



A significant date for the 103-year-old Ohio Bureau of Workers' Compensation is fast approaching. Aug. 31, 2015, is when premiums from private state fund employers are due for prospective – rather than retrospective – workers' compensation coverage.

The Ohio BWC is transitioning from the prior system of payment in arrears for insurance coverage already provided, to the insurance industry standard of payment in advance of coverage. This change allows for additional payment options, decreased rates and efficiency in detecting fraud and non-compliance. To eliminate the financial burden that an employer would face having to pay for past coverage in arrears at the same time as paying for future coverage, the Ohio BWC will provide a one-time transition credit for employers who report payroll for the June 1 to June 30 period by the August 31 deadline. The eight month transition credit covers the six month payroll period from January to June 2015, as well as July and August 2015.

Certificates of coverage issued to employers for required posting will be valid only if the premium due has been paid. The current default method of prospective payment is through bi-monthly installments. Future options will permit payment by monthly, quarterly, semi-annual, and annual installments. No premium discount is available for a lump sum annual payment, but employers should explore available discount programs, including a go-green rebate of 1 percent of six month premium (up to \$2,000 per year) when the employer utilizes the BWC website to make its payment online.

## SEVERE CONSEQUENCES FOR FAILURE TO SUBMIT

Beginning in 2016, employers will receive a notice of estimated annual premium each May. Adjustments can be made to the estimated payroll during the year if the employer demonstrates good cause (work force expansion, for example). At the end of the policy year, the employer will be required to reconcile (or true-up) estimated payroll with actual payroll through submission of a true-up report by August 15. The BWC warns of severe consequences for failure to submit a true-up report on time, including immediate removal of the employer from rating plans, and withholding rebates due the employer until the true-up is received. While an employer's workers' compensation coverage will not lapse for failure to provide the true-up report, the BWC will add a 10 percent penalty, and subsequently certify the matter to the attorney general for collection. Additional information, including fact sheets and a webinar presentation, can be obtained found on the Ohio BWC website.

For more information, please contact the attorney listed below.