

**Ohio Bureau of Workers' Compensation**  
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Columbus, OH 43215-2256



**Ted Strickland**  
Governor  
[ohioabc.com](http://ohioabc.com)

**Marsha P. Ryan**  
Administrator  
1-800-OHIOBWC

DATE

ADDRESS 1  
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CITY, STATE, ZIP

Dear \_\_\_\_\_:

The Ohio Bureau of Workers' Compensation is currently undergoing a number of important reforms to establish greater stability for our customers and improved economic success for Ohio. I would like to express my gratitude to the members of the Ohio General Assembly and Ohio Governor Ted Strickland for the passage of House Bill 100 earlier this year.

In addition to specifying certain reforms such as improving BWC's claims-reserving system and thoroughly reviewing the actuarial soundness of all rating programs, HB 100 also established a new, professionalized board of directors. The aptitude and ability of the new board members is a welcome addition that will ensure transparency and soundness in all policy decisions.

One such policy that both the BWC Board of Directors and staff are examining is the stability of Ohio's group rating program. This program provides extraordinary discounts to thousands of Ohio businesses but its actuarial soundness has long been disputed and deserves careful deliberation.

Nine actuarial studies have concluded that the maximum discount for participating employers is too high, causing other Ohio employers to pay more than their fair share. Furthermore, efforts to address this issue have inflated Ohio's workers' compensation base rates, potentially costing Ohio valuable economic development opportunities as our base rates are higher than many of our neighboring states.

BWC and the board of directors are working to address this policy issue by taking meaningful action that restores equity among employers and reduces Ohio's base rates overall. Reducing the maximum discount is one piece of several long-term reforms currently being evaluated. They include:

- Transitioning to a new, nationally tested experience-rating system known as NCCI;
- Strengthening the rules that govern the group-rating program; and
- Aligning the maximum discount, or credibility, to an actuarial sound level over a period of time.

In September, I recommended and the board unanimously approved a continued reduction in the maximum discount from 90 percent to no less than 80 percent. The board is currently evaluating this and will determine next year's maximum discount level in the coming weeks.

These important policy decisions and the additional operational reforms currently underway will improve the stability of Ohio's workers' compensation system. Improved stability will lead to better protection for Ohio's businesses and injured workers, and enhanced economic development opportunities as base rates decline.

Thank you.

Marsha Ryan, Administrator