

BWC Rate Making 101

Premium Basics



- Base rates are determined by classification code.
- Experience is determined by expected to actual costs.
- Both base rate and experience use a pre-set data range.
- Collect enough money in premium to pay claims costs.
- Costs must be equitably divided among all employers.
- Claims drive rates.

Public Employer Manual Classifications

- 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



Public Employer Manual Classifications

- o 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

Expected vs. Actual Losses

- o What were the expected losses...
Compared to what the employer had
- o More or less than BWC expected?



4-year Calculation

Public employers

March 31, 2018
For Rates
01/19 thru 12/19



March 31, 2019
For Rates
01/20 thru 12/20

15 months

Green Period

15 months

01/01/13 – 12/31/13
01/01/14 – 12/31/14
01/01/15 – 12/31/15
01/01/16 – 12/31/16

The oldest four years
are the employer's
experience period

01/01/14 – 12/31/14
01/01/15 – 12/31/15
01/01/16 – 12/31/16
01/01/17 – 12/31/17

Claims Costs

Medical costs

- o Money paid for doctor bills, diagnostic tests, drugs, etc.



Claims Costs

Indemnity (compensation)

- o Money paid to injured worker to compensate for lost wages
- o Money paid to injured worker to compensate for permanent damage



Claims Costs

Reserves

- o Reserve is the projected future costs for the claim

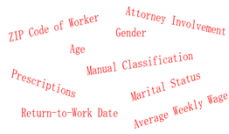


BWC Reserves

- o Reserves set using MIRA II (Micro Insurance Reserving Analysis system)
- o MIRA is built using data from 5.9 million Ohio claims
- o Allows employers to see what factors are driving the Reserves
- o Weekly listing of claims with changed Reserves

BWC Reserves

MIRA assigns reserves to claims based on over 180 individual characteristics of each claim



Why are Individual Claim Characteristics Important?

Two employees with identical broken legs

- One is 22 year old office worker
- Other is 55 year old construction worker



1. Which one will go back to work sooner (receive less in compensation)?
2. Which one will heal faster (less medical)?

Impact of Reserve

- A large reserve has a significant impact on the value of a claim
- Claims with large reserves can be the driving factor in an employer's rates
- A reserve will go to \$0 if there has been 6 months since the last date of service for medical and 6 months since the last date compensation was paid for indemnity

Max Value Claim

- Each employer is assigned a maximum value for each individual claim
- Based on employer size (determined by payroll)
- Prevents large claims from negatively impacting small employers
- Injured employee receives all benefits due
- Amounts over Max Value are a shared liability

Experience Rated Employer

- Experience rating is an incentive system to promote safe working conditions
- Employers who become experience rated can be credit rated or debit rated, depending on the claims cost record

Experience Modifier Example



Credit-rated

- An employer has less claims cost than BWC would expect. The experience modifier (EM) is less than 1.00
- An employer with an EM of .90 is paying 10% below the base rate (average rate)

Experience Modifier Example



Debit-rated

- An employer has more claims cost than BWC would expect. The experience modifier (EM) is more than 1.00
- An employer with an EM of 1.50 is paying 50% above the base rate (average rate)

Simply put ...

claims costs
drive
rates.



Michael Louis Palumbo, Jr. Act



Presumptive Cancer

Michael Louis Palumbo, Jr. Act Presumptive Cancer

- Worked as a firefighter
- Worked hazardous duty for a minimum of 6 years
- Exposed to a Group 1 or Group 2A carcinogen
- Diagnosed by a medical provider
- First diagnosed, first received treatment, first quit work or died due to the cancer on or after April 6, 2017

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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;
 - Working wage loss
 - Permanent total disability;
 - Death.

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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;
 - Last assigned hazardous duty as a firefighter 15 (20)years ago
 - If the firefighter is more than 70 years of age.

Strategies to Control Workers' Compensation Claims Costs

Different Strategies

- Transitional Work
- Vocational Rehabilitation
- Salary Continuation
- Handicap Reimbursement
- Claims Settlement
- Non-At-Fault MVA Accident Claims
- Recreational Waiver

Transitional Work

- Effective way to return to work
 - 50% drop in workers returning to work after 12 weeks
 - Transitional positions should be of value to the employer and the employee
- Reduces impact of lost time claims
- Early intervention help reduce impact and future losses
- Grants available to create a program

Transitional Work Grant

- Incentive
 - Grant amount based upon number of employees.
 - 11-49 employees – up to \$2,900
 - 50-199 employees – up to \$5,200
 - 200+ employees – up to \$6,300
 - 3-to-1 matching funds available to defray some costs.
 - Additional templates and examples available upon request.

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Vocational Rehabilitation

- Reduces compensation costs on claim
 - Compensation costs won't impact the policy losses
- Path for Claimant to find new opportunities
 - Opportunities could be with same employer or possibly a different employer
- Keeps the employee engaged
 - Employees chances of returning to work drop drastically when employees aren't working longer 12 weeks

Salary Continuation

- Reduces compensations costs on claim
- Reduces reserves on claims
- Employer must notify the BWC of intention to pay Salary Continuation
- Employer can stop salary continuation at any time
- Must utilize C-55 form to report wages

Handicap Reimbursements

- 26 recognized conditions
- The condition had to result in a delay of recover
- Applies to lost time claim only
- Handicap reimbursement awards now will apply to settlements

Example

- | | |
|-----------------------------|-------------------------------|
| ○ 2016 Claim | ○ 2016 Claim W/ 40% HCP Award |
| • Medical Costs- \$24,000 | • Medical Costs- \$14,400 |
| • Lost Time Costs- \$14,000 | • Lost Time Costs- \$8,400 |
| • MIRA Reserves- \$24,000 | • MIRA Reserve- \$14,400 |
| • Total Costs- \$62,000 | • Total Costs- \$37,200 |

Claims Settlements

- The settlement forever resolves all past, present, or future medical and compensation issues, and liabilities in the claim, whether known or unknown.
- Eliminates the reserves on the claim, but the claim will still remain on experience
- Losses paid from the BWC will appear on employer's experience
- Handicap Reimbursement awards can now be applied to settlements.

Settlement Example

- Old rule: Claim would settle for \$10,000 and have a 20% handicap award. No impact reduction.
- New rule: Claim would settle for \$10,000 and have a 20% handicap. Impact would reduce losses by \$2,000.
- Continuously monitor for handicap reimbursement awards.

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 or evidence of third party responsibility
- Employer files a request for consideration
- BWC determination within 180 days
- Charged to the surplus fund

Recreation Waiver

- It's BWC's policy that an injury or disability incurred during voluntary participation in an employer sponsored recreation or fitness activity is **not** compensable if the injured worker signed a waiver of the right to workers' compensation benefits prior to engaging in the recreation or fitness activity
- Utilized the C-159 form
- Examples: Fitness programs, Company Outings

BWC Specialists

Employer Service Specialists

Risk-management consultants

- Research information
- Recommend strategies
- Make referrals to safety professionals

Safety Professionals

Specialized consultants

- Industrial safety
- Construction safety
- Industrial hygiene
- Ergonomics

Claim Specialists

Experts in benefits and injury recovery

- Claims investigation and determination
- Disability management
- Return to work
- Remain at work
- Rehabilitation

Business Consultants

Experts in strategy

- Educates Ohio employer groups and associations on BWC programs and initiatives
- Resolves complex employer issues
- Assists employers participating in the individual retrospective rating and large deductible programs

BWC Cost Savings Opportunities

Alternative Rating Plans

- Group-experience rating
- Group-retrospective rating
- Individual-retrospective rating
- Deductible programs
- One Claim Program
- Experience Modifier (EM) capping

Rebate Programs

- Go-green
- Lapse-free
- Drug-Free Safety Program
- Safety council rebate
- Industry Specific Safety Program
- Transitional work bonus

BWC Grants and Initiatives

BWC Grants

- Transitional Work Grant
- Drug-Free Safety Grant
- Safety Intervention Grant
- Workplace Wellness Grant Program

BWC Grants

- Firefighter Exposure to Environmental Elements Grant
- Employers Working with Persons with Developmental Disabilities Grant
- School Safety and Security Grant
- Ohio Law Enforcement Body Armor Grant Program
- Substance Use Recovery and Workplace Safety Program

Workers' Compensation



Better You™
Better Ohio!

Ohio Bureau of Workers' Compensation

Get paid for getting healthy!

Workers' Compensation

Better You, Better Ohio! – What Is It?

- A FREE health and wellness program!

By making each employee healthier, we make the workplace healthier




Workers' Compensation

Better You, Better Ohio! – What do I get?

- At least a \$75 gift card
- Maybe another \$50 gift card
- A FREE health assessment
- A FREE biometric screening
- Access to digital trackers, health coaches and help with getting healthier.




What's a health assessment?

- A set of easy questions
- Determines level of stress exercise, nutrition
- Electronic or telephonic



What's a biometric screening?

- A blood sample is taken
- Blood pressure, height/weight
- Tells more about health
 - A1C, cholesterol, etc.
- Several options
 - Lab site
 - Physician
 - On site biometric screening
 - Mailed kit (it's super easy and convenient)



What happens to my information?

Your information is yours!

BWC uses a vendor to help with the program mainly to ensure that your health information stays yours.

Results and even information

about participation **DOES NOT** get shared with:

Outside parties

Your employer

BWC



Better You, Better Ohio!

- Helps Ohio employers with 150 or fewer employees in certain industries start a comprehensive wellness program
- Assist injured workers with co-morbid conditions and certain diagnoses in specific industries start a comprehensive wellness program



Better You, Better Ohio!

Targeted Industries

- Agriculture;
- Automotive repair and service;
- Construction;
- Firefighters;
- Healthcare;
- Manufacturing;
- Police and public safety;
- Public employers
- Restaurant and food service;
- Transportation and trucking;
- Trash collection;
- Wholesale and retail.



Better You, Better Ohio!

Targeted Industries

- Employee focused wellness program
- No cost to employers or their workers when they join
- Financial rewards for participants
- Health and well-being resources including:
 - ✓ A snapshot of their health and well-being;
 - ✓ Simple, convenient digital tools;
 - ✓ Lifestyle and condition coaching;
 - ✓ A 24-hour nurse line.



BWC Division of Safety and Hygiene Resources

Division of Safety & Hygiene Resources

- All services are available at no additional cost and are strictly consultative
 - Safety, ergonomics and industrial hygiene consultations
 - Safety-management assessment and enhancement
 - Safety-team development/enhancement
 - Online and classroom-based training for employees at all levels
 - Video library and research library services

Division of Safety and Hygiene Resources

To request assistance

- Go to www.bwc.ohio.gov
- Click on Safety Services
- Call you local BWC service office

Take the Next Step

Next Steps

Contact your employer service specialist

- o Set up an appointment to review
 - Risk-management strategies
 - Cost control programs
 - Safety options
 - Return-to-work options
 - Savings and grant options



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