

BWC Comprehensive Study - Deloitte Recommendations

Task(s)	Report	Recommendation	Recommendation Impact			
			Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
1	1.1	Provide more responsiveness to Ohio trends.	High	Moderate	Low	Moderate
1	1.1	Perform baseline indication before discounting.	Moderate	Moderate	High	Moderate
1	1.1	Include alternative method in calculating indicated rate change.	High	High	Moderate	Moderate
1	1.1	Display historical loss costs at proposed cost and wage levels	None	None	High	None
1	1.1	Display impact of collecting premium in arrears on the rate change indication.	None	None	High	None
1, 24	1.1	Eliminate use of ER Off-Balance Adjustment Factor for Class Base Rates.	High	High	Moderate	Moderate
1, 24	1.1	Apply individual ER Off-Balance Adjustment to individual ER risks only.	High	High	Moderate	Moderate
1, 24	1.1	Calculate catastrophe factor by NCCI Hazard Group.	Moderate	Moderate	None	Moderate
1, 24	1.1	Provide more detailed documentation for each adjustment factor.	None	None	High	None
1, 24	1.1	Use alternative indication of Class Loss Costs to credibility weight class loss costs.	Low	Low	None	High
1, 24	1.1	Separate case reserves in estimating historical loss costs.	Low	Low	None	Low
6	1.1	Change the structure of the Group Rating program.	High	High	High	High
6	1.1	Change credibility for individual experience to be in line with industry practices.	Low	Moderate	None	Low
6	1.1	Prohibit exclusion of claims from Experience Rating calculation.	Low	Low	Low	Low
12	1.1	Develop an alternative to the exclusive use of MIRA II.	Moderate	High	High	High
12	1.1	Determine where MIRA II claim values are most predictive.	Moderate	High	High	High
12	1.1	Study the impact of MIRA II reserves on class rates and Experience Rating.	Moderate	Moderate	Moderate	Moderate
22	1.1	Terminate the Salary Continuation program.	High	High	Moderate	High
22	1.1	Terminate the \$15,000 Medical Only program.	High	High	Moderate	High
22	1.1	Consider an appropriately priced Deductible program as an alternative.	Moderate	Moderate	None	High
8	1.2	Limit caseloads to no more than 400.	High	Moderate	Low	High
8	1.2	Build functionality in V-3 to manage subrogation claims.	High	Moderate	Low	Moderate
8	1.2	Establish a more robust set of performance metrics.	High	Moderate	Moderate	Moderate
8	1.2	Investigate utilization of text mining.	High	Moderate	Moderate	Moderate
11, 19.2, 20	1.3	Institute pre-assessment alternatives.	High	High	Low	Moderate
11, 19.2, 20	1.3	Collect enhanced data.	High	High	High	Low
11, 19.2, 20	1.3	Require collateral from higher risk employers.	High	High	Moderate	High
11, 19.2, 20	1.3	Revise assessment base.	Moderate	Low	Low	Low

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11, 19.2, 20	1.3	Reinsure certain bankruptcy losses.	Moderate	Moderate	Low	Low
18	1.4	Require an actuarial study for self-insurers returning to the State Insurance Fund.	High	High	Moderate	High
18	1.4	Continuation of security upon returning to the State Insurance Fund.	High	High	Moderate	High
18	1.4	Do not allow self-insurers to leave the State Insurance Fund multiple times.	High	High	Moderate	High
18	1.4	Expand reporting forms to allow for more detailed internal analysis.	Moderate	Moderate	Moderate	Moderate
19.1	1.4	Require an actuarial study for Self-Insurance applicants.	High	High	Moderate	High
19.1	1.4	Require additional security for employers applying for Self-Insurance.	High	High	Low	Moderate
19.1	1.4	Consider offering Group Self-Insurance.	Moderate	Moderate	Moderate	High
19.1	1.4	Consider trends within industries to determine Self-Insurance criteria.	Moderate	Moderate	Low	High
19.1	1.4	Incorporate objective financial criteria as part of the Self-Insurance application.	Moderate	Moderate	Moderate	Low
19.1	1.4	Consider offering enhanced customer service aid to employers.	Low	Low	High	Low
19.1	1.4	Consider requiring an anti-fraud program as part of the Self-Insurance application.	Low	Low	Moderate	Low
19.1	1.4	Consider requiring a formal safety program as part of the Self-Insurance application.	Low	Low	Moderate	Low
19.1	1.4	Require organization documents for Self-Insurance application.	Low	Low	Moderate	Low
15, 21	2.1	Include risk margins and disclose margins/discounts.	Low	High	High	Low
15, 21	2.1	Require Statement of Actuarial Opinion.	Low	Moderate	High	Low
15, 21	2.1	Further study of LSS savings & DWRF risk.	Moderate	Moderate	High	High
15, 21	2.1	Use additional methods, document better, test estimates, and focus on risk and uncertainty.	Moderate	Moderate	High	Low
25	2.3	Conduct fee schedule update and maintenance.	High	Moderate	High	Moderate
25	2.3	Address medical payment process duplication.	High	Moderate	Moderate	Moderate
25	2.3	Streamline treatment authorization request and ADR process.	High	Moderate	Moderate	Moderate
26	2.4	Adopt a funding policy with guidelines & metrics.	Moderate	High	High	Moderate
26	2.4	Target a funding ratio range and recommended actions.	Moderate	High	High	Moderate
26	2.4	Policy guidance with premium options based on funding ratio.	Moderate	High	High	Moderate
31	2.4	Limit impact of CAT event to 5-10% of Net Assets.	Moderate	Moderate	Moderate	Moderate
31	2.4	Test reinsurance market for CAT protection.	Moderate	Moderate	Moderate	Moderate

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27	2.5	Re-evaluate portion of administrative expenses allocated to LAE.	Low	Moderate	Moderate	Low
30	2.6	Sustain trend of decreasing numbers of participating MCOs & study feasibility of competition.	High	Moderate	None	Moderate
30	2.6	Remove the BWC from the ADR appeal process.	High	Moderate	None	Moderate
30	2.6	Legislate change to mandatory IME requirement at 90 days lost time.	High	Moderate	Moderate	Moderate
30	2.6	Allow MCOs authority to make allowable condition determinations.	High	Moderate	Moderate	Moderate
30	2.6	Establish ODG as mandated disability duration guidelines.	Moderate	Moderate	High	Low
30	2.6	Update all fee schedules every 1 - 2 years.	Moderate	Moderate	High	High
30	2.6	Improve provider profiling, credentialing, and de-certification.	Moderate	Moderate	High	Moderate
30	2.6	Continue Public Forums and re-institute Injured Worker Surveys & employer satisfaction surveys.	Moderate	Moderate	High	None
2	3.1	Change the manner in which PES rates are calculated.	Moderate	Moderate	High	Low
2	3.1	Change the method used to determine Expected Paid Losses in the Prospective Policy Year.	Moderate	Low	Low	Low
4	3.1	Redesign the Retrospective Rating program.	Moderate	Moderate	Moderate	Moderate
29	3.1	Develop the capability to track the experience of employers participating in the Safety & Hygiene program.	Low	Low	Low	Low
33, 34	3.1	Impact of rates on frequency, severity, and loss ratios.	Not Rated	Not Rated	Not Rated	Not Rated
9	3.2	Make Grants Available even if no claims related to the intervention.	Moderate	Negative	None	Low
9	3.2	Require Safety Report with application.	Moderate	High	Moderate	Moderate
9	3.2	Combine DFWP and DF-EZ programs.	High	Moderate	Moderate	Low
17	3.3	Terminate the Handicap Reimbursement program.	Moderate	Moderate	Moderate	Low
3	4.1	Consider using NCCI class codes for Public Taxing Districts.	Moderate	Low	Low	Low
3	4.1	Monitor procedures used to code construction classes.	Moderate	Moderate	None	Moderate
3	4.1	Establish specific premium audit guidelines.	High	Moderate	None	Moderate
3	4.1	Increase scope of Premium Audit function.	Moderate	High	None	Moderate
3	4.1	Consider an audit scoring tool to prioritize audits.	High	High	None	Moderate
5	4.1	Examine the feasibility of raising the Minimum Premium.	Moderate	Moderate	None	Moderate
5	4.1	Increase premium audits for accounts that report no payroll but have claims.	Moderate	Moderate	None	Moderate
13	4.1	Set DWRF rates to meet payments and reduce burden to future employers for DWRF benefits.	Moderate	High	Moderate	Moderate
7, 10, 13	4.1	Address large unfunded obligation including possible long term funding.	Moderate	High	Moderate	Moderate

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13	4.1	Change DWRF from pay-as-you-go basis to support reducing unfunded obligations.	Moderate	High	Moderate	Moderate
13	4.1	Establish a good, clear, and long term rationale for funding DWRF benefits.	Moderate	High	Moderate	Moderate
28	4.1	Change rules to give BWC sole authority to direct rehab services.	High	Moderate	None	Moderate
28	4.1	Reconsider the rules associated with the Experience Rating treatment of LM claims.	High	Moderate	Moderate	Moderate
32	4.1	Use NCCI Approach to Common Majority Ownership for Experience Rating	Moderate	Moderate	Moderate	Moderate
14	4.2	Eliminate/restrict changes to employer rates due to changes in claims.	High	Low	Moderate	Low
14	4.2	Establish shorter and clearly defined time constraints, and restrict time to report errors.	Moderate	Moderate	Moderate	Moderate
14	4.3	Utilize only Ohio based information to determine eligibility for Experience Rating.	High	Low	Moderate	Low
16	4.3	Adopt the industry standard of using base premiums as the eligibility criteria for Experience Rating.	High	Low	Moderate	Low
36	4.4	Establish rating and programs pricing team.	High	High	Moderate	Moderate
36	4.4	Establish reserving & net asset level analysis function.	High	High	Moderate	Moderate
36	4.4	Establish data management.	High	High	Moderate	Moderate
36	4.4	Actuarial hiring and development program.	Moderate	Moderate	None	None

Note:

*Task 35 is described throughout Task 1.

**No recommendations were made for Task 23 (Report 2.2 - Benefit Levels)