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.

With the transition to a prospective billing system by the Ohio Bureau of Workers’ Compensation (BWC), employers may have questions on a variety of areas. Below is a summary of those fielded by BWC to date that include installment options, the transition credits, the true-up process, certificates of coverage and other miscellaneous items.

FREQUENTLY ASKED QUESTIONS FAQ

Installment Options
Employers will have installment options that include: monthly, bi-monthly (six installments), quarterly (four installments), bi-annually (two installments); or annually (one installment). For the 2015 transition year, private employers will be placed automatically on a six-installment plan (semi-monthly). Invoices are due within 30 days. Previously employers had 60 days to pay.

Q How often can an installment option be changed?
A An installment option can be changed online through July 15, 2015. The installment selection as of this date will be the one processed by BWC. However, an employer can continue to change their installment option all the way through April 30th of the policy year via a phone call to BWC (not available to do online). A change in the installment option, however, cannot be used to delay a payment. If an employer is requesting to change their installment option, the installment payment already pending must be paid and if changing to a less frequent installment option, additional estimated premium will need to be paid through the original installment collection period to get the policy current.

Q If an employer changes their installment option, will they receive a new estimated billing schedule in the mail?
A The employer will receive a confirmation letter in the mail letting them know that a change was made, however, they will be referred to a BWC web page to see their new installment billing schedule. BWC will be keeping an audit trail of changes made.

Q If the employer pays more than their current installment, will it be applied to the next installment or refunded?
A If there is no outstanding premium or balance due, the overpayment may be refunded to the employer (depends on installment option selection and timing of payment).

Q If an employer has an outstanding balance, will this be reflected on the premium installment invoice?
A Yes. Existing outstanding balances will be reflected as a beginning balance on the invoice. As long as the employer pays the installment amount, its coverage will not lapse. Payments will be applied to the premium installment balance first.

Q If a policy is re-rated during the year, will installment payments be adjusted?
A Yes. Estimated annual premium will be recalculated and remaining installments will be adjusted accordingly. Employers will be able to see the change to installments on the BWC website.

Q If a new employer is accepted into a group rating program through Grow Ohio, will installment payments be adjusted?
A Yes, acceptance into the Grow Ohio group rating program will re-adjust installment payments.

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Installment Options (continued)

Q  Can an employer pay their whole premium in advance without changing their installment option?
A  An employer can pay the full outstanding prospective premium amount at any time without changing their installment plan. It will be applied so no additional estimated premium is due for the remainder of that policy period. However, if the employer pays extra but less than the full outstanding prospective premium amount, BWC will apply the amount due for the current installment payment and then credit the remainder back to the employer. BWC hopes to eventually update their system so if an employer pays extra premium but not the full amount, the system would just apply the additional premium paid to the outstanding annual premium due.

Q  Using an example of estimated annual premiums of $1200, the employer elects (prior to 7/15/2015) to change their installments from bi-monthly to semi-annual. What will be billed for each period?
A  By August 31st, the employer is responsible for their first prospective billing. In this case, the employer elected to pay twice a year, therefore, the first invoice will be for $600 - $200 (1/6th transition credit) = $400. The 2nd installment due by 12/31/2015 will be for the remaining half of the year = $600.

Transition Credits
Employers will receive a 100% payroll transition credit to their final in arrears premium payment due in August of 2015 (based on their 1/1/15 - 6/30/15 payroll). A 1/6th prospective transition credit will also be applied for the first prospective payment (for the 7/1/15 - 6/30/16 payroll period).

Q  Will rebates / discounts be affected by transition credits?
A  No. Transition credits are for premium payment only. For programs that offer rebates/discounts such as Group Retrospective Rating, Industry Specific Safety Program, Drug Free Safety Program, etc., refunds/rebates will be based on full year premium, whether paid by the employer or BWC.

Q  Will an employer paying the minimum standard premium payment in one lump sum (not eligible for installments) still be entitled to the transition credit?
A  Yes. Their minimum payment will be credited by 1/6th.

Q  Will policies established after July 1, 2015 be eligible for the transition credit?
A  No. Policies established after this date are not transitioning, from the retrospective billing system, so therefore no credit will be given.

Q  What will happen if an employer does not complete and submit their 1/1/2015 - 6/30/15 payroll report by August 31, 2015?
A  The policy will not lapse, however after 45 days, payroll will be estimated and the estimated premium will be certified to the Attorney General’s office and penalties will be assessed. If the employer submits actual payroll by December 31, 2015, BWC will cover the premiums via the transition credit and the employer will only be responsible for penalties incurred.

Q  Can an employer currently in lapse status get the transition credit?
A  Yes. By July 1, 2015 the employer will need to report any unreported payroll for all lapsed periods and pay any outstanding premium, late fees and penalties for assessed premium or request a payment plan for any premium that cannot be paid in full.

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.

Q  What will happen if an employer does not true-up timely?
A  A true-up of your 7/1/2015 - 6/30/16 payroll (2015 policy year) will take place in July 2016. If an employer does not complete the true-up process by the deadline date, the following will occur:
   •  Employer will not be eligible for prior year rebates & incentives (2015 rating year)
   •  Employer will be removed from current year programs (2016 rating year)
To be eligible to participate for the next program year (2017 policy year), the true-up process would have to be completed before the next program application deadline.

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**Certificates of Coverage**

**Will the certificate of coverage guarantee coverage?**

*No.* The certificate of coverage will not guarantee coverage. The certificate is only valid if premiums and assessments, including installments, are paid by the applicable due date. Subcontractors or anyone needing to verify coverage will need to call BWC or check online as often as monthly, depending on the installment option selected for the policy.

**Employers will have overlapping certificates of coverage. Which one will be valid?**

*The current certificate of coverage goes through 8/31/2015. As soon as a new certificate is issued with an effective date of 7/1/2015, the old certificate can be discarded.*

**Miscellaneous**

**Can an employer change their estimated payroll?**

*Yes.* The employer just needs to contact BWC to make the change. Payroll/exposure may be changed up through March 31st of the rating year. BWC hopes to have an online option for changing payroll in the future.

**Will a policy lapse if an installment is not paid timely?**

*Yes.* However, BWC is giving a non-guaranteed grace period of 15 days to allow time for payments to get posted. However, payments are technically due by the due date and lapses will be backdated to the first of the month when payment was due.
Miscellaneous (continued)

Q  Will late penalties or late fees be applied?
A  Yes. For each installment that is paid late, BWC will assess a 3% late penalty (3% x installment amount).

Q  Will employers still be able to pay premiums through the Ohio Business Gateway?
A  No. Employers will no longer have this option. They will be directed at the gateway to visit the BWC website for payments.

Q  Will current premium security deposits (PSD) be refunded to employers?
A  Yes. PSD will be credited to employers’ policies in July as a lump sum and applied to the installment/balance. If PSD is greater than the amount due, the difference will be refunded to the employer.

Q  Will BWC offer any discount to employers who want to pay the full year in advance?
A  At this time, there will be no discount offered.

Q  What must employers do to get the Go Green rebate?
A  Employers (at least for the first year) will receive hard-copied, mailed invoices for their prospective billing premium. Employers will need to make these payments online AND complete their true up online.