

## Modernizing BWC – The plan to optimize the premium collection model

BWC is transitioning to a billing system that will provide more flexibility for employers while reducing overall systems costs. This change aligns BWC with standard industry practice and enables us to collect premiums before extending coverage. This transition becomes effective July 1, 2015, for private employers, and Jan. 1, 2016, for public employers. This conversion is part of BWC's ongoing efforts to modernize its operations and provide better service to Ohio's employers.

### The benefits of prospective payment

A switch to a prospective billing system could provide the following benefits to Ohio employers:

- Overall base rate reduction of 2 percent for private employers and 4 percent for public employers;
- Opportunities for more flexible payment options (up to 12 installments);
- Better opportunities for BWC to provide quotes online or via the phone;
- Fewer costs from employers who either don't pay premiums timely or have workers injured without coverage being mutualized among employers in good standing;
- Increased ability for BWC to detect employer non-compliance and fraud.

### How it will work

Ohio employers will see a few modest changes as this transition takes place. They are:

- **Earlier opportunities to sign up for incentive programs** - Beginning in the fall of 2014, employers looking to participate in programs such as group rating, group-retrospective rating or other rating plans will have the opportunity to make those selections sooner;
- **A one-time credit in July 2015** - An average employer will enjoy a one-time premium credit, as BWC will cover his/her August payroll report (covering the January to June 2015 premium) as well as the first two-month's (July and August) prospective premium;
- **A new payment schedule** - Employers will receive their invoice in June and begin paying premiums before July 1. While that is earlier than before, all employers will be able to make at least quarterly payments, and some employers will be able to pay up to as many as 12 installments;
- **A true-up process** - Because BWC is providing workers' compensation insurance coverage based on estimated payrolls, we will ask businesses to report or "true-up" their actual payroll for the prior policy year. This begins in August 2016.