

Rate Reform: Rules and Governance Workgroup

Tuesday, September 30, 2008

Objectives:

- Review concept of continuity
- Discuss design options
- Discuss proposed changes to sponsorship requirements

Group continuity

- What is group continuity?
- Why are we discussing group continuity?
- How does group continuity improve upon previous reforms?

What is group continuity?

- Continuity would require employers participating in Ohio's group rating program to remain together for an indefinite period of time.

Why are we discussing group continuity?

- Proposed as part of BWC-recommended reforms in plan submitted to Board of Directors
- Recommended course of action from outside actuarial consultant
- **Timeline for discussing continuity moved from Dec. 2010 to Dec. 2008 based on feedback from Coalition**

Group rating calculations

- Affects the EM calculation
 - Groups aren't required to retain experience
 - Incurred losses may be minimized
 - EM may be reduced which may lead to lower group premium

How will group continuity improve upon previous reforms?

- A group remains together
 - Employers remain in same group
 - Claims experience among employers remains with the group
 - Group EM reflects collective claims experience for full experience period

Options for continuity

- Substantially similar
- Complete continuity with exceptions

Substantial similarity

- Groups would maintain certain percentage of members
 - Annually
 - Rolling period of years

Substantial similarity – option 1

Group number	7/1/2010	7/1/2011	7/1/2012	7/1/2013	Average
101	Baseline	98 percent	95 percent	88 percent	93.7 percent
102	Roster	95 percent	90 percent	85 percent	90 percent
103		90 percent	82 percent	79 percent	83.7 percent

Compliant:	
Non-compliant:	

Substantial similarity – option 2

Group number	7/1/2011
101	100 percent
102	90 percent
103	85 percent

Compliant:	
Non-compliant:	

Complete continuity

- Groups would maintain 100 percent of its members
 - Would not include BWC exceptions
 - Would allow for process to eliminate members objectively

Complete continuity – option 1

Criteria	Group 101	Group 102	Group 103
Total employers in group beginning July 1, 2010	50	50	50
Not adhering to premium/billing requirements	2	0	3
Failing to maintain active coverage	0	0	1
Sustaining a VSSR claim	0	0	2
Failing to follow defined safety requirements	0	0	2
Failing to maintain good standing with sponsor/TPA	5	0	0
Mergers/acquisitions	0	0	2
Substantial change in business operation	0	0	1
TOTAL REMOVALS	7	0	11
TOTAL BWC-APPROVED REMOVALS	7	0	10
Group approved for July 1, 2011	YES	YES	NO
Approved:			

Other design components

- Measurement criteria
- Process design
- Actions

Sponsorship requirements

- Criteria for new and current sponsors (BX)
- Objective measures for groups (WCMS)
- Safety requirements for employers (Sheakley)

Rate Reform: Rules and Governance Workgroup

Tuesday, September 30, 2008