



CareWorks
Consultants Inc.

Important BWC Board Decision

On Friday October 30, 2009, the Bureau of Workers' Compensation (BWC) Board of Directors unanimously approved the 2010 rate plan for private employers. The plan follows BWC's recommendation to both lower maximum credibility to 65 percent and apply a significant stratified surcharge (also referred to as "break-even factor" or "BEF") to all group employers reducing the maximum discount to around 51 percent. Board members rationalized the decision to move forward with lowering the maximum discount and applying a surcharge by stating that employers will not have to pay these premiums until 2011, and BWC offers various payment plans to assist employers who will have difficulty paying their premium. Unfortunately, the Board's decision means more than 70,000 employers will need to budget back-to-back premium increases for the 2010 and 2011 rating years.

BWC and the Board of Directors have been increasing premiums for group-rated employers each year since 2005 in an effort to achieve "premium equity" between those employers participating in a group plan and those who don't qualify due to excessive claim loss history. BWC reported that rates for non-group rated employers were already corrected by changes made through 2009. The most significant of these increases were effective for the 2008 and 2009 rate years for premiums payable in February and August of 2009 and 2010. The Board decided to move forward with its 2010 plan in opposition to calls from the public and private business community, as well as legislative leaders, to postpone further increases until the results of the 2008 and 2009 changes could be fully analyzed.

A coalition of business organizations formed to address BWC changes to the workers' compensation system did a great job in a short period of time to educate the Board, the Governor and legislative leaders on the negative effects such premium increases will have on Ohio's safest employers. And, while the Coalition's efforts did not stop BWC from going forward, their efforts did not go unnoticed. There were over 800 letters sent to Board members, the Governor and legislative leaders on this issue. In addition, several members of the Coalition contacted legislators and Board members to educate them on the effects of BWC's 2010 rate plan and what impact it will have on Ohio's economy and safest employers.

It's important to bear in mind that even with these changes, group rating will continue to be a very valuable program for employers to participate in for 2010. As a result we have begun to analyze and form our 2010 group rating program. Renewal and prospect materials will be mailed within the next few weeks. We will keep you advised of any further developments.

Please contact your CareWorks Consultants account executive with any questions at 1.800.837.3200.