

**Actuarial Committee
Agenda**

**December 19, 2007
Level 2, Room 1
2:00 pm – 4:00 pm**

Call to Order

Chuck Bryan, Chairman

Roll Call

Larry Rhodebeck, Scribe

Approve Minutes of November 20, 2007 meeting

Chuck Bryan

New Business/Action Items

1. MCO Fees per Contract Changes
 - Rule 4123-17-35

Discussion Items*

1. Review Committee Charter
2. Group Rating Follow-up
 - Plan Management
 - Timing for Analysis and Recommendations
3. Comprehensive Study – Section 512.50 of House Bill 100
 - Selection Committee and Selection Process
 - RFP Management
4. Chief Actuarial Officer Discussion
 - MIRA II Project
 - Staffing Update
 - NCCI Experience Rating - Split Plan
5. Other Topics
 - Asset – Liability – Net Asset Strength
 - Discount Rate

* Not all discussion items have materials included.

Next Meeting: January 24, 2007 2:00 pm – 4:00 pm

**WORKERS' COMPENSATION
BOARD OF DIRECTORS**

ACTUARIAL COMMITTEE

**TUESDAY, NOVEMBER 20, 2007, 2:00 P.M.
WILLIAM GREEN BUILDING
THE NEIL SCHULTZ CONFERENCE CENTER
30 WEST SPRING ST., 2nd FLOOR (MEZZANINE)
COLUMBUS, OHIO 43215**

Members Present: Charles Bryan, Chair
James Hummel
Jim Matesich

Members Absent: None

CALL TO ORDER

Mr. Bryan called the meeting to order at 2 P. M. and the roll call was taken.

MINUTES OF NOVEMBER 14, 2007

Mr. Matesich moved that the minutes of November 14, 2007, be approved and Mr. Hummel seconded. Marsha Ryan, BWC Administrator, and members of the committee amended pages 1 and 2 of the minutes to show that the November 14 session began with Mr. Bryan calling and adjourning "a public forum" in the morning session. Also, the motion on page 3 recommending changes to the credibility tables is amended to show the Actuarial Committee will present recommended changes to group rating by June 30, 2008, not 2007.

Mr. Matesich moved that the minutes of November 14, 2007, be approved as amended. Mr. Hummel seconded and the amended minutes were approved by a unanimous roll call vote.

NEW BUSINESS/ACTION ITEMS

ACTUARIAL COMMITTEE CHARTER

Mr. Bryan read the recent changes of the proposed charter. References to the Governance Committee should be removed from the wording of the Actuarial Committee

charter. Mr. Hummel moved that the Actuarial Committee Charter be adopted as presented. Mr. Matesich seconded and the motion was approved by unanimous voice vote.

GROUP RATING RESOLUTION

Mr. Bryan reviewed the recommendation of the Actuarial Committee on the credibility tables which he would be presenting to the Workers' Compensation Board on November 21.

RESERVE AUDIT

Jeffery Scott and Jeffery Scholl, Oliver Wyman Consulting Actuaries, gave the report on the reserve audit. Mr. Scott reported that the actuarial reserve on the balance sheet of the BWC financial statements is calculated by Oliver Wyman and represents the present value of the liability remaining for all injuries occurring June 30, 2007, and prior years. The present value assumes an annual investment return of 5% per year. Finally, reserves are estimated by fund.

Mr. Scott described each of the funds. The discounted reserve total of the funds is \$19.3 billion; the undiscounted reserve would be \$37 billion. The liabilities for the Disabled Workers' Relief Fund (DWRF) and the Self-Insuring Employer's Guaranty Fund are offset by receivables. The portion of the State Insurance Fund for state agencies is also offset by a receivable. There are factors that can make the actual results higher or lower than the reserve estimate. These can include changes in wage and benefit levels, legislative changes, changes in claims management programs, unexpected judicial interpretations, changes in medical inflation, and changes in medical utilization. Finally, Mr. Scott presented a more detailed report on medical inflation and the sources of information on inflation.

Mr. Scholl reviewed actuarial methodology, using payments for permanent total disability benefits (PTD) to illustrate reserving, payments, and results.

HB 100 REQUEST FOR PROPOSAL

John Pedrick, BWC Chief Actuary, reviewed the requirements of uncodified §512.50 of HB 100 that the Administrator obtain a study of the State Insurance Fund from an actuary not used by BWC in the past five years. The Request for Proposal (RFP) will be distributed to the Actuarial Committee for its advice, but not its approval. James Barnes, BWC Chief Legal Counsel, advised the Actuarial Committee on the requirements of the Ohio Open Meetings law regarding "deliberation." Mr. Pedrick reported that the RFP process would begin in the near future in order to meet the 2009 deadline for the actuary's report.

DISCUSSION ITEMS

REPORT OF THE CHIEF ACTUARY

Mr. Pedrick gave the report of the Chief Actuary. The timeline for MIRA 2 is to complete adoption by the end of the fiscal year. A BWC team has been selected to implement MIRA 2 by the deadline. The implementation will include a public forum and meetings with internal and external stakeholders. BWC will obtain Controlling Board approval to extend the contract for MIRA to June 30, 2008 when MIRA 2 will be implemented.

Mr. Pedrick also reported on the number of staff for his department. The Actuarial Department has one credentialed actuary, a director, an assistant director, three supervisors, and twelve underwriters and support staff. He would like to increase the number of staff in order to do more actuarial work internally.

Elizabeth Bravender, BWC Actuarial Director, responded to an earlier question from Mr. Matesich on the differences between reserves of MIRA and those of the audit reserves. The audit reserve discounts all forms of compensation. MIRA only discounts death and PTD benefits. MIRA also does not do future development. Hence, MIRA reserves underestimate future expense.

ADJOURNMENT

There was a motion by Mr. Hummel, second by Mr. Matesich, and adjournment by Mr. Bryan.

Prepared by: Larry Rhodebeck, BWC Staff Counsel
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November 27, 2007

Workers' Compensation Board of Directors Executive Summary

Public Employer State Agency Rates

At the April Workers' Compensation Oversight Commission meeting, a 0% overall rate change for public employer state agencies was approved as well as the rates detailed in appendix A of rule 4123-17-35. At the June Workers' Compensation Oversight Commission meeting, the rule was changed to charge state agencies for the purpose of the payment of fees to the managed care organizations (MCO) that manage the claims of state agencies. The MCO fee was charged at seven and twenty-five hundredths per cent of the premium as indicated in appendix A for the payroll reporting period July 1, 2007, through December 31, 2007. This rule is being presented today to keep the MCO fee at seven and twenty-five hundredths per cent of the premium as indicated in appendix A for the payroll reporting period January 1, 2008, through June 30, 2008. A process will also be created to compare the actual and collected MCO fees on a calendar year basis to account for any overage or shortage in the MCO fee collected on an individual employer basis. The bureau will apply any overages or shortages to the MCO fee for the next policy year period. The first time the adjustment of MCO fees will be implemented will be for rates effective July 1, 2009. A change was also made to section (A)(2)(c) for clarification purposes, and the previously numbered section (A)(3)(f) was removed as this section is no longer applicable since present values are not in the experience period anymore.

4123-17-35 Public employer state agency contribution to the state insurance fund.

The administrator of workers' compensation, with the advice and consent of the bureau of workers' compensation oversight commission board of directors, has authority to approve contributions made to the state insurance fund by employers pursuant to sections 4121.121, 4123.39, and 4123.40 of the Revised Code. The administrator hereby sets rates per one hundred dollar unit of payroll to be effective July 1, 2007, applicable to the payroll reporting period July 1, 2007, through June 30, 2008, for public employer state agencies, including state universities and university hospitals, as indicated in the attached appendix A.

For the purpose of the payment of fees to the managed care organizations that manage the claims of state agencies, including state universities and university hospitals, the administrator hereby sets an additional contribution to the state insurance fund applicable to the payroll reporting period July 1, 2007 January 1, 2008, through December 31, 2007 June 30, 2008, for public employer state agencies, including state universities and university hospitals, at seven and twenty-five hundredths per cent of the premium as indicated in appendix A to this rule. After the end of calendar year 2008, the bureau will compare the actual and collected fees to account for any overage or shortage in the fee collected. The bureau will apply any overages or shortages to the fee for the next policy year period.

For policy years following the effective date of this rule, a public employer state (PES) agency that is not currently participating in a settlement payment program may enter into the following lump sum settlement (LSS) payment option.

(A) A PES agency that is not currently participating in a settlement payment program may participate in the lump sum settlement (LSS) direct reimbursement rating and payment program. A PES agency participating in this program will have the LSS payments excluded from the bureau's rate calculation process.

(1) Requirements.

(a) A PES agency shall make a three-year minimum commitment to the LSS direct reimbursement payment and rating program.

(b) The earliest beginning date of the LSS program is July 1, 2004.

(c) A PES agency shall notify the bureau of its desire to participate in the LSS direct reimbursement and payment program before the first day of January immediately preceding the policy year in which the agency wishes to participate in the program. The notification shall be made on the form provided by the bureau and signed by the PES agency's designee.

(d) A PES agency currently participating in a settlement program is not eligible to participate in the LSS direct reimbursement payment and rating program.

(2) Lump sum settlement (LSS) rate calculation rules.

(a) All LSS payments will be treated the same whether the result of a court-ordered settlement, an agency-negotiated settlement or any other type of settlement.

(b) Once a PES agency begins participating in the LSS direct reimbursement and rating program, all LSS payments will be excluded from the five year losses used to calculate the "pure premium rate" for future policy year rate calculations. The pure premium rate is defined as the rate that is the actual five year losses divided by the five year reported payroll used to project the rate needed to be collected for the next policy year. The calculation of the "overage and shortage rate" will include the LSS payments paid by the bureau and not reimbursed by the PES agency. The calculation will exclude the LSS payments paid by the bureau and reimbursed by the PES agency. The overage and shortage rate is defined as the rate at which the agency must pay any past shortage in rates or the reduction in rate of any past overage in premium paid.

(c) When an agency terminates a LSS direct reimbursement and rating program, the pure premium rate and the overage and shortage rate will include all LSS payments. ~~The calculation of the overage and shortage rate will only include the LSS payments that were made by the bureau and not reimbursed by the PES agency.~~

(3) Lump sum settlement (LSS) reimbursement payments.

(a) A lump sum settlement will be billed in the next quarter following the date the LSS warrant was cashed. The October billing will include any lump sum settlement where the warrant was cashed in July, August or September; the January billing where the warrant was cashed in October, November or December; the April billing where the warrant was cashed in January, February or March; and the July billing where the warrant was cashed in April, May or June.

(b) The bureau will bill a structured settlement to the PES agency as the warrant is cashed.

(c) The PES agency shall pay the LSS quarterly bill within thirty days of the billing date.

(d) If the PES agency fails to pay a LSS quarterly bill within thirty days, the bureau will remove the PES agency from the LSS direct reimbursement rating and payment program and the bureau will include the outstanding LSS payments in the rate calculation.

(e) A PES agency may settle permanent total disability and death claims in which the present value was used in rate calculations for five years. The settlement amount will be included in the quarterly billings. In addition, there will be no substitution of the permanent total disability or death benefits paid to date for the present value.

~~(f) Settlements on permanent total disability and death claims where the present value of the claim is currently in the five year experience period will be processed by substituting the permanent total disability or death benefits paid to date (not including the LSS) for the present value. The substitution would occur in the calendar year in which the~~

~~settlement was made. The settlement amount will also be included in the quarterly billings.~~

~~(g)~~(f) A PES agency shall file any dispute in writing, specifying the agency's objections to the billing, with the bureau's direct billing department. The filing of a dispute does not relieve or suspend the agency's obligation to pay the obligation. Questions concerning the rate calculations should be directed to the bureau's actuarial department.

(4) Change in status.

(a) When a PES agency combines with another PES agency, the choice that the agency that is determined to be the succeeding agency made in respect to participating in this program controls.

(b) A PES agency that is participating in a program and transfers a portion of its operations to another agency shall continue to participate in the program. The choice made in respect to participating in this program by the agency to which the operations were transferred will not be affected.

(c) Where a PES agency participating in a LSS direct reimbursement rating and payment program becomes self-insured, the bureau will calculate a buyout and any obligations owed by the PES agency under the program will be included in the buyout.

(5) Terminating a program.

(a) A PES agency may request, in writing, to terminate a program after the three year minimum commitment period has been completed. The agency's participation in the program will automatically be renewed for another three years unless the written request is submitted.

(b) A PES agency shall submit a request to terminate a program before the first day of January of the year the three year commitment ends. For example, if the PES agency starts participating in the LSS program or its participation is renewed for the policy year beginning July 1, 2004, the request must be submitted before January 1, 2007.

(c) Once a PES agency terminates a LSS program, the agency is no longer eligible to participate in a program.

Promulgated Under: 111.15

Statutory Authority: 4121.12, 4121.121

Rule Amplifies: 4121.12, 4123.39, 4123.40

Prior Effective Dates: 7/1/90, 7/1/91, 7/1/92, 7/1/93, 7/1/94, 7/1/95, 7/1/96, 7/1/97, 7/1/98, 7/1/99, 7/1/00, 7/1/01, 7/1/02, 7/1/03, 7/10/04, 7/1/05, 7/1/06, 7/1/07

[Note: Appendix A is unchanged from the Appendix filed effective July 1, 2007.]

APPENDIX E
MCO PAYMENT METHODOLOGY

2008 Monthly Administrative Fee Percent (%) of Activity Calculation

The MCO's Administrative Fee Percent (%) of Activity for each month shall be calculated based on the following weighted measurements: 1) the MCO's pro-rata share of Active Employers with a weight of seven percent (7.00%), 2) the MCO's pro-rata share of Bill Volume with a weight of fourteen percent (14.00%), 3) the MCO's pro-rata share of FROI Volume with a weight of fourteen percent (14.00%) and 4) the MCO's pro-rata share of Active Claims with a weight of sixty-five percent (65.00%). Active Employers are defined as employers assigned to the MCO on the last working day of the prior month that are in a status of Active, Reinstated, or Debtor in Possession. Bill Volume is defined as the number of bills submitted by the MCO and accepted by BWC during the prior month. FROI Volume is defined as the number of FROIs filed during the prior month and accepted by BWC that are assigned to the MCO on the last working day of the prior month. Active Claims are defined as all claims in an Active status on BWC's Claims Management System and that are assigned to the MCO on the last working day of the prior month. It is further limited to claims with no Date of Death populated, claims not in a status of Disallowed, Dismissed, Settled Medical, Settled Indemnity, or Settled Medical & Indemnity, claims that are not combined, and claims where the statute of limitations date has not passed.

2008 Monthly Administrative Fee Payment --- Schedule

Starting January 1, 2008, the Bureau shall pay to the MCO each month a monthly Administrative Fee payment up to one-twelfth (1/12) of fifty-five percent (55.00%) of the MCO's portion [based on % of Activity as set forth in Section 4B(2) of the 2008 MCO Agreement and as described above] of the Amount Available for MCO Fee Payments.

Monthly Administrative Fee Payments shall be made to the MCO by the Bureau not later than the 15th of each month.

2008 Monthly Administrative Fee Payment --- Setoff Measurement Periods

The time periods used to measure the MCO's performance for purposes of calculating the FROI Timing, Bill Timing: MCO Receipt - Bureau Receipt, 148 (FROI) System Data Accuracy,

and 837 Provider Bill System Data Accuracy monthly Administrative Fee setoffs imposed pursuant to Section 4C of the 2008 MCO Agreement shall be as follows:

January 2008 payment:	11/26/07-12/23/07
February 2008 payment:	12/24/07-01/27/08
March 2008 payment:	01/28/08-02/24/08
April 2008 payment:	02/25/08-03/23/08
May 2008 payment:	03/24/08-04/20/08
June 2008 payment:	04/21/08-05/25/08
July 2008 payment:	05/26/08-06/22/08
August 2008 payment:	06/23/08-07/27/08
September 2008 payment:	07/28/08-08/24/08
October 2008 payment:	08/25/08-09/21/08
November 2008 payment:	09/22/08-10/19/08
December 2008 payment:	10/20/08-11/23/08

2008 Monthly Administrative Fee Payment --- Setoff Appeal Process

The MCO shall have three (3) weeks from the time the Administrative Fee payment is deposited into its account to appeal setoffs that were applied to that Administrative Fee payment. The MCO may appeal the following setoffs: FROI Timing, Bill Timing: MCO Receipt – Bureau Receipt, 148 (FROI) System Data Accuracy, and 837 Provider Bill System Data Accuracy. Appeals must be submitted to the Administrator's appointed designee. All supporting documentation must be supplied at the time the appeal is submitted. Supporting documentation submitted via facsimile ("fax") or submitted after the stated deadline shall not be considered. Appeals must be accompanied by an Excel spreadsheet containing all pertinent information. At a minimum the spreadsheet must include the claim number or Bureau invoice number and all issues/reasons for the appeal. BWC shall not consider additional issues/reasons for appeal raised by the MCO for the first time after the stated deadline.

2008 Quarterly Incentive Fee Payment --- Degree of Disability Management (DoDM) Measurement

Starting 1st Quarter, 2008, the MCO's quarterly Incentive Fee shall be based on the MCO's performance as measured by the Degree of Disability Management (DoDM) Model, which has been developed to measure the performance of an MCO with respect to its Return-to-

Work (RTW) timing. RTW, for purposes of the DoDM, means that the Injured Worker returns to work or was released by his medical provider to return to work (whichever is earlier) during the time period being measured and remains at work for at least ninety (90) days.

The DoDM Model compares an MCO's performance in returning an Injured Worker (IW) to work measured by the number of days until the IW returned to work or was released to return to work, whichever is earlier, along a scale ranging from the fixed statewide average (average number of days off work) for all MCOs prior to implementation of the DoDM (the "Loosely Managed Benchmark") to the optimal RTW rate (optimal number of days off work) for an IW with the same designated ICD-9 code and manual classification (the "Well Managed Benchmark").

For example, for an IW with a given designated ICD-9 code and manual classification, an MCO may actually have returned the IW to work in 4 days. If the optimal, Well Managed Benchmark for that ICD-9 code and manual classification is 3 days and the statewide average, Loosely Managed Benchmark is 7 days, the MCO would have a 75.00% DoDM for that IW, since its actual RTW for that IW (4 days) was 75.00% along the continuum from the fixed statewide average (7 days) to the optimal (3 days) for an IW with that combination of designated ICD-9 code and manual classification.

If, in the above example, the MCO had returned the IW to work in 7 days, it would have a DoDM score of 0.00% for that IW, since its actual RTW demonstrated no improvement over the fixed, statewide average Loosely Managed Benchmark. If the MCO had returned the IW to work in 8 days, it would have a DoDM score of -25.00% for that IW, since its actual RTW for that IW was worse than the fixed, statewide average Loosely Managed Benchmark for an IW with that combination of designated ICD-9 code and manual classification.

The MCO's DoDM score for a given quarter shall not be based solely on its performance on any one IW's RTW. The MCO's score for a given quarter shall be based on its total RTW performance during the reporting period for all claims where the principal ICD-9 (defined below) is one of the 266 designated ICD-9 codes being measured for which an actual or released to RTW date, whichever is earlier, was reported.

For 1st, 2nd, 3rd, and 4th quarter 2008, the MCO's DoDM score for the quarter shall be determined by first adding up the actual days off or days off until released to return to work for all the IWs that returned to work or were released to return to work during that quarter's measuring period (defined below). The fixed, statewide average Loosely Managed

Benchmark number of days for IWs with the same combination of designated ICD-9 code and manual classification shall then be added up to determine a Loosely Managed Benchmark total for that MCO for that period, and the optimal Well Managed Benchmark number of days for IWs with the same combination of designated ICD-9 code and manual classification shall be added up to determine a Well Managed Benchmark total for that MCO. The MCO's total number of days off work shall then be compared along a scale resulting from the Loosely Managed Benchmark total to the Well Managed Benchmark total for IWs with the same combination of designated ICD-9 code and manual classification to determine the MCO's total DoDM percentage for the period. The MCO's quarterly Incentive Fee payment shall then be based on the MCO's total DoDM percentage (as further described below). An example of how this total calculation would look is attached to this Appendix as Exhibit 1.

The baseline data used to determine the statewide average RTW performance of all MCOs for each possible combination of ICD-9 code and manual classification --- the "Loosely Managed Benchmarks" -- consists of claims filed from March 1, 1997 through August 21, 1998. Upon execution of a Limited License of Use by the MCO, the Bureau shall provide the MCO with a copy of the Loosely Managed Benchmarks, which shall be incorporated herein by reference. The Bureau reserves the right to change the Loosely Managed Benchmarks as necessary to deal with unforeseen circumstances or other contingencies (e.g., implementation of ICD-10 coding requirements). However, the Bureau shall provide the MCO a minimum of ninety (90) days notice prior to implementation of the new benchmarks.

The initial set of optimal RTW rates (optimal number of days off work) for an IW with each possible combination of ICD-9 code and manual classification --- the "Well Managed Benchmarks" --- were based on the optimal rates contained in Milliman and Robertson, *Healthcare Management Guidelines*, Volume 7, as adapted to Ohio through the assignment of the manual classifications contained in the Ohio BWC State Insurance Fund Manual. Additional Well Managed Benchmarks were subsequently developed by BWC, in consultation with BWC's Medical Advisor. Upon execution of a Limited License of Use by the MCO, the Bureau shall provide the MCO with a copy of the Well Managed Benchmarks, which shall be incorporated herein by reference. The Bureau reserves the right to change the Well Managed Benchmarks as necessary to deal with unforeseen circumstances or other contingencies (e.g., implementation of ICD-10 coding requirements). However, the Bureau shall provide the MCO a minimum of ninety (90) days notice prior to implementation of the new benchmarks.

The DoDM calculation shall be based on the MCO's RTW performance on IW claims with one of the 266 designated ICD-9 codes as follows: The model will calculate the WM benchmarks for all eligible ICD-9 codes (as defined below) in the claim that have WM benchmarks. If there is an eligible ICD-9 code in the claim that does not have a WM benchmark, that ICD-9 code will be dropped from consideration in determining the principal ICD-9. The ICD-9 code having the longest WM benchmark will be designated as the "principal" ICD-9 for the DoDM calculation. If the principal ICD-9 (as determined above) is one of the 266 designated ICD-9 codes, the claim will be used in the calculation if it meets the rest of the model criteria. If the principal ICD-9 (as determined above) is not one of the 266 designated ICD-9 codes, the claim will be dropped from the calculation and will not be used. The 266 designated ICD-9 codes, which include both medical-only (7 or fewer days off work) and lost-time (8 or more days off work) IW claims, are attached to this Appendix as Exhibit 2.

Each IW shall be assigned a manual classification corresponding to his or her occupation. For private employer claims the manual classification shall be assigned by the Bureau CSS/MCS assigned to the claim, based on the manual classifications reported to the Bureau by the IW's employer as contained in the Ohio BWC State Insurance Fund Manual as may be updated annually by the Bureau. For public county and public state employer claims, the MCOs are required to submit a Standard Occupation Code (SOC) for each claim that is eligible for inclusion in the MCO's DoDM calculation no later than the fifth calendar day after the end of each month. The SOC code submission shall be in an Excel spreadsheet and contain a record for every public employer claim that is assigned to the MCO that was filed by the end of the month. The file should be sent to the Director of MCO Business and Reporting at the Bureau. If the MCO does not timely submit SOC codes for the last month of any quarter (March, June, September and December 2008), the Bureau shall not use any SOC codes in calculating the MCO's DoDM score for that quarter.

2008 Quarterly Incentive Fee Payment --- Degree of Disability Management (DoDM) Calculation

Starting 1st Quarter, 2008, the Bureau shall pay to the MCO each quarter a variable, prorated Incentive Fee payment of up to one-fourth (1/4) of forty-five percent (45.00%) of the MCO's portion [based on % of Billed Premium as set forth in Sections 4B(3) through 4B(5) of this Agreement] of the Amount Available for MCO Fee Payments. The Incentive Fee payment shall be prorated based upon the MCOs total, actual RTW performance (DoDM percentage) for the measuring period based upon the following scales:

1st, 2nd, 3rd and 4th Quarters, 2008

% Incentive Earned	0.00%	100.00%
Target DODM score	85.00%	110.00%

For the 1st, 2nd, 3rd, and 4th Quarters, 2008, the MCO's quarterly payment shall be prorated as follows:

MCO DoDM score < 85.00% = 0.00% of the MCO's pro rata share (based on % of Billed Premium) of one-quarter (1/4) of forty-five percent (45.00%) of the MCO's portion of the Amount Available for MCO Fee Payments.

If MCO DoDM score is between 85.00% and 110.00%, then $(\text{MCO score} - (85.00\% - .0000000000001)) * (100 / (110.00\% - 85.00\%) / 100) = \%$ of the MCO's pro rata share (based on % of Billed Premium) of one-quarter (1/4) of forty-five percent (45.00%) of the MCO's portion of the Amount Available for MCO Fee Payments.

MCO DoDM score \geq 110.00% = 100.00% of the MCO's pro rata share (based on % of Billed Premium) of one-quarter (1/4) of forty-five percent (45.00%) of the MCO's portion of the Amount Available for MCO Fee Payments.

Except as noted below and as otherwise provided in Appendix D of this Agreement, for purposes of calculating the MCO's DoDM scores and determining the MCO's quarterly Incentive Fee payments for 2008, the Bureau shall utilize all claims assigned to the MCO at the end of the quarter that meet the criteria listed below with a minimum last day worked and maximum return to work in the following time periods:

1 st Quarter, 2008	October 1, 2006 to December 31, 2007
2 nd Quarter, 2008	January 1, 2007 to March 31, 2008;
3 rd Quarter, 2008	April 1, 2007 to June 30, 2008;
4 th Quarter, 2008	July 1, 2007 to September 30, 2008;

In addition, each claim assigned to the MCO in which the Bureau assumes vocational rehabilitation management pursuant to Paragraph (D) of Rule 4123-6-04.6 of the Ohio Administrative Code and Chapter 4 of the MCO Policy Reference Guide shall be included in

the MCO's DoDM calculation if the maximum RTW date is within the above date ranges regardless of the minimum last day worked or the total number of actual days lost.

Population of claims to be considered for DoDM Measurement:

- **Claim Status:** Only claims in Allowed or Allowed/Appeal will be included. Claims currently in a Hearing or Hearing-DHO status will not be included in that quarter's calculation. However, if the claim is subsequently Allowed it may be included in the next calculation.
- **ICD-9 Status:** Only ICD-9s with a status of Allowed, Allowed/Appeal, Hearing, and Hearing-DHO will be included.
- **Accident Type:** Only claims with an Accident Type of Accident will be included (no Occupational Disease or Death claims)
- **Date of Injury:** Starting with the 2008 MCO Agreement, it is all claims with a date of injury on or after January 1, 2005. The first incentive measure payment will be calculated for the 1st quarter of 2008, and will include the data gathered from claims with dates of injury on or after Jan. 1, 2005. The 2nd quarter 2008 performance measure payment will be calculated using data gathered from claims with dates of injury on or after April 1, 2005. The 3rd quarter performance measure payment will be calculated using data gathered from claims with dates of injury on or after July 1, 2005 and so on.
- **Filing Date:** No claim filed after the ending point of the period to be measured will be included in that quarter's calculation.
- **\$1,000, \$5,000, and \$15,000 Medical Only claims:** Will not be excluded from the calculation.
- **Salary Continuation claims:** Will not be excluded from the calculation.
- **PTD claims:** Claims with an active PTD award will not be included in the calculation.
- **MCO Days:** The MCO days are calculated from Last Day Worked to Return to Work. All calculations are performed in calendar days. If the Last Day Worked is not provided then the Date of Injury will be the default and the measurement will be based on the Date of Injury to Return to Work. The RTW date will be based on Released to Return to Work if available.
- **NCCI mapping for public employers:** MCOs are responsible for providing the BWC with SOC codes for public employers. These should be in an Excel spreadsheet and provided to the Director of MCO Business and Reporting by the dates listed above.
- **Bankrupt SI claims:** Bankrupt SI claims will not be included in the calculation.
- **Date of Death:** Claims with a Date of Death in BWC's Claims Management System will not be included in the calculation.

Minimum data elements required:

- MCO #, Claim #, manual classification code, eligible ICD-9s, employer risk type (PA-private, PEC-public county, and PES-public state), RTW history/episodes, and SOC codes for public employer claims

Steps within the model:

Step 1: The minimum data elements for claims that meet the population criteria are imported into the model.

Step 2: The model looks at the RTW history/episodes to determine two things: 1) if the claim has reached a 90 day post RTW stability period and 2) if more than one episode exists then if the episodes should be treated as one claim or multiple claims.

- If the claim has not reached at least one stable episode then it will not be included in the calculation.
- If the claim only has one episode, and it is stable, then the claim will be included with a suffix of 1.
- If the claim has more than one episode then
 - a – if the episodes are not separated by at least 90 days the days from both episodes will be added together and treated as one claim with a suffix of 1.
 - b – if the episodes are separated by at least 90 days then each episode is treated as a separate claim. The first episode will have a suffix of 1 and the second episode will have a suffix of 2. The days from each episode will be dealt with separately.

Examples based on the 1st quarter, 2008 calculation, measurement period of minimum last day worked and maximum RTW date for the episode both in the period 10/1/2006 through 12/31/2007 checking stability through 3/31/2008 are shown in Table 1.

Table 1

Claim #	RTW History	Disposition
Claim # 1	One episode from 8/15/06 through 9/15/06	Will not be included in the 1 st quarter calculation as both LDW and RTW were before the measurement period
Claim # 2	One episode from 8/15/06 through 3/31/07	Will not be included in the 1 st quarter calculation as the LDW was before the measurement period
Claim # 3	One episode from 12/15/07 through 1/15/08	Will not be included in the 1 st quarter calculation as the claim has not reached a stable RTW, the RTW was after measurement period.
Claim # 4	Two episodes: one from 9/15/06 through 10/15/06 and one from 12/15/06 through 1/15/07	Will not be included in the 1 st quarter calculation as the minimum LDW is before the measurement period. It will be treated as one claim since the two episodes are not separated by at least 90 days with a minimum LDW of 9/15/06 and a maximum RTW of 1/15/07.
Claim # 5	Two episodes: one from 9/15/06 through 10/15/06 and one from 4/15/07 through 5/15/07	This will be treated as two claims since the episodes are separated by at least 90 days. The first episode (suffix 1) will not be included in the 1 st quarter calculation as the LDW is outside the measurement period. The second episode (suffix 2) will

		be included in the 1 st quarter calculation as both the LDW and RTW fall in the measurement period
Claim # 6	Two episodes: one from 10/15/06 through 11/20/06 and one from 1/15/07 through 2/7/07	Will be included in the 1 st quarter calculation as it has reached stability. It will be treated as one claim since the two episodes are not separated by at least 90 days – MCO days will be 59 (36 from the first episode + 23 from the second episode)
Claim # 7	Two episodes: one from 10/20/06 through 11/21/06 and one from 4/1/07 through 4/5/07	Both episodes will be included in the 1 st quarter calculation as it has reached stability. It will be treated as two claims since the two episodes are separated by at least 90 days – MCO days will be 32 for the first episode (suffix 1) and 4 days for the second episode (suffix 2).
Claim # 8	Two episodes: one from 4/15/07 through 4/20/07 and one from 12/15/07 through 1/5/08	The first episode will be included in the 1 st quarter calculation but the second one won't. The first episode had reached stability but the second one hasn't – MCO days for the first episode (suffix 1) will be 5. The MCO days for the second episode (suffix 2) can not be determined yet as it hasn't reached stability.

Step 3: The manual codes for public employers (PEC and PES risk types) are converted to SOC codes based on the information provided by the MCOs. If a valid SOC code is not provided, the claim will be included using a default code of 9999.

Step 4: Well Managed benchmarks are calculated for each ICD-9 based on a table that contains 1,694 ICD-9 codes. If the claim has an ICD-9 that does not have a well managed benchmark, that ICD-9 will not be used to determine the 'principal' ICD-9 and is dropped from all further calculations. The claim is still included with the remaining ICD-9s.

Step 5: The ICD-9 with the longest WM benchmark is flagged as the 'principal' ICD-9 for DoDM purposes. If there is a tie between two or more ICD-9s with identical WM benchmarks the lowest numeric ICD-9 will be flagged as the principal. Examples are shown in Table 2.

Table 2

Claim #	ICD-9s and WM benchmarks	Disposition
Claim # 1	ICD-9 = 682.4, WM = 4.4 days	Since there is only one ICD-9 682.4 is flagged as principal
Claim # 2	ICD-9 = 682.4, WM = 4.4 days; ICD-9 = 550.10, WM = 17.903 days	Since 550.10 has the longest WM benchmark it will be flagged as principal
Claim # 3	ICD-9 = 682.4, WM = 4.4 days; ICD-9 = 882.1, WM = 4.4 days	Since both ICD-9s have the same WM benchmark the lowest numeric code (682.4) will be flagged as principal
Claim #4	ICD-9 = 999.99, WM can not be determined. ICD-9 = 682.4, WM = 4.4 days ICD-9 = 550.10, WM = 17.903 days	Since 999.99 does not have a well managed, it is dropped from consideration. Since 550.10 has the longest WM benchmark of the remaining ICD-9s it will be flagged as the principal.

Incentive Fee earned by the MCO for the DoDM calculation two calendar quarters previously (e.g., 3rd Quarter 2007 percentage used for 1st Quarter 2008 estimate). The Bureau shall calculate the monthly amount of the MCO's Incentive Fee Advance based on the estimate, as follows:

If the MCO earned one hundred percent (100.00%) of the Incentive Fee Payment for the DoDM calculation two calendar quarters previously, the Bureau shall advance to the MCO one third (1/3) of seventy-five percent (75.00%) of the estimated Incentive Fee payment during each of the months in the calendar quarter.

If the MCO earned between seventy-five percent (75.00%) and ninety-nine and ninety-nine one-hundredths percent (99.99%) of the Incentive Fee Payment for the DoDM calculation two calendar quarters previously, the Bureau shall advance to the MCO one third (1/3) of fifty percent (50.00%) of the estimated Incentive payment during each of the months in the calendar quarter.

If the MCO earned between fifty percent (50.00%) and seventy-four and ninety-nine one-hundredths percent (74.99%) of the Incentive Fee Payment for the DoDM calculation two calendar quarters previously, the Bureau shall advance to the MCO one third (1/3) of twenty-five percent (25.00%) of the estimated Incentive Fee payment during each of the months in the calendar quarter.

If the MCO earned less than fifty percent (50.00%) of the Incentive Fee Payment for the DoDM calculation two calendar quarters previously, the Bureau shall not advance to the MCO any of the estimated Incentive Fee payment during the months in the calendar quarter.

Monthly Incentive Fee advance payments shall be made to the MCO by the Bureau not later than the 15th of each month.

The actual amount of the Incentive Fee payment earned by the MCO during the quarter shall be calculated by the Bureau not later than the last day of the second month after the end of the quarter. If the calculated Incentive Fee Payment less the total Incentive Payment advanced to the MCO during the quarter (as set forth above) is greater than \$0.00, the Bureau shall make a payment to the MCO equal to the difference not later than the last day of the second month after the end of the quarter. If the calculated Incentive Fee Payment less the total Incentive Fee Payment advanced to the MCO during the quarter is equal to \$0.00, then no additional monies shall be paid to the MCO. If the calculated Incentive Fee Payment less the total advanced is less than \$0.00, then the difference shall be deducted from the next available payments to the MCO (including Administrative Fee payments and/or advances on the current quarter Incentive Fee payment). If the amount to be recouped is

greater than the next available payments, the Bureau shall deduct from each subsequent payment due the MCO under this Agreement until the amount is fully recouped.

The recoupment of advanced monies owed to the Bureau by the MCO for the 4th Quarter 2008 Incentive Fee payment, if any, shall be deducted from payments due the MCO under such MCO Agreement as may be entered into between the MCO and the Bureau effective January 1, 2009 (as shall be set forth under such Agreement). If the MCO and the Bureau do not enter into any such MCO Agreement effective January 1, 2009, any advanced monies owed to the Bureau by the MCO for the 4th Quarter 2008 Incentive Fee payment shall be immediately due and payable to the Bureau upon notice to the MCO of such due amounts, and may be deducted from any final payments due the MCO. Any remaining monies owed to the MCO by the Bureau for the MCO's calculated 4th Quarter 2008 Incentive Fee payment shall be paid to the MCO not later than the last day of the second month after the end of the quarter.

If this MCO Agreement is terminated at any time, by either the MCO or the Bureau, pursuant to Section 5 of this Agreement, or if the MCO is decertified pursuant to Rule 4123-6-17 of the Ohio Administrative Code, any advanced monies owed to the Bureau by the MCO for Incentive Fee payments made in the quarter the MCO Agreement was terminated or the MCO was decertified shall be immediately due and payable to the Bureau upon notice to the MCO of such due amounts, and may be deducted from any final payments due the MCO. Any remaining monies owed to the MCO by the Bureau for the MCO's calculated Incentive Fee payment for that quarter shall be paid to the MCO not later than the last day of the second month after the end of the quarter.

If the MCO is involved in a merger or acquisition during the term of this Agreement, any advanced monies owed to the Bureau by the MCO for Incentive Fee payments made in the quarter in which the merger or acquisition is approved and/or is to take effect shall be immediately due and payable to the Bureau upon notice to the MCO of such due amounts, and the Bureau shall not approve the merger or acquisition until payment has been made. Except as otherwise provided in Appendix D of this Agreement, any remaining monies owed to the MCO by the Bureau for the MCO's calculated Incentive Fee payment for that quarter shall be paid to the non-surviving MCO not later than the last day of the second month after the end of the quarter.

**2008 Quarterly Incentive Fee Payment --- Degree of Disability Management (DoDM)
Measurement Appeal Process**

The MCO shall have the right to appeal its DoDM score only if the MCO's score for the quarter is below one hundred ten percent (110.00%) or if the score is to be published in the MCO Report Card. The MCO shall be notified at the time it receives its DoDM score for the quarter of the deadline for filing an appeal of that score. The time period for submitting an appeal shall be at least three (3) weeks from the date the notices were sent. Appeals must be submitted to the Administrator's appointed designee. All supporting documentation must be supplied at the time the appeal is submitted. Supporting documentation submitted via facsimile ("fax") or submitted after the stated deadline shall not be considered. The appeal must be accompanied by an Excel spreadsheet containing all pertinent information. At a minimum the spreadsheet must include the claim number, all issues/reasons for the appeal, and the outcome requested by the MCO (remove claim, change LDW/RTW date, etc.). BWC shall not consider additional issues/reasons for appeal raised by the MCO for the first time after the stated deadline.

EXHIBITS

Exhibit 1

Degree of Disability Management by MCO Based on Alpha Claims

% Incentive Earned
Target DODM score

0.00%
85.00%

100.00%
110.00%

MCO Number	ICD-9	Total Cases	Total RTW Days	Average RTW Days	Loosely Managed Benchmark	Well Managed Benchmark	Degree of Disability Management
		3,811	45,376	11.91	13.49	6.97	24.22%
99999	883.0	477	948	1.99	1.99	2.41	99.67%
99999	847.2	315	5,670	18.00	19.18	6.13	9.06%
99999	846.0	189	3,015	15.95	20.06	6.13	29.47%
99999	882.0	128	350	2.73	2.33	3.57	67.55%
99999	844.9	126	1,418	11.25	16.13	8.44	63.36%
99999	923.3	122	194	1.59	1.83	5.80	106.00%
99999	840.9	119	1,071	9.00	14.94	5.50	62.91%
99999	845.00	114	938	8.23	10.15	5.59	42.16%
99999	842.00	112	2,067	18.46	10.97	4.59	-117.34%
99999	923.20	107	563	5.26	3.89	6.79	52.61%
99999	924.11	94	684	7.28	9.48	6.93	86.57%
99999	847.0	90	711	7.90	14.81	4.69	68.28%
99999	930.9	90	83	0.92	1.03	0.50	19.85%
99999	918.1	82	104	1.27	1.49	1.50	3382.93%
99999	930.0	82	67	0.82	1.02	0.50	39.60%
99999	920	73	377	5.16	3.85	4.60	-75.69%
99999	924.20	65	253	3.89	4.51	5.48	163.13%
99999	922.31	44	333	7.57	10.51	5.60	60.00%
99999	842.10	39	142	3.64	5.55	6.39	326.78%
99999	927.3	39	411	10.54	14.89	17.90	244.92%
99999	891.0	36	148	4.11	4.45	4.81	192.86%
99999	840.8	34	296	8.71	17.41	5.50	73.09%
99999	923.21	34	199	5.85	6.06	6.33	176.15%
99999	354.0	31	1,013	32.68	42.78	7.91	28.98%
99999	841.9	31	633	20.42	12.81	5.98	-111.34%
99999	550.90	30	1,137	37.90	37.13	11.80	-3.05%
99999	727.05	30	227	7.57	17.02	8.56	111.74%
99999	924.3	30	65	2.17	3.45	6.16	147.39%
99999	816.00	29	178	6.14	10.67	10.66	30524.21%
99999	923.11	29	161	5.55	6.94	5.84	125.65%
99999	722.10	28	2,731	97.54	85.50	23.62	-19.44%
99999	892.0	27	56	2.07	2.69	3.82	153.86%
99999	923.10	26	36	1.38	5.79	5.84	9655.02%
99999	816.02	25	415	16.60	12.97	10.65	-156.95%
99999	881.02	25	66	2.64	2.01	2.99	35.73%
99999	923.00	25	60	2.40	8.31	5.50	210.48%
99999	845.10	24	207	8.63	6.89	5.70	-146.03%
99999	883.1	24	219	9.13	15.04	16.50	505.67%
99999	840.4	23	1,003	43.61	62.21	19.12	43.16%
99999	826.0	22	318	14.45	17.47	18.28	467.73%
99999	883.2	22	737	33.50	33.38	16.50	-0.73%
99999	924.01	21	169	8.05	17.56	8.20	101.63%
99999	372.05	19	12	0.63	1.11	3.10	123.87%
99999	726.32	19	99	5.21	14.81	4.90	96.87%
99999	816.12	19	501	26.37	29.10	17.90	24.40%
99999	825.25	18	659	36.61	41.44	18.75	21.28%
99999	836.0	18	539	29.94	51.63	17.58	63.69%
99999	843.9	18	269	14.94	13.57	8.20	-25.68%
99999	846.9	18	68	3.78	14.48	6.13	128.18%

99999	881.01	17	29	1.71	3.08	3.57	377.02%
99999	886.0	15	550	36.67	39.98	7.29	10.13%
99999	930.1	15	5	0.33	0.81	0.50	153.40%
99999	844.0	14	90	6.43	15.41	8.20	124.57%
99999	844.2	13	1,171	90.08	85.59	32.08	-8.38%
99999	924.21	12	39	3.25	8.68	6.18	217.27%
99999	944.10	12	28	2.33	2.75	4.80	120.13%
99999	944.20	12	58	4.83	6.59	13.00	127.43%
99999	840.0	11	134	12.18	28.68	15.96	129.70%
99999	943.21	11	31	2.82	4.74	9.24	142.64%
99999	813.42	10	581	58.10	52.24	19.84	-18.08%
99999	816.01	10	222	22.20	26.92	11.36	30.35%
99999	927.20	10	417	41.70	22.70	20.00	-704.90%
99999	844.8	9	307	34.11	23.61	8.43	-69.23%
99999	922.32	9	54	6.00	9.01	5.54	86.81%
99999	930.8	9	8	0.89	0.93	0.50	9.14%
99999	681.00	8	15	1.88	9.44	14.42	251.95%
99999	816.10	8	135	16.88	20.98	17.90	133.23%
99999	915.6	8	3	0.38	1.64	5.09	136.56%
99999	813.05	7	180	25.71	38.44	27.84	120.05%
99999	844.1	7	57	8.14	24.59	8.20	100.35%
99999	682.4	6	66	11.00	12.99	9.22	52.77%
99999	722.0	6	501	83.50	88.15	13.48	6.23%
99999	824.8	6	295	49.17	47.37	33.60	-13.08%
99999	825.20	6	311	51.83	31.98	23.80	-242.55%
99999	836.2	6	600	100.00	50.19	17.58	-152.72%
99999	843.8	6	93	15.50	20.85	8.20	42.27%
99999	845.09	6	96	16.00	31.70	9.00	69.16%
99999	928.3	6	94	15.67	13.13	30.10	85.04%
99999	940.4	6	3	0.50	1.87	5.61	136.69%
99999	945.22	6	127	21.17	14.61	11.88	-239.93%
99999	681.02	5	29	5.80	1.61	6.10	6.68%
99999	815.00	5	52	10.40	24.39	13.74	131.32%
99999	824.0	5	394	78.80	61.99	30.52	-53.41%
99999	824.2	5	253	50.60	49.42	25.90	-5.00%
99999	824.6	5	292	58.40	83.40	33.60	50.20%
99999	836.1	5	310	62.00	60.25	17.58	-4.11%
99999	846.1	5	45	9.00	9.27	6.13	8.47%
99999	882.2	5	142	28.40	44.21	31.90	128.42%
99999	943.10	5	-	-	3.44	4.80	352.58%
99999	943.11	5	12	2.40	2.01	3.32	70.02%
99999	944.21	5	58	11.60	6.40	5.61	-656.52%
99999	372.00	4	4	1.00	3.47	3.10	673.61%
99999	726.10	4	85	21.25	25.44	5.50	21.02%
99999	726.12	4	60	15.00	16.75	4.10	13.83%
99999	817.0	4	70	17.50	12.60	14.84	-118.75%
99999	823.00	4	420	105.00	87.15	29.82	-31.13%
99999	825.0	4	349	87.25	76.63	19.99	-18.74%
99999	841.8	4	52	13.00	9.49	5.98	-100.04%
99999	885.0	4	124	31.00	45.68	5.63	36.66%
99999	891.1	4	66	16.50	21.27	11.13	47.06%
99999	921.2	4	40	10.00	15.95	12.00	150.64%
99999	941.11	4	21	5.25	2.25	4.80	-17.65%
99999	941.20	4	26	6.50	8.79	13.00	154.27%
99999	943.20	4	6	1.50	9.63	13.00	341.71%
99999	944.27	4	3	0.75	4.88	9.60	187.44%
99999	550.92	3	46	15.33	41.55	11.80	88.12%
99999	717.7	3	747	249.00	54.81	14.00	-475.90%
99999	727.04	3	17	5.67	26.13	9.37	122.09%
99999	813.06	3	189	63.00	33.96	27.84	-474.37%
99999	814.01	3	154	51.33	48.28	19.48	-10.61%
99999	825.22	3	170	56.67	36.43	23.80	-160.33%
99999	826.1	3	65	21.67	33.86	30.10	324.46%
99999	842.13	3	-	-	4.08	5.53	380.83%
99999	845.02	3	43	14.33	20.43	5.60	41.09%
99999	847.3	3	13	4.33	18.67	6.13	114.33%
99999	880.03	3	1	0.33	2.61	4.81	204.16%
99999	882.1	3	1	0.33	9.71	19.12	199.62%
99999	893.0	3	1	0.33	3.29	3.98	531.68%
99999	923.03	3	-	-	2.21	5.50	167.42%

99999	941.10	3	14	4.67	1.73	4.80	4.34%
99999	944.17	3	2	0.67	3.60	3.45	1955.56%
99999	944.28	3	-	-	5.88	13.00	182.64%
99999	945.12	3	9	3.00	7.28	4.13	135.66%
99999	945.14	3	4	1.33	2.60	3.30	280.95%
99999	550.10	2	103	51.50	44.45	13.10	-22.47%
99999	550.91	2	31	15.50	29.93	11.80	79.60%
99999	726.19	2	1	0.50	39.00	12.25	143.93%
99999	726.31	2	5	2.50	17.48	5.60	126.09%
99999	727.03	2	106	53.00	39.84	10.11	-44.26%
99999	805.6	2	49	24.50	47.03	31.19	142.24%
99999	812.09	2	153	76.50	56.46	18.15	-52.30%
99999	812.40	2	59	29.50	37.54	29.52	100.25%
99999	813.01	2	71	35.50	47.14	32.00	76.89%
99999	813.41	2	118	59.00	58.39	19.84	-1.59%
99999	815.04	2	58	29.00	25.78	14.81	-29.34%
99999	816.11	2	17	8.50	44.89	17.90	134.82%
99999	820.21	2	447	223.50	171.07	44.80	-41.52%
99999	822.0	2	201	100.50	56.05	29.53	-167.62%
99999	822.1	2	56	28.00	59.50	38.20	147.89%
99999	825.21	2	57	28.50	46.14	23.80	78.96%
99999	825.23	2	59	29.50	42.34	23.80	69.26%
99999	825.24	2	2	1.00	30.74	23.80	428.68%
99999	831.00	2	-	-	30.50	14.63	192.19%
99999	831.01	2	169	84.50	45.58	14.63	-125.74%
99999	831.04	2	121	60.50	35.74	18.48	-143.41%
99999	842.12	2	25	12.50	20.61	5.96	55.34%
99999	923.01	2	16	8.00	10.78	5.50	52.67%
99999	927.21	2	2	1.00	28.18	28.00	15220.00%
99999	941.21	2	13	6.50	18.94	17.70	1006.53%
99999	942.13	2	9	4.50	2.77	4.80	14.77%
99999	943.23	2	15	7.50	2.20	9.24	24.72%
99999	943.25	2	37	18.50	7.83	9.24	-658.29%
99999	944.11	2	-	-	1.85	2.05	1034.58%
99999	944.16	2	1	0.50	1.43	3.25	151.50%
99999	944.25	2	1	0.50	10.16	13.30	407.24%
99999	944.26	2	22	11.00	8.37	7.80	-461.04%
99999	945.24	2	21	10.50	13.91	9.60	79.11%
99999	717.89	1	-	-	65.93	13.71	126.26%
99999	722.4	1	-	-	69.14	11.39	119.72%
99999	724.2	1	13	13.00	20.52	5.50	50.07%
99999	724.3	1	138	138.00	34.77	5.50	-352.69%
99999	724.4	1	3	3.00	29.97	5.50	110.22%
99999	726.0	1	-	-	32.19	5.50	120.61%
99999	726.33	1	1	1.00	8.58	3.00	135.81%
99999	726.65	1	23	23.00	9.26	5.50	-366.01%
99999	808.0	1	74	74.00	97.06	22.80	31.05%
99999	808.2	1	21	21.00	94.91	22.80	102.50%
99999	812.03	1	8	8.00	73.80	20.62	123.73%
99999	812.21	1	56	56.00	89.65	34.90	61.46%
99999	813.43	1	82	82.00	59.50	20.05	-57.03%
99999	814.00	1	93	93.00	45.07	15.96	-164.66%
99999	814.03	1	7	7.00	35.46	18.37	166.55%
99999	815.01	1	2	2.00	33.89	15.89	177.13%
99999	815.03	1	3	3.00	29.40	14.23	174.03%
99999	815.09	1	2	2.00	20.81	14.81	313.58%
99999	821.01	1	112	112.00	131.36	50.40	23.91%
99999	824.4	1	26	26.00	82.32	32.29	112.57%
99999	833.00	1	1	1.00	58.50	22.24	158.58%
99999	836.3	1	24	24.00	35.44	7.34	40.70%
99999	840.6	1	-	-	39.54	5.50	116.16%
99999	841.1	1	-	-	18.60	5.98	147.39%
99999	842.01	1	-	-	22.34	4.59	125.87%
99999	842.09	1	5	5.00	8.97	4.59	90.68%
99999	843.0	1	-	-	21.40	8.20	162.14%
99999	845.01	1	3	3.00	24.83	5.60	113.49%
99999	846.8	1	33	33.00	16.64	6.13	-155.75%
99999	881.22	1	78	78.00	48.44	26.30	-133.47%
99999	892.2	1	31	31.00	43.40	20.30	53.68%
99999	915.7	1	-	-	2.86	6.57	177.26%

99999	928.20	1	54	54.00	40.13	30.10	-138.40%
99999	940.0	1	-	-	1.79	9.30	123.90%
99999	940.1	1	2	2.00	1.81	5.61	95.09%
99999	940.2	1	3	3.00	6.49	9.30	223.97%
99999	940.3	1	2	2.00	10.19	9.30	918.10%
99999	942.23	1	-	-	8.74	13.00	305.30%
99999	942.24	1	6	6.00	11.31	9.00	230.00%
99999	944.22	1	1	1.00	2.44	5.61	145.43%
99999	944.23	1	13	13.00	6.28	5.61	-1000.93%
99999	944.24	1	18	18.00	4.30	5.61	-948.95%
99999	944.30	1	13	13.00	30.57	24.10	271.52%
99999	944.31	1	-	-	26.45	24.10	1123.55%
99999	945.10	1	-	-	5.10	4.80	1700.00%
99999	945.23	1	42	42.00	16.08	9.60	-400.35%
99999	945.26	1	1	1.00	8.65	9.30	1284.52%
99999	945.33	1	28	28.00	39.40	33.60	196.55%

Exhibit 2

ICD-9 Code	ICD-9 Description	Grouping
724.2	Lumbago	1
724.3	Sciatica	1
724.4	Thoracic or lumbosacral neuritis or radiculitis, unspecified	1
846.0	Sprain and strain of lumbosacral (joint) (ligament)	1
846.1	Sprain and strain of sacroiliac (ligament)	1
846.8	Other specified sites of sacroiliac region sprain and strain	1
846.9	Unspecified site of sacroiliac region sprain and strain	1
847.2	Lumbar sprain and strain	1
847.3	Sprain and strain of sacrum	1
883.0	Open wound of finger(s) , without mention of complication	2
847.0	Neck sprain and strain	3
840.0	Acromioclavicular (joint) (ligament) sprain and strain	4
840.8	Sprain and strain of other specified sites of shoulder and upper arm	4
840.9	Sprain and strain of unspecified site of shoulder and upper arm	4
844.0	Sprain and strain of lateral collateral ligament of knee	5
844.1	Sprain and strain of medial collateral ligament of knee	5
844.8	Sprain and strain of other specified sites of knee and leg	5
844.9	Sprain and strain of unspecified site of knee and leg	5
845.00	Unspecified site of ankle sprain and strain	6
845.01	Sprain and strain of deltoid (ligament) of ankle	6
845.02	Sprain and strain of calcaneofibular (ligament)	6
845.03	Sprain and strain of tibiofibular (ligament)	6
845.09	Other ankle sprain and strain	6
717.3	Other and unspecified derangement of medial meniscus	8
717.5	Derangement of meniscus, not elsewhere classified	8
717.89	Other internal derangement of knee	8
836.0	Tear of medial cartilage or meniscus of knee, current	8
836.1	Tear of lateral cartilage or meniscus of knee, current	8
836.2	Other tear of cartilage or meniscus of knee, current	8
722.10	Displacement of lumbar intervertebral disc without myelopathy	9
722.73	Intervertebral lumbar disc disorder with myelopathy, lumbar region	9
824.0	Closed fracture of medial malleolus	10
824.2	Closed fracture of lateral malleolus	10
824.4	Closed bimalleolar fracture	10
824.6	Closed trimalleolar fracture	10
824.8	Unspecified closed fracture of ankle	10
928.21	Crushing injury of ankle	10
882.0	Open wound of hand except finger(s) alone, without mention of complication	11
882.1	Open wound of hand except finger(s) alone, complicated	11
882.2	Open wound of hand except finger(s) alone, with tendon involvement	11
550.10	Inguinal hernia with obstruction, w/o mention of gangrene, unilateral or unspecified	12
550.90	Inguinal hernia w/o mention of obstruction or gangrene, unilateral or unspecified	12
550.91	Inguinal hernia w/o mention of obstruction or gangrene, recurrent unilateral or unspecified	12
550.92	Inguinal hernia w/o mention of obstruction or gangrene, bilateral	12
924.11	Contusion of knee	13
924.21	Contusion of ankle	13
930.0	Foreign body in cornea	14
930.1	Foreign body in conjunctival sac	14
930.8	Foreign body in other and combined sites on external eye	14
930.9	Foreign body in unspecified site on external eye	14
840.4	Rotator cuff (capsule) sprain and strain	15
840.5	Subscapularis (muscle) sprain and strain	15
840.6	Supraspinatus (muscle) (tendon) sprain and strain	15
354.0	Carpal tunnel syndrome	16
842.00	Sprain and strain of unspecified site of wrist	17
842.01	Sprain and strain of carpal (joint) of wrist	17
842.09	Other wrist sprain and strain	17
923.21	Contusion of wrist	17
883.2	Open wound of finger(s) , with tendon involvement	18
813.41	Closed Colles' fracture	19
813.42	Other closed fractures of distal end of radius (alone)	19
813.43	Closed fracture of distal end of ulna (alone)	19

813.44	Closed fracture of lower end of radius with ulna	19
814.00	Unspecified closed fracture of carpal bone	19
814.01	Closed fracture of navicular (scaphoid) bone of wrist	19
814.03	Closed fracture of triquetral (cuneiform) bone of wrist	19
833.00	Closed dislocation of wrist, unspecified part	19
927.21	Crushing injury of wrist	19
885.0	Traumatic amputation of thumb (complete) (partial), without mention of complication	20
886.0	Traumatic amputation of other finger(s) (complete) (partial), without mention of complication	20
886.1	Traumatic amputation of other finger(s) (complete) (partial), complicated	20
881.01	Open wound of elbow, without mention of complication	21
881.02	Open wound of wrist, without mention of complication	21
881.12	Open wound of wrist, complicated	21
881.22	Open wound of wrist, with tendon involvement	21
920	Contusion of face, scalp, and neck except eye(s)	22
921.0	Black eye, not otherwise specified	22
921.1	Contusion of eyelids and periocular area	22
921.2	Contusion of orbital tissues	22
825.20	Closed fracture of unspecified bone(s) of foot (except toes)	23
825.21	Closed fracture of astragalus	23
825.22	Closed fracture of navicular (scaphoid) bone of foot	23
825.23	Closed fracture of cuboid bone	23
825.24	Closed fracture of cuneiform bone of foot	23
825.25	Closed fracture of metatarsal bone(s)	23
825.29	Other closed fracture of tarsal and metatarsal bones	23
825.35	Open fracture of metatarsal bone(s)	23
826.0	Closed fracture of one or more phalanges of foot	23
826.1	Open fracture of one or more phalanges of foot	23
928.20	Crushing injury of foot	23
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923.20	Contusion of hand(s)	24
717.83	Old disruption of anterior cruciate ligament	25
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915.6	Finger, superficial foreign body (splinter), without major open wound and without mention of infection	26
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923.3	Contusion of finger	26
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924.20	Contusion of foot	28
924.3	Contusion of toe	28
891.0	Open wound of knee, leg (except thigh), and ankle, without mention of complication	29
891.1	Open wound of knee, leg (except thigh), and ankle, complicated	29
825.0	Closed fracture of calcaneus (heel)	30
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372.00	Unspecified acute conjunctivitis	32
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682.4	Cellulitis and abscess of hand, except fingers and thumb	33
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726.2	Other affections of shoulder region, not elsewhere classified	38
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805.4	Closed fracture of lumbar vertebra without mention of spinal cord injury	46

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811.00	Closed fracture of unspecified part of scapula	48
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812.09	Other closed fractures of upper end of humerus	48
812.21	Closed fracture of shaft of humerus	49
812.40	Closed fracture of unspecified part of lower end of humerus	50
813.01	Closed fracture of olecranon process of ulna	50
813.04	Other and unspecified closed fractures of proximal end of ulna (alone)	50
813.05	Closed fracture of head of radius	50
813.06	Closed fracture of neck of radius	50
813.07	Other and unspecified closed fractures of proximal end of radius (alone)	50
832.00	Closed unspecified dislocation of elbow	50
813.23	Closed fracture of shaft of radius with ulna	51
815.00	Closed fracture of metacarpal bone(s), site unspecified	53
815.01	Closed fracture of base of thumb (first) metacarpal bone(s)	53
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816.02	Closed fracture of distal phalanx or phalanges of hand	54
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816.11	Open fracture of middle or proximal phalanx or phalanges of hand	54
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820.21	Closed fracture of intertrochanteric section of femur	55
820.8	Closed fracture of unspecified part of neck of femur	55
821.01	Closed fracture of shaft of femur	55
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822.0	Closed fracture of patella	56
822.1	Open fracture of patella	56
823.00	Closed fracture of upper end of tibia	56
823.01	Closed fracture of upper end of fibula	56
823.20	Closed fracture of shaft of tibia	57
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842.12	Sprain and strain of metacarpophalangeal (joint) of hand	60
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843.0	Iliofemoral (ligament) sprain and strain	61
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843.9	Sprain and strain of unspecified site of hip and thigh	61
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892.0	Open wound of foot except toe(s) alone, without mention of complication	64
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940.3	Acid chemical burn of cornea and conjunctival sac	67
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941.11	Erythema due to burn (first degree) of ear (any part)	68
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941.27	Blisters, with epidermal loss due to burn (second degree) of forehead and cheek	68
941.28	Blisters, with epidermal loss due to burn (second degree) of neck	68
941.29	Blisters, with epidermal loss due to burn (second degree) of multiple sites (except with eye) of face, head, and neck	68
943.10	Erythema due to burn (first degree) of unspecified site of upper limb	69
943.11	Erythema due to burn (first degree) of forearm	69
943.20	Blisters with epidermal loss due to burn (second degree) of unspecified site of upper limb	69
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944.11	Erythema due to burn (first degree) of single digit [finger (nail)] other than thumb	70
944.12	Erythema due to burn (first degree) of thumb (nail)	70
944.13	Erythema due to burn (first degree) of two or more digits of hand, not including thumb	70
944.15	Erythema due to burn (first degree) of palm of hand	70
944.16	Erythema due to burn (first degree) of back of hand	70
944.17	Erythema due to burn (first degree) of wrist	70
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944.28	Blisters with epidermal loss due to burn (second degree) of multiple sites of wrist(s) and hand(s)	70
944.30	Full-thickness skin loss due to burn (third degree nos) of unspecified site of hand	70
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**OBWC Board of Directors
Actuarial Committee Charter
November 21, 2007**

Purpose

The Actuarial Committee has been established to assist the Ohio Bureau of Workers' Compensation Committee Board of Directors in fulfilling their responsibilities through:

- monitoring the actuarial soundness and financial condition of the funds and reviewing rates, reserves and level of net assets
- oversight of the integrity of the actuarial audit process
- compliance with legal and regulatory requirements
- monitor the design and effectiveness of the actuarial studies
- confirm external actuarial consultants' qualifications and independence
- review performance of independent external actuarial work product

Membership

The Committee shall be composed of a minimum of five (5) members. One member shall be the appointed actuary member of the Board. The Board, by majority vote shall appoint four additional members. The Board may also appoint additional members who may or may not be on the Board. Members of the Actuarial Committee serve at the pleasure of the Board and the Board, by majority vote, may remove any member except the member of the committee who is the actuary member of the Board.

Each committee member will be independent from management. The Chair is designated by the Board, based on the recommendation of the Board Chair. The Board Chair is an ex-officio voting member of the committee, except that the chair shall not vote in the instance that his/her vote would create a tie vote.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

By majority vote the Committee will recommend to the Board of Directors their meeting schedule. There shall be not less than nine (9) meetings each year. Reports shall be made to the Board after each meeting. The Committee also has the authority to convene additional meetings, as circumstances require. The Committee will invite members of management, external actuarial firms, internal actuarial staff and/or others to attend meetings and provide pertinent information, as necessary. Subject to open meeting laws, the Committee will hold executive sessions and private meetings with actuaries and auditors, when required in the performance of their duties. A quorum will be a majority of the Committee members.

Duties and Responsibilities

The Actuarial Committee shall have responsibility for the following:

1. Recommend actuarial consultants for the Board to use for the funds specified in the Ohio Revised Code.
2. Review calculation on rate schedules and performance prepared by the actuarial consultants with whom the Board contracts.
3. Supervise for the Board's consideration the preparation of an annual report of the actuarial valuation of the assets, liabilities and funding requirements of the state insurance funds to be submitted to the Workers' Compensation Council and the Senate and House.
4. Coordinate with other Board Committees on issues of common interest.
5. At least once every five (5) years have actuarial investigation of experience of employers; mortality, service and injury rate of employees; payment of benefits in order to update the assumptions on the annual actuarial report.
6. Have actuarial analysis prepared of any legislation expected to have measurable financial impact on the system, within 60 days after introduction of legislation.
7. Consult in the appointment of and oversee the work of any actuarial firm engaged by Ohio Bureau of Workers' Compensation to complete actuarial studies.
8. Recommend retention and oversight of consultants, experts, independent counsel and actuaries to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.
9. Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests, or the request of internal or external parties working for the Committee. These parties include the internal actuaries, all external actuaries, consultants, investigators and any other specialties working for the Committee.
10. At least annually, this charter must be reviewed by the Actuarial Committee and any proposed changes submitted to the Governance Committee and to the Board for approval.
11. Make recommendations to the Board of Directors of the Ohio Bureau of Workers' Compensation for Board decisions.

Actuarial Committee Charter.doc Draft 092607 Review & Approved 112107, Chuck Bryan, Chair

SCHEDULE OF EVENTS FOR RFP

RFP issued on December 14, 2007 for Actuarial Consulting Services to assist the board in measuring the performance of the Ohio's workers' compensation system and in comparing the Ohio's workers' compensation system to other state and private compensation systems.

December 14, 2007	RFP issued
December 15, 2007	Submission of questions begins
December 28, 2007	End of submission of questions at 10:00 AM EST
January 4, 2008	Provide questions/answers to Purchasing
January 9, 2008	Purchasing posts questions/answers on web site
January 16, 2008	Deadline for vendors to file mandatory letter of intent no later than 5:15PM EST
January 24, 2008	Proposals are due by 2:00 PM EST
January 24, 2008	Opening at 2:00PM EST
January 28, 2008	Scoring meeting
February 4-5, 2008	Vendor interviews
February 7, 2008	Vendor selected
February 7, 2008	Vendor notified
February 11, 2008	Deadline for vendor to provide certificate of insurance
February 15, 2008	Contract executed (estimated)
February 19, 2008	Project begins
December 31, 2008	Project ends

REQUEST FOR PROPOSAL

By the

STATE OF OHIO

OHIO BUREAU OF WORKERS' COMPENSATION BOARD

for

Actuarial Consulting Services

**December 14, 2007
Bid # B08008**

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8.2	CONTRACT EXECUTION
EXHIBIT A	HOUSE BILL 100 SECTION 512.50
EXHIBIT B	SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
EXHIBIT C	INVOICE SAMPLE

REQUEST FOR PROPOSAL
by the
STATE OF OHIO
OHIO BUREAU OF WORKERS' COMPENSATION BOARD
for
Actuarial Consulting Services

December 14, 2007

PLEASE READ ALL CONDITIONS AS SET FORTH IN THIS REQUEST FOR PROPOSAL (RFP) FOR A FULL UNDERSTANDING OF THE REQUIREMENTS.

1.0 RATIONALE FOR THE REQUEST FOR PROPOSAL

The Ohio Bureau of Workers' Compensation (BWC) is an agency of the State of Ohio, responsible for administering the workers' compensation insurance program in Ohio. The Workers' Compensation Board was established pursuant to House Bill 100.

A. Legal Authority and Background Information

As an agency of the State of Ohio, the Bureau of Workers' Compensation (BWC) is responsible for the administration, establishment of premium rates and funding of all workers' compensation insurance programs in Ohio. As reflected in the [2005 and 2006 Annual Report](#), link provided with this Request for Proposal (RFP), BWC is one of the largest workers' compensation insurance enterprises in the country with approximately 280,000 active policy owners representing approximately \$2 billion in premiums and assessments written annually. It maintains a close working relationship with the Industrial Commission of Ohio, which has the responsibility of adjudicating claims issues. In addition, the Administrator, pursuant to the Ohio Revised Code Section 4123.47(C), authorizes a yearly actuarial reserve audit, which audit is currently being performed by BWC's actuarial consultant, Oliver Wyman. The actuarial audit is done at the end of each fiscal year. A yearly independent financial audit of the BWC is also performed under the authority of the Auditor of the State of Ohio. The BWC's fiscal year for purposes of the audit is from July 1 through June 30.

In accordance with House Bill 100, the Workers' Compensation Administrator seeks to retain the services of a CONSULTANT with an actuarial staff including at least one Fellow of the Casualty Actuarial Society (FCAS) and with extensive auditing experience with workers' compensation and/or property/casualty insurers for the purpose of assisting the administrator and the board in measuring the performance of Ohio's workers' compensation system and in comparing Ohio's workers' compensation system to other state and private compensation systems.

2.0 CALENDAR OF EVENTS

The following time frames have been established:

Dates:	
RFP issued	December 14, 2007
Question submission begins	December 15, 2007
Question submission ends	December 28, 2007 10:00AM EST
Answers posted on the web site	January 9, 2008
Mandatory Letter of Intent	January 16, 2008 5:15PM EST
Proposals due	January 24, 2008 2:00PM EST
Project begins	February 19, 2008
Project ends	December 31, 2008

3.0 PROPOSAL INQUIRIES AND SUBMISSIONS

3.1 MANDATORY PRE-SUBMISSION LETTER OF INTENT

In order to be eligible to submit a proposal in response to this RFP, an authorized legal representative from each CONSULTANT desiring to respond to this RFP shall submit a letter indicating the intent to submit a proposal. **Letters of Intent must be received by 5:15PM EST on January 16, 2008.** The letter will ensure all CONSULTANTS have the same information and have been provided an equitable knowledge base in the event it becomes necessary for BWC to revise this RFP. CONSULTANTS may submit the letter of intent by fax or mail to the following locations:

FAX:

Elizabeth Bravender, Actuarial Director
Ohio Bureau of Workers' Compensation
614-752-8427

MAIL:

Ohio Bureau of Workers' Compensation
Attention: Elizabeth Bravender, Actuarial Director
30 West Spring St.
25th Floor
Columbus, OH 43215-2256

Mail and fax submissions must be confirmed by telephone communication with Cathy Woods or Brenda Lutz at (614) 752-8318. **CONSULTANTS who do not submit a timely Letter of Intent are deemed ineligible to submit a proposal. Letters of Intent must be received by 5:15PM EST on January 16, 2008. The Letter of intent must include the Consultant's name, address, a contact person, phone number, fax number, and e-mail address.**

3.2 QUESTIONS

It is recommended that written questions be sent to BWC via the email address below to permit preparation of written responses. **In addition, copies of BWC's June 30, 2005 and 2006 Annual Report can be found at the BWC's internet site at the following location:**

<http://www.ohiobwc.com/basics/guidedtour/generalinfo/aboutbwc.asp>

If additional background information is needed by interested CONSULTANTS, it is recommended that the information be requested via the email address.

Questions must be received by BWC no later than **10:00AM EST on December 28, 2007** and by using the designated email box. The email address is actuarial@bwc.state.oh.us In the subject line state "ACTUARIAL CONSULTANT RFP".

BWC will respond to all questions on the BWC web site at:

<http://www.ohioabc.com/bwcccommon/services/RFP/RFPDefault.asp>

No response by BWC officially modifies the RFP in any way except in a written addendum issued by BWC.

3.3 COMMUNICATION RESTRICTIONS

In order to ensure fairness and parity among prospective CONSULTANTS, from the time of the release of this RFP until a CONSULTANT is selected and a contract is awarded; CONSULTANTS shall not communicate with any BWC staff or with any Board members concerning this RFP, except as provided in Section 3.1 or Section 3.2. If the CONSULTANT attempts or undertakes an unauthorized communication, BWC reserves the right to reject that CONSULTANT'S proposal, without evaluation. BWC shall not be responsible for any CONSULTANT'S reliance on any information regarding this Request for Proposal or any work hereunder if the information was provided by any source other than through the inquiry process in Section 3.1 or Section 3.2.

3.4 PROPOSAL SUBMISSION

It is absolutely essential that CONSULTANTS carefully review all elements in their final proposal. Once received by BWC, a proposal cannot be altered. One original and nine complete, signed, and sealed copies of each proposal shall be submitted for evaluation by **2:00 PM EST on January 24, 2008**. Proposals shall be clearly marked "~~808008~~ Actuarial Consulting Services" on the outside of the envelope. FAX or electronic mail transmissions will not be accepted. All copies must be received by BWC together in one package.

Proposals inappropriately addressed or delivered elsewhere risk untimely re-routing to the Purchasing Department. Any proposals received in the Purchasing Department after the deadline will be marked as untimely and will not be opened or evaluated regardless of the reason for late receipt.

If mailing proposals, CONSULTANTS should allow for sufficient mailing time to ensure timely receipt by the Purchasing Department. All mail and deliveries can be expected to undergo package security screening (amounting to approximately one hour) before receipt in the Purchasing Department. CONSULTANTS must anticipate this additional time when arranging for mail or delivery of proposals. If attending the opening, CONSULTANTS must bring photo identification and should allow for additional time for personal security screening (amounting to approximately twenty minutes) and for package security screening (amounting to approximately one hour) if they are also delivering their proposals in person at that time. Submit complete, signed and sealed copies of the proposal to:

**BY MAIL OR HAND-DELIVERY:
Ohio Bureau of Workers' Compensation
Purchasing
30 W. Spring Street, Level 24
Columbus, Ohio 43215-2256**

All material submitted to and accepted by BWC in response to the RFP shall become the property of BWC and will be retained by BWC in accordance with the Ohio Public Records Act and the Ohio Records Retention Act. THE CONTENTS OF THIS PROPOSAL ARE SUBJECT TO THE OHIO PUBLIC RECORDS ACT, SECTION 149.43, OF THE OHIO REVISED CODE, UNLESS OTHERWISE EXCEPTED BY LAW. IN THIS REQUEST FOR PROPOSAL, BWC DOES NOT ASK FOR THE SUBMISSION OF ANY MATERIAL FOR WHICH AN EXCEPTION MAY BE CLAIMED. If the proposal includes information that the proposer in good faith believes falls within one of the exceptions from the provisions of the Ohio public records laws, the proposer must put such information in separate sealed envelopes with each copy of the proposal with a note of which exception is claimed. Any material not separately sealed and annotated will be released upon a proper public records request. Any proposal that claims the entire contents of the proposal falls within the exceptions will result in the disqualification of that proposal. After a contract is awarded, if BWC determines that the information separately sealed by any proposer appears not to be exempt and may be released upon a proper request, the vendor will be advised of BWC's intent to release the information.

3.5 CHANGES TO THIS REQUEST FOR PROPOSAL

All CONSULTANTS submitting the timely Letter of Intent will be sent a written addendum to this RFP in the event that BWC finds it necessary to modify one or more portions of this RFP after it has been released. Should BWC issue an addendum to this RFP, additional time may be given to all prospective CONSULTANTS, if appropriate, to extend the deadline to accommodate needed changes in the proposals.

4.0 GENERAL TERMS AND CONDITIONS

4.1 GENERAL

BY SUBMITTING A PROPOSAL, THE CONSULTANT ACKNOWLEDGES THAT CONSULTANT HAS READ THIS RFP, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS REQUIREMENTS, TERMS, AND CONDITIONS. BWC RESERVES THE RIGHT TO DISQUALIFY ANY PROPOSAL WHICH TAKES EXCEPTION TO OR LIMITS THE RIGHTS OF BWC UNDER THE RFP. BWC RESERVES THE RIGHT TO REFUSE ACCEPTANCE OF ANY PROPOSAL WHICH IS NOT PROPERLY SUBMITTED IN ACCORDANCE WITH THE REQUIREMENTS OF THIS RFP. FURTHERMORE, BWC RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS, INCLUDING THE SELECTED PROPOSAL, AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT. BWC RESERVES THE RIGHT TO CANCEL THIS RFP AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT.

Headings used in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions hereof.

In BWC's sole discretion, BWC may waive minor defects that are not material when no prejudice will result to the rights of any other CONSULTANTS, the public, or BWC.

BWC is not liable for any cost incurred by any CONSULTANT in the preparation and submission of any proposal, or in anticipation of the award of a contract. Moreover, BWC is not liable for any cost incurred by any selected CONSULTANT prior to the execution of a contract by all parties. All disbursements made for the contract shall be only for obligations incurred on or after the effective date of the contract.

BWC reserves the right to use any materials or ideas submitted without compensation to the proposer.

4.2 RESULTING CONTRACT

Any contract resulting from this RFP shall consist of this RFP and any written addenda issued by BWC, the proposal and the executed contract.

4.3 GOVERNING LAW – SEVERABILITY

The validity, construction and performance of any contract resulting from this RFP and the legal relations among the parties to any contract shall be governed by and construed in accordance with the laws of the State of Ohio. If any provision of any contract resulting from this RFP or the application of any such provision shall be held by an Ohio court of competent jurisdiction to be contrary to law, the remaining provisions of the contract shall remain in full force and effect. The parties agree to submit irrevocably to the jurisdiction of Ohio courts.

4.4 COMPLIANCE WITH APPLICABLE LAWS

The CONSULTANT agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The CONSULTANT accepts full responsibility for payment of all taxes and insurance including workers' compensation insurance premiums, unemployment compensation insurance premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by the CONSULTANT in the performance of the work authorized by this contract. BWC does not agree to pay any taxes. Failure to have workers' compensation or other required insurance in accordance with the RFP shall deem any resulting contract voidable at BWC's sole discretion.

4.5 PUBLICITY

Any use or reference to any resulting contract by the selected CONSULTANT to promote, solicit, or disseminate information regarding the scope of the contract is prohibited, unless otherwise agreed to in writing by BWC. BWC agrees to be used as a reference by the successful CONSULTANT in other State of Ohio situations where the CONSULTANT may wish to make a proposal.

4.6 CONDITIONS PRECEDENT

It is expressly understood by the parties that the contract is not binding on BWC until such time as all necessary funds are made available and forthcoming from the appropriate State agencies, and such expenditure of funds is approved by the Administrator after execution of the contract by the CONSULTANT but before execution by BWC. No contract shall be binding upon either party until receipt by the CONSULTANT of a copy of a fully executed contract, and compliance with any and all conditions precedent.

4.7 EQUAL OPPORTUNITY

In fulfilling the obligations and duties of any contract resulting from this RFP, the CONSULTANT shall not discriminate against any employee or applicant for employment on the basis of race, religion, national origin, color, gender, sexual orientation, age, Vietnam-era Veteran status, or disability as defined in the Americans with Disabilities Act.

The CONSULTANT shall ensure that applicants are hired and that employees are treated during employment without regard to any of the listed factors. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

The CONSULTANT agrees to post in conspicuous places, available to employees and applicants for employment, notices stating that the CONSULTANT complies with all applicable federal and state non-discrimination laws. The CONSULTANT shall incorporate the foregoing requirements of this section in all of its contracts for any of the work prescribed herein (other than subcontractors for standard commercial supplies or chemical supplies), and shall require all of its subcontractors for any part of such work to incorporate such requirements in all subcontracts for such work.

4.8 METHOD OF REMUNERATION AND BILLING PROCEDURES

Upon delivery of goods or performance of the service, as described on any purchase order placed against the contract awarded, the CONSULTANT shall submit hard copy (in duplicate) invoices directly to BWC Accounts Payable, PO Box 15369, Columbus, OH 43215-0369 with a copy sent to the Actuarial Director. A proper invoice is defined as being free from defects, discrepancies, errors, or other improprieties and shall include, but may not be limited to:

- CONSULTANT'S name and address as designated in the RFP;
- CONSULTANT'S federal employer identification (E.I.) number;
- The Purchase Order number authorizing the purchase of services;
- Description, including time period (date received and date reported), of services delivered or rendered as specified in the Purchase Order.

Defective invoices shall be returned to the CONSULTANT noting areas for correction. When such notification of defect is sent, the required payment date shall be thirty (30) days after receipt of the corrected invoice.

Section 126.30 of the Ohio Revised Code, and any applicable rules thereto, are applicable to any resulting contract and require payment of interest if, upon receipt of a proper invoice, payment is not made within thirty (30) calendar days, unless otherwise agreed in writing. The interest charge shall be at the rate per calendar month which equals one-twelfth of the rate per annum prescribed by Section 5703.47 of the Ohio Revised Code, unless this calculation yields an amount less than ten dollars (\$10.00) in which case no interest shall be paid. In the event that BWC does fail to make prompt payment, the CONSULTANT is entitled to the interest allowed by law. In no event shall such failure to make prompt payment be deemed a default or breach of contract on the part of BWC.

An invoice should be submitted to the BWC upon completion of and BWC's receipt of a signed final written opinion.

By signing the contract, the selected CONSULTANT agrees to receive payment by means of electronic fund transfers, "EFT". BWC agrees to send to the selected CONSULTANT an Authorization Agreement for Automatic Deposit of State Warrants for the selected CONSULTANT to complete and to file with the Auditor of State, providing the information needed to enable EFT payment. It is the CONSULTANT'S responsibility to complete and to submit the Authorization Agreement for Automatic Deposit of State Warrant immediately upon receipt of a purchase order and signed contract under this RFP.

Payment shall be made to the CONSULTANT, in the Firm's Federal E.I. number, as provided for in the response to the RFP. The date the EFT payment is issued shall be considered the date payment is made. Payment shall not be initiated before a proper invoice is received by BWC.

4.9 WORKERS' COMPENSATION

The CONSULTANT shall submit a copy of the certificate proving that the CONSULTANT and agents are covered by workers' compensation, if applicable. The CONSULTANT is responsible for ensuring contractually that any subcontractor maintains workers' compensation insurance at all times during the term of the resulting contract. Failure to maintain coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such breach shall render the contract voidable in its entirety at BWC's sole discretion.

4.10 PUBLIC AND PROFESSIONAL LIABILITY INSURANCE

Each CONSULTANT shall carry public and professional liability insurance with limits of not less than \$1,000,000 (1 million dollars) for any one occurrence. Failure to maintain coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such breach shall render the contract voidable in its entirety at BWC's sole discretion.

The selected CONSULTANT must submit proof of insurance with the proposal. The CONSULTANT will furnish a certificate of insurance for the required coverage from an insurance carrier authorized to do business in Ohio. The certificate must be in a form that is reasonably satisfactory to BWC as to the contents of the policies and the quality of the insurance carriers. The certificate also must provide 30 days' notice to BWC before cancellation and must list BWC as an additional insured. Failure to maintain the required coverage will not disqualify a CONSULTANT during evaluation. Failure to provide the certificate of coverage within the stated time period will result in the CONSULTANT being deemed non-responsive, and the proposal will be immediately disqualified.

4.11 CONSULTANT'S LIABILITY

The CONSULTANT'S entire liability and BWC's remedies for claims it may have related to or arising out of the contract for any cause and regardless of the form of action shall include all legal and equitable remedies.

4.12 CONTRACT COMPLIANCE AND TERMINATION

During the term of this contract, the Actuarial Director shall be responsible for monitoring the CONSULTANT'S performance and compliance with the terms and conditions of the contract. It is specifically understood that the nature of the services to be rendered pursuant to any contract resulting from this RFP are of such a nature that BWC is the sole judge of the adequacy of such services. BWC reserves the right to cancel the contract at any time without cause upon *fifteen* days notice. Upon cancellation, other than for the default of the CONSULTANT, BWC shall pay the CONSULTANT for services completed prior to the effective date of the cancellation. If BWC's representative observes any infraction(s), such shall be documented and notice conveyed to the CONSULTANT for immediate correction. Continued failures on the CONSULTANT'S part to comply with the terms and conditions of the ensuing contract may constitute an event of default. Unremedied infraction(s) persisting beyond *ten* days after notice to the CONSULTANT may constitute an event of default.

4.13 DEFAULT BY THE CONSULTANT

BWC declares and the CONSULTANT acknowledges that BWC may suffer damages due to the failure of the CONSULTANT to act in accordance with the requirements, terms, and conditions of the contract. BWC declares and the CONSULTANT agrees that such failure shall constitute an event of default on the part of the CONSULTANT. The CONSULTANT agrees that if BWC does not give prompt notice of such a failure, that BWC has not waived any of its rights or remedies.

4.14 DAMAGES

In the event that the CONSULTANT fails to cure a default or breaches any term or condition of the contract, the CONSULTANT agrees to reimburse BWC for any actual and direct losses incurred by BWC including but not limited to the cost of the contract under this RFP and the cost to BWC to seek a new Actuarial Consulting Service in the event that the original Actuarial Consulting Service is or are found to have been appropriate and the results of the work under a contract under this RFP indicated otherwise.

4.15 INSPECTION OF TIME RECORDS AND WORKPAPERS

BWC reserves the right to inspect the records and work-papers of the CONSULTANT'S organization to determine the validity of billings for work performed. Adequate records to support these charges must be maintained. Documentation must be retained for review for at least three (3) years subsequent to final payment.

4.16 SUBCONTRACTING

No subcontracting will be permitted without prior written approval by the Administrator of BWC or his designee. However, the BWC's approval will not serve to modify or abrogate the responsibility of the CONSULTANT for the acts, omissions, nonfeasance, malfeasance, or misfeasance of any and all subcontractors.

4.17 DRUG-FREE WORKPLACE

The CONSULTANT agrees to comply with all applicable state and federal laws regarding a drug-free workplace. The CONSULTANT shall make a good faith effort to ensure that all of its employees, if working on state property, will not purchase, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

4.18 INTELLECTUAL PROPERTY & CONFIDENTIALITY

All materials, surveys, analysis and reports developed or used by the CONSULTANT shall become the property of BWC. BWC shall have an unrestricted right to reproduce, distribute, modify, maintain and use the materials, surveys, analysis and reports, and the CONSULTANT shall not obtain copyright, patent or other proprietary protection for these items. The CONSULTANT relinquishes any and all copyrights, privileges and proprietary rights to these items. The CONSULTANT shall not include in the materials, surveys, analysis and reports any copyrighted matter, unless the copyright owner gives prior written approval to such copyrighted matter provided herein.

The CONSULTANT promises not to copy, disclose, publish, or communicate BWC's confidential information. The CONSULTANT promises to use confidential BWC information only for the purpose of performing work under the Agreement resulting from this RFP and to maintain the confidentiality of BWC information in the same manner as the CONSULTANT maintains the confidentiality of its own confidential information.

4.19 OHIO ELECTIONS LAW

OHIO ELECTIONS LAW: Contractor hereby certifies that all applicable parties listed in Divisions (I)(3), (J)(3), (Y)(3) and (Z)(3) of O.R.C. Section 3517.13 are in full compliance with Divisions (I)(1), (J)(1), (Y)(1) and (Z)(1) of O.R.C. Section 3517.13.

4.20 TRAVEL EXPENSES

Any travel or per diem required by the selected Consultant to carry out its obligations under the contract shall be at the Consultant's expense. Any additional travel, requested by BWC after award of the contract, shall be paid by BWC only with prior written approval. All additional travel and per diem shall be paid in accordance with the BWC Travel Policy and Reimbursement Guide, as may be periodically amended during the term of the contract and in accordance with Ohio Administrative Code Rule 126-01-02 <http://www.obm.ohio.gov/mppr/adm126-1-02.pdf>

4.21 UNRESOLVED FINDING FOR RECOVERY

By signing the contract, the selected CONSULTANT affirmatively represents and warrants that it is not subject to any unresolved finding for recovery issued by the Auditor of State within the meaning of Ohio Revised Code Section 9.24, or that it has taken the appropriate remedial steps required under Section 9.24 or otherwise qualifies under that section. The CONSULTANT agrees that if this representation and warranty is deemed to be false, the contract shall be declared "void ab initio" as between the parties to this contract and BWC will not pay for any services rendered or goods delivered under the contract. Immediately upon such declaration, any funds paid under this contract shall be immediately repaid by the CONSULTANT to BWC or an action for recovery of such payments from the CONSULTANT may result.

4.22 NO SECONDARY INTERESTS

By signing the contract, the selected CONSULTANT represents and warrants that in the event of any referral of any third party to sell, license, or furnish products, services, or other items to BWC, such referral shall not result in any such third party's payment to the selected CONSULTANT (or to any partner, director, principal or affiliate thereof) of any monetary consideration, referral fee, finder's fee or anything else of value. For breach of the above warranty, the selected CONSULTANT shall promptly pay to BWC the full amount (or cash equivalent) of the consideration received from the third party for the referral.

By signing the contract, the selected CONSULTANT represents and warrants that the work to be performed under this RFP will be a complete work product, not requiring any subsequent, additional purchase from the selected CONSULTANT, except that in BWC's sole discretion, additional public speaking services and related travel may be the subject of a separate contract. If a separate contract for public speaking services and related travel is agreed to in writing by and between the selected CONSULTANT and BWC, it will provide that the related travel will be reimbursed in accordance with Ohio Administrative Code Rule 126-01-02.

4.23 CONSULTANT DISCLOSURE; LOCATION OF SERVICES, DATA. As part of this Agreement, the CONSULTANT shall disclose the following information:

the location(s) where all services will be performed;

the location(s) where any state data applicable to the contract will be maintained or made available; and

the principal location of business for the CONSULTANT and all subcontractors

the ability to hold meetings with BWC representatives using electronic resources including but not limited to telephonic conference calls, video conferencing, and net meetings when the consultant cannot attend a meeting at a BWC location.

The CONSULTANT shall not, during the performance of this Agreement, change the location(s) of the country where the services are performed or change the locations(s) of the country where the data is maintained or made available without prior written approval of the state.

4.24 DECLARATION REGARDING MATERIAL ASSISTANCE/NONASSISTANCE TO A TERRORIST ORGANIZATION

The Bidder/Contractor must complete the Declaration Regarding Material Assistance/Non-Assistance to a Terrorist Organization (DMA) certification as required by the Ohio Department of Public Safety/Ohio Homeland Security. Vendors are required to register at the Ohio Business Gateway, <http://obg.ohio.gov/> to certify that the contractor does not provide material assistance to any organization on the United States, Department of State's terrorist exclusion list. The completion of this certification is considered a Condition Precedent for Execution of a Contract. Failure to complete the certification may result in the bidder being deemed not responsive and/or may invalidate any Contract award. If not submitted with the bid response, the bidder will have seven (7) calendar days, after notification, to submit the completed certification.

The Terrorist Exclusion List can be found at this website:

http://www.homelandsecurity.ohio.gov/dma_terrorist/terrorist_exclusion_list.pdf

5.0 SCOPE OF SERVICES

5.1 HOUSE BILL 100 SECTION 512.50

5.1.1 BACKGROUND

Pursuant to House Bill 100 section 512.50 (Exhibit A) the Administrator of the Bureau of Workers' Compensation shall have an actuarial valuation performed of the assets liabilities and funding requirements of the state insurance fund and all other funds. The Selected Actuarial Consultant cannot have performed services for the BWC within the last 5 years. Any actuarial consultant that has performed work with the BWC in the past 5 years will be eliminated from consideration.

5.1.2 TASK DESCRIPTION

The responsibilities of the CONSULTANT with regard to function of the RFP include the following:

1. Review and make written recommendations with regard to the private employer premium and public employer taxing district rate calculations. This review would include a complete analysis of the rating program including but not limited to the experience period, the credibility tables used, loss information including quality and reliability of the data, payroll information, the off-balance calculation, the expected loss rates, the grouping of employers for experience rating, the use of reserves in the rate calculation, the payroll inflation factors, rating rules and laws, the transparency of the rate making process, and all rating calculations. This analysis should compare the BWC's rating calculation to industry standards, other state insurance funds and monopolistic state insurance funds, actuarial ratemaking principles as promulgated by the Casualty Actuarial Society, and the Actuarial Standards of Practice promulgated by the Actuarial Standards Board of the American Academy of Actuaries.
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.

3. Review and make written recommendations of the BWC's use of the National Council of Compensation Insurance (NCCI) manual classification system for rating calculations. This review would include but not be limited to an analysis of the assignment of classifications to employers, the process of employer's reporting payroll, the premium auditing process and the procedures for non-reporting of payroll.
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
5. Conduct an evaluation on the minimum administrative premium charged to employers operating in Ohio for workers' compensation coverage. This evaluation should determine the minimum acceptable amount of premium that should be charged to employers in Ohio to bind coverage and to cover expected losses.
6. Review and make recommendations to enhance the equity of the experience-rating system and the resulting rates (public and private), including, but not limited to, discounts and dividends. This review would include analysis of the Drug Free Workplace program, the One Claim Program, the Premium Discount Program, the group rating program, and the safety council program. The analysis should include a study of the cost effectiveness of each program and an evaluation of each program with respect to industry standards.
7. Review and make written recommendations with regard to the Coal-Workers Pneumoconiosis Fund. This review would include a complete analysis of the rating program. This analysis should compare the methodology used in 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.
8. Review and make written recommendations on the subrogation standards applied by the BWC. This review would include a review of legislation, the BWC subrogation collection process, the application of subrogation receipts to individual employer's experience, and the assigning of subrogated claims to individual employers.
9. Review and make written recommendations with regard to the safety grant programs. This review would include analysis on the selection criteria for grant recipients, the effectiveness of the grants, and a review of the grant process with respect to industry standards.
10. Review and make written recommendations with regard to the Marine Industry Fund. This analysis should compare the methodology used in 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.
11. Review and make written recommendations with regard to assessments for self-insured employers for the surplus fund and for the Self-Insuring Employers' Guaranty Fund. This review would include an analysis on the loss history used for the calculation, the paid compensation basis, the projected payout, and the methodology used to calculate the assessment rates.
12. Review and make written recommendations on the reserving methodology used in the rate making process. This evaluation would include a review of the current MIRA reserving system, an evaluation of the new MIRA 2 Reserving system expected to be implemented in 2008 and alternative reserving methodologies that can be incorporated into the BWC experience rating system which will make the system more transparent. This evaluation would include the practice of reducing reserves due to certain compensation payments or the non-reserving of claims due to certain injury types.
13. Review and make written recommendations with regard to the Disabled Workers' Relief Funds. This review would include a complete analysis of the funds including but not limited to the loss information, payroll information, and other rating calculations. 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.
14. Evaluate the changing of individual employer rates due to administrative appeals or clerical errors by the BWC. This evaluation would include a review of the rating rules and appeals process for employers. The analysis should include information on industry standards and process.
15. Evaluate the methodology and reasonability of the expected payments established by the BWC's independent actuarial consultant.
16. Evaluate the BWC rules, laws, policies and procedures for rating an employer who is operating in another state and requests to be rated in Ohio. This evaluation would include the experience modifier selected, the use of other states experience, and the future liability for Ohio.
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.

18. Evaluate the BWC rules, laws, policies and procedures for rating an employer who is self-insured and desires to return to the state insurance fund. This evaluation would include the experience modifier selected, the use of self insured experience, and the future liability for Ohio.
19. Evaluate the selection criteria used for self-insured employers. This evaluation would include the application of rules and laws in determining the employer's ability to manage and fund a self-insured program. The analysis will include suggestions for the financial evaluation performed upon application and the use of guarantees and securities to protect the Self-Insured Guaranty Fund (SIEGF).
20. Evaluate the SIEGF sufficiency requirements and recommend criteria to be used for determining the methodology for the Administrator to establish self insured employers' contributions to the SIEGF pursuant to Ohio Revised Code 4123.351. This analysis would include analysis of the BWC's historical funding of the SIEGF and recommendations for funding the SIEGF particularly whether the fund should be pre-assessment or post-assessment.
21. Review the actuarial audit reserves established by the BWC's independent actuarial consultant to establish objective quality management principles and methods by which to review the performance of the workers' compensation system.
22. Conduct a study on the payment of salary continuation by employers in lieu of temporary total compensation. This study would include an evaluation of the reserve calculation to determine if the premium collected by the BWC is appropriate for the liability presented and an evaluation to determine if salary continuation is a cost effective for employers. Conduct a study on the \$15,000 medical only program. This study would include an evaluation of the reserve calculation for claims in this program and an evaluation to determine if the premium collected by the BWC is appropriate, and if the program is a cost effective program for employers.
23. Conduct a study of the benefits and compensation paid by the BWC compared to industry peers. This study would include an analysis of all compensation types and their application by the BWC.
24. Conduct a study of the loss rates and base rates of the Ohio BWC as compared to other states. This study would evaluate the trends in Ohio as compared to industry peers.
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.
26. Conduct a study on the amount of surplus/net assets that should be held by the BWC. This study should compare the BWC to industry standards and recommend appropriate methods of setting target surplus for the BWC and the appropriate discount rate.
27. Conduct a study on the administrative cost calculation used in employer rates. This evaluation should include a review of the allocated and unallocated loss adjustment expenses of the BWC.
28. Conduct a study on the effectiveness of the use of the rehabilitation program by the BWC. This study should evaluate the return to work initiatives, the payment of living maintenance and the application of living maintenance payments in the reserving and rates structure.
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.
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.
31. Conduct an evaluation on the excess insurance or reinsurance requirements for the BWC including the need for excess coverage or reinsurance in the event of a catastrophic event. This evaluation should include the cost effectiveness of excess coverage or reinsurance, the ability of the BWC to handle a catastrophic event, and the stability in rates provided by excess insurance or reinsurance coverage. This study should include an evaluation of reinsurance requirements and a possible reinsurance program for the BWC.
32. Evaluate and assess the experience aggregation approach used by BWC compared to industry standards. The BWC currently tracks entities at the tax identification level versus a common or majority ownership of the company. This evaluation would identify industry standards in tracking employer ownership.
33. Study the effects of BWC's rates in reducing the number and severity of workers' compensation claims in this state.
34. Study the effect that saving money has had on safety in the workplace in this state.

35. Identify methods of rate setting and reserving, in addition to those already contemplated otherwise in the RFP that the administrator could use to make the rate setting and reserving process more transparent for employers and employees.
36. Compare and analyze the organization and the structure of the BWC's actuarial department to industry standards. This analysis should compare the BWC's actuarial department organization, structure, and staffing levels to industry standards, other state insurance funds and monopolistic state insurance funds.
37. Provide copies to the BWC of all spreadsheets, formulas, databases and supporting documents developed or used in connection with all work identified within this RFP.
38. Attend an initial meeting with representatives of the BWC to gain insight on the RFP requirements and task prioritization and attend a weekly phone conference when needed with representatives of the BWC on the RFP requirements.
39. Attend four meetings with the Workers' Compensation Board and with the Actuarial Committee to present the findings of the analysis as work is completed.

6.0 PROPOSAL

To be considered, CONSULTANTS must submit a complete, signed and sealed response to this Request for Proposal in accordance with Section 3.4 of this RFP. The original and nine copies of the proposal must be marked "B08008 Actuarial Consulting Services" on the outside of the envelope, and must be received on or before **2:00 PM EST on January 24, 2008**. Proposals must be signed by an official authorized to bind the CONSULTANT. No faxed or electronically mailed copies will be accepted.

Any proposal received after the specified time, or improperly marked, prepared or submitted will not be eligible for consideration and will be rejected. Proposals that do not comply with all of the requirements of this RFP shall be rejected as non-responsive. The proposal must remain valid for the term of the proposed contract, and this validity statement must also appear in the response.

All proposals submitted in response to this RFP will become the property of BWC and are subject to the Ohio Public Records Law. As a public record, all proposals will be available to the public for inspection unless subject to a statutory exception from the Ohio Public Records Law. Any material for which a claim of trade secret or other confidentiality is made must be sealed in a separate envelope and marked as confidential. The envelope shall be included in the Proposal at the place where the materials would otherwise appear. Any confidentiality is waived unless this requirement is met. The Bureau reserves the right to request written explanation of the vendor's claim of an exception to the Public Records Act, and may either accept or reject that vendor's claim.

All material submitted becomes the property of the BWC and may be returned only at BWC's option. BWC reserves the right to use any or all ideas presented in response to this Request for Proposal. Selection or rejection of any given proposal does not affect this right.

BWC is not liable for any cost incurred by a CONSULTANT in the preparation and submission of any proposal, or in anticipation of the award of a contract. Moreover, BWC is not liable for any cost incurred by any CONSULTANT prior to the execution of a contract.

A respondent of this Request for Proposal must include in its proposal sufficient information to permit BWC to effectively evaluate its qualifications. At a minimum, the following information must be submitted:

6.1 COVER LETTER

A cover letter in the form of a standard business letter that shall be signed by an individual authorized to legally bind the CONSULTANT must be provided. The letter shall provide the name and telephone number of a contact person with authority to answer questions regarding the proposal. The letter shall also provide a statement that the proposal remains valid for the term of the proposed contract.

6.2 PROJECT SUMMARY

A brief project summary of the proposal and the services to be performed must be provided. The CONSULTANT must present its understanding of the project's requirements, goals and objectives, as well as the manner in which the CONSULTANT will fulfill these requirements. The summary shall demonstrate a conceptual knowledge of the tasks to be undertaken and shall include a narrative description of the proposed services that will be delivered. The summary shall also include the number of people needed by

the CONSULTANT to provide these services. Include all pertinent facts deemed necessary to respond to the specifications of this RFP.

6.3 STATEMENT OF PHILOSOPHICAL APPROACH

Include a statement of philosophical approach to actuarial matters.

6.4 CONSULTANT PROFILE

The CONSULTANT must have at least ten years experience in insurance and at least five years consulting/auditing and/or direct experience with workers' compensation insurers or state insurance funds. The CONSULTANT must include a staff of at least three FCAS with consulting and/or direct experience with workers' compensation insurers or state insurance funds. The CONSULTANT should furnish information about personnel, their credentials, and references to demonstrate compliance with this minimum requirement and to permit evaluation on CONSULTANT Credentials in Section 7.4 B.

6.5 PERSONNEL PROFILE FOR PROJECT TEAM

Within the project team the CONSULTANT assembles to perform the services required by this RFP, a lead FCAS must be designated. The lead FCAS must have at least ten years experience in insurance and at least five years consulting/auditing and/or direct experience with workers' compensation insurers or state insurance funds. The lead FCAS must have at least five years experience in the communication and education of actuarial issues. The lead FCAS or his or her designate (as accepted by the BWC) must be accessible by telephone or fax within one business day of notification from BWC. This response time will be in effect at all times during the contract period. Other team personnel must have a combined total of at least 10 years of consulting or direct experience with workers' compensation insurers or state insurance funds, in addition to the lead FCAS experience. The team must include at least 1 FCAS in addition to the lead FCAS. Other team personnel must have a combined total of at least five years experience in the communication and education of actuarial issues, in addition to the lead FCAS's experience. The team must have demonstrable familiarity and experience with the functions and duties of the NCCI classification system as they relate to the classification of exposure.

Include resumes of the lead FCAS and all personnel who would be assigned to the project. Each resume should outline pertinent training, including educational background, professional credentials, and previous relevant experience in the insurance industry, with particular reference to workers' compensation, and other state workers' compensation systems, with references to demonstrate compliance with these minimum requirements. Include a table for each team member showing projects worked on (company for whom service rendered), dates of service on each project, and hours worked on each project to enable BWC to determine project team experience, as defined in Section 7.4 D.

6.6 PROPOSED WORK PLAN INCLUDING CONTINGENCY WORK PLAN

The CONSULTANT shall provide a proposed work plan describing the means by which the various tasks enumerated in this RFP will be accomplished. The work plan should include a description of the personnel who will be responsible for various tasks, how deadlines will be met, as well as how the CONSULTANT will provide a plan by its lead FCAS or alternate decision-maker to comply with response time requirements. In the work plan, the CONSULTANT should indicate those who will be assigned to each project and their ability to begin the work no later than February 19, 2008.

In addition, the work plan should include the number of individuals to be assigned to the project, their classification levels, the number of person-hours necessary to complete the tasks described in Part 5.1 in Section 5 and the hourly rates for all classifications of individuals assigned to the project. Furthermore, please provide a contingency plan to allow for illness or other events that may require shifting of responsibilities to other personnel, especially in the event the lead FCAS is unavailable. For purposes of the contingency plan, please identify an appropriate alternate decision-maker to the lead FCAS.

6.7 COST/FEE

A. Hourly Fee

The CONSULTANT must provide its total cost including hourly rates and hours. This fee is to contain all direct and indirect costs, including all out-of-pocket expenses.

The fee should include the following information:

- 1) Name of firm
- 2) Certification that the person signing the proposal is entitled to represent the firm empowered to submit the bid and authorized to sign a contract with the BWC.
- 3) Total Fee for the engagement.

It is contemplated that in the contract a total maximum annual cost figure will be established.

B. Rates of the Project Team Times Hours Anticipated for Each Member

The proposal should also include a schedule of professional fees and expenses, presented in the format provided in the attachment (Exhibit B) that supports the hourly fee.

C. Manner of Payment

Progress payments will be made on the basis of actual hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firms' hourly fee. Interim billings shall cover a period of not less than a calendar month. Billings must be submitted to the BWC on a timely basis, no later than 90 days after the work has been performed.

For each billing, three invoices with the original signatures shall be submitted to the BWC. The invoices must designate the CONSULTANT'S name, staff members involved and their positions, e.g. title partner, principal manager, supervisor (key personnel as listed in Item 6.5) or staff, number of hours each CONSULTANT employee worked which is being billed, cumulative hours billed for each employee, total hours being billed this invoice, cumulative hours billed per invoices to-date, hourly rate per contract, total billing this invoice, cumulative billings to-date, and maximum contract amount. All invoices should be addressed to the Accounts Payable unit with a copy to the Actuarial Division Director. (See exhibit C for invoice example).

All invoices must certify that all amounts set forth therein are properly due and payable for work performed by the CONSULTANT or by the specified qualified subcontractor. The final invoice shall, in addition, certify the amount paid to specified qualified subcontractor.

BWC may inspect the records and working papers of the CONSULTANT and of any subcontractor to determine the validity of billings before the invoices are approved. Adequate records shall be maintained by the CONSULTANT to support all billings. Such records must be retained as specified in Section 4.15.

6.8 PROOF OF INSURANCE AND WORKERS' COMPENSATION COVERAGE

The CONSULTANT shall provide a copy of a current Ohio certificate of workers' compensation coverage, if appropriate, or insurance policy for workers' compensation coverage. The CONSULTANT shall also provide proof of "public and professional liability coverage.

6.9 CONFLICTS OF INTEREST

The CONSULTANT shall present a statement at the time of the submission of a proposal that it presently has no interest and shall not acquire during the term of contract any interest, direct or indirect, which would conflict with the performance of services which are required to be performed under the RFP. The CONSULTANT shall affirm that no person having such interest shall be employed or otherwise engaged in the performance of the RFP. The CONSULTANT shall likewise advise BWC immediately in writing in the event it acquires such interest during the course of the contract. Thereafter, such person shall not participate in any action affecting the work under the Agreement resulting from this RFP, unless the BWC shall determine that, in light of the personal interest disclosed, such person's participation in any such action would not be contrary to the public interest.

The CONSULTANT shall disclose any existing or prior relationships with BWC for the last 10 years and describe in detail the nature of that relationship. The CONSULTANT must provide a disclosure statement concerning its organizational structure, including subsidiary or parent corporations and/or organization and ownership information. This statement should disclose any contractual or financial relationship, either direct or indirect, with any firm or business, company, or corporation. Any proposal that does not include these assurances will be deemed not responsive to the RFP.

The CONSULTANT agrees to adhere to all ethics laws contained in Chapters 102 and 2921 of the Ohio Revised Code governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with BWC, and agrees to act in accordance with requirements of such provisions. The CONSULTANT warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to BWC or any member of the BWC Board of Directors, officers, employees, or agents, or any third party in any of the engagements of this contract or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

6.10 DISCLOSURE STATEMENT

The CONSULTANT must provide a completed IRS Form W-9 and a disclosure statement concerning its organizational structure, including subsidiary or parent corporations and/or organization and ownership information.

6.11 RESPONSIBILITY

The CONSULTANT must provide the following information for the past seven years.

- a. Whether the CONSULTANT has had a contract terminated for default or cause. If so, the CONSULTANT must submit full details, including the other party's name, address, and telephone number.
- b. Whether the CONSULTANT has been assessed any penalties in excess of \$10,000, including liquidated damages, under any of its existing or past contracts with any organization (including any governmental entity). If so, the CONSULTANT must provide complete details, including the name of the other organization, the reason for the penalty, and the penalty amount for each incident.
- c. Whether the CONSULTANT was the subject of any governmental action limiting the right of the CONSULTANT to do business with that entity or any other governmental entity.
- d. Whether trading in the stock of the Consultant's company has ever been suspended with the date(s) and explanation(s).
- e. Whether the CONSULTANT, any officer of the CONSULTANT, or any owner of a 20% interest or greater in the CONSULTANT has filed bankruptcy, reorganization, a debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding.
- f. Whether the CONSULTANT, any officer of the CONSULTANT, or any owner with a 20% interest or greater in the CONSULTANT has been convicted of a felony or is currently under indictment on any felony charge.
- g. Whether the CONSULTANT is an active litigation with any client for work performed during the last ten years.

If the answer to any item in (a) through (g) is affirmative, the CONSULTANT must provide complete details about the matter. While an affirmative answer to any of these items will not automatically disqualify a CONSULTANT from consideration, at the sole discretion of the evaluation committee, such an answer and a review of the background details may result in a rejection of the CONSULTANT'S Proposal. The committee will make this decision based on its determination of the seriousness of the matter, the matter's possible impact on the CONSULTANT'S performance of the work, and the best interests of the State.

6.12 SUBCONTRACTORS

Provide the identity of any subcontractors and the scope of services to be provided by subcontractors. BWC reserves the right to review the credentials of the subcontractor and to approve the selection of the subcontractor retrospectively or prospectively. The CONSULTANT shall be wholly responsible for the work performed by the subcontractor and the subcontractor cannot have performed services for the BWC in the past 5 years.

6.13 OHIO PRESENCE

Provide a written statement identifying the percentage of the credentialed and technical team members who will be permanently assigned to an Ohio office during the period of this contract.

6.14 EXPERIENCE AND REFERENCES

Include a short summary of actuarial experience related to the RFP tasks within the past five (5) years, with State of Ohio agencies, and with workers' compensation insurance carriers, both private and public. The CONSULTANT must provide three names and phone numbers of references from clients. All references must provide information relative to the quality of the work product, responsiveness, and timeliness of work accomplished.

In addition, respondents shall provide the name and description of contracts with any governmental entity in the State of Ohio, currently and within the previous twelve (12) months.

7.0 PROPOSAL EVALUATION

A. Review of Proposals

The BWC will individually score each technical proposal using a point formula during the review process.

After the technical score for each firm has been established, the fees will be evaluated and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm or firms offering the lowest hourly fee. Appropriate fractional scores will be assigned to other proposers.

The BWC reserves the right to retain all proposals submitted and use any ideas or concepts contained in a proposal regardless of whether that proposal is selected.

B. Final Selection

The BWC will grade the technical proposal and price proposal and arrive at a composite score for all evaluations performed. BWC will then award the contract based on the highest composite score achieved as a blend of technical and price considerations.

It is anticipated that a firm will be selected by February 7, 2008. Following notification of the firm selected, it is expected a contract will be executed between both parties. The CONSULTANT to whom the contract is awarded will be notified of its selection by February 7, 2008.

C. Right to Reject Proposals or Single Proposal Received

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP. The BWC reserves the right without prejudice to reject any or all proposals.

If only one proposal is received, it will be evaluated by BWC to determine whether it is responsive to the RFP, is reasonable in cost, and is in the best interest of BWC. The determination of BWC is final.

7.1 BWC SELECTION COMMITTEE

A selection committee will evaluate the proposals. The selection committee will be responsible for documenting and tabulating the scores for all responses.

7.2 EVALUATION APPROACH

BWC's approach to evaluation of responses to this proposal will consist of the following two phases:

- Phase I Verifies compliance by a respondent to the minimum requirements of the RFP.
- Phase II Evaluates the response based upon a point scale rating of the content and technical requirements.
- Phase III Interview representatives from the respondents who meet the minimum requirements and are among the top 3 scores in the other scoring criteria.

7.3 PHASE I MINIMUM REQUIREMENTS

The first phase of the evaluation process consists of a review of all proposals received to ensure that each proposal meets the minimum administrative and professional requirements identified below:

Administrative Requirements

- A. The CONSULTANT must submit one original and nine copies of the proposal by the deadline.
- B. The CONSULTANT must sign and seal one original and nine copies of the proposal.
- C. The CONSULTANT'S proposal **must** include: (NOTE: Item descriptions located in Section 6)
 - Cover Letter
 - Statement of Philosophical approach to actuarial matters
 - Project Summary
 - Cost/fee
 - Rates of the Project Team Times Hours Anticipated for Each Member
 - Out-of-Pocket Expenses Included in the Schedule of Professional Fees and Expenses
 - Rates for Additional Professional Services
 - Manner of Payment
 - Proof of Insurance and Proof of Workers' Compensation
 - Conflicts of Interest Statement
 - Disclosure Statement
 - Responsibility
 - Consultant Profile
 - Personnel Profile, including resumes
 - Proposed work plan with completion of all tasks by scheduled deadlines
 - Contingency plan in the event of incapability of lead FCAS to perform - (A) if lead FCAS leaves, (B) if lead FCAS is not available (identified by name)
 - Proposed plan to have lead FCAS or alternative decision maker available within the response times as required in section 6.6 at all times during the contract period.
 - Summary of all workers' compensation consulting projects within the last five years.
 - Three references from former clients preferably clients utilizing the Consultant for workers compensation related work.
 - Cost and time data to be provided by the consultant by completion of the table titled Cost and Estimates (attachment A)
 - All necessary data to evaluate items listed for evaluation in sections 6 & 7
 - Documentation of the quality control and peer review implemented by the Consultant. The documentation should specify the methods and planning used for quality control to ensure that information submitted to BWC is error free.

Professional Requirements

Consultant

1. Consultant has at least ten years experience in insurance and at least five years consulting/auditing and/or direct experience with workers' compensation insurers or state insurance funds.
2. Consultant includes staff of at least three FCAS with consulting and/or direct experience with workers' compensation insurers or state insurance funds.

Project Team

1. The lead FCAS has at least ten years experience in the insurance industry and at least five years consulting/auditing experience with workers' compensation insurers or state insurance funds.
2. The lead FCAS has at least five years experience in the communication and education of actuarial issues.
3. The Team includes, in addition to the lead FCAS, other persons with a combined total of at least 10 years consulting and/or direct experience with workers' compensation insurers or state insurance funds, in addition to the experience of the lead FCAS.
4. The Team includes at least one FCAS in addition to the lead FCAS.
5. The Team includes persons with a combined total of at least five years experience in the communication and education of actuarial issues, in addition to the experience of the lead FCAS.
6. The Team has demonstrable familiarity and experience with the functions and duties of the NCCI as they relate to the classification of exposure.
7. Provide a list of subcontractors, their credentials, and the scope and services to be provided by the subcontractors.

Proposal Rejection Criteria

The following list details some of the most common submission errors that shall be grounds for rejection of proposal.

- failure to sign the one original and nine copies of the Proposal;
- failure to identify RFP name and Bid Number "B08008 Actuarial Consulting Services" on the outside envelope;
- failure to submit one original and nine copies for evaluation purposes;
- failure to meet the deadline for submission;
- claiming that the entire contents of a proposal qualifies for an exception to Ohio public records law;
- mailing proposal with insufficient postage; and,
- taking exception to mandatory technical terms, conditions, and requirements of the contract.

Proposals that have been determined not to have met one or more of the mandatory requirements will be excluded from any further consideration or scoring.

7.4 PHASE II POINT SCALE RATING

Proposals that have met the minimum requirements will undergo detailed evaluation based upon a point scale rating of the content and technical requirements. A maximum point value has been assigned to each requirement. Each evaluator will assign a score, from zero to the maximum score available, depending on the vendor's response to the requirement. The maximum points totaled for all eight categories listed below are 700 points.

Category	Maximum Points
Cost	60
CONSULTANT Credentials	40
Project Team Credentials and Composition	135
Project Team Experience	115
Project Team References	30
Project Team Responsiveness, Flexibility, Availability	70
Project Plan and Summary	100
Interview	150

Total	700
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A. Cost 60 Points

The evaluation for Cost consists of scoring the cost of the proposed consulting contract in absolute terms and in relation to the average of costs for all vendors. The calculation of the points from the cost is as follows:

Average Cost is the average of the total proposed cost to BWC of all vendors.

Maximum Raw Cost Score is the largest Raw Cost Score of all vendors.

Scoring Methodology

Raw Cost Score = [(Average Cost - Vendor Cost)/Average Cost]

Points = Raw Cost Score / Maximum Raw Cost Score

B. CONSULTANT Credentials 40 Points

The evaluation for CONSULTANT Credentials consists of scoring for both the number of FCAS of the U.S. staff and the total members of the U.S. staff. In the subcategory of the number of FCAS within the U.S. staff, 20 points will be awarded to a CONSULTANT with 6 or more FCAS within its U.S. staff, and 10 points will be awarded to a CONSULTANT with 4 to 5 FCAS within its U.S. staff.

In the subcategory of total members of the U.S. staff, 20 points will be awarded to a CONSULTANT for 25 or more FCAS, ACAS, actuarial students, and technical support (excluding clerical support) within its U.S. staff; 15 points will be awarded if the U.S. staff is in the range of 15 to 24 members; and 10 points will be awarded if the U.S. staff is less than 15 members.

C. Project Team Credentials and Composition 135 Points

The evaluation for Project Team Credentials and Composition consists of scoring for both the number of FCAS on the Project Team and the quality of the work plan. In the subcategory of the number of FCAS on the Project Team, 100 points will be awarded to a CONSULTANT with 4 or more FCAS on its team, 80 points will be awarded to a CONSULTANT with 3 FCAS on its team, and 60 points will be awarded to CONSULTANT with 2 FCAS on its team.

In the subcategory of quality of the work plan, the CONSULTANT's plan will be scored based on a maximum of 35 points regarding the assignment of meaningful amounts of work to appropriate experience levels and regarding demonstration of appropriate amounts of time by each member of the project team to meet BWC's actuarial needs.

D. Project Team Experience 115 Points

The evaluation for Project Team Experience consists of scoring both for direct reserving and ratemaking experience and for consulting projects on reserving and ratemaking in the last ten years with workers' compensation state funds or private insurers with \$750 million and greater in annual premiums written. As an insurance operation with approximately \$1.7 billion in written premiums, BWC desires a CONSULTANT with a project team of persons having significant, visible, and substantial involvement with very large workers' compensation funds or private insurers. To receive credit for a company-year, a person must have worked at least 250 hours on ratemaking or reserving activities as an employee of that insurance operation in a given calendar year, or must have spent at least 250 hours on a ratemaking or reserving consulting project for an insurance operation in a given calendar year. In scoring for Project Team Experience, 115 points will be awarded to a project team whose members have 20 or more company years of experience, 85 points will be given to a project team whose members

have 10 to 19 company-years of experience, and 50 points will be awarded to a project team whose members have 5 to 9 company-years of experience.

E. Project Team References 30 Points

The evaluation for Project Team References consists of scoring up to a maximum of 30 points for positive references regarding actuarial consulting experience with workers' compensation carriers, both public and private, in the last ten years.

F. Project Team Responsiveness, Flexibility and Availability 70 Points

The evaluation of Project Team Responsiveness, Flexibility, and Availability consists of scoring up to a maximum of 70 points based on the CONSULTANT'S ability to support in a timely and effective manner the tasks outlined in section 5.1.2 as demonstrated through the RFP submission, especially work plan descriptions.

G. Project Plan Summary 100 Points

100 points will be awarded for a complete and concise project plan that includes a list of major tasks with timelines including start and finish dates.

H. Interview 150 Points

The Selection Committee will interview representatives of the actuarial consultant with a scoring maximum of 150 points. The consultants that score the highest in the other categories will be interviewed via phone or video conference. The interview will consist of a review of the consultant's proposal and a review of the consultant's experience and background in handling similar tasks to those identified in the RFP.

8.0 AWARD OF CONTRACT

8.1 AWARD PROCEDURE

The overall point score for those proposals scored will determine the selected CONSULTANT. All CONSULTANTS shall be notified by letter of the selection decision. No information will be released by BWC until the official announcement of award. All offers tendered in response to this RFP shall remain open for a period of 30 days from the date upon which proposals submitted in response hereto are due.

BWC reserves the right to reject any and all proposals received in response to this RFP. The evaluation committee may waive minor defects that are not material when no prejudice will result to the rights of any other CONSULTANTS, the public, or BWC.

If BWC awards a contract pursuant to this RFP, and the CONSULTANT is unable or unwilling to perform the work within a reasonable time as determined by BWC in its discretion after the contract award under the terms and conditions of the RFP, BWC reserves the right to deem the inability or unwillingness to perform the work to be a withdrawal of that CONSULTANT'S proposal and BWC may evaluate any remaining proposals for award of the contract.

If the selected CONSULTANT changes its business organization or identity from that described in its proposal before the contract is signed by both parties or before work pursuant to the contract commences, that change may be deemed a material change in circumstances by BWC (for example, if the CONSULTANT was selected based in part on its experience, corporate structure or financial responsibility, which factors have changed). BWC may withdraw the contract award or BWC may declare the contract void ab initio and BWC may select the next highest scoring CONSULTANT for a contract under this RFP.

8.2 CONTRACT EXECUTION

BWC will provide the successful CONSULTANT a contract for execution based on the draft attached to this RFP. If CONSULTANT fails to execute such contract within a reasonable time, BWC reserves the right to reject the proposal and award the contract to the next highest scoring CONSULTANT until a contract is negotiated, or BWC decides not to contract.

AGREEMENT

Between

OHIO BUREAU OF WORKERS' COMPENSATION

And

NAME OF SELECTED VENDOR

This is an Agreement by and between NAME OF SELECTED VENDOR, (hereinafter referred to as the "Vendor"), having offices at ADDRESS OF SELECTED VENDOR, and the State of Ohio, Bureau of Workers' Compensation (hereinafter referred to as the "Bureau"), having offices at 30 W. Spring Street, Columbus, Ohio 43215-2256, entered into the day, month and year set out below.

Whereas, the Bureau issued a Request for Proposals ("RFP") # B08008 for The Actuarial Consulting Services and the Vendor submitted the best responsive and responsible response to the Request for Proposals;

Now, therefore, the parties hereto mutually agree to perform the contract in accordance with the Request for Proposals and the Vendor's Proposal, which are hereby incorporated by reference as if fully rewritten herein. Furthermore the parties agree that if there is any conflict between the Request for Proposals and the Vendor's Proposal, the Request for Proposals controls.

CONDITIONS PRECEDENT. The parties agree that as a condition precedent, any applicable approvals of the Office of Budget and Management must be given before obligations under this Agreement commence.

FEES. The parties agree that the Bureau shall pay monthly invoices based on the vendor's fee of X dollars (\$X).

TERM. The parties agree that all services promised to be performed pursuant to this Agreement shall commence on XXXXXXXXXXXX, 2008, contingent upon compliance with any and all conditions precedent as provided for herein, and shall be completed no later than XXXXXXXXXXXX, 2008.

In witness whereof, the parties hereunto affix their signatures this _____ day of _____, 2008.

NAME OF SELECTED VENDOR
TAX ID # _____
Risk # _____

**STATE OF OHIO, BUREAU OF
WORKERS' COMPENSATION**

Printed Name _____
Printed Title _____

Printed Name: _____
Printed Title _____

Filename.doc
Date

SECTION 512.50. (A) The Administrator of Workers' Compensation shall commission a reputable outside consulting firm that the Bureau of Workers' Compensation has not retained to conduct similar reports over the five years prior to the effective date of this section to perform a comprehensive review of the base rate of premiums paid by employers and of all of the rating programs used by the Administrator to determine an employer's premium rate under Chapters 4121., 4123., 4127., and 4131. of the Revised Code. In conducting the review required under this section, the Administrator shall do all of the following:

- (1) Compare the rates and programs used in this state to the rates and programs used in other states;
- (2) Study the effect of the rates in reducing the number and severity of workers' compensation claims in this state;
- (3) Study the effect that saving money has had on safety in workplaces in this state;
- (4) Identify methods of rate setting and reserving that the Administrator could use to make the rate setting and reserving process more transparent for employers and employees.

(B) The Administrator shall commission a reputable outside consulting firm that the Bureau has not retained to conduct similar reports over the five years prior to the effective date of this section to perform a comprehensive review of the adequacy of the Surplus Fund created under section 4123.34 of the Revised Code and the general reserving methods used for the State Insurance Fund and all other funds specified in Chapters 4121., 4123., 4127., and 4131. of the Revised Code.

(C) The Administrator shall provide a summary of the reviews required under this section and shall present recommendations based on the review to the General Assembly and the Bureau of Workers' Compensation Board of Directors not later than two years after the effective date of this section.

(D) This section of law, as enacted by this act, is subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1c and section 1.471 of the Revised Code, this section takes effect on the ninety-first day after this act is filed with the Secretary of State. If, however, a referendum petition is filed against this section of law as enacted by this act, this section of law as enacted, unless rejected at the referendum, takes effect at the earliest time permitted by law.

Exhibit B

Schedule of Professional Fees and Expenses

To support the hourly fee for the Actuarial Consulting Services expenses and reports

Actuarial Consulting Services	Hours	Rates	Total
Lead FCAS		\$	\$
Other FCAS		\$	\$
Other Personnel (specify)		\$	\$
Out-of-pocket expenses			\$
Total fees and expenses bid for Actuarial Consulting Services			

EXHIBIT C

Sample Invoice

BWC Accounts Payable
 PO Box 15369
 Columbus, OH 43215-0369

This represents our first (second, third, etc.) invoice for services rendered in connection with the examination of the Ohio Bureau of Workers' Compensation for the fiscal year ending 6-30-2005.

1. Firm Federal Employer Identification Number 00-000000
2. State Firm Registration number _____
3. Services for the Month of July 2006
4. Hours

Staff Assigned	Position	Reserve or Group Pricing Opinion	Current month hours	Hourly Rate per contract	Total Monthly Billed hours	To date hours	Total to date Billed hours
John Doe	Partner	Reserve	27	100.00	\$2,700.00	63	\$6,300.00
Jim Smith	FCAS	Group Pricing	32	100.00	\$3,200.00	70	\$7,000.00
Totals			59		\$5,900.00	133	\$13,300.00

5. Billed this invoice \$5,900.00
6. Cumulative Billing \$13,300.00
7. Maximum contract amount \$100,000.00

CONSULTANT hereby certifies that all amounts set forth in this invoice are properly due and payable for work performed by either CONSULTANT or a qualified subcontractor.

Submitted by:

John Doe, Partner Date: