

BWC Update

Destination: Excellence

Capital Area Safety Council

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2011 Accomplishments

- Saved Ohio's private employers \$65 million in premiums
- Saved local governments \$22 million in premiums
- Saved employers an additional \$80 million by reducing the BWC budget by 12%

2011 Accomplishments

- Created the "Grow Ohio" program to boost economic development:
 - New Ohio employers receive a 25% premium reduction, or
 - May immediately join a group rating program rather than wait until next enrollment period.
- As part of the Lt. Governor's Common Sense Initiative, established a "one-time-forgiveness" that restores coverage and waives penalties and interest for employers who pay premium late.

2011 Accomplishments

- Developed a **"Wellness Grant Program"**, providing up to \$4 million to assist employers in implementing wellness programs:
 - Awards employers up to \$15,000 over four years
 - \$300 an employee
 - * \$100 in first year
 - * \$75 second and third year
 - * \$50 fourth year

2011 Accomplishments

Wellness Grant Program: Objectives

- Stimulate improvements in the health, well-being and productivity of Ohio employees
- Reduce health care costs, lost productivity and workers' compensation costs for Ohio employers
- Assess the impact of workplace wellness programs on workers' compensation claims frequency, lost time, and claims costs

2011 Accomplishments

Wellness Grant Program: Employer Responsibilities

- Employers
 - Select wellness program vendor
 - Complete grant application and other forms
 - Complete safety management self assessment
 - Encourage employee participation
 - Work with vendors to identify priorities and needs
 - Provide aggregate HRA and biometric data to BWC on yearly basis
 - Provide other requested data to BWC
 - Participation, Absenteeism, Health care costs, WC claims
 - Provide proof of purchase to BWC

2011 Accomplishments

Wellness Grant Program: How Success is Measured

- Number/Percentage of participating employees
- Reductions in health risk scores (number of employees moving from high to medium or medium to low risk)
- Reduction in health care/Rx costs
- Reductions in absenteeism/turnover
- Reduction in workers' compensation claims, lost work days, and costs

2011 Accomplishments

- Improved Pharmacy Management to ensure workers are being prescribed drugs that help, not hinder, their recovery:
 - Created the first-ever formulary, which will save an estimated \$15 million in its first 18 months
 - Initiated measures to ensure BWC will only cover drugs related to the specific injury
 - Changed rules to prohibit decertified providers from prescribing drugs for injured workers

Challenges for 2012

- Medical and indemnity costs escalating, with the average cost per claim rising at a much faster rate than other states across the country.
- Return-to-work numbers have fallen from 75% of injured workers getting back to work within a year to below 69%.
- Our claims tail (how long we pay on a claim) is much fatter and longer than many other surrounding states, and most of the country. Eight years from the date of injury, BWC still has more than 45% of total claims costs left to pay out, compared to the nationwide average of 17%.

Meeting the Challenges

- o BWC is transitioning to claims management that targets claims that are most likely to become complex, and identifying the right point at which to introduce vocational rehabilitation and/or transitional work plans.

Meeting the Challenges

- o BWC is working with providers to change their mindset from telling us what an injured worker can't do to telling us what they can do. We are also developing further criteria for provider certification.

Meeting the Challenges

- o MCOs will now be rewarded for actually achieving a "return-to-work" rather than a "release-to-work". BWC is working with MCOs to improve the use of vocational rehabilitation.

Meeting the Challenges

Destination: Excellence

A new rating plan from BWC

What is Destination: Excellence?

- It's a customizable BWC rating plan consisting of seven new and existing program options.
- Helps employers build a risk-management plan focused on:
 - Policy maintenance;
 - Prevention;
 - Return to work.

Policy Maintenance

Go-Green Discount

Purpose: Encourages employers to interact with BWC electronically

Actions: Receive payroll report, file payroll and pay premium online

Incentive: 1-percent premium discount; up to \$1,000 every six months

Policy maintenance

Lapse-Free Discount

Purpose: Encourages timely payments from employers
Actions: Have no lapses in last 60 months; can use one-time forgiveness to stay current
Incentive: 1-percent premium discount; up to \$1,000 every six months

Prevention

Drug-Free Safety Program

Purpose: Encourages employers to eliminate drugs and alcohol in the workplace
Actions: No changes to current requirements
Incentive: 4- to 7-percent premium discount

Prevention

Safety Councils

Purpose: Encourages employers to participate in local safety councils and improve safety performance
Actions: No changes to current requirements
Incentive: 2-percent premium discount for attendance; 2-percent for performance

Prevention

Industry-specific safety

Purpose: Encourages employers to conduct a risk assessment and participate in activities to reduce accidents

Actions: Includes completing a risk assessment; providing data; and completing between one and three safety activities (depending on size of employer)

Incentive: 3-percent premium discount

Prevention

Industry-Specific Safety (continued)

Safety Activities

1. Attend industry-specific training classes
2. Attend Ohio Safety Congress & Expo
3. On-site field consultation by BWC

Small employers (less than or equal to \$100,000 in payroll) = one of the above

Medium employers (more than \$100,000 and up to \$300,000 in payroll) = two of the above

Large employers (more than \$300,000 in payroll) = all three of the above

Return to Work

Vocational rehabilitation

Purpose: To reward employers who encourage workers to use rehab and bring them back to work. Has always been available, but not widely known.

Actions: Successfully completing a rehab plan and returning injured worker(s) to work

Incentive: Negotiated payments to employer and defraying rehab costs through surplus fund; applicable to claim with any date of injury

Return to work

Transitional Work

Purpose: Encourages employers to bring workers back to work quickly and safely

Actions: Set up a program for addressing lost-time claims

Incentive: Grants for employers to set up program; up to 10% bonus for using an established program to return injured worker(s) to work – any claim with date of injury in that policy year

Return to work

Transitional Work

1. For employers with existing grants: BWC will review current status of employer's program and ensure the program has all necessary components to qualify for bonus participation.
2. For employers who have not received a grant, but have an active transitional work program: May request a review/approval of their program by BWC for bonus consideration. Employer will need to submit for review, the written program, proof of training, resource list, job analyses and program evaluation results.
3. For employers wishing to participate in bonus program without a transitional work program: Employers will be referred for grant consideration.

Return to work

Transitional Work Grants

- BWC will begin taking applications 7-1-12
Applications may be submitted at any time.

Bonus

- Bonus is to be given as an account credit that is refunded after any account balance is absorbed.
- **Application Deadline**
 - Pa – The last business day of April for a 7/1 start date and the last business day of October for a 1/1 start date.
 - PEC – The last business day of October for a 1/1 start date. The first program year available is 1-1-2013.
 - Application is required each year.

Possible Discounts

Component	Initial	Back-end
Go-Green Discount	1%	---
Lapse-Free Discount	1%	---
Safety Councils	2%	2%
Industry-Specific Safety	3%	---
Drug-Free Safety Program (DFSP)	4 to 7%	---
Vocational Rehabilitation	---	---
Transitional Work	---	10%

Premium Impacts

The order of the calculations does not matter.

Component	Discount	Net Impact	Component	Discount	Net Impact
Employer	---	\$1,000.00	Employer	---	\$1,000.00
Group	53%	\$470.00	Group	53%	\$470.00
DFSP	7%	\$437.10	Go Green	1%	\$465.30
Industry-Specific Safety	3%	\$423.99	Industry-Specific Safety	3%	\$451.34
Go Green	1%	\$419.75	DFSP	7%	\$419.75
Bottom Line	---	\$419.75	Bottom Line	---	\$419.75

More About Discounts

- We will apply all discounts except those in **Go Green** and **Lapse Free** to pure premium.
- **Transitional Work** will provide eligible employers a potential grant and enable employers to receive a maximum 10-percent bonus for successfully using these plans.
- We will consider a **Claim-Free Discount** for the July 1, 2013, policy year.

How, When are Discounts Applied

- **Lapse free:** Automatically applied via account credit
- **Go green:** Applied at time of payment
- **Other discounts (e.g., DFSP):** Follow pre-existing rules

Compatibility changes

Three Principles of Compatibility

- Programs that provide an artificial discount should stand alone.
- Programs that are cost based should stand alone.
- Programs that encourage certain behaviors/best practices should be compatible.

Compatibility Changes

- **DFSP** is compatible with the **\$15,000 Medical-Only Program** and is fully compatible with **Group Rating**.
- The 2-percent participation discount through **Safety Council** is available to **Group Retrospective** participants.
- The **One Claim Program** and the **100-Percent EM Cap** are not compatible with the **Small Deductible**.
- **Salary Continuation** is compatible with everything.
- **Small Deductible** is not compatible with **Group Rating**.
