The Ohio Bureau of Workers’ Compensation is modernizing their billing system which will become effective for the July 1, 2015 policy year for private employers and January 1, 2016 for public employers.

WHAT IS PROSPECTIVE BILLING?

The Ohio Bureau of Workers’ Compensation (BWC) currently collects premium after extending coverage to an employer (i.e. in arrears or retrospective billing). By transitioning to a prospective billing system, the BWC will align with a standard industry practice enabling them to collect premiums before extending coverage. The transition will become effective July 1, 2015 for private employers and January 1, 2016 for public employers.

The implementation of prospective billing will create changes to the current system which include:

- Earlier deadlines
- Installment options
- One-time credit
- True-up process

EARLIER DEADLINES

New deadlines for employers who wish to participate in programs such as group rating, group retrospective rating or other discount programs.

**Private employer deadlines**
- Destination Excellence Programs: last business day of May
- Settlement Applications (C240): July 15
- Group Rating: Monday before Thanksgiving
- Group Retrospective / Other Alternative Rating Programs: last business day of January

**Public employer deadlines**
- Settlement Applications (C240): February 15
- Group Rating: last business day of May
- Group Retrospective / Other Alternative Rating Programs: last business day of July
- Destination Excellence Programs: last business day of November

INSTALLMENT OPTIONS

Private employers will receive their invoice in June and begin paying premiums before July 1. While July 1 is earlier than in the past, employers will be able to make payments in installments. Public employers will need to pay at least 50% of their annual premium for both 2015 and 2016 by May 2016, with installment options beginning in 2017.

- BWC will provide employers with an estimated premium notice for their 12-month premium prior to the start of the policy year. Employers can revise their estimated payroll through the first three quarters of the rating year.
- Employers will have installment options that include: monthly, bi-monthly (six installments), quarterly (four installments), bi-annually (two installments) or annually (one installment).
- Employers must elect an installment plan 45 days prior to the first payment due for a policy year and will remain on the same plan each year until a different selection is made.
- For the 2015 transition year, private employers will be placed automatically on a six-installment plan and will have until July 15, 2015 to make a change. Future year changes will need to be made prior to May 15th of each year. For public employers, installment payments for the 2017 rating year will default to monthly and any change will need to be made by November 15, 2016.
- Failure to make installment payments timely to BWC will result in a lapse of coverage.
ONE-TIME CREDIT

A one-time premium credit will be given for all state fund employers that will aid in the transition to a prospective billing cycle from the current retrospective (in arrears) payroll reporting and premium payment cycle.

Private Employers – receive a 100% credit to their final in arrears premium payment due in August of 2015 (based on their 1/1/15 - 6/30/15 payroll) and a two (2) month or 1/6th credit for the first prospective payment (for the 7/1/15 - 6/30/16 payroll period).

Public Employers - receive a 50% credit on their May 2016 premium payment (based on 2015 payroll) and a 50% credit on their first prospective payment (2016 payroll).

Who qualifies for the transition credit?

- All state fund private and public employers that pay premium during the periods being credited.
- Employers that are in an active status during the transition. Private employers must be active as of August 31, 2015 and public employers must be active as of May 15, 2016 in order to receive the credit.
- Private employers must file their 1/1/15 - 6/30/15 payroll report in order to be eligible to receive the 100% transition credit for that period.

What will the BWC use as premium to calculate the credits?

- Individual or Base Rated Employers: Merit rated or base rated premium.
- Group Rated Employers: Group rated premium.
- Individual Retrospective Rated Employers: Minimum retrospective premium. The transition credit will not apply to claims costs paid under the retrospective rating plan.
- Group Retrospective Rating Participants: Merit rated or base rated premium. The transition credit will not include any group retrospective refunds or assessments.
- Deductible Program Participants: Discounted premium. The transition credit will not apply to claims costs paid under the deductible plan.
- Destination Excellence Participants: Merit rated or base rated premium. The transition credit will not be reduced by any lapse-free, go green, safety council rebates or other premium-based bonuses and credits.

TRUE-UP PROCESS

Since BWC will now be providing workers’ compensation coverage based on estimated payroll, they will ask employers to report their actual payroll for the prior policy year and pay any shortage (or receive a refund for any overage) in premium. This new process begins in July 2016 for private employers and January 2017 for public employers.

- BWC will not lapse employers for not reporting the true-up
- BWC will however remove employers from their current rating plan or discount program if it does not receive a true-up by the due date
- If an employer has any outstanding true-ups, they will be ineligible for participation in future rating plans or discount programs until the employer submits all outstanding true-ups.

HOW CAN YOUR ORGANIZATION STAY UP-TO-DATE ON THE IMPLEMENTATION OF PROSPECTIVE BILLING?

CompManagement will continue to post updates on prospective billing as the information becomes available from BWC. To be included in our communications, make sure your organization has a current e-mail on file with CompManagement or connect with us in the following ways to ensure you do not miss any important information that may impact your organization:

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In addition, you may reach our Customer Support Unit at (800) 825-6755, option 3 with any questions you may have on prospective billing. To update your e-mail address on file, please send an e-mail to customer.update@sedgwickcms.com and include your name, e-mail address, BWC policy number and organization name.

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