

Self-Insurance Quarterly Workshop

February 2018



Agenda

- Wage Calculation- What to include, exclude, unique scenarios
- SI 40 reporting
- Assessments
- Sysco Reimbursement Process
- BWC's role in self-insurance



Wage Calculation

- ORC 4123.56 (A) and 4123.61 governs wage calculations and provides the basis for computation of Benefits
- BWC Policy established under of ORC 4123.61 and 4123.56
- Listed under www.ohiobwc.com BWC Library tab and Policy in the pull down.



Wage Calculation

Full Weekly Wage (FWW)

Paid for first 12 weeks of disability.

Average of 6 weeks prior to date of injury or Week prior to injury less overtime, whichever is higher

If no full week of earnings in 6 weeks prior, multiply hourly rate by scheduled hours.

Divide by 6 weeks regardless of number of weeks actually worked.

Full Weekly Wage Rate - 72% of FWW.



Wage Calculation

Average Weekly Wage (AWW)

Paid after 12 weeks of disability

Average of 52 weeks prior to the date of injury

Reduce number of weeks by total weeks injured worker did not work due to circumstances out of injured worker's control

Average Weekly Wage Rate - 66 2/3% of the AWW



Maximum and Minimum Rates

The FWW rate and AWW rate will not exceed the maximum rate for the year of the injury. This is also called the Statewide Average Weekly Wage.

The minimum rate is $\frac{1}{3}$ of the Maximum rate for the year of the injury. If it goes below the minimum rate, then the minimum rate becomes the benefit rate.

If the AWW or FWW are below the minimum rate then that becomes the rate. There is no reduction.



Bi-Weekly Pay

- Three full bi weekly periods should be used for calculating the 6 weeks prior
- Bi Weekly earnings should generally not be split to determine 7 days prior . Effort should be made to identify actual earnings and overtime for each week.
- If this is not available, it is acceptable to divide the full period by two, excluding overtime.



Bi Monthly Pay

FWW - Add wages from 3 full pay periods prior to DOI. Divide by the number of days in the total pay period. (45, 46 or 47). Multiply this by 7. This will be the six week average.

AWW - Add the wages from the 24 full periods prior to DOI, multiply this figure by seven, and then divide by the number of days in the total pay period. (365 or 366). Multiply this by seven. This will be the weekly average.

If the seven days prior cannot be determined use the weekly average.



Wage Calculation

- Earnings start with first full pay period prior to the date of injury
- Earnings for the pay period which includes the date of the injury are not used. This includes bi weekly and bimonthly payment periods
- Seven days prior to date of injury or the last full pay period prior to date of injury
- If claimant has not worked one full week during the 6 weeks prior to the injury, multiply hourly rate by scheduled hours. This method only used if either of the other two requirements are not met.



Wage Calculation

- **Remember to request wages for prior employers**
- Document in introductory or certification letter as an option
- All 52 weeks of earnings not available or a low wage job
- If part of a three point contact or recorded statement, document that in a way the auditor knows it was done

Included Earnings

- Bonuses- Generally not used in FWW unless the period of time for the bonus is specifically only within the 6 weeks prior to the date of injury
- For the AWW Bonuses can be used as long as the time period for earning the bonus is in the 52 week look back period
- Allowances are generally considered earnings, but reimbursements are not.

Included Earnings

- Gross regular earnings, before deductions such as deferred compensation, Cafe 125, etc.
- Profit sharing related to work activity
- Working wage loss or living maintenance wage loss paid
- Vacation, sick leave, and holiday pay for periods which fall within the earnings period

Included Earnings

- Lump sum payouts for vacation, sick, personal or other leave is included for AWW calculation only
- Earnings reported on the injured worker's federal income tax return that are specifically subject to either social security withholding, Medicare withholding, or self-employment tax (e.g., housing allowance)
- Payment received in lieu of receiving health insurance

Excluded Earnings

- Bonuses and Profit sharing unrelated to work activity
- Disbursements from previously deferred compensation
- Workers' Compensation while disabled
- Unemployment benefits and severance pay
- Other forms of income reported on an injured worker's tax return that are not subject to social security withholding, Medicare or self-employment tax



Number of weeks

- Pay periods with no earnings are generally not counted in the 52 week count if the reasons for the lack of earnings are outside of the injured workers' control.
- If the reasons for no earnings are within the claimant's control, the weeks will be included in the weekly tot

SI 40 Reporting

- ORC 4123.35, OAC 4123-19-03 (J)
- All active and cancelled Self Insured employers with current open claims must submit the SI 40
- Report Paid compensation, claims and reserve information
- Due by February 28 following the calendar reporting year
-

Lost Time Claims

- Claims with more than 7 days of total disability
- Claims with wage loss benefits paid greater than 7 days
- Claims with Salary in Lieu of Compensation

Medical Only Claims

- All claims with seven days or less of disability-even if not reported to BWC
- Claims with Medical Treatment only
- PPD award with no lost time (for SI 40 only)
- Restrictions with no lost wages

Considerations

- Record claims based on current status
- If in Litigation, record as reported to employer unless it is officially denied
- Claims reported or incurred during the calendar year regardless of Date of Injury
- Incident only claims do not need to be reported
- Salary Continuation should be reported

Considerations

- Report all compensation paid beyond excess retention levels
- If a credit is taken, the compensation payment must have been reported in the current year or a previous year
- Confirm that payments reported are only for Ohio

Considerations

- Attorney Fees are reported
- DWRF is not reported
- Lump Sum Settlements not reported
- Verify information if there is a data transfer, only calendar year payments are included on SI 40
- Voided Payments

Less SI Reimbursements

- Compensation reimbursed due to an overturned claim. Report in year claim overturned, only for indemnity payments previously reported
- Money collected from Subrogation – Only for indemnity, and only up to what has been paid and reported previously.
- Money paid but not owed can be reported as a credit if previously reported under specific category
- Do not report money reimbursed from Excess Carriers

SI -40 Backup Report

- Beginning with 2012 SI 40 data, employers required to provide back up report supporting reported numbers with SI 40 reporting
- Submit to BWCSIAuditing@BWC.state.oh.us
- Include individual payments in each category
- Include Salary Continuation and Recovery amounts
- Include support for aggregate reserve totals

Assessment Invoices

- Issued on February 1 and August 1
- Payment Due February 28 (March 5, 2018) or August 31 year
- Due Date - Posted to BWC banking
- Late Payment Penalty-only waived if proof payment received prior to due date

Overtured Claims Reimbursement

- For participating employers, BWC will reimburse appropriate benefits and medical costs paid based on an Industrial Commission decision that is later overturned
- SI Department will evaluate all applications, confirm eligibility to participate and issue appropriate reimbursements
- Ensure application is complete and accurate- information on application should match the current policy's demographic information

BWC's Role in Self-Insurance

Self-Insured Department

New Applications

Renewals

Policy Maintenance

Assessments

Audits

Complaints

Disputed Issues

Claims

Industrial Commission Hearings

Overtured Claims Reimbursement

Ombudsman

Outreach

SI Department

- Underwriting
- Auditing
- Complaints
- Programs
- PEO
- Financial Underwriting-Not in SI Department, but closely aligned



Resources

- BWC.Ohio.Gov- Employer Tab, Self-Insured
 - Assessment and invoicing information
 - SI 40 reporting and history
 - Procedural Guide to Self-Insured Claims Management
 - Online tutorial
 - SIEEB orders
 - Renewal
 - Securitization methodology

Questions?

Contacting BWC

When contacting the BWC self-insured department, please include self-insured policy number

614-466-6773 or 1-800-OHIOBWC, select SI

30 W. Spring St., Level 22

Columbus, OH 43215

Email: SIINQ@bwc.state.oh.us

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