

Important Changes From the Ohio Bureau of Workers' Compensation

The new year brings many changes from the Ohio Bureau of Workers' Compensation that impact the handling and administration of workers' compensation claims. Among the most notable changes are the revisions to the BWC's future reserving rules, which will significantly impact workers' compensation claim values and premium calculations for many employers.

BWC Revises Future Reserving Rules

During the transition process of implementing the BWC's predictive reserve modeling system ("MIRA I") to replace its tabular reserving system, the BWC issued several rules aimed at smoothing the transition. Those rules applied MIRA I's rules with regard to reducing or eliminating reserves associated with medical-only claims, claims involving salary continuation, and claims with living maintenance as the last paid indemnity. With the implementation of MIRA II (the update of MIRA I), the BWC will no longer apply these rules that currently suppress reserves for claims in those categories.

Beginning on July 1, 2010, medical-only claims will be eligible for a reserve. The BWC will first use medical-only claims for rate-making purposes for the July 1, 2011 policy year. For claims in the 15K medical-only program, a reserve will not be assigned unless the employer removes the claim from the program. Also on July 1, 2010, the original reserve amounts for claims with living maintenance or living maintenance wage loss as the last paid indemnity will no longer be reduced by 50%. Further, all claims arising on or after January 1, 2011, will be eligible for both medical and indemnity reserves.

Claims with salary continuation as the only indemnity payment will not likely incur an indemnity reserve under MIRA II. Employers who continue salary continuation should be aware that doing so will eliminate only the indemnity compensation portion that contributed to their experience rate calculation. Medical costs still will be reserved.

No DWRF Annual Adjustment in 2010

Due to a drop in the Consumer Price Index, the BWC has announced there will be no increase in DWRF (Disabled Workers' Relief Fund) benefits this year. This will result in no change for most claimants receiving benefits. Claimants may, however, be impacted based on changes in the amount of Social Security benefits they receive.

2010 Rate Adjustments

The BWC recently released the 2010 rate adjustments. The maximum rate for temporary total disability payments, wage loss, amputation award, and death benefit awards is now \$775.00 per week, an \$8.00 per week increase over 2009 rates. The minimum for temporary total disability payments and the maximum for permanent partial disability payments rose to \$258.33, a \$2.66 increase.

Changes to the BWC ADR Process

In 2009, the BWC formed a workgroup to review its alternative dispute resolution ("ADR") process and identify areas needing improvement. The BWC approved several of the workgroup's recommended proposals effective November 1, 2009, and codified in O.A.C. 4123-6-16. Some of the more significant changes include requiring MCOs (Managed Care Organizations) to electronically submit recommendations to the BWC,

permitting MCOs to obtain specialized physician reviews, and, in appropriate cases, tolling of the 21-day file review time period until an IME is obtained.

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