

Audit Committee
Executive Summary

Prospective Billing:
Installment Payments Rule

Background

BWC transitioned to prospective billing effective July 1, 2015 for private employers and effective January 1, 2016 for public employer taxing districts (PEC). This change aligned BWC with the standard industry practice by collecting premiums before extending coverage.

This rule packet contains updates to the installment payment section of the prospective billing rules.

Proposed Changes

OAC4123-17-14.2 (G) PEC Deferred Payment

- Clarifies that the election to defer payments must occur by November 15th prior to the beginning of the new policy year.
- Provides more detail on the calculation of the deferment fee.

OAC4123-17-14.2 (H) Early Payment Discount

- Provides an incentive for employers to pay the full estimated annual premium by the due date for the first installment for each policy year.

4123-17-14.2 Installment payments.

(A) An employer may elect to pay its estimated premium due in equal installments of two, four, six, or twelve in number.

(1) Employers paying in advance of the installment schedule will not incur a penalty for early payment.

(2) Employers paying the minimum administrative charge shall not be eligible for an installment plan.

(B) Initial installment plans.

(1) For the policy year commencing July 1, 2015, all eligible private employers will be invoiced on the six-payment installment plan.

(2) For the policy year commencing January 1, 2017, all eligible public employer taxing districts will be invoiced on the twelve-payment installment plan.

(C) An employer may change its installment plan upon request.

(1) A private employer must request a change in installment plan no later than:

(a) For the policy year commencing July 1, 2015: July 15, 2015;

(b) For policy years commencing on or after July 1, 2016: the fifteenth day of May preceding the start of the policy year.

(2) For policy years commencing on or after January 1, 2017, a public employer taxing district must request a change in installment plan no later than the fifteenth day of November preceding the start of the policy year.

(D) Each installment shall be due by the date indicated on the invoice.

(E) In making payment arrangements with an employer, the bureau may alter an installment plan if it determines such change is appropriate.

(F) Election of installment payments under this rule shall not disqualify an employer from participation in the rating plans and discount programs established in this chapter, but any lapse periods imposed on an employer for failure to timely pay installments shall be counted toward the maximum number of days during which an employer is permitted to be lapsed in the eligibility criteria for such rating plans and discount programs.

(G) ~~Prior to November fifteenth of~~ For each policy year commencing on or after January 1, 2017, a public employer taxing district may elect to defer payment of installments due prior to April thirtieth in that policy year until April thirtieth. Such election must occur on or before November 15 of the previous policy year. If an employer ~~elects to do so~~ makes such election, ~~an administrative~~ the bureau will apply a deferment fee ~~equal to the discount rate adopted by the bureau of workers' compensation board of directors for use in the bureau's reserve calculation~~

~~times the amount of the installments shall be applied~~ of 0.94 per cent to the total amount of the installments that are deferred.

(H) The bureau will grant an early payment discount to an employer that pays the full twelve month estimated annual premium by the due date for the first installment for each policy year. The employer must be in an active policy status as of the due date for the first installment to be eligible for this discount. For purposes of this rule, "active policy status" does not include a policy that is a no coverage policy or a policy that is lapsed. If an employer elects to pay all installments in a single payment, the bureau will grant a discount to the eligible employer for that policy period as set forth in this rule. The discount cannot reduce the total amount due below the minimum required premium as provided in rule 4123-17-26 of the Ohio Administrative Code.

(1) A discount of 2.0 per cent will be available to private employers for the policy years commencing on July 1, 2017.

(2) A discount of 2.0 per cent will be available to public employer taxing districts for the policy years commencing on January 1, 2017.

Promulgated Under: 111.15

Statutory Authority: 4121.12, 4121.121, 4121.30

Rule Amplifies: 4123.29, 4123.34

Prior Effective Dates: 7/1/06, 1/5/09, 8/10/14, 7/1/15, 7/1/16