

CAMBRIDGE SERVICE OFFICE

Advisory Council Meeting

Friday, November 21, 2008

The first meeting of the Cambridge Service Office “Employer” Advisory Council was held at the Cambridge Service Office All Hands Conference room on Friday, November 21, 2008 at 10:00 a.m.

Council Members and others present: Hans Neugebauer, Cambridge BWC Service Office Manager, Natalie Petschauer, Cambridge BWC Employer Service Specialist, Penny Reed, Community Action Organization of Washington, Chris Blair, W. C. Cardinal, Michael May, Robert M. Neff Company, DuWain Boivin, Oxford Mining, Walter Rhome, Ohio W. V. Excavating Company, Rita Spicer, Perry County, Drake Prouty, Sidwell Materials, Inc., Susan Burkhart, Washington County, Gene Mallett, Thermo Fisher Company and Jeri DeFelice, BWC Scribe.

Council Members absent: Debbie Venci, Barium Chemicals, Inc. and Steve Bolger, Steubenville County Club Manor

Opening

Hans opened the first quarterly Advisory Council meeting and thanked everyone for agreeing to participate; their nominations came from the Cambridge Employer Service Specialists. The purpose of the council is to obtain feedback on BWC programs, to address rate equity issues and to gather their feedback and input on issues and problems that you are having and that you would like to have communicated up to our Administrator. He went on to convey that we would like to meet on a quarterly basis for approximately an hour and will leave time to discuss any questions that members may have. If questions can't be answered at the service office level, we will seek answers at a higher level.

Hans asked everyone to introduce themselves, state who they represent, offer any issues you are having or experience you have had with BWC to provide a general background.

Introductions were made and the following issues, questions were addressed:

Susan Burkhart, Washington County, stated that she enjoys working with BWC, no problems with issues; everything is timely, she just needs a little assistance with “password protecting” and how to right-protect. Hans offered assistance following the meeting.

Walter Rhome, Ohio WV Excavating, expressed that his experience with the BWC has been positive; most problems are with the legislation. He conveyed that his company has been successful with the IC, but problems are experienced with the Attorney General. Another issue deals with claims that have been handled, employee is back to work, then LSS has been offered through an attorney. Employee is better, back to work and LSS

settlement is discussed. Employer makes an offer, the employee accepts only to have it upped by BWC after the review process.

Natalie stated that when BWC looks at the claim we need to be fair to all parties. If the claim is worth more than the offer, we (BWC) have to negotiate.

DuWain Boivin, Oxford Mining, indicated that Cambridge has been excellent; gets good assistance and has a good working relationship with Kim St. Clair. Their challenges are future controls and he would like to see more Drug Free Workplace (DFWP); would like to see DFWP continue and not stop after 5 (five) years. Would like to see BWC extend DFWP and have it taken to next step.

Chris Blair, W. C. Cardinal, Inc. agreed with Mr. Boivin. She stated that their WC rates were outrageous and DFWP has worked well, but she had a problem with claims. IW tested positive at Hospital and BWC and IC awarded and allowed the claim any way. Their company cannot get into group rating with as many claims as they have. Chris stated, "We need help". We have numerous problems with doctors certifying IW's off.

Hans conveyed that it is an ongoing battle for BWC too; need to get issues to the Industrial Commission. It is part of the system, but we work very hard to help.

Mike May, Robert M. Neff Company, after providing his introduction, indicated that he had an issue with a providing doctor who was treating an IW, but would not give us (the employer) any information. The company has a back-to-work policy, but doctor would not give us restrictions. Mike would like to see, uncooperative, doctors put on a black-list.

Hans stated that IW is entitled to go to the doctor of his/her choice; we can't change that. All we can do is get our own opinion through IME.

Once introductions were complete, Hans began with the agenda.

Operational Reform

The BWC is considering performance-based programs that we hope will help you manage your costs.

Deductible Program

Hans went on to explain that the deductible could range from \$500 to \$10,000 per claim. Employer would pay a reduced premium for deductible; BWC will pay for claim and, in turn, ask employer to pay the deductible.

Questions:

- Will this program include state fund, retro and SI?
 - Answer: would not apply to SI
- Will the deductible be a choice
 - Answer: Yes

- How will it weight into all of the calculations as a group-rated company?
 - Answer: Deductible discount would stack on any group discount
- Perception is, if employers are given something new, what will be taken away?
 - Example: Employers pay “wage continuation” as a means to control their premium. Attorneys send promo letter to IW for PPD. The PPD impacts the employer’s reserve.
 - Answer: Hans conveyed that this is the way it used to be; BWC has gone to MIRA II which has mitigated that particular issue

Hans felt that the deductible program sounds like it might be something each of the represented industries could seriously take a look at. The participants agreed that this was an attractive strategy to consider to reduce premiums.

Group Retro

Hans explained this program would enable similar employers to group together and pay their base premiums. If group did better than a target loss ratio they would get money back, but if they do worse they would get a bill. The employers would have to consider the other employers they group with.

Questions:

- Employer wanted to know what the time period for this program would be. Hans conveyed that the groups experience would likely be evaluated for a three year period.
- One employer conveyed that they have been in a shared savings group for many years; as they became bigger, it became detrimental. As they improved, any savings they realized got lost in the pool. It had a negative impact on their company.
- Another employer indicated that until their performance improved the other employers would be paying.
- Will each company know who the other companies are in “group retro”?
- How is group retro different than group-rating? Hans indicated that with conventional group rating there would be an up-front savings. If EM increases, you may be out of group. With group retro there is no up front discount and the group experience determines if you get a dividend or a supplemental bill.
- Agreed that a small company with high EM could benefit. You take your chances, put history behind you, but take risk if other companies have bad year.
- May be an opportunity to get immediate relief.
- Does group retro extend liability? Instead of 10, it might be at 3 year snapshot.

Not much interest in Group Retro.

Performance-based Programs

No discount up front, but employer would be eligible for a dividend at the end of the period based on performance. No additional discount. Program would be available for everyone for as long as you want to stay in the program.

Council was asked what sorts of performance-based programs they would like to see and what concerns they might have.

- Premium Discount Program
 - Employer is eligible for a limited number of years.
 - There is no down-side.
- What about stacking programs?
- Larger employer expressed concern about cash-flow in the beginning. How do we accrue money to pay fixed expense. Their finance department might want money now, not later.
- Questionnaire in 10-step business plan is very comprehensive and a lot of work.
- Would the program be more attractive if you, the employer, were on your own?

All employers agreed that this program might be more attractive.

- One county employer expressed pleasure with the PDP program. It is a lot of work, but it gives leverage to push program to all 11 elected officials, commissioners and others.
- No requirement to complete, you just complete or pay.
- Another representative asked about DFWP. It is expensive to operated, but there is discussion about extending it out. BWC has heard concerns and may continue. Discounts are unknown.
- More information is forthcoming.
- Ohio/WV contractor indicated that they have no choice about DFWP. They MUST participate in order to bid government jobs.

Quality of Services

TPA's

- Mike May complimented Frank Gates by stating that when anything occurs, they communicate with him and he speaks to them daily.
- Gene Mallett stated he just received an e-mail from them as the meeting was going on.
- Susan Burkhart conveyed that their TPA does good coding in their claims and helps them save money.
- Hans asked about “certifying” and Mike stated that if there is anything out of the ordinary, the TPA and he discuss.
- If nothing else, the TPA is an assuring voice on the other end.
- All agreed they have a good rapport with their individual TPA and MCO.
- Note: Not all TPA's are as efficient as others.

Hans commented that it sounds very positive.

BWC

Many council members addressed what the BWC does well during their introductions. Some commented that they were spoiled by Cambridge concerning the MO management and they appreciate this office.

Communication Efforts

- Hans conveyed to members of council that we will e-mail them about the reform efforts; there is no such thing as too much information.
- Go to BWC website at www.ohiobwc.com and select “Reform” page to keep updated on reform efforts.
- Drake Prouty suggested that all should get more involved with their individual safety councils and also suggested that the BWC should present the new programs and information about reform at the Safety Council meetings.
- Council members would like to wait until programs are more defined and then meet again to address their thoughts, questions and concerns.

Hans stated that council will get back together quarterly and will make effort to keep council informed during the development process. Things are changing.

MISCELLANEOUS DISCUSSION AND ISSUES

Salary Continuation

DuWain Boivin – Issue with wage/salary continuation (SC). While paying WC, the employer does not have access to BWC SIU. Employer must take action on its own. If paying TT, we can use SIU services. That is a negative.

Rebuttable Presumption

3 claims wherein IW's were on the job, injured and tested positive for drugs. Chris Blair, W. C. Cardinal elaborated about 3 claims; 2 IW's were using marijuana. These 2 claims were disallowed, but the 3rd IW, who was using oxycontin, his claim was allowed. IW refused treatment, came back to plant and tried to kill other workers. He is now in jail.

Natalie explained “Rebuttable presumption” as it applies to drug testing of IW's. Hans also conveyed that BWC must obtain medical opinion from our medical experts.’

Much concern was expressed if an employer were to document IW impairment on the job prior to an accident. What happens when attorney sees the documentation and asks “why would you let an employee work knowing he is impaired?”

Construction Industry Issue

Walter Rhome from WV Ohio Excavating discussed the financial impact of laws and rates. A construction job that is bid in one year, may not begin immediately and, if a very large project, may not be completed for a very long time. Their job bids are based on current rates; if legislation and rules change, there can be a large financial impact on the net profit on that particular job from the time it was bid until the time it ends.

Injunction on Group Rating

A judge on Tuesday, 11/18/08, issued a temporary injunction that declared our group rating unlawful. This may become effective 7/1/09. BWC may no longer be able to offer group rating the same as it is now. BWC is in the process of evaluating all of this and considering an appeal.

Legislative Changes needed

Walter Rhome stated that he would like to see changes at a legislative level; get people together to fix “business in Ohio” beyond BWC, and take the complaints of Ohio employers to the legislature. Hans conveyed that BWC could not facilitate anything of this nature.

Medical Only

Susan Burkhart commented that when her MO claims were being managed by the service office, she was quite pleased. She wanted to know if they were ever coming back. Hans commented that “unfortunately not”. At one time, that was the plan, but not now. Hans asked her to forward any specific examples and he would, in turn, forward them to the MO Supervisor.

Claims dropping off of experience-still receiving treatment

DuWain Boivin wanted to address another issue he’s run into being state-funded. Employers only carry liability for 4 years. Claims that drop off of experience profile 10/15 years ago only to come back for additional allowances. Their TPA tells them no to bother with contesting, but, in his opinion, these claims are still driving up the costs. These claims are contributing to escalation of premiums. BWC does not send an attorney to the hearing. These are claims with plenty of treatment. Some way, we need to have those claims dealt with.

In closing, Hans thanked everyone for coming to the Advisory Council meeting adding that their input is important and useful. The meeting minutes will be forwarded to Columbus for review and consideration. In the meantime if you have any questions, please contact us.