

Ohio Bureau of Workers Compensation

2014 Rebate Frequently Asked Questions

Why is BWC giving a rebate?

The State Insurance Fund net position has grown due to strong investment returns and Ohio is experiencing stability in the economic and legal environments. Accordingly, the BWC Administrator and executive management believe it is an appropriate time to reduce the SIF net position in a manner that will benefit private and public taxing district State Fund employers and Ohio's workforce.

How will this impact the finances of BWC and the State Insurance Fund?

After the payment of the rebate, BWC and the State Insurance Fund will continue to be in a strong financial position. The Board of Directors established guidelines for two primary financial metrics to measure the strength and stability of the State Insurance Fund. After the rebate, the financial metrics will continue to exceed the upper limit of the guidelines.

Why is BWC issuing a check instead of providing a credit on the payroll report?

Two reasons. First, Economic Impact: A one-time rebate of 60% of annual premiums for private and public taxing district employers will produce a rebate of approximately \$1 billion. The proposal to issue warrants directly to these employers will inject funds directly into the economy and can be leveraged to improve safety programs in Ohio workplaces.

Second, Ease of Implementation: This option is straight forward. The system infrastructure is already in place. The decision to issue a warrant directly to private and public taxing district employers eliminates the confusion that occurs when providing a rebate in conjunction with a payroll reporting period. Historical experience indicates that credits can cause confusion among employers because of perceived "premium" swings.

Can I receive my rebate electronically?

No. BWC does not have the banking information or system capability to transfer the rebate payment to employers electronically.

Who is eligible for the rebate?

Eligibility is defined as follows:

- 1) State Fund Employer (private or public-taxing districts only);
- 2) Private employers that were billed premium for the July 1, 2012 to June 30, 2013 policy period;
- 3) Public-taxing districts that were billed premium for the January 1, 2012 to December 31, 2012 policy period;
- 4) Private employers in an active, reinstated, combined or debtor-in-possession status effective September 5, 2014 as of a September 26, 2014 snapshot date; and
- 5) Public-taxing district employers who were in an active or reinstated status effective September 5, 2014 as of a September 26, 2014 snapshot date.

Private employers who do not meet all of the criteria in 1, 2, and 4 will not be eligible to receive a rebate. Public taxing district employers who do not meet all of the criteria in 1, 3, and 5 will not be eligible to receive a rebate.

When will eligibility be determined?

BWC will take a snapshot of all employers after close of business on September 26, 2014. This snapshot identifies those employers eligible for the rebate. This will be the only snapshot taken and no changes to eligibility will be made after this date.

How much will an employer receive?

The private employer rebate is defined as 60% of billed premium for the eligible employers for the policy period of July 1, 2012 through June 30, 2013. The percentage will be applied to the blended premium amount.

The public taxing district employer rebate is defined as 60% of billed premium for the eligible employers for the policy reporting period of January 1, 2012 through December 31, 2012. The percentage will be applied to the blended premium amount.

I am in an individual, retrospective rated program. How will my rebate be calculated?

Premium for private, individual retrospective rated employers is defined as minimum premium plus the impact of retrospective claim loss premium billed for policy year July 1, 2012 through June 30, 2013 as of the September 26, 2014 snapshot date.

Premium for public taxing district, individual retrospective rated employers is defined as minimum premium plus the impact of retrospective claim loss premium billed for policy year January 1, 2012 through December 31, 2012 as of the September 26, 2014 snapshot date.

I paid retrospective claim loss premium for other policy periods during the eligible policy period. Will these payments be considered in my rebate calculation?

No. Payments received from private employers from July 1, 2012 through June 30, 2013 that are not applicable to that policy year will not be considered in the rebate calculation. Payments received from public taxing districts from January 1, 2012 through December 31, 2012 that are not applicable to that policy year will not be considered in the rebate calculation.

I am in a group, retrospective rated program. How will my rebate be calculated?

Premium for private group retrospective rated employers will be defined as individual, experience rated premium net of the impact of the 12-month premium calculation.

Premium for public taxing district, group retrospective rated employers will be defined as individual experience rated premium net of the impact of the 12-month premium calculation.

I am in a deductible program. How will my rebate be calculated?

Premium for private employers participating in a deductible program will be defined as discounted, blended premium.

I received a discount on my premium for early payment, flex-pay, go green, lapse-free or safety council. Will this reduce my rebate?

No. The rebate amount will not be reduced by premium based discounts already earned including, but not limited to, early payment, flex-pay, lapse-free, go green, and safety council.

I reported zero payroll, but paid the minimum administrative charge. Will I receive a rebate?

No. Employers reporting zero payroll will not be eligible. For employers reporting more than \$0 payroll but premium is less than \$50.00, only the premium portion will be used to calculate rebate.

I took out coverage after June 30, 2012 but had prior to coverage premium. Will I receive a rebate?

No. Prior to coverage premiums will not be included in the premium base used to calculate the rebate.

I cancelled my coverage but paid premium during the July 1, 2012 to June 30, 2013. Will I be eligible for a rebate?

No. A private employer who cancels their coverage prior to September 5, 2014 will not be eligible for the rebate. A public-taxing district employer who cancels their coverage prior to September 5, 2104 will not be eligible for the rebate. No account adjustments will be made to give these employers the rebate.

I purchased a company that was billed premium for the July 1, 2012 through June 30, 2013 policy year. How will this impact my rebate?

Eligibility will be determined based on the status of the predecessor policy. If the predecessor policy was cancelled, the successor will not be eligible for the rebate. If the predecessor policy was in a lapsed status prior to the combination, the successor will not be eligible for a rebate. If there is existing debt on the predecessor policy, the successor rebate will be reduced by the amount of the outstanding balance.

I just went self-insured. Will I receive a rebate?

Private employers who paid premium for the policy reporting period of July 1, 2012 through June 30, 2013 but were granted the privilege of self insurance before September 5, 2104 will be eligible for the rebate based upon the billed premiums during the July 1, 2012 through June 30, 2013 policy period.

Public taxing district employers who paid premium for the policy reporting period of January 1, 2012 through December 31, 2012 but were granted the privilege of self insurance before September 5, 2104 will be eligible for the rebate based upon the billed premiums during the January 1, 2012 through December 31, 2012 policy period.

I use a PEO now but didn't then. Will I receive a rebate?

Private employers who paid premium for the policy reporting period of July 1, 2012 through June 30, 2013 but entered into a PEO relationship before September 5, 2104 will be eligible for the rebate based upon the billed premiums during the July 1, 2012 through June 30, 2013 policy period. BWC will send these rebates directly to the employer, not to the current PEO.

I use a PEO. Will I receive a rebate?

PEO employers who receive a rebate are required to provide notice of rebate to their client employers of record for the July 1, 2012 through June 30, 2013 policy period. BWC will also be notifying PEO client employers that a rebate has been sent to their PEO. The PEO shall pay to such client employers a pro-rata share of the PEO's rebate. The amount paid to such client employers shall be equal to 60 % of the blended premium paid by the PEO to BWC on behalf of the client employer for the July 1, 2012, to June 30, 2013 policy period. The client employers' share of the rebate shall be calculated based on the full amount of the rebate issued to the PEO and shall not be reduced by any credit applied to the PEO policy as a result of non-pending, outstanding balances. The PEO may retain up to 6% of the client employers rebate as an administrative fee. The rebates to clients must be issued within 30 days of BWC's issuance of the rebates.

I made payments from July 1, 2012 through June 30, 2013 for other coverage periods. Will these payments be considered in the rebate calculation?

No. Payments received from private employers from July 1, 2012 through June 30, 2013 that are not applicable to that policy year will not be considered in the rebate calculation. Payments received from public taxing districts from January 1, 2012 through December 31, 2012 that are not applicable to that policy year will not be considered in the rebate calculation.

I am on a payment plan. How will my rebate be impacted?

An employer who has a non-pending, outstanding balance including, but not limited to, balances in an appeal status and balances owed resulting from a transfer of experience or liability from a predecessor entity, will have its rebate payment reduced by the amount of the outstanding balance. If an employer's non-pending, outstanding balance exceeds the rebate amount, the employer's account will be offset by the amount of the rebate.

Any employer whose rebate is applied to an outstanding balance will receive an invoice shortly after the rebate is applied. The invoice will provide the employer with the detail regarding how the rebate was applied to the account and whether or not the employer received a rebate warrant or still maintains an outstanding balance.

I have a pending appeal. How will this impact my rebate?

An employer who has a non-pending, outstanding balance including, but not limited to, balances in an appeal status and balances owed resulting from a transfer of experience or liability from a predecessor entity, will have its rebate payment reduced by the amount of the outstanding balance. If an employer's non-pending, outstanding balance exceeds the rebate amount, the employer's account will be offset by the amount of the rebate.

Any employer whose rebate is applied to an outstanding balance will receive an invoice shortly after the rebate is applied. The invoice will provide the employer with the detail regarding how the rebate was applied to the account and whether or not the employer received a rebate warrant or still maintains an outstanding balance.

Will the rebate be adjusted if I'm audited in the future or my rate is adjusted?

The rebate is a one-time payment. No adjustments will be made to the rebate amount for any reason including, but not limited to, audits, rate adjustments, appealed balances, changes in lapse status retrospective claim billings, etc. after the September 26, 2014 snapshot date.

Why does BWC need my Federal Tax Identification Number?

BWC is required to issue a 1099 to all employers whose rebate exceeds \$600. For those employers whose FIN is not on the system, BWC will proactively request the FIN from those employers. In the event an employer's FIN is not received prior to issuance of the warrant, BWC will hold the warrant and notify the employer to provide the information.

Is the rebate taxable?

Employers should consult with their tax professional to determine the appropriate tax treatment for the rebate.

When will I receive my rebate?

BWC will start mailing rebate checks to eligible employers in mid-October and expects all checks to be mailed by early November.