

# The third **BILLION** back

*Ohio Workers' Comp Rebates*

## Frequently Asked Questions

### Why is BWC giving a rebate?

The State Insurance Fund (SIF) net position has grown due to strong investment returns. In addition, Ohio is experiencing stability in the economic and legal environments. Therefore, BWC's Administrator and executive management believe it is an appropriate time to provide a rebate that benefits private employers, public employer taxing districts (PECs) and Ohio's workforce.

### How will this impact BWC's finances and the SIF?

BWC and the SIF will remain in a strong financial position after payment of this rebate. BWC's Board of Directors has established guidelines for two primary financial metrics to measure the strength and stability of the SIF. After the rebate, these financial metrics will continue to either exceed the upper limit or remain at the top of the guidelines.

### Is BWC issuing a check like they have done in the past or providing a credit on employers' policies?

This is the first rebate we have conducted since the transition to prospective billing. BWC has strategically selected July 5 to begin processing the rebates to provide the greatest opportunity for checks to be distributed to our customers. This date comes immediately after the due date of the initial premium installment for policy year 2017. BWC prefers to provide checks to our employers for the economic impact. A one-time rebate of 66 percent of annual premiums for private employers and PECs will produce a rebate of approximately \$1.1 billion. The proposal will inject funds directly into the economy. BWC encourages employers to use these funds to improve safety programs in Ohio's workplaces.

### Where will my check be sent?

Rebate checks will be sent to the current address we have on file, please use the Employer Demographics found here to ensure we have the most current operating name of the business, physical location, mailing address, telephone number, e-mail and/or web site.

### 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?

BWC defines eligibility as follows:

- 1) State Fund employers (private employers or PECs only);
- 2) Private employers that were billed premium for the July 1, 2015, to June 30, 2016, policy period;
- 3) PECs that were billed premium for the Jan. 1, 2015, to Dec. 31, 2015, policy period;

- 4) Private employers in an active, reinstated, combined or debtor-in-possession status as well as having completed their payroll true-up for policy year 2015 as of the June 2, 2017 snapshot date;
- 5) PECs in an active or reinstated status effective June 2, 2017. PECs must have also completed their payroll true-up for the 2016 policy year by June 2, 2017 snapshot date.

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

### **When will BWC determine eligibility?**

BWC will take a snapshot of all employers after close of business on June 2, 2017. This snapshot identifies those employers eligible for the rebate. This will be the only snapshot BWC will take. BWC will not make changes to eligibility after this date.

### **How much will an employer receive?**

BWC defines the private employer rebate as 66 percent of billed premium for eligible employers for the policy period of July 1, 2015, through June 30, 2016. BWC will apply the percentage to the blended premium amount. BWC defines the PEC rebate as 66 percent of billed premium for eligible employers for the policy reporting period of Jan. 1, 2015, through Dec. 31, 2015. BWC will apply the percentage to the blended premium amount.

### **I am in an individual-retrospective-rating program. How will BWC calculate my rebate?**

BWC defines premium for private, individual-retrospective-rated employers as minimum premium, plus the impact of retrospective claim-loss premium billed for policy year July 1, 2015, through June 30, 2016, as of the June 2, 2017, snapshot date.

BWC defines premium for PEC, individual-retrospective-rated employers as minimum premium, plus the impact of retrospective claim-loss premium billed for policy year Jan. 1, 2015, through Dec. 31, 2015, as of the June 2, 2017, snapshot date.

### **I paid retrospective claim-loss premium for other policy periods during the eligible policy period. Will BWC consider these payments in my rebate calculation?**

No. Payments received from private employers from July 1, 2015, through June 30, 2016, that are not applicable to that policy year will not be considered in the rebate calculation. Payments received from public taxing districts from Jan. 1, 2015, through Dec. 31, 2015, that are not applicable to that policy year will not be considered in the rebate calculation.

### **I am in a group-retrospective-rating program. How will BWC calculate my rebate?**

BWC defines premium for private and PEC group-retrospective-rated employers as individual, experience-rated premium net of the impact of the 12-month premium calculation.

### **I am in a Deductible Program. How will BWC calculate my rebate?**

BWC defines premium for private employers participating in a Deductible Program as discounted, blended premium.

### **I received a discount on my premium for Go-green, Lapse-free or Safety Council. Will this reduce my rebate?**

No. BWC will not reduce the rebate amount by premium-based discounts already earned including, but not limited to, 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 are not eligible.

## **I took out coverage after June 30, 2015, but had a no coverage penalty. Will I receive a rebate?**

No. BWC will not include no coverage penalties in the premium base it uses to calculate the rebate.

## **I canceled my coverage but paid premium during July 1, 2015, to June 30, 2016. Will I be eligible for a rebate?**

No. A private employer or PEC that cancels coverage prior to June 2, 2017, is not eligible for the rebate. BWC will not make account adjustments to give these employers the rebate.

## **I purchased a company that was billed premium for the July 1, 2015, through June 30, 2016, policy year. How will this impact my rebate?**

BWC will determine eligibility based on the status of the predecessor policy. If the predecessor policy was canceled, 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, BWC will reduce the successor rebate by the amount of the outstanding balance.

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

Private employers that paid premium for the policy reporting period of July 1, 2015, through June 30, 2016, but were granted the privilege of self insurance before June 2, 2017, are eligible for the rebate based upon the billed premiums during the July 1, 2015, through June 30, 2016, policy period.

PECs that paid premium for the policy reporting period of Jan. 1, 2015, through Dec. 31, 2015, but were granted the privilege of self insurance before June 2, 2017, are eligible for the rebate based upon the billed premiums during the Jan. 1, 2015, through Dec. 31, 2015, policy period.

## **I now use a professional employer organization (PEO). Will I receive a rebate?**

Private employers that paid premium for the policy reporting period of July 1, 2015, through June 30, 2016, but entered into a PEO relationship before June 2, 2017, will be eligible for the rebate based upon the billed premiums during the July 1, 2015, through June 30, 2016, policy period. BWC will send these rebates directly to the employer, not to the current PEO.

## **I used a PEO during the July 1, 2015, through June 30, 2016, policy period. Will I receive a rebate?**

PEO employers that receive a rebate must provide notice of rebate to their client employers of record for the July 1, 2015, through June 30, 2016, policy period. BWC will also notify PEO client employers that it sent a rebate to their PEO. The amount PEOs pay to their client employers must be equal to 60 percent of the blended premium paid by the PEO to BWC on behalf of the client employer for the July 1, 2015, to June 30, 2016, policy period less the permissible administrative fee discussed herein. The PEO shall calculate the client employers' share of the rebate based on the full amount of the rebate BWC issued it. The PEO shall not reduce the employer's share of the rebate by any credit applied to the PEO policy as a result of non-pending, outstanding balances. The PEO may retain up to 6 percent of the client employers rebate as an administrative fee. PEOs must issue rebates to clients within 30 days of BWC's issuance of the rebates. The PEO may not withhold or offset payment of the rebate based on any contractual obligation, and must issue the rebate regardless of whether the client employer continues as a client employer of the PEO.

## **I made payments from July 1, 2015, through June 30, 2016, for other coverage periods. Will BWC consider these payments in the rebate calculation?**

No. BWC will not consider payments it received from private employers from July 1, 2015, through June 30, 2016, that are not applicable to that policy year in the rebate calculation. Payments received by BWC from PECs from Jan. 1, 2015, through Dec. 31, 2015, that are not applicable to that policy year will not be considered in the rebate calculation.

## **I am on a payment plan. How will this impact my rebate?**

BWC will reduce the rebate payment to an employer that 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, by the amount of the outstanding balance. If an employer's non-pending, outstanding balance exceeds the rebate amount, BWC will offset the employer's account by the amount of the rebate.

An employer whose rebate is applied to an outstanding balance will receive detail regarding how the rebate was applied on their next scheduled invoice. Employers will be able to see their updated account information at any time on [bwc.ohio.gov](http://bwc.ohio.gov).

## **I am on an installment plan for my policy year 2017 premium; will BWC pay off my installments before providing me with any remaining balance?**

No. BWC does not intend for the rebate to apply to future dated installments. An employer who has no outstanding balance will receive a check for the full amount of the rebate being given.

## **I have an outstanding balance on my account. How will this impact my rebate?**

An employer who has an 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 outstanding balance exceeds the rebate amount, BWC will offset the employer's account by the amount of the rebate.

An employer whose rebate is applied to an outstanding balance will receive detail regarding how the rebate was applied on their next scheduled invoice. Employers will be able to see their updated account information at any time on [bwc.ohio.gov](http://bwc.ohio.gov).

## **Will BWC adjust the rebate if it audits me in the future or if it adjusts my rate?**

The rebate is a one-time payment. BWC will not make adjustments 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 June 2, 2017, snapshot date.

## **Why does BWC need my federal tax identification number (FIN)?**

BWC must issue an Internal Revenue Service 1099 form to all employers whose rebate exceeds \$600. For those employers whose FIN is not in the system, BWC is required to obtain a W-9 from those employers. In the event BWC does not receive a W-9, BWC will hold the check and notify the employer to provide the requested form.

## **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?

For all non group retrospectively rated employers BWC will start mailing rebate checks to eligible employers in mid-July. It expects to mail all checks by early August.

For any employer who participated in the group retrospective rating program for the policy period July 1, 2015 to June 30, 2016 BWC will hold the rebates until the annual evaluation is completed and begin mailing checks in mid October.