





Enhancing our medical provider network

- Provider recertification to begin in 2010.
- We initiated notification to providers for non-compliance with administrative issue.

Designing a better benefits plan and competitive fee schedule

- We approved a new reimbursement methodology.
 - Promotes predictability of payments
 - Promotes equity and consistency of payments
 - Encourages hospitals to improve efficiency of providing care

Designing a better benefits plan and competitive fee schedule

- We made enhancements to BWC fee schedules.
- We're implementing the first drug formulary.

Improving our managed care process

- Improvements were made in our MCO audit process.
 - Ensure quality of service is provided
 - Make certain providers are being paid promptly

Enhancing our medical bill payment services

- New pharmacy benefits manager
 - Implemented enhanced prescription processing methods
 - Introduced expanded clinical edits to improve medication safety and utilization
- New rebates manager

Alternative Dispute Resolution (ADR)

- 2009 ADR reform
 - Restructured alternative dispute resolution process
- 2010 ADR redesign
 - Design and creation of a quality assurance unit

Managed Care Organization (MCO) open enrollment

- Open enrollment dates are May 3 through May 28, 2010.
- MCO's will market employers during open enrollment.
- The change of MCO is effective June 28, 2010.

MCO open enrollment

- Employer satisfied with his/her MCO, no action required.
- The *MCO Selection* guide will:
 - Address how to choose a new MCO using the MCO report card;
 - Outline methods that can be used to select an MCO;
 - Include a toll free employer selection phone number.

Rules revisions

- A five year comprehensive rule review of chapter six and seven rules was completed and implemented.

Rules revisions

- The review and revisions encompassed rules, which provide for:
 - The management of the Ohio Workers' Compensation Health Partnership Program;
 - Rules that govern provider payment for state fund services.

Rules revisions

- Added requirement for injured workers signature on the *Motion (C-84)* requesting temporary total compensation.
- Wage agreements must be submitted within 30 days of the start date of payment.
 - Can only be paid for 12 weeks unless special circumstances exist.

Employer Programs and Services

Discussion overview

- Highlights of rate reform
- Future rate reform efforts
- "Providing Choices" initiative
- Legislative update
- Improving service-delivery model

Group-experience rating

Purpose of group-experience rating: To allow smaller employers to pool their risks together to become experience rated in a manner similar to a large employer.

- Pooling risks allows for larger discounts.
- In theory, claims costs would be spread among the group and the group would remain persistent.

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Group-experience rating

- What happened?
 - Flawed design allowed groups to shed employers who increased costs.

Large employer	Group
- \$1 million+ in expected losses.	- \$1 million+ in expected losses.
- Employer has claims costs.	- Employer has claims costs.
- Claims stay in experience.	- Group can eliminate employer and replace with another.
- EM reflects risk.	- EM does not reflect risk.

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Impacts of rate reform

- Rates are no longer inflated to cover for shortfalls caused by group.
 - Maximum discount for group-rated employers is 51 percent for July 1, 2010, policy year.
- Non-group employers pay the correct rate.
- Your rate is now more closely based on you.

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Impacts of rate reform

- Non-group employers' rates declined by an average of 25.3 percent.
- Group employers' rates increased by approximately 11.3 percent.
- Overall aggregate reduction in net premiums of \$139 million by all Ohio employers.

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- Ohio | Bureau of Workers' Compensation
- ## Future rate-reform goals
- Transition to a split-experience rating plan
 - Measures frequency and severity of a claim to assess employer risk
 - Uses a per-claim split point to distinguish primary (frequency) and excess (severity)
 - Primary costs emphasized as better risk indicator
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- Ohio | Bureau of Workers' Compensation
- ## Benefits of split-experience-rating plan
- Better accuracy in determining individual employer premiums based on their risk
 - Less volatility for one significant claim
 - Greater incentive to prevent workplace injuries
 - More consistency with other states' rating plans
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- Ohio | Bureau of Workers' Compensation
- ## Providing choices
- Provide employers choices that allow them to determine their level of risk tolerance and receive either discounts or refunds based on performance
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- Ohio | Bureau of Workers' Compensation
- ## New programs
- July 1, 2009
 - Group-retrospective rating
 - Small Deductible Program
 - July 1, 2010
 - Large Deductible Program
 - Drug-Free Safety Program
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- Ohio | Bureau of Workers' Compensation
- ## Group-retrospective rating
- Program allows employers to form groups that will be evaluated at 12 months, 24 months and 36 months after policy year end.
 - At each evaluation, a retrospective premium for the group will be calculated based on the projected ultimate claim costs for the policy year.
 - Refunds or assessments will be distributed to the group based on the results of the retrospective premium calculation.

Deductible Program

- Allows employers to receive an up-front discount in exchange for paying a portion of claims costs.
- Discounts range from 1% to 70% depending upon the level of risk an employer wants to take.
- Requirements
 - Credit review
 - Audited financials
 - Lapse requirements

Deductible Program

Small Deductible	Large Deductible
\$500	\$25,000
\$1,000	\$50,000
\$2,500	\$100,000
\$5,000	\$200,000
\$10,000	

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Checking your eligibility

hazard group: U Experience premium to past policy year: \$292,163.21

Your hazard group and the experience credit will determine the deductible level and discount percentage available to your company. If you meet the minimum eligibility requirements, here are the deductible levels and discount percentages that would apply to you.

The annual aggregate limit for this option will limit the total dollars in aggregate claims in deductible categories for injuries that occur during the policy year. The annual aggregate limit will be set at three times the deductible chosen.

Deductible amount	Option A premium discount factor	Option B Premium discount factor with aggregate stop loss
\$500	3.0%	not applicable
\$1,000	6.0%	not applicable
\$2,500	9.4%	not applicable
\$5,000	13.4%	not applicable
\$10,000	19.9%	not applicable
\$25,000	28.9%	18.0%
\$50,000	39.9%	32.0%
\$100,000	51.9%	47.0%

Drug-Free Safety Program

- Allows continuous participation for all employers
- Two program levels
 - Basic – must meet training requirements, submit only safety assessments, and complete online accident analysis to receive four percent discount
 - Advanced – must complete above requirements while conducting random testing for 25 percent of workforce and provide substance assessment to receive seven percent discount

Self-insured (SI) structural changes - January 2010

- Integration of SI and SI bankrupt claims functions into Central Claims Office team.
 - SI claims unit remains a standalone unit within Central Claims Office.
 - Integration allows alignment with BWC statewide claims administration.
- Jim Fograscher, interim director of SI operations
 - Underwriting/Auditing functions
 - Search ongoing for permanent self-insured director

Background: SI Stakeholder Finance/Reserve Working Group

- In Spring 2009, the Ohio Self-Insurers Association, the Ohio Manufacturers Association and the Ohio Chamber were asked to assist BWC with solutions for the issues identified with the Self-Insured Guarantee Fund.
- The April 2009 Deloitte study included recommendations related to the funding and administration of SI in Ohio.
- On Aug. 24, 2009, representatives of the SI community met with Administrator Marsha Ryan and senior BWC executives to review the Deloitte recommendations and discuss solutions to their issues.

Issues

- Issues eventually fell into three major areas:
 - Risk determination and securitization;
 - Claims management;
 - Policy development or “governance.”
- SI representatives and BWC agreed to form a joint SI/BWC work group to develop a model and tackle the claims and governance issues afterwards.

What has happened?

- Largest deficiency identified as the lack of reserve data by SI employers.
- The goal is to gather the data over the next 45 to 60 days and frame out a model for securitization.
- Review model in May and implement in early summer.

Key legislative issues

- HB 213
- SB 216
- Senate Resolution 133

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Service-delivery model improvements

- BWC is evaluating how to restructure its operation to:
 1. Evaluate potential risk factors on a claim and provide appropriate resources/staffing upfront;
 2. Measure employers' performance and provide resources/staffing to improve their standing.

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