

I would like to thank many of you who have participated in the Rate Reform meetings and Advisory Council meetings over the last month. Although I do not have any significant updates at this time. I wanted to provide you with the following questions and answers regarding the recent court injunction concerning the BWC Group Rating program. A little over a week ago, a meeting was held in Columbus with several TPA's and other employer representatives. Our Administrator, Marsha Ryan, informed the group that the BWC intended to appeal the decision. However, no timeframes were discussed regarding when an appeal would be filed or the deadline for this action. I will continue to keep you posted with updates as they are passed down to me. Please feel free to check our website: www.ohiobwc.com as well. Thank you.

Jerry Anderson
Service Office Manager
BWC Youngstown Service Office
e-mail:jerry.anderson@bwc.state.oh.us
(330) 270-3157 office
(330) 301-3759 cell

visit us on the web - www.ohiobwc.com

What happened with group rating?

A group of employers filed a lawsuit in the Cuyahoga County Court of Common Pleas alleging that BWC should not be offering its current group rating program because it violates current law. Yesterday, Judge McMonagle granted a preliminary injunction preventing BWC from offering the current group rating program beginning July 1, 2009 but did not order any premium relief for past years as part of the decision. He also said that BWC shall offer a group retro program beginning July 1, 2009.

What is a preliminary injunction?

A preliminary injunction restrains a party from going forward with a course of conduct until the entire case has been decided.

When does this decision take effect?

BWC is prevented from offering the current group rating program beginning July 1, 2009.

Will BWC appeal this verdict?

No decision has been made. BWC is currently working with the Attorney General's office to consider its options as it relates to this decision.

When would group-rated employers be impacted by these changes?

The first time they'd see any impacts as a result of this decision is for premiums due in February 2010. Bills due in February 2009 and August 2009 are unaffected.

What is group retrospective rating?

The premise of the program is that all employers would pay their actual premiums initially. The group would be evaluated for a one-year period. After a sufficient period of time, BWC would evaluate the collective losses of the group as a whole relative to their expected losses. If they brought more losses than expected, they'd be assessed more premium. However, if there losses were less than what was expected, they'd receive a refund.

How is group retrospective rating different from the current group rating program?

The current group rating program provides significant discounts upfront. While the group retrospective rating plan may offer a discount for joining, it would be substantially less than current discounts offered by today's group rating program.

Can BWC offer a group retrospective rating plan?

Yes. Initially, BWC was planning to launch group retro by January 1, 2010 for public employers. Private-sector employers could join beginning July 1, 2010. However, BWC intends to honor the judges ruling and have group retro functional by July 1, 2009 for private employers.

What other options might exist for employers?

BWC has been planning to offer several different options beginning July 1, 2009. They include:

- - Deductibles: allows an employer to receive a premium discount in exchange for agreeing to pay certain claims costs out-of-pocket.
- - PDP/Safety Dividend: allows all experience-rated employers to participate regardless of EM and potentially earning a refund should they perform better than expected.
- - 50/50: enables employers to either split their premium payments into two rather than paying their entire bill at the time it's due.
- - FlexPay: enables employers to receive a discount for paying their premiums early.

Will BWC still consider mitigation strategies such as caps?

BWC still believes mitigating extreme financial hardship is appropriate but must determine going forward whether the two proposed caps are the most effective means for accomplishing that.

How does this decision affect BWC business processes related to group rating?

Nothing changes. All group-related process will remain intact at present.

How does this decision change the reform process?

Nothing changes. Please continue to work on tasks that you've been assigned. Potentially, due dates could be accelerated on certain pieces of the plan.

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