

Rate Reform: Rules and Governance Workgroup

Thursday, September 4, 2008

Objectives:

- Review rules BWC will begin enforcing
- Review desired outcomes
- Identify deliverables
- Introduce continuity
 - Understand concept
 - Understand potential benefits of sound continuity solution

Current rules

- Assignment of DSH personnel to each group
- Revocation of WCU/Safety Congress Credit (effective for safety plans submitted 02/10)
- Required training of all group sponsors (10/6/08)

How is success defined?

- Does the program/rule make “sense” to an employer?
- Does the program/rule have a defined place in the market?
- Does the program/rule make the Ohio’s workers’ compensation system improve equity?
- Does the program/rule help employers to reduce frequency and/or severity?
- Does the program/rule significantly and demonstrably improve Ohio’s business climate?

Deliverables due Dec. 2008:

- Recommendations relating to continuity and/or homogeneity

Deliverables due Mar. 2009:

- Recommendations relating to improving the re-rating process
- Determining how to create a “how to buy” guide for employers

Deliverables due Jun. 2009:

- Define group rules and responsibilities as it relates to sponsorship requirements

Deliverables due Sept. 2009:

- Recommendations on improving group sponsorship requirements

Deliverables due Dec. 2009:

- Recommendations on establishing a complaint resolution process for rating issues

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

Why are we discussing group continuity?

- o Coalition feedback

Current situation - group composition

- Sponsors select employers and invite them to participate in a group
 - Groups may consider loss results for individual employers
 - Composition of groups are determined annually

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 for an indefinite period of time
 - Employers remain in same group
 - Claims experience among employers remains with the of group
 - Group EM reflects collective claims experience for full experience period

Previously explored options

- Required group persistency
- Substantial similarity

Continuity design

- Duration
- Criteria for exclusion:
 - Non-compliance
 - Others
 - Cannot be expelled for having a claim

Homework assignments

- BWC:
 - Non-compliance exceptions (rules and laws)
 - Duration of participation

Homework assignments

- Coalition:
 - Other exceptions
 - Association roles/responsibilities

Review of objectives:

- Review rules BWC will begin enforcing
- Review desired outcomes
- Identify deliverables
- Introduce continuity
 - Understand concept
 - Understand potential benefits of sound continuity solution

Future meeting dates

- Sept. 16
- Sept. 30
- Oct. 14
- Oct. 28
- Nov. 12 (Weds).
- Nov. 25
- Dec. 9