

Improving Ohio's experience rating plan

Responding to the Board

- Three elements:
 - Study options for continuity
 - Study group rules
 - Study how to implement an actuarially sound split plan

Studying continuity

Implementing continuity

- Responding to stakeholders:
 - Concern: Continuity could adversely affect the marketplace
 - Have not established actuarially sound option
 - May not be responsive to future changes in group behavior
 - No consensus among stakeholders
 - Solution: BWC is not recommending a continuity solution at this time

Studying group rules

Rules under consideration

- Rules include:
 - Sponsorship requirements
 - Homogeneity
 - Employer education
 - Employer safety requirements

Rules under consideration

- Responding to stakeholders:
 - Concern: BWC may promulgate rules that are not responsive to environmental changes and don't include feedback from Deloitte or the Coalition
 - Solution: BWC is recommending further study on all rules

Implementing split plan

Implementing split plan

- Transition to split plan
 - Moving to a split experience rating plan beginning July 1, 2011
 - Reducing the credibility table further
 - 77 percent beginning July 1, 2009
 - 65 percent beginning July 1, 2010

Implementing split plan

- Responding to stakeholders:
 - Concern: Protect group-rated employers from sizeable premium increases
 - Solution: Implement a 20 percent cap to protect against excessive premium increases

Impact to max discount policies

- **7/1/06** - 95 to 93 percent: 40 percent increase
- **7/1/07** - 93 to 90 percent: 43 percent increase
- **7/1/08** - 90 to 85 percent: 50 percent increase
- **7/1/09** – 85 to 77 percent: 20 percent cap for qualified group and non-group policies
- **7/1/10** – 77 to 65 percent: 20 percent cap for qualified group and non-group policies

Implementing split plan

- Responding to stakeholders:
 - Concern: The proposed split plan design might be ineffective given the implementation of MIRA II
 - Solution: BWC will continue to retest the plan to improve performance

Implementing split plan

- Responding to stakeholders:
 - Concern: The timing of the plan does not take into consideration Deloitte's findings or those from the Coalition's actuary
 - Solution: BWC will consider any performance-based solutions that improve upon its proposal to the Board

Improving the system's performance

Improving system performance

- Responding to stakeholders:
 - Concern: Ohio's workers' compensation system is uncompetitive regionally and nationally
 - Overall lack of programs
 - Employers need incentive to create safe workplaces
 - Current structure allows employer to pay minimal premium
 - Solution: BWC is recommending four new programs for future study

Improving system performance

- Programs include:
 - Deductible
 - Group retro
 - Shared savings
 - Safety dividend
 - Potentially could be used in tandem with group

Improving system performance

- BWC will consider any programs, products, and services that improve overall system performance

The future of Ohio's workers' compensation system

Ohio in 2011

Group	Non-Group	“Reject”
<ul style="list-style-type: none">- Competitive discounts for members- Possibility of dividends in addition to discounts- Caps that control premium increases related to credibility table	<ul style="list-style-type: none">- Premium relief- Multiple options for managing premium costs and improving workplace safety- New programs provide a path to actuarially appropriate group rating program	<ul style="list-style-type: none">- Protection against significant premium increases- Multiple options for managing premium costs and improving workplace safety- New programs provide a path to actuarially appropriate group rating program

Ohio in 2011

- Actuarially appropriate split plan that balances frequency and severity
- Clearly defining BWC's role in overseeing the marketplace
- Multiple, performance-based solutions that are administered by experts
- 20 – 25 percent reduction in base rates for all employers