

# Strengthening Ohio's Workers' Compensation System

---

Split Plan/Group Rating Workgroup  
March 7, 2008 Update

# Group retro – Washington plan

---

- What is group retro?
  - Optional financial incentive program to help qualifying employers reduce costs

# Group retro – Washington plan

---

- How does group retro work?
  - Use “total incurred losses” to determine premiums
  - Use “performance adjustment factor” to calculate how much better retro participants outperformed non-retro participants
    - Not an arbitrary number – based on actual performance

# Group retro – Washington plan

---

- How is group retro administered?
  - Coverage period lasts 12 months
  - At 22 months (or ten months after coverage period ends), Washington calculates retrospective premium
    - If claims costs are lower than expected, premiums are refunded
    - If claims costs are higher than expected, additional assessments are levied
    - Two additional retrospective periods
      - 34 months
      - 46 months

# Group retro – Washington plan

---

- Plan performance (2005 data):
  - 52 individual policies enrolled:
    - 33 received average 18 percent dividend
    - 19 paid average assessment of 9 percent
  - Eight associations received seven percent dividend

# Group retro – Washington plan

---

- Benefits from retro plan:
  - Potential for premium refunds
  - Promotes safety
  - Premium collection/dividends is handled between insurer and association (not individual employers)

# Group retro – Washington plan

---

- Challenges from retro plan:
  - Rate stability
  - BWC resources
    - IT/infrastructure
    - Claims management
    - Monthly and quarterly reporting
  - Risk of being assessed additional premiums (experience is retained regardless of membership changes)
  - Employer communication

# Group retro – Washington plan

---

- Discussion