

BAYLOR BULLETIN

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2008 SAFETY & WORKERS' COMPENSATION MANAGEMENT SEMINARS



The meeting dates for this year's seminars are fast approaching. Attached is the registration form and maps for this year's workshops. We will conduct the meetings at Columbus and Akron from 10:00 am to 3:00 pm. Please register now to attend the seminar most convenient to you. These programs are designed to reduce your workers'

compensation premiums in the short and the long term.

We are required to make these seminars available to Group Rating Program Participants under Section 4123-17-68 OAC. We will not be responsible for an employer who is removed from the program because of their failure to attend the seminars. These

seminars do not fulfill the training requirements of Section 4123-17-58 OAC for Drug-Free Workplace Discount Program Participants, nor Section 4123-17-70 OAC for Premium Discount Program Plus Participants. If you have any questions concerning these seminars, please contact Joel Danner at Baylor Associates.

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BWC DISCOUNT PROGRAMS ARE STILL AVAILABLE

By far the greatest discounts are enjoyed by employers in group rating plans, but each year it is becoming harder to qualify. As the BWC tightens the formulas for group rating, not only are the discounts less, but more employers are eliminated from group rating altogether. These employers often may take advantage of alternative discount programs which in some instances provide greater credits than some group plans.

The Premium Discount Program+ (PDP+) is offered to experience rated employers with experience modifiers of

.90 or higher. It can make available up to 3 years of discounts. The first and second years are at 10% and the third year is at 5%. An employer can earn additional premium reductions in the form of rebates for improved performance under the program. The rebates are based upon reductions in claims severity and frequency. They reduce your premium by up to another 20%. You may enter the program on July 1 or January 1. To begin you must file the application with the BWC within 30 days of the release of your individual policy rates. This usually

is no later than the end of August.

The Drug-Free Workplace Program (DFWP) makes available a 10% discount in Level 1, 15% in Level 2 and 20% in Level 3. The discounts are available for up to 5 years and may be stacked on top of Group Rating or PDP+ discounts and rebates. Level 1 requires a written policy, employee education and supervisor training. It also requires drug testing for pre-employment, post accident, reasonable suspicion and follow-up after assessment or treatment. Level 2

BWC DISCOUNT PROGRAMS ARE STILL AVAILABLE (continued)



“As with DFWP you can stack the Drug-Free EZ with Group or PDP+ discounts.”

combines all of the requirements of Level 1 plus 10% random testing and referral to established employee assistance provider for assessment. Level 2 also requires completion of 5 steps of the 10 Step Business Plan. Level 3 combines all of the requirements of level 2 plus 25% random drug testing and health care coverage for chemical dependency treatment. It also requires completion of all 10 steps of the 10 Step Business Plan. As with PDP+, you may begin the discount program on January 1 or July 1.

The Drug Free EZ is much like the DFWP. It is available only to companies with 25 or less employees. Its training requirements are less time consuming than those under DFWP. Much like PDP+ you can earn up to a 20% rebate. As with DFWP you can stack the Drug-Free EZ with Group or PDP+ discounts. You may not stack PDP+ and Drug-Free EZ rebates. It is a twelve month interval program. You may start it on January 1, or July 1. Applications for the 12 month beginning July 1, 2008, must be filed with the BWC by August 31, 2008.

The Safety Council Participating Discount Program can make available up to a 4% premium rebate and may be used in conjunction with any of the above programs, including group rating. One of the primary requirements is membership in and attending at least 10 meetings of one of the Safety Councils sponsored by the BWC. In order to participate for the policy year beginning July 1, 2008, you must join the Safety Council by July 31, 2008.

AVERAGE OHIO WORKERS' COMPENSATION RATES DECREASE

The BWC announced an average 5% decrease in rates for private employers on payrolls beginning July 1, 2008. This decrease is spread across 10 major industrial groups and hundreds of occupational classifications.

The rate for any one occupational classification might vary by up to 30% from year to year based on the statewide loss associated with the particular classification. Additionally, an individual policy's rate may vary substantially each year

based on the employers' experience.

The BWC projects \$96.1 billion dollars in payroll will be reported in the coming policy year and that they will collect \$1.69 billion in Premium.

10 Year History Average Rate per \$100 of payroll

7-1-98	\$2.11
7-1-99	\$2.03
7-1-00	\$1.93
7-1-01	\$1.81
7-1-02	\$1.80
7-1-03	\$1.94
7-1-04	\$1.98
7-1-05	\$1.76
7-1-06	\$1.85
7-1-07	\$1.85
7-1-08	\$1.76

The changes for the 10 Industry Groups are:

<u>Industry Group</u>	<u>% Change</u>	<u>Average Rate per \$100*</u>
Agriculture	-1%	\$3.72
Extraction	-7%	\$4.08
Manufacturing	-3%	\$3.29
Construction	-6%	\$4.58
Transportation	-10%	\$6.05
Utility	23%	\$1.36
Commercial Service	-2%	\$2.64
High Risk Commercial/Service	-3%	\$1.72
Office Work / Miscellaneous	-4%	\$3.26
TOTAL	0%	\$0.19
	-5%	\$1.76

***This rate does not include BWC and IC Administrative Cost or Disabled Workers' Relief Funds Assessments.**

Workers' Compensation UNIVERSITY



Looking for ways to reduce your workers' compensation costs? Searching for proven methods to keep your workers safe on the job? Do you want to know more about workers' compensation in Ohio? At the Bureau of Workers' Compensation educational conference, Workers'

Compensation University (WCU), you will find the answers to these questions and much more.

At WCU, you can access valuable information on topics such as claims management, ratemaking and workplace safety. You will learn practical strategies to help you cut

costs and protect your work force. You can get important updates about BWC and the Industrial Commission of Ohio. You can earn continuing education credit as well as credit for various BWC discount programs. For more information or to register online visit ohiobwc.com.

Avoid Claim Reserves by Continuing Wages

We often suggest to our clients that they use Salary Continuation (SC) in order to mitigate the premium impact of certain claims. When wages are continued in lieu of temporary total compensation (TT) the reserve on the claim is suppressed. Payment of SC does not mean that you certify the claim nor does it waive your right to appeal. Beginning July 1, 2008, BWC's policies concerning SC change. Here are some important points concerning salary continuation.

Wages must continue as if the claimant continued to work. This includes regular earnings and any benefit the claimant would be entitled to if he or she continued to work. The claimant must receive wages without interruption. They should not miss a single check.

The employer cannot wait until a determination of the claim has been made before making payment. An employer may not wait until 14 days have been missed to pay the first seven days. SC must be paid as soon as it is apparent that 8 or more days will be missed.

The employer should pay only for periods of disability related to the allowed conditions in the claim. Payment is not required if the claim appears to be a Medical Only ("MO") claim. If payment is made for less than 8 days the claim remains MO. If a MO claim subsequently becomes lost time and the employer wishes to pay SC all days must be paid at that time.

If the claimant works multiple jobs and is disabled from all

employment, the earnings from all employers must be replaced to avoid payment of TT. If the employer chooses not to replace the earnings from the second job, the BWC will pay TT based on just the earnings from the second job. If the claimant is not disabled from all jobs, the claimant is not eligible for TT and therefore SC is not valid.

An employer must submit earnings information for the benefit rates to be set. This is done on the BWC Form C94A. The employer must submit SC Agreements (BWC Form C-55), signed by the claimant for each period of SC to be paid.

Unless provided for in a bargaining unit agreement the claimant can choose to accept SC or TT and the employer cannot require that the claimant

Workers' Compensation University

Dates and locations

Sept. 3 – Cleveland
Wolstein Center

Sept. 9 – Cincinnati
Sharonville Convention Center

Sept. 11 – Toledo
SeaGate Convention Center

Sept. 18 – Dayton
Dayton Convention Center

Sept. 22 – Akron
John S. Knight Center

Sept. 24 – Columbus
Greater Columbus Convention Center

MIRA II

BWC's New Claims Reserving System

Data Accuracy

Ohio specific claim data

System Logic

Ohio specific logic to estimate future cost of claims

Customer Access

Website access to cost drivers associated with claim reserves

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We're on the Web!
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To provide future communications electronically, please e-mail our Allie Barrett at abarrett@baylorwc.com your current contact information including policy number and company name.

We do not distribute this information to anyone outside our organization.

Avoid Claim Reserves by Continuing Wages (continued)

to use sick leave to continue wages. If the claimant no longer works for the employer, SC cannot be paid. SC cannot be paid once the BWC has ordered and paid TT. The employer must notify BWC that the claimant has returned to work within 72 hours. The employer must indicate within 7 days of

the date of filing that SC will be paid. If the employer says to the BWC that SC will be paid or is uncertain, the conversation is documented and a salary continuation compliance letter is sent. The employer has 14 days from the date the letter is sent to provide earnings and a C-55. If required

documentation is not received by the 14th day, the BWC will call the employer and allow 48 hours for the employer to provide the documentation. If documentation is not received after the additional 48 hours, the BWC will process requests for TT compensation.

KEY SAFETY PROGRAM PARAMETERS

Employee involvement and recognition that affords employees the opportunity to participate in the safety management process.

Both management and employees must actively participate in the safety and health management process for it to be effective. Employee/management safety and health teams facilitate dialogue on safety and health matters. The team is composed of equal numbers of employees and management that represent all areas of the company. The team should meet regularly, but not less than quarterly and make the records of meetings available to everyone. Team objectives must include investigation of accidents and exposures to hazardous substances and recommendation of specific action plans for prevention. The team must respond to all safety suggestions and conduct surveys of the safety culture every 12 to 18 months. The safety team must have the responsibility to make decisions and the accountability for

implementing the solutions. Employee recognition should include recognizing employees for excellence in accident prevention and contributions to the safety and health process. Recognize employees for safety and health suggestions and for the completion of safety and health projects. Develop an approach of positive reinforcement to encourage employees to perform their jobs safely. Advise supervisors to praise at least one employee each day for following safe work practices. Recognition is the visible reminder of the importance safety holds in the day-to-day operations.

A program of regular communications on safety and health issues to keep all employees informed and to solicit feedback and suggestions. Safety communication is a two-way process between employer and employees. A bottom-up communication process encourages employees to identify obstacles to safety without fear of reprisal. Employee concerns and suggestions must receive

timely and appropriate responses. Soliciting employee input and participation will contribute to successful safety culture. Communication strategies can be in many forms. Quarterly written and/or verbal communications should include feedback to all employees on their accident prevention and overall safety and health performance. One-on-one discussion in which a supervisor meets with each employee on a regular basis to discuss safety and health concerns. Install a safety suggestion box in the work area and ask employees to contribute their comments and suggestions. Safety meetings and group discussions provide the opportunity for employees to discuss safety issues. Safety newsletters, information booklets and alert notices inform employees of accident causes and how to prevent them. Safety signs and bulletin boards serve as a constant reminder of safe work practices and dangerous conditions.