

Prospective Billing

Frequently Asked Questions — Public Employers

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 4 percent
- 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 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. 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. A minimum of 50 percent payment is 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. This will result 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?

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 send an invoice to the employer. Employers will pay their estimated premium prior to us granting and providing coverage. We will initially transition 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. We will then adjust your account based upon what you have already paid.

What is the new minimum premium and why has the minimum premium increased?

The new minimum premium is \$120 plus assessments. The assessments are dependent on the amount of expected payroll and premium that the employer has on its account. A larger amount of expected payroll will result in a larger assessment. We have not increased the minimum premium since 2007, which is eight years without an increase. While we realize this is a 20-percent increase from the previous \$100 minimum premium, your premium of just \$10 per month protects you from any claim you might incur.

What is the Minimum Premium Adjustment?

The minimum premium adjustment is an adjustment made to bring your calculated premium up to the minimum premium of \$120 plus assessments (BWC and Industrial Commission of Ohio administrative costs as well as the charges for the Disabled Workers' Relief Fund).

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

We will send a notice each November to all employers. This notice will include their installment schedule and will break down their total estimated premium due by manual class. It will also include a certificate that is valid only if premium and assessments, including installments are paid by the applicable due date.

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 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.

Important dates to remember

Date	Event
Jan. 1, 2016	Policy year starts with prospective billing
March 31, 2016	Experience period snapshot date
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
Nov. 15, 2016	Deadline to update installment schedule to select the deferred payment option
Dec. 1, 2016	First invoice mailed for policy year 2017; due Jan. 3, 2017
Jan. 1, 2017	Annual payroll true-up report notice sent
Feb. 15, 2017	Annual payroll true-up report due