Rate Reform

Deductible Program
and the
Group Retrospective Rating Plan

April 1, 2009 SCH532

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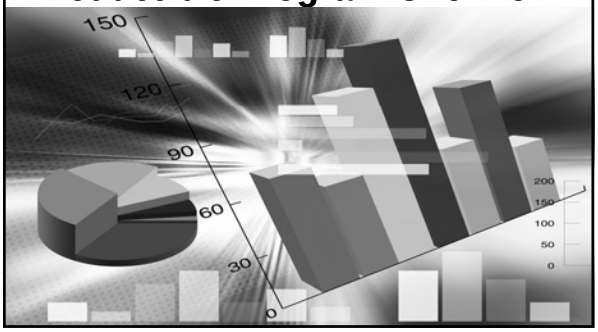
(614) 644-9944

Deductible Program Overview



Employer Incentive Programs

- An option to control costs
- Alignment
- Measurable reduction in risk

Deductible Program Advantages

- Lower premium payments
- More accurate rates

Eligibility Rules

- Employer in good standing:
  - Active with BWC
  - Current on all premium payments & deduction billings

Eligibility Rules

- Less than 40 days lapsed
- No AG balance
  - Valid payment plan
- Credit worthiness

Deductible Options

- $ 500.00
- $1,000.00
- $2,500.00
- $5,000.00
- $10,000.0

Summary of Selected Deductible Credits

Deduct. Amount	A	B	C	D	E	F	G
$500	6.3%	4.1%	3.9%	3.9%	2.8%	2.0%	1.4%
$1,000	9.5%	6.3%	6.0%	6.0%	4.4%	3.2%	2.3%
$2,500	14.0%	10.0%	9.6%	9.4%	7.2%	5.5%	3.9%
$5,000	17.9%	14.2%	13.7%	13.4%	10.3%	8.1%	5.8%
$10,000	26.0%	21.2%	20.8%	19.9%	16.6%	12.9%	9.7%

Discount Premium Calculation Rules

- Base Rate PA – Applied directly to the NCCI base rate
- Experience Rate PA or PE – After the **modified** premium rate
- Prior to any other premium discounts

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Manual	Base Rate	Exp. Mod.	Modified Premium Rate	Participating Plan Discount Credit	Discounted Premium Rate	Admin. Cost	DWRF	Add'l DWRF	Blended Rate ((D or F) +G+H+I)
8017	2.33	1.42	3.31	N/A	N/A	0.6455	0.10	0.0023	4.0578

Deductible Example

Company Details

Acme Fence Company
Manual Classes: 100% - 6400: Fence Erection – Metal
Payroll: $300,000

Rate Details

Base Rate: $8.51
Experience Modifier: 1.49

Premium Calculation without Deductible

Pure Premium	Admin Cost	DWRF	DWRF2	Total Premium
$38,040	$6,216	$300	$26	**$44,581**

Premium Calculation with Deductible

NCCI Hazard Group of Primary Manual Class: D
Deductible Level Chosen: $2,500 **Deductible Discount: 9.4%**

Pure Premium	Admin Cost	DWRF	DWRF2	Ded Disc	Total Premium
$38,040	$6,216	$300	$26	-$3,576	**$41,005**

Enrollment Dates

- Private employers: April 1 to May 31
- Public employers: Oct. 1 to Nov. 30
- New Ohio business exception

Coverage Period

- Private employers: July 1st to June 30th
- Public employers: Jan. 1st to Dec. 31st

Change or Withdrawal

- Deductible levels may not be changed during the policy year
- Employers may not withdraw during the policy year
- BWC may remove at mid-year with 30 day notice
- Automatic re-enroll for eligible employers

Deductible Program Process

- Employers report all claims to BWC
- BWC makes payment directly to providers
- Participants will be billed monthly up to their deductible level

Deductible Program Process

- Deductible payment – 28 days

Deductible Amount	Date of Injury	Payments to Date	Date of Next Medical	Amount Billed	Billed to Emp
$ 5,000	9/15/09	$ 3,600	10/26/10	$ 1,000	$ 1,000
$ 5,000	10/19/09	$ 4,300	11/15/15	$ 800	$ 700

Program Non-Compatibility

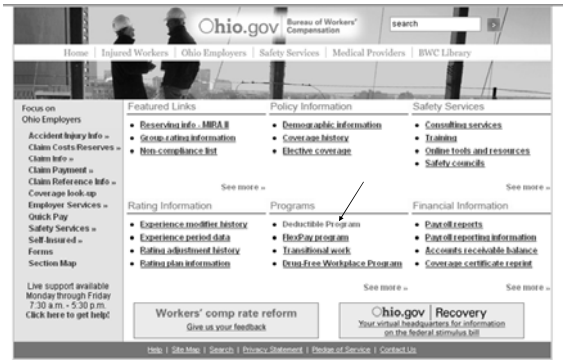
- Salary Continuation
- $15K Medical Only
- Group Retrospective Plan
- Retrospective Rating Plan

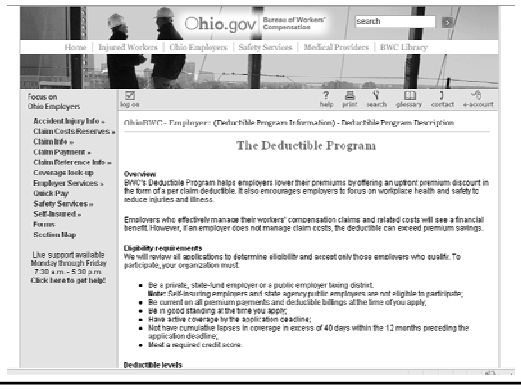
Unpaid deductible

- Penalties are assessed
- May be certified to the Attorney General if unpaid
- Removal from program
- No premium discount in future periods

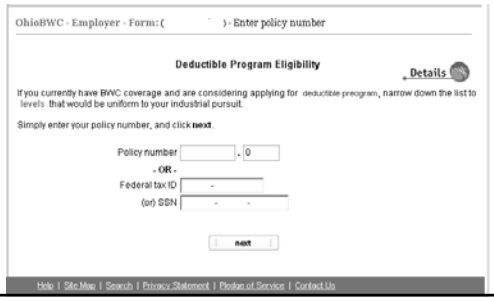
How to apply

- Fill out the U-148 application form
  - Fax form to BWC
  - Send form to BWC
- Apply on-line
  - Beginning mid-April





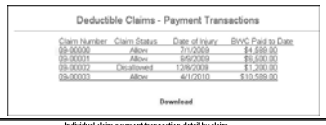
New Program Screen Shots - Eligibility



Program Eligibility

Deductible Claim Payment Transaction Detail (Policy Level)

Deductible Individual Claim Payment Transaction Detail (Claim Level)-



Individual claim payment transaction detail by claim

Policy number	Deductible Program Year	Claim number	Date of injury	Benefit type	Claim Status	Invoice Benefit type	BWC paid date	Date of service (M)/Date of disability (L) From Date	Date of service (M)/Date of disability (L) To Date	BWC paid amount
000000-0	2009	09-000000	7/1/2009	M	Allow	MISC. MEDICAL SERVICES	12/5/2009	12/1/2009	12/1/2009	$263.28
000000-0	2009	09-000000	7/1/2009	M	Allow	DOCTORS	12/8/2009	12/2/2009	12/2/2009	$94.12
000000-0	2009	09-000000	7/1/2009	M	Allow	DOCTORS	12/12/2009	11/25/2009	11/25/2009	$94.12
000000-0	2009	09-000000	7/1/2009	I	Allow	TT	12/16/2009	11/1/2009	11/15/2009	$4,137.48
										$4,589.00

Deductible Individual Claim Payment Transaction Detail (Claim Level)-

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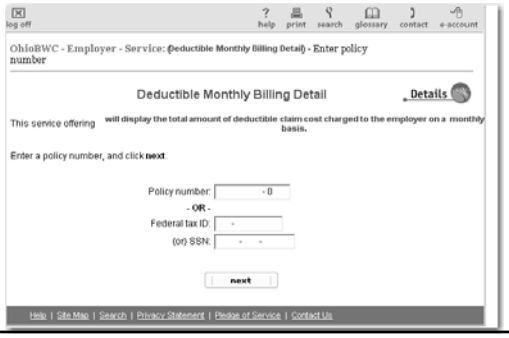
Deductible Monthly Billing Detail



Deductible Monthly Billing Detail-Claim Level

Deductible Annual Billing Detail

Employer:
OhioBWC - Employer - Service: (Deductible Monthly Billing Detail)

Policy #:

Deductible Billing Detail Sreen

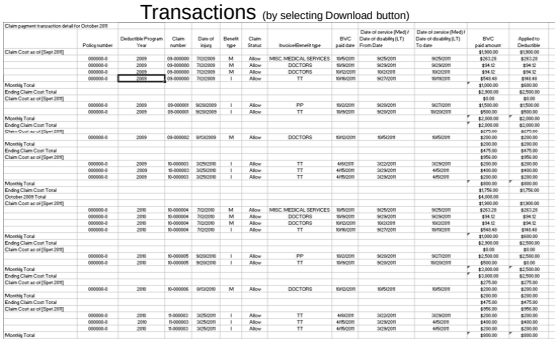
Billing Month: October 2011

$10,200.00 - Total Monthly Billing

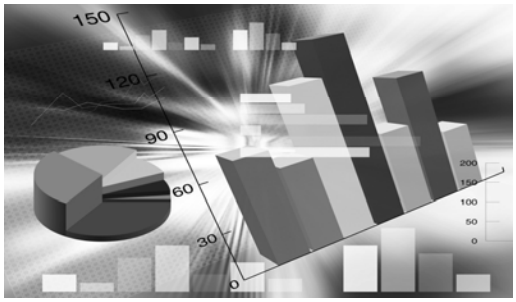
Deductible Year	Billed Amount
2011	1200.00
2010	5000.00
2009	4000.00

previous download

Deductible Monthly Billing Detail-All Claim Payment Transactions (by selecting Download button)



Group Retro Overview



Overview

- Voluntary performance based incentive program
- Certified sponsors form groups of homogenous employers
- Employers continue to pay their individual premium

Overview

- Employers will have the opportunity to receive retrospective premium adjustments
- Adjustments will be based upon combined performance of the group
- Employers may receive either a premium refund or assessment

Premium Reviews

- The Group's Retrospective Premium will be recalculated:
  - 12 months
  - 24 months
  - 36 months
- Refunds or assessments will be determined when the premium is recalculated.

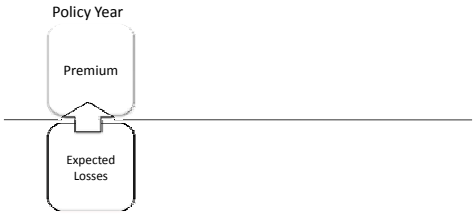
Refunds and assessments

- During the three reviews, the Group Retrospective Premium will be recalculated
- The new premium will be compared to the Standard Premium
  - Standard Premium is the total premium for the entire group
  - Standard Premium is the benchmark for future reviews

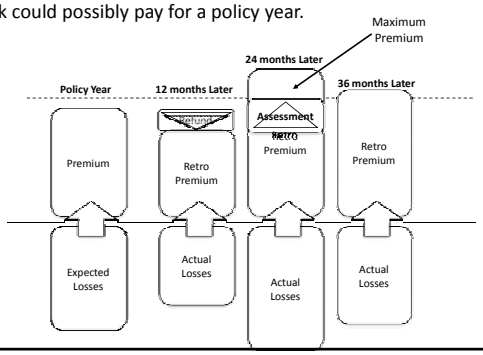
Refunds and assessments

- If the new premium is less than the Standard premium group members will receive a refund
- If the new premium is greater then group members will receive an assessment

In a retrospective plan, the experience rated premium is paid the first year



A Maximum Premium Ratio limits the amount of premium a risk could possibly pay for a policy year.



Program Eligibility

- Be a private, state-fund employer or a public employer taxing district
- Be current on any and all premiums, administrative costs, assessments, fines or monies owed to BWC
- Have active coverage by the application deadline
- Not have cumulative lapses in workers' compensation coverage in excess of 40 days within the 12 months preceding the application deadline

Compatibility with Other Programs

- While participating in the Group Retrospective Rating Plan, employers cannot participate in the programs listed below for injuries that occur during that policy year
  - Individual retrospective rating plan
  - $15,000 Medical-Only Program
  - Deductible Program
  - One Claim Program
  - Group-Rating

Application/Enrollment

- Enrollment Dates
  - Private Employers
    - For 2009, enrollment will be May 1st to May 31st
    - Application deadline will be the last business day of February for all subsequent policy years
  - Public Employers
    - Application deadline will be the last Friday of August
- Application
  - A certified sponsor hosting a group will submit a group retro application including a group roster
  - Each employer will need to complete an Employer Statement Form stating their intention to participate in Group Retro

Target Employers

- Medium to Large employers (over $5,000 in premium) who have the resources to implement comprehensive safety programs
- Employers who currently have effective safety programs or are willing to adapt to the sponsor's safety approach
- Both Debit and Credit rated employers may be candidates since discounts will be based on future performance not past losses

Communication/Marketing Plan

- Sponsor and Third Party Administrators
- BWC Communication Channels

Questions

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