



Workers' Compensation Update

July 21, 2010

Group Rating Changes

- The BWC Board of Directors voted to approve the 65% maximum credibility table to go into effect for rate making purposes effective January 1, 2011. This is a decrease from 77% credibility table for the January 1, 2009 experience. This will tend to increase rates and premiums for public entities in group rating and other favorably rated individual entities.
- In addition to lowering the credibility, BWC is implementing a break even factor for all group rating employers. This means that any employer in a group plan will have an assessment placed on the group discount. The highest discount for the 2011 policy year will be a 59% discount. In 2010, the maximum discount was 71%.
- The group rating deadline for 2011 is August 27, 2010.
- Two hour safety training is required for any group-rated employer with a claim occurring in 2008 or 2009. Training must be completed by December 31, 2010.

Group Retrospective Rating

- This program will be attractive for employers who experienced a brief period of high workers' compensation claims costs in the past that is not reflective of their overall safety performance. Employers from similar industries and claims histories are grouped together. If new claim costs remain under predetermined limits for the group as a whole, rebates will be issued by BWC at 12, 24, and 36 month intervals after the policy year ends. Interested employers should fully understand the risk involved. If the group incurs higher than expected claim losses, each member will pay BWC an assessment.
- Individual group retro employers continue to pay semi-annual premiums at their individual premium rates to BWC. Employers who maintain participation in the group retro program for multiple years can continue to get multi-year rebates. A well administered group identifies poor performing employers and provides additional safety program support and cost control procedures.
- The group retrospective rating deadline for 2011 is September 24, 2010.

New Reserve Changes

- MIRA II is the Ohio BWC's current claim reserving system. Now that transition from MIRA I to MIRA II is complete, BWC is eliminating several claim reserve transition rules that will affect an employer's future premium rates. Weekly reserve and claim cost updates are available on the BWC website (www.ohiobwc.com). This is important because the reserve prediction for a claim can change during the life of a claim. As MIRA II reserve costs go up or down in the claim, the financial impact for the claim will cause employer's future premium rates to increase or decrease.
- Beginning July 1, 2010, all medical-only claims will become eligible for a reserve. Public taxing district employers' premium rates will be influenced effective January 1, 2012.
- In addition to medical-only claims becoming eligible for a reserve, claims where employers elect to pay salary in lieu of BWC paying temporary total will now be eligible for a reserve. This goes into effect for claims with a date of injury beginning January 1, 2011. As it takes two years for a claim to enter the experience, public employers will be impacted for the January 1, 2013 policy period.
- Employers participating in the \$15,000 Medical-Only Program will not see reserve on those claims unless the claim is removed from the program.

CareWorks Consultants, Inc. (CCI) will keep you informed once more information is available and how this will affect your future workers' compensation rates.

For more information on BWC changes, contact CareWorks Consultants, Inc. (CCI) Terri Case, toll-free, at 1-800-837-3200, Ext. 7113, (614) 526-7113 or by email at terri.case@ccitpa.com.
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