Ohio Bureau of Workers' Compensation Board
Executive Summary: Comprehensive Study Group 3 Tasks
October 2008

This document briefly summarizes the results of our Comprehensive Study on Group 3 tasks. The tasks included in Group 3 include: PES rate setting; retrospective rating; Safety Grant programs; safety & hygiene programs; MCO effectiveness; medical payment structure comparison; and other cost controls. We are also including our findings from the Group 4 task regarding the Handicap Reimbursement program.

PES Rate Setting

Situation: The rate setting process for state agencies is designed to set overall premiums at the level of expected payments during the next fiscal year; in other words, it is a pay-as-you-go system. Rates are based on the past five calendar years of loss payment experience relative to payroll. Small agencies are rated together to prevent large swings in rates from year to year. The five year loss experience of each agency (or group of agencies) is assigned credibility based on the amount of premium in the five year history.

Effective July 1, 1998, a trending procedure was added to the PES rate setting process based on changes in paid loss costs over the five year period. The stated intention of the trend procedure is to recognize the observed substantial negative trend in losses and the positive changes occurring in claims management. The trend is calculated for each agency (or group of agencies) in the PES rate setting process. An overall trend is selected for all agencies combined. The trend used for each agency is a credibility weighted average of the agency trend and the overall trend.

PES Results

The BWC has collected premium in excess of payments from 2005-2007, after several years in which the reverse was true (see table below).

Calendar Year	Total Claim Loss Payments*	Premium Less S+H	Premium Minus Awards/Payments	Cumulative Surplus (Deficit)
2007	$58,390,223	$69,744,809	$11,354,586	($7,866,238)
2006	$62,050,380	$67,420,777	$5,370,397	($19,220,824)
2005	$57,595,845	$61,212,929	$3,617,084	($24,591,221)
2004	$56,593,418	$53,784,050	($2,809,368)	($28,208,305)
2003	$55,691,032	$45,166,809	($10,524,223)	($25,398,936)
2002	$51,445,493	$39,286,197	($12,159,296)	($14,874,713)
2001	$50,454,456	$38,851,071	($11,603,385)	($2,715,417)
2000	$44,693,689	$37,638,954	($7,054,736)	$8,887,968
1999	$45,545,122	$37,099,600	($8,445,522)	$15,942,704

While these results are showing worsening over-estimation for the more recent years, the cumulative differences between loss payments and premium (less S+H) indicates that the rate system is returning to a more balanced cumulative difference. Please note that the cumulative surplus/deficit is based on results for 1980 and subsequent.

Methodology: We reviewed the PES rating sheets as well as descriptions of the rating program and its history provided by BWC.

Observations:

- There is a mismatch in the exposure base and losses. The exposure base is the prospective fiscal year payroll, which is a measure of exposure to losses occurring in the prospective year. In the PES system, next year's paid losses arise from both current and prior accident periods. This mismatch can lead to difficulties under conditions of rapid growth or contraction, such as the opening or closing of an agency, or changes in paid patterns such as those brought on by an increase in lump sum settlements.
- The trending process described above is inconsistent with industry practice and actuarial standards. Calendar year paid loss activity is an inappropriate basis for trend procedures.
- The overall selected PES trend assumption is not based on actual experience for calendar years 2006-2008. BWC selects the overall trend assumption in order to obtain a targeted rate change. This assumption is a significant driver of rates, as most agencies have little credibility. This is an area which changes in procedure and transparency are indicated.

Recommendations:

- **Rating:** Given the mismatch in exposure and losses described above, an alternative approach for determining premium is to develop the PES premium rates based on an analysis of the projected paid losses by accident year. The expected paid losses for the prospective calendar year would be estimated based on projected ultimate losses on claims from each of the prior accident years plus the expected paid loss for the next calendar year from the estimated ultimate losses on claims occurring in the next accident year. This process would involve analyzing past loss experience on an accident year basis in order to better project the prospective calendar year paid losses. Further discussion with BWC is needed to determine how to combine these components into a final premium rate.
- **Expected Paid Losses:** Rather than determining expected paid losses based on past calendar year loss activity, a preferable approach is to evaluate the PES program on an accident year basis. The accident year analysis would result in estimating the ultimate accident year losses, projected paid losses for the next calendar year, and the expected future payout of the unfunded liability. This annual analysis would be performed by agency for the larger agencies and on a combined basis for the smaller agencies. This would provide much improved transparency of the pay-as-you-go impact on potential future PES rate needs from the unfunded liabilities.

- **Trend Procedure:** If the approach recommended above is adopted, trends in experience would be reflected in the accident year estimates and the current trend assumption process would not be needed. If the current calendar year approach is maintained, the overall trend assumption for PES should be made more transparent. The table below illustrates the significant difference in the selected overall trend and the indicated overall trend from the documentation provided by BWC. To the extent the selected trend from the current process is intended to correct for a cumulative surplus/deficit between past premiums vs. losses paid to date, we recommend that a separate rate provision be made explicitly in the rate setting process.

Calendar Year	Indicated Trend	Selected Trend
2005	2.1%	2.0%
2006	1.0%	17.0%
2007	0.6%	14.7%
2008	-1.6%	34.3%

Retrospective Rating

Situation: Employers who meet various eligibility requirements have the option to enroll in BWC's Retrospective Rating Program (Retro Plan). Retro policyholders are charged a minimum premium that is based on a percentage applied to the premium that would have been charged for guaranteed cost coverage. This minimum percentage averages approximately 29%. However, there is a wide range of minimums, with a low of 14% and a high of 83%. Additional premium is paid by the employer based on actual losses from that employer, up to a specified maximum. The maximum is typically 200% of the guaranteed cost premium. Additional premiums can be charged to the employer for 10 years after the retro policy year inception, and then the retro policy year is closed. Losses are capped at a per occurrence limit selected by the employer, which can be as high as $250,000 per occurrence, for purposes of computing the additional premiums. Handicap losses are removed prior to calculating the retro premium owed.

Methodology: We reviewed policy and loss information for policy years 1996 to 2007. There are 352 employers who participated in the Retro Plan and 1,502 retro policies over this timeframe. The total minimum premium was $478 million for the 10 year period. Total losses that were recovered in additional premiums from retro policyholders amounted to $433 million for the period, based on the latest available loss evaluations for PA and PEC. In addition, $2 million in losses were not billable in additional premiums within the parameters of the retro policies. These $2 million in losses are related to 23 of the 1,502 retro policies, where the employer's losses have resulted in premiums in excess of the maximum retro policy premium.

Conclusions: The retro program is much simpler in design than most standard retro programs seen in the industry. A typical retro program includes a basic charge and a loss conversion factor (LCF) to load loss expenses into the premium. BWC does not have an explicit basic or LCF charge included in the retro premium calculation. However, BWC's minimum premium appears to be more than sufficient to capture expenses. Another difference from a typical retro program is that the BWC collects only the minimum premium up front, and all chargeable losses arising in the policy period are treated as additional premium up to the maximum premium. A typical program bases retro premium on converted losses plus basic premium, subject to minimum and maximum constraints. Under this structure, employers who incur small losses during the policy period can still pay only the minimum premium.

It appears that the retro program has performed relatively well for the BWC with total ultimate premiums of approximately $913 million and chargeable losses of $435 million to date.

In order to encourage a higher degree of participation, we recommend that BWC consider redesigning the retro program to be more in line with retro programs commonly used in other states.

Safety Grant Programs

Situation: The Safety Grant Programs are comprised of two primary areas: Safety Intervention Grants and the Drug Free Workplace Grants.The Safety Intervention Grant (SIG) program is effective in reducing employers' claim costs, although the Return on Investment (ROI) is highest (> 200%) for the Hospitals and Municipalities industries and in general for premium sizes greater than $250,000; lower premium sizes and several industries have a negative ROI but still experience a reduction in losses. Because incurred losses can be associated with a specific intervention, a causal relationship can be established between SIG funds awarded and improved loss experience. Although the receipt of Drug Free Grants is correlated with improved loss experience for premiums in the $0-$100,000 range, there does not necessarily appear to be a causal relationship and hence we cannot conclude that Drug Free Grants are a driving, causal force in reducing claim costs.

Methodology: We began work on Task 9 by reviewing BWC's State Insurance Fund Manual and website for the current Safety Grant Program rules, laws, policies and procedures and identifying strengths and potential gaps. From the State Insurance Fund Manual, we primarily reviewed section 4123-17-56. We also received and reviewed detailed information regarding BWC's business processes and financial contributions of its Safety Grant Program.

We also researched the rules, laws, policies and procedures of Safety Programs in all 50 states and the District of Columbia to establish a baseline of program characteristics against which to compare BWC's Safety Grant Program. Although we have researched all 50 states and D.C., the depth of information varies due to information available on their respective web sites and availability for interviews.

Reference point for Safety Intervention Grants and Drug Free Workplace Grants as part of the Safety Grants Program:

http://www.ohiobwc.com/employer/programs/safety/EmpGrants.asp

Conclusions: Our major recommendations in this area are:

- BWC should consider revising the requirement that an employer must have experienced a claim directly related to the intervention grant. While this requirement helps to increase the cost-effectiveness of Safety Grants, it is conducive of a reactive rather than proactive safety mindset.
- Require a safety consultation report with a Safety Grant application which would provide BWC with a more comprehensive look at an applicant's overall safety practices and could help improve the cost effectiveness of providing a safety grant.
- BWC should consider combining the DFWP and DF-EZ programs into a single, simplified program focused primarily on smaller employers due to usage and benefit trends.

Safety & Hygiene Program

Situation: BWC's Division of Safety & Hygiene (DSH) offers safety consulting through a variety of means, including on-site visits.

Methodology: BWC provided a list of employers who were visited by the DSH. We attempted to gauge the impact of the DSH visits by analyzing the 2004 and 2005 loss experience of employers who were visited by the DSH in the 2003, 2004, and 2005 years (or any combination thereof). Losses are evaluated as of December 31, 2007.

Conclusions: We found that the results were inconclusive for most combinations of years visited, with similar frequency, severity, and loss ratios for employers in the 2004 and 2005 year (noting that the loss ratios and severities for the 2005 year would increase if adjusted to the maturity level of the 2004 year). The one exception to this is the group of employers who participated in both 2004 and 2005. These employers show significant decreases in loss ratios, frequency, and severity, offering evidence that this program potentially has a positive impact.

Private Employers
2004 versus 2005 Loss Ratios

Safety Visits Participation Years	Loss Ratio Using Charged Premium		Loss Ratio Using Base Premium	
	2004	2005	2004	2005
2003 Only	88%	79%	59%	56%
2004 Only	70%	76%	52%	59%
2005 Only	94%	73%	77%	66%
2003 & 2004	73%	78%	56%	61%
2003 & 2005	66%	70%	57%	62%
2004 & 2005	84%	64%	74%	59%
All 3 Years	72%	64%	58%	54%
Total	80%	70%	64%	59%
Rest of population	97%	86%	63%	59%

Note: Charged premium does not include impact of off-balance
Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years
2004 therefore has 12 months more loss development as compared to 2005.

Private Employers
2004 versus 2005 Frequency

Safety Visits Participation Years	Frequency Using Charged Premium		Frequency Using Base Premium	
	2004	2005	2004	2005
2003 Only	0.16	0.15	0.11	0.10
2004 Only	0.14	0.14	0.11	0.11
2005 Only	0.14	0.12	0.12	0.11
2003 & 2004	0.13	0.13	0.10	0.10
2003 & 2005	0.15	0.15	0.13	0.14
2004 & 2005	0.14	0.12	0.12	0.11
All 3 Years	0.13	0.12	0.10	0.10
Total	0.14	0.13	0.11	0.11
Rest of population	0.15	0.14	0.10	0.09

Note: Charged premium does not include impact of off-balance
Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years
2004 therefore has 12 months more loss development as compared to 2005.

Private Employers
2004 versus 2005 Severity

Safety Visits Participation Years	Average Severity 2004	2005
2003 Only	5,547	5,408
2004 Only	4,931	5,462
2005 Only	6,630	5,852
2003 & 2004	5,447	5,903
2003 & 2005	4,363	4,615
2004 & 2005	5,969	5,118
All 3 Years	5,615	5,344
Total	5,787	5,477
Rest of population	6,413	6,201

Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years 2004 therefore has 12 months more loss development as compared to 2005.

MCO Effectiveness and Medical Payments Review

Situation: The Ohio Health Partnership Program (HPP) generally follows established industry standards for managed care programs.

Methodology: These tasks involved review of historical and current BWC-sponsored MCO administration programs and payment processes, leverage of information assimilated from BWC internal and external studies, research and reporting of relevant industry sources for key performance indicators (KPI) and standards, interviews with major MCO and payment process constituents, review of the BWC Medical Services division strategies for program improvement, and commentary on its SMART (Specific, Measurable, Achievable, Realistic, Time-Bound) objectives for 2008. We reviewed the existing managed care organization (MCO) administration in Ohio, and benchmarked Ohio against other states for MCO regulatory requirements, quality control, dispute resolution, and general administration. We also evaluated the process of medical payments to providers in Ohio and compared Ohio's programs to industry peers.

Conclusions: The number of MCOs participating is currently at 24, showing a steady decline from the 57 who initially signed on for the program in 1997. Fewer participating MCOs are encouraged to increase efficiency and ease the BWC's administrative burden of monitoring compliance to program standards.

Our major recommendations in this area are:

- **Refine Baseline Metrics for Severity Comparison:** BWC quality assurance programs continue to improve MCO results but require refinement of baseline metrics for severity comparison; i.e. Degree of Disability Management (DoDM) measurements are outdated. MCOs are appropriately held to Utilization Review Accreditation Commission (URAC) standards for Case Management. A higher degree of standardization for Utilization Review would increase consistency in accepted treatment decisions, and afford the BWC an important added performance measurement criterion of MCOs. The Official Disability Guidelines (ODG), published by the Work Loss Data Institute, should be considered for mandated treatment guidelines, replacing other optional UR tools currently in use, and ODG disability duration guidelines should replace the current DoDM benchmark metrics until credible Ohio-specific data is available. The BWC should provide more evidence-based guidance for MCOs on conditions such as chronic pain and intermittent care required in permanency cases.
- **Study the feasibility of introducing more competition to the MCO participation process:** This will serve to limit the number of participants, stimulate more innovation in the program, and determine the relative value of currently bundled services.
- **Streamline Reimbursement and Provider Certification Processes:** Medical providers perceive a burdensome process for reimbursement. A "Blue Ribbon" panel of preferred providers is currently under consideration by the BWC to mitigate this issue. Additionally, BWC should increase joint efforts with MCOs to gather provider profile information and to de-certify repeated, non-compliant providers.
- **Provide MCOs More Flexibility in Accepted Medical Conditions/Allowance of Medical Treatment:** The MCO Report Card generated annually by BWC contains appropriate metrics for both activity-based and results-based standards. Employer and injured worker surveys as part of MCO Report Card should be re-instituted. The BWC's Board of Directors' Public Forums provide an important component in BWC's transparency initiatives. To increase efficiency, BWC should allow MCOs more flexibility in accepted medical conditions and allowance of medical treatment, subject to BWC oversight and audit.
- **Eliminate Statutory IME Requirement:** The statutory mandatory requirement for IMEs at 90 days of lost time should be eliminated. As much as one-half to two-thirds of approximately $22M million in annual expense could be eliminated.
- **Discontinue BWC Participation in the Alternative Dispute Resolution (ADR) Process:** Considering that BWC agrees with MCOs over 95% of the time, BWC should not participate in the ADR process, and have MCO final decision appeals taken directly to the Industrial Commission. Doing so could eliminate BWC's estimated annual cost of $4 million to participate in the ADR process.

- **Develop Provider Incentives:** To reduce inefficiencies in medical services requests and ADR, Deloitte recommends using the Blue Ribbon panel to develop provider incentives to drive improved compliance and overall performance.
- **Standardize Bill Review Process:** For the medical payment process, Deloitte recommends standardization of bill review edits and decreased processing duplication, since BWC reviews all bills processed by MCOs.
- **Review and Update Fee Schedules:** Deloitte recommends that fee schedules for all services should be formally reviewed and updated every one to two years. Regular fee schedule updates are likely to increase medical and ancillary provider satisfaction and enhance the predictability of increases (or decreases) in related medical payments.

Impact of Rates on Frequency, Severity, and Loss Ratios

Situation: Changes in an employer's premium can have an impact on employer behavior with respect to controlling workers compensation costs. As an example specific to the Ohio workers compensation system, employers who are part of groups have a strong incentive to control costs as a result of the significant cost savings available to group rated employers.

Methodology: We analyzed the extent to which frequency, severity, and loss ratios changed for employers that experienced significant premium changes between 2004 and 2005.

Conclusions: We found that employers with substantial decreases in premium from 2004 to 2005 had much worse loss ratios and worse claim frequency in the 2005 year relative to charged premium. Employers with substantial increases in premium displayed significant improvement in loss ratio and frequency relative to charged premium. The tables below display these results. Please note that losses are evaluated as of December 31, 2007. Therefore, the 2005 year is less mature than the 2004 year.

The results using base premium indicate that a slight decrease in claim frequency appears to be occurring, except for those employers with the largest decreases in premium. However, claim frequency has been trending downward slightly for workers compensation claims in general. The loss ratio differences using base premium indicate no real difference between employers who have had premium increases or decreases, regardless of the size of the change in charged premium. From this analysis, we conclude that there is no discernable impact of rates on frequency, severity or loss ratio.

Private Employers
2004 versus 2005 Loss Ratios

2004-2005 Change in Rate	Loss Ratio Using Charged Premium		Loss Ratio Using Base Premium	
	2004	2005	2004	2005
-100% to -75%	63%	490%	56%	48%
-75% to -50%	80%	165%	57%	54%
-50% to -40%	68%	107%	52%	49%
-40% to -30%	73%	105%	60%	65%
-30% to -20%	65%	70%	59%	53%
-20% to 20%	80%	74%	67%	63%
20% to 30%	107%	79%	62%	58%
30% to 40%	129%	78%	66%	54%
40% to 50%	153%	89%	60%	51%
50% to 75%	143%	81%	53%	48%
75% to 100%	170%	90%	48%	48%
100% to 250%	257%	99%	53%	48%
250% to 1,000%	716%	86%	57%	48%
Total	95%	83%	61%	57%

Note: Charged premium does not include impact of off-balance
Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years
2004 therefore has 12 months more loss development as compared to 2005.

Private Employers
2004 versus 2005 Frequency

2004-2005 Change in Rate	Frequency Using Charged Premium		Frequency Using Base Premium	
	2004	2005	2004	2005
-100% to -75%	0.08	0.70	0.07	0.07
-75% to -50%	0.12	0.28	0.09	0.09
-50% to -40%	0.12	0.20	0.09	0.09
-40% to -30%	0.13	0.17	0.11	0.11
-30% to -20%	0.10	0.12	0.09	0.09
-20% to 20%	0.13	0.12	0.10	0.10
20% to 30%	0.17	0.12	0.10	0.09
30% to 40%	0.22	0.13	0.11	0.09
40% to 50%	0.23	0.15	0.09	0.08
50% to 75%	0.26	0.15	0.10	0.09
75% to 100%	0.31	0.16	0.09	0.08
100% to 250%	0.44	0.17	0.09	0.08
250% to 1,000%	1.11	0.14	0.09	0.08
Total	0.15	0.14	0.10	0.09

Note: Charged premium does not include impact of off-balance
Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years
2004 therefore has 12 months more loss development as compared to 2005.

Private Employers
2004 versus 2005 Severity

2004-2005 Change in Rate	Average Severity 2004	2005
-100% to -75%	7,800	6,968
-75% to -50%	6,638	5,884
-50% to -40%	5,558	5,398
-40% to -30%	5,642	6,081
-30% to -20%	6,243	5,810
-20% to 20%	6,385	6,300
20% to 30%	6,442	6,463
30% to 40%	5,875	5,763
40% to 50%	6,540	6,092
50% to 75%	5,487	5,336
75% to 100%	5,548	5,787
100% to 250%	5,803	5,730
250% to 1,000%	6,454	6,005
Total	6,242	6,090

Losses are evaluated as of December 31, 2007 for both the 2004 and 2005 years 2004 therefore has 12 months more loss development as compared to 2005.

Handicap Reimbursement Program

Situation: The Americans With Disabilities Act (ADA) has made the original purpose of the Handicap Reimbursement Program largely irrelevant. Today the program is primarily used as a cost-containment mechanism by many employers and a competitive/marketing tool by Third Party Administrators. The program costs BWC approximately $2 million per year in charges to the Surplus Fund/overhead expenses and does not demonstrate a quantifiable benefit to the average policyholder. While BWC has not made substantive program revisions due to the implementation of the ADA, 21 states have discontinued their Second Injury Funds since inception of the ADA and many others are contemplating such an action. Arthritis accounts for approximately 97% of the reimbursed losses and, as per BWC interviews, is a difficult condition to verify.

Methodology: To conduct our review and analysis of BWC's Handicap Reimbursement program we held interviews with BWC staff, reviewed data received from BWC in response to our data request, and researched other states' Second Injury Funds via the web and phone interviews.

Conclusions: Our primary conclusion is that the Handicap Reimbursement Program should be discontinued for the following reasons:

- The ADA makes the program's original purpose largely obsolete;
- The cost-containment benefits of participating employers can be distributed across all employers in the form of lower premiums or increased funding of prospective loss control;
- BWC would save approximately $2 million per year in charges to the Surplus Fund and overhead expenses;
- The dominance of less verifiable arthritis cases makes many of the reimbursements arbitrary;
- There was no evidence found that employers with handicapped workers require the provided economic relief; and
- Employers will have a reduced administrative burden allowing them to focus on prospective loss control.

Ohio Bureau of Workers' Compensation Board

Executive Summary: Comprehensive Study Group 3 Tasks

Jan Lommele, FCAS, MAAA, FCA
Deloitte Consulting LLP

October 2008

Deloitte.

Agenda

Introduction

Comprehensive Study Assessment Matrix

Executive Summary Conclusions

Next Steps

Appendix

Introduction

Introduction

Pursuant to House Bill 100, the BWC engaged Deloitte Consulting LLP (Deloitte) to perform a Comprehensive Study to:

Measure the performance of Ohio's workers' compensation system;

and

Compare Ohio's workers' compensation system to other state and private compensation systems.

Introduction

The Comprehensive Study includes 36 tasks described in the Actuarial Consulting Services RFP. Deloitte divided these tasks into the following categories:

- Pricing & Programs
- Loss Reserves
- Net Assets & Reinsurance
- Self-Insured Regulations
- Claims
- Underwriting
- Actuarial Department Functions & Resources

The categories organize the tasks detailed in the RFP into related work streams

Introduction

The tasks in the Comprehensive Study were prioritized and placed into 4 groups with the following scheduled completion dates:

Ranking	Areas Included	Completion Date
Group 1	Rating program review; rate setting; experience rating; group rating; MIRA/MIRA II case reserving; subrogation; self-insurance; SIEGF assessments; salary continuation; and $15,000 medical only program.	June 2008
Group 2	Benefit comparisons; administrative cost calculation; net asset levels; excess insurance/reinsurance needs; actuarial audit reserves and expected payments.	August 2008
Group 3	PES rate setting; retrospective rating; Safety Grant program; safety & hygiene programs; MCO effectiveness, medical payment structure comparison and other cost controls.	October 2008
Group 4	NCCI classification system; minimum premium; Coal-Workers Pneumoconiosis Fund; Marine Industry Fund; Disabled Workers' Relief Fund; appeals process; out-of-state employers; handicap reimbursement; rehabilitation program; employer ownership versus tax ID; and Actuarial Department functions and resources.	December 2008

Comprehensive Study Assessment Matrix

Comprehensive Study Assessment Matrix

We are assessing the performance of the workers' compensation system for four overarching themes:

Effectiveness & Efficiency	How well does the Ohio workers' compensation system utilize its resources and administer benefits?
Financial Strength & Stability	Is the Ohio workers' compensation system fiscally sound? Does the system promote pricing stability?
Transparency	Can the public understand the workings of the Ohio workers' compensation system?
Ohio Economic Impact	Does the workers' compensation environment encourage business growth and development in Ohio?

Comprehensive Study Assessment Matrix

We have also mapped the various tasks in the RFP into several broad study elements:

- Ohio Benefit Structure
- Pricing Process
- Cost Controls
- Financial Provisions
- Actuarial Department Functions & Resources

The four themes can be overlaid onto Comprehensive Study Elements to create a matrix that displays their relationship.

Our performance assessment is made on each element in the context of its contribution to supporting the overarching themes.

Comprehensive Study Assessment Matrix

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Ohio Benefit Structure				
Pricing Process				
Cost Controls				
Financial Provisions				
Actuarial Dep't. Functions & Resources				

Conclusions

Note: Not all areas may involve specific conclusions/recommendations for each theme.

Comprehensive Study Assessment Matrix

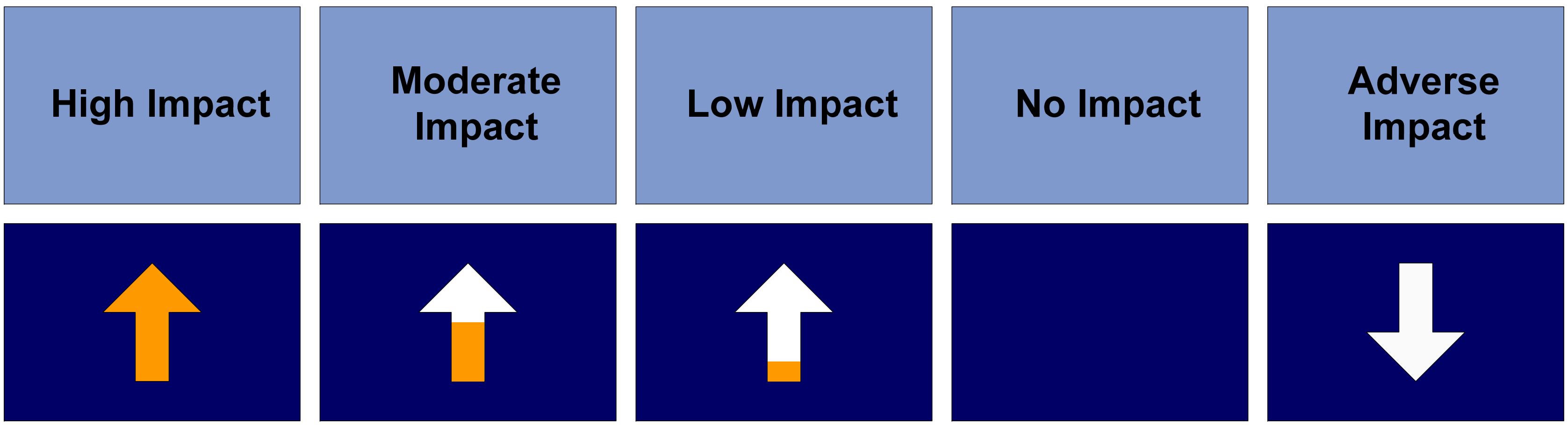
In the context of the matrix, we provide the following high level summary conclusions, performance assessments, and comparison notes.

For performance assessments, the following scoring method applies:

●	Strongly supports system performance
◕	Supports system performance
◑	Some support for system performance
◔	Some opportunity for system performance change/enhancement
○	Significant opportunity for system performance change/enhancement

Recommendation Impact

Our recommendations are provided for each area in priority order. The impact of each recommendation as it relates to each of the four overarching themes is also provided, using the following scoring method:



These indicators show how much impact each recommendation has relative to each theme area

Executive Summary
Conclusions

Executive Summary Conclusions

- Group 3 includes the following study elements:

Cost Controls	Pricing Process
▪ MCOs ▪ Medical Payments to Providers ▪ Retrospective Rating Program ▪ Effectiveness of Rates in Reducing Ohio Claims ▪ Effect of Saving Money on Ohio Workplace Safety ▪ Safety Grant Programs ▪ Safety and Hygiene Programs	▪ Premium Rate Calculations – State Agencies ▪ Programs - Handicap Reimbursement Program* *Part of Group 4

- For each sub-heading, we will present:
  - The background situation;
  - Review and analysis;
  - A performance assessment for each applicable theme as compared to peers and industry standards; and
  - Our conclusions

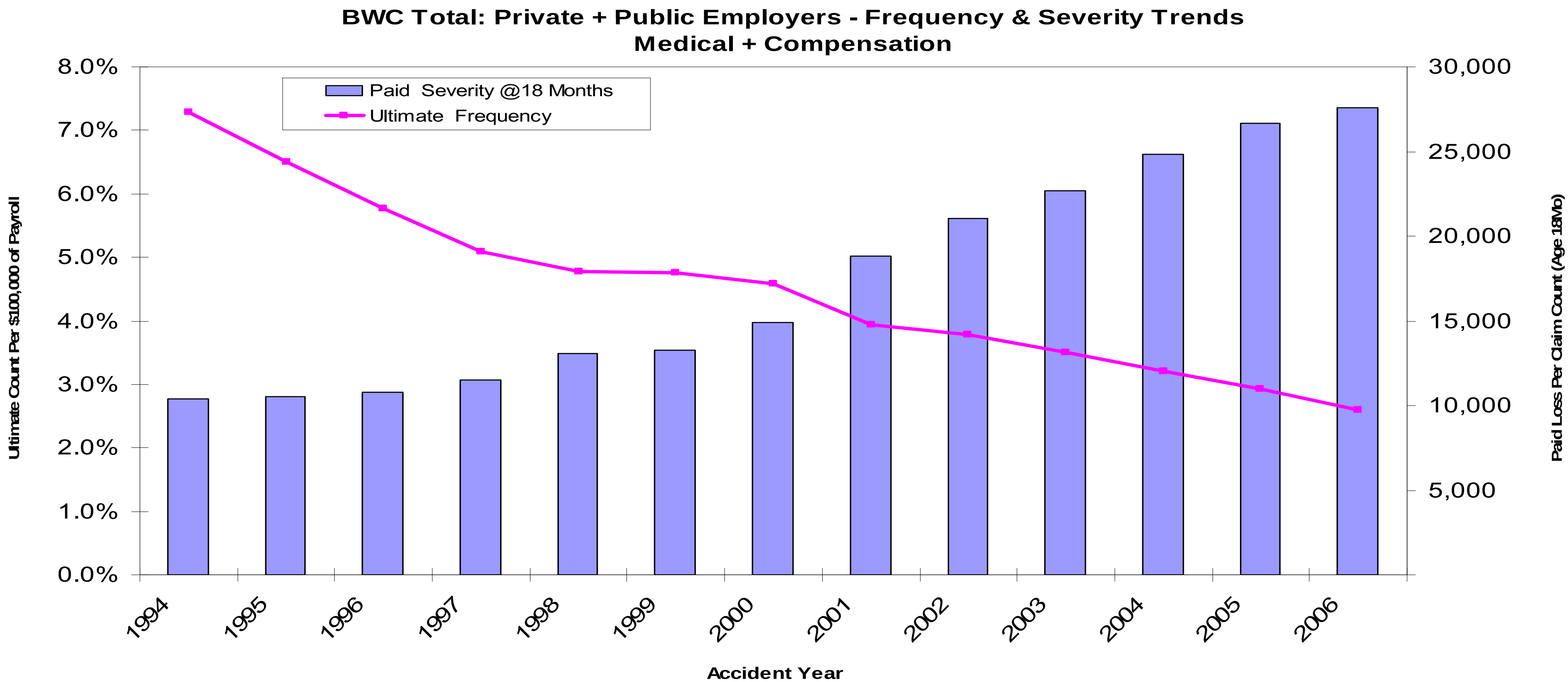
MCO Effectiveness

The Situation:

- MCOs were established under the Health Partnership Program (HPP) in 1997 and generally follow established industry standards for management and administration
- Two Uncommon features in Ohio's HPP
  - MCOs are responsible for direct payment to providers, subject to review, adjustment and reimbursement by the BWC
  - MCOs are responsible for retrieving and documenting First Report of Injury (FROI) information from injured workers and medical providers
- The BWC is challenged in managing 24 separate MCOs within the HPP
- Statutory requirements in Ohio yield a non-competitive MCO landscape, i.e., no service pricing competition
- Significant opportunity exists to improve administration of Vocational Rehabilitation

MCO Effectiveness

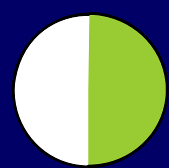
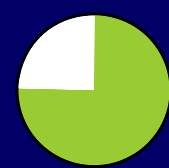
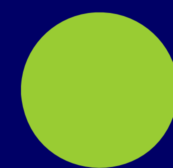
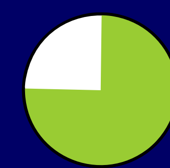
Review & Analysis:



- Continuous reduction in frequency is sustained over time. Severity has shown an inverse relationship to frequency trends, with consistent increases in average paid claim costs year-to-year. Percentage increases in severity, although still on the rise, have "flattened" in most recent years. These observations are consistent with national trends

MCO Effectiveness

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
MCO Effectiveness				

Peers and Industry Standards Considered

Peers: State Comparisons - All for MCO participation, choice of physician, & Voc Rehab provisions;
OH, CA, HI, KS, MO, ND, TN, TX for use of ODG

Referenced Standards: State Laws, URAC, US Dept. of Labor, NAIC

Commercial Sources: WCRI, IRMI, Rand Corporation, ODG, U.S. Chamber of Commerce

MCO Effectiveness

Deloitte Conclusions:

- In total, MCOs are effective in meeting stated HPP goals in providing managed care services to injured workers and employers
- MCOs do not compete on a price-of-service basis in the HPP. The associated bundling of services makes it difficult for the BWC to value these services, to compare them one to another or to other out-of-state MCO arrangements
- Degree of Disability Management baseline metrics are outdated and require replacement for severity comparison
- Voc Rehab is appropriately under study for in-sourcing by BWC – conflict of interest concerns and administrative redundancy are appropriate drivers of the initiative

MCO Effectiveness

Deloitte Conclusions (continued):

- Delays exist in the treatment authorization process due to narrowly defined "allowable conditions" causing MCOs and treatment providers to resubmit C-9 forms, subject to BWC approval. A law change will be required to remedy the delay
- Statutorily required IMEs at 90 days of lost time deliver little value
- The medical Alternative Dispute Resolution (ADR) program appropriately contains a multi-level appeal process progressively involving MCOs, the BWC, and the Industrial Commission (IC). Limited value is realized in BWC's role as they concur with MCO decisions greater than 95% of the time.
- BWC Board of Directors Public Forums on Medical Services provide an excellent venue for constituents to voice concerns and comprise an innovative transparency initiative

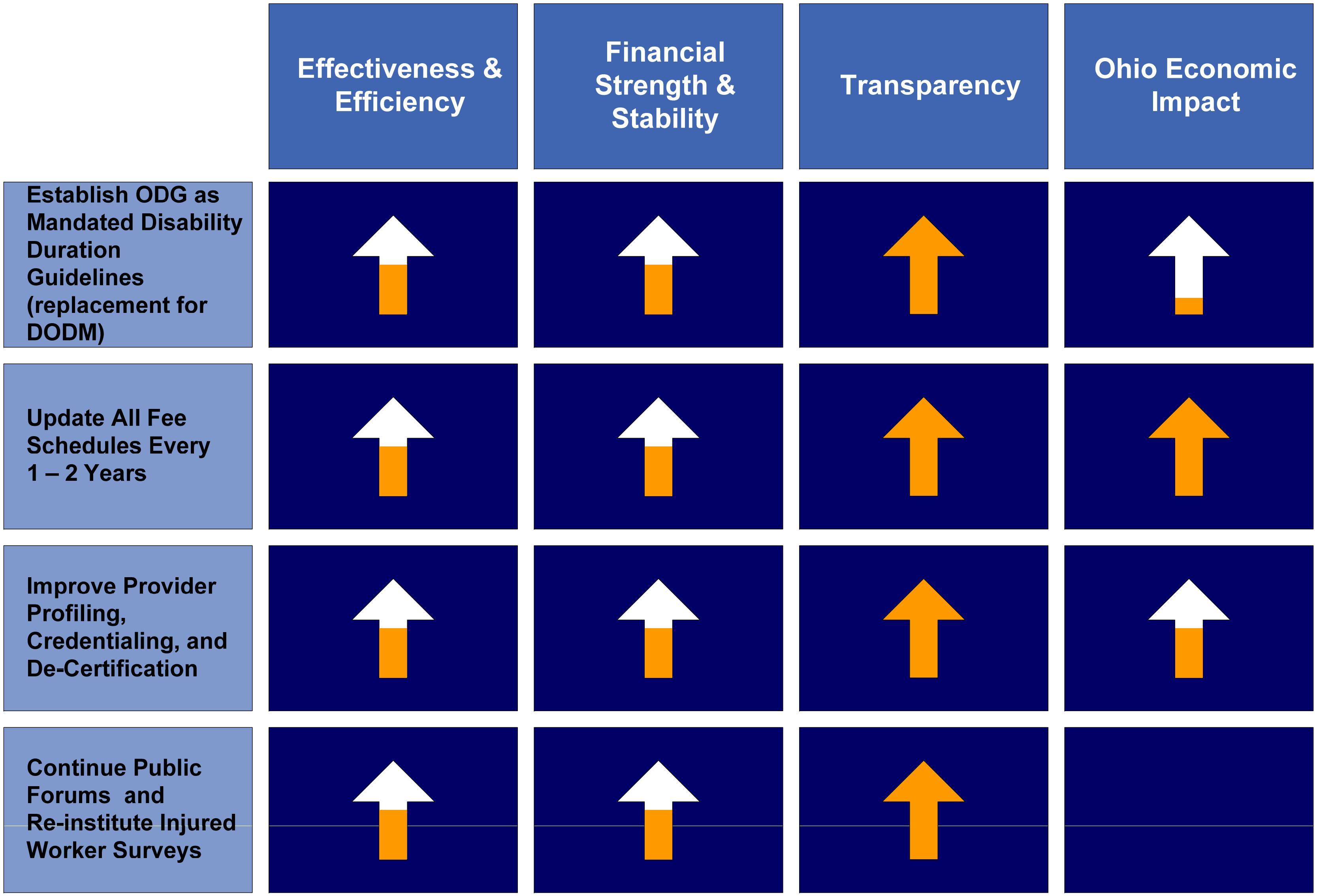
MCO Effectiveness

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Sustain Trend of Decreasing Numbers of Participating MCOs				
Remove the BWC from the ADR Appeal Process				
Legislate Change to Mandatory IME Requirement at 90 Days Lost Time				
Give MCOs More Flexibility in Allowable Condition Determinations				

MCO Effectiveness

Recommendation Impact (continued)



Medical Payments

The Situation:

- This task called for evaluation of medical payments to providers in Ohio, comparison to industry peers, and recommended improvements to BWC's medical payment structure
- BWC's Medical Services Division has initiated appropriate study and implementation of improvements in multiple functions including:
  - Medical Fee Schedules
  - Acceleration of approved treatment authorization and provider bill payment – "Blue Ribbon" Panel under consideration
  - Identification of barriers to medical provider participation
- We benchmarked Ohio to other states across multiple variables and found the BWC to be not unreasonably aligned with national industry standards for medical payments

Medical Payments

Review & Analysis:

- Benchmarking of other state systems revealed the following:
  - Ohio is one of 42 states using fee schedules to control costs
  - BWC has adopted the Resource Based Relative Value Scale for fee scheduling, a noted leading practice
  - Ohio is among 11 states that formally recognize URAC standards in some fashion – Ohio requires URAC accreditation for Case Management
  - Ohio's Medical Alternative Dispute Resolution process sufficiently contains multiple level clinical and administrative reviews
    - Two steps within MCOs, review by the BWC, appeal to Industrial Commission

Medical Payments

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Treatment Authorization Request and ADR	◔	◑	◕	◑
Medical Payment Process	◔	◑	◕	◑
Fee Schedule	◑	◕	◕	◑

Peers and Industry Standards Considered

Peers: State Comparisons – AL, DE, DC, IL, ME, NY, TN, TX, and WA

Reference Standards: State Laws, Industry Leading Practices

References: Commercially available studies (e.g., Juris Publishing, IRMI, U.S. Chamber of Commerce, U.S. Department of Labor)

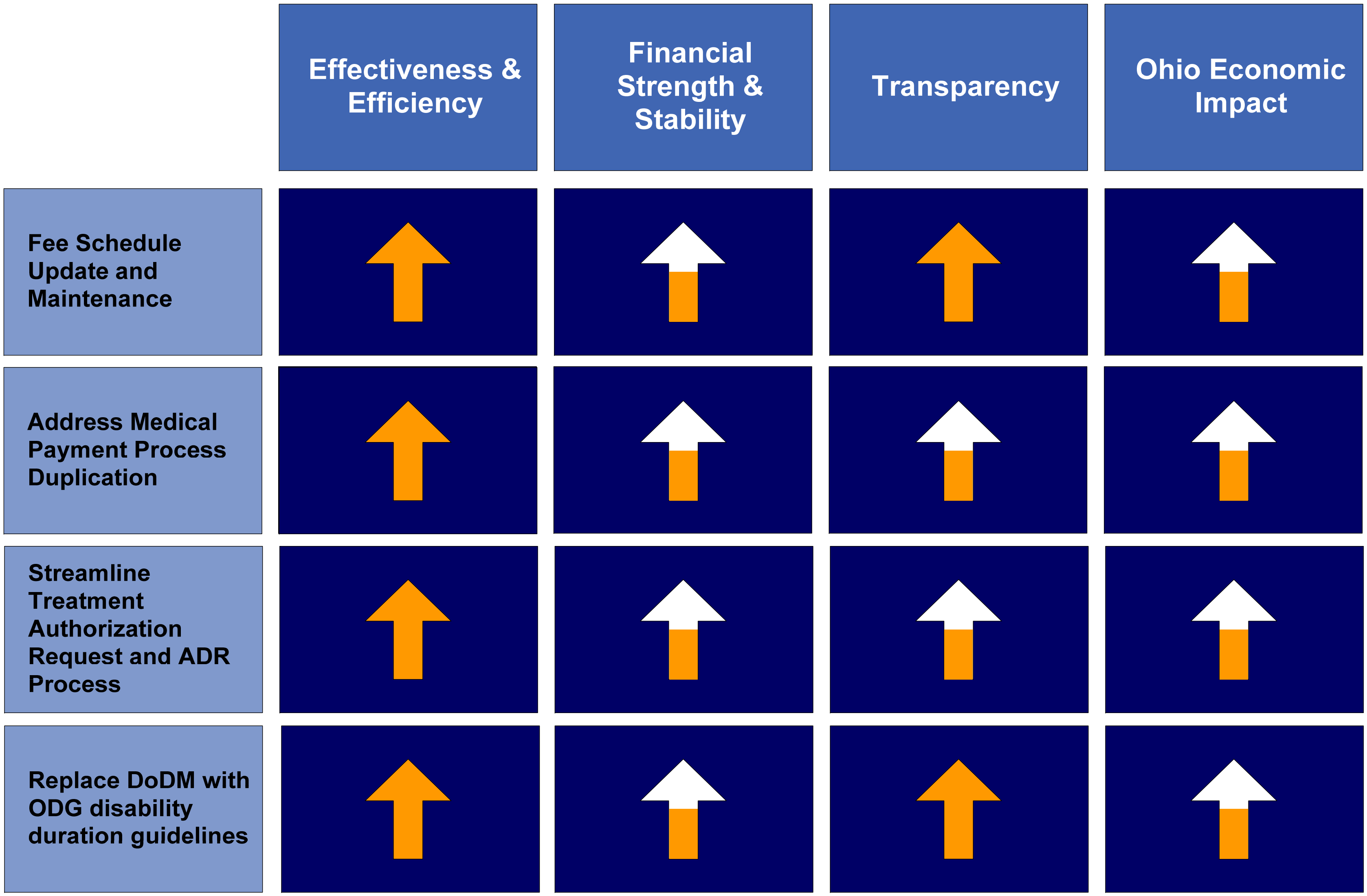
Medical Payments

Deloitte Conclusions:

- MCO and BWC average payment to provider timelines of 15 days is meeting leading industry practices
- Medical payment process timing has shown continuous improvement over time
- The Medical Bill Review process is duplicative with both MCOs and the BWC conducting reviews
- MCOs have historically been afforded flexibility in utilizing nationally recognized rules for Utilization Review (UR). In August 2007, BWC recognized ODG as preferred UR standards. BWC should be more prescriptive and mandate the use of ODG
- BWC is similarly non-prescriptive in what is required of MCOs in clinical editing for medical bill review. A higher degree of standardization would improve this process

Medical Payments

Recommendation Impact



PES Rate Setting

The Situation:

- The rate setting process for state agencies is designed to set overall premiums at the level of expected payments during the next fiscal year
- Rates are based on the past five years of loss payments and payroll.
- Small agencies are rated together to prevent large swings in rates from year to year for entities with little credibility
- Overages or shortfalls in past years are considered in the rate setting process

PES Rate Setting

Review & Analysis:

- As of December 31, 2007, the PES program has a cumulative deficit of approximately $8 million
- In calendar years 2005, 2006, and 2007, premiums have exceeded loss payments by $20 million, reducing the cumulative deficit from approximately $28 million as of December 31, 2004 to approximately $8 million as of December 31, 2007

Calendar Year	Total Claim Loss Payments	Premium	Premium Minus Awards/Payments	Cumulative Surplus (Deficit)
2007	$58,390,223	$69,744,809	$11,354,586	($7,866,238)
2006	$62,050,380	$67,420,777	$5,370,397	($19,220,824)
2005	$57,595,845	$61,212,929	$3,617,084	($24,591,221)
2004	$56,593,418	$53,784,050	($2,809,368)	($28,208,305)
2003	$55,691,032	$45,166,809	($10,524,223)	($25,398,936)
2002	$51,445,493	$39,286,197	($12,159,296)	($14,874,713)
2001	$50,454,456	$38,851,071	($11,603,385)	($2,715,417)
2000	$44,693,689	$37,638,954	($7,054,736)	$8,887,968
1999	$45,545,122	$37,099,600	($8,445,522)	$15,942,704

PES Rate Setting

Review & Analysis (continued):

- A trend factor is included in the PES rating process in order to reflect changes in loss levels over the historical period
- An indicated trend factor is calculated for each individual agency
- An overall trend factor is selected for PES in total
- An individual agency's indicated trend factor is blended with the overall trend factor in order to determine the selected trend for the agency
- The blending of an individual agency's trend factor and the overall trend factor is based on the credibility of the agency; small agencies receive little credibility and are trended at a rate similar to the overall selected trend
- The cumulative deficit or surplus position of the program is one of the considerations for the overall trend factor selection

PES Rate Setting

Review & Analysis (continued):

- There is a significant difference in the indicated overall PES trend and the selected PES trend in recent years
- When the selected trend is higher than the indicated trend as is the case in policy years 2006-2008, the selected rates for agencies will be higher than the indicated rates
- The extent to which the selected rates will be higher than the indicated rates is based on the size of the agency; smaller agencies will be affected to a greater extent, as these agencies have low credibility

Policy Year	Selected Trend	Indicated Trend
7/1/2005	2.0%	2.1%
7/1/2006	17.0%	1.0%
7/1/2007	14.7%	0.6%
7/1/2008	34.3%	-1.6%

PES Rate Setting

Review & Analysis (continued):

- The overall trend assumption is a significant driver of rates for most agencies
- As displayed in the table below, the overall trend assumption affects the rates for small agencies to a greater extent than larger agencies

		Average 7/1/08 Rate		
Credibility	# agencies	SELECTED (from overall trend selection)	INDICATED (without overall trend selection)	IMPACT
Less than 50%	127	0.37	0.26	45%
Greater than 50%	11	1.95	1.84	6%

- The overall trend procedure is an area in which changes in transparency are indicated

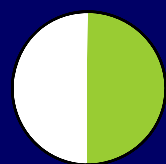
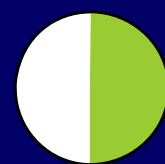
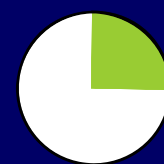
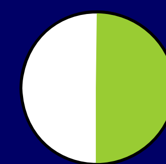
PES Rate Setting

Review & Analysis (continued):

- Expected payments in the next policy year are based on the last five calendar years of payments
- An alternative approach is to estimate expected fiscal year loss payments based on an accident year analysis
- In an accident year approach, expected payments in the prospective fiscal year are estimated based on the projected payout of unpaid losses by accident year
- An advantage of an accident year approach is that it reacts appropriately to conditions of growth or contraction

PES Rate Setting

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
PES Rate Setting				

Industry Standards Considered

Actuarial Statement of Principles Regarding Property and Casualty Insurance Ratemaking; common industry ratemaking practices

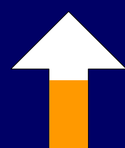
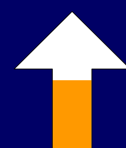
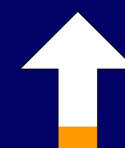
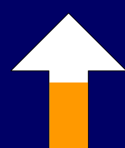
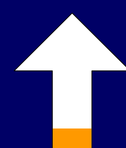
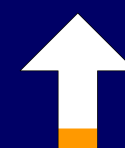
PES Rate Setting

Deloitte Conclusions:

- BWC should change the manner in which PES rates are calculated. The overall trend factor should reflect only actual loss cost trends in the data. Any adjustment required to arrive at a targeted rate should be made explicitly rather than through the overall trend factor selection
- BWC should change the method by which it determines expected paid losses in the prospective policy year. An accident year approach would serve as an improved basis for this process

PES Rate Setting

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Change the Manner in which PES Rates are Calculated				
Change the Method Used to Determine Expected Paid Losses in the Prospective Policy Year				

Retrospective Rating

The Situation:

- Employers who meet various eligibility requirements have the option to enroll in BWC's Retrospective ("Retro") Rating Program
- Retro participants are charged a minimum premium, based on a percentage applied to the premium that would have been charged for guaranteed cost coverage
- Additional premium is paid by retro participants based on actual losses from that employer, up to a specified maximum

Retrospective Rating

The Situation (continued):

- Additional premiums are charged to retro participants for ten years after the retro policy year inception, at which point the retro policy year is closed
- Retro losses are capped at a per occurrence limit selected by the participant
- 352 employers have participated in the Retro program in the last ten years

Retrospective Rating

Review & Analysis:

- The retro program is much simpler in design than most standard retro programs seen in the industry
- A typical retro program includes a basic charge and a loss conversion factor (LCF) to load expenses into the premium
- BWC does not have an explicit basic or LCF charge included in the retro premium calculation
- BWC collects only the minimum premium up front, and all chargeable losses arising in the policy period are treated as additional premium up to the maximum premium

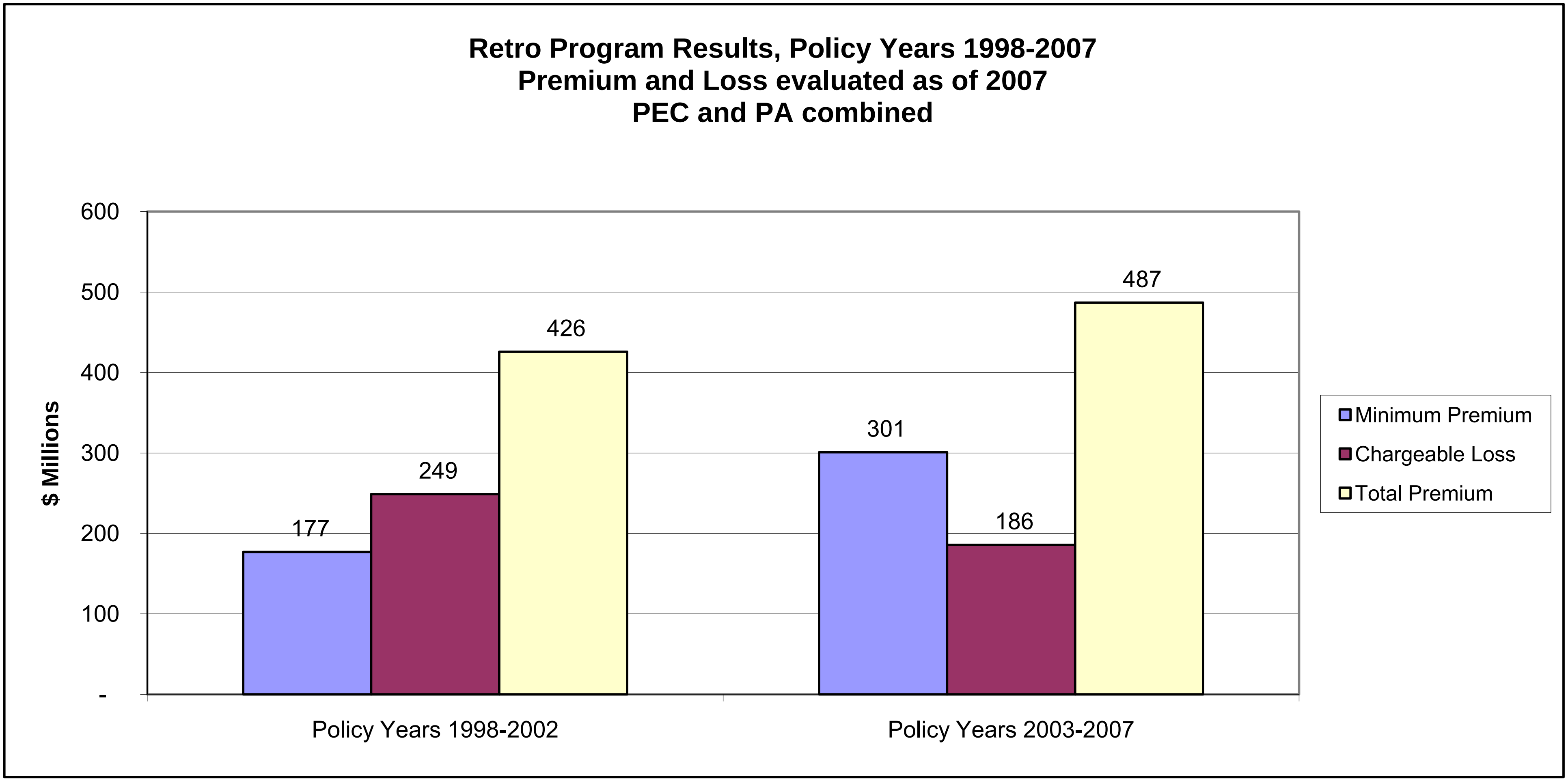
Retrospective Rating

Review & Analysis (continued):

- A typical retro program bases retro premium on losses loaded for expenses plus basic premium, subject to minimum and maximum premiums
- Under this structure, employers who incur small losses during the policy period can still pay only the minimum premium

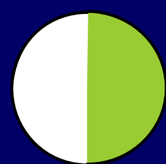
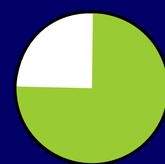
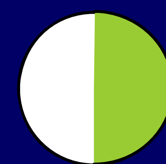
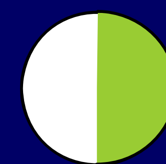
Retrospective Rating

Review & Analysis (continued):



Retrospective Rating

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Retrospective Rating				

Peers and Industry Standards Considered

NCCI and Industry Retro Plans

Retrospective Rating

Deloitte Conclusions:

- In order to encourage a higher degree of participation, BWC should consider redesigning the retro program to be more in line with programs commonly used in other states

Retrospective Rating

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Redesign the Retrospective Rating Program	↑	↑	↑	↑

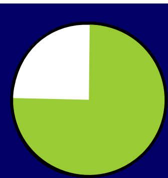
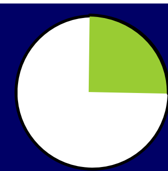
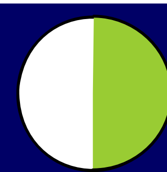
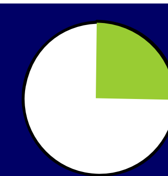
Safety Grant Programs

The Situation:

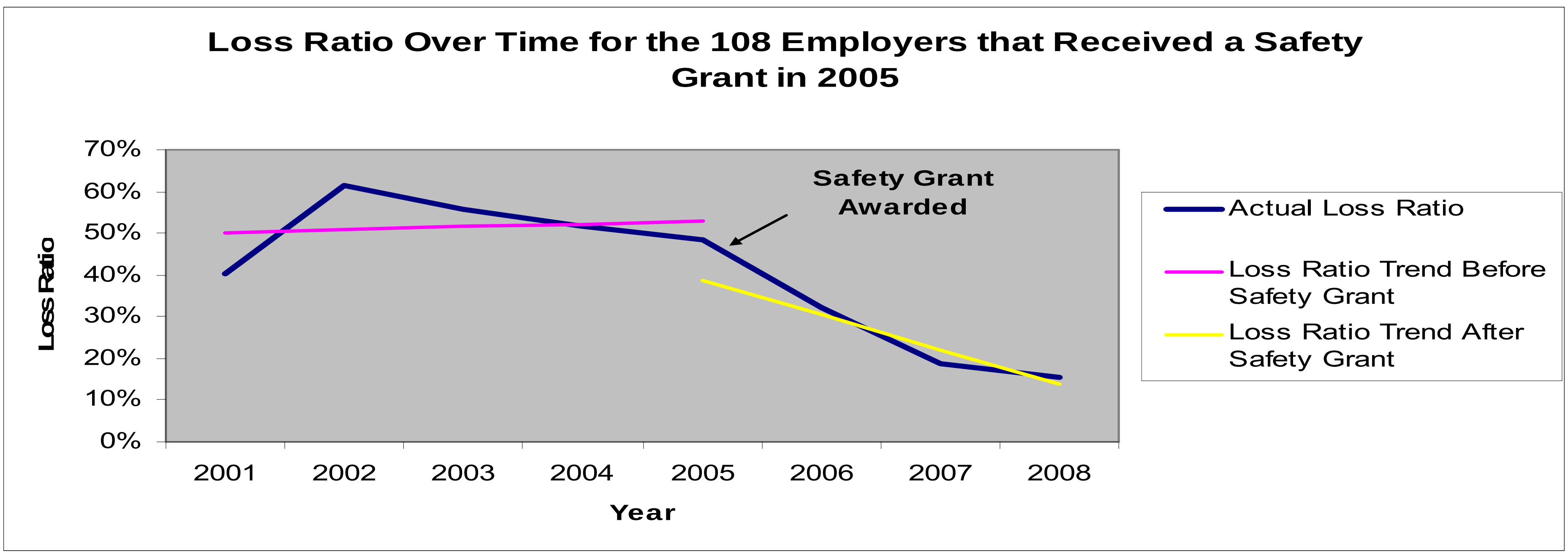
- The Safety Intervention Grant (SIG) program is effective in reducing employers' claim costs, although the Return on Investment (ROI) is highest (> 200%) for the Hospitals and Municipalities industries and in general for premium sizes greater than $250,000; lower premium sizes and several industries have a negative ROI but still experience a reduction in losses
- Because incurred losses can be associated with a specific intervention, a causal relationship can be established between SIG funds awarded and improved loss experience
- Although the receipt of Drug Free Grants is correlated with improved loss experience for premiums in the $0-$100,000 range, there does not necessarily appear to be a causal relationship and hence we cannot conclude that Drug Free Grants are a driving force in reducing claim costs

Safety Grant Programs

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Security	Transparency	Ohio Economic Impact
Overall Safety Grant Programs				

Industry Standards used: research of all other states' programs



Safety Grant Programs

Deloitte Conclusions:

- BWC should consider revising the requirement that an employer must have experienced a claim directly related to the intervention grant. While this requirement helps to increase the cost-effectiveness of Safety Grants, it is conducive of a reactive rather than proactive safety mindset
- Requiring a safety consultation report with a Safety Grant application could provide BWC with a more comprehensive look at an applicant's overall safety practices and could help improve the cost effectiveness of providing a safety grant
- BWC should consider combining the DFWP and DF-EZ programs into a single, simplified program focused primarily on smaller employers due to usage and benefit trends

Safety Grant Programs

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Make Grants Available Even if No Claims Related to the Intervention	↑	↓		↑
Require Safety Report With Application	↑	↑	↑	↑
Combine DFWP and DF-EZ Programs	↑	↑	↑	↑

Safety & Hygiene Program

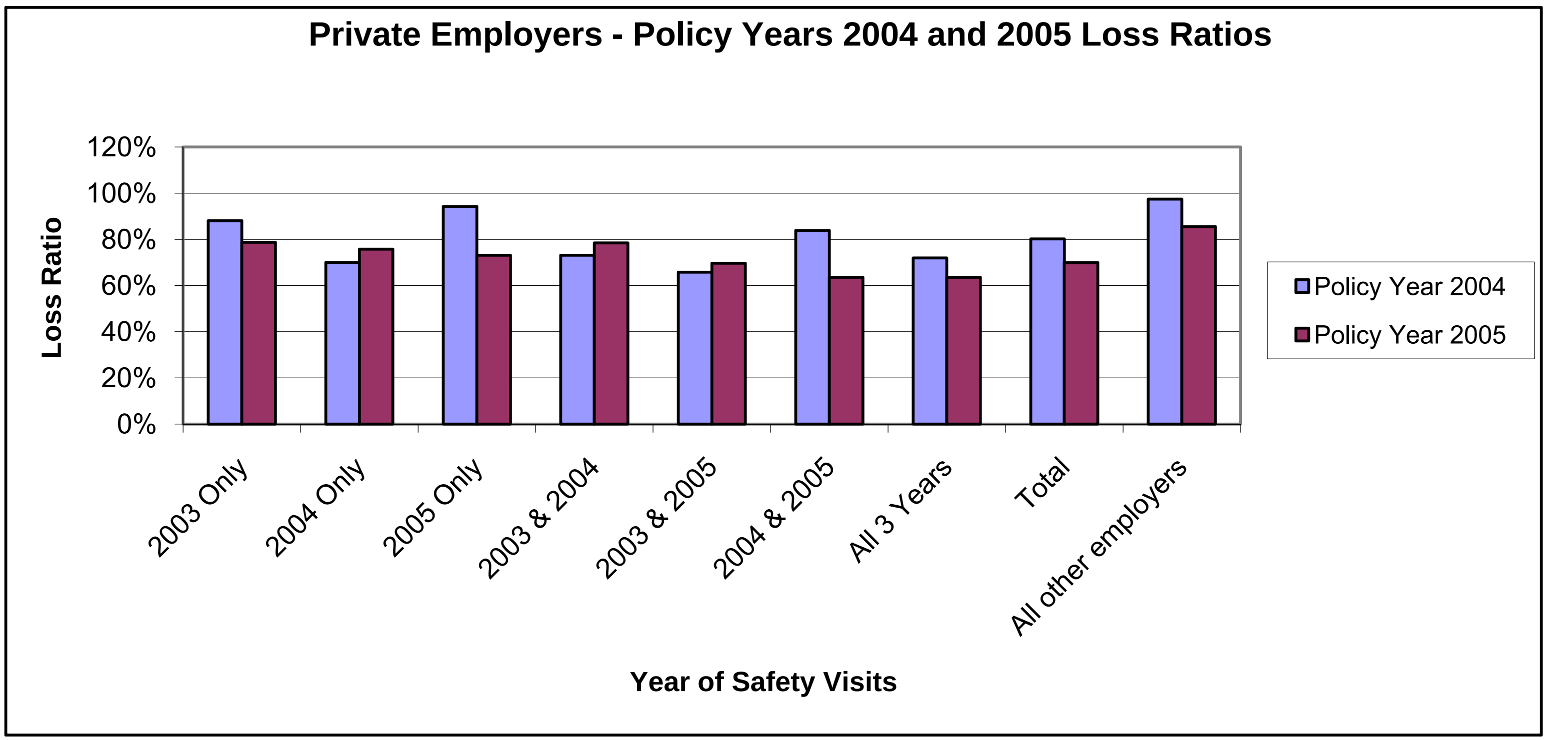
The Situation:

- BWC's Division of Safety & Hygiene (DSH) offers safety consulting through a variety of means, including on-site visits to employers
- BWC provided a list of employers who received on-site safety consulting by the DSH in recent years
- We analyzed the loss experience of these employers to determine the extent to which the program appears to be demonstrating a positive impact on the workers' compensation system in Ohio

Safety & Hygiene Program

Review & Analysis:

- We attempted to gauge the impact of the DSH on-site safety consulting by analyzing the 2004 and 2005 loss experience of employers who were visited by the DSH in the 2003, 2004, and 2005 years (or any combination thereof)



Deloitte.

Safety & Hygiene Program

Review & Analysis (continued):

- The results are inconclusive on the effects of safety & hygiene program visits on improving losses
- However, employers participating in the program have lower loss ratios than those who do not

Safety & Hygiene Program

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Safety & Hygiene Program				

Peers and Industry Standards Considered

Other states' safety programs

Safety & Hygiene Program

Deloitte Conclusions:

- We recommend that the BWC develop the capability to track the loss experience of employers who participate in the various aspects of the safety & hygiene program. This will allow BWC to continually monitor the effectiveness of the program over time

Safety & Hygiene Program

Recommendation Impact

Handicap Reimbursement Program

The Situation:

- The Americans With Disabilities Act (ADA) has made the original purpose of the Handicap Reimbursement Program largely irrelevant. Today the program is primarily used as a cost-containment mechanism by many employers and a competitive/marketing tool by Third Party Administrators
- The program costs BWC approximately $300,000 per year in overhead expenses
- All employers in a manual classification share the experience of handicap claims

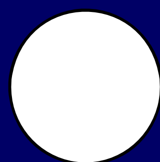
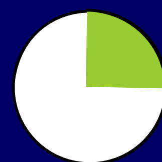
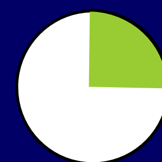
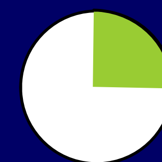
Handicap Reimbursement Program

The Situation (continued):

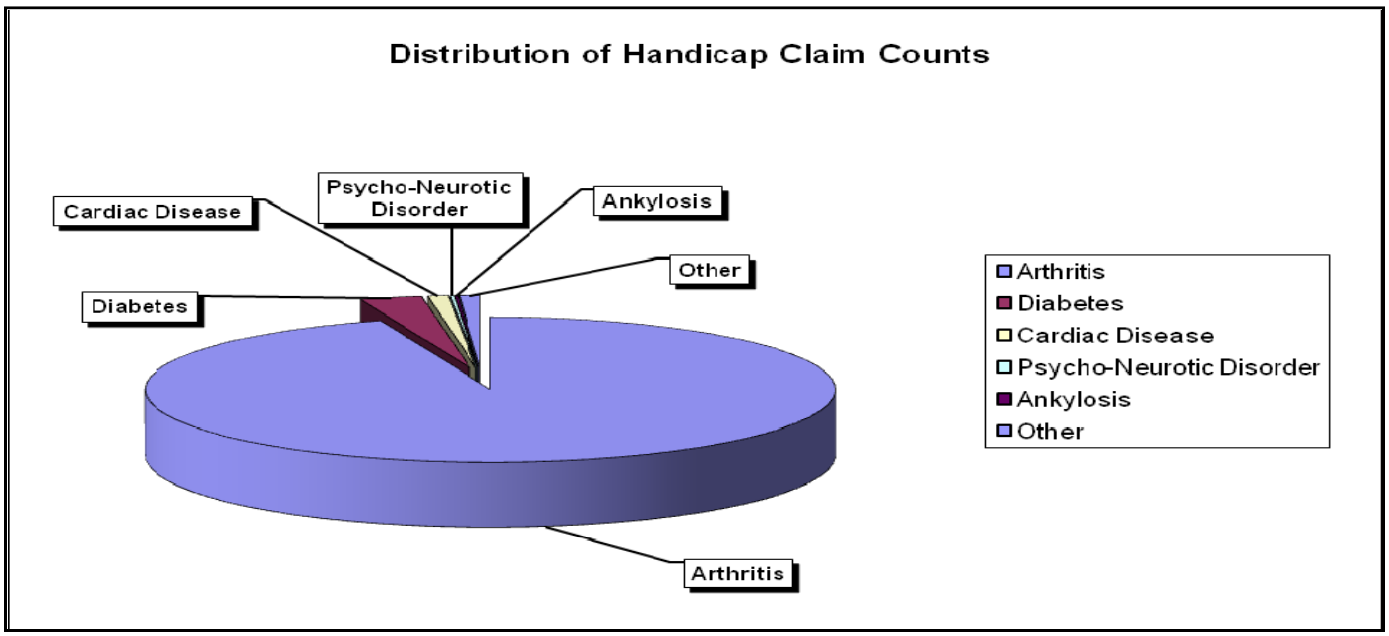
- While BWC has not made substantive program revisions due to the implementation of the ADA, 21 states have discontinued their Second Injury Funds since inception of the ADA
- Arthritis accounts for an overwhelming majority of reimbursed losses and, as per BWC interviews, its severity and qualification for handicap reimbursement are difficult to verify

Handicap Reimbursement Program

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Security	Transparency	Ohio Economic Impact
Overall Handicap Reimbursement Program				

Industry Standards used: research of all other states' programs



Handicap Reimbursement Program

Deloitte Conclusions:

- The Handicap Reimbursement Program should be discontinued for the following reasons:
  - The ADA makes the program's original purpose largely obsolete
  - The majority of the program reimbursements are arbitrary due to the difficulty of verifying arthritis cases. Therefore, including all the losses produced by an individual employer in its experience would result in a more equitable allocation of losses and increase loss control incentives
  - BWC would save approximately $300,000 per year in overhead expenses
  - There is no evidence to suggest that the handicap reimbursement program and the associated benefits encourages employers to hire handicapped persons
  - Employers will have a strong incentive to focus on prospective loss control since subsequent losses will impact their loss experience

Discontinuing the Handicap Reimbursement Program would not affect existing or future benefits to injured workers

Handicap Reimbursement Program

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Terminate the Handicap Reimbursement Program				

Impact of Rates

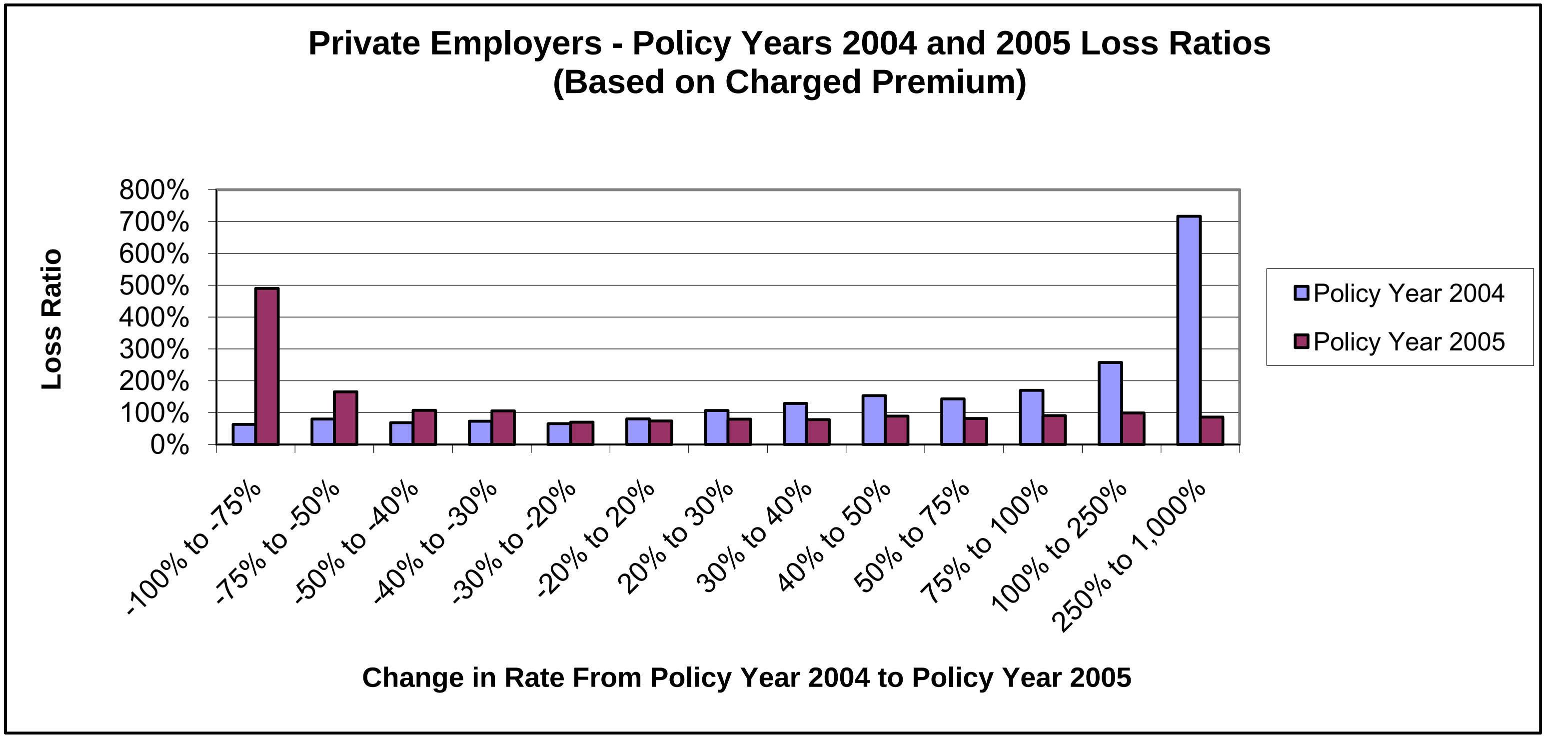
The Situation:

- Changes in an employer’s premium can have an impact on employer behavior with respect to controlling workers' compensation costs
- As an example specific to the Ohio Workers Compensation system, employers who are part of groups have a strong incentive to control costs as a result of the significant cost savings available to group rated employers

Impact of Rates

Review & Analysis:

- We analyzed the relationship of rate change and change in loss ratio between policy years 2004 and 2005
- We found that loss ratios increased dramatically for employers with the largest rate decreases; the converse is true as well

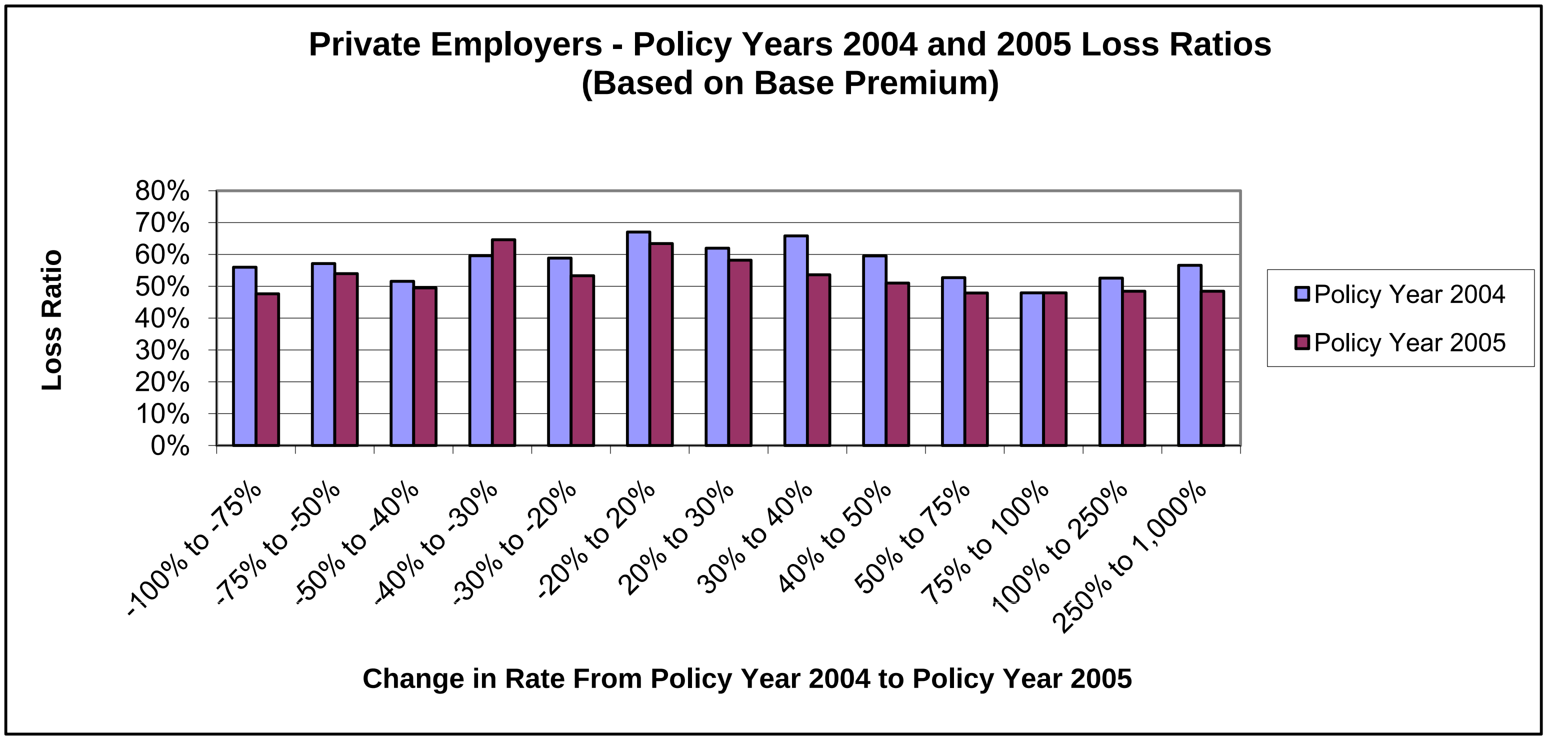


Deloitte.

Impact of Rates

Review & Analysis (continued):

- In addition, we analyzed loss ratios relative to base premium
- There are no clear patterns in this analysis; while 2004 loss ratios are generally higher, both years are evaluated as of December 31, 2007 and thus policy year 2004 has developed for 12 more months than policy year 2005



Deloitte.

Impact of Rates

Performance Assessment

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Impact of Rates	Not Rated	Not Rated	Not Rated	Not Rated

Peers and Industry Standards Considered

NCCI, Other State Funds

Impact of Rates

Deloitte Conclusions:

- The loss ratio differences based on charged premium suggests that employers with the largest rate changes receive credits or debits that are higher than merited
- Large changes in charged rates are associated with employers going in and out of groups
- The loss ratio differences using base premium indicate no real difference between employers who have had rate increases or decreases, regardless of the size of the change in charged rate

Impact of Rates

Recommendation Impact

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Impact of Rates on Frequency, Severity, and Loss Ratios				

No impacts have been identified in this area

Performance Assessment Summary

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
MCO Effectiveness	◑	◕	●	◕
Treatment Authorization Request and ADR	◔	◑	◕	◑
Medical Payment Process	◔	◑	◕	◑
Fee Schedule	◑	◕	◕	◑
PES Rate Setting	◑	◑	◔	◑

Performance Assessment Summary

	Effectiveness & Efficiency	Financial Strength & Stability	Transparency	Ohio Economic Impact
Retrospective Rating	◑	◕	◑	◑
Safety Grant Programs	◕	◔	◑	◔
Safety & Hygiene Program	◑	◑	◑	◑
Handicap Reimbursement	○	◔	◔	◔
Impact of Rates	Not Rated	Not Rated	Not Rated	Not Rated

Performance Assessment Summary

Overarching Themes

Effectiveness & Efficiency	How well does the Ohio workers' compensation system utilize its resources and administer benefits?
Financial Strength & Stability	Is the Ohio workers' compensation system fiscally sound? Does the system promote pricing stability?
Transparency	Can the public understand the workings of the Ohio workers' compensation system?
Ohio Economic Impact	Does the workers' compensation environment encourage business growth and development in Ohio?

Scoring Method

- Strongly supports system performance
- Supports system performance
- Some support for system performance
- Some opportunity for system performance change/enhancement
- Significant opportunity for system performance change/enhancement

Next Steps

Next Steps

- Finalize documentation of the findings
- Continue work on other Group tasks

Appendix

Group 3 Study Elements

Pricing Process

Premium Rate Calculation – State Agencies

Programs
- Handicap Reimbursement Program*

Cost Controls

MCOs
- Medical Payments to Providers

Retrospective Rating Program

Effectiveness of Rates in Reducing Ohio Claims

Effect of Saving Money on Ohio Workplace Safety

Safety Grant Programs

Safety and Hygiene Program

*Review of the Handicap Reimbursement Program was originally scheduled t o be part of the Group 4 deliverables.

Pricing Process Areas

Pricing Process	Tasks Involved
1) Premium Rate Calculation – State Agencies	2. Review and make written recommendations with regard to public employer state agency premium rate calculations. The public employer state agencies rates are calculated on a terminal funding basis. This review would include but would not be limited to an analysis of the rating program including the loss information and other data used including the reliability and quality of the data, the payroll, the trending factors, the amount of overage and shortage each year. This analysis should compare the BWC's rating calculation to industry standards and the Actuarial Standards of Practice promulgated by the actuarial standards board of the American Academy of Actuaries.
2) Programs – Handicap Reimbursement Program	17. Evaluate the effectiveness of the handicap reimbursement program to reward employers with pre-existing conditions. This evaluation should determine if the program is cost effective and compare the program to other states.

Cost Control Areas

Cost Controls	Tasks Involved
1) MCOs	30. Conduct a study on the effectiveness of the use of Managed Care Organizations (MCO) in the workers' compensation system. This analysis would include an evaluation of the effectiveness of the use of MCOs, the payments to MCOs relative to the benefits received, the advantages and disadvantages of the MCO approach, the medical cost trends since MCO implementation, and a comparison to industry standards.
2) Medical Payment to Providers	25. Conduct a study on the medical payments to providers in Ohio and provide a comparison to industry peers. This study should recommend changes/improvements to the BWC's medical payment structure to be in line with industry standards.

Cost Control Areas

Cost Controls - continued	Tasks Involved
3) Retrospective Rating Program	4. Review and make written recommendations with regard to the retrospective rating program. This analysis would include a review of the selection criteria for the program, minimum premium percentages, the cost effectiveness of the program, and an overview of the program.
4) Effectiveness of Rates in Reducing Ohio Claims	33. Study the effects of BWC's rates in reducing the number and severity of workers' compensation claims in this state.
5) Effect of Saving Money on Ohio Workplace Safety	34. Study the effect that saving money has had on safety in the workplace in this state.
6) Safety Grant Programs	9. Review and make written recommendations with regard to the safety grant programs. This study should include an evaluation on the reduction of claims and costs through safety intervention, the criteria for selection of employers to assist, the

Cost Control Areas

Cost Controls - continued	Tasks Involved
6) Safety Grant Programs - continued	application of the safety and hygiene assessment and a comparison to industry standards. The evaluations should study the effect of workers compensation rates in reducing the number and severity of workers' compensation claims in the state.
6) Safety and Hygiene Program	29. Conduct a study on the effectiveness of the safety and hygiene programs. This study should include an evaluation on the reduction of claims and costs through safety intervention, the criteria for selection of employers to assist, the application of the safety and hygiene assessment and a comparison to industry standards. The evaluation should study the effect of workers' compensation rates in reducing the number and severity of workers' compensation claims in the state

Deloitte.

Member of
Deloitte Touche Tohmatsu