



BWC e-news - December 2009

Rate reform's positive impact evident in new rates

Throughout 2009, we and the BWC Board of Directors have continued on the course to make workers' compensation rates fair, stable and competitive. Recent reports to the board's actuarial committee shows we are setting rates more accurately. This has resulted in cost savings for more than half of all private employers in the state. In addition, new insurance products are giving employers more options for controlling their workers' compensation costs.

Our rate-reform accomplishments in 2009 include:

- A 25.3 percent base rate reduction for non group-rated employers (effective July 1, 2009) that we expect to result in a \$139 million premium reduction for more than half of Ohio's employers;
- New insurance-like programs introduced to give Ohio employers more choices in saving costs;
 - o *100 percent cap* – stabilizes premiums and limits extreme cost swings for many employers;
 - o *Deductible program* - gives employers a premium discount for taking on a degree of risk;
 - o *Group-retrospective rating program* – gives employers an option to achieve better workplace safety through this performance-based program;
- A 3.75 percent premium rate decrease for Ohio state agencies, universities and university hospitals;
- A 17 percent premium rate decrease for public employers, including: cities, townships, villages, schools and special districts, effective Jan. 1, 2010;
- Maximum discount for group-rated employers reduced from 70 percent to 51 percent (with a break-even factor included) for the 2010 program year.

Impact of rate reform to date:

- Workers' compensation insurance rates are more affordable.
- Ohio employers now pay rates that more closely match the risk they bring to the system.
- Improved premium equity between group and non group-rated employers.
- Lower base rates for 441 of Ohio's 532 manual/job classifications.
- EM cap implemented to ensure premium stability in the event of a change in an

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- employer's experience.
- More accurate claim reserves attributed to the new MIRA II reserving program. In its first year, we have seen aggregate reserves decrease by approximately 44 percent. Additionally, MIRA II's stop logic is successfully eliminating the reserve issue on claims with no future liability.
- More focus on worker safety.

We are also examining the competitiveness of our new rates with those of other states. In addition, recently provided a preliminary report to the board showing Ohio's rates are now in line with those of most other states. We expect to present a full report to the board in early 2010.

Guidance for Ohio employers regarding selection of a group-experience-rating plan for the July 1, 2010 policy year

We want to provide guidance to all private-sector Ohio employers who may consider participating in a group-experience-rating plan for the policy year beginning July 1, 2010. This is part of our efforts to preserve the group-experience-rating plan and improve its performance.

When evaluating offers to participate in a group-experience-rated program, please make sure all marketing material offering a group discount includes the sponsor name. Also ensure it and does not offer a maximum discount exceeding 51 percent. While you may see marketing materials that reference a higher discount such as 65 percent, discounts this large are not possible in the group-rating plan. Not only is this discount unattainable, but marketing this discount is a violation of Ohio law. If you receive any materials that offer discounts exceeding 51 percent, please fax them to BWC at (614) 621-5799.

A comprehensive list of BWC-certified sponsors for group-experience rating and group-retrospective rating for the July 1, 2010 policy year is available by clicking [here](#). Make sure the sponsoring organization lists its name on any advertising or promotional material. Please be cautious of any marketing material that does not contain the name of the soliciting sponsor. Also, many third-party administrators (TPAs) provide risk management and safety services to groups. However, they are ineligible to form a group that does not include an approved sponsor.

If you accept an invitation to join a group plan from an organization not listed on the above Web site, BWC will deny your application. Please ensure to accept offers to join either group-experience rating or group-retrospective rating only from certified sponsoring associations. If you receive materials from organizations that are not certified, please fax them to us at (614) 621-5799.

For updates regarding the group-experience rating or group-retrospective rating plans, please visit ohiobwc.com.

MIRA II producing more accurate reserves and rates

The BWC Board of Directors recently received a report on the first-year impact of the new Micro Insurance Reserving Analysis system or MIRA II. The Ohio General Assembly in 2007 mandated the Web tool replace the old MIRA I system. Launched in September 2008, MIRA II is calculating reserves much more precisely. This has resulted in a positive result on the accuracy of employer premiums. The system's unprecedented transparency also allows employers to view their experience modifier and reserves. This gives them an opportunity to better calculate their future workers' comp costs.

Safety Leader's Discussion Guide available on ohiobwc.com

BWC now publishes the Safety Leader's Discussion Guide online at ohiobwc.com. To access the guide from the home page:

- Click on the "BWC Library" heading;
- On the BWC Library page, under the E-Publications heading, click Safety publications;
- On the Employer Safety Publications page, scroll to Manuals and then the Safety Leader's Discussion Guide for 2010 (DG10). Select the print icon to print a copy of this year's guide.

For more information, e-mail discussionguide@bwc.state.oh.us.

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Ohio Bureau of Workers' Compensation
30 W. Spring St.
Columbus, Ohio 43215-2256