

## **4123-17-35 Public employer state agency contribution to the state insurance fund.**

The administrator of workers' compensation, with the advice and consent of the bureau of workers' compensation board of directors, has authority to approve contributions made to the state insurance fund by employers pursuant to sections 4121.121, 4123.39, and 4123.40 of the Revised Code. The administrator hereby sets rates per one hundred dollar unit of payroll to be effective July 1, 2011, applicable to the payroll reporting period July 1, 2011, through June 30, 2012, for public employer state agencies, including state universities and university hospitals, as indicated in appendix A to this rule.

For the purpose of the payment of fees to the managed care organizations that manage the claims of state agencies, including state universities and university hospitals, the administrator hereby sets an additional contribution to the state insurance fund applicable to the payroll reporting period July 1, 2011, through June 30, 2012, for public employer state agencies, including state universities and university hospitals, at ten and sixty-nine hundredths per cent of the premium as indicated in appendix A to this rule. After the end of calendar year 2011, the bureau will compare the actual and collected fees to account for any overage or shortage in the fee collected. The bureau will apply any overages or shortages to the fee for the next policy year period. The resulting MCO fee will be a rate by agency as indicated in appendix A to this rule.

For policy years following the effective date of this rule, a public employer state (PES) agency that is not currently participating in a settlement payment program may enter into the following lump sum settlement (LSS) payment option.

(A) A PES agency that is not currently participating in a settlement payment program may participate in the lump sum settlement (LSS) direct reimbursement rating and payment program. A PES agency participating in this program will have the LSS payments excluded from the bureau's rate calculation process.

### (1) Requirements.

- (a) A PES agency shall make a three-year minimum commitment to the LSS direct reimbursement payment and rating program.
- (b) The earliest beginning date of the LSS program is July 1, 2004.
- (c) A PES agency shall notify the bureau of its desire to participate in the LSS direct reimbursement and payment program before the first day of January immediately preceding the policy year in which the agency wishes to participate in the program. The notification shall be made on the form provided by the bureau and signed by the PES agency's designee.

- (d) A PES agency currently participating in a settlement program is not eligible to participate in the LSS direct reimbursement payment and rating program.

(2) Lump sum settlement (LSS) rate calculation rules.

- (a) All LSS payments will be treated the same whether the result of a court-ordered settlement, an agency-negotiated settlement or any other type of settlement.
- (b) Once a PES agency begins participating in the LSS direct reimbursement and rating program, all LSS payments will be excluded from the five year losses used to calculate the "pure premium rate" for future policy year rate calculations. The pure premium rate is defined as the rate that is the actual five year losses divided by the five year reported payroll used to project the rate needed to be collected for the next policy year. The calculation of the "overage and shortage rate" will include the LSS payments paid by the bureau and not reimbursed by the PES agency. The calculation will exclude the LSS payments paid by the bureau and reimbursed by the PES agency. The overage and shortage rate is defined as the rate at which the agency must pay any past shortage in rates or the reduction in rate of any past overage in premium paid.
- (c) When an agency terminates a LSS direct reimbursement and rating program, the pure premium rate and the overage and shortage rate will include all LSS payments that were made by the bureau and not reimbursed by the PES agency.

(3) Lump sum settlement (LSS) reimbursement payments.

- (a) A lump sum settlement will be billed in the next quarter following the date the LSS warrant was cashed. The October billing will include any lump sum settlement where the warrant was cashed in July, August or September; the January billing where the warrant was cashed in October, November or December; the April billing where the warrant was cashed in January, February or March; and the July billing where the warrant was cashed in April, May or June.
- (b) The bureau will bill a structured settlement to the PES agency as the warrant is cashed.
- (c) The PES agency shall pay the LSS quarterly bill within thirty days of the billing date.
- (d) If the PES agency fails to pay a LSS quarterly bill within thirty days, the bureau will remove the PES agency from the LSS direct reimbursement

rating and payment program and the bureau will include the outstanding LSS payments in the rate calculation.

- (e) A PES agency may settle permanent total disability and death claims in which the present value was used in rate calculations for five years. The settlement amount will be included in the quarterly billings. In addition, there will be no substitution of the permanent total disability or death benefits paid to date for the present value.
- (f) A PES agency shall file any dispute in writing, specifying the agency's objections to the billing, with the bureau's direct billing department. The filing of a dispute does not relieve or suspend the agency's obligation to pay the obligation. Questions concerning the rate calculations should be directed to the bureau's actuarial department.

(4) Change in status.

- (a) When a PES agency combines with another PES agency, the choice that the agency that is determined to be the succeeding agency made in respect to participating in this program controls.
- (b) A PES agency that is participating in a program and transfers a portion of its operations to another agency shall continue to participate in the program. The choice made in respect to participating in this program by the agency to which the operations were transferred will not be affected.
- (c) Where a PES agency participating in a LSS direct reimbursement rating and payment program becomes self-insured, the bureau will calculate a buyout and any obligations owed by the PES agency under the program will be included in the buyout.

(5) Terminating a program.

- (a) A PES agency may request, in writing, to terminate a program after the three year minimum commitment period has been completed. The agency's participation in the program will automatically be renewed for another three years unless the written request is submitted.
- (b) A PES agency shall submit a request to terminate a program before the first day of January of the year the three year commitment ends. For example, if the PES agency starts participating in the LSS program or its participation is renewed for the policy year beginning July 1, 2004, the request must be submitted before January 1, 2007.
- (c) Once a PES agency terminates a LSS program, the agency is no longer eligible to participate in a program.

Effective: 7/1/11

Prior Effective Dates: 7/1/90, 7/1/91, 7/1/92, 7/1/93, 7/1/94, 7/1/95, 7/1/96, 7/1/97,  
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