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Experience Rating Plan— OBWC Education Session

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Introduction
Experience Rating Plan Fundamentals





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Objectives of this Session



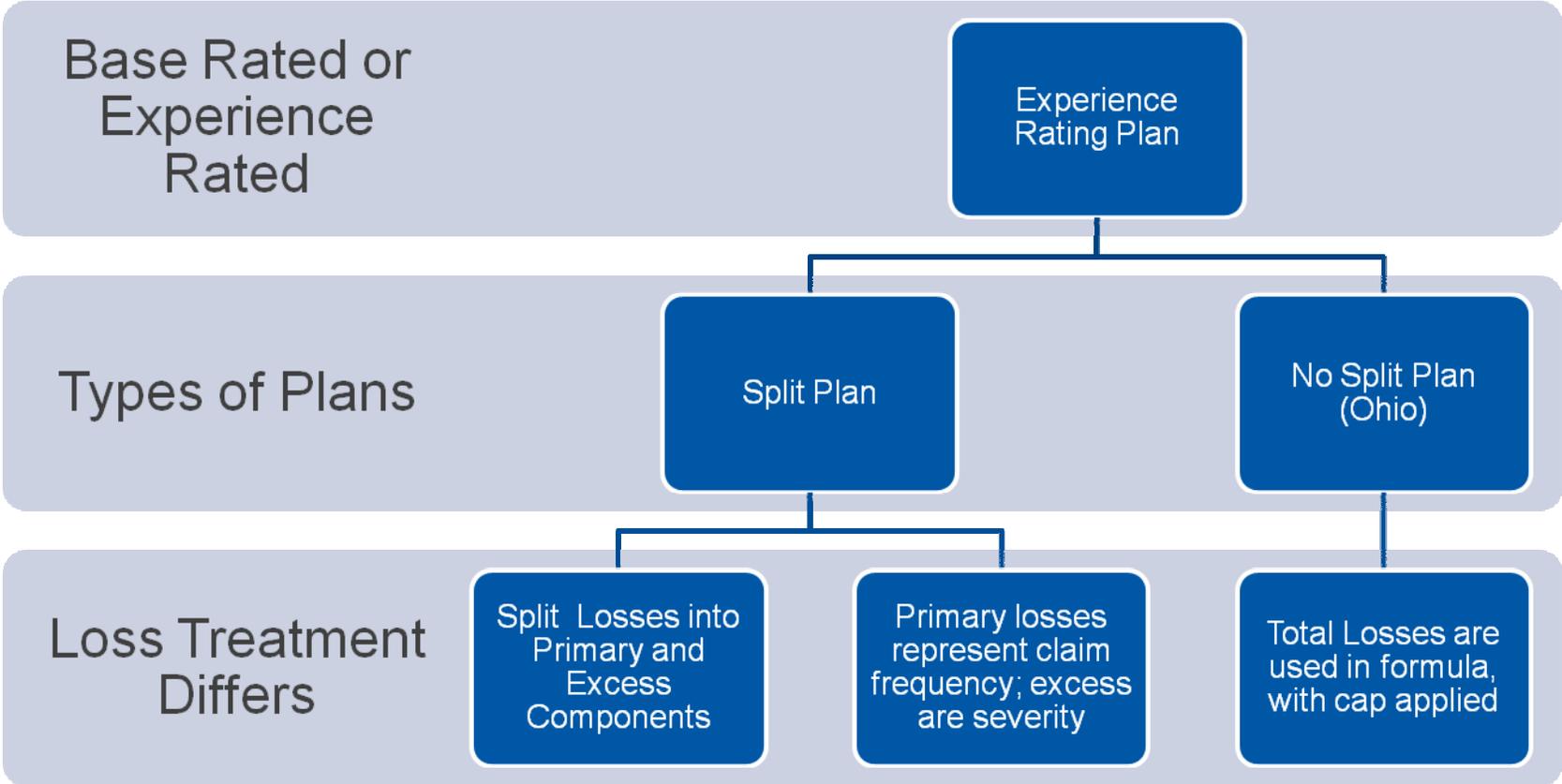
Objectives

- High level review of experience rating plan types and of experience rating plan performance measures
- Understand the impact of both future experience rating plan changes being considered as well as past changes to the plan
- Understand the options for mitigating premium volatility



Comparison of Experience Rating Plans

Comparison of Experience Rating Plans Losses



Comparison of Experience Rating Plans Credibility

Split Plan Credibility

Separate Credibility
measures for
Primary and Excess
losses (Z_p and Z_e)

Max of 91% for
Primary, and 57%
for Excess;
Combined Max
range from 60% to
75%

No Split Plan Credibility

One Credibility
measure applied to
the total losses

Current Max of 85%
at \$1 million

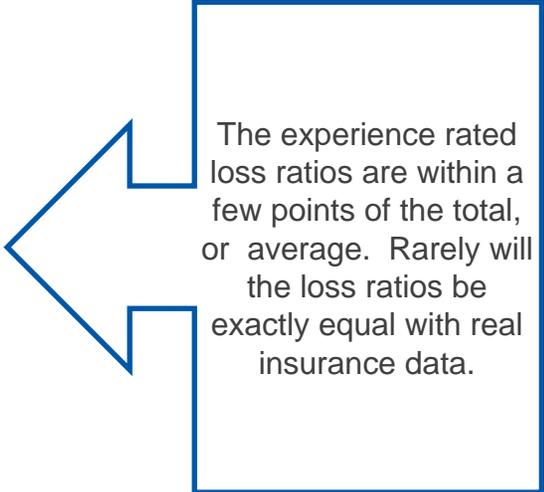
Performance Measures

Performance Measures Loss Ratio Equity

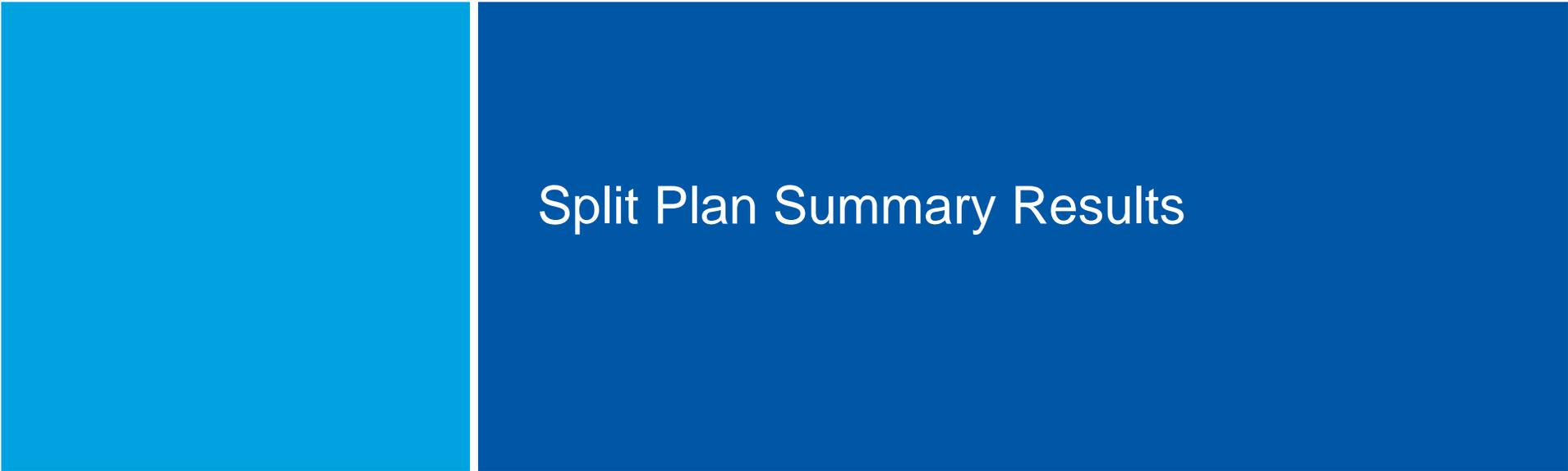
- How do we know if experience rating is fair and equitable? Is the plan predictive of future loss cost differences?
- A basic way to review plan performance is to examine the loss ratios before and after experience rating has been applied—the desired outcome is equal loss ratios across the range of debit and credit risk groups. [we are ignoring possible expense differences]

Example of desired experience rating plan results

| Quintile Rank | Description | Manual Loss Ratio | Exp Rated Loss Ratio |
|---------------|-------------|-------------------|----------------------|
| 1 | Highest | 150% | 85% |
| 2 | High | 100% | 78% |
| 3 | Average | 80% | 83% |
| 4 | Low | 60% | 75% |
| 5 | Lowest | 40% | 82% |
| Total | | 80% | 80% |



The experience rated loss ratios are within a few points of the total, or average. Rarely will the loss ratios be exactly equal with real insurance data.



Split Plan Summary Results

Split Plan Scenario

\$10,000 Split (primary)

MSL \$175k

Max Credibility of 66%

SACC = \$7,000; G=7.0

Split Plan Summary Results \$10,000 Split Point

Loss Ratios by Group Status

| Policy Status | Policy Year 2003 | | Policy Year 2004 | | Policy Year 2005 | |
|---------------|------------------|----------|------------------|----------|------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| Group | 145.1% | 89.0% | 131.7% | 77.8% | 117.7% | 75.7% |
| Non Group | 63.8% | 79.7% | 53.4% | 67.7% | 56.1% | 69.2% |
| Base Rated | 80.2% | 106.8% | 73.7% | 90.0% | 83.0% | 96.1% |
| Total | 87.5% | 87.5% | 75.0% | 75.0% | 75.5% | 75.5% |

The loss ratios of Group and Non Group segments move towards the average (total) with this split plan scenario

Split Plan Summary Results \$10,000 Split Point

Loss Ratios by Premium Size

| Premium Ranges | Policy Year 2003 | | Policy Year 2004 | | Policy Year 2005 | |
|----------------------------|------------------|----------|------------------|----------|------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| \$4,500,000 > | 148.5% | 86.9% | 156.2% | 84.0% | 126.8% | 76.4% |
| \$1,000,001 to \$4,500,000 | 124.2% | 83.3% | 95.1% | 68.2% | 103.4% | 73.1% |
| \$250,001 to \$1,000,000 | 62.1% | 76.0% | 49.8% | 62.1% | 60.3% | 71.9% |
| \$50,001 to \$250,000 | 61.8% | 79.3% | 53.7% | 70.6% | 54.6% | 70.3% |
| \$50,000 < | 69.5% | 86.9% | 59.1% | 75.3% | 56.7% | 68.5% |
| Total | 89.2% | 84.2% | 75.3% | 72.3% | 74.0% | 72.1% |

The loss ratios by premium size also move towards the total average with this split plan

Split Plan Summary Results \$10,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2005

| Quintile | Greater than \$4,500,000 | | \$1,000,001 to \$4,500,000 | | \$250,001 to \$1,000,000 | | \$50,001 to \$250,000 | | Less than \$50,000 | |
|----------------|--------------------------|----------|----------------------------|----------|--------------------------|----------|-----------------------|----------|--------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| 1 | 420.2% | 74.6% | 378.1% | 87.8% | 91.2% | 71.9% | 57.3% | 64.6% | 47.6% | 62.1% |
| 2 | 276.9% | 97.9% | 166.1% | 75.3% | 58.9% | 65.6% | 57.9% | 78.2% | 54.3% | 74.0% |
| 3 | 230.3% | 88.9% | 115.6% | 77.7% | 57.0% | 70.6% | 58.4% | 56.7% | 49.4% | 57.8% |
| 4 | 104.7% | 77.0% | 86.1% | 70.8% | 44.9% | 64.1% | 42.7% | 73.8% | 58.9% | 63.1% |
| 5 | 59.3% | 61.0% | 58.5% | 59.8% | 60.7% | 83.3% | 57.4% | 75.5% | 64.6% | 82.3% |
| Test Statistic | 30.73 | 0.66 | 53.60 | 0.61 | 0.49 | 0.07 | 0.18 | 0.16 | 0.13 | 0.11 |

- As demonstrated on slide 9, the equity in the rating plan is improved with the new split plan, as the loss ratios are much more similar across the quintile segments.
- The test statistic is a formal measure of performance:
 - A measure above 1.00 means the experience rating plan is making results worse, or less equitable
 - A measure below 1.00 means the experience rating plan is predictive of higher costs, improving equity
 - In all cases a lower measure is better

Split Plan Summary Results \$10,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2004

| Quintile | Greater than \$4,500,000 | | \$1,000,001 to \$4,500,000 | | \$250,001 to \$1,000,000 | | \$50,001 to \$250,000 | | Less than \$50,000 | |
|-------------------|--------------------------|----------|----------------------------|----------|--------------------------|----------|-----------------------|----------|--------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| 1 | 513.6% | 104.3% | 392.8% | 85.0% | 72.5% | 54.3% | 54.7% | 65.2% | 45.0% | 47.7% |
| 2 | 477.6% | 90.2% | 144.6% | 72.9% | 42.0% | 54.3% | 57.7% | 72.8% | 43.1% | 86.3% |
| 3 | 180.8% | 92.9% | 93.3% | 68.9% | 53.7% | 54.0% | 49.0% | 68.7% | 55.3% | 69.7% |
| 4 | 95.6% | 68.7% | 75.9% | 60.3% | 42.8% | 74.5% | 51.4% | 67.9% | 56.0% | 75.1% |
| 5 | 74.3% | 67.4% | 57.5% | 60.9% | 47.5% | 68.4% | 55.6% | 75.5% | 76.8% | 87.4% |
| Test Statistic | 64.17 | 0.96 | 67.82 | 0.51 | 0.44 | 0.14 | 0.05 | 0.04 | 0.28 | 0.22 |

- The test statistic is a formal measure of performance:
 - A measure above 1.00 means the experience rating plan is making results worse, or less equitable
 - A measure below 1.00 means the experience rating plan is predictive of higher costs, improving equity
 - In all cases a lower measure is better

Split Plan Summary Results \$10,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2003

| Quintile | Greater than \$4,500,000 | | \$1,000,001 to \$4,500,000 | | \$250,001 to \$1,000,000 | | \$50,001 to \$250,000 | | Less than \$50,000 | |
|-------------------|--------------------------|----------|----------------------------|----------|--------------------------|----------|-----------------------|----------|--------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| 1 | 639.6% | 113.0% | 467.0% | 92.3% | 92.0% | 74.2% | 61.1% | 63.7% | 55.5% | 60.5% |
| 2 | 421.4% | 119.1% | 197.4% | 91.9% | 56.5% | 74.6% | 62.1% | 86.8% | 41.6% | 71.1% |
| 3 | 185.5% | 101.9% | 128.9% | 81.7% | 55.2% | 68.1% | 61.2% | 70.4% | 80.2% | 100.9% |
| 4 | 105.3% | 84.2% | 100.9% | 77.3% | 70.4% | 77.3% | 58.0% | 76.7% | 67.1% | 82.0% |
| 5 | 74.3% | 69.6% | 76.4% | 78.6% | 51.0% | 82.7% | 64.9% | 90.7% | 82.6% | 97.5% |
| Test Statistic | 135.61 | 2.34 | 32.13 | 0.13 | 0.79 | 0.04 | 0.02 | 0.13 | 0.40 | 0.19 |

- The test statistic is a formal measure of performance:
 - A measure above 1.00 means the experience rating plan is making results worse, or less equitable
 - A measure below 1.00 means the experience rating plan is predictive of higher costs, improving equity
 - In all cases a lower measure is better

Impact of Past Credibility Changes

Impact of Past Credibility Changes

Group rating and credibility

A confluence of credibility issues

- The past and present credibility tables give too much weight to the loss history of large risks, with large defined as expected losses of roughly 250k and higher
- The OBWC has not had regular updates to the credibility table to recognize inflation indexing
- Effective July 2008 the credibility is 85% for expected losses of \$1M; other states with comparable benefit levels have a credibility of roughly 50% at \$1M
- The maximum credibility level also defines the maximum experience rating credit: a large risk or large group with minimal losses can receive an experience mod of 0.15, or an 85% credit
- Experience rating is revenue neutral, meaning no additional dollars should be gained or lost after all debits and credits are applied (in practice there is always a slight impact)

| Large Employer | Group |
|--|---|
| Constancy—has a risk profile that does not change much over time | Risk profile changes can be significant as members are dropped and added |
| Homogeneity-Represented by a few manual classes, typically having one large primary class | Heterogeneous—risks may come from the same industry group, but represent many different classes |
| All loss experience stays with the employer over time for experience rating purposes | Loss experience stays with the risk, but not with the group, allowing for adverse selection |
| Qualifies for higher credibility and therefore higher credits or debits from experience rating | Qualifies for the same level of credibility as a large employer, even though a group does not statistically resemble a large employer |

Impact of Past Credibility Changes Base rate off balance adjustment

The combination of excessive credibility for large risks and rules allowing groups to be rated as large risks has resulted in a significant rate imbalance within the OBWC rating plan.

In the follow series of tables, we show the progression of how the premium imbalance evolves from the current group rating rules and the interaction with experience rating credibility

This first table shows the full indicated premium for class '123', as determined by the ratemaking process:

| Class | Payroll [in millions] | Base Rate [per \$100] | Experience Modification | Premium[in millions] |
|--------------|------------------------------|------------------------------|--------------------------------|-----------------------------|
| 123 | \$90.0 | \$2.0 | 1.00 | \$1.8 |

The next table is an example of introducing experience rating within the class, where the overall premiums are in balance:

| Class | Payroll [in millions] | Base Rate [per \$100] | Experience Modification | Premium[in millions] |
|--------------|------------------------------|------------------------------|--------------------------------|-----------------------------|
| 123 | \$30.0 | \$2.0 | 1.25 | \$0.8 |
| 123 | \$30.0 | \$2.0 | 1.00 | \$0.6 |
| 123 | \$30.0 | \$2.0 | 0.75 | \$0.5 |
| Total | | | | \$1.8 |

Impact of Past Credibility Changes Base rate off balance adjustment

When we introduce a group program, there is financial incentive to move to a group with the promise of discounted premiums. In this example, \$60 million of the \$90 million of payroll moved to group with an EM of 0.35, or a credit of 65%.

| Class | Payroll [in millions] | Base Rate [per \$100] | Experience Modification | Premium[in millions] |
|--------------|------------------------------|------------------------------|--------------------------------|-----------------------------|
| 123 | \$15.0 | \$2.0 | 1.25 | \$0.38 |
| 123 | \$10.0 | \$2.0 | 1.00 | \$0.20 |
| 123 | \$5.0 | \$2.0 | 0.75 | \$0.08 |
| 123 | \$60.0 | \$2.0 | 0.35 | \$0.42 |
| Total | | | | \$1.07 |

By adding group membership the premium decreased to \$1.07 million from \$1.80 million for the class, however there is not a commensurate decrease in loss costs. From a rating perspective the credibility is much higher for those who joined group, but from a statistical perspective the credibility did not increase as much as the current plan allows. In addition, group membership changes each year as determined by the four year experience rating history, further biasing the experience rating data and diminishing the credibility of the groups.

Impact of Past Credibility Changes Base rate off balance adjustment

To bring premiums back in balance at the class level, an off balance adjustment is applied to the base rate. In this case the off balance is 1.68, increasing the base rate to \$3.4 from \$2.0, and restoring the total class premiums to \$1.8 million. We are now in balance overall, but not by class (group and non group)

Note the actual OBWC average off balance has been running around 1.49.

| Class | Payroll [in millions] | Base Rate [per \$100] | Experience Modification | Premium[in millions] |
|--------------|------------------------------|------------------------------|--------------------------------|-----------------------------|
| 123 | \$15.0 | \$3.4 | 1.25 | \$0.63 |
| 123 | \$10.0 | \$3.4 | 1.00 | \$0.34 |
| 123 | \$5.0 | \$3.4 | 0.75 | \$0.13 |
| 123 | \$60.0 | \$3.4 | 0.35 | \$0.71 |
| Total | | | | \$1.80 |

The non group premium level is \$0.66 million from the previous slide after rounding ($0.38+0.20+0.08$), however the premiums have increased to \$1.10 million (rounded) by virtue of the base rate off balance. Group premiums have decreased by the same amount, \$0.44 million (from \$1.15 to \$0.71). Rounding differences cause the totals to be off by 0.01

While this example is illustrative only, it clearly shows how the premium charges shift with the interaction of group rating and experience rating. Unfortunately the shift in premiums is not supported by the actual results.

Impact of Past Credibility Changes \$10,000 Split Point example

Loss Ratios by Group Status

| Policy Status | Policy Year 2003 | | Policy Year 2004 | | Policy Year 2005 | |
|---------------|------------------|----------|------------------|----------|------------------|----------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| Group | 145.1% | 89.0% | 131.7% | 77.8% | 117.7% | 75.7% |
| Non Group | 63.8% | 79.7% | 53.4% | 67.7% | 56.1% | 69.2% |
| Base Rated | 80.2% | 106.8% | 73.7% | 90.0% | 83.0% | 96.1% |
| Total | 87.5% | 87.5% | 75.0% | 75.0% | 75.5% | 75.5% |

Premium Distribution by Group Status

| Policy Status | Policy Year 2003 | | Policy Year 2004 | | Policy Year 2005 | |
|---------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Current | Plan 10N | Current | Plan 10N | Current | Plan 10N |
| Group | 408,225,707 | 665,258,810 | 394,258,436 | 667,095,381 | 395,388,376 | 614,350,985 |
| Non Group | 897,396,952 | 718,754,681 | 1,011,954,561 | 798,274,973 | 962,351,017 | 779,917,369 |
| Base Rated | 314,620,176 | 236,229,343 | 327,356,187 | 268,198,830 | 267,036,124 | 230,507,163 |
| Total | \$ 1,620,242,835 | \$ 1,620,242,835 | \$ 1,733,569,184 | \$ 1,733,569,184 | \$ 1,624,775,517 | \$ 1,624,775,517 |

Notes: The premiums shown are gross of all discount programs, and exclude ACF and DWRF charges;

Impact of Past Credibility Changes \$10,000 Split Point example

The table below shows the premium changes resulting from adopting a 10k split plan relative to the rating plan used in each respective policy year.

The resulting premium changes tell us:

- The rate level imbalance between group and non group improved from 2004 to 2005 with the change in credibility tables from 100% to 95%
- The rate level imbalance is near zero with these policy years modeled on a 10k split plan. This is an approximation only, which excludes the impact of all discount programs, and the annual reconstitution of group membership

| Policy Status | Policy Year 2003 Credibility Max of 100% | | Policy Year 2004 Credibility Max of 100% | | Policy Year 2005 Credibility Max of 95% | |
|----------------|---|---------------|---|---------------|--|---------------|
| | Group | Non Group | Group | Non Group | Group | Non Group |
| Current | 408,225,707 | 1,212,017,128 | 394,258,436 | 1,339,310,748 | 395,388,376 | 1,229,387,141 |
| Plan 10N | 665,258,810 | 954,984,025 | 667,095,381 | 1,066,473,803 | 614,350,985 | 1,010,424,532 |
| Dollar Change | 257,033,103 | (257,033,103) | 272,836,945 | (272,836,945) | 218,962,609 | (218,962,609) |
| Percent Change | 63.0% | -21.2% | 69.2% | -20.4% | 55.4% | -17.8% |

*Non group includes base rated risks in this table

CAVEATS:

The premiums shown are gross of all discount programs, and exclude ACF and DWRF charges, therefore these percentages and dollar amounts are illustrative in magnitude only, and are not consistent with the full premium calculation.

A rate imbalance would likely still result under a 10k split plan with the current group rules that allow for annual changes in group membership. The premiums calculated are estimates, with the assumption of static group membership.

“True” Premium Cost



True Premium Cost Base Rates

Base rates will decrease if the average experience rating mod increases

- For example, the average experience mod changed from 0.58 to 0.79 for policy year 2005 in the scenario modeling a 10k split plan. After accounting for base rated business, this results in a 23% decrease to the base rate. This measures the change from a 95% credibility table to a full split plan.
- In modeling the premium impact of moving from the July 2008 85% credibility table to a full split plan, the base rate decrease is 10.6%.
- National comparisons of Ohio WC premiums will benefit as the base rates move towards a more neutral, “base” level. The typical base rate offset for other states is 1% to 2%, whereas Ohio could still have an offset in excess of 25%.

CAVEAT: These examples assume a static group program—the actual results will be less of a base rate decrease with group reconstitution)

True Premium Cost High level impact

Likely to pay less premium

- Base rated risks
- Non group experience rated risks
- Larger experience rated premium sizes
- Retro and one claim program risks



Likely to pay more premium

- Group rated risks
- Risks removed from group





Impact Mitigation Strategies



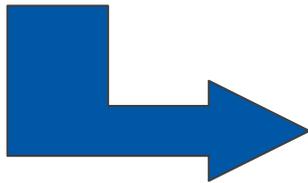
Impact mitigation strategy

- Current policyholders in group, and those removed from group, could realize a significant increase in premiums with the adoption of a new experience rating plan and appropriate credibility levels.
- If a group risk currently receives the maximum discount of 85%, with an Experience Mod (EM) of 0.15 as of July 2008, their discount could change to 50% under a split plan, or $50/15 = 233\%$.
- Likewise, a risk removed from group in 2008 could see their EM increase from 0.15 to 1.00 or higher, which is an even larger increase ($1.00/0.15 = 567\%$)
- These are clearly not stable or predictable premium movements, and could be disruptive to business in general

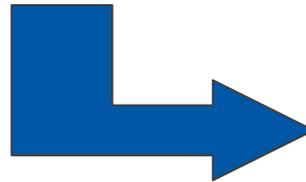
Impact mitigation strategy Group policy capping

The capping process considered for Group policies is a three stage premium computation:

1. Compute the new policy premium with the original '85%' credibility table using new payroll and new loss experience



2. Compute the new policy premium using the same information as [1], except use the new experience rating plan/credibility



3. Cap the premium increase from the change in plan/credibility only to \$500. If the \$500 level is exceeded, then cap the increase at 20%.

Impact mitigation strategy

Typical Policy Examples—draft stage

Scenario—Policy Impact examples of moving from current 85% table to a 77% table-Group only

- Captures change in experience rating credibility table only
- Allow premium changes to reach \$500, with a 20% cap for increases over \$500
- New 77% table is based on a progressive movement towards a 10k split plan curve

| Premium Size Range | Average Premium with 85% Table | Average Premium with 77% Table | Average Premium with 77% Table after Capping | Percent Change after Capping |
|--|--------------------------------|--------------------------------|--|------------------------------|
| \$0-\$500 Approx 30,000 risks | \$241 | \$301 | \$301 | 25% |
| \$501-\$999 Approx 15,000 risks | \$721 | \$920 | \$920 | 28% |
| \$1,000-\$2,499 Approx 19,000 risks | \$1,613 | \$2,018 | \$1,969 | 22% |
| \$2,500-\$4,999 Approx 11,000 risks | \$3,552 | \$4,296 | \$4,081 | 15% |
| \$5,000-\$9,999 Approx 8,000 risks | \$7,077 | \$8,216 | \$7,941 | 12% |
| \$10,000+ Approx 12,000 risks | \$45,307 | \$47,374 | \$47,001 | 6% |



Impact mitigation strategy

Non group policy capping--EM

The capping process considered for non group policies is more basic, and is aimed to reduce the volatility of employers removed from group

1. Compute the new premium for each non group risk using updated payroll, loss experience, and the new rating plan/credibility table.
2. Compare the new experience mod (EM) to the prior renewal experience mod, and cap the increase at 100%.
3. Compute the new premium using the capped EM, and repeat the EM capping in subsequent renewals until the full EM is realized.

Impact mitigation strategy Typical Policy Examples—draft stage

Scenario—Policy Impact examples of moving from current 85% table to a 77% table--risks removed from group only

- Captures changes in experience rating credibility, in group membership, in payroll and in experience rating history
- Experience Mod change capped at 100%

| Premium Size Range | Average Premium with 85% Table | Average Premium with 77% Table | Average Premium with 77% Table after Capping | Percent Change after Capping |
|-------------------------------------|--------------------------------|--------------------------------|--|------------------------------|
| \$0-\$500 Approx 1,300 risks | \$199 | \$719 | \$300 | 50% |
| \$501-\$999 Approx 500 risks | \$736 | \$2,900 | \$1,210 | 64% |
| \$1,000-\$2,499 Approx 700 risks | \$1,633 | \$6,270 | \$2,721 | 67% |
| \$2,500-\$4,999 Approx 600 risks | \$3,630 | \$12,303 | \$5,963 | 64% |
| \$5,000-\$9,999 Approx 500 risks | \$6,970 | \$20,774 | \$11,511 | 65% |
| \$10,000+ Approx 1,100 risks | \$55,041 | \$91,436 | \$79,883 | 45% |

Impact mitigation strategy

Typical Policy Examples—draft stage

Scenario—Policy Impact examples of moving from current 85% table to a 77% table-non group (excluding rejected group members)

- Captures changes in experience rating credibility, in payroll and in experience rating history
- No caps are applied to decreases in these examples

| Premium Size Range | Average Premium with 85% Table | Average Premium with 77% Table | Average Premium with 77% Table after Capping | Percent Change after Capping |
|--|--------------------------------|--------------------------------|--|------------------------------|
| \$0-\$500 Approx 57,000 risks | \$212 | \$202 | \$203 | -4% |
| \$501-\$999 Approx 20,000 risks | \$721 | \$681 | \$681 | -6% |
| \$1,000-\$2,499 Approx 24,000 risks | \$1,604 | \$1,506 | \$1,507 | -6% |
| \$2,500-\$4,999 Approx 13,000 risks | \$3,519 | \$3,304 | \$3,302 | -6% |
| \$5,000-\$9,999 Approx 8,000 risks | \$7,021 | \$6,659 | \$6,585 | -5% |
| \$10,000+ Approx 13,000 risks | \$77,155 | \$72,015 | \$69,047 | -7% |

Impact mitigation strategy

Aggregate capping Impacts—draft stage

While capping helps smooth the transition to a new rating plan for individual risks, there will also be a premium revenue impact

It is also possible to recapture some or all of the lost revenue through a base rate off-balance, however the capping process would need to be reiterated several times to reach the desired level.

These impacts capture the effects of capping on all policies, group and non group

Only the 2009 policy year includes the actual movement of risks from group to non group, therefore the revenue impacts on 2010 and 2011 are understated.

| Year Modeled | Approximate Revenue Impact |
|--------------|----------------------------|
| 2009 | \$35 Million or 1.8% |
| 2010 | \$35 million or 1.8% |
| 2011 | \$20 million or 1.0% |
| 2012 | \$5 million or 0.25% |
| 2013 | Less than \$1 million |

Recap



Recap Summary

- The OBWC is considering a split plan structure for experience rating, which is the current form used in almost all other states.
- Initial testing of the 10k single split plan show improved performance across most classes. If group rules remain unchanged, the performance modeled here will be diminished by group membership reconstitution and possible growth in group membership.
- The interaction of group rules with the current experience rating plan credibility has resulted in a large base rate off balance for Ohio. The credibility changes in 2005 helped to reduce the imbalance between group and non group
- Groups do not emulate large employers statistically, even though they are rated as such
- The premium increase mitigation options are effective in reducing premium volatility, however perceptions can vary as to what is reasonable. The potential revenue impact of capping must be considered, not to mention that the systems implementation of premium capping is above average in difficulty.

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MIRA II-Web Design and Services

Transparency

Existing Screens

- Individual Claim Costs Screen
- Claim Costs - by Policy

Focus on
Ohio Employers

- [Accident/Injury Info »](#)
- [Claim Info »](#)
- [Claim Payment »](#)
- [Claim Reference Info »](#)
- [Coverage look-up](#)
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Monday through Friday
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Injured worker:

Service: (Individual claim costs) - Claim costs display

Claim #

DOI: 08/09/2006

Policy number:
[Quarter end date](#) 9/30/2007
 Appealed to IC/Court: NO

[Drop down menu with
previous quarter history -
20 quarters](#)

Risk cost

Medical: \$5,394.83
 Indemnity: \$0.00
 Reserves: \$11,556.00
 Total: \$16,950.83

Surplus cost

Medical: \$0.00
 Indemnity: \$0.00
 Reserves: \$0.00
 Total: \$0.00

Miscellaneous cost

Subrogation amount: \$0.00
 Handicap percentage: 0%

[previous](#)

[Enter New Claim Number](#) | [Application Tracking](#) | [Claim Assignment](#) | [Claim Certification](#)
[Claim Documents](#) | [Claim Parties' Contact Info](#) | [Claim Status](#)
[Compensation Benefit Summary](#) | [Correspondence Information](#) | [Demographic Information](#)
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Employer: !

Policy #: !

Service: Claim costs

Risk cost

Injury year:

SSN:

Benefit type: **Medical and Lost Time**

Quarter end date: 9/30/2007

[Drop down menu with previous quarter history - 20 quarters](#)

| Claim | Medical Risk Cost | Indemnity Risk Cost | MIRA Reserves Risk | Total Unlimited Charge |
|-------|-------------------|---------------------|--------------------|------------------------|
| M | \$149.83 | \$0.00 | \$0.00 | \$149.83 |
| M | \$360.85 | \$0.00 | \$0.00 | \$360.85 |
| M | \$165.73 | \$0.00 | \$0.00 | \$165.73 |
| M | \$230.83 | \$0.00 | \$0.00 | \$230.83 |
| L | \$2,149.90 | \$8,316.00 | \$0.00 | \$10,465.90 |
| M | \$68.53 | \$0.00 | \$0.00 | \$68.53 |
| M | \$463.53 | \$0.00 | \$0.00 | \$463.53 |
| L | \$2,591.36 | \$1,714.96 | \$0.00 | \$4,306.32 |
| M | \$46.60 | \$0.00 | \$0.00 | \$46.60 |
| M | \$46.60 | \$0.00 | \$0.00 | \$46.60 |

[Next Records](#)

[Enter policy number](#) | [Risk Cost](#) | [Surplus Cost](#) | [Miscellaneous Data](#) | [Summary claim data](#)

[Detail claim data](#) | [Claim history](#)

[MIRA II Menu](#)

previous

MIRA II-New Web Services

New MIRA II Screens

- Individual Claim Reserve Prediction
- Individual Claim Payment Transaction
- Summary of Reserve Changes
- Individual Claim Reserve History
- Claim Status History
- Annual Claim Costs Statistics

Individual Claim Reserve Prediction



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Service: Prediction history

Prediction history

Claim: **99-693266**
 Most recent prediction date: **07/08/2007**
 Medical: **\$50,000.00**
 Indemnity: **\$30,000.00**
 Reserve: **\$20,000.00**

Link to the (downloadable) - Claims reserve change report
 Note: Downloadable file will only display most recent prediction week (if applicable) and the weeks within the selected quarter.

+ [View quarter ending dates](#)

+ [Show all](#)

| Quarter end date | Medical | Indemnity | Reserve |
|------------------|----------|-----------|-----------|
| 03/21/2008 | \$125.00 | \$500.00 | 5,000.00 |
| 12/31/2007 | \$150.00 | \$1000.00 | 10,000.00 |
| 09/30/2007 | \$100.00 | \$200.00 | 5,000.00 |

Link to Claims inquiry report

previous

[Enter policy number](#) | [Claim data information](#) | [Payment transaction](#) | [Claim reserve change report](#)
[Claim reserve history report](#) | [MIRAll annual statistics](#)





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Service: Claim data Information

Claim data information

This service offering allows authorized users to view or download a comma-separated, value file containing claim costs information for specific claims associated with an individual policy.

Policy

or

DOI from / / - to / /

or

Federal tax ID -

(or)

SSN - -



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Service: Claim data information

Claim data information

Results 1-10 of 44

| Claim | | Medical | Indemnity | MIRA reserves | Total Cost | Most recent prediction date |
|-----------|---|----------|-----------|---------------|------------|-----------------------------|
| 99-629266 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 11/01/2007 |
| 01-558974 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 10/08/2007 |
| 99-668963 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 09/02/2007 |
| 99-125896 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 08/15/2007 |
| 03-629266 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 07/12/2007 |
| 01-263589 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 06/02/2007 |
| 99-658977 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 05/14/2007 |
| 02-125897 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 04/10/2007 |
| 01-629266 | M | \$143.88 | \$0.00 | \$0.00 | \$143.88 | 03/22/2007 |

1 2 3 4 5

[previous](#)

- [Enter policy number](#) |
 [Claim data information](#) |
 [Payment transaction](#) |
 [Claim reserve change report](#)
[Claim reserve history report](#) |
 [MIRAII annual statistics](#)

Report Data (sections):

- Claim Info
- Policy Info
- Payment Info
- Injury Info
- Dependent Info
- Medical Payments
- Indemnity Payments
- Medical Payment Trends
- Reserve Adjustment (suppression)
- Total Cost of Claim- Paid=Reserve

CLAIM INQUIRY REPORT

Claim Number: Quarter Bldg: 12/31/2007

Claimant Name: 12/21/2005

Date Of Injury: 12/21/2005

| Claim Information | | Policy Information | |
|--------------------------------|--------------------------|---|---------------------|
| Claim Status | AL | Policy Number | 9999-0 |
| Claim Status Date | 2/7/2008 | Company Name | SWC STATEFUND REHAB |
| Active/Inactive Status | A-Active | MCI Class Code | 882998 |
| Active/Inactive Date | 12/21/2005 | Payment Information | |
| Medical Status | | First Payment Date | 2/1/2008 |
| Indemnity Status | | Last Medical Payment Date | 10/19/2007 |
| Benefit Type | | Last Indemnity Payment Date | 1/8/2007 |
| Type Accident | | Last TT Payment Date | 1/8/2007 |
| CIR Status | | Last PP Payment Date | |
| Date of Death | | Last TP/WL Payment Date | |
| MIRA Injury Type | S | Last LW Payment Date | |
| Claimant Date Of Birth | 10/19/67 | Average Weekly Wage | \$392.55 |
| Claimant Gender | F | Full Weekly Wage | \$442.00 |
| Marital Status | M | Wage Loss Rate | \$0.00 |
| Claimant Zip Code | 45120-3101 | Personal Injury Rate | \$0.00 |
| Primary ICD9 Code | 728.81 | Death Rate | \$0.00 |
| Primary ICD9 Description | PES ANSERINUS TENDINITIS | Indemnity Payments | |
| Return to Work Date | | Permanent Total Disability | \$0.00 |
| Handicap Percent | 0.00 | Temporary Total | \$7,371.00 |
| Medical Payments | | Temporary Partial | \$0.00 |
| Hospital | \$110.00 | Permanent Partial | \$0.00 |
| Surgery | \$0.00 | Percent Permanent Partial | \$0.00 |
| Clinic/Nursing Home | \$0.00 | Facial Disfigurement | \$0.00 |
| Doctors | \$2,483.00 | Death Benefits | \$0.00 |
| Nursing Services | \$0.00 | Change of Occupation | \$0.00 |
| Drugs/Pharmacies | \$20.00 | Living Maintenance | \$0.00 |
| Xrays/Radiology | \$0.00 | Living Maintenance Wage Loss | \$0.00 |
| Laboratory | \$0.00 | Wage Loss | \$0.00 |
| Miscellaneous Medical Services | \$0.00 | Lump Sum Settlement | \$0.00 |
| Prostheses Devices | \$0.00 | Medical Payments Trends | |
| Prostheses Exams | \$72.00 | Medical Paid Year to Date | \$805.00 |
| Ambulance | \$0.00 | Medical Paid Prior Year 1 | \$2,184.00 |
| Funeral | \$0.00 | Medical Paid Prior Year 2 | \$0.00 |
| Travel | \$0.00 | Medical Paid Prior Year 3 | \$0.00 |
| Medical Devices | \$0.00 | MIRA Reserve | |
| Emergency Room | \$0.00 | Medical Reserve | \$2,439.00 |
| Court Costs | \$0.00 | Indemnity Reserve | \$0.00 |
| Attorney Fees | \$0.00 | | |
| Total Other Benefits/Recovered | \$0.00 | Total Cost of Claim - Paid = MIRA Reserve | |

| Total Cost of Claim | | Paid | | MIRA Reserve | |
|----------------------|-------------|----------------------|-------------|-------------------|------------|
| Medical Total Cost | \$5,228.00 | Total Medical Paid | \$2,799.00 | Medical Reserve | \$2,439.00 |
| Indemnity Total Cost | \$7,371.00 | Total Indemnity Paid | \$7,371.00 | Indemnity Reserve | \$0.00 |
| | \$12,599.00 | Totals: | \$10,180.00 | | \$2,439.00 |

Reserve Prediction Report

Claim number:
DOI:

Injured worker:
Most recent prediction:

Claim information

1st
1st page

Claim status:
Filing date:
Active/Inactive status:
Active/Inactive date:
Open/Close status:
Date claim closed:
MMI date:
Benefit type code:
Type accident:
C92 status:
MIRA injury type:
Date of death:
Age at injury:
Date of birth:
Gender:
Marital status:
ZIP code:
Last day at work:
Injured worker represented:
Return to work date:
Expected return to work date:
Handicap percent:
Medical reserve prediction:
TTD reserve prediction:
PPD reserve prediction:
COO reserve prediction:
FD reserve prediction:
LM reserve prediction:
PTD reserve prediction:
Death reserve prediction:

draft

Number of dependents:
Dependent 1 relationship:
Dependent 1 birth date:
Dependent 2 relationship:
Dependent 2 birth date:
Dependent 3 relationship:
Dependent 3 birth date:
Dependent 4 relationship:
Dependent 4 birth date:
Dependent 5 relationship:
Dependent 5 birth date:
Dependent 6 relationship:
Dependent 6 birth date:

Dependent information

4th
1st page

Primary ICD code:
Secondary ICD-9 code:
Tertiary ICD9:
Death claim:

Injury information

3rd
1st page

Hospital:
Clinic/Nursing home:
Doctors:
Nursing services:
Drugs/Pharmacies:
X-rays/Radiology:
Laboratory:
Misc. medical services:
Prostheses devices:
Prostheses exams:
Ambulance:

Medical payments

5th
2nd page

These 3 columns should be at the bottom of the report

Total cost of claim

Medical total cost:
Indemnity total cost:
Total:

Paid

Total medical paid:
Total indemnity paid:
Total:

MIRA reserve

Medical reserve:
Indemnity reserve:
Total:

Total cost of claim - Paid = MIRA reserve

Funeral:
Travel:
Medical devices:
Emergency room:
Court costs:
Other benefits:

Permanent total disability:
Temporary total:
Temporary partial:
Permanent partial:
Percent permanent partial:
Facial disfigurement:
Death benefits:
Change of occupation:
Living maintenance:
Living maintenance wage loss:
Wage loss:
Lump sum settlement:
Attorney fees:

Reserve adjustment

8th
2nd page

Total original reserve:
Reduction amount:
Reserve for rates:
Reason for reduction:

Policy information

2nd
1st page

Policy number:
Company name:
NCCI class code:

Payment information

7th
2nd page

Last medical date of service:
Last indemnity period end date:
Last TT period end date:
Last PP period end date:
Last TP/WL period end date:
Last LM period end date:
Salary continuation:
Rehab program/LM:
Average weekly wage:
TTD rate:
WL rate:
Death rate:
PPD scheduled award rate:
PPD rate:
PTD rate:
%PP for this claim:

draft

Individual Claim Payment Transaction



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Service: Claim payment transaction report

Claim payment transaction report

Claim number : 02-3170317

Month

[next](#)



Payment transaction - claim

| Policy number | Claim number | DOI | Medical or indemnity payment | Authorization or paid date | Authorization paid amount | Invoice/Benefit type(bucket) |
|---------------|--------------|-----------|------------------------------|----------------------------|---------------------------|------------------------------|
| 19-0 | 01-123456 | 12/1/2007 | I | 12/1/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/2/2007 | \$ 48.00 | Drugs or Pharmacies |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/3/2007 | \$ 356.00 | TT Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/4/2007 | \$ 180.00 | Xray or Radiology |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/5/2007 | \$ 175.00 | Doctor |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/6/2007 | \$ 96.00 | Drugs or Pharmacies |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/7/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/8/2007 | \$ 175.00 | Doctors |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/9/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/10/2007 | \$ 356.00 | TT Payment |

Service: Payment transaction

Payment transaction

Link to to a excel spreadsheet <.csv> which displays total payments made in a month

Month

SSN: 274-65-2233



| <u>Claim</u> | | <u>Total medical payment</u> | <u>Indemnity payment</u> | <u>DOI</u> |
|---------------------------|---|------------------------------|--------------------------|------------|
| 99-629266 | M | \$1,143.88 | \$0.00 | 03/22/2007 |
| 01-253854 | M | \$200.00 | \$0.00 | 05/05/2007 |
| 01-258698 | M | \$260.78 | \$0.00 | 01/05/2007 |
| 02-256980 | M | \$14,33.88 | \$0.00 | 06/09/2007 |
| 99-569875 | M | \$165.82 | \$0.00 | 05/16/2006 |
| 02-564987 | M | \$985.85 | \$0.00 | 01/01/2005 |
| 01-659743 | M | \$50,000.00 | \$0.00 | 06/24/2007 |
| 99-036589 | M | \$2,000.00 | \$0.00 | 01/01/2006 |
| 03-568798 | M | \$1,113.88 | \$0.00 | 10/10/2006 |

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[Enter policy number](#) | [Claim data information](#) | [Payment transaction](#) | [Claim reserve change report](#)
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Payment transaction - policy

| Policy number | Claim number | DOI | Medical or indemnity payment | Authorization or paid date | Authorization paid amount | Invoice/Benefit type(bucket) |
|---------------|--------------|-----------|------------------------------|----------------------------|---------------------------|------------------------------|
| 19-0 | 01-123456 | 12/1/2007 | I | 12/1/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/2/2007 | \$ 48.00 | Drugs or Pharmacies |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/3/2007 | \$ 356.00 | TT Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/4/2007 | \$ 180.00 | Xray or Radiology |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/5/2007 | \$ 175.00 | Doctor |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/6/2007 | \$ 96.00 | Drugs or Pharmacies |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/7/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | M | 12/8/2007 | \$ 175.00 | Doctors |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/9/2007 | \$ 125.00 | PP Payment |
| 19-0 | 01-123456 | 12/1/2007 | I | 12/10/2007 | \$ 356.00 | TT Payment |

Summary of Reserve Changes



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Service: Claim reserve change report

Claim reserve change report

**indicates required field*

*Policy number: **19-0**

Prediction month:

Prediction date:

Amount change greater than or equal to:

-or-

Percent change greater than or equal to:



This field will be disabled until the user selects a Prediction month.

download



Claim Reserve Change Report

| Policy | Claim | New reserve | New as of date | Previous reserve | Previous as of date | Reason for change |
|--------|-----------|-------------|----------------|------------------|---------------------|-------------------|
| 19 | 02-123456 | \$ 100.00 | 12/28/2007 | \$ 100.00 | 12/28/2007 | 1 |
| 19 | 01-123457 | \$ 100.00 | 12/29/2007 | \$ 100.00 | 12/29/2007 | 3 |
| 19 | 01-123458 | \$ 100.00 | 12/30/2007 | \$ 100.00 | 12/30/2007 | 3 |
| 19 | 99-123459 | \$ 100.00 | 12/31/2007 | \$ 100.00 | 12/31/2007 | 1 |
| 19 | 01-123460 | \$ 100.00 | 1/1/2008 | \$ 100.00 | 1/1/2008 | 2 |
| 19 | 01-123461 | \$ 100.00 | 1/2/2008 | \$ 100.00 | 1/2/2008 | 3 |
| 19 | 99-123462 | \$ 100.00 | 1/3/2008 | \$ 100.00 | 1/3/2008 | 2 |
| 19 | 01-123463 | \$ 100.00 | 1/4/2008 | \$ 100.00 | 1/4/2008 | 1 |
| 19 | 01-123464 | \$ 100.00 | 1/5/2008 | \$ 100.00 | 1/5/2008 | 2 |
| 19 | 01-123465 | \$ 100.00 | 1/6/2008 | \$ 100.00 | 1/6/2008 | 3 |
| 19 | 02-123456 | \$ 100.00 | 1/7/2008 | \$ 100.00 | 1/7/2008 | 2 |
| 19 | 01-123458 | \$ 100.00 | 1/8/2008 | \$ 100.00 | 1/8/2008 | 1 |
| 19 | 99-123459 | \$ 100.00 | 1/9/2008 | \$ 100.00 | 1/9/2008 | 1 |
| 19 | 01-123460 | \$ 100.00 | 1/10/2008 | \$ 100.00 | 1/10/2008 | 2 |
| 19 | 01-123461 | \$ 100.00 | 1/11/2008 | \$ 100.00 | 1/11/2008 | 3 |

Individual Claim Reserve History

Ohio Bureau Workers' Compensation
Claims reserve history report

Policy number: 19
SSN: 111-11-1111

Claim number: 01-1111111

Claimant name: Steve Wagner DOI: 02/28/2007

Thursday, December 28, 2007

| Quarter ending date | MIRA injury code | MIRA primary ICD | Actual duration | Model duration |
|---------------------|--------------------------------|-------------------|-----------------|----------------|
| 03/31/2007 | 9-Permanent Partial disability | Multiple injuries | 2 | 128 |
| 06/30/2007 | 9-Permanent Partial disability | Multiple injuries | 5 | 127 |
| 09/30/2007 | 9-Permanent Partial disability | Multiple injuries | 8 | 145 |
| 12/31/2007 | 9-Permanent Partial disability | Multiple injuries | 11 | 127 |

← 17 Lines

Total MIRA Predicted Claim Costs

| Quarter ending date | Medical paid | Medical reserve | Indemnity paid | Indemnity reserve | MIRA total claim cost |
|---------------------|--------------|-----------------|----------------|-------------------|-----------------------|
| 03/31/2007 | \$292.00 | \$22,612.00 | \$54,003.00 | \$0.00 | \$150,277.00 |
| 06/30/2007 | \$345.00 | \$75,495.00 | \$45,398.00 | \$100.00 | \$396,398.00 |
| 09/30/2007 | \$15,800.00 | \$28,396.00 | \$190.00 | \$100.00 | \$87,129.00 |
| 12/31/2007 | \$576.00 | \$33,904.00 | \$11,300.00 | \$100.00 | \$89,393.00 |

← 17 Lines

⊕ Paid medical amounts

| Quarter ending date | Hospital | Clinic/ Nursing | Doctors | Nursing services | Drug/ Pharmacy | X-ray/ Radiology | Laboratory | Misc. medical |
|---------------------|--------------|-----------------|--------------|------------------|----------------|------------------|--------------|---------------|
| 03/31/2007 | \$175.00 | \$0.00 | \$117.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 06/30/2007 | \$1,825.00 | \$145,000.00 | \$380,000.00 | \$234,000.00 | \$123,002.00 | \$895,000.00 | \$386,000.00 | \$456,000.00 |
| 09/30/2007 | \$25,125.00 | \$123.00 | \$100.00 | \$34.00 | \$0.00 | \$7.00 | \$9.00 | \$100.00 |
| 12/31/2007 | \$114,123.00 | \$34.00 | \$100.00 | \$89.00 | \$76.00 | \$56.00 | \$99.00 | \$100.00 |

← 17 Lines

| Quarter ending date | Prosthesis device | Prosthesis exam | Ambulance | Travel | Medical devices | Emergency room | Court cost | Attorney fees |
|---------------------|-------------------|-----------------|--------------|--------------|-----------------|----------------|--------------|---------------|
| 03/31/2007 | \$175.00 | \$0.00 | \$117.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 06/30/2007 | \$1,825.00 | \$145,000.00 | \$380,000.00 | \$234,000.00 | \$123,002.00 | \$895,000.00 | \$386,000.00 | \$456,000.00 |
| 09/30/2007 | \$25,125.00 | \$0.00 | \$100.00 | \$175.00 | \$80.00 | \$0.00 | \$0.00 | \$100.00 |
| 12/31/2007 | \$114,123.00 | \$0.00 | \$100.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |

← 17 Lines

Paid indemnity

| Quarter ending date | Perm. Total | Temp. Total | Temp. Partial | Perm. Partial | Facial disfigurement | Death | Chang. of occupation | Liv. Maintenance |
|---------------------|--------------|--------------|---------------|---------------|----------------------|--------------|----------------------|------------------|
| 03/31/2007 | \$175.00 | \$0.00 | \$117.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 06/30/2007 | \$1,825.00 | \$145,000.00 | \$380,000.00 | \$234,000.00 | \$123,002.00 | \$895,000.00 | \$386,000.00 | \$456,000.00 |
| 09/30/2007 | \$25,125.00 | \$0.00 | \$100.00 | \$175.00 | \$80.00 | \$0.00 | \$0.00 | \$100.00 |
| 12/31/2007 | \$114,123.00 | \$0.00 | \$100.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |

← 17 Lines

| Quarter ending date | Liv. Maintenance wage lost | Wage lost paid | Lump Sum Settlement |
|---------------------|----------------------------|----------------|---------------------|
| 03/31/2007 | \$175.00 | \$0.00 | \$117.00 |
| 06/30/2007 | \$1,825.00 | \$145,000.00 | \$380,000.00 |
| 09/30/2007 | \$25,125.00 | \$0.00 | \$100.00 |
| 12/31/2007 | \$114,123.00 | \$0.00 | \$100.00 |

← 17 Lines

| Qtr End Dt. | TT | PTD | %PP | WL | LMWL | FD | LSS | PP |
|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 03/31/2007 | \$175.00 | \$0.00 | \$117.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 06/30/2007 | \$1,825.00 | \$145,000.00 | \$380,000.00 | \$234,000.00 | \$123,002.00 | \$895,000.00 | \$386,000.00 | \$456,000.00 |
| 09/30/2007 | \$25,125.00 | \$0.00 | \$100.00 | \$175.00 | \$80.00 | \$0.00 | \$0.00 | \$100.00 |
| 12/31/2007 | \$114,123.00 | \$0.00 | \$100.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$100.00 |

← 17 Lines

Reserve Adjustment

| Total original reserve | Reduction amount | Reserve for rates | Reason for reduction |
|------------------------|------------------|-------------------|----------------------|
| \$28,000.00 | \$0.00 | \$2,254.00 | SCO |

Claim Status History

Ohio Bureau of Workers' Compensation

Governor, Ted Strickland
 Administrator, Marsha P. Ryan

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Service: Claim Demographic

Claim Demographic

Claim Status: **Allowed**

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| Status | Effective date |
|-----------------|----------------------------|
| Allowed | 04/10/2006 |
| Disallowed | 02/24/2006 |
| Disallowed/Appl | 02/07/2006 |
| New claim | 01/06/2006 |

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Benefit type: **Lost time**

| Type | Effective date |
|--------------|----------------------------|
| Lost time | 04/07/2006 |
| Medical only | 10/15/2005 |

Active/Inactive status: **Active**

| Status | Effective date |
|----------|----------------------------|
| Active | 04/10/2006 |
| Inactive | 02/24/2006 |

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Annual Claim Costs Statistics



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Service: MIRA II annual statistics

MIRA II annual statistics

ICD - 9 or

or

Manual class

or

Age of claim

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Service: MIRA II annual statistics

MIRA II annual statistics

Statistics for ICD-9 codes: **3540**

Description: **Carpel tunnel syndrome**

| MIRA injury type | 5 = TI | 9 = PP | 2 = PTD | 1 = Death | Total |
|--------------------------------|---------------|---------------|----------------|------------------|--------------|
| <u>Number of claims</u> | 2,2760 | 3,932 | 5 | 1 | 6214 |
| <u>Percent of total</u> | 36.36% | 63.28% | 0.08% | 0.02% | 100.00% |
| <u>Medical avg. incurred</u> | \$7,850.10 | \$7,850.10 | \$700,850.10 | \$7,850.10 | \$7,850.10 |
| <u>Indemnity avg. incurred</u> | \$7,850.10 | \$143.88 | \$7,850.10 | \$0.00 | \$7,850.10 |
| <u>Avg. total incurred</u> | \$7,850.10 | \$7,850.10 | \$7,850.10 | \$7,850.10 | \$742,850.10 |
| <u>Avg durations - months</u> | 113 | 195 | 253 | 35 | 165 |

Avg. medical paid: **\$2,448.00**

Avg. indemnity paid: **\$2,468.00**

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Ohio Bureau of Workers' Compensation Board

Education Session

Jan Lommele, FCAS, MAAA, FCA

Bob Miccolis, FCAS, MAAA

Deloitte Consulting LLP

May 28, 2008

Agenda

Introduction

Comprehensive Study Timeline

Deloitte Approach / Deliverables Matrix

Next Steps

Introduction

Introduction

Pursuant to House Bill 100, the BWC engaged Deloitte Consulting 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**

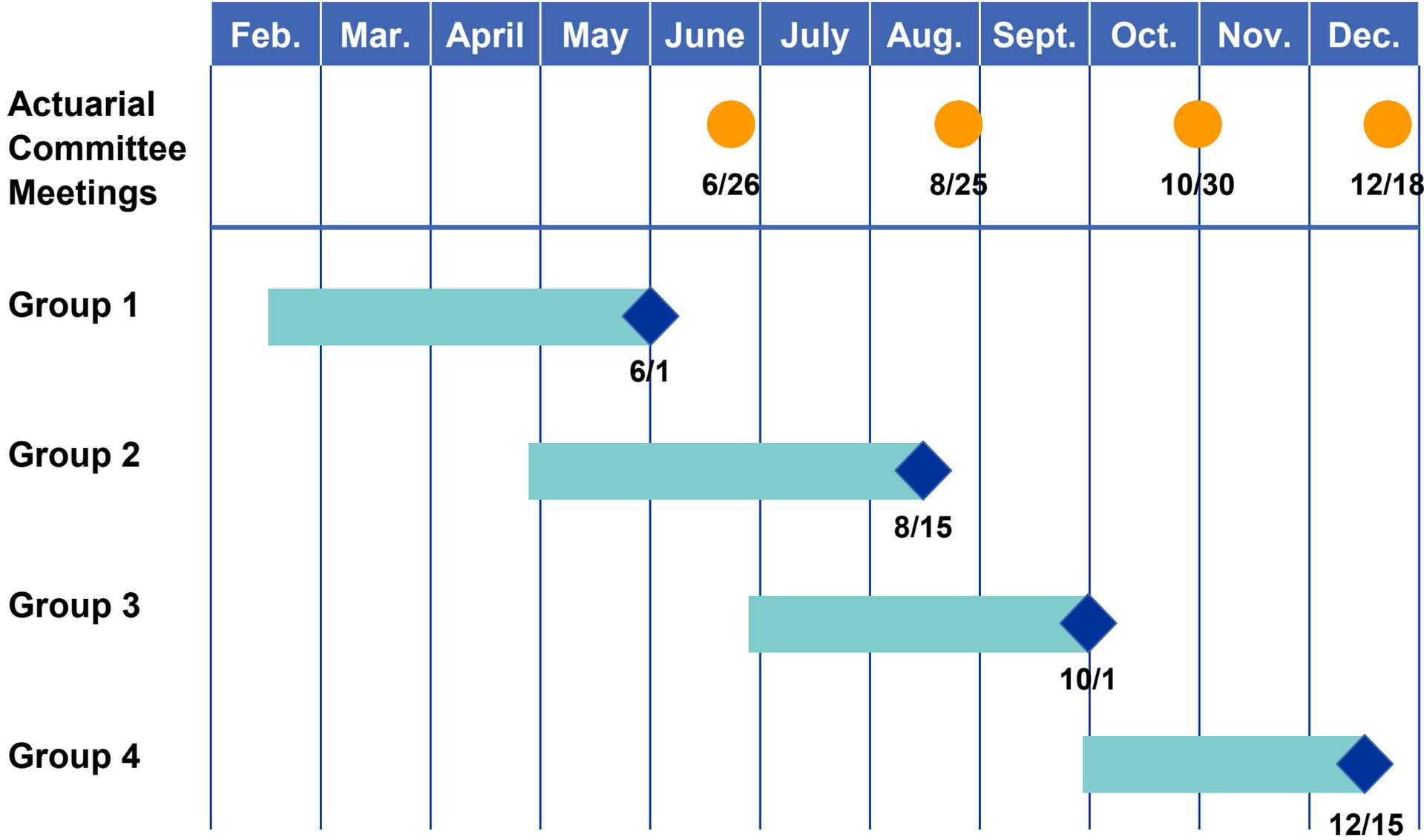
Introduction

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. | 6/1/08 |
| Group 2 | Actuarial reserves; payment projections; benefit comparison; medical payment structure comparison; net asset levels; administrative cost calculation; MCO effectiveness; and excess insurance/reinsurance needs. | 8/15/08 |
| Group 3 | PES rate setting; retrospective rating; Safety Grant program; safety & hygiene programs; and other cost controls. | 10/1/08 |
| 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. | 12/15/08 |

Comprehensive Study Timeline

Comprehensive Study Timeline

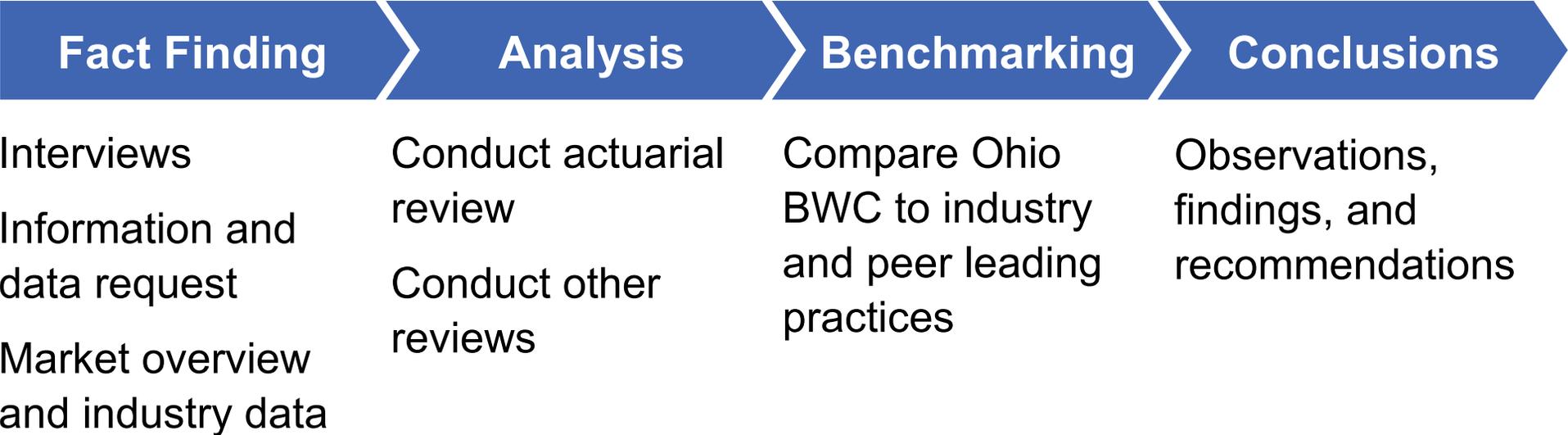


◆ Completion Date

Deloitte Approach & Deliverables Matrix

Deloitte Approach / Deliverables Matrix

Deloitte Methodology / Project Approach



Our goal is to provide comparisons with state insurance funds, private insurers, and states. Potential peer comparison states are: IL, IN, KY, NY, PA, MI, WA and WV

Deloitte Approach / Deliverables Matrix

As we commenced our work on the Group 1 tasks, we noted that four overarching themes began to emerge:

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?

Deloitte Approach / Deliverables Matrix

The various tasks in the RFP can be mapped into several broad categories:

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

**These categories
can be considered
to be the
Comprehensive
Study Elements**

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

Deloitte Approach / Deliverables Matrix

| | Effectiveness & Efficiency | Financial Strength & Security | Transparency | Ohio Economic Impact |
|--|----------------------------|-------------------------------|--------------|----------------------|
| Ohio Benefit Structure | <h1>Conclusions</h1> | | | |
| Pricing Process | | | | |
| Cost Controls | | | | |
| Financial Provisions | | | | |
| Actuarial Dep't. Functions & Resources | | | | |

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

Deloitte Approach / Deliverables Matrix

Each Comprehensive Study Element contains issues that are associated with the tasks detailed in the RFP:

Ohio Benefit Structure

A. Benefit Categories

1. Indemnity
2. Medical
3. Vocational Rehab
4. Death

Deloitte Approach / Deliverables Matrix

Pricing Process

- A. Overall Ratemaking Indication**
- B. Employer Rate Calculation**
- C. Group Rating**
- D. Self-Insurance**
- E. Programs**
- F. Minimum Premium**
- G. Alternative Pricing Methods**
- H. Funds**

Deloitte Approach / Deliverables Matrix

Cost Controls

- A. MCOs**
- B. Subrogation**
- C. \$15,000 Medical Only Program**
- D. Salary Continuation**
- E. Retrospective Rating Program**
- F. Effectiveness of Rates in Reducing Ohio Claims**
- G. Effect of Saving Money on Ohio Workplace Safety**
- H. Rehabilitation Program**
- I. Safety Grant Program**
- J. Safety & Hygiene Program**
- K. Lump Sum Settlements**
- L. Handicap Reimbursement Program**

Deloitte Approach / Deliverables Matrix

Financial Provisions

- A. Loss Reserves**
- B. Net Assets**
- C. Excess Insurance and Reinsurance**
- D. Self-Insured Guaranty Fund (SIEGF)**

Actuarial Department Functions & Resources

- A. Organizational Structure**
- B. Staffing**

Next Steps

Next Steps

- Continue to gather additional information and conduct interviews, as needed
- Provide bi-weekly status reports
- Conduct Deloitte internal review of deliverables
- Submit draft deliverables for BWC factual review
- Finalize BWC Board package

Deloitte.