

November 2010

WORKERS' COMPENSATION NEWS

BWC Board of Directors Meeting

The Board of Directors unanimously approved BWC's recommendation to lower the Public Employer Taxing District's (PECs) overall rates 5.5%, which is a total reduction of 33.5% in the past three years. The rates for individual PECs will differ based on their individual claim history.

During the October board meeting, the Board of Directors was updated on the Quarterly Implementation Progress Report influenced by the Deloitte Study Recommendations. The Quarterly Implementation Progress Report has six Stages of Implementation: Evaluation, Planning, Design, Implementation, In Place or No Action. BWC's representative reported that 87 of the 146 recommendations are in one of the above Stages of Implementation.

The recommendations listed below are in various stages of implementation and may influence the management of certain BWC programs that are in place.

Group Rating

- Eliminate the use of the individual e-mod formula for group rating
- Establish a minimum number of years of experience for a group to qualify
- Develop a group discount formula based on a loss ratio or loss rating approach
- Evaluate Group Dividend plan as a group rating alternative
- Evaluate Per Accident Loss Limitations as a group rating alternative
- Evaluate Tiering within a single group as a group rating alternative

The above recommendations are all in the Design Stage of Implementation and would be implemented for Fiscal Year 2012 or later.

Handicap Reimbursement Program

- Exclude Arthritis as a Handicap
- Require that Existing Conditions be the Proximate Cause of a More Severe Second Injury
- Reduce the Lag Time Allowed for Handicap Reimbursement

Deloitte's initial recommendation was to terminate the Handicap Reimbursement Program and BWC has announced that it is not their intention to terminate the program at this time. In addition to the three recommendations listed above in the Evaluation Stage of Implementation, there are two additional "remedies being pursued to limit abuse and return the program to its intended purpose."

Retrospective Rating

- Redesign the Retrospective Rating Program

The above recommendation is in the Evaluation Stage of Implementation and we should hear further information regarding its progress in the next quarterly update.

Salary Continuation/\$15K Med Only Program

- Perform periodic actuarial studies to evaluate the appropriateness of the credits offered under the various discount programs

Although the above recommendation is in the Design Stage of Implementation, Deloitte's initial recommendation was to terminate both the Salary Continuation Program and the \$15,000 Medical Only Program. BWC has stated that it is not their intention to eliminate the Salary Continuation Program at this time. They go on to explain that the problem of not accounting for all the costs that salary continuation presents is being addressed by making salary continuation claims with dates of injury on or after January 1, 2011 eligible for a claim reserve (both medical and indemnity reserve). BWC has also stated that their intention, at this time, is to not eliminate the \$15,000 Medical Only Program, but eliminate MIRA transition rules that systematically reduce or eliminate reserves associated with medical-only claims. Employers actively participating in the \$15K Program will not see a reserve on those medical-only claims until they remove the claim from the \$15K Program.

The key projects for Fiscal Year 2011 are:

- Class Ratemaking Evaluation
- Self-Insurance Securitization
- Subrogation Implementation
- Development of Re-rating Policy
- MCO Effectiveness Improvements

The BWC Board of Directors next meeting will be Friday, November 17, 2010 at 8:00 a.m.

BWC Net Assets as of August 31st

BWC reported that as of September 30, 2010 their net assets were at \$4.9 billion, which is a \$1.1 billion increase from September 30, 2009 of \$3.8 billion.

SAFETY NEWS



Sheakley Safety Supply . . . Just a Click Away

We are excited to keep you updated on the progress of our NEW ON-LINE safety equipment store.

This new product launch, SHEAKLEY SAFETY SUPPLY, was developed with you in mind and is guaranteed to be your best source to acquire quality, safety equipment for your workplace. You will have *over 5,000 safety items available to you with the best pricing available*. If you're unable to find a specific product that you have been accustomed to using, please let us know and we will be sure to have that item placed on our site.

We are dedicated to making sure that our safety store will be *your #1 safety equipment resource* to assist you in maintaining an accident free environment and reducing your safety budget for 2010.

UNEMPLOYMENT NEWS

Ohio Unemployment Rate – August

Ohio unemployment rate for September 2010 is 10.0%, an encouraging decrease from the 10.7% in September 2009. The U.S. rate for September 2010 remains at 9.6%.

Voluntary Contribution Rate Determinations

A Voluntary Contribution is a payment made during a specific period that may reduce an employer's unemployment tax rate for the following tax year. Since Ohio is a reserve-ratio state, the additional contribution increases an employer's reserve balance. The Ohio Department of Job and Family Services processes this additional payment and then issues a revised Contribution Rate Determination. The purpose behind this payment is to lower the contribution rate an employer will pay during the next tax year. Voluntary Contribution payments must be calculated and submitted within specific time frames, and for Ohio the deadline is 12/31/2010.

More than just the one-time payment should be taken into account when reviewing your rates, so make sure to inform your Sheakley representative if you are anticipating any increases or decreases in payroll dollars, or any other corporate changes.

Your Contribution Rate Determination will be coming out by the end of November. It is important that you send this to your Sheakley Unemployment Account Manager quickly, so that it can be reviewed to ensure accuracy as well as to determine whether or not your rates could be reduced through the voluntary contribution.

Common Rating

Ohio employers who are commonly owned entities don't forget to have your Account Manager check out the potential savings afforded if you become Commonly Rated, 51% common ownership is required and all accounts must be merit rated.

LEGISLATIVE NEWS

Governor John Kasich

The Ohio governor is responsible for the proposal of the state budget, appointing state department directors and members of boards and commissions and signing into law or vetoing bills passed by the Ohio General Assembly.

On January 10, 2011 Republican John Kasich who defeated Democrat Ted Strickland will commence his four-year term serving as Ohio's governor.

Governor Kasich has promoted his promised efforts through his campaign to "create a business environment that rewards investment and increases wages" and to "transform Ohio into a model of job creation and economic vitality that other states will want to follow." In order for these efforts to be successful, Kasich states that "we must":

- **Lower Taxes** – Create a tax climate that allows Ohio to compete with other states to attract new businesses, foster job creation, and keep our precious, existing jobs here.
- **Make Government More Efficient and Effective** – Skinny-down state bureaucracy to ensure taxpayers are getting their money's worth, and reform state government into a 21st century partner with Ohio's job creators – not one that punishes business with outdated or unnecessary regulation.
- **Transform Our Education System** – Help our kids achieve, compete and succeed to meet the workforce demands of tomorrow's economy.
- **End the Influence of Special Interests** – Build common-sense solutions to our problems and kick out those who, for too long, have kept us from fixing all that is wrong in our state.

Senator Rob Portman

The United States Senator, along with the U.S. House of Representatives, is responsible for federal legislation and advises and consents on key executive and judicial appointments and on the ratification of treaties.

Republican Rob Portman will be joining the upper house of Congress for a six-year term commencing January 3, 2011. Republican Rob Portman who defeated Democrat Lee Fischer will be replacing retiring Republican Senator George Voinovich.

Senator Rob Portman has created the Portman Plan to Create Ohio Jobs, which offers "specific proposals to get Ohio and our nation back on the path to prosperity". The proposed plan consists of six pillars:

- **Supporting Ohio Workers**
- **Helping Small Business Succeed**
- **Strengthening the Environment for Job Creation**
- **Reforming Financial Regulations to Hold Wall Street Accountable**
- **Healing the Economy by Reducing the Deficit**
- **Getting Directly Involved in Economic Development**

To learn more about these changes and how they will impact your business, please contact our office at 513-326-4675 x2044 or visit our website at www.sheakley.com.