

Ohio Bureau of Workers' Compensation

BWC Update for Public Employers

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Ohio Bureau of Workers' Compensation

BWC: A Partner in Ohio's Economic Growth

Since 2011

- A modern, flexible billing system
 - \$1.2 billion in credits
- Strong investments, conservative management
 - Two \$1 billion rebates (2013 & 2014)
- Tripled safety grants to \$15 million annually
 - \$40 million in grants

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A Third Billion Back!!

- Ohio employers are getting another rebate from BWC
- 66% of billed premium for 2015 policy year
- Distributions begin in July
 - Will be applied to any open balances before the rebate is mailed.
- In good standing as of June 2, 2016.

BWC: A Partner in Ohio's Economic Growth

Initiatives since 2011 =
\$6.3 billion more for Ohio employers!

Public employer rate reductions (2012 – 2016)



Other BWC Accomplishments

- Board approved a new rule governing the prescribing of opioids – Prescribing physicians must
 - Develop an individualized treatment plan
 - Assess risk
 - Monitor the progress and improvement in the function of the injured worker

Our goal is to be a world-class workers' compensation carrier

2017 Initiatives

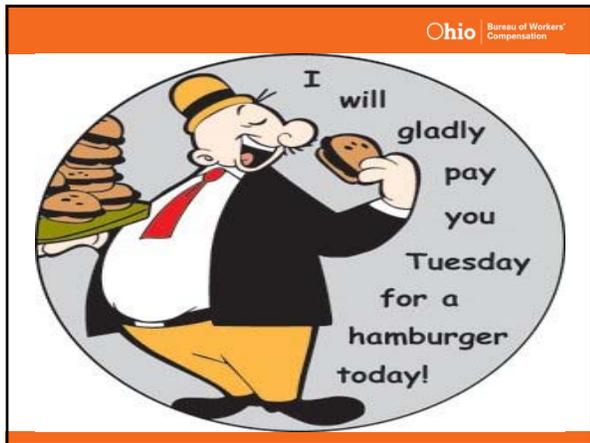
- Increase the customer experience
- Modernize our infrastructure

Why Did BWC Change the Way Premium is Collected?

BWC's Prospective Billing

Why Did BWC Transition to Prospective Billing?

- Industry standard
- More flexible payment options
- Decrease in base rates by 4% for public employers
- Increased ability for us to detect non-compliance and fraud



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Transition to Prospective Billing

- 2015 was the last retrospective year
- 2016 is the first prospective year
- In May of 2016, public employers paid both their 2015 actual premium and their 2016 estimated premium. BWC gave a 50% transition credit for both periods
- Public employers also had the option to break this payment up into two installments. The first due 5/16/16 and second installment due 9/1/16

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Prospective Billing

- BWC estimates an individual employer's premium obligation by using the most recently reported payroll
 - BWC used 2015 reported payroll to estimate payroll for 2017
 - Employers have the option to modify this estimated payroll if they call BWC
- Employers will receive a notice of estimated annual premium in early November along with their annual certificate of coverage

Payroll True-up Report

- o Prospective billing requires an annual payroll true-up report.
- o BWC will remind employers of this true-up requirement in January each year
- o True up is due by February 15th of each year
- o Online or over the phone only
 - o Based on actual payroll, the prior year's estimated premium will be compared to the actual premium
 - o If additional premium is calculated, it is also due by Feb 15
 - o If credit calculated, it will be released in normal process

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Installment Options starting in 2017

- o Annual (1)
- o Semi-annual (2)
- o Quarterly (4)
- o Bi-monthly (6)
- o Monthly (12): default installment selection
- o Deferred Payment
- o Minimum payers will not receive installment options.

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Deferred Payment Option

- o Beginning Jan. 1, 2017 public employers may defer the first payment until the end of April.
 - Employer must elect this option on or before Nov. 15th
- o This option allows the employer to defer any payment until the end of April.
- o BWC will charge a deferment fee based on the established investment assumption rate. Currently the rate is .94%
 - A minimum of \$5 will be charge for each deferred month

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Current Timeline:

- o Late October 2017: Notice of Estimated Annual Premium mailed
- o Nov. 15, 2017: Last day for public employer to select installment or deferred payment program
- o Dec. 1, 2017: BWC mailed invoice
- o Jan. 2, 2018: First installment was due (except for deferred payment program)
- o Feb. 15, 2018: 2017 True-Up due

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Early Payment Discount

- o Begins for policy year starting Jan. 1, 2017
- o Premium credit of 2%
 - No cap on credit
- o Payment must be posted to the account by due date of first installment
 - Jan. 3, 2017
- o Do not need to select a single installment plan to get discount, but entire premium must be paid

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How are Rates Determined?

Ratemaking Basics

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Premium Basics

- Base rates are determined by classification code
 - 9430 County
 - 9431 City
 - 9432 Village
 - 9433 Township
 - 9434 Local Schools
 - 9435 Public Library
 - 9436 Special Public Universities

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Premium Basics

- Base rates are determined by classification code
 - 9437 Joint Vocational Schools
 - 9438 Public Work-Relief Employees
 - 9439 Public Employer Emergency Services
 - 9440 Public Hospitals
 - 9441 Special Public Institutions
 - 9442 Public Transit Authorities
 - 9443 Special public Authorities

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Premium Basics

- Experience determined by expected to actual costs
 - Medical Costs
 - Indemnity Costs
 - Reserves (estimated future costs)
- Both base rate and experience use four years of data
- Payroll is a measure of exposure

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Premium Basics

- Collect enough money in premium to pay claims costs
- Costs divided equitably among all employers
- Claims costs drive rates
- Current rates can always be found online

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Payroll Reporting Requirements for Volunteers Emergency Workers

- Payroll is to be reported at three hundred dollars (\$300) per volunteer per year.
- A minimum reportable payroll of \$4,500 per employer.
- If any individual volunteer makes more than the \$300 minimum, the full amount for that volunteer must be reported.

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Subrogation Update - HB 207 Motor Vehicle Accidents

- Effective for claims July 1, 2017 or after
- The claim is based on a motor vehicle accident involving a third party;
- The third party is issued a citation
- Employer files a request for consideration
- BWC determination within 180 days
- Charged to the surplus fund

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Michael Louis Palumbo, Jr. Act

Presumptive Cancer

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Michael Louis Palumbo, Jr. Act

Presumptive Cancer

- All types of cancer are eligible.
- Compensation is payable only in the event of:
 - Temporary total disability;
 - Permanent total disability;
 - Death.

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Michael Louis Palumbo, Jr. Act

Presumptive Cancer

- Minimum of six years hazardous duty
 - Duty is performed under circumstances in which an accident could result in serious injury or death.
 - Example: Duty is performed on a high structure where protective facilities are not used or on an open structure where adverse conditions such as darkness, lightning, steady rain or high wind velocity exist.
- Note: The presumption does not apply if it has been more than 20 years since the firefighter was last assigned to hazardous duty.

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Michael Louis Palumbo, Jr. Act

Presumptive Cancer

- Presumption is rebuttable if:
 - Evidence the firefighter incurred the cancer prior to becoming a member of the department;
 - Evidence of tobacco use;
 - Evidence the member was not exposed to an agent classified as group 1 or 2A carcinogens;
 - If the firefighter is more than 70 years of age.

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Michael Louis Palumbo, Jr. Act

Presumptive Cancer

- BWC must present a report every two years to the legislature, Ohio Fire Chiefs, Ohio Association of Professional Fire Fighters and the Ohio Municipal League

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What is Destination Excellence?

- Bundled Services/Strategies
- To Attack Cost Drivers
- Program Implementation
- Access to Rebates

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Why We Created It

- Preventing accidents
- Returning workers back to work
- Reducing BWC administrative costs
- Program Implementation
- Rebates



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Savings Options

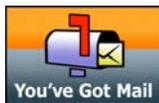
Employers that assist BWC in lowering administrative costs, we pass savings back to the employer.



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Go Green

- Purpose
 - Lower BWC Administrative cost, help the environment.
- Benefit
 - Reduce your paperwork and receive a premium rebate for reducing ours.
- Requirements
 - Pay installments
 - Online/On time
 - Complete payroll True-up online
- Incentive
 - 1-percent premium rebate (up to \$2,000)



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Lapse Free

- Purpose: Prevent coverage lapsing.
- Benefits: Avoid potentially costly coverage lapse and receive a premium rebate for doing so.
- Requirements: No lapses in coverage during the past 60 months
- Incentive: 1% premium rebate (up to \$2,000)



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Safety Options

"The best claim is the one that never happens".



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Industry-Specific Safety Program

- Purpose: Encourage use of BWC training and consulting service activities to reduce accidents
- Benefits:
 - Gain knowledge to increase workplace safety
 - Custom professional recommendations to reduce or eliminate safety hazards in your workplace
- Incentive: 3 % premium rebate



No added cost for training and consulting services; paid through premiums

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Safety Council



- Purpose
 - To increase safety awareness through monthly meetings and collaboration
- Benefits
 - Increase workplace safety
 - Learn best practices and networking
 - Access to cost saving risk management information
 - Learn to better manage workers' compensation program
- Incentive
 - 2% participation premium rebate
 - 2% performance premium rebate

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Drug Free Safety Program

- Purpose
 - Assist employers in preventing employment related injuries by integrating a drug free safety program.
- Benefit
 - Fewer missed days
 - Increased productivity and morale
 - Lower health insurance premiums
 - Safer workplace
 - Drug users do not apply
- Incentive
 - 4% or 7% premium rebate opportunity



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Drug Free Safety Program

Levels

- Comparable program (no rebate)
 - Required for all state construction projects
- Basic (4% rebate)
 - Employee training, documentation requirements
 - Testing – pre/new hire, reasonable suspicion, post accident, return-to-duty and follow-up after failed test.
- Advanced (7% rebate)
 - All of the requirements for Basic Level
 - 15% Random drug testing element



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Transitional Work Bonus

- Purpose
 - Rewards employers for successfully implementing a formal transitional work plan returning injured workers quickly and safely back to the job with restrictions
- Benefit
 - Good for the injured worker
 - Good for the employer
 - Lowers workers' comp costs
- Incentive
 - Up to 10% premium rebate



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Program Compatibility

Enrollment restrictions for certain rating plans

- Not all Destination Excellence programs are compatible with all rating plans.
- Compatibility chart is available to you
- Still not sure, consult with a BWC representative

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Summary of Rebates

Program	Public Taxing District
Go-green	1% up to \$2,000
Lapse-free	1% up to \$2,000
Industry Specific Safety	3%
Safety Council	2% Participation 2% Performance
Drug-free Safety	4% Basic 7% Advanced
Transitional Work Bonus	Up to 10%

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Safety Grants

- o Grants to assist employers in purchasing equipment that will substantially reduce or eliminate injuries
- o 3-to-1 matching funds (up to \$40,000)
- o Last year, BWC awarded \$15 million in grants to 535 employers
- o Have you applied for your safety grant? If not ... what are you waiting for?

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BWC E-account

E-account user ID and password

- o Different from your policy number
- o User specific
- o Primary user
- o Secondary user

E-account gives you access to claim and policy information.

- o Report and pay online
- o Review individual claims and transaction history
- o Complete year-end true-up

Questions?

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