

OSC 10
Ohio Safety Congress & Expo

BWC Reserves — What do they mean to me?
543

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Wednesday, March 31, 2010 10:30 to 11:30 a.m.

Ohio Bureau of Workers' Compensation

BWC reserves

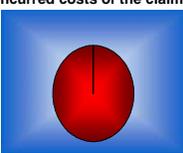
- o Why Reserve?
- o Why did we change?
- o Advantages to MIRA II
 - Data used

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MIRA methodology

- o MIRA will provide the ultimate cost of a claim at a specific point in time with the information available on the claim.

✓ MIRA predicts the total incurred costs of the claim.



✓ Payments made to date



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MIRA claim types

MIRA predicts the ultimate severity of the injury.

- o **Type 1** = Death claim
- o **Type 2** = Permanent total disability (PTD)
- o **Type 5** = Temporary total (TT) claim
- o **Type 6** = Medical-only claim
- o **Type 9** = Permanent partial claim (includes % of permanent partial)

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Components

- o Medical
- o Indemnity
 - Death
 - Temporary total disability (TTD) benefits
 - Temporary partial (TP)
 - Wage loss (WL)
 - Living maintenance (LM)
 - Living maintenance wage loss (LMWL)
 - Change of occupation (COO)
 - Facial disfigurement (FD)
 - Scheduled loss paid or C-92A (PPD)

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Components

- o Each injury type has its own prediction logic to:
 - Start reserving (Buckets)
 - Stop reserving (Stop logic)
 - Change the prediction

Type 6 – medical-only claim

Medical benefits only

- Emergency room visits
- Doctor appointments
- X-rays, MRIs, CAT scans
- Surgery, prescriptions, chiropractic, physical therapy
- Any medical treatment appropriate for allowed conditions in the claim

Type 5 – TT

- Indemnity
 - TT
 - TP
 - WL
- Medical

Type 9 – PPD

- Indemnity
 - TT
 - TP
 - WL
 - LM
 - COO
 - FD
 - %PP
- Medical

Type 2- PTD

- Indemnity
 - PTD
- Medical

Type 1- death

- Indemnity – Survivor, dependent(s)
- Medical

MIRA II stop logic

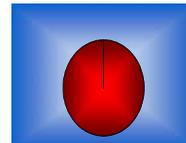
Each benefit category has its own unique stop logic based on specific activity/inactivity criteria.

Settlements automatically stop MIRA II reserves for reserve categories that are settled.

MIRA methodology

MIRA will provide the ultimate cost of a claim at a specific point in time with the information available on the claim.

✓ MIRA predicts the total incurred costs of the claim.



✓ Payments made to date



First Report of Injury

MIRA II's prediction is dependent on accurate data. Some of the data elements are below.

Occupation	Age
Description of injury	RTW status
Medical treatment	Gender
ICD9 code/diagnosis	Address

Claim scenarios

Clerical Claudia	Construction Carl
Age 23	Age 53
Strain/sprain knee	Low back strain/sprain
Return to work (RTW) – No lost time	

Claim scenarios

Clerical Claudia	Construction Carl
Age 23	Age 53
Strain/sprain knee	Low back strain/sprain
RTW – No lost time	Herniated disc surgery
Type 6 – medical only	Type 5 – TT
Currently, BWC suppresses reserves on medical-only claims.	Indemnity Medical TTD

Type 5 – TT

Construction Carl	
Indemnity	Medical
TTD	
What if Carl's employer pays salary continuation rather than BWC paying TTD benefits?	
Currently, BWC suppresses the reserves for medical and indemnity.	

When will MIRA re-predict?

Type 6 – medical only

Clerical Claudia
Strain/sprain knee
RTW – No lost time
• C-92 application
• Type – 9 PPD
• Indemnity - %PP

Transition rules

Special stop logic conditions taken from the tabular system.

Stop logic applied to MIRA I.

MIRA II stop logic is more responsive.

Deloitte Study recommended elimination of transition rules.

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Elimination : Transition rule #4

Type 5 – TT claim

<p>Indemnity</p> <p>TT</p> <p>TP</p> <p>WL</p>	<p>Medical</p>
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DOI Jan. 1, 2011, forward

SC benefits paid will only be subtracted from the TT reserve amount, not the total incurred.

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Elimination: Transition rule #5

Type 5 - TT

<p>Indemnity</p> <p>TT disability</p> <p>LM</p>	<p>Medical</p>
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Currently, BWC will reduce its reserve prediction by 50% if LM was last paid benefit.

Effective July 2010, BWC will apply the entire reserve to ALL lost-time claims when LM/LMWL is the past paid indemnity.

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MIRA II Stop Logic - Medical

- o Claim settlement, medical settlement
- o Total med paid = 0, more than 180 days since filing date last
- o More than 180 days since last date of service

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Each Indemnity type has its own Stop Logic

TTD TP WL LM CO FD C-92A
Claim settlement, indemnity settlement

TTD – more than 90 days since RTW
C-92A – more than 30 days since last PPD paid
ALL – More than 180 days since last comp paid.

