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BWC e-news - November 2009

BWC Board of Directors continues quest for rate equity

On Friday, Oct. 30, the BWC Board of Directors voted to reduce the maximum discount for group-rated employers to 51 percent. The board decreased the maximum discount by reducing the maximum credibility and applying a break-even factor. The new rates will be effective July 1, 2010. Employers will see the new rates when they pay their premium for the July 1, 2010, to Dec. 31, 2010, pay period, which is due by the end of February 2011. These actions are necessary to move us along the path to rate balance and to enhance the health of Ohio's business climate.

In early 2007, the 127th Ohio General Assembly recognized the need for rate reform. Thus, it moved to base Ohio's workers' compensation system on equity and fairness by passing House Bill 100. The bill created a professional, independent board of directors. It also called for a top-to-bottom study of BWC's processes, rates and programs.

Deloitte Consulting LLP recently completed this independent, comprehensive study. We will use it as a blueprint for rate reform and many other improvements in Ohio's system.

A key component of the comprehensive study addresses the disparity in rates paid by group-rated and non group-rated employers. It has been the responsibility of BWC and its Board of Directors to make sure every employer pays a rate that is based on the risk that employer brings to the workers' compensation system. This includes making improvements to the group-experience-rating program, which has serious structural deficiencies.

All studies on group rating indicate that groups should maintain the same membership for many years to establish a solid experience history. They should also bring together more similar businesses with common safety needs. This homogeneity of group membership will bring more stability to group rates in the future.

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