



Pennsylvania Compensation Rating Bureau

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September 27, 2019

VIA SERFF

THE HONORABLE JESSICA ALTMAN
INSURANCE COMMISSIONER
COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
11311 STRAWBERRY SQUARE
HARRISBURG PA 17120

Attention: Michael McKenney, Actuarial Supervisor, Property & Casualty Bureau

**RE: PCRB Filing No. 306 – Proposed Effective April 1, 2020
Proposed Classification Change – Discontinue Code 894, Alternative School, and
Reassign the Operations Contemplated by that Classification from Code 894 to
Code 965, College or School, N.O.C.**

Dear Commissioner Altman:

Resulting from a staff review and on behalf of the members of the Pennsylvania Compensation Rating Bureau (PCRB), we hereby submit the proposed filing for revisions to the Pennsylvania Workers' Compensation Manual of Rules, Classifications and Rating Values for Workers' Compensation and Employers Liability Insurance (Basic Manual). These revisions are proposed to take effect for policies with effective dates of April 1, 2020 or later. This proposed effective date coincides with changes resulting from the PCRB's normal annual comprehensive loss cost revision, which will be filed with the Insurance Department at a later date. This coordination consolidates necessary changes that our members and other constituents must make to policies, forms and systems. This proposal will impact the premium of effected employers.

Code 894 was created effective December 1, 1999 and is applied to employers principally engaged in the operation of educational facilities for students who cannot learn effectively in or have been removed from the standard school setting. PCRB staff's study of Code 894 was prompted by an informal employer appeal submitted by the operator of a school for children with autism. This employer objected to the inclusion of their organization in the same classification as schools for court adjudicated youth and requested reclassification from Code 894 to Code 965, College or School, N.O.C., the classification applied to standard or those considered as "mainstream" schools. Staff disapproved the employer's informal appeal on the basis of current classification procedure. The employer then formally appealed to an Appeals Subcommittee of the PCRB's Classification and Rating Committee. The Appeals Subcommittee voted to sustain PCRB staff's classification of the employer to Code 894 and to deny the employer's request for reclassification from Code 894 to Code 965. The employer subsequently filed an appeal with the Commissioner, which is pending as of the date of this filing.

Regardless of the adjudication of the above referenced employer's appeal, staff had determined that a study of Code 894 was warranted in view of the employer's comments. Staff's background research found that the classification of alternative schools was inconsistent, with some being classified to Code 965, some to Code 894 and lastly some to Code 893,

The Honorable Jessica Altman
Commonwealth of Pennsylvania
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Intermediate Unit. This suggested that there is a general misunderstanding of the scope and differentiation of Code 894.

The Code 894 study included a file by file review which divided Code 894 employers into two study groups – schools for children with an intellectual, developmental or physical disability (including schools for autistic children) and schools for court adjudicated or disruptive youth. Pursuant to an historical experience comparison and statistical testing, staff determined that it was not inappropriate to assign the two employer groups to the same classification. Staff then considered whether it was appropriate to continue Code 894 or if it was feasible to discontinue Code 894 altogether and to reassign the operations contemplated by that classification from Code 894 back to Code 965 in view of the above referenced administrative concerns. Staff concluded that despite efforts to make the Code 894 Basic Manual classification description clear and unambiguous, there remains a significant degree of misunderstanding regarding the scope and application of Code 894. Staff recommends that Code 894 be discontinued and that the employers classified thereto be reclassified from Code 894 to Code 965 effective upon each impacted employer's first policy with an effective date of April 1, 2020 or later. Staff maintains that the employers assigned to Code 894 and to Code 965 operate in the same general field of business – the operation of an institution of learning.

Staff created an historical experience exhibit showing the effect of combining employers classified to Code 894 into the April 1, 2019 Code 965, it shows impact it will have on the Code 965 loss cost value. That exhibit indicated that Code 965 would have a new loss cost value of \$0.38. The April 1, 2019 approved PCRB loss costs are \$0.37 for Code 965 and \$1.28 for Code 894. Thus, the merger of Code 894 into Code 965 would result in a rating value decrease of 70.31% for the employers presently classified to Code 894 and a rating value increase of 2.7% for employers presently classified to Code 965. Staff acknowledges that the Code 965 rating value that will be in effect on April 1, 2020 will differ from that contained in the historical experience exhibit due to the PCRB's annual comprehensive loss cost filing as referenced above.

Details of this filing are provided in PCRB's September 9, 2019 staff memorandum and September 9, 2019 executive summary, which are included as part of this filing. The memorandum and executive summary describe and explain the reasoning for the proposed revisions. The memorandum, executive summary and proposals were distributed to the PCRB Classification and Rating Committee by mail advisory on September 9, 2019. PCRB received no Committee member comment regarding this proposal (either in favor or against) by the end of the review period. PCRB considers Committee members not responding within the designated review period to be in favor of the proposal.

Thank you in advance for your review and attention to this filing. The PCRB is pleased to answer any questions your or the Insurance Department staff may have regarding these proposals.

Sincerely,

William V. Taylor
President

Enclosure: September 9, 2019 Staff Memorandum and September 9, 2019 Executive Summary
Revisions to Section 2



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TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: September 9, 2019

RE: **Executive Summary** – Classification Study Report – Code 894, Alternative School

The PCRB has completed a study of Code 894. Code 894 is applied to employers principally engaged in the operation of educational facilities for students who can not learn effectively in or have been removed from the standard school setting. The study was prompted following an employer appeal submitted by the operator of a school for children with autism. The employer objected to the inclusion of their organization in the same classification as schools for court adjudicated youth and requested reclassification from Code 894 to Code 965, College or School, N.O.C., the classification which applies to standard or “mainstream” schools. PCRB staff disapproved the employer’s informal appeal on the basis of the current classification procedure. The employer then formally appealed to the Appeals Subcommittee of the Classification and Rating Committee. The Appeals Subcommittee voted to sustain PCRB staff’s classification of the employer to Code 894 and to deny the employer’s request for reclassification from Code 894 to Code 965. The employer subsequently filed a formal appeal with the Pennsylvania Insurance Commissioner (Commissioner). As of this date the appeal is pending before the Insurance Commissioner.

The results of the employer’s appeal notwithstanding, the PCRB felt that a review of the scope and application of Code 894 was warranted in view of the employer’s comments. Staff’s background research found that the classification of alternative schools was inconsistent, with some being classified to Code 965, some classified to Code 894 and some classified to Code 893, Intermediate Unit. This suggested that there is a general misunderstanding of the scope of Code 894.

The Code 894 study file by file review divided the Code 894 employers into two study groups: 1) schools for children with an intellectual, developmental or physical disability (including schools for autistic children); and 2) schools for court adjudicated or disruptive youth. Pursuant to an historical experience comparison and statistical testing, staff determined that it was not inappropriate to assign the two employer groups to the same classification.

Staff then considered whether it was appropriate to continue Code 894 or if it was feasible to discontinue Code 894 and to reassign the operations contemplated by that classification from Code 894 back to Code 965 in view of the above referenced administrative concerns. Staff concluded that despite efforts to make the Code 894 Basic Manual classification description clear and unambiguous, there remains a significant degree of misunderstanding regarding the scope and application of Code 894. Staff concluded and recommends that Code 894 be discontinued and that the employers classified thereto be reclassified from Code 894 to Code 965 effective upon each impacted employer’s first policy with an effective date of April 1, 2020 or later. Staff maintains that the employers assigned to Code 894 and to Code 965 do operate in the same general field of business – the operation of an institution of learning.

To illustrate the impacts of this conclusion, staff created an historical experience exhibit showing the effect of combining employers classified to Code 894 into the April 1, 2019 Code 965 Class Book Page will indicate the Code 965 loss cost value. In that exhibit adjusted Code 965 indicates a loss cost of \$0.38. The April 1, 2019 approved PCRБ loss costs are \$0.37 for Code 965 and \$1.28 for Code 894. Thus, the merger of Code 894 into Code 965 would result in a rating value decrease of 70.31% for the employers presently classified to Code 894 and a rating value increase of 2.7% for employers presently classified to Code 965. The rating values cited herein will likely differ from those that will be in effect on April 1, 2020 given the PCRБ's annual comprehensive loss cost filing, to be filed with the Department at a later date with a proposed effective date of April 1, 2020.



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TO: Pennsylvania Compensation Rating Bureau Classification & Rating Committee

FROM: Robert Ferrante, Senior Classification Analyst – Technical Services

DATE: September 9, 2019

RE: Class Study Report – Code 894, Alternative School

INTRODUCTION AND CLASS HISTORY

Code 894 was created effective for new and renewal business as of December 1, 1999 and later as announced in PCRB Circular No. 1400, dated August 12, 1999. The creation of Code 894 developed from a PCRB study of Code 965, presently titled “College or School, N.O.C.” The PCRB concluded from the Code 965 study results that the scope of Code 965 was overly broad and recommended that Code 965 be focused to academic, trade or vocational institutions of learning. To achieve this focusing of Code 965, the PCRB recommended the creation of four new and separate classifications for operations formerly classified to Code 965: Code 891, Pre-School Child Care or Early Education Services, Code 892, Early Intervention for Infants and Toddlers, Code 893, Intermediate Unit (Special Education), and Code 894. Codes 965, 891, 892, 893 and 894 are all designated “all employees, including office” meaning that these classifications do not permit a division of payroll with either standard exception classification – Code 951, Salesperson – Outside, or Code 953, Office.

Code 894 is applied to employers principally engaged in the operation of educational facilities for students who cannot learn effectively in or have been removed from the standard school setting. There are currently 89 employers on the PCRB’s database reporting payroll to Code 894. The Code 894 classification description from the Pennsylvania Workers’ Compensation Manual of Rules, Classifications and Rating Values (Basic Manual) is reproduced below:

Applicable to employers operating educational facilities for youth who cannot learn effectively in or who have been removed from the standard school setting. The students may be referred by school districts, youth services or other agencies because of intellectual and/or developmental disability or behavior problems (e.g., truancy, drug or alcohol abuse and/or violent or destructive behavior). The facility may be a day school or a boarding school.

Also applicable to employers who operate educational facilities for court adjudicated youth. An educational facility for court adjudicated youth is operated in a guarded environment with strict disciplinary rules. Attendance in such facility may be court mandated in lieu of a prison sentence.

Further included are employers who operate educational facilities for children diagnosed with an intellectual and/or developmental disability or psychological and behavior issues.

The academic curriculum provided by these facilities is typically similar to that provided by public school districts or private schools, but with a greater emphasis upon counseling or other services specific to the facility’s student population. Classroom activities are geared toward helping older students pass their high school equivalency test or obtain a high school diploma.

The scope of Code 894 has not been revised since this classification's inception. The PCRB has periodically revised the Code 894 Basic Manual language for clarity. Notably, effective April 1, 2017 the PCRB re-titled Code 894 from its original title of "School for Disturbed or Delinquent Children" to "Alternative School" as a result of an inquiry submitted by the insurance agent for an employer classified to Code 894 who opined that the original classification title was insensitive and outdated. The revised title "Alternative School" was settled upon as staff felt it adequately conveyed the non-mainstream nature of the schools assigned to this classification and had a less negative connotation. The aforementioned agent and their insured agreed. The title "Alternative School" is not derived from any formal nomenclature appearing in the Pennsylvania Code.

CLASSIFICATION PROCEDURE IN OTHER JURISDICTIONS

Staff reviewed classification procedure in effect in states under the jurisdiction of the National Council on Compensation Insurance, Inc. (NCCI) and in the independent bureau state of California (under the jurisdiction of the Workers' Compensation Insurance Rating Bureau (WCIRB)). Neither jurisdiction has a classification specific to the operations that the PCRB classifies to Code 894. Both jurisdictions assign those operations to Code 8868, which is equivalent to PCRB Code 965. NCCI Code 8868 is titled "College – Professional Employees and Clerical" and applies to both public and private academic, trade or vocational institutions of learning. WCIRB Code 8868 is titled "Colleges or Schools – Private" and is focused to private academic, trade or vocational institutions of learning. WCIRB classifies public schools to Code 8875 (1), Public Colleges or Schools.

BACKGROUND AND OBJECTIVES

The present review of Code 894 was prompted by an employer appeal. On December 23, 2015 the employer's compensation carrier petitioned the PCRB to review the employer's classification assignment. At the time of the carrier inquiry, the employer was classified to Code 893. Code 893 is a focused classification, applying only to an Intermediate Unit established by the Pennsylvania General Assembly (Title 24, Article IX – A, Intermediate Units). An Intermediate Unit is a regional service agency engaged in providing programs and services to the Pennsylvania school districts. While the programs and services of an Intermediate Unit can include the operation of alternative schools, they are not focused to such and can also involve a wide range of programs that may include but are not necessarily limited to Head Start, child day care and Early Intervention. The PCRB's February 26, 2016 survey of the appellant employer's operations confirmed that the employer is not one of the Commonwealth designated Intermediate Units. The employer operates a school for autistic children. Staff concluded that such operations are properly classified to Code 894 in view of the Code 894 Basic Manual classification description which states that "...educational facilities for children diagnosed with an intellectual and/or developmental disability or psychological and behavior issues..." are included within the scope of Code 894. The PCRB reclassified the employer's school effort from Code 893 to Code 894 effective upon the employer's first policy with an effective date of May 1, 2017 or later. The employer's agent subsequently submitted an inquiry to the PCRB on March 19, 2018 requesting a reevaluation the employer's classification assignment and recommended authorization of Code 965 in place of Code 894. The agent's inquiry provided information on three additional school operators that the agent characterized as competitors of the employer's but who were classified to Code 965. The PCRB disapproved the agent's request, citing the Code 894 Basic Manual language referenced above, and advised that staff would review the

classification assignments of the cited competitors. The employer then submitted their formal appeal to the PCRB on January 16, 2019. The employer presented their appeal to an Appeals Subcommittee of the Classification and Rating Committee on March 27, 2019. The Appeals Subcommittee voted to sustain PCRB staff's classification of the employer to Code 894 and to deny the employer's request for reclassification from Code 894 to Code 965. The employer subsequently filed an appeal with the Pennsylvania Insurance Commissioner (Commissioner). As of the date of this report that appeal is pending before the Commissioner.

While the above referenced employer is properly classified to Code 894 on the basis of current classification procedure, staff felt that a review of the scope and application of Code 894 was warranted in view of the employer's comments. In particular, the employer stated that schools for autistic children should not be assigned to the same classification as schools for "volitionally violent" children (e.g., schools for court adjudicated youth). Staff's background research included a review of the Commonwealth's list of Approved Private Schools. The Approved Private Schools are private schools licensed by the State Board of Private Academic Schools and are approved by the Secretary of Education to provide a free and appropriate education for students with severe disabilities. Staff would characterize schools on this list as non-mainstream or "alternative" schools but found that the classification of those schools was inconsistent, with some being classified to Code 965, some classified to Code 894 and some classified to Code 893. This suggested to staff that there is a misunderstanding of the scope of Code 894 on the part of agents, employers and carriers, and an internal mismanagement of the application of Code 894. Staff's review further revealed that in the course of the PCRB's 1999 Code 965 study staff did not compare the historical experience of schools for autistic children (and schools for children diagnosed with some other intellectual and/or developmental disability or psychological and behavior issue) to the historical experience of schools for court adjudicated youth, and did not perform statistical testing to determine whether or not there were significant statistical differences between the two employer groups. A review of the 1999 Code 965 study also indicated that there were Code 965 study groups comprised of employers conducting operations that may also be reasonably characterized as "non-mainstream" or as alternatives to the school districts but were not targeted for reclassification from Code 965 to Code 894 effective upon the Commissioner's approval of the Code 965 study recommendations. Those employers operated schools for the "learning disabled," schools for children with cerebral palsy, and schools for the deaf and for the blind. There is no comment in the April 29, 1999 Code 965 study report regarding these employer groups or an explanation as to why they were not considered for reclassification from Code 965 to Code 894.

The objective of this study is to identify the various employer groups presently classified to Code 894. By doing so, staff can determine if it is appropriate to assign those employer groups to the same classification, or if one or more Code 894 employer group should be reclassified from Code 894 to another, existing classification i.e., Code 965. As part of that analysis, staff hopes to determine whether the historical experience of any individual Code 894 employer group is responsible for the relatively high Code 894 PCRB loss costs in comparison to the Code 965 PCRB loss costs.

ANALYSIS

Staff performed a file by file review of the 89 employers reporting payroll to Code 894. The file by file review divided those employers into the study groups shown in the following table.

Study Group	Description	No. of Employers
1	Schools for Children With an Intellectual, Developmental or Physical Disability	33
2	Schools for Court Adjudicated or Disruptive Youth	35
3	Misclassified	13
4	No Current Coverage/Unable to Determine (NCC/UTD)	3
5	Multiple Enterprise	1
6	Not Group Assigned	4

Study Group 1 consists of schools for children with an intellectual, developmental or physical disability (and where the school is not principally engaged in providing educational services to children with one particular disability) (20 employers), schools for children diagnosed with autism (10 employers), 1 school for children with cerebral palsy, and schools for children with a learning disability (2 employers). Study Group 2 consists of schools where attendance is mandatory in lieu of a prison sentence (13 employers), schools for disruptive youth who are referred by the school districts (15 employers), schools for truant youth (5 employers) and schools for youth dealing with alcohol or substance abuse issues (2 employers).

The 13 employers in Study Group 3 were determined to be misclassified to Code 894. The employers in Study Group 3 were reclassified from Code 894 to each employer's applicable business classification(s). The employers in Study Group 4 had no record of current compensation coverage at the time of the file by file review, and had no information in their PCRB files that would allow staff to slot them to one of the field of business study groups. The one employer in Study Group 5 operates multiple schools, all of which are properly classified to Code 894 presently but which would be subject to assignment to different Code 894 study groups. Thus, this employer was not slotted to one of the field of business study groups. The 4 employers in Study Group 6 were not assigned to one of the Code 894 study field of business study groups because the employer did not respond to the PCRB's Code 894 study Description of Operations Questionnaire.

HISTORICAL EXPERIENCE COMPARISON AND T-TESTS

Staff developed several Code 894 historical experience exhibits for this study. The historical experience exhibits are based on the PCRB's April 1, 2019 loss cost filing as approved by the Pennsylvania Insurance Commissioner. Only those historical experience exhibits cited in the report are attached. The exhibits are attached in the sequence in which they are first cited. The indicated loss costs found at the bottom of the historical experience exhibits have not been loaded with the loss based Commonwealth assessments (e.g., the Subsequent Injury Fund, the Supersedeas Fund and the Administrative Fund) or the revenue neutral plans (e.g., the Merit Rating Plan and the Certified Safety Committee Credit Program) that are part of the PCRB's April 1, 2019 loss cost filing. Payroll figures in the exhibits are rounded to the nearest thousand dollars.

In addition to historical experience exhibits, this study includes paired t-test analyses to determine when there is a natural correspondence or “pairing” of specific observations between study groups. The t-test reduces the two samples to one by examining the differences between the observations in the two groups. The advantage to this approach is that variation within the groups does not mask the difference between their means as much as if the two groups were not paired. T-tests were run for reported pure premium, claim frequency (per million dollars of payroll) and claim severity (excluding medical only). For these tests, a value of .0500 or less is considered as indicating significant statistical difference.

Given the aforementioned appellant employer’s comment that schools for autistic children should not be assigned to the same classification as schools for “volitionally violent” children (e.g., schools for court adjudicated youth), staff compared the historical experience of Exhibit 1 to the historical experience of Exhibit 2, attached in the order shown in the following table.

Exhibit No.	Exhibit Title
1	Schools for Children With an Intellectual, Developmental or Physical Disability
2	Schools for Court Adjudicated or Disruptive Youth

The historical experience comparison is summarized in the following table:

Exhibit No.	Reported Premium	Pure	Indicated (Pre-Test)	Indicated (Post Test)
1	1.279		1.345	1.345
2	1.789		1.681	1.681

The historical experience comparison shows the experience of Schools for Children With an Intellectual, Developmental or Physical Disability to be somewhat favorable in relation to Schools for Court Adjudicated or Disruptive Youth for reported pure premium, indicated (pre-test) pure premium and indicated (post-test) pure premium, though perhaps not to the degree that the appellant employer had suggested.

The t-test run for this analysis is as follows:

Exhibit No.	Exhibit Title
3	T-test Comparing Exhibit 1 (Schools for Children With an Intellectual, Developmental or Physical Disability) to Exhibit 2 (Schools for Court Adjudicated or Disruptive Youth)

The t-test results are shown in the following table:

Exhibit No.	Reported Premium	Pure	Claim Frequency	Claim Severity
3	0.4384		0.4339	0.2227

Exhibit 3 shows no significant statistical difference between Exhibit 1 and Exhibit 2 for reported pure premium, claim frequency or claim severity. Pursuant to the historical experience comparison and t-test analysis, staff concludes that it is not inappropriate to assign schools for children with an intellectual, developmental or physical disability to the same classification as schools for court adjudicated or disruptive youth. Both groups of schools may be viewed as alternatives to the school districts which focus on the special needs of their respective student bodies.

Having concluded that assigning schools for children with an intellectual, developmental or physical disability and schools for court adjudicated or disruptive youth to the same classification is not inappropriate, staff then conducted an analysis to determine if it was appropriate to continue Code 894 or if it was feasible to discontinue Code 894 and to reassign the operations contemplated by that classification from Code 894 back to Code 965 in view of the administrative concerns discussed earlier in the report. This analysis included a comparison of the historical experience of the below exhibits.

Exhibit No.	Exhibit Title
4	Schools for Children With an Intellectual, Developmental or Physical Disability and Schools for Court Adjudicated or Disruptive Youth
5	April 1, 2019 Code 965 Class Book Page

Exhibit 4 is combination of Exhibit 1 and Exhibit 2. The results of the historical experience comparison are shown in the following table:

Exhibit No.	Reported Premium	Pure	Indicated (Pre-Test)	Indicated (Post Test)
4	1.495		1.484	1.484
5	0.392		0.389	0.389

The historical experience comparison shows the experience of Exhibit 4 to be unfavorable in relation to the April 1, 2019 Code 965 Class Book Page for reported pure premium, indicated (pre-test) pure premium and indicated (post-test) pure premium.

The t-test run for this analysis is as follows:

Exhibit No.	Exhibit Title
6	T-test Comparing Exhibit 4 (Schools for Children With an Intellectual, Developmental or Physical Disability and Schools for Court Adjudicated or Disruptive Youth) to Exhibit 5 (April 1, 2019 Code 965 Class Book Page)

The t-test results are shown in the following table:

Exhibit No.	Reported Premium	Pure Claim Frequency	Claim Severity
6	0.0261	0.0051	0.7149

The t-tests indicate significant statistical differences between Exhibit 4 and Exhibit 5 for reported pure premium and claim frequency but not claim severity.

Staff notes that Code 965 is a sizable classification, presently comprised of 7,107 employers that report a five year total payroll of \$64,885,554,000. Those 7,107 employers may be segmented into a number of different educational facility subgroups contemplated by Code 965, including but not limited to colleges or universities, public school districts, charter schools and trade and vocational/technical schools. In staff’s opinion, any employer group segmented from Code 965 could potentially show different (i.e., better or worse) experience than the remainder of the classification. Such variances in the historical experience of the various employer groups contemplated by Code 965 are to be expected given the size of Code 965, as would be variances in the results of any statistical tests run for any of these employer subgroups against the remainder of Code 965. That does not necessarily mean that such segmented employer groups should be reclassified from Code 965 to another classification, particularly since all of these groups are in the same general field of business – the operation of an academic, trade or vocational institution of learning.

CONCLUSION AND RECOMMENDATION

Staff concludes that despite efforts to make the Code 894 Basic Manual classification description clear and unambiguous, there remains a significant degree of misunderstanding regarding the scope and application of Code 894. Staff recommends that Code 894 be discontinued, and that the employers classified thereto be reclassified from Code 894 to Code 965 effective upon each impacted employer’s first policy with an effective date of April 1, 2020 or later. Staff acknowledges that there are certain operational characteristics that distinguish employers classified to Code 894 from those classified to Code 965 (particularly an emphasis on counseling, therapy and security for employers classified to Code 894) but maintains that such could be said for any of the employer subgroups contemplated by Code 965. The employers assigned to Code 894 and to Code 965 are in the same general field of business – the operation of an institution of learning. The intent of the classification system is to group

together businesses operating in a reasonably similar manner to ensure that the cost of the workers' compensation system is fairly distributed among employers. The reassignment of employers presently classified to Code 894 from Code 894 to Code 965 does not compromise the objective of the 1999 PCRБ study to focus Code 965 to academic, trade or vocational institutions of learning, as the employers presently classified to Code 894 are engaged in such operations. Further, the creation of Code 894 may have been predicated on an incomplete accounting of the types of schools intended to be contemplated by that classification given that certain types of "alternative" schools were not targeted for reclassification from Code 965 to Code 894 effective upon the Commissioner's approval of the Code 965 study recommendations as alluded to earlier in the report.

PCRБ's actuarial staff created an historical experience exhibit that shows the effect that combining Exhibit 4 with the April 1, 2019 Code 965 Class Book Page will have on the Code 965 loss cost value (Exhibit 7 attached). The historical experience exhibit results in a Code 965 indicated loss cost of \$0.38. The April 1, 2019 approved PCRБ loss cost for Code 965 is \$0.37. The approved April 1, 2019 Code 894 PCRБ loss cost is \$1.28. Thus, the merger of Code 894 into Code 965 would result in a rating value decrease of 70.31% for the employers presently classified to Code 894 and a rating value increase of 2.7% for employers presently classified to Code 965. The rating values cited herein will likely differ from those that will be in effect on April 1, 2020 given the PCRБ's annual comprehensive loss cost filing, to be filed with the Department at a later date with a proposed effective date of April 1, 2020. Staff acknowledges that the rating value decrease of 70.31% that employers reclassified from Code 894 to Code 965 would experience exceeds the April 1, 2019 maximum decrease of 38% for an Industry Group 3 classification but maintains that this action is warranted for reasons discussed above and due to the minimal impact such change would have on the Code 965 PCRБ loss costs.

Staff does not recommend any revision to the three other classes that resulted from the 1999 Pennsylvania Code 965 class study – Codes 891, 892 and 893. Staff finds that the operations assigned to those classifications are easily identifiable and distinguishable from the operations classified to Code 965. PCRБ has not received any negative comment or identified any chronic administrative issues regarding those classifications.

The proposed enabling Section 2 Manual language amendments are attached for the Committee's review. The PCRБ will notify all employers classified to Code 894 when this filing is made. In the event of the Commissioners' approval of the filing, the carrier of record for each employer that will be reclassified from Code 894 to Code 965 as a result of this proposal will be notified and a copy of that notice will be provided to the employer.

c: William V. Taylor
Delisa Fairley
Vince Dean
Joe Lombo
Christina Yost

EXHIBIT 1: SCHOOLS FOR CHILDREN WITH AN INTELLECTUAL, DEVELOPMENTAL OR PHYSICAL DISABILITY

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses		Claim Severity	Claim Frequency	Number of Cases		All
				Major	Minor			Major	Minor	
2011	74,295	496,726	0.669	614,848	20,808	0.2154	0	0	0	16
2012	78,501	722,751	0.921	833,122	24,703	0.2293	0	0	1	18
2013	87,626	1,110,760	1.268	1,385,255	29,181	0.3538	0	0	0	29
2014	108,737	1,996,693	1.836	2,692,415	36,531	0.4506	0	0	3	38
2015	107,038	1,507,480	1.408	2,483,370	29,083	0.3924	0	0	0	42
TOTAL	456,197	5,834,410	1.279	8,009,010	30,088	0.3420	0	0	4	140
O.D.		0	0.000				0	0	0	0

REPORTED LOSSES

Manual Year	Death	Indemnity		Death	P.T.	Medical		Temp	Med. Only
		Major	Minor			Major	Minor		
2011	0	0	0	0	0	0	0	233,826	163,797
2012	0	142,722	0	0	0	13,633	0	190,601	278,095
2013	0	0	161,159	0	0	0	0	221,517	206,149
2014	0	489,870	201,545	0	0	102,770	0	247,369	206,696
2015	0	0	117,039	0	0	0	0	60,608	286,001
TOTAL	0	632,592	479,743	0	0	116,403	0	387,689	1,140,738
O.D.	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	Indemnity		Death	P.T.	Medical		Temp	Med. Only
		Major	Minor			Major	Minor		
2011	0	0	0	0	0	0	0	323,849	153,642
2012	0	169,802	2,777	0	0	24,863	0	244,091	264,468
2013	0	62,815	214,744	0	0	29,131	0	264,399	196,254
2014	118	694,593	284,068	562	11,666	338,758	0	311,086	200,495
2015	434	464,882	342,343	1,408	8,985	303,378	0	260,400	279,423
TOTAL	552	1,392,092	843,932	1,970	21,436	696,130	0	683,965	1,094,282
O.D.	3	2,574	1,785	8	42	1,597	0	2,640	12,694

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES
EXPECTED LOSSES
CREDIBILITY
PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

SERIOUS
NON-SER
MED ONLY
TOTAL
YEAR
IND. LOSS COST
MAN. LOSS COST
ADJ. LOSS COST =

CLASS: 894

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP: 3

CODE: 894

EXHIBIT 2: SCHOOLS FOR COURT ADJUDICATED OR DISRUPTIVE YOUTH

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses		Claim Severity	Claim Frequency	Number of Cases					
				Major	Minor			Death	P.T.	Major	Minor	Temp	All
2011	67,453	809,282	1,200	1,036,714	38,425	0.2520	0	0	0	1	1	1	17
2012	65,245	551,664	0.846	673,643	32,330	0.1992	0	0	0	1	1	1	13
2013	67,456	2,938,232	4,356	2,737,846	104,748	0.4003	0	0	0	2	9	16	27
2014	66,228	849,021	1,282	1,160,773	36,397	0.3020	0	0	0	0	3	17	20
2015	68,882	849,190	1,233	1,418,291	30,384	0.3339	0	0	0	0	11	12	23
TOTAL	335,264	5,997,389	1,789	7,027,267	53,285	0.2983	0	0	0	4	25	71	100
O.D.			0.000				0	0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Death	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
		Major	Minor				Major	Minor		
2011	0	148,926	32,988	284,046	0	0	48,190	15,781	123,297	156,054
2012	0	120,002	4,585	69,927	0	0	35,087	22,130	168,558	131,375
2013	0	515,332	120,696	289,547	0	0	1,542,298	128,857	231,465	110,037
2014	0	0	150,264	201,775	0	0	0	126,404	249,496	121,082
2015	0	0	287,297	133,235	0	0	0	127,723	150,574	150,361
TOTAL	0	784,260	595,830	978,530	0	0	1,625,575	420,895	923,390	668,909
O.D.	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
		Major	Minor				Major	Minor		
2011	0	182,732	40,542	393,688	0	0	81,634	20,973	170,766	146,379
2012	0	142,763	7,662	87,553	0	718	60,867	31,884	216,468	124,938
2013	116	3,669	167,419	346,105	5,460	19,026	1,118,543	198,263	299,941	104,755
2014	15	1,483	189,531	214,637	126	2,590	94,045	155,219	268,987	117,450
2015	149	3,664,475	303,288	143,813	737	6,513	171,400	149,511	124,531	146,903
TOTAL	280	10,913	708,442	1,185,796	6,323	28,847	1,526,489	555,850	1,080,693	640,425
O.D.	3	2,574	1,785	2,690	8	42	1,597	1,360	2,640	12,694

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR
IND. LOSS COST
MAN. LOSS COST

1-1-19
4-1-19
1.36
1.18
1.18
ADJ. LOSS COST =
1.184
1.18

EXHIBIT 3
PENNSYLVANIA STATISTICAL STUDY

Exhibit 2:
SCHOOLS FOR COURT ADJUDICATED
OR DISRUPTIVE YOUTH

Exhibit 1:
SCHOOLS FOR CHILDREN WITH AN INTELLECTUAL,
DEVELOPMENTAL OR PHYSICAL DISABILITY

Manual Year	Pure Premium Reported	T - test values	
2011	1.200	0.669	
2012	0.846	0.921	
2013	4.356	1.268	2011 - 2015 0.4384
2014	1.282	1.836	
2015	1.233	1.408	

Manual Year	Claim Frequency per million	T - test values	
2011	0.252	0.215	
2012	0.199	0.229	
2013	0.400	0.354	2011 - 2015 0.4339
2014	0.302	0.451	
2015	0.334	0.392	

Manual Year	Claim Severity Excl Med Only	T - test values	
2011	38,425	20,808	
2012	32,330	24,703	
2013	104,748	29,181	2011 - 2015 0.2227
2014	36,397	36,531	
2015	30,384	29,083	

EXHIBIT 4: DISABLED AND COURT ADJUDICATED

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases		All			
							Death	P.T.		Major	Minor	Temp
2011	141,749	1,306,008	0.921	1,651,561	29,884	0.2328	0	0	1	1	31	33
2012	143,746	1,274,415	0.887	1,506,765	27,901	0.2157	0	0	2	1	28	31
2013	155,082	4,048,992	2.611	4,123,106	64,359	0.3740	0	0	2	11	45	58
2014	174,965	2,845,714	1.626	3,853,185	36,492	0.3944	0	0	3	11	55	69
2015	175,920	2,356,670	1.340	3,901,657	29,543	0.3695	0	0	0	13	52	65
TOTAL	791,462	11,831,799	1.495	15,036,274	39,149	0.3235	0	0	8	37	211	256
O.D.			0.000				0	0	0	0	0	0

REPORTED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2011	0	0	148,926	32,988	383,149	0	0	48,190	15,781	357,123	319,851
2012	0	0	262,724	4,585	167,627	0	0	48,720	22,130	359,159	409,470
2013	0	0	515,332	281,855	731,770	0	0	1,542,298	208,569	452,982	316,186
2014	0	0	489,870	351,809	474,345	0	0	102,770	373,773	725,369	327,778
2015	0	0	831,356	645,632	601,886	0	0	474,778	188,331	725,755	436,362
TOTAL	0	0	1,416,852	1,076,573	2,358,777	0	0	1,741,978	808,584	2,620,388	1,809,647
O.D.	0	0	0	0	0	0	0	0	0	0	0

TRANSLATED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2011	0	0	182,732	40,542	531,045	0	0	81,634	20,973	494,615	300,020
2012	0	0	312,566	10,439	209,491	0	0	85,730	35,842	460,558	389,406
2013	116	1,732	537,364	382,163	854,024	5,460	0	1,147,675	306,785	564,341	301,009
2014	133	9,847	811,283	473,598	537,250	688	0	14,256	466,303	789,079	317,945
2015	582	11,554	831,356	645,632	532,531	2,145	0	15,497	409,910	551,346	426,326
TOTAL	831	27,773	2,675,301	1,552,374	2,664,341	8,293	0	50,283	1,239,813	2,859,939	1,734,706
O.D.	3	37	2,574	1,785	2,690	8	42	1,597	1,360	2,640	12,694

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR	IND. LOSS COST	MAN LOSS COST	IND. LOSS COST =	ADJ. LOSS COST =
1-1-19	1.36	1.21	1.21	1.21

EXHIBIT 5

MANUAL YEAR	PAYROLL IN THOUS	TOTAL REPT. LOSSES	PURE PREM. REPORTED	NUMBER OF CASES						
				DEATH	P. T.	MAJOR	MINOR	TEMP	MED. ONLY	ALL
2011	12,716,294	58,356,941	458	1	1	41	71	1157	1270	
2012	12,706,493	50,916,618	400	2	1	43	346	831	1221	
2013	12,856,187	55,662,221	432	1	1	45	321	897	1266	
2014	13,181,674	48,903,692	370	1	3	27	273	897	1211	
2015	13,424,908	40,805,506	303			15	213	858	1086	
TOTAL	64,885,554	254,644,978	392	4	5	181	1224	4640	6054	
O.D.		1,337,104	.002				6	39	45	

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH	P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR				MAJOR	MINOR	
2011		208,411	7,984,278	2,811,647	12,445,942	8,967	3,135,756	4,730,332	3,074,937	8,237,294
2012	52,907		7,388,182	7,434,424	6,358,630	188,900	613,145	2,882,437	8,602,882	7,984,973
2013	619,265	7,939	8,331,686	8,272,606	7,411,549	21,394	138,401	3,155,962	7,254,565	8,399,307
2014	178,745	102,926	6,085,397	6,586,625	6,826,433			1,438,488	4,790,403	8,792,391
2015			2,581,986	5,257,004	7,794,179			15,488,151	32,720,962	7,914,682
TOTAL	850,917	319,276	32,371,529	30,362,306	40,846,733	219,261	3,887,302	15,488,151	90,769	41,328,647
O.D.				86,863	322,904				610,145	226,423

MANUAL YEAR	DEATH	P. T.	INDEMNITY		TEMP	DEATH	P. T.	MEDICAL		MED. ONLY
			MAJOR	MINOR				MAJOR	MINOR	
2011		41,503	9,098,398	3,445,431	17,250,082	34,814	780,231	6,298,119	3,771,619	7,726,582
2012	55,412	50,790	9,217,879	9,159,679	7,991,986	72,860	72,860	6,018,130	11,654,761	7,593,709
2013	848,504	100,336	11,381,786	10,263,304	8,962,151	446,718	855,605	6,832,488	10,986,440	7,996,140
2014	192,536	255,943	11,183,464	8,338,827	7,767,162	30,801	593,047	9,157,603	8,546,764	8,528,619
2015	10,016	197,258	13,107,159	8,668,048	7,155,515	45,477	410,431	10,727,223	7,819,638	7,732,644
TOTAL	1,106,468	645,830	53,988,686	39,875,289	49,126,896	557,810	2,712,174	39,034,563	42,779,222	39,577,694
O.D.	114	2,193	154,085	176,048	328,199	826	6,244	227,163	253,847	218,597

YEAR	IND. RATES	MAN. RATES	IND. RATE	MINIMUM PREMIUM	PRESENT
2011	.49	.49	.37		
2012	.49	.49	.37		
2013	.49	.49	.37		
2014	.49	.49	.37		
2015	.49	.49	.37		
TOTAL	.49	.49	.37		

+PROPOSED

EXHIBIT 6

PENNSYLVANIA STATISTICAL STUDY

Exhibit 4

EXHIBIT 5

PA Code 965

Manual Year	Pure Premium Reported		T - test values	
2011	0.921	0.459		
2012	0.887	0.401		
2013	2.611	0.433	2011 - 2015	0.0261
2014	1.626	0.371		
2015	1.340	0.304		

Manual Year	Claim Frequency per million		T - test values	
2011	0.233	0.100		
2012	0.216	0.096		
2013	0.374	0.099	2011 - 2015	0.0051
2014	0.394	0.092		
2015	0.370	0.081		

Manual Year	Claim Severity Excl Med Only		T - test values	
2011	29,884	39,464		
2012	27,901	35,161		
2013	64,359	37,332	2011 - 2015	0.7149
2014	36,492	33,122		
2015	29,543	30,286		

CLASS:
894 + 965

CLASSIFICATION STUDY - PENNSYLVANIA
INDUSTRY GROUP:
3

CODE:

EXHIBIT 7: 965/894 Combined

Manual Year	Payroll in Thous	Total Rept Losses	Pure Prem Reported	Total Trans Losses	Claim Severity	Claim Frequency	Number of Cases									
							Death	P.T.	Major	Minor	Temp	Med. Only	Temp	Med. Only	Temp	All
2011	12,858,043	59,662,949	0.464	71,848,269	39,222	0.1013	0	1	42	72	1,188	1303				
2012	12,850,239	52,191,033	0.406	65,560,049	34,981	0.0974	1	0	45	347	859	1252				
2013	13,011,269	59,711,213	0.459	75,408,870	38,516	0.1018	2	1	47	332	942	1324				
2014	13,356,639	51,749,406	0.387	69,320,467	33,304	0.0958	1	0	40	284	952	1280				
2015	13,600,826	43,162,176	0.317	68,485,474	30,244	0.0846	0	0	15	226	910	1151				
TOTAL	65,677,016	266,476,777	0.406	350,633,129	35,394	0.0961	4	5	189	1261	4851	6310				
O.D.		1,337,104	0.002				0	0	0	6	39	45				

REPORTED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2011	0	208,411	8,133,204	2,844,635	12,829,091	0	3,135,756	4,778,522	3,090,718	16,085,457	8,557,145
2012	52,907	0	7,650,906	7,439,009	6,536,257	8,967	0	3,329,652	9,020,305	9,758,587	8,394,443
2013	619,265	7,939	8,847,018	8,554,461	8,143,319	188,900	613,145	4,424,735	8,811,451	10,785,487	8,715,493
2014	178,745	102,926	6,575,267	6,938,434	7,300,778	21,394	138,401	3,258,732	7,628,338	10,486,222	9,120,169
2015	0	0	2,581,986	5,661,340	8,396,065	0	0	1,438,488	4,978,734	11,754,519	8,351,044
TOTAL	850,917	319,276	33,788,381	31,437,879	43,205,510	219,261	3,887,302	17,230,129	33,529,546	58,870,282	43,138,294
O.D.	0	0	0	86,863	322,904	0	0	0	90,769	610,145	226,423

TRANSLATED LOSSES

Manual Year	Death	P.T.	Indemnity		Temp	Death	P.T.	Medical		Temp	Med. Only
			Major	Minor				Major	Minor		
2011	0	41,503	9,281,129	3,485,971	17,781,120	0	780,231	6,380,754	3,792,587	22,278,372	8,026,602
2012	55,410	52,415	9,529,813	9,170,311	8,201,928	34,813	73,689	6,103,177	11,690,272	12,665,106	7,983,115
2013	848,802	105,365	11,917,758	10,644,468	9,817,755	452,155	876,247	7,981,820	11,294,437	13,172,914	8,297,149
2014	192,898	265,515	11,995,480	8,809,939	8,304,866	31,461	610,375	9,587,412	9,012,560	11,663,397	8,846,564
2015	9,887	206,089	13,937,180	9,313,109	7,698,553	50,277	425,223	11,202,600	8,231,108	9,272,478	8,158,970
TOTAL	1,106,997	670,887	56,661,360	41,423,798	51,794,222	568,706	2,765,765	41,255,763	44,020,964	69,052,267	41,312,400
O.D.	117	2,230	156,659	177,833	330,889	894	6,286	228,760	255,207	554,536	231,291

TOTAL TRANSLATED LOSSES
IBNR + FREQ. ADJUSTMENT
TOTAL LOSSES

EXPECTED LOSSES
CREDIBILITY

PURE PREMIUMS
INDICATED (PRE-TEST)
INDICATED (POST-TEST)
PRES. ON LOSS COST LEVEL
DERIVED BY FORMULA
UNDERLYING PRES. LOSS COST
PROPOSED

YEAR
IND. LOSS COST
MAN. LOSS COST

1-1-19
4-1-19
IND. LOSS COST =
ADJ. LOSS COST =

0.43
0.38
0.38
0.38

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND
RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY
INSURANCE**

Proposed Effective April 1, 2020

SECTION 2

RATING VALUES through **CLASSIFICATIONS** remains unchanged.

CLASSIFICATIONS

893 INTERMEDIATE UNIT (SPECIAL EDUCATION) – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS NOT INCLUDED:

1. [Assign Code 965 to all schools, including alternative schools, not operated by an Intermediate Unit as defined above. See Code 965 for additional details.](#)

ACTION: Removal of the Special Education verbiage

RATIONALE: The deletion of the “Special Education” parenthetical of the Code 893 class title was intended to eliminate confusion regarding the scope of Code 893. Code 893 is focused and limited to the Commonwealth designated Intermediate Units. However, staff opines that the “Special Education” parenthetical contributed to the misclassification to Code 893 of employers who provided some form of special education but which were not Intermediate Units. Such employers should generally have been classified to Code 894 (and, if the proposal is approved, Code 965 going forward), so we felt that deleting “Special Education” from the Code 893 title was warranted. The addition of the Code 893 “Operations Not Included” is to further emphasize that an employer that operates a school (including an alternative school) but is not an Intermediate Unit is to be classified to Code 965.

894 ALTERNATIVE SCHOOL – ALL EMPLOYEES INCLUDING OFFICE

~~Applicable to employers operating educational facilities for youth who cannot learn effectively in or who have been removed from the standard school setting. The students may be referred by school districts, youth services or other agencies because of intellectual and/or developmental disability or behavior problems (e.g., truancy, drug or alcohol abuse and/or violent or destructive behavior). The facility may be a day school or a boarding school.~~

~~Also applicable to employers who operate educational facilities for court adjudicated youth. An educational facility for court adjudicated youth is operated in a guarded environment with strict disciplinary rules. Attendance in such facility may be court mandated in lieu of a prison sentence.~~

~~Further included are employers who operate educational facilities for children diagnosed with an intellectual and/or developmental disability or psychological and behavior issues.~~

~~The academic curriculum provided by these facilities is typically similar to that provided by public school districts or private schools, but with a greater emphasis upon counseling or other services specific to the facility’s student population. Classroom activities are geared toward helping older students pass their high school equivalency test or obtain a high school diploma.~~

OPERATIONS ALSO INCLUDED:

1. ~~Student dormitories and/or residential facilities operated at the same or contiguous location.~~

UNDERWRITING GUIDE

~~Alternative School~~

~~School For Court-Adjudicated Youths~~

~~School For Children With Intellectual or Developmental Disability~~

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND
RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY
INSURANCE**

Proposed Effective April 1, 2020

ACTION: Deletion of 894 Language from the Manual

RATIONALE: Language for 894 is being removed from the Manual as a result of the class deletion.

941 SOCIAL REHABILITATION FACILITY – FOR ADULTS OR CHILDREN – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS ALSO INCLUDED:

(No change to Items 1. Through 5.)

OPERATIONS NOT INCLUDED:

1. *(No change.)*

2. Assign Code ~~894~~965 to educational facilities that include on-site residential units for youth who cannot cope in or who have been removed from the standard school setting for behavioral reasons or who are juvenile delinquents or other court adjudicated youth.

(No change to Items 3. through 6.)

UNDERWRITING GUIDE

(No change.)

ACTION: Updating the “Operations Not Included” segment to remove the reference to 894

RATIONALE: The “Operations Not Included” segment of the Code 941 class description presently states to assign Code 894 to alternative schools. This proposal will remove the reference to 894 and update the language to reflect Code 965.

965 COLLEGE OR SCHOOL, N.O.C. – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS ALSO INCLUDED:

(No change to Items 1. through 4.)

5. Alternative schools are educational facilities for youth who cannot learn effectively in or who have been removed from the mainstream schools setting. Such educational facilities include but are not necessarily limited to: schools for court adjudicated youth, schools for children diagnosed with an intellectual and/or developmental disability (e.g., autism) or psychological and behavior issues, and schools for children with physical disabilities (e.g., schools for the deaf and blind).

OPERATIONS NOT INCLUDED:

(No change to Items 1. through 6.)

~~7. Assign Code 894 to schools for court adjudicated delinquents or disturbed children.~~

87. Assign Code 969 to employers principally engaged in providing outdoor sports or other activities instruction including but not necessarily limited to: swimming, tennis, rock climbing or obstacle course training facilities.

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND
RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY
INSURANCE**

Proposed Effective April 1, 2020

~~9-8~~ Assign Code 7424 to flight personnel of an aircraft flying school.

UNDERWRITING GUIDE

[Alternative School](#)

[School for Autistic Children](#)

[School for Children with an Intellectual or Developmental Disability](#)

[School for the Blind](#)

ACTION: Addition of an "Operations Also Included" item and removal of 894 reference in Item 7 of "Operations Not Included". Expansion of the Underwriting Guide for 965 to list specific types of alternative schools.

RATIONALE: An "Operations Also Included" item is added to define 'alternative schools' and to convey that operators of such schools will be classified to Code 965. Consequently, the "Operations Not Included" item that references Code 894 is deleted. Also, the Code 965 Underwriting Guide is expanded to list alternative schools (and specific types of alternative schools).

PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY INSURANCE

Proposed Effective April 1, 2020

INDEX

GENERAL AUDITING & CLASSIFICATION INFORMATION

AUTOMOBILE DISMANTLING *through* **EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING EXECUTIVE** *remains unchanged.*

TEMPORARY STAFFING CLASSIFICATION

Assignable Customer
Business Classification(s)

(No change)

TEMPORARY STAFFING CROSS-REFERENCE CHART

523

103	485	818	967
441	487	884	968
459	489	891	976
471	551	894	986
476	553	899	997
	755	927	
		935	

OFFICERS - CLASSIFICATION ASSIGNMENT EXECUTIVE *through* **WRECKING OR DEMOLITION OR BUILDING MOVING OR RAISING PROJECT** *remains unchanged.*

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND
RATING VALUES FOR WORKERS COMPENSATION AND FOR EMPLOYERS LIABILITY
INSURANCE**

Proposed Effective April 1, 2020

SECTION 2

RATING VALUES *through CLASSIFICATIONS* *remains unchanged.*

CLASSIFICATIONS

893 INTERMEDIATE UNIT – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS NOT INCLUDED:

1. Assign Code 965 to all schools, including alternative schools, not operated by an Intermediate Unit as defined above. See Code 965 for additional details.

941 SOCIAL REHABILITATION FACILITY – FOR ADULTS OR CHILDREN – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS ALSO INCLUDED:

(No change to Items 1. Through 5.)

OPERATIONS NOT INCLUDED:

1. *(No change.)*
2. Assign Code 965 to educational facilities that include on-site residential units for youth who cannot cope in or who have been removed from the standard school setting for behavioral reasons or who are juvenile delinquents or other court adjudicated youth.

(No change to Items 3. through 6.)

UNDERWRITING GUIDE

(No change.)

965 COLLEGE OR SCHOOL, N.O.C. – ALL EMPLOYEES INCLUDING OFFICE

(No change.)

OPERATIONS ALSO INCLUDED:

(No change to Items 1. through 4.)

5. Alternative schools are educational facilities for youth who cannot learn effectively in or who have been removed from the mainstream schools setting. Such educational facilities include but are not necessarily limited to: schools for court adjudicated youth, schools for children diagnosed with an intellectual and/or developmental disability (e.g., autism) or psychological and behavior issues, and schools for children with physical disabilities (e.g., schools for the deaf and blind).

OPERATIONS NOT INCLUDED:

(No change to Items 1. through 6.)

**PENNSYLVANIA WORKERS COMPENSATION MANUAL OF RULES, CLASSIFICATIONS AND
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7. Assign Code 969 to employers principally engaged in providing outdoor sports or other activities instruction including but not necessarily limited to: swimming, tennis, rock climbing or obstacle course training facilities.
8. Assign Code 7424 to flight personnel of an aircraft flying school.

UNDERWRITING GUIDE

Alternative School

School for Autistic Children

School for Children with an Intellectual or Developmental Disability

School for the Blind

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GENERAL AUDITING & CLASSIFICATION INFORMATION

AUTOMOBILE DISMANTLING *through* **EMPLOYMENT CONTRACTOR – TEMPORARY STAFFING
EXECUTIVE** *remains unchanged.*

TEMPORARY STAFFING CLASSIFICATION
Assignable Customer
Business Classification(s)

(No change)

**TEMPORARY STAFFING CROSS-
REFERENCE CHART**

523

103	485	818	967
441	487	884	968
459	489	891	976
471	551	899	986
476	553	927	997
	755	935	

OFFICERS - CLASSIFICATION ASSIGNMENT EXECUTIVE *through* **WRECKING OR DEMOLITION OR
BUILDING MOVING OR RAISING PROJECT** *remains unchanged.*