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KKSG *focus*

OHIO WORKERS' COMPENSATION ADMINISTRATION AND COST CONTROL

The coverage options and discount programs that are offered by the Ohio BWC are many and complex. KKSG evaluates these issues and will determine the qualifications and potential savings that could apply to you and present the advantages and disadvantages of each.

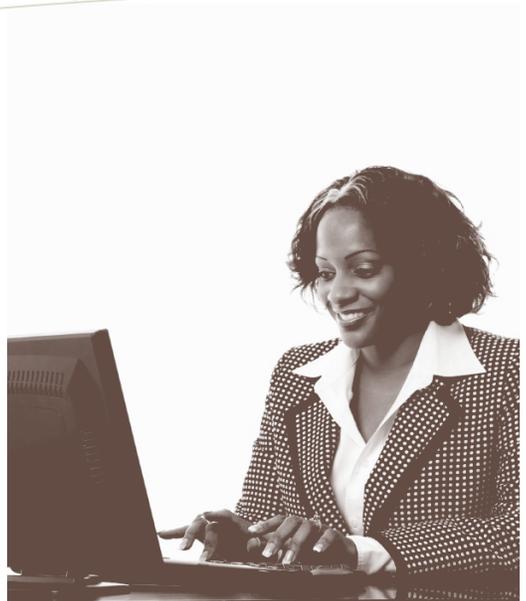
State Fund Premium Rebates

On May 30 2013 The BWC Board of Directors unanimously approved a proposal set forward by Governor John R. Kasich to leverage BWC's strong financial position by returning \$1 billion to 210,000 Ohio employers. The private employer rebate is defined as 56% of billed premium for the eligible employers for the policy period of July 1, 2011 through June 30, 2012. The percentage will be applied to the blended premium amount. The public taxing district employer rebate is defined as 56% of billed premium for the eligible employers for the policy reporting period of January 1, 2011 through December 31, 2011. The percentage will be applied to the blended premium amount. BWC anticipates that the majority of rebates

will be mailed to employers in late June, 2013 or early July, 2013. Private employers participating in a group, retrospective rating program will receive their rebates in the fall, 2013.

In a separate action, the board signed off on a 2.1 percent average reduction in base rates for private employers that brings their three year premium savings to an estimated \$224 million.

The 2.1 percent base-rate reduction for private employers is for the 2014 policy year, which runs July 1, 2014 to June 30, 2015. It represents an aggregate savings of \$29 million over 2013 premium collections. The reduction follows a 4 percent rate decrease in 2012 and flat rates in 2013. Actual pre-

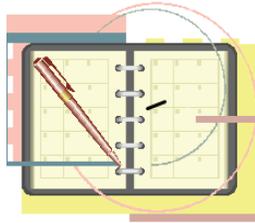


mium paid by individual private employers depends on a number of factors, including their industry, their recent claims history and expected future costs, and their participation in discount and savings programs. Rates for public employers, currently at a 30 year low, are decided in the fall.

State Fund - Lapse of Coverage, Private, state funded employers will receive their payroll report billing (form DP-21) each July and January. The payment of this form is due on Aug. 31 and Feb. 28 respectively or coverage will lapse. If an employer's coverage should lapse and an injury takes place during this lapse, the injured employee can either sue the employer for all damages and expenses pertinent to the workers' compensation claim or file a claim with the BWC. If the bureau allows the filed claim, the employer must reimburse the BWC for the claim's cost. (continued page 2)



Important Dates to Remember



Private employers

A new policy year is underway and runs from July 1, 2013—June 30, 2014. With this new policy year comes the start of the various BWC programs. Here are some important dates to remember.

August, 2013

30—Drug Free Safety Program (DFSP) action plan deadline for program year starting July 1, 2013. This applies to Advance level participation only.
30—Payroll reports and premium due (for six month period 1/1/13—6/30/13)
31—Self-insurance assessment payment due—2nd half

September, 2013

15—Annual Retro evaluation statements mailed
30—DFSP annual report and safety mgmt. self-assessment deadline for program year starting January 1, 2014
30—99 EM construction cap opt out deadline OR submission of safety management self-assessment if participating
30—EM opt out deadline
October, 2013

15—Last day to submit settlement applications (for impact on 7/1/14 policy year)
31—DFSP application deadline for program year starting January 1, 2014
31—Transitional work bonus

application deadline for program year starting January 1, 2014

December, 2013

1—Balance of 50/50 premium due

Public Employers

The policy year for Public employers runs from January thru December of each year. Here are some important dates to remember for Public entities.

August, 2013

30—Group experience-rating program application deadline
31—Self-insured assessment payment due—2nd half

October, 2013

31—Application deadline for Deductible, DFSP, Group Retro, Individual Retro, ISSP; for program year January 1, 2014.

December, 2013

1—Last day for Retro settlements (close-out year for 10 year annual evaluation)

In an effort to reduce costs and to help the environment, the BWC no longer mails your individual rating experience. The experience exhibit for policy year 7/1/13—6/30/14 is available on the BWC web site. If you are having trouble using the BWC web site, please contact your account executive. We can obtain a copy of the experience exhibit for you and/or walk you through the BWC site.

Article by Sherri Scott

Lapse of Coverage,

(cont.) In addition, if workers' compensation coverage has lapsed, the BWC will assess 2 penalties to the employer— one for filing the payroll report late and a second for paying premium late. The penalty for failure to file a payroll report on time is 1 percent (\$3 minimum, \$15 maximum) of the premium due. Failure to pay premium on time will result in a penalty charge in the first month equal to 3 percent of the premium due. For each additional month of delinquency, the BWC will assess an additional 2 percent per month penalty. This penalty cannot exceed 15 percent of the premium due.

Other potential adverse effects of having your coverage lapse: 1). The BWC may file assessment liens for non-payment of premiums and claims during a lapse in coverage.

2). Cumulative lapses in coverage in excess of 59 days within the 18 months preceding the application deadline for group rating will preclude that employer from participating in a group rating plan.

To prevent this from happening to your organization, we recommend that you send your payroll report and check for premium due to either our office in Cleveland or Columbus prior to the deadline for the filing of these reports. We, in turn, will file your application along with payment, and obtain a time-stamped copy of this report in case their is any dispute in the future as to whether your report was filed timely or not.

Article by Mike Carey

KKSG & Associates, Inc.

Kenny • Keister • Stehlik • Georgic

Workers' Compensation • Claims and Actuarial Service

14600 Detroit Ave., # 450,
Lakewood, OH 44107
(216) 221-0560 / 888-898-1235
Fax (216) 221-0575

Visit us at KKSG.com

67 E. Wilson Bridge Rd, #201,
Worthington, OH 43085
(614) 433-0525 / 800-240-4356
Fax (614) 433-0626

State Fund Claim Appeals



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State Fund Claim Appeals

We often receive questions concerning the process for State Fund claims that are appealed to the Court of Common Pleas by the Injured Worker (IW) or the IW's Attorney of Record. Initially, the Ohio Bureau of Workers' Compensation (BWC), issues an "Administrator's Order". This order is based upon medical documentation provided to the BWC as well as their initial contact with the Employer, the IW, and treating physician. The IW and the Employer have an opportunity to appeal this BWC order. Once a BWC order is appealed, the matter will be scheduled for an Ohio

Industrial Commission District Hearing Officer hearing. All hearings at the Ohio Industrial Commission (IC) are administrative in nature. That allows us, as non-attorneys, to represent the employer's interest. The appeal of a BWC order will always result in an IC DHO administrative hearing. Once DHO order is published all parties (including the BWC) have the opportunity to appeal the DHO's order. An appeal of the DHO order will guarantee a second level, IC Staff Hearing Officer (SHO) administrative hearing. After the SHO administrative hearing takes place another order is published. This order is also appealable by all parties. However, very few of these appeals are granted. Thus, if one of the parties remains dis-satisfied with the IC's decision, an appeal to court is the only course for remedy. Depending on the specific issue, in most IW court appeals, the BWC's and the Employer's positions are very similar. The BWC is represented by an Assistant Attorney General (AAG). Thus, in most scenarios the Employer of Record's position is protected and represented by the AAG. The AAG may on occasion contact the employer and request specific information not previously provided. If you ever have any questions concerning the release of information, please contact your Account Manager before doing so.

In certain situations, the Employer's and BWC's position may not be as similar. Or, the AAG may be willing to settle the claim on the BWC's behalf

without being aware of how that settlement impacts the development the Employer's merit rated premium. It is imperative you copy KKSG on all BWC issues / claims that have been appealed to court. Sometimes it will be in your best interest to hire an attorney so that you are protected and / or have input on settlement discussions. We can provide claim cost analysis to help guide that decision.

It is not unusual for an IW to appeal a BWC / IC issue to the Court of Common Pleas. In most claims, the employer's and BWC's position will be very similar, and no additional employer involvement is necessary. In other claims the issue / costs associated there in may well warrant the employer obtaining counsel. Should you have an IW appeal an issue to Court, please contact us immediately so we can identify the potential claim costs and impact on your premium rates. As always, contact us with question on this or any other Workers' Compensation matter.

Article by Eric Haser

PAYROLL REPORTING

Each year, the minimum and maximum payroll reporting requirements change. For calendar year 2013, please take note of the following:

Minimum-- \$419 per week (\$10,894 per 6 month reporting period, or \$21,788 annually).

Maximum--\$1,256 per week (\$32,656 per 6 month reporting period, or \$65,312 annually)

The minimum and maximum payroll reporting requirements apply to

- Active executive officers (maximum usually applies here)
- Employers who choose elective coverage
 - Sole proprietors
 - Partnership
 - Family farm corporate officers
 - Limited liability company acting as a partnership
 - Limited liability company acting as a sole proprietor
 - Individual incorporated as a corporation (with no employees)

If you feel your company has reported payroll incorrectly in the past, please contact your account executive. We will assist you in filing amended payroll reports. The BWC allows corrections to payroll reporting going back two years.

Article by Sherri Scott