

Rate Reform: Product Development Workgroup

Tuesday, September 9, 2008

Review of objectives:

- Review desired outcomes
- Identify deliverables
- Obtain preliminary feedback on program concepts
- Discuss other concepts
- Identify when to discuss Deloitte recommendations
- Outline high-level plan for moving forward

How is success defined?

- Does the program make “sense” to an employer?
- Does the program have a defined place in the market?
 - Will employers see value in it?
- Does the program improve the overall equity within Ohio’s workers’ compensation system?
- Does the program help employers to reduce frequency and severity of claims?
- Does the program significantly and demonstrably improve Ohio’s business climate?

Deliverables due Dec. 2008:

- Recommendations relating to four new programs:
 - Deductible
 - Group retro
 - Safety dividend program
 - Shared savings program

Additional deliverables:

- Identification of other potential programs
- Actuarial testing
- Rule changes
- Criteria for participation
 - Employers
 - Sponsorship
 - TPAs
- Communication/outreach

Criteria for new programs:

- Performance based
- Objectively measurable
- Appropriately priced
- Follows “best practices”
- Serves needs in the marketplace

Deductible Program

- Standard option in many insurance lines
- Could allow any employer to have the option of choosing a per-claim deductible and receive discounts relative to the risk they choose to bear
- Would reward employers that succeed in promoting safety in the workplace
 - Program is performance based; employers would not want to sustain claims in order to fully enjoy premium discounts

Group Retro

- Offered by Washington State's monopolistic workers' compensation system
- Could potentially generate significant dividends for safe groups that outperform objectively measurable criteria
- Could result in premium increases for groups that sustain costs that are higher than projected

Safety Dividend Program

- Could potentially allow any employer to participate and receive dividend incentive based on overall performance
- Could provide additional incentives and financial rewards to employers that successfully manage workplace safety

Shared Savings

- Would require cost sharing among a group of similar employers
- Could provide premium stability and reduces costs for groups that promote effective workplace safety strategies
- Poorer performing employers may have to undertake additional efforts to improve management of workplace safety

Homework assignments

- Identify roles/responsibilities for each program
 - Deductibles (BWC)
 - Group retro (CompManagement)
 - Shared savings (CCI)
- Identify what's missing

Homework assignments

- Key questions:
 - Is there a market?
 - Would my members/clients be interested?
 - What are my initial reactions – positive or negative – to these concepts?

Future meeting dates

- Sept. 23
- Oct. 7
- Oct. 21
- Nov. 4
- Nov. 18
- Dec. 2
- Dec. 16

Future meeting dates

- Sept. 23
 - Discussion on:
 - Deductibles
 - Group retro
 - Shared savings
- Oct. 7
 - Present parameters for full feasibility study on deductibles, group retro, and shared savings
 - Discussion on safety dividend program

Future meeting dates

- Oct. 21
 - Present parameters for full feasibility study on safety dividend program and shared savings
 - Return findings on deductibles and group retro
- Nov. 4
 - Return findings on safety dividend and shared savings programs
 - Continue discussion on potential modifications to deductibles and group retro

Future meeting dates

- Nov. 18
 - Continue discussion on production of any/all programs
 - Begin discussions on Deloitte's recommendations regarding current programs

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