

# **BWC Updates and Overview of Prospective Billing**

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# Private Employer Rate Cuts

- BWC has approved rate cuts in three of the past four years.
- Another rate cut of 10.8% will take effect July 1, 2015.
- At that time, rates will be down 21.4% from just five years ago.

# Recent Rebates to Employers

- In 2013 and 2014, BWC returned \$2 billion in rebates to Ohio employers.
- BWC to provide \$1.2 billion transition credit to Ohio employers to ease the transition to a prospective billing system.

# Increased Commitment to Safety

- Last year, BWC awarded \$15 million in safety grants to 535 employers.
- BWC approved another \$15 million for this year.
- \$15 million will be available to employers in fiscal years 2016 and 2017.

# Increased Commitment to Safety

- Expansion of Safety Council Program to include health and wellness
- Advanced workplace safety and health research-to-practice program
- Partnership with State Fire Marshall to fund additional training for firefighters
- Development of safety curricula and funding for skilled labor training program.

# Safety Grants

- Grants to assist employers in purchasing equipment that will substantially reduce or eliminate injuries
- 3-to-1 matching funds (up to \$40,000)
- Last year, BWC awarded \$15 million in grants to 535 employers
- Have you applied for your safety grant? If not ... what are you waiting for?

# Prospective Billing for Private Employers

# Why Transition to Prospective Billing?

- Industry standard
- More flexible payment options
- Decrease in base rates by 2% for private employers
- Increased ability for us to detect non-compliance and fraud



# Private Employer (PA) Transition Overview

- Implement PA prospective payment effective July 1, 2015
- Will move to annual policy period
- To avoid employers needing to make a double payment, BWC will provide an eight-month transition credit.
  - This credit covers the August 2015 payroll report (for January-June) and the first two months of the 2015 policy year.
- With the eight-month transition credit, employers will make their first prospective payment at the time they normally make their retrospective payment, by Aug. 31.

# PA Ending Retrospective Billing (2014-2015)

- BWC will apply the transition credit to cover the Jan. 1, 2015 – June 30, 2015, premium due, when the employer files its payroll report in August 2015.
  - Actual payroll is critical data in our rate calculations.

# Implementing PA Prospective Billing

- BWC will always use the most recently reported policy year to estimate an individual employer's premium obligation.
  - For example, BWC will use the July 1, 2013 - June 30, 2014, payroll for policy year 2015.
- In May of each year:
  - Employers will receive a notice of estimated annual premium along with their annual certificate of coverage.

# Notice of Estimated Annual Premium

Sample: Notice of Estimated Annual Premium

# Implementing PA Prospective Billing

- In the first year, every employer except minimum payers will be on a bi-monthly plan, with the option of selecting a different installment plan by July 15, 2015.
  - The first installment (covering July and August) will be paid with transition credit.
  - BWC recommends staying with the bi-monthly default, at least in the first year.

# Installment Options

- Annual (1);
  - Semi-annual (2);
  - Quarterly (4);
  - Bi-monthly (6);
  - Monthly (12).
- Minimum payers will not receive installment options.
  - Minimum premium increasing to \$120 due by June 30 each year.

# Implementing PA Prospective Billing (First Year Only)

- Employers will receive an invoice for the second installment in early August.
- This invoice will be due by Aug. 31.
- Premium security deposits (PSD) will post as credits to the account in this time frame.
- BWC will mail invoices 30 days prior to the due date of each installment.

# Payroll True-up Report

- Prospective requires an annual payroll report true-up. BWC will send a reminder in July of each year.
- The employer must report actual payroll for the previous policy year.
  - Online or over the phone only
  - If additional premium is calculated, it is also due by Aug. 15.
  - If credit calculated, it will be released in normal process.
  - Employers must pay online to be eligible for the Go-green discount.



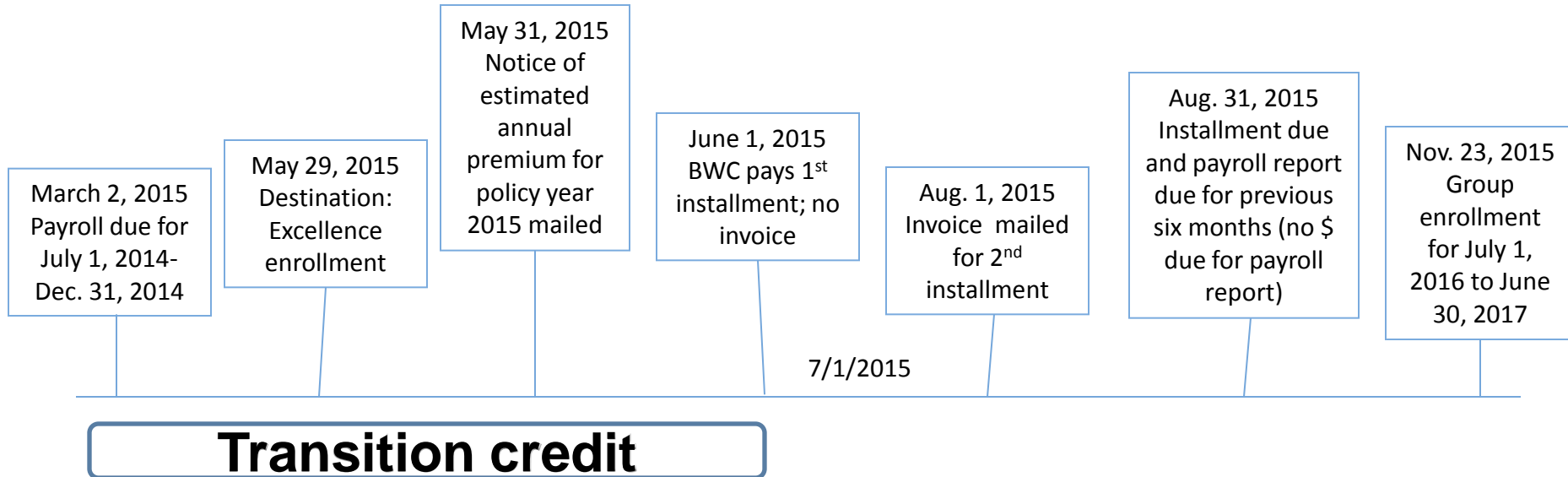
# Payroll True-up Report

- Actual payroll information is critical for rate setting. For that reason, an outstanding payroll true-up report will result in immediate disqualification from rating plans and programs for that current policy year.
  - Also, employers must complete\* all true-ups to be eligible for programs going forward.
- \*Complete = reporting and paying (if necessary).

# Rating Plan and Program Deadline

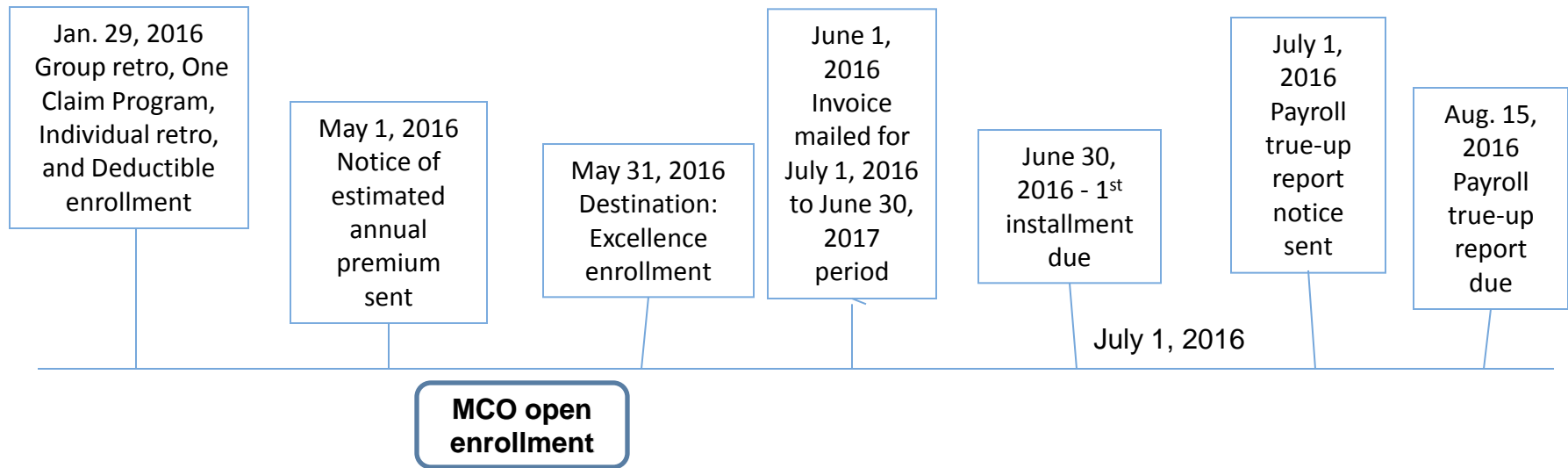
- Group-experience rating – Monday prior to Thanksgiving
- Group retro, One Claim Program, Deductible, Individual retro – Last business day in January
- Destination: Excellence programs – Last business day in May

## Private Employer Timeline – First Prospective Year Jan. 1, 2015 to Jan. 31, 2016



- BWC to mail notice of estimated annual premium in May.
- Policy year begins July 1, with BWC paying first two months.
- Employer will receive first invoice at the beginning of August installment due Aug. 31.
- Payroll report due/no money due by Aug. 31.

## Private Employer Policy Year – May 1, 2016 and Beyond



- Invoice mailed June 1 – first installment due June 30
- Payroll true-up report notice sent July 1; due Aug. 15

# Lapsing Coverage

- BWC will lapse any employer who does not pay their installment on time.
- BWC will not lapse an employer who does not true-up.
  - BWC will estimate the true-up by adding an additional 10% to the premium due and bill the employer.
  - If the employer still does not report their true-up, then BWC will certify it to the Ohio Attorney General's office for collections.

# Web Resources

For more information, visit [www.bwc.ohio.gov](http://www.bwc.ohio.gov)

- Overview document (with key dates)
- Frequently asked questions document
- Webinars

OhioBWC - Home: Ohio Bureau of Workers' Compensation - Windows Internet Explorer provided by Bureau of Workers' Compensation

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# Questions?