

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

# A Billion Back

In 2013, Gov. John Kasich and BWC Administrator Stephen Buehrer announced BWC's A Billion Back plan, which included:

- A \$1 billion rebate to employers in summer 2013;
- Increased safety grants funding to \$15 million;
- A \$1.2 billion transition credit to implement a prospective billing system at NO COST to Ohio Employers.

# Another Billion Back

- In August, Governor Kasich and BWC Administrator Buehrer announced a proposal for *Another Billion Back* and additional safety initiatives
  - BWC mailed rebate checks in October and early November 2014.

# Another Billion Back: Additional Plan Details

- \$35 million in safety initiatives over two years:
  - Advanced research to practice grants;
  - Expansion of the Safety Council Program to include health and wellness;
  - Firefighter safety training;
  - Development of safety curricula and funding for skilled labor trades;
  - Extends expansion of Safety Grants 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?

# Overview of Prospective Billing

# Why Transition to Prospective Billing?

- Industry standard
- More flexible payment options
- Decrease in base rates by 2% for private employers and 4% for public employers
- Increased ability for us to detect non-compliance and fraud

# Installment Options

- Under prospective billing, existing employers can choose from the following equal payment installment options:
  - Annual (1);
  - Semi-annual (2);
  - Quarterly (4);
  - Bi-monthly (6);
  - Monthly (12).



# Installment Options

- Minimum payers will not receive installment options.
  - Minimum premium is increasing to \$120, due by June 30 each year.

# Private Employer Transition

# Private Employer (PA) Proposal 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 Payment (2014-2015)

- Employers pay in August 2014 and February 2015 as normal.
  - Final 50/50 payment due May 2015 (for the July 1, 2014-Dec. 31, 2014 period).
- Although BWC will apply the transition credit to cover the Jan. 1, 2015 – June 30, 2015, premium due, employers must still file the payroll report in August 2015.
  - Actual payroll is critical data in our rate calculations.

# Implementing PA Prospective Payment

- BWC will always use the most recently completed actual payroll 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.
- Employers will receive:
  - A notice of estimated premium/binder for coverage in May along with their annual certificate of coverage.

# Implementing PA Prospective Payment

- In the first year, every employer will be on a bi-monthly plan, with the option of selecting a different installment plan by July 15.
  - 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.

# Implementing PA Prospective Payment (First Year Only)

- Employers will receive an invoice for the second installment in late July or 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.

# PA True-up Payroll Reporting

- Prospective requires annual true-ups. BWC will send the true-up notice 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.



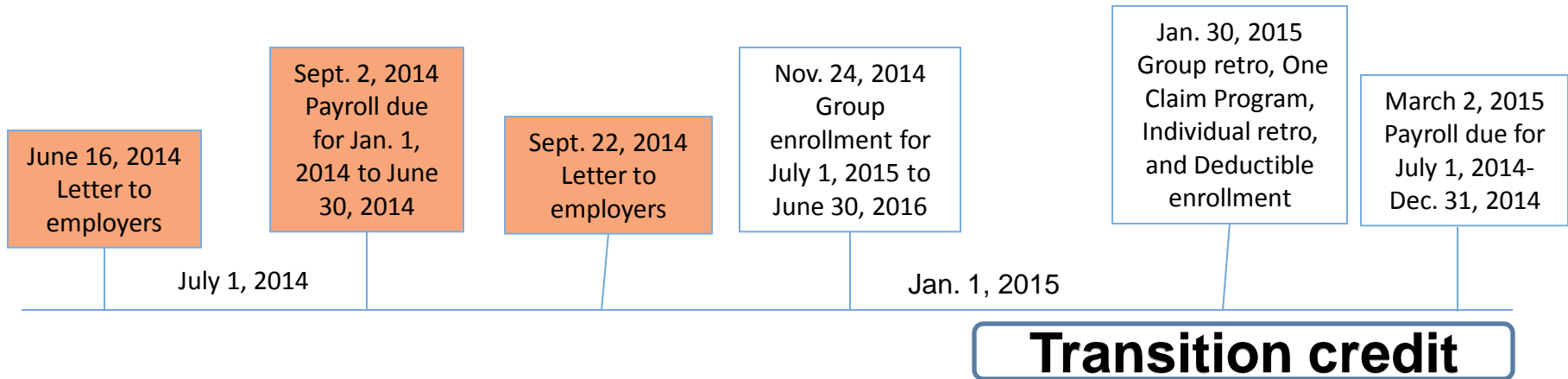
# PA True-up Payroll Reporting

- This information is critical for rate setting. For that reason, any outstanding true-ups 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.

# Rating Plan and Program Deadline Changes Effective Policy Year 2015!

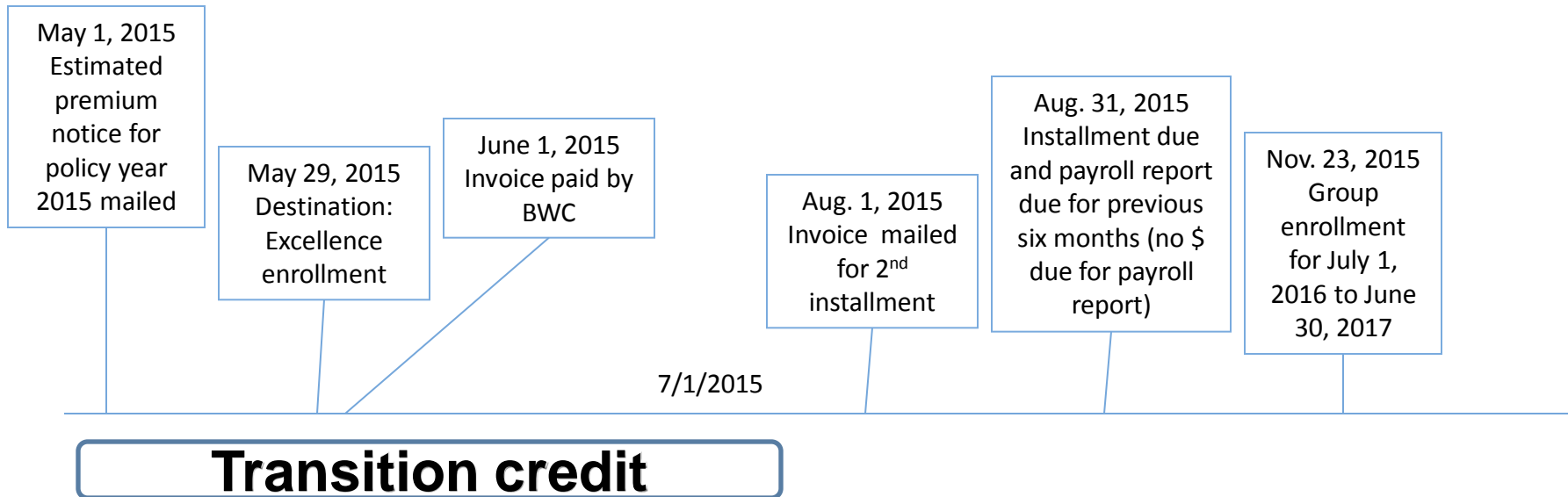
- Group-experience rating – Monday prior to Thanksgiving (starting in 2014 for policy year 2015)
- Group retro, One Claim Program, Deductible, Individual retro – Last business day in January
- Destination: Excellence programs – Last business day in May

## Private Employer Timeline – Jan. 1, 2014 to Feb. 28, 2015



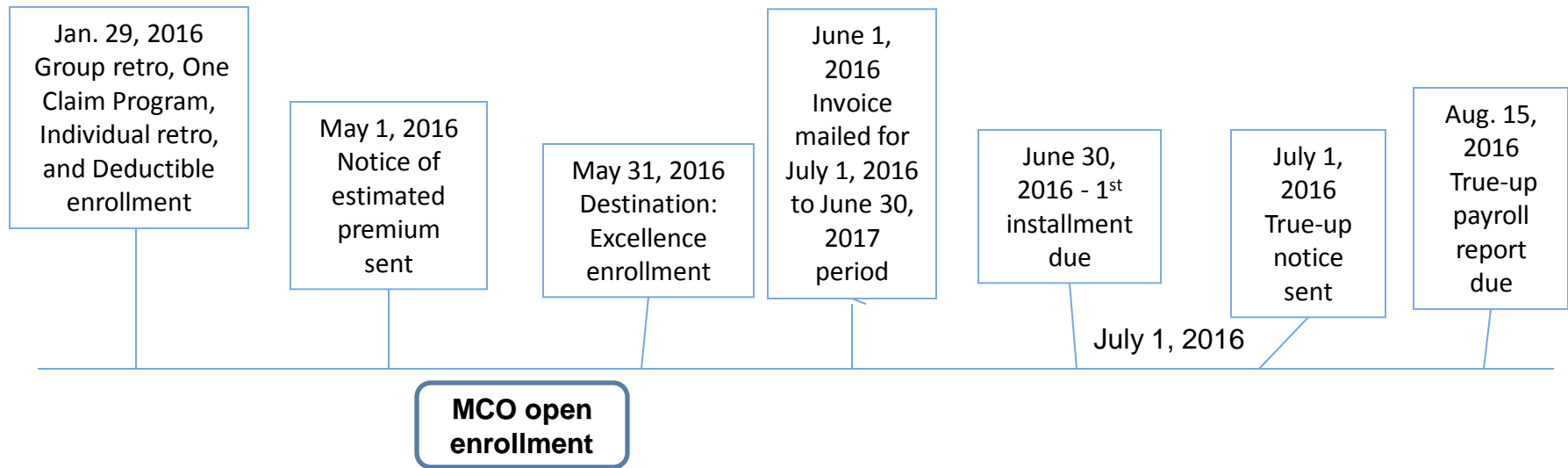
- BWC will send two letters. BWC will send the first one in June to indicate the change in rating plan sign-up deadlines. BWC will send a second letter to employers in September explaining the upcoming changes and reminding them not to forget the new rating plan deadlines.
- Group rosters due Nov. 24, 2014, for policy year 2015.
- Rating plan deadlines are the end of April for 2014; end of January for 2015.

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



- BWC to mail notice for estimated 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
- True-up 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.

# Communications Plan

- In September, all private employers will receive a letter laying out what to expect over the coming months.
- In early 2015:
  - BWC staff will give presentations across the state at each customer service office as well as other locations;
  - Webinars;
  - How-to video tutorials will be posted on [www.bwc.ohio.gov](http://www.bwc.ohio.gov).
- BWC will offer presentations at Safety Congress 2015 (March 31 – April 2) and 2016.
- For more information, visit [www.bwc.ohio.gov](http://www.bwc.ohio.gov).

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# Public Employer Transition

# Rating Plan and Program Enrollment Dates

- Beginning in 2015 future deadlines have changed!
- Group- experience rating – Last business day in May
- Group retro, One Claim program, Deductible, Individual retro – Last business day in July
- Destination: Excellence – Last business day in November

# Public Employer (PEC) General Overview (Transition Year)

- Implement PEC prospective payment effective Jan. 1, 2016
  - In 2016, payment time frames will remain the same.
- PECs will receive their 2015 payroll report along with a 2016 invoice in March 2016.
  - Invoice will include a 50% credit for both the 2015 and 2016 premium.
- PECs will need to pay at least 50% of their annual premium for both 2015 and 2016 by May 2016.

## PECs – Jan. 1, 2016 to Dec. 31, 2016

- BWC will send second invoice (for the remaining premium) in August with a Sept. 1 due date (for 2015 and 2016 policy years).
  - The invoice will include the 50% credit for both the 2015 and 2016 premium.
- PECs will receive a 2017 notice of estimated premium in November 2016.
- BWC will send invoice in December 2016.
  - First installment payment will be due by Dec. 31.

# Deferred Payment Option

- Public employers may opt into this program and delay their first payment until April 30.
  - Employer must elect this option on or before Dec. 31 of each year.
- By April 30, the employer must pay the January-May premium.
- BWC will charge a fee based on the discount rate assumed. This fee will make up for the interest BWC will not collect on the premium during the deferment.

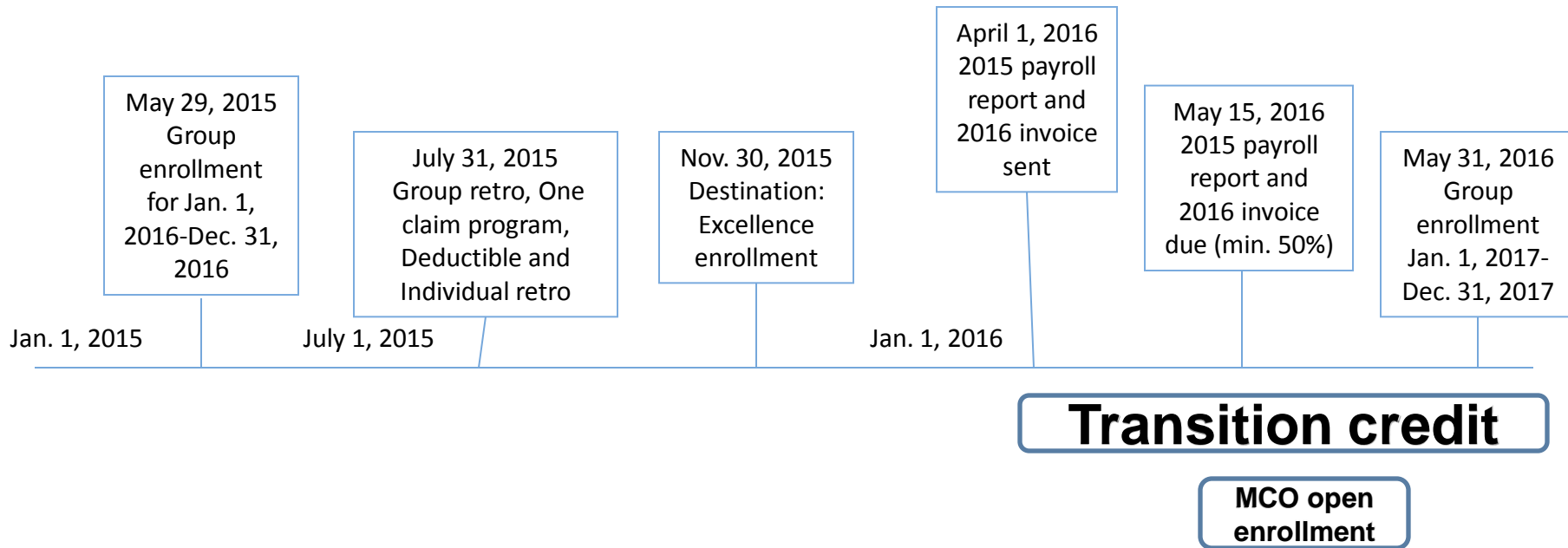
# Public Employer True-up

- Prospective requires annual true-ups. BWC will send the true-up notice in January of each year (beginning in 2017).
- The employer must report actual payroll for the previous year.
  - Online or over the phone only
  - If additional premium is calculated, it is also due by Feb. 15.
  - If credit calculated, it will be released in normal process.

# Public Employer True-up

- This information is critical for rate setting. For that reason, any outstanding true-ups 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.

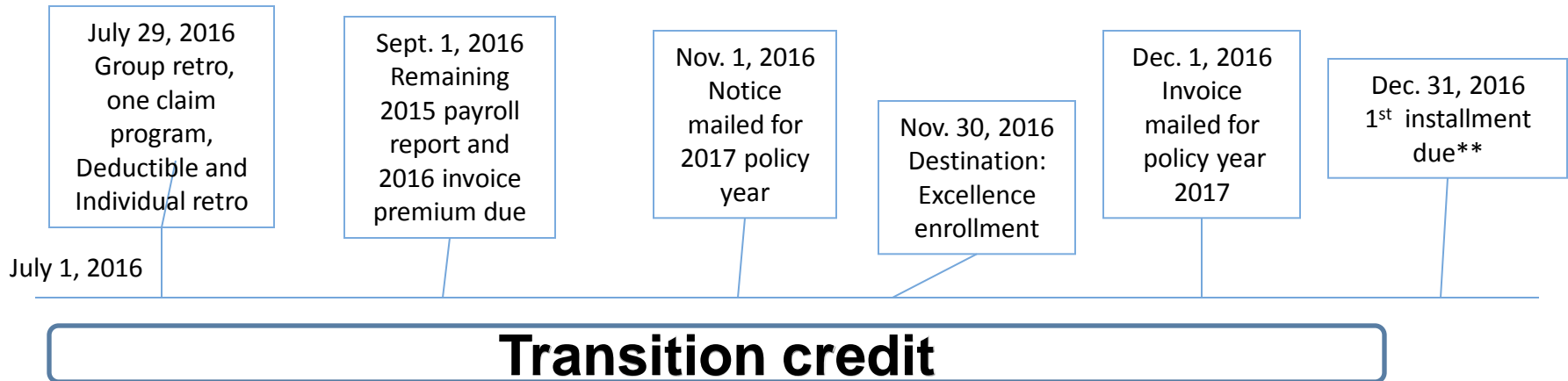
## Public Employer Timeline – May 1, 2015 to May 30, 2016



- Group enrollment – Last business day of May
- Group retro, One claim program, Deductible, Individual retro enrollment – Last business day of July
- Destination: Excellence enrollment – Last business day of November
- Dual premium billings in March of 2016 – Both bills discounted 50%



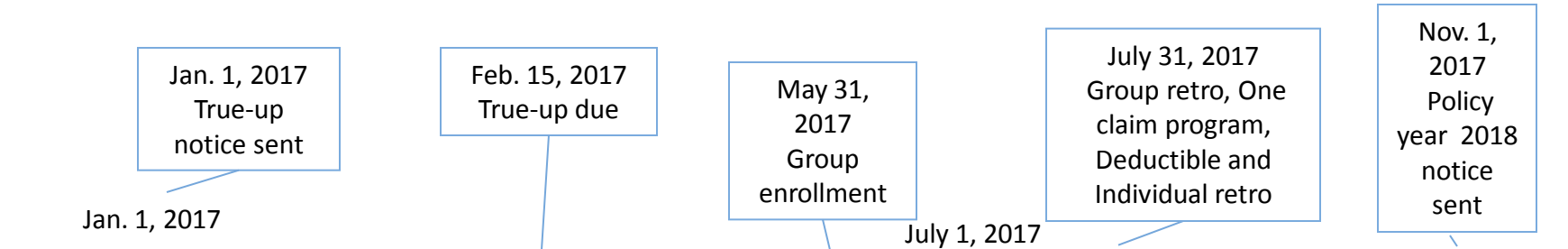
## Public Employer Timeline – July 1, 2016 to Dec. 31, 2016



- 2<sup>nd</sup> billing in 2016 for both policy year 2015 and 2016 (again, 50% credits on both)
- Policy year 2017 notice sent in early November.
- Policy year 2017 invoice sent in early December; due Dec. 31.

\*\*Deferred payment option can be used.

## Public Employer Timeline – Jan. 1, 2017 and Beyond



- True-up sent Jan. 1, due Feb. 15.

# Communications Plan

- In December, all public employers will receive a letter explaining what to expect in 2015 along with a reminder for program sign-up.
- In 2015:
  - BWC staff will give presentations across the state at each customer service office as well as other locations;
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# Questions?