessarily the effectiveness of a company's safety program.
- That data is stale. Claims don't start affecting the EMR until 12 months after they happen. For example, for the 2026 rate year, claims with DOI from Jan. 1, 2022 – Dec. 31, 2024 are considered.

What are more accurate safety metrics?

Good safety metrics look **forward** and focus on **preventing injuries**. Often referred to as leading indicators, these metrics show a commitment toward continuous improvement:

- Safety Culture Assessments
- Written Safety Plans
- Safety Training
- Leadership Engagement
- Hazard Identification and Mitigation

Although considered a lagging indicator, the **Total Recordable Incident Rate** (TRIR), combined with **leading indicators**, gives a better picture of a company's safety practices because it is consistent across all states and uses last 12 months of injury data.

Wyoming Employer Statistics

17,444

Registered & Active Employers in the Workers' Compensation System

1,751

Employers have an EMR of 1.0 or above.

Of these, **1,526** are actually above a 1.0 EMR. Roughly 9% of total employers.

NAICS codes for these employers vary, but a fair number are in a **construction-type** industry.

Considerations

- ➔ EMR use limitations - HB 168 (2026); W.S. 27-14-201 and new section W.S. 27-14-208.
- ➔ EMR buy-down option for those enrolled in discount safety programs. Likely new section in W.S. 27-14-201.
- ➔ Change to a net deductible program vs. base rate discount model. Current method outlined W.S. 27-14-201 (t).
- ➔ Chargeability determination authority for the Division - HB 168 (2026), Section 2. W.S. 27-14-201.
- ➔ 2027 EMRs will add language, noting that the EMR is not a reliable safety metric.

Questions?

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