

# Prospective billing Frequently Asked Questions

## What is prospective billing?

Prospective billing requires employers to pay for their workers' compensation coverage prior to the coverage being effective.

## Why is BWC switching to prospective billing?

Switching to prospective billing will bring us in line with the industry standard used by nearly all insurance providers.

## What are the benefits of transitioning to prospective billing?

The benefits of this change include:

- An overall base-rate reduction of approximately 2 percent for private employers and 4 percent for public employers;
- Opportunities for more flexible payment options – up to 12 installments;
- Increased ability for us to detect non-compliance and fraud, which can provide long-term savings.

## When does prospective billing start?

- For private employers, prospective billing starts with the policy period beginning July 1, 2015.
- For public employer taxing districts, prospective billing begins with the Jan. 1, 2016, policy period.

## How will we transition employers to prospective billing?

To help ease the transition, we will provide a transition credit to private employers and public employer taxing districts.

- For private employers, we (through the State Insurance Fund) will pay the premium for the Jan. 1, 2015, to June 30, 2015, policy period normally due in August. Additionally, we will pay the premium due for the first two months (July and August) of the first prospective billing policy period. This transition credit means a private employer won't need to make a prospective premium payment until Aug. 31. This is the same time your payment would have been due under the current retrospective billing system.
- Public employer taxing districts will receive a 2015 policy period payroll report and a 2016 invoice for the prospective policy period premium in March 2016 with a minimum of 50 percent payment due in May 2016 for both policy periods. The remainder of the premium is due in September. We will credit each of these by 50 percent, resulting in public employer taxing districts paying roughly the same amount during 2016 that would have been due without the transition to prospective billing.

## Will I get the transition credit if I am lapsed?

Private employers must be in an active status on July 1, 2015, to get the transition credit. Public employer taxing districts must be in an active status on Jan. 1, 2016, to get the transition credit.

## Will I get the transition credit if I am in a payment plan?

Employers on an approved payment plan will be eligible for the transition credit as long as they are in an active status.

## Why do I have to report payroll to get the transition credit and at true-up time?

Ohio law requires we set rates using actual payroll of Ohio employers. Thus, it is critical for us to get this information.

## How will I pay premium under prospective billing?

We will estimate a prospective premium based on the most recently completed policy year and invoice the employer. Employers will pay their estimated premium prior to us granting and providing coverage. We will initially transition all private employers (other than the minimum payers) to a bi-monthly pay plan. This means employers will pay a portion of the annual premium to us six times a year. We will initially transition all public employers to a monthly installment plan. If employers wish to select a different installment option, they can make the change annually, prior to the start of the policy year.

At the end of each policy year, we will send employers a notice to true-up. This true-up will require employers to report their actual payroll online at [www.bwc.ohio.gov](http://www.bwc.ohio.gov). We will then adjust your account based upon what you have already paid.

## How will I know what to expect with the new billing system?

For private employers, we will send out a notice each May to all employers. This notice will include the amount of their estimated premium due and their installment plan. It will also include a certificate that is valid only if the employer makes the required installment payments. Around June 1 of each year, we will mail the first installment invoice. To maintain active coverage, an employer must pay that first installment by June 30 of each year.

Public employer taxing districts will follow a similar time frame with notices mailed in November preceding the policy year and the first installment invoice mailed around Dec. 1 of each year. Public employer taxing districts will have until Dec. 31 of each year to make the first installment payment.

## What about the employer programs or rating plans in which I participate?

To allow us to notify employers of their premium obligations earlier each year, we have adjusted the program deadlines as described below.

- For private employers:
  - o The group-rating sign-up deadline is now the Monday prior to Thanksgiving (beginning this fall);
  - o The deadline for group-retrospective rating, individual-retrospective rating, the Deductible Program and One Claim Program is now the last business day of January;
  - o The deadline to sign up for Destination: Excellence programs is now the last business day of May.
- For public employer taxing districts:
  - o The group-rating sign-up deadline will be the last business day of May beginning with the Jan. 1, 2016, rating year;
  - o The deadline for group-retrospective rating, individual-retrospective rating, the Deductible Program and One Claim Program is now the last business day of July;
  - o The deadline to sign up for Destination: Excellence programs is now the last business day of November.

## Private employers: Important dates to remember

Date	Event
Sept. 30, 2014	Experience period snapshot date
Nov. 24, 2014	Deadline for group-rating
Jan. 30, 2015	Deadline for group-retrospective rating, One Claim Program, Deductible Program, individual-retrospective rating
May, 2015	Mailing of information of estimated premium and installment schedule
May 29, 2015	Deadline for Destination: Excellence programs
July 1, 2015	Policy year starts with prospective billing
Aug. 31, 2015	First installment due date for 2015 policy year*
July 1, 2016	Annual payroll true-up report notice sent
Aug. 15, 2016	Annual payroll true-up report due

*\*For subsequent policy years beginning on July 1, 2016, the first installment will be due by June 30.*

## Public employer taxing districts: Important dates to remember

<b>Date</b>	<b>Event</b>
March 31, 2015	Experience period snapshot date
May 29, 2015	Deadline for group-rating
July 31, 2015	Deadline for group-retrospective rating, One Claim Program, Deductible Program, individual-retrospective rating
Nov. 1, 2015	Mailing of information of estimated premium and installment schedule
Nov. 30, 2015	Deadline for Destination: Excellence programs
Jan. 1, 2016	Policy year starts with prospective billing
May 15, 2016	50 percent of premium due for Jan. 1, 2015, and 50 percent of premium due for Jan. 1, 2016, (first payment)
Sept. 1, 2016	Remainder of 2015 and 2016 premium due
Nov. 1, 2016	Mailing of estimated premium and installment schedule for the Jan. 1, 2017, policy year
Dec. 31, 2016	First installment due for 2017 policy year
Jan. 1, 2017	Annual payroll true-up report notice sent
Feb. 15, 2017	Annual payroll true-up report due