

Rate Reform: Rules Workgroup

Tuesday, October 28, 2008

Objectives:

- Review fundamentals of rate reform
- Discuss current status of continuity and sponsorship requirements
- Provide overview of timing
- Critically examine output options for continuity and outcomes for sponsorship requirements

Fundamentals of Ohio's ongoing rate reform

- Employers should:
 - Benefit from a workers' compensation system that provides competitive, accurate and appropriate rates.
 - Be encouraged to promote safe working environments.
 - Maintain the option group together for the purpose of improving access to services that they otherwise may not be able to attain.
 - Select from a menu of programs (including combining some programs) that provide higher risk with the potential to receive greater rewards based on performance.

Continuity

- Pinnacle approach seems to be “best” option
- Continuity should be paired with split plan development
- Continuity will be “encouraged” not mandated
 - Incentives must reward groups to strongly encourage them to remain continuous

What's being studied

- Separate base rates
- Pinnacle approach
 - Credibility table changes
 - Continuity threshold
 - Incentives for continuous groups
 - Transition path for new groups
 - Transition for non-continuous groups

Continuity timing

- Unlikely that by December:
 - Oliver Wyman will have modeling completed
 - BWC will have opportunity to share findings with sponsors and TPAs
 - All process issues will be sufficiently resolved
- BWC will update the Board in December on progress

Continuity timing

- By June 2009:
 - Continuity modeling will be completed
 - Findings discussed thoroughly with sponsoring associations and TPAs
 - Processes sufficiently resolved
 - Multi-split plan parameters thoroughly identified
 - Continuity takes effect 7/1/10

Sponsorship requirements

- Received limited comment/input
- Need to clearly identify expectations of:
 - Sponsoring associations
 - TPAs
 - BWC

Today's assignment

- Determine what output Oliver Wyman should produce to assemble continuity strategy
- Provide further clarity and definition on group program requirements

Continuity output

- o CCAO
- o CCI
- o CompManagement
- o CPM Risk Mgmt.
- o Farm Bureau
- o OMA
- o Retail Merchants
- o Sheakley

Sponsorship requirements

- BX
- COSE
- Frank Gates
- Gates McDonald
- NFIB
- Ohio Grocers Assoc.
- OSBA
- WCMS

Next steps

- Nov. 12
 - Provide overview of what will be modeled
 - Provide finalized overview of proposed sponsor requirements
 - Provide preliminary preview of what will be discussed with the Board in December